



# Non-Financial Information Statement 2023

Empowering change





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STATEMENT 2023

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# 1. In conversation with Carlos López de las Heras



# In conversation with Carlos Lopez de las Heras

## CEO of Tubos Reunidos Group

In 2023 we celebrated our 131<sup>st</sup> 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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# 2.1. Group presentation

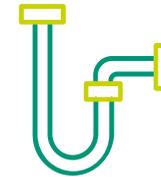
Tubos Reunidos, S.A. and subsidiaries (hereinafter, "Tubos Reunidos", "Grupo Tubos Reunidos" or "The Group") is a Group with a long history in the steel industry. We operate in markets with the highest consumption and growth, with a presence in over 45 countries across five continents.

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.

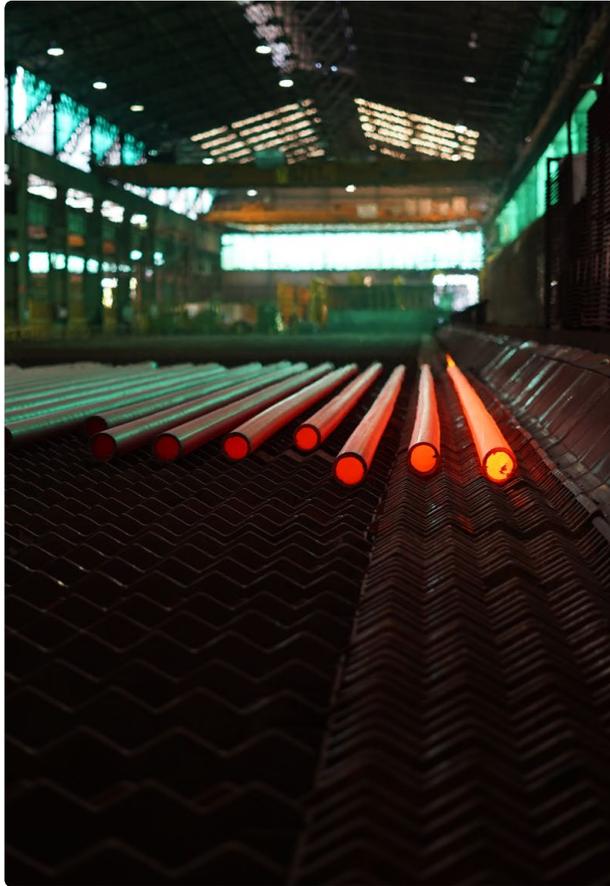
1998

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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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.

## 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

## 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.**

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

## 3.1. Key milestones

## 3.2. 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<sup>2</sup> 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<sup>2</sup> 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.

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.**





# 3.2. Figures

Millions of EUR, unless otherwise indicated

● 2023 ● 2022

<b>532.9</b>	513.7	<b>106.8</b>	64.5
Turnover		EBITDA*	

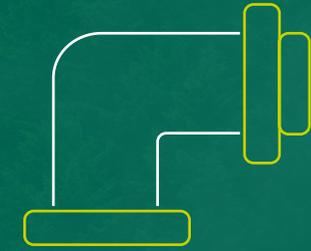
<b>84.3</b>	54.0
Operating income	

<b>47.7</b>	38.0
Earnings (before tax) in the year	

<b>183</b>	222
Tonnes of pipes sold (thousand tonnes)	

<b>1,399</b>	1,405
Direct employment (average workforce)	

<b>112.7</b>	43.0
Market Cap*	



# 47.7

EARNINGS (BEFORE TAX) IN THE YEAR

<b>38.0</b> CAPEX*	<b>71.3</b> Operating cash flow	<b>108.8</b> Available liquidity*	<b>-10.3</b> 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 to 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.



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## Tubos Reunidos 2023 Double materiality



2. The definition of the topics considered is included in Appendix III to this report.  
\* Non-material topics

## Topics considered in the materiality process<sup>2</sup>

<b>E</b>	Adaptation to climate change and lower emissions
	Energy
	Resource use, waste management and the circular economy
	Water management
	Soil contamination
	Air pollution
<b>S</b>	Biodiversity and natural capital*
	Customer relationships
	Talent management and working conditions
	Occupational health and safety
	Value chain
<b>G</b>	Contribution to society and relationship with local communities*
	Business ethics and governance
	Digitalisation and innovation
	Corruption, bribery and money laundering
	Cybersecurity and data processing
Business risk management	



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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

### Workers

### Shareholders and investors

### Funders

### Customers

### Suppliers

### Regulatory bodies and public administrations

### Local communities

## COMMUNICATION CHANNELS

- |   |   |
|---|---|
| ● Corporate website                                     | ● Physical notice boards  |
| ● Tubos Reunidos Group intranet                         | ● Ethics channel  |
| ● Physical post boxes                                   | ● Tubos Reunidos Group newsletter                                       |
| ● Regular meetings with direct supervisors              | ● Strategy day  |
| ● Corporate website                                     | ● Investor office   |
| ● Information provided to the CNMV                      | ● General Shareholders' Meeting   |
| ● Corporate website                                     | ● Briefings on Group progress   |
| ● Periodic information                                  |   |
| ● Corporate website                                     | ● Satisfaction surveys  |
| ● Trade fairs   | ● Regular visits  |
| ● Participation in associations                         | ● Individual meetings   |
| ● Corporate website                                     | ● Trade fairs   |
| ● Supplier portal                                       | ● Participation in associations   |
| ● Corporate website                                     | ● Platforms for the environmental and health and safety monitoring plan |
| ● Online portal for reporting                           | ● Regulatory body questionnaires  |
| ● Environmental (IKS) and health and safety information | ● Regular meetings  |
| ● Corporate website                                     | ● Participation in associations   |
| ● Social encounters                                     |   |





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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<sub>2</sub>) 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<sup>3</sup>.

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 res-

pect 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.

<sup>3</sup> 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<sub>2</sub> 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.

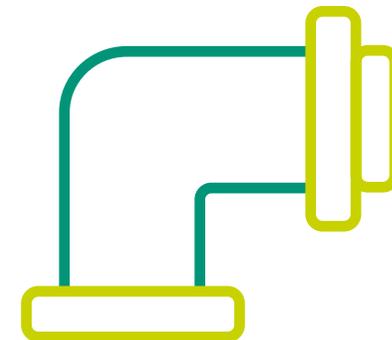
In order to ensure the safe use and handling of our products, all chemicals used in the manufacturing process, including lacquers and varnishes, comply with applicable requirements under European regulations, such as EU Regulation 453/2010<sup>4</sup> and 1907/2006<sup>5</sup> (REACH).

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.





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# Commitment to the environment -E-

5.1. ESG: Key figures and messages on the environment

5.2. Circular Economy Model

5.3. Decarbonisation as a central pillar

5.4. Risks and Opportunities Associated with Climate Change (ROCC)

5.5. Sustainable water management

5.6. Helping to look after the environment

5.7. EU Taxonomy: key figures





# 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<sup>3</sup>**  
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.



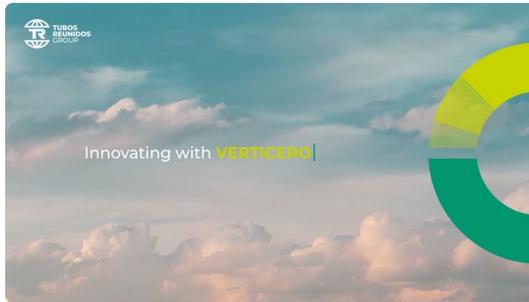


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Below are several circularity projects implemented at our plants:

- **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<sub>2</sub> 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.

### 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

**THE FUTURE SUSTAINABILITY MASTER PLAN WILL PRIORITISE ALL ENERGY EFFICIENCY INVESTMENTS LEADING TO LOWER GHG EMISSIONS.**



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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 pro-

ject 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).





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The analysis developed over four stages:

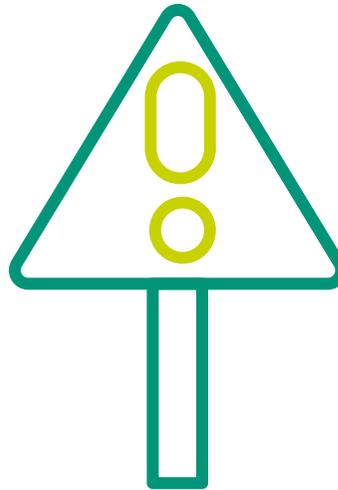
## 1. SELECTING THE ANALYSIS SCENARIO

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.

**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.

## 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<sup>3</sup>, 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.

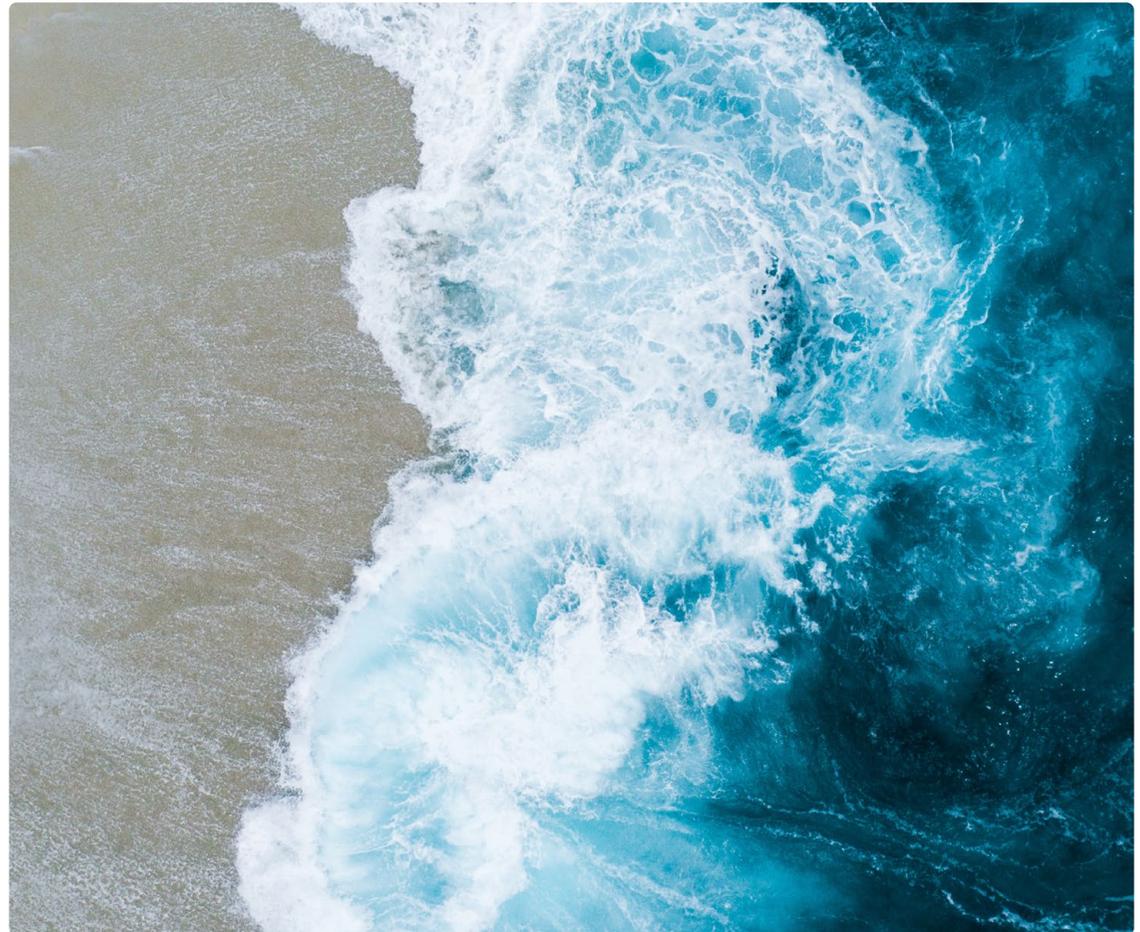




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# 5.6.Helping to look after the environment

## 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<sup>6</sup>.

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<sup>7</sup> 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 (mi-

tigation 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.

OBJETIVE <sup>8</sup>	ELIGIBLE ACTIVITIES	ALIGNED ACTIVITIES
<b>Climate change mitigation</b>	<ul style="list-style-type: none"> <li>● 3.9 Manufacture of iron and steel</li> <li>● 6.6 Freight transport services by road</li> <li>● 6.10 Sea and coastal freight water transport</li> <li>● 7.2 Renovation of existing buildings</li> </ul>	<ul style="list-style-type: none"> <li>● 3.9 Manufacture of iron and steel<sup>9</sup></li> </ul>
<b>Climate change adaptation</b>	<ul style="list-style-type: none"> <li>● 3.9 Manufacture of iron and steel</li> <li>● 7.2 Renovation of existing buildings</li> </ul>	These activities were deemed as not aligned <sup>10</sup>
<b>Transition to a Circular Economy</b>	<ul style="list-style-type: none"> <li>● 3.1 Renovation of existing buildings</li> <li>● 3.4 Construction of roads and motorways</li> <li>● 3.5 Use of concrete in civil engineering</li> </ul>	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.

### 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-

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- 6.2. Health and safety
- 6.3. People and well-being, our fundamental pillar
- 6.4. Competitive remuneration
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- 6.7. We drive talent
- 6.8. Equality/diversity and inclusion
- 6.9. Local communities





# 6.1. ESG: Key figures of our social aspect

## SOCIAL AREA

### Safety



34.3

Accident frequency rate

0.63

Accident severity rate

### Talent pool



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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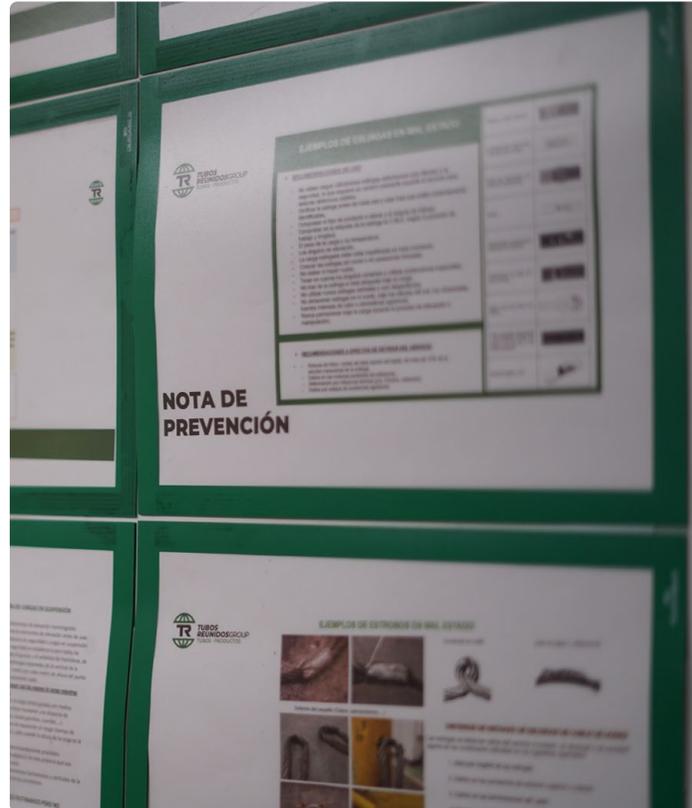
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## 6.2. Health and safety

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.



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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 workplaces. 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%<sup>(\*)</sup>. 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.

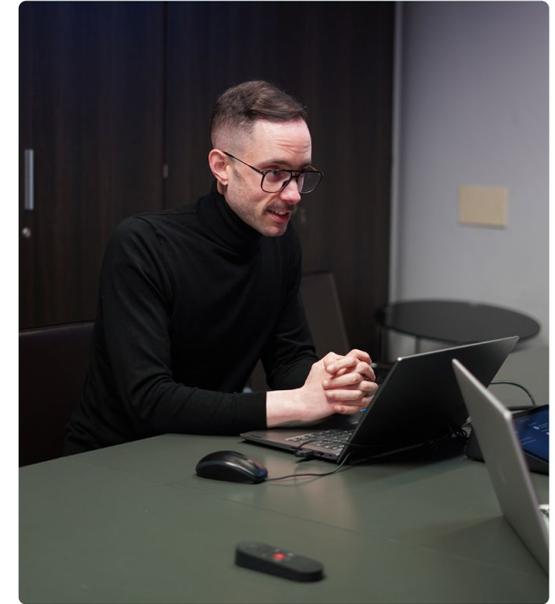
Individuals with people management responsibilities were trained in leadership techniques. We aim to train facilitators for talent and development. Other highlights in this section include:

- **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.

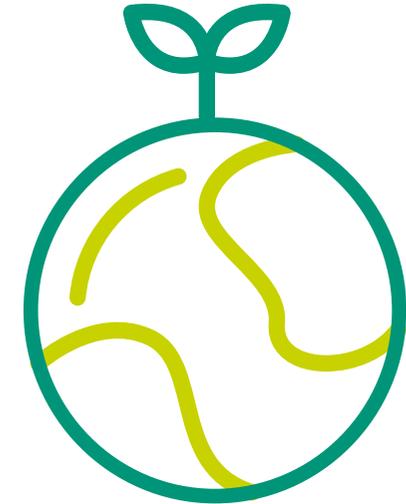
We encourage hiring local staff and creating and maintaining direct, stable and quality employment, with equal pay for each position.

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-

7.1. ESG: Key figures on our governance

7.2. Corporate governance and structure

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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.



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-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 re-

muneration 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<sup>11</sup> was EUR 100,714 and for female members<sup>12</sup> 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<sup>13</sup>.

## 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.**



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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



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# Appendix I. Supplementary information

## A) Supplementary information on individuals

### Number of workers by country

	Spain	United States	Total
<b>2021</b>	1,295	52	1,347
<b>2022</b>	1,348	67	1,415
<b>2023</b>	1,303	73	1,376

### Number of workers by gender

	Spain	United States	Total
<b>2021</b>	129	1,218	1,347
<b>2022</b>	137	1,278	1,415
<b>2023</b>	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
<b>2021</b>	68	207	275	16	908	924	45	103	148
<b>2022</b>	66	210	276	20	957	977	51	111	162
<b>2023</b>	59	209	<b>268</b>	22	934	<b>956</b>	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
<b>2021</b>	19	28	37	96	944	1,040	246	24	270
<b>2022</b>	7	55	62	99	920	1,019	31	303	334
<b>2023</b>	8	49	<b>57</b>	96	883	<b>979</b>	28	312	<b>340</b>



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**Number of contract formats**

2023			2022			2021		
Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
1,251	125	<b>1,376</b>	1,262	153	<b>1,415</b>	1,262	85	<b>1,347</b>

**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	<b>1,376</b>	1,398	17	<b>1,415</b>	1,336	11	<b>1,347</b>

**Average annual contract formats by gender**

	2023			2022			2021		
	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
MEN	1,143	126	<b>1,269</b>	1,154	119	<b>1,273</b>	1,151	46	<b>1,197</b>
WOMEN	120	13	<b>133</b>	123	10	<b>133</b>	117	12	<b>129</b>
<b>TOTAL</b>	<b>1,263</b>	<b>139</b>	<b>1,402</b>	<b>1,277</b>	<b>129</b>	<b>1,406</b>	<b>1,268</b>	<b>58</b>	<b>1,326</b>

**Average annual contract formats by age**

	2023			2022			2021		
	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
UNDER 30 YEARS OLD	24	33	<b>57</b>	20	30	<b>50</b>	22	15	<b>37</b>
BETWEEN 30 AND 50 YEARS OLD	906	88	<b>994</b>	924	95	<b>1,019</b>	957	42	<b>999</b>
OVER 50 YEARS OLD	334	19	<b>353</b>	333	3	<b>336</b>	289	1	<b>290</b>
<b>TOTAL</b>	<b>1,263</b>	<b>139</b>	<b>1,402</b>	<b>1,277</b>	<b>129</b>	<b>1,405</b>	<b>1,268</b>	<b>58</b>	<b>1,326</b>



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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
<b>TOTAL</b>	<b>1,263</b>	<b>139</b>	<b>1,402</b>	<b>1,277</b>	<b>129</b>	<b>1,406</b>	<b>1,268</b>	<b>58</b>	<b>1,326</b>

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
<b>TOTAL</b>	<b>1,389</b>	<b>15</b>	<b>1,404</b>	<b>15</b>	<b>17</b>

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
<b>TOTAL</b>	<b>1,389</b>	<b>15</b>	<b>1,404</b>	<b>15</b>	<b>17</b>



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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<sup>14</sup>

	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
<b>TOTAL</b>	<b>29</b>	<b>52</b>	<b>34</b>

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
<b>TOTAL</b>	<b>29</b>	<b>52</b>	<b>34</b>

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
<b>TOTAL</b>	<b>29</b>	<b>52</b>	<b>34</b>

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
<b>TOTAL</b>	<b>12,044</b>	<b>8.7</b>	<b>13,397</b>	<b>9.53</b>	<b>13,400</b>	<b>9.85</b>



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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) <sup>15</sup>	0.67	0.16	0.63	0.95	0.26	0.89	1.27	-	1.15
INCIDENT RATE OF OCCUPATIONAL DISEASE (IROD) <sup>15</sup>	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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### 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
<b>TOTAL</b>	<b>337,377</b>	<b>445,917</b>	<b>34</b>

### Water consumption by company (m<sup>3</sup>)

	2023	2022	2021
TRG	271,262	270,753	271,376
TRPT	565	445	1,001
RDT	-	-	-
<b>TOTAL</b>	<b>271,827</b>	<b>271,198</b>	<b>208,100</b>

### Water extraction by source (m<sup>3</sup>)

	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
<b>TOTAL</b>	<b>276,267</b>	<b>281,600</b>	<b>208,100</b>

### Total recycled water (m<sup>3</sup>)

	2023	2022	2021
TRG	19,598,177	26,031,906	13,532,278
TRPT	-	-	-
RDT	-	-	-
<b>TOTAL</b>	<b>19,598,177</b>	<b>26,031,906</b>	<b>13,532,278</b>

### Water discharge (m<sup>3</sup>)

	2023	2022	2021
Discharged to surface water	20,531	104,558	102,956
Discharged to sewage network	17,923	21,730	26,800
<b>Total discharged</b>	<b>38,454</b>	<b>126,288</b>	<b>129,800</b>
<b>Total discharged into waterway</b>	<b>20,531</b>	<b>104,558</b>	<b>102,956</b>
Discharged into fresh water <sup>16</sup>	14,700	31,000	31,505
Discharged into other water <sup>17</sup>	23,750	21,730	23,120
<b>Total discharged to fresh water or other water</b>	<b>38,450</b>	<b>52,730</b>	<b>54,625</b>

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
<b>TOTAL</b>	<b>338,057</b>	<b>389,232</b>	<b>321,403</b>

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
<b>TOTAL</b>	<b>233,811</b>	<b>283,158</b>	<b>211,872</b>

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
<b>TOTAL</b>	<b>2157,57</b>	<b>1924,09</b>	<b>2311,99</b>

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
<b>TOTAL</b>	<b>571,868</b>	<b>672,390</b>	<b>533,274</b>

Direct emissions by company (scope 1) - T CO<sub>2</sub> Units

	2023	2022	2021
TRG	66,771	79,137	66,754
TRPT	67	105	67
RDT	1,846	2,074	200
<b>TOTAL</b>	<b>68,683</b>	<b>81,315</b>	<b>67,021</b>

Indirect emissions by company (scope 2) - T CO<sub>2</sub>e units

	2023	2022	2021
TRG	59,125	61,934	31,275
TRPT	436	332	300
RDT	5,676	6,258	803
<b>TOTAL</b>	<b>65,238</b>	<b>68,523</b>	<b>32,379</b>



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Intensity of emissions (scope 1+2) by company - T CO<sub>2</sub>e 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 (Accesa plant)	0.00	0.27	0.25
TRPT	0.05	0.05	0.09
RDT	0.25	0.24	0.36
<b>TOTAL</b>	<b>0.51</b>	<b>0.43</b>	<b>0.43</b>

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 <sup>-5</sup>
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
<b>TOTAL</b>	<b>104,655</b>	<b>14,441</b>	<b>16,001</b>	<b>10.58</b>	<b>57,066</b>	<b>1.19 x10<sup>-5</sup></b>

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 <sup>-5</sup>
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
<b>TOTAL</b>	<b>109,305</b>	<b>21,338</b>	<b>7,592</b>	<b>9.95</b>	<b>50,276</b>	<b>8.730 x 10<sup>-5</sup></b>

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 <sup>-7</sup>
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
<b>TOTAL</b>	<b>87,572</b>	<b>15,617</b>	<b>5,021</b>	<b>5.38</b>	<b>34,137</b>	<b>6.812 x 10<sup>-7</sup></b>



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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	<b>3,335</b>	21	1,818	587	<b>2,427</b>
TRPT	-	-	-	-	-	26	-	<b>26</b>
RDT	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>34</b>	<b>3,303</b>	<b>3,335</b>	<b>21</b>	<b>1,845</b>	<b>587</b>	<b>2,453</b>

**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	<b>344,099</b>	19	5,257	-	<b>5,276</b>
TRPT	-	-	11	<b>11</b>	-	-	-	-
RDT	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>6,894</b>	<b>55,221</b>	<b>281,995</b>	<b>344,110</b>	<b>19</b>	<b>5,257</b>	<b>-</b>	<b>5,276</b>



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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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>15</b>	<b>4,178</b>	<b>4,194</b>	<b>26</b>	<b>1,884</b>	<b>601</b>	<b>2,496</b>

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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>6,874</b>	<b>56,592</b>	<b>287,249</b>	<b>350,715</b>	<b>26</b>	<b>7,409</b>	<b>-</b>	<b>7,436</b>



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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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>7</b>	<b>3,118</b>	<b>3,124</b>	<b>39</b>	<b>1,412</b>	<b>641</b>	<b>2,091</b>

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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,794</b>	<b>27,502</b>	<b>246,462</b>	<b>278,758</b>	<b>5</b>	<b>9,500</b>	<b>-</b>	<b>9,505</b>



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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
<b>TOTAL</b>	<b>3,283,501</b>	<b>2,517,557</b>	<b>1,617,138</b>

**Number of suppliers assessed using environmental criteria**

	2023	2022	2021
TRG	257	293	311
TRPT	-	-	-
RDT	-	-	-
<b>TOTAL</b>	<b>257</b>	<b>293</b>	<b>311</b>

**Number of suppliers with potential negative impacts**

	2023	2022	2021
TRG	47	63	47
TRPT	-	-	-
RDT	-	-	-
<b>TOTAL</b>	<b>47</b>	<b>63</b>	<b>47</b>



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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)<sup>18</sup> 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 Sustainability).

-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.

<sup>18</sup> 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 rela-

tionships 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	●●	●●
S	Biodiversidad y capital natural	2,58	●●	2,85	●●	●●
	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	●●	●●
G	Relación con los clientes	4,84	●●	4,67	●●	●●
	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<sub>2</sub> emissions according to the Appendix to Regulation (EU) 2019/331, for the production of fine steel from an electric arc furnace, is 0.266 tCO<sub>2</sub>e 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<sub>2</sub>, which considers additional practices to mitigate emissions.

We do not currently have CO<sub>2</sub> 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
<b>Climate change adaptation</b>	<p>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.</p> <p>For more information, this analysis is detailed in Appendix V to this report.</p>
<b>Sustainable use and protection of water and marine resources</b>	<p>The Amurrio and Trápaga plants implement environmental management in line with ISO 14001, and follow a solid Quality, Environmental and Occupational Risk Prevention Policy.</p> <p>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.</p> <p>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.</p>
<b>Transition to a circular economy</b>	<p>The EU Taxonomy Regulation does not require any additional criteria be met for the "Transition to a circular economy" objective.</p>
<b>Pollution prevention and control</b>	<p>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.</p> <p>Compliance with emission values is assessed in accordance with the provisions of Article 9 in Decree 278/2011 of 28 December.</p> <p>The Amurrio and Trápaga plants have and keep their respective environmental management systems up to date, in accordance with the requirements of ISO 14001.</p>
<b>Protection and recovery of biodiversity and ecosystems</b>	<p>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.</p> <p>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.</p> <p>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.</p>

- 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, since 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).



## 5. Results

### CAPEX

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13/4/164

EIE: <http://data.europa.eu/eli/reg/2023/2486/09>

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") (1)							Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	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)				
Text		Currency	%	Y; N; N/EL (1)	Y; N; N/EL (1)	Y; N; N/EL (1)	Y; N; N/EL (1)	Y; N; N/EL (1)	Y; N; N/EL (1)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Activity 1			%							Y	Y	Y	Y	Y	Y	Y	%			
Activity 1 (1)			%							Y	Y	Y	Y	Y	Y	Y	%	E		
Activity 2			%							Y	Y	Y	Y	Y	Y	Y	%		T	
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%			
<b>Of which enabling</b>			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E		
<b>Of which transitional</b>			%	%						Y	Y	Y	Y	Y	Y	Y	%		T	
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (1)</b>																				
				EL; N/EL (1)	EL; N/EL (1)	EL; N/EL (1)	EL; N/EL (1)	EL; N/EL (1)	EL; N/EL (1)											
Activity 1 (1)			%														%			

EN

OJ L 21.1.2023



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EIT: [http://data.europa.eu/eli/reg\\_del/2023/2486/oj](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		%										
<b>TOTAL</b>		<b>100 %</b>										

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<sup>19</sup>, which explains the importance of a climate scenario not only having climate pathways, but also aligning with future socioeconomic outlooks.



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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.



## Universe of physical climatic risks

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	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



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INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
<b>GENERAL INFORMATION</b>		
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)
<b>ENVIRONMENTAL ISSUES</b>		
<b>Management approach:</b> 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)
<b>Detailed overview</b>		
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	GRI 3-3 (2021)
Resources dedicated to the prevention of environmental risks	Appendix I. Supplementary information	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)



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INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
<b>Pollution</b>		
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)
<b>Circular economy and waste prevention and management</b>		
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)
<b>Sustainable use of resources</b>		
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	GRI 302-1
Measures taken to improve energy efficiency	05 Commitment to the environment (E) 5.2 Circular Economy Model	GRI 3-3 (2021)
Consumption of renewable energies	Appendix I. Supplementary information	GRI 302-1
<b>Climate change</b>		
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	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	5.4 Risks and Opportunities associated with Climate Change Appendix V. Climate Risks	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)
<b>Protection of biodiversity</b>		
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)
<b>SOCIAL AND STAFF-RELATED ISSUES</b>		
<b>Management approach:</b> 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)
<b>Employment</b>		
Total number and breakdown of employees by country, gender, age and professional category		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	06 Evolving in terms of Society (S) Appendix I. Supplementary information	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)
<b>Organisation of work</b>		
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)
<b>Health and safety</b>		
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
<b>Social relations</b>		
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	GRI 2-30 (2021)
Review of collective agreements, particularly in the field of occupational health and safety	Appendix I. Supplementary information	GRI 3-3 (2021)
<b>Training</b>		
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)
<b>Universal accessibility</b>		
Universal accessibility for persons with disabilities	06 Evolving in terms of Society (S) 6.8 Equality/diversity and inclusion	GRI 3-3 (2021)
<b>Equality</b>		
Measures adopted to promote equal treatment and opportunities between women and men		GRI 3-3 (2021)
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment	06 Evolving in terms of Society (S) 6.8 Equality/diversity and inclusion	GRI 3-3 (2021)
Anti-discrimination and, where appropriate, diversity management policy		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)
<b>RESPECT FOR HUMAN RIGHTS</b>		
<b>Management approach:</b> 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)
<b>Application of due diligence procedures</b>		
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)
<b>ANTI-CORRUPTION AND BRIBERY</b>		
<b>Management approach:</b> 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	GRI 3-3 (2021)
Measures taken to prevent corruption and bribery	07 Governance that transforms (G) 7.4 Ethics and best practice	
Anti-money laundering measures	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)
Contributions to foundations and non-profit entities	07 Governance that transforms (G) 7.4 Ethics and best practice	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021)
	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)
<b>INFORMATION ON SOCIETY</b>		
<b>Management approach:</b> 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)
<b>The Company's commitments to sustainable development</b>		
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		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)
<b>Subcontracting and suppliers</b>		
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		GRI 2-6 (2021)
<b>Consumers</b>		
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)
<b>Tax information</b>		
Profits obtained country by country		GRI 3-3 (2021)
Tax on profits paid	07 Governance that transforms (G) 7.6 Tax liability	GRI 3-3 (2021)
Public subsidies received		GRI 201-4



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# 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	-	-	01. In conversation with Carlos Lopez de las Heras, CEO of Tubos Reunidos Group
GRI 2-6 Activities, value chain and other business relationship	-	-	
GRI 2-1 Organisational details	-	<a href="#">2.1. Group presentation</a>	02. Tubos Reunidos
GRI 2-6 Activities, value chain and other business relationships	-		
GRI 2-1 Detalles organizacionales	-	<a href="#">2.2. Mission, Vision and Values</a>	02. Tubos Reunidos
GRI 2-1 Organisational details	-	<a href="#">2.3. 131 years of history</a>	02. Tubos Reunidos
GRI 2-1 Organisational details	-	<a href="#">2.4. Environment and key trends</a>	02. Tubos Reunidos
GRI 3-3 Management of material topic	-		
413-1 Operations with local community engagement, impact assessments and development programmes	-	<a href="#">2.5. Collaborations</a>	02. Tubos Reunidos
GRI 2-1 Organisational details	-		
GRI 2-6 Activities, value chain and other business relationships	-	<a href="#">3.1. Key milestones</a>	03. 2023 milestones and figures
GRI 2-23 Commitments and policies	-		
GRI 3-3 Management of material topics	-	<a href="#">3.2. Figures</a>	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		<a href="#">4.1. Double materiality</a>	04. Group strategy



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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		4.3. ESG strategy	04. Group strategy
GRI 3-3 Management of material topics			
GRI 2-22 Statement on sustainable development strategy			
GRI 3-1 Process to determine material topics		4.1. Double materiality	04. Group strategy
GRI 3-2 List of material topics			Appendix I Supplementary information
GRI 3-3 Management of material topics			
GRI 2-6 Activities, value chain and other business relationships			
GRI 3-3 Management of material topics		4.5 Value chain	04. Group strategy
GRI 306-2 Waste by type and disposal method			
GRI 2-23 Commitments and policies		4.6. Integrated Management System and Certifications	04. Group strategy
GRI 3-3 Management of material topics			
GRI 2-23 Commitments and policies		4.7. We innovate the now and design the future	04. Group strategy
GRI 3-3 Management of material topics			
GRI 2-23 Commitments and policies		5.1. ESG: Key figures and messages on the environment and contribution to the 2030 agenda	05. Commitment to the environment (E)
GRI 3-3 Management of material topics			



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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	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6. 2 Health and safety	06. Evolving in terms of Society (S)
GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health		6.2 Health and safety	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6.3. People and well-being, our fundamental pillar	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6. 4 Competitive remuneration	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6. 5 Communication that communicates	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics GRI 2-30 Collective bargaining agreements		6.6. Collective agreements	06. 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	06. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6.8. Equality/diversity and inclusion	06. 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	06. Evolving in terms of Society (S)



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GRI 3-3 Management of material topics		<a href="#">7.1. ESG: Key figures and messages on our governance</a>	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics	-	<a href="#">7.2. Corporate governance and structure</a>	0.7. Governance that transforms (G)
GRI 2-1 Organisational details	-	<a href="#">7.3 Board remuneration</a>	
GRI 3-3 Management of material topics	-	<a href="#">7.4. Ethics and best practice</a>	0.7. Governance that transforms (G)
GRI 2-23 Commitments and policies	-	<a href="#">7.5 Risk management</a>	
GRI 2-26 Mechanisms for seeking advice and raising concerns	-		
GRI 406-1 Incidents of discrimination and corrective actions taken	-		
GRI 3-3 Management of material topics	-	<a href="#">7.3. Board remuneration</a>	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics	-	<a href="#">7.5. Risk management</a>	0.7. Governance that transforms (G)
GRI 201-1 Direct economic value generated and distributed	-	<a href="#">7.6. Tax liability</a>	0.7. Governance that transforms (G)
GRI 207-1 Approach to tax	-		
GRI 3-3 Management of material topics			
GRI 301-1 Materials used by weight or volume		<a href="#">Appendix I. Supplementary information</a>	08. Appendices
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			
GRI 3-3 Management of material topics	-	<a href="#">Appendix II. About this report</a>	08. Appendices
GRI 3-1 Process to determine material topics	-	<a href="#">Appendix III. Double materiality</a>	08. Appendices
GRI 3-2 List of material topics	-		
GRI 3-3 Management of material topics	-	<a href="#">Appendix IV. EU Taxonomy</a>	08. Appendices
GRI 2-23 (2021)	-		
GRI 305-1 Direct (scope 1) GHG emissions	-	<a href="#">Appendix V. Climate Risks</a>	08. Appendices
GRI 305-2 Energy indirect (scope 2) GHG emissions	-		
GRI 3-3 Management of material topics	-		



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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.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65, 28003 Madrid - inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, C.I.F. B-280970506.

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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 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.

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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, 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.

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**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.

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**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)

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Alberto Castilla Vida

February 29th, 2024



**Edited in Spain**, February 2024 | **Design and layout** Laura Fernández

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