Audit Report on Financial Statements
issued by an Independent Auditor

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2021

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TUBOS REUNIDOS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2021, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2021 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

Emphasis of matter

We draw attention to note 6.1 of the attached consolidated financial statements, which indicates that, mainly as a result of the impacts of the Covid-19 pandemic, the Group presents a negative result amounting to 65 million euros and negative equity amounting to 95 million euros in 2021. As indicated in the aforementioned note, on July 22, 2021, TUBOS REUNIDOS, S.A. has obtained a participative loan amounting to 112.8 million euros through a temporary financial support operation from the Solvency Support Fund for Strategic Companies and various pre-existing financing conditions have been renewed and improved with the private financing entities of the Group, so the Directors of the Parent Company consider that the Group has sufficient resources to face the objectives of its Strategic Plan that allow its future viability. Our opinion has not been modified in relation to this matter.

Key audit matters

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

Loan from the Solvency Support Fund for Strategic Companies and novation of the refinancing agreement with the private financing entities of the Group

Description

As indicated in note 15 of the attached consolidated financial statements, on July 22, 2021, the Parent Company of the Group has signed a temporary financial support operation with the Solvency Support Fund for Strategic Companies, configured as a participative loan for an amount of 112.8 million euros. Likewise, on said date, the novation of the Refinancing Agreement of the syndicated debt signed on October 16, 2019 and novated on May 25, 2020 has been formalized.

The Group's Management has analyzed the accounting impacts derived from said agreements, registering the corresponding debt with the Solvency Support Fund for Strategic Companies for the financing obtained and recognizing as new debt the effect of the novation of the syndicated debt, registering a positive effect on the consolidated profit and loss account for a net amount of 8.5 million euros. Additionally, and as a result of these agreements, the Group's Management has evaluated the fair value of the implicit derivative on the convertible part of the syndicated debt together with the Group's Strategic Plan and the expectations of its fulfillment, concluding that its value is zero as of December 31, 2021.

Carrying out these analyzes has required significant judgments on the part of the Group's Management, as described in Note 6 of the attached consolidated financial statements.

We have considered this area as a key matter of our audit given the relevance of these transactions in the accompanying consolidated financial statements.

Our response

Our audit procedures have included, among others, the following:

- Review of the documents that make up the temporary financial support signed with the Solvency Support Fund for Strategic Companies and their accounting records.
- Review of the documents signed in the novation of the Refinancing Agreement of the syndicated debt with the financing entities and the analysis of the accounting impacts carried out by the Group's Management and the review of its conclusions with the collaboration of our internal specialists.
- Understanding of the process followed by the Group's Management to determine the value of the implicit derivative of the debt, including the evaluation of the design and implementation of the relevant controls.
- Review of the disclosures included in the consolidated financial statements in accordance with the applicable financial reporting regulatory framework.

Recoverability of Property, plant and equipment

Description	As of December 31, 2021, the Group presents tangible assets amounting to EUR 248 million. The Management of the Tubos Reunidos Group assesses, at least on an annual basis, whether there are indications of impairment on these assets and, if so, performs certain analyses on the recoverability of the amounts recorded in the consolidated balance sheet, as broken down in Note 4 "Accounting estimates and calculations", relating to breakdowns by measure of fair value and in Note 6 "Property, plant and equipment" describing the main assumptions used in the impairment analysis. The recoverability of the carrying amount of the indicated assets has been determined on the basis of the current value of future flows generated by the cash-generating units or, where appropriate, the best estimate of their recoverable value. Flows are calculated based on business plans approved by the Group Management. On the other hand, Management has carried out an analysis of sensitivity on key hypotheses that, based on historical experience, may reasonably vary. Its preparation requires estimates and the assessment of uncertainties that could significantly influence the amounts accounted for and, therefore, the Group's financial position and results. We have considered this area as a key audit matter because of the importance of related amounts and the existence of significant estimates used by Management in its assessment of the recoverability of the value of tangible assets.
Our response	Our audit procedures have included, among others, the following: ▶ Understanding of the processes established by the Group Management in determining the analyses of asset impairments, including evaluating the design and implementation of relevant controls. ▶ Analysis of the reasonableness of the allocation of assets to the different cash-generating units. ▶ Review of the model used by the Group Management, in collaboration with our valuation specialists, covering, in particular, the mathematical coherence of the model, the reasonableness of projected cash flows, discount rates and long-term growth rates, as well as the results of the sensitivity analyses carried out by the Group Management. In conducting our review, we have had interviews with business managers and used recognized external sources and other information available for the contrast of the data used by the Group Management. ▶ Review of the disclosures included in the consolidated financial statements in accordance with the applicable financial reporting regulatory framework.

Other information: consolidated management report

Other information refers exclusively to the 2021 consolidated management report, the preparation of which is the responsibility of the parent company’s directors and is not an integral part of the consolidated financial statements.

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

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

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

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2021 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of TUBOS REUNIDOS, S.A. and subsidiaries for the 2021 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of TUBOS REUNIDOS, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

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

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

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 25, 2022.

Term of engagement

The ordinary general shareholders' meeting held on July 27, 2019 appointed us as auditors of the Group for 3 years, commencing on the financial year ended on December 31st, 2019.

ERNST & YOUNG, S.L.

Signed original in Spanish

February 25, 2022

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

Consolidated annual accounts and Consolidated management report for the financial year ended 31 December 2021

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

TABLE OF CONTENTS

(All documents refer to 31 December 2021 or the year ended 31 December 2021, as appropriate)

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(thousands of euro)

ASSETS	**Notes**	**31/12/2021**	**31 December 2020**
Intangible assets	8	1,933	2,778
Rights of use	9	4,903	5,346
Tangible fixed assets	10	247,682	177,140
Real estate investments	10	1,352	1,413
Non-current financial assets	11	483	67,232
Deferred tax assets	17	15,751	8,531
Non-current assets		**272,104**	**262,440**
Inventory	13	101,375	53,590
Trade and others accounts receivable	11-12	11,146	12,275
Other current financial assets	11	224	518
Public Administrations	16	5,809	1,478
Accruals		8	12
Cash and cash equivalents	11	77,607	20,822
Current assets		**196,169**	**88,695**
TOTAL ASSETS		**468,273**	**351,135**
EQUITY AND LIABILITIES			
Own funds		(94,332)	(29,703)
Capital	14	3,494	3,494
Share premium	14	387	387
Retained earnings	14	(97,190)	(32,513)
Shares of the parent company	14	(1,023)	(1,071)
Adjustments due to change in value		(1,095)	530
Net equity attributable to the parent company		(95,427)	(29,173)
Minority interests	14	541	589
Net book equity	**1,2**	**(94,886)**	**(28,584)**
Deferred income		**319**	**580**
Long-term provisions	19	1,898	1,053
Borrowings	15	361,037	260,544
Other financial liabilities	18	7,555	8,237
Public Administrations	16	6,360	10,587
Deferred tax liabilities	17	15,160	7,930
Non-current liabilities		**392,010**	**288,351**
Short-term provisions	19	13,822	2,496
Borrowings	15	16,846	5,283
Other financial liabilities	18	131,507	73,945
Public Administrations	16	8,655	9,064
Current liabilities		**170,830**	**90,788**
TOTAL NET EQUITY AND LIABILITIES		**468,273**	**351,135**

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021
(thousands of euro)

	Notes	2021	2020
Operating income		250,826	247,149
Net turnover amount	20	242,994	241,661
Other operating income	20	7,832	5,488
Change in inventory of finished products and products in production	13	27,363	(33,022)
Supplies	13	(132,368)	(87,363)
Staff expenses	21	(102,886)	(80,331)
Other operating expenses	22	(94,719)	(62,008)
Depreciation of property, plant and equipment	8-9-10	(13,066)	(22,624)
Impairment and results for fixed assets disposal	9-10	77,360	(99,598)
Other net profit/(loss)		341	335
Operating income		**12,851**	**(137,462)**
Financial income		2	10
Investment expenses	15	(21,803)	(22,990)
Fair value variation in financial instruments	6.4-15	(58,580)	65,816
Exchange differences		2,743	(3,286)
Financial results		**(77,638)**	**39,550**
PROFIT/(LOSS) BEFORE TAX		**(64,787)**	**(97,912)**
Tax on profits		62	(110)
RESULT FOR THE YEAR FROM CONTINUED OPERATIONS		**(64,725)**	**(98,022)**
Result attributed to the parent company		(64,677)	(97,905)
Result attributed to external partners		(48)	(117)
Profit (loss) per share (expressed in euro)			
Basic		(0.372)	(0.563)
Diluted		(0.372)	(0.563)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021
(thousands of euro)

	Notes	2021	2020
CONSOLIDATED RESULT		**(64,725)**	**(98,022)**
Other comprehensive income			
Foreign exchange differences		(1,398)	916
Cash flow hedging		(227)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(66,350)**	**(97,106)**
Attributable to:			
Shareholders of the parent company		(66,302)	(96,989)
Minority interests		(48)	(117)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(thousands of euro)

		Attributable to the shareholders of the parent company							
	Notes	Capital	Share premium	Revaluation reserve and other reserves	Retained earnings	Shares of the parent company	Adjustments due to change in value	Minority interests	TOTAL
Balance as of 31 December 2019		**3,494**	**387**	**48,924**	**16,468**	**(1,090)**	**(386)**	**706**	**68,503**
Total consolidated recognised income and expenditure	-	-	-	-	(97,905)	-	916	(117)	(97,106)
Operations with shares from the parent company	-	-	-	-	-	19	-	-	19
Balance at 31 December 2020		**3,494**	**387**	**48,924**	**(81,437)**	**(1,071)**	**530**	**589**	**(28,584)**
Total consolidated recognised income and expenditure		-	-	-	(64,677)	-	(1,625)	(48)	(66,350)
Operations with shares from the parent company		-	-	-	-	48	-	-	48
BALANCE AS OF 31 DECEMBER 2021[1]		**3,494**	**387**	**48,924**	**(146,114)**	**(1,023)**	**(1,095)**	**541**	**(94,886)**

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

[1] The fact that the financing obtained from the SEPI is a participation loan means that Tubos Reunidos, S.A.'s Net Equity for commercial purposes is positive and sufficient for the circumstances envisaged in the Spanish Capital Companies Law related to equity balance to not apply (note 1.2).

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021
(thousands of euro)

	Notes	2021	2020
Cash flow from operating activities		**(37,771)**	**21,930**
Result for the year from continued operations		(64,725)	(98,022)
Adjustments to income		24,255	89,784
Taxes		(62)	110
Depreciation of property, plant and equipment	8-10	13,066	22,624
(Profit)/Loss in the sale/write-off of the fixed assets	8-10	17	-
Impairment of the fixed assets	8-10	(77,377)	99,598
Variation of provisions	19	11,162	7,348
Other expenses/(income)		(189)	(346)
(Profits)/losses in the fair value of derivative financial instruments		58,580	(65,816)
Financial income		(2)	(10)
Investment expenses		21,803	22,990
Exchange differences		(2,743)	3,286
Changes in working capital		2,699	30,168
Inventory	13	(41,133)	35,797
Customers and other accounts receivable	11-12	2,031	2,904
Other charges/(payments)		(7,987)	(1,562)
Suppliers and other accounts payable	18	49,788	(6,971)
Other cash flow from operating activities		-	-
Net of interests and tax (paid)/received		-	-
Cash flow from investment activities		**(6,496)**	**(3,844)**
Acquisition of intangible assets	8	(567)	(508)
Acquisition of tangible fixed assets	10	(5,944)	(3,428)
(Investment)/divestment of financial assets		(279)	92
(Investment)/divestment in current financial assets		294	-
Cash flow from financing activities		**101,052**	**(17,846)**
Obtaining borrowings	15	120,351	15,991
Reimbursement of borrowings and interest payments	15	(14,104)	(28,706)
Obtaining other debts		-	-
Repayment of other debts		(5,243)	(5,150)
Alienation/(acquisition) of treasury shares		48	19
(DECREASE)/NET INCREASE OF CASH OR CASH EQUIVALENTS		**56,785**	**240**
Cash and cash equivalents at the beginning of the year	11	20,822	20,582
Cash and cash equivalents at the end of the year	11	77,607	20,822

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

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(thousands of euro)

1. GENERAL INFORMATION

1.1 Structure of the Group and activity

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

The company is a public limited company listed on the Bilbao and Madrid Stock Exchanges, the head of a group of companies (hereinafter referred to as Tubos Reunidos Group, the TRSA Group or the Group, interchangeably) whose main activity, the steel industry, is the manufacture and sale of seamless steel pipes and has five production plants (four in Spain and one in the USA) and an international commercial organisation with 10 own branch offices and 18 commercial agencies in the main countries and markets in which it operates.

As of 31 December 2021, the companies that make up the TRSA Group are as follows:

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

All companies in the group complete their annual financial year on 31 December and consolidate their financial statements using the full integration method, including TRPT, over which the Group has effective control.

On 13 December 2021, the deed of merger by absorption was concluded in respect of the following companies, which were Group companies as of 31 December 2020:

Absorbing company	Registered office	Activity	Share %	Holding company
Tubos Reunidos Industrial, S.L.U. (TRI)	Amurrio (Álava)	Industrial	100%	Tubos Reunidos, S.A.

Absorbed companies	Registered office	Activity	Share %	Holding company
Productos Tubulares, S.A.U. (PT)	Valle de Trápaga (Vizcaya)	Industrial	100%	Tubos Reunidos, S.A.
ACECSA - Aceros Calibrados, S.A.U.	Pamplona (Navarre)	Industrial	100%	Tubos Reunidos, S.A.

As a result of the merger and the accounting rules, 1 January 2021 was established as the date from which the operations of the absorbed companies, which were dissolved in the aforementioned operation, are considered, for accounting and fiscal purposes, to have been carried out by the Absorbing Company. On the same date as the deed of merger, the change of company name of the absorbing company was made public, with the company being renamed Tubos Reunidos Group, S.L.U.

The main purpose of the merger was to consolidate the structure of the Group, to reduce costs through improved joint management of the companies within the Group, to make better use of the capital of the companies concerned, thereby preventing dispersion, to rationalise financial processes within the corporate structure, to increase financial solvency, to foster economies in management and to boost growth and results. In short, to create a single company that is more competitive and enjoys a stronger economic position.

There were no changes in the scope of consolidation during 2020.

1.2 Effects of the COVID pandemic

On 11 March 2020, the World Health Organization escalated the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. The quick sequence of events, both nationally and internationally, is resulting in an unprecedented health crisis, which has impacted and continues to impact the macroeconomic environment and the evolution of socio-economic activity at the global level. To address the economic and social impact of the COVID-19 pandemic, the Spanish Government, like the governments of other countries, declared a state of emergency (amongst other measures) by means of Royal Decree 463/2020 of 14 March (lifted on 1 July 2020), and approved a series of extraordinary emergency measures, including Royal Decree-Law 8/2020 of 17 March ("RDL 8/2020") among others.

Since the beginning of the pandemic, the effects on Tubos Reunidos Group's activity were significant and direct, with the temporary delay inherent in the productive activity of the Group reflected in its financial information. The services included in the Group's activity were considered "essential services" for the purposes of Royal Decree-Law 10/2020, of 29 March, in relation to the population's mobility in the context of the fight against COVID-19.

The effects of the COVID pandemic on the Group's consolidated Annual Accounts for the year ended 31/12/2021 can be grouped into three interrelated types: effects on the activity, effects on the structure of the financial debt and the Strategic Plan, and the effects on the economic and financial outlook.

a) Effects on Tubos Reunidos Group's activity

Financial year 2019 closed with increasing activity in the Group, once the commercial and cost and profitability structure situation brought about by the implementation in the US, in mid-2018, of protectionist measures by the Trump administration in the form of steel import tariffs was consolidated.

The pandemic declared on 11 March 2020 brought a halt to global economic activity from the outset and consequently had a number of adverse effects on demand for seamless steel piping:

- reduction in the demand for energy, which led to a delay in investments by energy companies;
- global demand for crude oil fell, which led to a collapse in oil prices;
- widespread reduction of investment in all industrial sectors;
- global situation of uncertainty.

Having closed 2019 with a significant portfolio of pipe orders meant that the effects of the pandemic on the Group's activity became evident in the second quarter of 2020 and, more significantly, at the end of 2020.

The following is an evolution of the Group's activity measured on the basis of average monthly income per quarter, taking the third quarter of 2019 as base 100:

	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
MONTHLY AVERAGE ACTIVITY COMPARISON (base 100)[2]	100	105	111	82	80	74	80	86	93	104

The above table shows that activity for the fourth quarter of 2020 was 74% of the activity for the third quarter of 2019 and 67% of the activity for the first quarter of 2020.

The figures reflect a gradual recovery of activity in the second half of 2021, reaching pre-pandemic levels at the end of 2021.

[2] The definition of the Alternative Performance Measures is shown in the Consolidated Management Report attached to these Consolidated Annual Accounts.

The evolution of the consumption associated with this activity has also increased, even to levels above the evolution of the activity, mainly as a result of the increase in the costs of raw materials (scrap metal and ferroalloys), energy (electricity and natural gas) and transport costs, all elements that have a significant impact on the Group's consolidated income statement.

The following table, constructed with the same criteria that were used to represent the evolution of the activity, reflects the monthly average consumption of these materials in the Group, weighted by the level of activity, which provides an indicator of the evolution of the average prices:

WEIGHTED AVERAGE MONTHLY PRICE COMPARISON WITH ACTIVITY (base 100)[3]	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Raw materials	100	114	90	97	76	83	137	161	171	196
Energy	100	108	86	90	79	90	105	134	186	316
Transport	100	69	77	80	85	69	86	85	107	126

Commodity and energy prices plummeted during the COVID-19 pandemic to 75-80% of third-quarter 2019 prices in the third quarter of 2020, and have experienced steady growth since the first quarter of 2021, reaching double and triple times the pre-pandemic levels. Transport costs have behaved similarly, although they experienced the most significant increase in the fourth quarter of 2021.

At the end of 2021, the process involving the global economy's adaptation to the changing situation arising from the COVID pandemic was still ongoing. In addition to the uncertainties associated with the evolution of activity and the evolution of costs, it is necessary to add the impact of inflation for 2021 itself to the future outlook (as reflected in the Strategic Plan) mentioned in subparagraph (c) of this note.

[3] The definition of the Alternative Performance Measures is shown in the Consolidated Management Report attached to these Consolidated Annual Accounts.

b) Effects on the structure of the financial debt of the Tubos Reunidos Group and its Strategic Plan

The Group began 2020 with sufficient funding to meet its Strategic Plan, after a debt refinancing agreement with financial institutions was refined on 18/12/2019.

The effects on the Group's activity described in the previous section meant that, in the second quarter of 2020, the Board of Directors had already anticipated difficulties in meeting the strategic objectives for 2020 itself and, in particular, the difficulties in fulfilling the obligations entered into with the financial institutions in the aforementioned refinancing.

In May 2020, a novation of the previous financing conditions was signed, including the deferral of maturities and fulfilment obligations of the ratios calculated on business data (EBITDA) and extraordinary additional financing of EUR 15 million was obtained, which was partially guaranteed with the endorsement of the Official Credit Institute ("ICO") within the framework of "RDL 8/2020" and Royal Decree-Law 15/2020, of 21 April, on additional urgent measures to support the economy and employment.

The consolidated result for 2020 resulted in losses of EUR 97.9 million and a negative effect on cash generation, consistent with operating results.

Taking into account the effects of the COVID pandemic on the outcome of the previous year 2020, we must distinguish between, on the one hand, a negative operating result of EUR 65.3 million, corresponding to the Group's activity and, therefore, affected by the effects described in the previous section, and, on the other hand, a negative result of EUR 32.6 million, due to the accounting impact of the COVID-19 pandemic on the relevant judgements and estimates used at the end of 2020 (notes 6.1 and 6.4).

In the third quarter of 2020, the Tubos Reunidos, S.A. Board of Directors initiated a process to update its Strategic Plan to address the situation brought on by the COVID pandemic, as well as negotiations for additional financing, in the form of a participation loan, through a request for temporary public financial support of EUR 112.8 million to the Sociedad Estatal de Participaciones Industriales (SEPI) from the Solvency Support Fund for Strategic Companies affected by the pandemic, pursuant to Royal Decree Law 25/2020, of 3 July (hereinafter the "Strategic Business Support Fund Loan", "SEPI loan" or "Participation loan").

On 22 July 2021, the Group formalised this participation loan and revised the financing conditions signed in May 2020, improving and adapting them to its 2021–2026 Strategic Plan.

This formalisation enabled the 2021–2026 Strategic Plan to be launched in September 2021, beginning with the communication, to the entire workforce and other stakeholders, of the objectives and strategic initiatives contained in said Plan (note 6.1).

Therefore, from the perspective of the effects of the COVID pandemic, for the Tubos Reunidos Group, 2021 was characterised by an initial phase of working capital management and low activity and a second phase, starting in September, with sufficient financial capacity, as a result of public measures to support strategic companies to launch the Strategic Plan, in an environment of uncertainty regarding the effects on the direct costs of overcoming the effects of the pandemic.

c) Effects on Tubos Reunidos Group's economic and financial outlook

The Group closed 2021 with the financial resources necessary to meet the objectives of the current Strategic Plan, which provides for the continuity of industrial and business activity and the achievement of positive economic results within the first few years of the Plan.

The implementation of the Plan, based on the energy transition and decarbonisation, will allow the Group to address new markets and business sectors, especially those related to clean energy and hydrogen. It includes an investment plan of EUR 60 million, over five years, for improving the Group's efficiency, digitisation and the reduction of CO2. Specific strategic initiatives, which were launched at the end of 2021 and whose effects are expected to begin to be reflected in 2022, include:

- The reorganisation of the Group's business, merging certain companies to achieve operational improvements and efficiencies (note 1.1).

- The creation of a new steel mill that will serve the rolling plants of Trápaga and Amurrio, investing in new digital technologies for the improvement of the processes, obtaining a reduction in costs by increasing efficiencies, reducing CO2 emissions, and expanding our ability to innovate and develop new products.

- The creation of a new modern and efficient cold-drawing facility, unifying the productive processes of our Amurrio and Pamplona plants, and also investing in new digital technologies.

Concerned with our human resources, this Plan will be addressed without the presentation of any lay-offs. Lay-offs with no social impact will be made in the Group, taking into account the specific conditions of the workers and employees.

In spite of the uncertainties that characterised the end of 2021, many of them related to the COVID pandemic and mentioned in subparagraph (b) of this note, the Group's outlook is to reach a path of profitability in the short term through a combination of increasing its productive activity, on the one hand, and obtaining operational efficiencies derived from the strategic initiatives, on the other (note 6.1).

The fact that the financing obtained from the SEPI is a participation loan means that Tubos Reunidos, S.A.'s Net Equity for commercial purposes is positive and sufficient for the circumstances envisaged in the Spanish Capital Companies Law related to equity balance to not apply.

(thousands of euro)	**31/12/2021**
TRSA net book equity (Parent company)	**(56,964)**
Participation loan	112,800
THE PARENT COMPANY'S EQUITY FOR COMMERCIAL PURPOSES	**55,836**
TRSA's share capital	3,494
Equity to share capital ratio	15.98x

1.3 Preparation of accounts

The consolidated annual accounts for 2021 were prepared by the Board of Directors of the Parent Company on 24 February 2022 and are pending approval by its General Shareholders' Meeting. The directors understand that they will be approved without amendments.

The consolidated annual accounts for 2020 were drawn up by the Board of Directors of the Parent Company on 25 March 2021 and were approved by the General Shareholders' Meeting on 30 June 2021.

2. BASIS FOR THE PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1 Basis of presentation

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

The information contained in this consolidated report concerning the previous financial year is presented, solely and exclusively, for comparative purposes with the information from this financial year.

In order to improve the comparison of information and its traceability within the report, specific amendments have been made to the attached Consolidated Financial Statements for 2020. The most relevant is the differentiation of the balances with the Public Administrations in the 2021 consolidated balance sheet and the comparative figures from 2020, which were included under the headings "Trade and other accounts receivable" from the assets and "Other non-current liabilities" and "Suppliers and other accounts payable" from the liabilities of the consolidated balance sheet for that year.

The Group's consolidated annual accounts as of 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for use in the European Union (IFRS-EU) and approved by the European Commission Regulations, which have been in force since 31 December 2021 and the IFRIC interpretations.

The preparation of consolidated annual accounts under IFRS-EU requires the use of specific critical accounting estimates, as well as professional judgement by the management when implementing accounting policies. Note six discusses the areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated annual accounts. The judgements and estimates used in preparing the consolidated accounts for 2021 are consistent with those applied in the preparation of the consolidated annual accounts for the previous year.

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

Standard, interpretation or amendment	**Date of publication in the Official EU Journal**	**Application date by the EU**	**Application date by IASB**
Amendments to: • IFRS 3: Business combinations • IFRS 16: Property, plant and equipment • IFRS 37: Provisions, contingent liabilities and contingent assets	02/07/2021	01/01/2022	01/01/2022
IFRS 17: Insurance contracts	19/11/2021	01/01/2023	01/01/2023
IAS 1 Presentation of the financial statements: classification of financial liabilities as current or non-current	Pending	Pending	01/01/2023
Information to be disclosed regarding the accounting policies: amendments to IAS 1 and the IFRS 2 Practice Statement	Pending	Pending	01/01/2023
Definition of accounting estimates: amendments to IAS 8	Pending	Pending	01/01/2023
Deferred taxes related to assets and liabilities arising from a single transaction: amendments to IAS 12	Pending	Pending	01/01/2023

2.2 Working and presentation currency

The consolidated annual accounts are presented in thousands of euro, rounded up to the nearest thousand, which is the functional and presentation currency of the Parent Company.

2.3 Consolidation principles

a) Subsidiaries and associated companies

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

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

Companies over which the Group has significant influence but does not have control are considered associated companies and are accounted for using the equity method. As of 31 December 2021 and 2020, the Group had no such holdings.

b) Transactions with shares in companies without a change of control

Transactions with shares in subsidiaries that do not result in loss of control are accounted for as equity transactions. In the purchases of these holdings, the difference between the fair value of the consideration paid and the relevant share acquired of the carrying amount of the net assets of the subsidiary is recognised in net equity.

c) Disposals of subsidiaries

When the Group ceases to have control, any retained holding in the entity is re-measured at fair value at the date control is lost, with the impact being recognised in the year's income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. Any amounts previously recognised in other comprehensive income in relation to that entity is accounted for as if the Group had directly sold the related assets or liabilities.

d) Joint agreements

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

3. PROFIT DISTRIBUTION

The proposed distribution of the 2021 results of the Parent Company to be submitted to the General Shareholders' Meeting, and the application approved in 2020, is as follows:

	2021	2020
Allocation basis		
Result of the financial year – profit/(loss)	40,384	(149,799)
Distribution/(Application)		
Negative results from previous financial years	40,384	(149,799)

4. ACCOUNTING POLICIES AND MORE SIGNIFICANT ASSESSMENT CRITERIA

4.1 Foreign currency transactions

a) Transactions and balances

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

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

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

b) Group entities

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

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

4.2 Intangible assets

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

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

4.3 Leases

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

The initial cost of use rights includes the amount of recognised lease liabilities, initial direct costs and lease payments performed before the commencement of the lease date. Incentives received, if any, are discounted from the initial cost. Unless the Group is fairly sure of obtaining ownership of the leased asset at the end of the lease term, the rights of use are amortised linearly for the shorter term between the estimated useful life and the lease term. Rights of use are subject to an impairment analysis and are presented under the intangible assets heading of the balance sheet.

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

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

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

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

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

4.4 Tangible fixed assets and real estate investments

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

Costs resulting from the recurring maintenance of tangible fixed assets are recorded in the income statement as they are incurred.

The replacement of elements of tangible fixed assets susceptible to capitalisation that imply a reduction in the carrying value of the replaced elements.

The amortisation of the elements of tangible fixed assets is carried out by distributing its amortisable amount linearly over its useful life by applying the following years of estimated useful life:

	Years of estimated useful life
Buildings	30–50
Technical installations and machinery	10 - 30
Other installations, tools and furniture	10
Other fixed assets	6 - 15

The Group reviews the residual value, useful life and depreciation method of tangible fixed assets at the end of each year.

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

Profit and loss on the sale of tangible fixed assets are calculated by comparing the proceeds obtained with the carrying amount and are included in the income statement.

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

4.5 Financial instruments

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

a) Financial assets

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

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

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

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

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

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

b) Derivative financial instruments and hedging activity

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

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

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

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

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

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

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

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

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

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

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

c) Implicit derivative of the debt

In the debt refinancing agreement (note 15.a), the Group has identified an implicit derivative for the mechanism of converting part of the debt into shares of the Parent Company. At the end of the financial year, the Group assesses the fair value of the option based on the most probable conversion/exchange equation established in the aforementioned agreement, which takes into consideration the potential debt to be converted on the estimated conversion date, minus the fair value (its price on the closing date) of the Tubos Reunidos, S.A. shares to be converted. The probability that the conversion option will be exercised by the financial creditors is applied to this differential, based on the probability of default on the part of the company according to its estimated credit rating (note 6.4).

4.6 Inventory

a) Emission allowances

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

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

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

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

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

b) Other inventories

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

c) Impairment of inventories

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

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

4.7 Trade accounts receivable

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

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

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

4.8 Trade accounts payable

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

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

4.9 Borrowings

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

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

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

4.10 Current and deferred taxes

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

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

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

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

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

4.11 Employee benefits

a) Severance pay

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

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

b) Variable remuneration

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

c) Contributions to pension plans

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

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

4.12 Provisions

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

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

4.13 Revenue recognition

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

According to IFRS 15: For ordinary revenue from customer contracts, the Group carries out the following analysis:

- <u>Differentiated committed goods or services that should be recognised separately</u>.

  The performance obligation is the delivery of the goods, taking into account the terms of sale agreed in each contract. Considering that the object of the transaction is the supply of the product in accordance with the specifications provided by the customer, there are no outstanding post-delivery obligations, such as interventions in the supply, implementation, training, etc.

- <u>Variable consideration in customer contracts</u>.

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

- <u>Recognition of sales</u>

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

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

- Financing component

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

- Incremental costs

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

- Guarantees

  When it comes to the sale of products and services, the Group provides the usual guarantees for its products, in accordance with the contracts, applicable laws and typical industry practices. The guarantees given provide customers with the assurance that the product conforms to the specifications agreed in the contract and no additional services are provided. Guarantees, therefore, do not constitute a differentiated service that should be accounted as a differentiated performance obligation.

- Deferred delivery invoicing agreements

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

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

4.14 Environment

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

5. FINANCIAL RISK AND OTHER RISK MANAGEMENT POLICY

5.1 Main financial risks

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

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

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

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

   In order to manage credit risk arising from sales operations, the Group has established policies to ensure that the maximum possible amount of sales are carried out with insurance coverage. All customers of the Group have their corresponding risk classification and, upon receipt of the order, the solvency of each customer is analysed and risk coverage is requested from the insurance company.

   The insurance contract is entered into with Spanish insurance company CESCE (Compañía Española de Seguro de Crédito a la Exportación). In case the insurance company does not cover the customer, other possible risk coverages include: customer guarantees (confirmed letter of credit, confirming, etc.), non-recourse factoring (factoring/forfaiting) and, where appropriate, advance payment.

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

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

   The Group's Finance Division aims to maintain flexibility in financing through the availability of committed credit lines and uses financial liquidity instruments (non-recourse factoring) to maintain the liquidity levels and the working capital required in its business plans.

   The direct control of working capital by the Finance Division, in conjunction with additional available liquidity, and ongoing monitoring of debt levels and cash generation, enable the business's liquidity risk to be controlled.

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

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

- Exchange rate risk

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

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

- Interest rate risk

  This risk focuses on long-term financial debt with variable rates. The Management maintains a policy of permanent monitoring of the development of these rates and the assessment of the effect of a hypothetical change in interest rates on the Group's consolidated annual accounts.

5.2 Risk of changes in raw material and energy prices

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

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

5.3 Financial impact of climate change

The Group has assessed the risks associated with climate change, according to the analysis of the expected impact, probability and rate of occurrence of these risks that it uses in its risk management model and in the identification of the main risks (Level 1) from its Risk Map.

As a result of this analysis, no Level 1 risks associated with climate change have been identified and no material adjustments are expected in the carrying value of assets or liabilities in the next accounting year as a result of these risks. However, the diversity of markets and industries to which the products produced by the Group are targeted can be affected by climate change.

In this sense, the strategy outlined in the 2021–2026 Strategic Plan includes scenarios in which greenhouse gas-generating industries are losing ground in the mix of production and energy supply for mobility and power generation. In particular, the objectives of the Plan have been adapted to future expectations regarding developments in the oil extraction and – with a greater lag – natural gas markets (the OCTG commercial segment) and their progressive replacement by clean energy such as geothermal energy and so-called "green hydrogen". We mainly see thermal plants (which use coal as fuel) declining as they are the largest emitters of greenhouse gas, and the acceleration of their replacement by cleaner plants such as natural gas combined cycle plants such as transitional energy, nuclear and other clean technologies. The possible positive effect on the demand for pipes used for the production of expanding nuclear energy in many countries all over the world and which was considered as clean energy by the EU, has remained in the Strategic Plan as if there were no changes to the current situation.

We are members of the Unión de Empresas Siderúrgicas (UNESID) [Union of Steel Companies], an association of companies involved in the production and the initial processing of steel in Spain, which includes all manufacturers of flat and long products, seamless pipes, welded pipes and others. It is also a member of the European Steel Association (EUROFER), as well as the European Steel Tube Association (ESTA), the Basque Steel Cluster, SIDEREX and other sectoral groups.

As members of this association, we actively participate in the relevant work groups which are involved in the legislative and environmental standardisation process. This enables us to prepare for regulatory changes and climate change trends that directly or indirectly affect our business.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The 2021–2026 Strategic Plan, updated in 2020 to reflect the anticipated effects of the COVID-19 pandemic (note 1.2), is the roadmap defined by the Board of Directors when it comes to achieving a scenario involving long-term sustainability within the Group, based on the energy transition and decarbonisation.

At the end of 2021, the Group had sufficient resources to approach this 2021–2026 Strategic Plan, carry out the actions outlined in the Plan, partially cover the working capital needs and, therefore, has the resources that enable it to be viable in the future. As the objectives of the Strategic Plan are met, the business will provide resources to accelerate the changes in the Strategic Plan, but as of 31/12/2021, these resources have come from two main sources:

- the grant to the Group, and the formalisation on 22/07/2021, of a participation loan of EUR 112.8 million from the Solvency Support Fund for Strategic Companies affected by the pandemic under Royal Decree Law 25/2020, of 3 July, on urgent measures to support economic recovery and employment; and

- the novation and improvement of various pre-existing financing terms and conditions with the Group's private financing entities, formalised on 22/07/2021, making them consistent with those outlined in the temporary public support received and improving them for the purposes of the Group's expected profitability.

The fact that the financing is a participation loan means that the equity of the Group's parent company is balanced at 31/12/2021, as a result of its consideration as net equity for commercial purposes (note 1.2).

Compliance with the objectives of the Strategic Plan, including the results and cash generation from the 2021 financial year (the first year of the Plan), is monitored continuously by the Board of Directors and the management team. These Consolidated Annual Accounts do not show significant non-compliance with the Plan.

The evolution of the business variables for 2021, mentioned in note 1.2, has been taken into account in the budget for 2022, which is part of the 2021–2026 Strategic Plan, as well as the losses incurred in 2021 amounting to EUR 64.7 million, mainly resulting from the impact of the pandemic, and the negative net book equity of EUR 94.9 million. Similarly, the positive working capital, amounting to EUR 24.3 million and the fact that the financing obtained was a participation loan, together with its positive effect on equity for commercial purposes, have also been considered (note 1.2).

Once the aforementioned financial resources have been obtained, a number of strategic efficiency improvement initiatives have been launched since September 2021, which were planned for this first year of the Plan. Some of them were implemented as of 31/12/2021. These initiatives include the following:

- The merger of specific Group companies: TRI, PT and ACECSA (note 1.1), and the commercial launch of Tubos Reunidos Group, the new name of the merged company.

- The start of the work necessary to unify the mills of the merged companies TRI and PT in adapted facilities at the Amurrio plant. Although the complete unification of the steel mills is expected from the second half of 2022, this concentration of manufacturing processes requires significant time for its execution. This initiative will significantly drive the reduction of our environmental impact and carbon footprint (note 26).

- The start of the work involving the concentration of cold drawing processes at the Amurrio plant, which requires, as in the previous case, the planning, adaptation and improvement of facilities.

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

The public and private support obtained for the Group and its Strategic Plan, together with the launching of the first initiatives in this start-up period in the Plan's implementation, put the Group in a position to be able to meet its long-term sustainability forecasts. The Company's Board of Directors, therefore, considers that the going concern principle for the preparation of the Consolidated Annual Accounts for 2021 applies.

6.2 Asset impairment

The Group verifies whether assets have been impaired at least once a year. In 2020, it was thought that the situation of the pandemic itself had generated evidence of impairment and, consequently, a corresponding deterioration analysis was carried out at the close of 2020. The circumstances outlined in the previous section on the Group's financial situation and the going concern principle imply that the estimates made in 2020 were reconsidered in 2021 (note 10.a).

To determine this recoverable value of Group assets at 31/12/2021, the expected future cash flows from the assets or cash generating units of which they are a part have been estimated (based on the 2021–2026 Strategic Plan) and an appropriate discount rate has been used to calculate its present value (which includes the risk premium applicable to the Group and its activity).

6.3 Fair value of the debt

In July 2021, a novation and improvement in pre-existing funding (which, in turn, was novated in May 2020) was signed with all financing entities (note 15.a). Discounted flows resulting from applying the new debt conditions have been estimated to differ by more than 10% from the carrying value of the debt at the time of signature. As a consequence, the novation has been considered, for accounting purposes, as "new debt".

To estimate the resulting discounted flows, the Group used cash flows (principal plus interest), the new payment schedule agreed with the financing entities and a discount rate composed of the Euribor interest rate curve plus a differential in line with the Group's risk. The resulting discount rate was 5.27%. According to IFRS 13: In respect of the valuation of the fair value, the reasonable value hierarchy applied corresponds to Level 3 variables, as they are non-observable market variables.

A similar estimate was made in the novation of 2020, concluding that, as of that date, there had been no substantial change in the financing terms, compared with those that had been refined on 18/12/2019, (note 1.2), and that, therefore, it was not "new debt".

6.4 Fair value of the implicit derivative associated with the debt

An implicit derivative was identified in the conversion mechanism of part of the financial debt outlined in the refinancing agreement (note 15.a).

In order to estimate the fair value of the implicit derivative, the probability of the option being exercised by financial entities has been calculated based on the probability of the Group's failure to comply with its obligations according to the credit rating assigned by an international agency. This probability of breach applies to the difference between the value of the shares to be handed over at the balance sheet closing date and the amortised cost of the debt on the date on which the breach would occur.

The number of shares to be handed over is estimated according to the exchange equation applicable per contract, and the date of possible breach is estimated using the six-monthly conversion windows contained in the contract.

As of 31/12/2021, the directors of the Parent Company estimate that the Group will meet the objectives of its 2021–2026 Strategic Plan (note 6.1), so that the financial debt will be cancelled in full by the amount of its updated value at the close of the balance sheet (note 15.a).

As of 31/12/2020, taking into account the situation caused by the COVID-19 pandemic (note 1.2) and its effect on the estimation of the debt's value, the Parent Company's directors considered that the derivative had a value of EUR 67 million, which was recorded under the heading "Changes in Fair Value of Financial Instruments" in the Consolidated Income Statement and which was reverted in 2021**.**

The implicit derivative due to debt convertibility as of 31/12/2020 was the only financial asset valued at fair value and, in accordance with the levels set out in IFRS 13: In respect of the valuation of the fair value, the reasonable value hierarchy applied corresponds to Level 3 variables, as they are non-observable market variables. As of 31/12/2021, there were no financial assets valued at fair value.

6.5 Tax on profits and deferred tax assets

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

The 2021–2026 Strategic Plan has been used to estimate the likelihood of recovering the deferred tax assets and their need for accounting records. However, in accordance with the existing accounting regulations, the management has deemed it appropriate to continue recording, as in previous years, the deferred tax assets in accordance with the amount of deferred tax liabilities, reporting on the amount of negative taxable bases and other tax credits pending recognition to 31/12/2021 in the consolidated Annual Accounts:.

6.6 Density of scrap in the physical stock count

At the end of the year, a physical inventory of stocks, including scrap metal, is carried out to determine the existing tonnes. In the case of scrap metal, the tonnes are determined by applying an estimated density value to the volume of this material reported during the inventory.

This estimated value is contrasted and, where appropriate, updated with the results of adjustments made during the year (when stock is zero or virtually zero) and with the tracking of new purchases.

7. INFORMATION ON OPERATING SEGMENTS

a) Segmentation criteria

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

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

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

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

- Downstream, whose main uses are the conventional and clean electric power generation industry (heat exchangers, boilers, furnaces, heaters and refrigerators) of equipment and the processes involved in the petrochemical and refining industry;

- Midstream, whose main use is the transport of oil and gases from production wells to storage terminals, liquefaction plants (LNG), coastal cargo terminals on boats for export and to be installed in recipient markets for regasification, as well as the piping of hydrocarbons to the refining or petrochemical complexes in which they are processed;

- Upstream, used primarily in oil and gas drilling and extraction, also called the "Oil Country Tubular Goods" (OCTG) and in geothermal energy, and the capture and storage of carbon, and

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

Given the Group's current organisational, productive and management structure, its 2021–2026 Strategic Plan and its internal system for informing the Governing Bodies ("maximum authority in operational decision-making" in accordance with IFRS 8: Operating Segments), the Group finds that it operates in a single operating segment, applying the criteria of IFRS 8.

In the 2020 financial year, the segments paid greater attention to the geographic location perspective (a distinction was made between Spain and the United States). Geographic area information is included below.

b) Information on geographic areas

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

	2021	2020
USA	60,537	61,289
SPAIN	40,473	36,423
ITALY	30,060	18,435
GERMANY	26,651	21,903
CHINA	17,751	8,328
SOUTH KOREA	10,229	15,140
UNITED KINGDOM	8,202	18,251
All other countries (over 40)	49,091	61,892
TOTAL NET TURNOVER	**242,994**	**241,661**

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

	2021	2020
Downstream	91,174	106,165
Midstream	39,027	42,866
Upstream	31,494	45,402
Mechanical/Industrial	60,443	32,055
Others	20,856	15,173
TOTAL NET TURNOVER	**242,994**	**241,661**

As of 31/12/2021, the Group's assets in Spain amounted to EUR 439 million (31/12/2020: EUR 330 million) and the Group's assets in the US amounted to EUR 29 million (31/12/2020: EUR 21 million).

c) Information on the main customers

The Group's sales are distributed among a sufficient number of customers, to the extent that none of them represents more than 10% of the net turnover.

8. INTANGIBLE ASSETS

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

	IT applications	Development expenses	Other intangible assets	Total
COST VALUE				
Balance as of 31/12/2019	**4,722**	**21,726**	**986**	**27,434**
Additions	277	231	-	508
Exchange differences	(9)	-	-	(9)
Balance at 31 December 2020	**4,990**	**21,957**	**986**	**27,933**
Additions	194	373	-	567
Exchange differences	8	-	-	8
COST VALUE AS OF 31/12/2021	**5,192**	**22,330**	**986**	**28,508**
CUMULATIVE AMORTISATION				
Balance as of 31/12/2019	**(3,582)**	**(16,971)**	**(854)**	**(21,407)**
Allocations	(378)	(1,715)	(11)	(2,104)
Exchange differences	8	-	-	8
Balance at 31 December 2020	**(3,952)**	**(18,686)**	**(865)**	**(23,503)**
Additions	(347)	(864)	(11)	(1,222)
Exchange differences	(7)	-	-	(7)
CUMULATIVE AMORTISATION AS OF 31/12/2021	**(4,306)**	**(19,550)**	**(876)**	**(24,732)**
VALUE IMPAIRMENT				
Balance as of 31/12/2019	**-**	**(667)**	**-**	**(667)**
Impairment losses	-	(985)	-	(985)
Balance at 31 December 2020	**-**	**(1,652)**	**-**	**(1,652)**
Impairment losses	-	(191)	-	(191)
VALUE IMPAIRMENT AS OF 31/12/2021	**-**	**(1,843)**	**-**	**(1,843)**
INTANGIBLE ASSETS AS OF 31/12/2020	**1,038**	**1,619**	**121**	**2,778**
INTANGIBLE ASSETS AS OF 31/12/2021	**886**	**937**	**110**	**1,933**

9. RIGHTS OF USE

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

	Cost value	Cumulative amortisation	Net value
Balance as of 31/12/2019	**7,655**	**(1,232)**	**6,423**
Additions	194	(1,271)	(1,077)
Balance at 31 December 2020	**7,849**	**(2,503)**	**5,346**
Additions	206	(649)	(443)
Withdrawals	(1,263)	1,263	-
BALANCE AS OF 31/12/2021	**6,792**	**(1,889)**	**4,903**

The carrying amounts of lease liabilities and movements during 2021 and 2020 are as follows:

	2021	2020
Initial balance	**5,497**	**6,502**
Additions	206	194
Accrued financial expenses	257	255
Payments	(804)	(1,454)
Final balance as of 31/12	**5,156**	**5,497**
Non-current lease liabilities	4,379	4,720
Current lease liabilities	777	777

The amounts recognised in the consolidated income statement for leases in 2021 and 2020 are as follows:

	2021	2020
Depreciation of rights of use	649	1,271
Financial costs	257	255
Expenses related to current and low-value leases	171	340

10. TANGIBLE FIXED ASSETS AND REAL ESTATE INVESTMENTS

The details and movements related to the main types of tangible fixed assets and real estate investments are as follows:

	Land and buildings	Technical installations and machinery	Other installations, tools and furniture	Advances and fixed assets in progress	Other fixed assets	TOTAL TANGIBLE FIXED ASSETS	REAL ESTATE INVESTMENTS
COST VALUE							
Balance as of 31/12/2019	**167,971**	**604,940**	**24,148**	**85**	**23,573**	**820,717**	**5,171**
Additions	121	1,951	940	-	449	3,461	-
Withdrawals	-	-	(2,224)	-	(832)	(3,056)	-
Transfers	-	3,693	-	(85)	2,414	6,022	-
Exchange differences	(933)	(2,183)	(20)	-	-	(3,136)	-
Balance at 31 December 2020	**167,159**	**608,401**	**22,844**	**-**	**25,604**	**824,008**	**5,171**
Additions	274	3,212	2,049	-	648	6,183	-
Withdrawals	-	(1,764)	(2,393)	-	(596)	(4,753)	-
Transfers	-	(3,408)	3,408	-	-	-	-
Exchange differences	844	1,984	18	-	-	2,846	-
COST VALUE AS OF 31/12/2021	**168,277**	**608,425**	**25,926**	**-**	**25,656**	**828,284**	**5,171**
CUMULATIVE AMORTISATION							
Balance as of 31/12/2019	**(58,159)**	**(438,033)**	**(3,202)**	**-**	**(15,592)**	**(514,986)**	**(640)**
Allocations	(2,131)	(16,536)	(159)	-	(366)	(19,192)	(57)
Withdrawals	-	-	4	-	-	4	-
Exchange differences	117	693	20	-	-	830	-
Balance at 31 December 2020	**(60,173)**	**(453,876)**	**(3,337)**	**-**	**(15,958)**	**(533,344)**	**(697)**
Additions	(2,078)	(8,574)	(145)	-	(337)	(11,134)	(61)
Withdrawals	-	1,749	-	-	-	1,749	-
Transfers	-	(5,368)	-	-	-	(5,368)	-
Exchange differences	(126)	(678)	(18)	-	-	(822)	-
CUM AM. AS OF 31/12/2021	**(62,377)**	**(466,747)**	**(3,500)**	**-**	**(16,295)**	**(548,919)**	**(758)**
VALUE IMPAIRMENT							
Balance as of 31/12/2019	**-**	**(16,145)**	**-**	**-**	**-**	**(16,145)**	**(2,835)**
Impairment losses	(31,540)	(66,847)	-	-	-	(98,387)	(226)
Exchange differences	-	1,008	-	-	-	1,008	-
Balance at 31 December 2020	**(31,540)**	**(81,984)**	**-**	**-**	**-**	**(113,524)**	**(3,061)**
Impairment losses	(1,574)	(3,450)	(125)	-	-	(5,149)	-
Exchange differences	-	(1,095)	-	-	-	(1,095)	-
Transfers	-	5,368	-	-	-	5,368	-
Reversal of impairment	31,540	51,177	-	-	-	82,717	-
IMPAIRMENT AS OF 31/12/2021	**(1,574)**	**(29,984)**	**(125)**	**-**	**-**	**(31,683)**	**(3,061)**
NET VALUE AS OF 31/12/2020	**75,446**	**72,541**	**19,507**	**-**	**9,646**	**177,140**	**1,413**
NET VALUE AS OF 31/12/2021	**104,326**	**111,694**	**22,301**	**-**	**9,361**	**247,682**	**1,352**

The investments in financial years 2021 and 2020 correspond mainly to investments in improving the safety of our workers and to replacement investments.

The Group has recorded write-offs of tooling and spare parts, included under the headings "Other technical installations, tools and furniture" and "Other fixed assets", as consumption of materials under the heading "Other expenses" in the Consolidated Profit and Loss Account. During 2021, this amount totalled EUR 2,989 thousand (EUR 3,052 thousand in 2020).

The cost value of tangible fixed assets that are fully amortised as of 31 December 2021 and 2020 is as follows:

	2021	2020
Buildings	30,215	27,400
Technical installations and machinery	301,108	287,673
Other installations, tools and furniture	2,350	2,333
Other fixed assets	14,424	13,954
TOTAL TO COST VALUE	**348,097**	**331,360**

The Group has tangible fixed assets secured by mortgages for borrowings and other payables with an outstanding balance of EUR 242 million as of 31/12/2021 (31/12/2020: EUR 122 million).

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

The revenue derived from real estate investment income (mostly industrial buildings) in 2021 amounted to EUR 66 thousand (2020: EUR 203 thousand). The operating and maintenance costs of the investments during 2021 and 2020 were not material.

As of 31/12/2021, the Group has fixed asset investment commitments amounting to EUR 1.5 million (31/12/2020: EUR 0.6 million), which will be financed by payment agreements to providers and suppliers of equipment and other assets and by the generation of own funds.

a) Valuation of assets

- Impairment losses of assets for financial year 2021

  The strategic initiatives for the creation of a new steel mill and a new cold-drawing facility (note 1.2) involve the modification of specific production processes. The assets directly affected by these modifications are mainly those related to the machinery, installations, land and buildings of the Sestao steel mill and the cold drawing facility in Pamplona, which cannot be moved to the new steel mill and the new cold drawing facility.

  For technical installations, machinery and the like, their net realisable value was considered to be zero, so the total net amount recorded in the books as of 31/12/2021 for this concept has deteriorated to EUR 3,575 thousand.

In the case of land and buildings, the impairment has been carried out by the difference between the net amount recorded in the books as of 31/12/2021 and the value of an appraisal carried out by an independent expert. The impairment amount recorded under this concept amounts to EUR 1,574 thousand.

- Reversal of impairment from previous years

By the end of 2020, the main initiatives of the 2021–2026 Strategic Plan could not be launched due to a lack of financial resources (note 1.2). In accordance with the accounting rules, the impairment analysis for financial year 2020 should not consider the efficiencies of the Strategic Plan associated with these initiatives.

This meant that the estimated cash flows used for the impairment test reflected a current value that was lower than the net amount recorded in the books as of 31/12/2020 for the CGUs TRI and PT (note 1.1), amounting to EUR 88.1 million. The corresponding deterioration was, therefore, recorded.

In the case of the impairment test applied to the CGU RDT, the main factor affecting its deterioration was the situation of uncertainty in the US market and an impairment provision of EUR 10.3 million was provided as a difference between the recoverable value, net selling costs of the CGU RDT's tangible fixed assets (basically land, buildings and machinery) and the net amount recorded in the books as of 31/12/2020.

Initiated in 2021, the strategic actions of the 2021–2026 Plan (note 1.2) following the acquisition of financial resources from the SEPI participation loan and the novation and improvement of the terms and conditions with financial institutions, the updated value of the new flows used for the impairment test for the financial year 2021 for the CGUs TRI and PT reflects an amount greater than the net book value as of 31/12/2021, excluding the impairment amount for financial year 2020.

Consequently, the estimated impairment of EUR 82.7 million in 2020 was reversed as of 31/12/2021.

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

	AS OF 31/12/2021		AS OF 31/12/2020	
	CGU Tubos[4]	**CGU Productos[4]**	**CGU TRI**	**CGU PT**
WACC discount rate before tax	8.2%	8.2%	10.2%	9.8%
Perpetual growth rate	1.6%	1.6%	1.6%	1.6%
Discounted terminal value of total valuation	91%	77%	117%	86%
Projected years	5	5	4	4

[4] As a result of the merger of certain companies in the Group, the CGUs were renamed for internal purposes, with the rest of the hypotheses remaining.

As a result of improved financing conditions resulting from novation of the refinancing agreement (note 1.2), including the elimination of a contingent fee on convertible debt, the cost of financial debt was reduced (note 15 (d)), This had a direct effect on the WACC used in financial year 2021 compared to financial year 2020.

Management carried out a sensitivity analysis of the plan, reducing the results by 5% for both CGUs, with no impairment evident (as of 31/12/20, an additional impairment of EUR five million was revealed for each of the CGUs, taking into account the assumptions and hypotheses under consideration). An additional sensitivity analysis was also carried out, increasing the WACC discount rate by 0.5% and/or taking into account a perpetual growth rate of 1% for both CGUs, with no impairment revealed (additional impairments of EUR six million were revealed for each CGU as of 31/12/2020, taking into account the assumptions and hypotheses under consideration).

In view of these hypotheses, the present value of projected cash flows exceeds the value of CGU Tubos assets by 57% and exceeds the value of CGU Productos assets by 83%. A WACC of 11% is required for CGU Tubos and 13% for CGU Productos to equal the current value of the estimated flows to the value of the assets.

With regard to the CGU RDT, as of 31/12/2021, it is not thought that there were sufficient changes in the conditions affecting the calculation of its impairment as of 31/12/2020.

11. ANALYSIS BY FINANCIAL INSTRUMENT CATEGORY

11.1 Financial assets

	2021			2020		
	At amortised cost	**At fair value through profit or loss**	**Total financial assets**	**At amortised cost**	**At fair value through profit or loss**	**Total financial assets**
Non-current financial assets	**483**	**-**	**483**	**204**	**67,028**	**67,232**
Derivative financial instruments	-	-	-	-	67,028	67,028
Other financial assets	483	-	483	204	-	204
Current financial assets	**88,977**	**-**	**88,977**	**33,615**	**-**	**33,615**
Trade and others accounts receivable	11,146	-	11,146	12,275	-	12,275
Customers and other accounts receivable	*10,945*		*10,945*	*11,981*	-	*11,981*
Other debtors	*201*		*201*	*294*		*294*
Other financial assets	224	-	224	518	-	518
Cash and cash equivalents	77,607	-	77,607	20,822	-	20,822
TOTAL FINANCIAL ASSETS	**89,460**	**-**	**89,460**	**33,819**	**67,028**	**100,847**

As of 31/12/2020, derivative financial instruments (EUR 67,028 thousand) correspond in full to the implicit derivative included in the refinancing agreement of December 2019, which was last novated in July 2021 (note 15.a).

The cash and cash equivalents balance in foreign currency as of 31/12/2021 (mainly US dollar balances) amounted to EUR 7,958 thousand (EUR 10,024 thousand in 2020).

11.2 Financial liabilities

	2021			2020		
	At amortised cost	At fair value with equity adjustments	Total financial liabilities	At amortised cost	At fair value with equity adjustments	Total financial liabilities
Non-current financial liabilities	**368,592**	**-**	**368,592**	**268,781**	**-**	**268,781**
Borrowings	361,037	-	361,037	260,544	-	260,544
Other financial liabilities	7,555	-	7,555	8,237	-	8,237
Current financial liabilities	**148,126**	**227**	**148,353**	**79,228**	**-**	**79,228**
Borrowings	16,846	-	16,846	5,283	-	5,283
Other financial liabilities	131,280	227	131,507	73,945	-	73,945
TOTAL FINANCIAL LIABILITIES	**516,718**	**227**	**516,945**	**348,009**	**-**	**348,009**

During the 2021 financial year, the amount of exchange insurance contracted amounted to USD 74 million, (2020: USD 50 million), of which, as of 31/12/2021, USD 58 million remained in force (31/12/2020: there was no amount in force). In accordance with the levels set out in IFRS 13: Valuation of the fair value, the fair value hierarchy applied corresponds to Level 2 variables, as they are observable data distinct from quoted prices.

Changes in borrowings and other debts, including lease liabilities and loans from government agencies, for the 2021 and 2020 financial years:

	Borrowings	Other debts	Total
Balance as of 31/12/2019	**256,417**	**11,726**	**268,143**
Acquisition of financing	15,991	-	15,991
Amortisations/payments	(25,457)	(5,150)	(30,607)
Variation in accrued interest	17,664	2,808	20,472
Adjustments to income	1,212	-	1,212
Balance at 31 December 2020	**265,827**	**9,384**	**275,211**
Acquisition of financing	120,351	-	120,351
Amortisations/payments	(14,744)	(1,126)	(15,870)
Variation in accrued interest	20,286	342	20,628
Adjustments to income	(13,837)	206	(13,631)
BALANCE AS OF 31/12/2021	**377,883**	**8,806**	**386,689**

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	TOTAL
AS OF 31/12/2021					
Borrowings	17,345	16,395	40,589	431,141	505,470
Other accounts payable	136,297	2,982	5,163	2,743	147,185
AS OF 31/12/2020					
Borrowings	8,508	15,383	43,005	342,680	409,576
Other accounts payable	80,443	6,740	6,543	2,871	96,597

12. CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE

	2021	2020
Gross customer balance	13,934	15,271
Impairment value of customer accounts	(2,989)	(3,290)
TOTAL CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE	**10,945**	**11,981**

As of 31/12/2021, the Group had written off an amount of EUR 37.9 million for the availability of non-recourse factoring lines (31/12/2020: EUR 24 million) (note 15.a). 80% of the Group's sales in 2021 were insured by CESCE (2020: 82%).

The change in the impairment value of customer accounts in financial years 2021 and 2020 corresponds to the following items and amounts:

	thousands of euro
Balance as of 31/12/2019	**(357)**
(Allocations)/Reversals	(468)
Exchange differences	47
Transfers	(2,512)
Balance at 31 December 2020	**(3,290)**
Allocations/(Reversals)	90
Exchange differences	(55)
Applications	266
BALANCE AS OF 31/12/2021	**(2,989)**

During the 2020 financial year, the Group re-classed provisions for commercial transactions recorded under the heading "Short-term provisions" in the amount of EUR 2,512 thousand as an impairment value of customer accounts.

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

	2021	2020
US dollar	8,236	7,016
Pound sterling	-	23
Other currencies	947	-
TOTAL (thousands of euro)	**9,183**	**7,039**

The seniority of past due balances held by the Group as of 31 December 2021 and 2020 is as follows:

	2021	2020
Balances up to 3 months overdue	1,564	1,580
Balances between 3 and 6 months overdue	2,017	1,991
TOTAL OVERDUE BALANCES	**3,581**	**3,571**

13. INVENTORY

a) Breakdown of inventory balance

	2021	2020
Raw materials	38,275	20,359
Products in production	24,133	15,233
Finished products	36,461	17,998
Co_2 of emission allowances	2,506	-
TOTAL INVENTORY	**101,375**	**53,590**

b) Cost of inventory

	2021	2020
Purchases	152,790	75,678
Variation in raw materials inventory	(20,621)	11,519
Variation of in-production and finished products inventory	(23,369)	26,729
Variation in impairment value of raw materials	199	166
Variation in impairment value of in-production and finished products	(3,994)	6,293
TOTAL COST OF INVENTORY	**105,005**	**120,385**

The amount of inventory purchases in foreign currency during the 2021 financial year amounted to EUR 18 million (2020: EUR 27 million).

c) Provision for impairment of inventory

	thousands of euro
Balance as of 31/12/2019	**(10,596)**
(Allocations)/Reversals	(6,459)
Cancellation of provisions	5,927
Exchange differences	519
Balance at 31 December 2020	**(10,609)**
(Allocations)/Reversals	3,794
Cancellation of provisions	-
Exchange differences	(129)
BALANCE AS OF 31/12/2021	**(6,944)**

14. NET BOOK EQUITY

As indicated in note 1.2, the Group signed a participation loan of EUR 112.8 million in 2021, which, for accounting purposes, is a liability (since there is a contractual repayment obligation) but which, for the purposes of the so-called equity balance provided for in commercial legislation, should be considered as net equity. Consequently, net equity for trading purposes of the Parent Company amounts to EUR 55.8 million as of 31/12/2021 (note 1.2).

14.1 Share capital

As of 31/12/2021 and 31/12/2020, the share capital of Tubos Reunidos, S.A. was represented by 174,680,888 shares each with a par value of EUR 0.02, fully subscribed and paid up. All shares are listed on the Bilbao and Madrid stock exchanges. The quoted price as of 31/12/2021 was EUR 0.279 per share (31/12/2020: EUR 0.2040 per share).

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

The companies that have a share in the share capital in a percentage equal to or greater than 10% are:

	31/12/2021		31 December 2020	
	No. of shares (thousand)	Share %	No. of shares (thousand)	Share %
Banco Industrial de Bilbao, S.A. (BBVA GROUP)	-	-	25,975	14.87%
Pecri Inversion, S.L. (BBVA GROUP)	25,794	14.77%	-	-

During the 2021 financial year, the BBVA Group informed the regulatory body of the transfer of ownership of its shares to Pecri Inversion, S.L.

14.2 Share premium

The share premium is freely distributable.

14.3 Other reserves and retained earnings

As of 31/12/2021, a total amount of EUR 18,073 thousand in unavailable reserves was included under the heading "Other Reserves" (31/12/2020: EUR 18,073 thousand).

14.4 Treasury shares

	No. of shares (thousand)	thousands of euro
Balance as of 31/12/2019	**774**	**1,090**
Acquisitions	4,637	867
Sales	(4,606)	(886)
Balance at 31 December 2020	**805**	**1,071**
Acquisitions	5,076	1,880
Sales	(5,211)	(1,928)
BALANCE AS OF 31/12/2021	**670**	**1,023**

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

On 30 June 2021, the General Shareholders' Meeting authorised the acquisition of treasury shares up to the maximum number of shares allowed under current legislation for a maximum period of five years.

14.5 Minority interests

	2021	2020
Initial balance	**589**	**706**
Performance of financial year	(48)	(117)
FINAL BALANCE	**541**	**589**

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

15. BORROWINGS

	2021	2020
Non-current	**361,037**	**260,544**
Loans with credit institutions	229,688	242,809
Marketable bonds and securities	16,920	17,387
Loans with related companies	360	348
SEPI participation loan	112,800	-
Interest accrued on the participation loan	1,269	-
Current	**16,846**	**5,283**
Short-term share of long-term loans	14,629	3,169
Marketable bonds and securities	233	6
Interest payable and others	1,984	2,108
TOTAL BORROWINGS	**377,883**	**265,827**

Loan balances with credit institutions as of 31/12/2021 include balances with the Group's main shareholder (note 25) amounting to EUR 73,344 thousand, EUR 70,295 thousand of non-current debt and EUR 3,049 thousand of current debt (31/12/2020: EUR 75,653 thousand, EUR 75,018 thousand of non-current debt and EUR 635 thousand of current debt).

The breakdown of the Group's Borrowings as of 31/12/2021, based on its financing structure, is summarised in the following table:

	Non-current balances 31/12/2021				Current balances 31/12/2021			
	Principal outstanding	Interest accrued	Adjustments	Total non-current	Principal outstanding	Interest accrued	Adjustments	Total current
a) Refinancing agreement	**253,591**	**14,214**	**(31,235)**	**236,570**	**7,743**	**84**	**2,233**	**10,060**
Tranche A	76,849	-	(9,356)	67,493	7,517	78	2,233	9,828
A1	76,222	-	(9,171)	67,051	7,517	78	2,233	9,828
A2	627	-	(185)	442	-	-	-	-
Tranche B	123,797	10,285	(15,702)	118,380	-	-	-	-
Tranche C	36,904	3,051	(4,352)	35,603	-	-	-	-
Bond A	5,634	-	(690)	4,944	-	6	-	6
Bond B	10,407	878	(1,135)	10,150	226	-	-	226
b) Participation loan	**112,800**	**1,269**	**-**	**114,069**	**-**	**-**	**-**	**-**
Participation loan	112,800	-	-	112,800	-	-	-	-
Interest (non-participating)		1,269		1,269	-	-	-	-
c) ICO financing	**9,375**	**-**	**(426)**	**8,949**	**3,750**	**21**	**-**	**3,771**
Debts with associated companies (note 25)	**336**	**24**	**-**	**360**	**-**	**-**	**-**	**-**
Other debts	**1,089**	**-**	**-**	**1,089**	**3,008**	**7**	**-**	**3,015**
TOTAL BORROWINGS AS OF 31/12/2021	**377,191**	**15,507**	**(31,661)**	**361,037**	**14,501**	**112**	**2,233**	**16,846**
TOTAL BORROWINGS AS OF 31/12/2020	**276,456**	**18,116**	**(34,028)**	**260,544**	**5,153**	**130**	**-**	**5,283**

The "Adjustments" column includes the effect of consideration as new debt of the novation agreement signed in July 2021 (notes 1.2 and 6.3), as well as the effect of the amortised cost of the ICO (Official Credit Institute) financing.

a) Refinancing agreement

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

This structure is categorised into different types of debt, whose main terms and conditions as of 31/12/2021 are summarised below:

	Principal outstanding 31/12/2021	Date of novation	Amortisation	First amortisation	Last maturity	Interest rate
Senior debt	**90,000**					
Tranche A	84,366					
A1	83,739	22/07/2021	semi-annual	18/12/2021	22/07/2028	euribor 12m + 3.00%
A2 (rebalance)	627	22/07/2021	bullet	n/a	22/10/2028	euribor 12m + 3.00%
Bond A	5,634	22/07/2021	bullet	n/a	22/10/2028	euribor 12m + 3.00%
Confirming lines	n/a	22/07/2021	revolving	n/a	22/07/2028	euribor 12m + 2.75%
Convertible debt	**171,334**					
Tranche B	123,797	22/07/2021	bullet	n/a	22/06/2028	pik 4.00% bullet
Bond B	10,633	22/07/2021	semi-annual	18/12/2022	22/06/2028	pik 4.00% bullet
Tranche C	36,904	22/07/2021	bullet	n/a	22/06/2028	pik 4.00% bullet

The guaranteed confirming lines have a limit of EUR 35.3 million, of which EUR 32.7 million were available as of 31/12/2021 (31/12/2020: EUR 32.6 million), which are recorded under the heading "Other financial liabilities – Trade payables" of the consolidated balance sheet, to the extent that these are commercial liabilities whose liquidation is managed by financial institutions and where the Group has only transferred payment management and remains the primary obligor for the payment of debts to the commercial creditors.

The Group has guaranteed non-recourse factoring lines of EUR 56.8 million, of which EUR 22.4 million is denominated in US dollars and equivalent to USD 25.4 million.

The non-recourse confirming and factoring lines are due in December 2021 with automatic annual renewals until the maturity of tranche A1. The first automatic renewal occurred in December 2021.

As indicated in the above table, total debt "A", consisting of tranche A1, tranche A2 and bond A, plus the confirming lines, is considered senior debt and tranches B and C and bond B are convertible debt. Where appropriate, conversion would be through the issuance of financial instruments, as approved by the Extraordinary General Shareholders' Meeting on 27/07/2019 (in the first financing agreement, note 1.2).

Three conversion scenarios are contemplated, under potential debt payment scenarios or for change of share ownership options. Two of the scenarios entail exchanging debt for a fixed percentage of capital at a fixed price, and in the third scenario debt would be exchanged for a variable number of shares at a variable price, basically at market value, up to a limit of 95% of the share capital. In this scenario, an implicit derivative (notes 6.4 and 11) is identified.

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

The terms of the financing include mortgage guarantees of EUR 163.8 million and pledges on the shares of the companies that make up the Tubos Reunidos Group (except Clima) for the senior debt.

The main changes in the novation of the refinancing agreement signed in July 2021 (note 1.2) include the extension of the final maturity of the debt (making it the same as the deadline contracted for SEPI financing), the elimination of a contingent fee on convertible debt, consideration of tranches B and C as participation loans under certain assumptions, including a possible asset imbalance, and updating of the covenants to the 2021–2026 Strategic Plan.

Under IFRS 9: Financial instruments, debt novation was considered, for accounting purposes, as "new debt" (note 6.3), and, consequently, the full amount of the pre-existing debt as of the date of the signature of the 2021 novation agreement was reduced and the new terms were recognised as new debt at fair value. This assumed a financial income of EUR 13.8 million in financial year 2021. The costs incurred in the operation were deducted from this amount, resulting in a net amount of EUR 8.5 million.

The covenants refer to the fulfilment of certain financial commitments, chiefly compliance with a ratio of net financial debt to EBITDA from 2022, and a maximum level for annual CAPEX.

b) Participation loan from the Support Fund for Strategic Companies

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

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

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

It stipulates interest periods of 12 months (except, where appropriate, for the final period) and interest is capitalised at the end of each interest period by increasing the principal amount of the financing for the permanent component. The participating component, which varies in accordance with changes in the Group's activity, is to be settled annually.

The applicable interest rate is the one-year IBOR rate established by the European Commission for Spain plus a margin that, in the case of the permanent component, will increase over time, starting at 2.50% in the first year and 7.00% in the last year of the contract. For the participating component, the interest rate is 1.00%.

The Fund's Management Board has the option (but never the obligation) to convert the participation loan in whole or in part into the share capital of Tubos Reunidos S.A., in which case conversion will be at the average price per share of the Parent Company's quoted share price in the 15 working days prior to conversion, with a discount of 5%.

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

c) ICO financing

On 20 May 2020, in the midst of the COVID pandemic (note 1.2), a loan of EUR 15 million was signed, partially secured with a guarantee from the ICO (Instituto de Crédito Oficial - Official Credit Institute) within the framework of "RDL 8/2020" and Royal Decree-Law 15/2020 of 21 April, on additional urgent measures to support the economy and employment.

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

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

d) Other information

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

	2021	2020
Financing entities	4.1%	6.7%
Suppliers of property, plant and equipment	2.0%	2.0%

The result for the year is sensitive to the direct effects of a rate change on variable-rate financial instruments recognised in the consolidated balance sheet. The sensitivity of the Group's consolidated profit and loss account to a one-half percentage point change in interest rates represents an increase/decrease of about 12% in 2021 (2020: 7%) on current costs and would have an effect of approximately 4% on financial cost for the 2021 financial year (2020: 2%).

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

	2021	2020
Between 1 and 2 years	13,275	12,160
Between 2 and 5 years	27,258	35,344
More than 5 years	320,505	213,040
TOTAL BORROWINGS, NON-CURRENT BALANCE	**361,037**	**260,544**

16. PUBLIC ADMINISTRATIONS AND TAX EXPENSE

a) Balances with Public Administrations

	2021		2020	
	Assets	**Liability**	**Assets**	**Liability**
Non-current balances	**-**	**6,360**	**-**	**10,587**
Deferred debt	-	6,360	-	10,587
Current balances	**5,809**	**8,655**	**1,478**	**9,064**
Deferred debt	-	5,020	-	4,910
Value added tax	5,528	416	1,318	315
Income tax for individuals	-	1,407	-	1,206
Benefits agencies	49	1,762	42	2,539
Withholdings and other	232	50	118	94
TOTAL PUBLIC ADMINISTRATIONS	**5,809**	**15,015**	**1,478**	**19,651**

b) Income tax expense

Since 1998, the Parent Company has filed consolidated tax returns. The 31/12/2021 and 31/12/2020 configuration of the Tax Group is made up of all the companies that are part of the Group (note 1), except the companies with registered offices in the United States and TRPT.

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

	2021	**2020**
Profit/(loss) before tax	**(64,787)**	**(97,912)**
Consolidation adjustments with no tax impact	(29,556)	28,090
Adjustments and other	-	225
Permanent differences	10	10
CONSOLIDATED TAX BASE	**(94,333)**	**(69,587)**

The composition of the corporate income tax expense is as follows:

	2021	2020
Tax expense calculated at the tax rates applicable to individual companies (between 21% and 28%)	183	9
Adjustments previous years	(229)	-
Temporary differences generated during the year	(16)	(13)
Recognition/(Derecognition) of tax credits	7,205	7,724
Change in deferred income due to consolidation adjustments	(7,205)	(7,610)
TAX EXPENSE	**(62)**	**110**

The financial years open for inspection in relation to taxes that apply to the Group vary for the different companies making up the Group, although they generally encompass the last three or four financial years, except for corporation tax for which the years 2017 and following are open for inspection.

As a result, among others, from the different possible interpretations of existing tax legislation, additional liabilities could arise as a result of an inspection. In any case, the directors consider that such liabilities, should they arise, would not materially affect the consolidated annual accounts.

17. DEFERRED TAXES

	Temporary differences	Negative tax bases	Deductions pending application	Total deferred tax assets
Balance as of 31/12/2019	**516**	**11,134**	**4,619**	**16,269**
Generation during the year	13	-	-	13
Application/Write-off	-	(7,716)	(35)	(7,751)
Balance at 31 December 2020	**529**	**3,418**	**4,584**	**8,531**
Generation during the year	17	7,203	-	7,220
BALANCE AS OF 31/12/2021	**546**	**10,621**	**4,584**	**15,751**

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

As of 31/12/2021, the Group maintains negative tax bases for losses from previous financial years amounting to a share of EUR 76,666 thousand (calculated at a tax rate of 24%) (31/12/2020: EUR 63,256 thousand), of which EUR 66,045 thousand is not activated (31/12/2020: EUR 59,838 thousand). All of these tax bases correspond to companies located in Spain and have the following origin and deadlines:

Year of origin	Expiry	Amount
2011	2,041	26,416
2012	2,042	1,877
2013	2,043	7,544
2014	2,044	1,549
2015	2,045	35,133
2016	2,046	59,596
2017	2,047	39,695
2018	2,048	20,884
2019	2,049	22,396
2020	2,050	45,822
2021	2,051	58,440
Total aggregate amount:		**319,352**

In the United States, the Group maintains taxable bases pending offset of approximately EUR 37.3 million (in basis) that are not activated (31/12/2020: EUR 37.5 million).

The Group maintains deductions pending application in Spain as of 31/12/2021 in the amount of EUR 35,054 thousand (31/12/2020 EUR 34,820 thousand), of which EUR 30,470 thousand is not activated (31/12/2020: EUR 30,236 thousand), according to the following breakdown:

Year of origin	Expiry	35% limit	70% limit	No limit	Total deductions pending application
2006	2036	30	-	-	30
2008	2038	1	-	-	1
2009	2039	3,574	132	-	3,706
2010	2040	979	2,221	-	3,200
2011	2041	4,003	1,995	56	6,054
2012	2042	3,548	1,811	379	5,738
2013	2043	3,523	2,563	-	6,086
2014	2044	3,197	1,671	-	4,868
2015	2045	445	867	-	1,312
2016	2046	1,845	711	-	2,556
2017	2047	173	706	89	968
2018	2048	-	72	17	89
2019	2049	1	157	51	209
2020	2050	36	201	-	237
		21,355	**13,107**	**592**	**35,054**

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

The balance of deferred tax liabilities corresponds mainly to the fiscal effect of the revaluation of land by application, as of 01/01/2004 of IFRS 1: First-time Adoption of International Financial Reporting Standards. The movements under this heading, therefore, correspond to changes in the balances of tangible fixed assets subject to this revaluation (note 10).

The movements during financial years 2021 and 2020 were as follows:

	thousands of euro
Balance as of 31/12/2019	**15,729**
Exchange differences	(189)
Allocation to income	(7,610)
Balance at 31 December 2020	**7,930**
Exchange differences	105
Allocation to income	7,125
BALANCE AS OF 31/12/2021	**15,160**

18. OTHER FINANCIAL LIABILITIES

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

	2021	2020
Other financial liabilities - non-current	**7,555**	**8,237**
Lease liabilities	4,379	4,720
Other liabilities	3,176	3,517
Other financial liabilities - current	**131,507**	**73,945**
Trade payables	103,439	59,054
Suppliers of property, plant and equipment	2,090	1,851
Remunerations pending payment	15,318	7,220
Lease liabilities	777	777
Derivatives	227	-
Other liabilities	9,656	5,043
TOTAL	**139,062**	**82,182**

The heading non-current "Other liabilities" includes loans from government agencies amounting to EUR 3.1 million (2020: EUR 3.4 million) for the financing of research and development projects. The current balance for this item amounts to EUR 0.5 million (2020: EUR 0.4 million).

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

Year of maturity	2021	2020
Between 1 and 2 years	858	1,132
Between 2 and 5 years	2,356	2,578
More than 5 years	4,341	4,527
TOTAL	**7,555**	**8,237**

The heading current "Other liabilities" includes short-term balances for customer advances amounting to EUR 8.7 million (2020: EUR 4.4 million).

The fair value (updated cash flows) of these liabilities does not differ significantly from its nominal book value.

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

	2021	2020
US dollar	6,418	5,646
Other currencies	44	60
TOTAL (thousands of euro)	**6,462**	**5,706**

According to Spanish Law 15/2010, of 5 July, the information on the average payment period for suppliers in commercial transactions for the 2021 and 2020 financial years is as follows:

	2021	2020
Days		
Average payment period for suppliers	98	119
Ratio of paid transactions	108	134
Ratio of outstanding payment transactions	72	72
Thousands of euro		
Payments made	231,636	162,781
Payments pending	82,098	51,035

19. PROVISIONS

	Guarantees and other commercial transactions	Strategic initiatives (note 6.1)	Others	Total
NON-CURRENT PROVISIONS				
Balance as of 31/12/2019	**-**	**-**	**1,053**	**1,053**
Balance at 31 December 2020	**-**	**-**	**1,053**	**1,053**
Allocations	-	-	1,000	1,000
Applications	-	-	(155)	(155)
BALANCE AS OF 31/12/2021	**-**	**-**	**1,898**	**1,898**
CURRENT PROVISIONS				
Balance as of 31/12/2019	**3,934**	**-**	**2,326**	**6,260**
Allocations	241	-	389	630
Reversals	(89)	-	(120)	(209)
Applications	(1,180)	-	(493)	(1,673)
Transfers	(2,512)	-	-	(2,512)
Balance at 31 December 2020	**394**	**-**	**2,102**	**2,496**
Allocations	210	8,446	5,441	14,097
Reversals	(51)	-	-	(51)
Applications	(346)	-	(2,374)	(2,720)
BALANCE AS OF 31/12/2021	**207**	**8,446**	**5,169**	**13,822**
Total provisions as of 31/12/2020	**394**	**-**	**3,155**	**3,549**
(Charges)/Credits to income statement	159	8,446	6,441	15,046
Application of provisions	(346)	-	(2,529)	(2,875)
TOTAL PROVISIONS AS OF 31/12/2021	**207**	**8,446**	**7,067**	**15,720**

The short-term provision for CO_2 emission costs in the production process as of 31/12/2021 amounts to EUR 4 million (2020: EUR 1.7 million), registered under the heading "Other".

20. OPERATING INCOME

	2021	2020
Amount of net turnover	**242,994**	**241,661**
Sales of goods	242,994	241,661
Other operating income	**7,832**	**5,488**
Work carried out by the Group for fixed assets	1,961	672
Operating subsidies	4,588	3,846
Sale of CO_2 emission allowances	-	443
Others	1,283	527
TOTAL OPERATING INCOME	**250,826**	**247,149**

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

Foreign currency amounts invoiced to customers in 2021, amounting to EUR 91 million, were invoiced in US dollars (2020: USD 101 million).

If during financial year 2021 the euro had weakened/strengthened by 5% against the US dollar, with all other variables remaining equal, the result after tax for the year would have been EUR 7.2 million (2020: EUR 5.2 million) higher/lower.

21. STAFF EXPENSES

	2021	2020
Earnings, salaries and similar expenses	83,636	62,833
Social contributions	19,250	17,498
TOTAL STAFF EXPENSES	**102,886**	**80,331**

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

	2021	2020
Workers	891	799
Employees	435	388
Directors	10	10
AVERAGE TOTAL NUMBER	**1,336**	**1,197**

In calculating the average number of personnel of the Group for financial years 2021 and 2020, account was taken of the temporary lay-off plans set in place in 2020 as a result of the impact of the COVID pandemic (note 1.2), which affected, in that year, 92.8% of the Group's personnel in Spain and which remained in force, with less impact, in two of the Group's companies until 30 June 2021. Taking into account these temporary lay-off plans, the average number of personnel in the Group fell by 0.5% in 2021 (2020: 8.0%).

The average number of persons hired with disabilities greater than or equal to 33% in 2021 was nine (2020: eight people), for workers and employees combined.

As of 31/12/2021 and 31/12/2020, the breakdown between men and women among the Group's personnel was as follows:

	31/12/2021			31 December 2020		
	Women	Men	Total	Women	Men	Total
Workers	16	908	924	16	861	877
Employees	113	310	423	104	309	413
Directors	4	7	11	2	8	10
TOTAL PERSONNEL	**133**	**1,225**	**1,358**	**122**	**1,178**	**1,300**

22. OTHER OPERATING EXPENSES

	2021	2020
External services	90,232	57,286
Taxes	1,438	800
Loss, impairment and variation of provisions	62	642
Other current operating expenses	2,987	3,280
TOTAL OTHER OPERATING EXPENSES	**94,719**	**62,008**

23. EARNINGS PER SHARE

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

	2021		2020	
	Ongoing operations	**Discontinued operations**	**Ongoing operations**	**Discontinued operations**
Profit/(Loss) attributable to shareholders	(64,677)	-	(97,905)	-
Weighted average no. of ordinary shares outstanding (thousands)	174,020	174,020	173,757	173,757
BASIC EARNINGS/(LOSSES) PER SHARE (euro/share)	**(0.372)**	**-**	**(0.563)**	**-**

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

24. CONTINGENCIES

As of 31 December 2021, the Group provided bank guarantees and other guarantees related to the normal course of business amounting to EUR 0.4 million (31/12/2020: EUR 0.9 million). These guarantees mainly correspond to technical guarantees to ensure compliance with commercial activities.

In addition, as of 31/12/2021, the Group had other contingent liabilities amounting to EUR 229 million (31/12/2020: EUR 190 million), which correspond mainly to mortgage guarantees and pledges provided as collateral to financial institutions as a result of the refinancing described in note 15.

Lastly, the subsidiary T.R-America, Inc. (note 1) has a deposit provided as collateral in the amount of EUR 1.5 million, which is recorded under the cash and cash equivalents heading (31/12/2020: EUR 3.1 million). This amount is not available to the Group at the date of preparation of these consolidated annual accounts.

25. RELATED-PARTY TRANSACTIONS

a) Balances and transactions with the main shareholder

	Balance drawn down			
	31/12/2021	31 December 2020	Last maturity	Guarantees
Loans	77,101	77,721	2028	Mortgage and share pledges
Non-recourse factoring	41	1,975	2028	-
TOTAL	**77,142**	**79,696**		

The amount of interest paid to the BBVA Group during financial year 2021 as remuneration for the aforementioned contracts and recorded in the consolidated profit and loss account amounted to EUR 0.7 million (2020: EUR 0.7 million).

b) Balances and transactions with related companies

As of 31/12/2021 the balance of the loan provided by the shareholders of Tubos Reunidos Premium Threads, S.L. amounted to EUR 0.4 million (31/12/2020: EUR 0.3 million) and the financial expenses accrued in 2021 for this loan amounted to EUR 12 thousand (2020: EUR 12 thousand).

c) Compensation to management

The aggregate remuneration earned by management as of 31 December of each year, who are not executive directors, of all Group companies, 12 individuals in 2021 (2020: 10 individuals) amounted to EUR 1.8 million (2020: EUR 1.8 million).

d) Remuneration of directors of the Parent Company

Directors' remuneration accrued in 2021 and 2020 by members of the Board of Directors of Tubos Reunidos, S.A. for their status as Company Directors, for all considerations, including the earnings and salaries of the Executive Directors, is as follows:

	2021	2020
Remuneration for executive functions	489	393
Other remuneration	620	621
TOTAL	**1,109**	**1,041**

The General Shareholders' Meeting of 29 October 2020 approved with effect from that date, a Multi-annual Variable Remuneration Plan linked to value creation by Tubos Reunidos using various assumptions and time milestones for the Executive Chairman and key personnel within the organisation in their execution. In 2021, no amount was accrued for the multi-annual variable remuneration indicated, and therefore no expenditure was recorded for this item, since the objectives set were not achieved in 2021.

The Executive Chairman is contractually recognised the right to receive financial compensation under certain early departure scenarios, all for reasons other than failure to perform the duties inherent to the position, consisting of an annuity.

The civil liability insurance premiums for directors accrued during financial year 2021 amounted to EUR 59 thousand (2020: EUR 18 thousand).

In line with their duty to avoid conflicts of interest in the Parent Company during the 2021 financial year, those directors who have held positions on the Board of Directors have complied with the obligations under Article 228 of the revised text of the Spanish Capital Companies Law. Similarly, both directors and persons linked to them have refrained from engaging in conflicts of interest contemplated in Article 229 of that Law, with no notification during the year of any possible conflict of interest having being recorded, directly or indirectly, to be taken into consideration by the Board of Directors of the Parent Company.

26. OTHER INFORMATION

a) Statutory auditors' fees

The fees earned by the statutory auditors for financial years 2021 and 2020 for all services are detailed below:

	2021	2020
Auditing services	264	313
Other audit-related services	61	61
Other services	7	10
TOTAL AUDITOR FEES	**332**	**384**

b) Environmental issues

Within its tangible fixed assets, the Group has facilities that aim at protecting and improving the environment, also carrying out work with its own staff and work carried out by specialised external companies, all within the context of the environmental strategic plan in which the Group is engaged to minimise environmental risks associated with its activity and to improve its environmental management. Expenditure incurred during 2021 for environmental protection and improvement amounted to EUR 1,561 thousand (2020: EUR 1,356 thousand), and no amounts were accrued for environmental investments (which was also the case in 2020). This expenditure was recognised under the corresponding headings of "Tangible fixed assets" on the assets side of the attached consolidated balance sheet and under "Other expenditure" of the attached consolidated profit and loss account.

The CO_2 allowances allocated and consumed by the Group in financial years 2021 and 2020 were as follows:

	2021		2020	
	Allowances assigned	Allowances consumed	Allowances assigned	Allowances consumed
Total allowances	46,932	66,240	83,889	51,887

For 2021, expenditure deriving from the consumption of emission allowances, which was recorded against the corresponding provision (note 22), amounted to EUR 4,809 thousand (2020: EUR 145 thousand).

The Group's companies face no actions concerning environmental protection and improvement from which it is thought that associated contingencies may arise. In addition, during 2021 and 2020, the Group's companies did not receive any significant environmental subsidies.

27. SUBSEQUENT FACTS

Between 31 December 2021 and the date of preparation of the Consolidated Annual Accounts, no facts came to light which could lead to a significant alteration of the accounts.

28. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

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

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(thousands of euro)

1. INTRODUCTION

The Tubos Reunidos Group is a listed industrial company, in the steel sector, dedicated to the manufacture of seamless steel piping, dating back to 1892. It currently has five production plants (four in Spain and one in the US) and an extensive international trade network with ten of its own offices and 18 agencies in the main global markets in which it operates.

The Group is the only Spanish manufacturer of seamless large-diameter carbon steel and high-alloy and stainless steel and high nickel alloy pipe for critical uses in strategic sectors of the economy, such as power generation. We are present throughout the value chain of the clean energy sector, collaborating in the energy transition. We are also an example of a circular economy and an active player in making Spain one of the world's powerhouses in steel recycling (11 million tonnes recycled annually). Tubos Reunidos is one of the few companies in the industry that is totally circular, using recycled steel as a raw material.

In 2021, the Group maintained an average of 1,326 direct, qualified and mostly stable employment positions (94% are under permanent contract), as well as around 7,000 indirect and induced positions. Women made up 10% of total direct employees.

Although approximately 83% of turnover is realised in foreign markets - with sales in 66 countries, the decision-making centre for Tubos Reunidos is located in the Basque Country, where we are a significant driving force for employment maintenance and wealth creation with 96% of the Group's workforce (3.5% in the rest of Spain and 1% in the rest of the world) and 86% of supplier spending taking place here, helping to reduce the environmental impacts of our business and supply chain risks.

Among the Group's customers are the key energy companies, engineering companies, equipment manufacturers and distributors in the industry across the main international markets. We are the only Spanish and southern European manufacturer capable of manufacturing seamless steel pipe from 15mm to 711mm of outer diameter and with such a wide range of grades. The Group has always adapted itself to customer requirements, being a pioneer in many international markets, and we have structured our activity based on the following business segments:

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

The Group is firmly committed to ESG (environmental, social and governance) goals as the cornerstones for its sustainable future, creating long-term value for shareholders, personnel and the regions where we operate.

2. SIGNIFICANT FACTS FOR 2021

The impact of the COVID pandemic was very negative for the Group. However, 2021 brought about a significant change for the development of our 2021–2026 Strategic Plan, due firstly to the boost provided both by SEPI (Sociedad Estatal de Participaciones Industriales) in recognising the Tubos Reunidos Group as a Strategic Company for Spain's manufacturing base, which resulted in temporary public financial support from the Solvency Support Fund for Strategic Companies in the form of additional funding of EUR 112.8 million, structured as a participation loan and, secondly, to support from the Group's financial creditors, who novated our pre-financing conditions to align them with the Strategic Plan and adapt to the impacts of the pandemic.

A number of decisive factors have led to our recognition as a strategic company, among which are the presence and stimulus effect of the Group in the regions in which we have been operating for almost 130 years, our strong commitment to investment, the creation of quality employment and boosting of the local economy, development and innovation in the energy transition and the varied range of products that we manufacture, which enables us to supply critical components for the entire value chain of clean and conventional energy.

In this new phase, a series of major projects are being undertaken to transform the company, in line with the objectives of the ecological transition, reorienting its commercial focus, designing future investments to increase operational, energy and environmental efficiency, reinforcing ESG (environmental, social and governance) goals, improving the Group's management, services and image with respect to our customers, including a change in our corporate identity to incorporate the name Tubos Reunidos Group.

The Group is committed to making this transition with the support of our most sustainable competitive advantage—the people who make up the team—as well as with the main stakeholders with whom the company operates, for which the Management has been in contact since September with the entire workforce and the main agents involved.

In the words of our Chairman: "A commitment to human health and safety is an essential part of our values, and we have therefore begun a multi-year project with the fundamental objective of developing a culture of excellence in health and safety that allows us to lower the accident rate at all our premises and to protect the health and safety of all our people, whether internal or external professionals. Health and safety is everyone's business, and we firmly believe that all accidents can and should be avoided".

In line with 2020, in 2021 we continued to ensure compliance with the highest health and safety standards related to the pandemic, developing several internal protocols to adapt to specific prevention measures as a result of the epidemiological situation, which were published through internal communication channels and constantly updated in line with the evolution of the pandemic and the applicable regulations.

More detailed information on all these areas is included in the Non-Financial Information Statement (NFIS) for the year, which is annexed to this management report.

2.1 Socio-economic environment of the Group

In the first half of 2021 the Group's socio-economic environment was conditional upon the evolution of the different COVID-19 variants. Activity gradually recovered in line with progress in vaccination of the population, mainly in the more developed countries.

The 25% tariff arising from Section 232 of the US Trade Expansion Act of 1962 (a protectionist measure against steel and aluminium imports established by the Trump administration as of 1 June 2018, which directly affects the Group's export of pipe to that country, particularly for the OCTG sector) continued to be a key factor during the period, although work on the diversification of markets and products undertaken in recent years has significantly reduced our sensitivity to this factor.

The European Commission extended protection measures for steel imports into the EU, which were renewed at the end of the first half of the year, thereby protecting the European market from uncontrolled imports of steel pipe from low-cost countries. Alongside this, the change in the US administration made it possible to resume trade negotiations with Brussels in order to seek a friendly solution to trade disputes between the US and the EU. In the case of steel imports, an agreement was reached at the end of October to replace the 25% tariff with a system of tariff-free quarterly quotas by country and product (including 13 categories of steel pipe), which entered into force on 1 January 2022.

Furthermore, EU-led policies for the green transition to prevent climate change have been stepped up, and both the US and China (major greenhouse-gas emitters) are becoming more proactive regarding this global challenge. Accordingly, the Chinese government has taken concrete steps to limit steel production, closing capacity, and by mid-2021 eliminating the 13% tax relief on exports of steel products – including pipe – which has constrained supply and boosted prices by reducing the differential with European piping prices.

The price of the Brent barrel during 2021 averaged USD 70.89, well above the previous year. This was because the lack of sufficient investment in production in recent years led to supply bottlenecks when consumption picked up again – especially in the US and China – once the mobility restrictions imposed due to the pandemic were lifted. This situation was made worse on occasion by various climatic and logistical complications, a global drop in reserves, geopolitical conflicts and the effect of oil (and gas) substitution for coal as a source of electricity generation, especially in China, in order to reduce CO2 emissions. However, while demand for oil increased, it did not reach pre-pandemic levels. In any event, high prices have boosted production and therefore demand for steel piping in certain markets, especially in the US, where there was a 66% increase in active drilling platforms in 2021 compared with the previous year.

In terms of overall margins, there are several effects that increased our manufacturing costs:

- The progressive improvement in post-COVID-19 activity in certain markets (Asia, Europe and the US mainly) led to increased demand and therefore higher prices for certain raw materials, particularly for ferro-alloys and scrap metal (in the latter case, the increase was also caused by the displacement of part of production from integral steel plants to electric kiln steel mills, with lower CO2 emissions).

- The supply of low residual scrap metal, common to our procurement mix, has become very scarce due to the fall in activity of the automotive auxiliary industry that generates it, which contributed to driving up prices, especially in the second half of the year.

- The short-term energy supply-demand imbalance caused significant bottlenecks in the supply of natural gas, triggering price hikes.

- The increase in the cost of CO2 emission allowances in the European Union has in turn impacted the cost of generating electricity, which has not been offset as expected by the increasing generation of energy from renewable sources.

- Towards the end of the year, geopolitical tensions between Algeria and Morocco in the south and Russia and Ukraine in the north only complicated the situation further and dashed expectations of a return to reasonable energy costs in the first months of 2022.

- During the year there was a progressive increase in the cost of freight transport, especially maritime freight, both because of the above-mentioned higher fuel prices and because of bottlenecks in the supply of ships and containers due to congestion on certain routes and at major ports, particularly in the Asia-Pacific region.

- Also, towards the end of the year, the cost of road transport increased significantly in Europe, due to the lower availability of drivers, many affected by COVID, and reduced supply on certain routes.

However, we cannot fail to note that bottlenecks and uncertainties in the industrial supply chain are particularly noticeable in Europe - which is highly import-dependent - and this is causing many customers to reorient their supply strategy by returning to a larger mix of local suppliers. This is beneficial, in the future, for companies such as Tubos Reunidos.

In such a volatile context, the prices of seamless steel pipe are increasing progressively but very asymmetrically. While in the US above all and to a lesser extent in Europe, increases have been marked and decisive, mainly in the industrial, automotive and O&G sectors, this is not the case in other markets and sectors, where competition is more intense and constrained prices have been maintained, despite the very marked and widespread cost increases discussed above. In any case, in general, it was not possible to pass on spiralling cost increases to pipe prices with the same agility throughout 2021, and, with portfolios being larger than in recent years, this gap amplified and severely impacted the results.

2.2 Significant facts within the steel pipe sector[1]

During 2021, there were relevant announcements from various industry groups within the sector that will mean significant changes within the industry.

Chief among these were Arcelor Mittal's takeover of Jesco in Saudi Arabia, the closure of operations reported in Japan by Nippon Steel – Sumitomo (which will mainly affect its welded pipe production lines) and JFE-Tenaris in NKK (seamless pipe for high-chrome alloys).

In Europe, the year brought numerous new developments, the most significant being the takeover of Chelpipe by TMK in Russia, the EU's approval to proceed with the acquisition of Condesa (welded pipe) by Arcelor Mittal, the sale or closure of Max-Hütte in Germany, and the divestment announced in the last quarter of the year by Vallourec in Germany, which will relocate its German operations to Brazil and China.

These closures and consolidations have the potential to open up new opportunities for our Group.

[1] More detailed information on all these factors is included in the Non-financial Information Statement (NFIS) for 2021, which forms part of this Consolidated Management Report.

It is also noteworthy that in 2021 the EU determined that the steel pipe manufacturing activity is eligible under the new Taxonomy, included under NACE code 2420 (Manufacture of tubes, pipes, hollow profiles and related fittings, of Steel) in the relevant annexes. It is important for our sector and for the Group to be within the European Taxonomy because those activities that are not included will not benefit from public funding or from financial agents/markets operating within the EU, or they will only benefit on less advantageous terms.

The system began to be implemented on 1 January 2022 and involves the obligation to report on a series of indicators for financial year 2021 concerning "taxonomy-eligible" activities such as percentage of sales, CAPEX and OPEX for the steel pipe manufacturing activity, which in the case of the Group constitutes practically the entirety of its scope of consolidation.

We are particularly committed to being carbon neutral by 2050 and are one of the leaders in the circular economy, with a very high level (97%) of reuse and/or recycling of waste generated during the production process. Alongside this, despite the fact that we increased production by 24% in 2021 compared with 2020, we managed to cut our water use by 26%. Furthermore, the Tubos Reunidos Group serves as a driving force by promoting sustainable criteria throughout our entire chain of suppliers and subcontractors.

We are actively developing solutions for eco-downstream applications, helping our customers to meet their commitments for climate neutrality through the work of our Innovation and New Products areas, and our aim is to provide future generations with sustainable industrial development projects and innovative technological solutions.

In this regard, our new Strategic Plan includes the launch of seven ambitious specific initiatives to improve energy efficiency and environmental sustainability.

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

The accounting policies applied in 2021 were those used to prepare the Group's Consolidated Annual Accounts for the 2020 financial year and there were no regulatory changes with any significant effect on the Financial Statements.

On 13 December 2021, the deed of merger by absorption was concluded in respect of the following companies, which were Group companies as of 31 December 2020:

Absorbing company	Registered office	Activity	Share %	Holding company
Tubos Reunidos Industrial, S.L.U. (TRI)	Amurrio (Álava)	Industrial	100%	Tubos Reunidos, S.A.
Absorbed companies	**Registered office**	**Activity**	**Share %**	**Holding company**
Productos Tubulares, S.A.U. (PT)	Valle de Trápaga (Vizcaya)	Industrial	100%	Tubos Reunidos, S.A.
ACECSA - Aceros Calibrados, S.A.U.	Pamplona (Navarre)	Industrial	100%	Tubos Reunidos, S.A.

As a result of the merger and the accounting rules, 1 January 2021 was established as the date from which the operations of the absorbed companies, which were dissolved in the aforementioned operation, are considered, for accounting and fiscal purposes, to have been carried out by the Absorbing Company. On the same date as the deed of merger, the change of company name of the absorbing company was made public, with the company being renamed Tubos Reunidos Group, S.L.U.

The main purpose of the merger was to consolidate the structure of the Group, to reduce costs through improved joint management of the companies within the Group, to make better use of the capital of the companies concerned, thereby preventing dispersion, to rationalise financial processes within the corporate structure, to increase financial solvency, to foster economies in management and to boost growth and results. In short, to create a single company that is more competitive and enjoys a stronger economic position.

There were no other changes in the scope of consolidation in 2021.

3. KEY FIGURES FOR THE BUSINESS

3.1 Consolidated sales in 2021

The Group's net turnover for 2021 was EUR 243.0 million (2020: EUR 241.7 million), a 1% increase year-on-year. The Group's low order book at the end of 2020, standing at EUR 69.8 million (39.3% lower than at the end of 2019) had an impact on pipe sales in 2021. The Group closed the year with 139,307 tons of pipe sold for EUR 222,138 thousand, 2% lower than in 2020, with a better performance in the second half of the year, comparatively speaking.

By market, there was a significant drop in sales in the Middle East and Africa (a third of the value of the previous year, mainly due to the scarcity of projects for O&G), as well as in Spain (-6% valued in euro, partly affected by not being able to expedite Downstream projects in the portfolio pending reactivation); North America recorded -2%, still impacted by the effects of the 232 trade restrictions, especially in the first part of the year. In contrast, the rest of Europe, with 11% growth in turnover, benefited from the recovery of inventories after the pandemic by distributors of piping and tubing for mechanical and industrial uses and, in the Far East, sales rose 6% due to a better performance of shipments in the second half of the year.

By sector, except for the mechanical and industry sectors—whose turnover rose by almost 90% due to the aforementioned restocking factor, which mainly affects Europe—all the other segments performed worse than in 2020, mainly weighed down by the low turnover in the first half of the year, given that we were starting with a very low order book at the end of 2020, as was already mentioned. In this regard, it is worth highlighting the fall in O&G (-31% Upstream and -9% Midstream, respectively). Downstream declined by 14% year-on-year; it should be noted that in 2020 the company had benefited from a significant pre-pandemic project backlog, while new order intake for the power generation, refining and petrochemicals sectors was seriously affected in 2020 and 2021 by the suspension of large projects, which we expect to be progressively reactivated from the second quarter of 2022.

3.2 Order book

Due to a more favourable than expected order intake, the number of tonnes in the Group's order book increased throughout the year to close in December 2021 with 93.9 thousand tonnes and EUR 177.3 million, 2.5 times what the Group had a year earlier. It was higher in value in all segments of activity, rising 15% in Downstream, more than tripling in Midstream, Mechanical and Industry and with an eleven-fold increase in Upstream, buoyed by the dynamic performance of the US.

In pricing terms, the order book trended downwards compared with the end of 2020 due to a change in the mix (the Downstream and alloyed pipe sectors saw progressive declines, while there were increases in the other sectors - particularly Upstream, mainly from summer onwards - and carbon steel products). Even though the Group has actively worked to offset the increases in the cost of materials and energy in the price of the final product, competition from countries with lower energy costs prevented the complete recovery of the latter cost, which, together with the fact that the mix of products sold has been geared more towards commodity products, has meant that the average price level in 2021 has been similar to that of the previous year.

3.3 Consolidated results

The Group's cumulative operating profit for the 2021 financial year was positive at EUR 12.9 million (2020: -EUR 137.5 million).

Both results include a number of specific one-off factors. In the 2021 financial year, specifically in the second half of the year and with no impact on the EBITDA calculation, fixed asset impairments in the amount of EUR 82.7 million were reversed and an extraordinary asset impairment was estimated as a result of planned production process integrations in the amount of -EUR 5.3 million. Similarly, but with an impact on EBITDA, EUR 15 million of expenses associated with the strategic initiatives launched in 2021, whose return is expected to be obtained within the horizon of the 2021–2026 Strategic Plan, have been accounted for on an exceptional basis and an exceptional expense of EUR 16.2 million has been incurred for significant increases in energy costs, which, as a result of the energy supply agreements signed in the long term and the evolution indicators of these markets, are not expected to recur. Excluding these four one-off and specific factors, the comparable result would be a negative result of EUR 33.3 million.

In the 2020 financial year, the Group's operating result includes an asset impairment (partially reversed in 2021 as explained above) amounting to EUR 99.6 million, resulting in a comparable result for the 2021 financial year of -EUR 37.9 million.

In other words, in comparative terms, despite the general increase in costs, the operating result for 2021 compared to 2020 improved by EUR 4.6 million, which was 3.5 times the increase in net turnover (EUR 1.3 million, the difference between EUR 243.0 million in 2021 and EUR 241.7 million in 2020).

The cumulative financial result for the year was a negative amount of EUR 77.7 million, which includes, on the one hand, financing-related financial costs of EUR 21.8 million (2020: EUR 22.9 million), with a reduction in financial costs despite the increase in debt due to the signing in July 2021 of the novation agreement and the improved terms of the refinancing agreement, coupled with the impact of positive exchange rate differentials of EUR 2.7 million (2020: EUR -3.3 million), a result of the upwards trajectory of the US dollar during the year. On the other hand, under the heading "Financial results", a negative amount of EUR 58.6 million was recorded as a variation in the fair value of financial instruments (2020: EUR +65.8 million) due to the impacts of, on the one hand, the cancellation of the derivative associated with the conversion option included in the refinancing contract, which meant a negative amount of EUR 67.0 million, and, on the other hand, the accounting effect of the recognition of the new conditions of the refinancing agreement as new debt after its novation for a positive amount of EUR 8.5 million, net of associated expenses. As a result, the negative result attributable to the Group accumulated during the 2021 financial year amounted to EUR 64.7 million (2020: EUR -97.9 million).

3.4 Financial situation

The Group's financial management in 2021 can be divided into two distinct phases. A first phase, following the signing of bridge financing with certain financial institutions during the first half of the year, while the administrative procedure for the granting of temporary financial support was being resolved in order to meet cash and investment needs for an amount of EUR 7 million— financing that was partially guaranteed by the ICO (*Instituto de Crédito Oficial* — Official Credit Institute)—management to reduce working capital investment needs, controlling inventory levels, despite the increase in activity in the first six months, as well as optimising the use of available working capital lines.
A second phase followed the signing on 22 July 2021 of a participative loan for EUR 112.8 million under the Support Fund for the Solvency of Strategic Companies affected by the pandemic, and the novation of the financing conditions signed in May 2020, with more favourable conditions adapted to its 2021–2026 Strategic Plan. At the same time, the bridge financing of EUR 7 million was cancelled as planned.

Thus, as of September, the Group has had sufficient financial resources to start the implementation of the Plan, based on energy transition and decarbonisation, which will allow the Group to address new markets and business sectors, especially those related to clean energy and hydrogen. This Plan includes an investment plan of EUR 60 million over five years to improve the Group's efficiency, digitisation and CO2 reduction, while reducing working capital investment needs, despite the increase in activity in the second half of the year.

Thanks to this effort in the management of working capital, the Group closed the financial year 2021 with a negative investment of EUR 18.7 million (2020: EUR -9.3 million), which represents an improvement of EUR 9.5 million in the year, despite the increase in activity.

As detailed in note 18 of the consolidated report for financial year 2021 and on the Tubos Reunidos website, the average payment period for suppliers was 98 days, compared to 119 for 2020. The Company has implemented a series of measures mainly aimed at identifying deviations through the regular monitoring and analysis of accounts payable to suppliers and the review of internal supplier management procedures and the conditions defined in commercial transactions subject to applicable regulations.

3.5 Outlook for the 2022 financial year

Against a backdrop of uncertainty and volatility, we are entering 2022 with moderate optimism, since we have a large portfolio and the market looks favourable in terms of demand. We are confident that this demand will remain strong throughout the year supported by several factors:

On the one hand, economies are being stimulated by the very powerful public support programmes implemented by the different States to fight the pandemic and, despite the uneven recovery by different regions, this has boosted infrastructures and therefore the demand for piping changed over mainly to mechanical and industrial use. In parallel, the latest Omicron variant has had a smaller impact on mobility and activity restrictions than previous variants.

In its February Oil Market Report, the IEA (International Energy Agency) estimates that world oil demand will expand by 3.2 mb/d in 2022, to reach 100.6mb/d, as global restrictions to curb COVID-19 are relaxed. On the supply side, they foresee a potential increase of 6.3 mb/d this year if OPEC+ cuts are fully relaxed and, in particular, they estimate a 1.2 mb/d increase in the US alone as shale revival responds to higher barrel prices. This coincides with positive predictions for the sector from analysts such as Goldman Sachs, which, in its report of 17 January, insofar as demand for aviation oil recovers, forecasts record levels in 2022 and 2023, with the physical oil market gaining strength after the slump caused by the emergence of the Omicron variant. This increased demand, coupled with high prices of fossil fuels and certain geopolitical conflict bottlenecks that have persisted since last year, are encouraging drilling activity, which, together with cost pressures, are helping to boost pipeline prices for OCTG (oil country tubular goods) in particular, albeit largely only in the United States.

On the other hand, the recent US agreement with the EU—which came into force on 1 January and replaces the tariffs on steel imports derived from the 232 trade restrictions with a mixed system of free quotas and exemptions—has opened up a positive scenario that allows us to send pipes to the United States without tariffs to supply our usual American customers and our operations in RDT, the normal flow of which had been interrupted by the 232 trade restrictions to the point of having to halt production activity in the USA, which we resumed in the second half of 2021.

In addition, the US administration is studying an anti-dumping case against a series of countries that are major exporters of OCTG steel piping such as Mexico, Argentina, Russia and South Korea and, if successful, it would apply retroactive measures, resulting in it having already been discounted by the market, diverting orders to other suppliers.

In this scenario, the Group's portfolio is mainly based on commodity products in carbon steels such as OCTG "Green" pipe and tubes for mechanical uses, although with prices significantly higher than usual for these products due to the current high costs as well as the aforementioned strength of demand. On this basis, we expect the first half of the year to be centred mainly on these products, with a gradual shift towards alloy and higher value-added pipes in the second half of the year, as the entry of Midstream and, above all, Downstream orders recover once large power generation, refining and petrochemical projects are reactivated from the second quarter of the year, if there are no further interruptions due to new variants of the virus or other phenomena that hinder the global recovery. In the very short term, however, we still do not expect a strong Downstream order recovery.

It is true that the Omicron variant has influenced the Group's production capacity because of the high number of casualties suffered since Christmas, as well as the difficulties it has generated in logistics and land and sea transport operators, which has made it difficult to issue and invoice orders already manufactured in the first few weeks of the year.

Likewise, the pressure of material, energy and freight costs and, in general, of all factors driven by high inflation, do not seem to be abating, and it is likely that these costs—some of which, such as scrap metal and energy, have reached all-time highs—will remain high throughout the year. At this juncture, the recent agreements signed at the end of 2021 and the beginning of 2022 for the supply of electric power will provide the Group with an improvement on market prices. In addition, this pressure of costs forces us to continue to manage with the greatest internal efficiency, passing these on to sales prices with the maximum agility, to give the most appropriate weighting to our portfolios and to establish very short validity periods on our offers.

On the other hand, the aforementioned increases in activity and costs imply significant working capital requirements, making it critical to closely monitor the optimal planning of the order book in order to maximise productivity, expediting dispatch and invoicing to customers to the highest possible degree.

4. MAIN RISKS AND UNCERTAINTIES

In 2021 the Group structured and advanced its risk management model, approving and publishing its Corporate Risk Control and Management Policy and updating its Corporate Risk Map. The main features of the model are described in the Annual Corporate Governance Report, which in turn is integrated into this Management Report. In addition, the specific management of financial risk, which is integrated into the global model, is detailed in the 2021 Consolidated Annual Accounts.

The main risks and uncertainties faced by the Tubos Reunidos Group are identified in its Corporate Risk Map, which is one of the components of the management model and which was developed at the beginning of 2021 and updated in September, owing mainly to the changing environment that we encountered.

From a Risk Management perspective, the main features for 2021 are as follows:

- Additional funding of EUR 112.8 million from the Support Fund for Strategic Companies, managed by SEPI, and the novation and improved financing conditions from financial institutions.

  The effect on the Group's liquidity risk was direct and clearly positive, to the extent that it characterised risk management for the year, as in the first nine months primacy was given to the management of working capital and liquidity-related risks, after which the Strategic Plan initiatives were launched, with the objective of recovering earnings and safeguarding the long-term viability of the Group.

- The evolution of the COVID pandemic.

  As indicated in the Annual Accounts, the impacts of the COVID pandemic were direct and significant for the Group. Even setting aside the impact on the personnel of the Tubos Reunidos Group, the business, among other things, namely due to its level of export, depends on macroeconomic factors at the global level which the COVID pandemic has completely destabilised.

  In the second half of the year, there were signs of a recovery in global activity, however, from the perspective of group activity, the recovery began in an uneven manner across countries and markets, driving demand for a certain product type that was more intense than had been anticipated. The Group adapted its activity to these changes in the environment, while focusing on its strategic objectives.

- Increase in the price of raw materials (scrap metal and, to a lesser extent, iron).

  The increase in the prices of these raw materials occurred from the second half, with marked, constant and, to some extent, unexpected variations. While the impact of this risk on the industry is virtually global, which makes it easier to pass on to third-party prices, it has required close and detailed monitoring of purchases of these materials, tracking changes in reference prices (where they exist) at all times.

- Increased energy costs

  The Group is an electricity-intensive company and also uses natural gas as a second source of energy for heating products during production processes.

  The high electricity costs were particularly apparent from the third quarter, but had not been anticipated in the first half based on market information. Additionally, electricity prices are specifically national in nature, which makes for a negative competitive differential against other countries. Uncertainty about natural gas has been triggered by geopolitical tensions in Eastern Europe.

  This has led us to change the structure of our energy supply contracts, to provide us with more long-term contracts that reduce our exposure to this risk and bring the contracted costs, as far as possible, into line with those projected in our 2021–2026 Strategic Plan. For an electricity-intensive company like Tubos Reunidos Group, this agreement mitigates uncertainty concerning a significant expenditure item from the profit and loss account.

Opportunities for this also exist within the Group's activity for 2022 and beyond. In addition to the aforementioned increase in demand, a re-ordering of the industry is taking place, which appears to be in the Group's interests, and certain tariffs and protectionist barriers are being removed in the markets in which the Group can and wants to operate that will be beneficial in terms of our sales.

5. R&D+i ACTIVITY[2]

We strongly support industry 4.0 and accordingly we have immersed ourselves in a plan to digitise our processes. To promote this, we are participating in the BIND 4.0 initiative, a platform launched by the Basque Government that has allowed us to contact dozens of highly specialised technology start-ups from all over the world, which has already enabled us to develop interesting solutions tailored to our needs for some of these companies.

In 2021, we made progress with various R&D+i projects that seek to secure the Group's future growth through the development of innovative materials and products which reduce greenhouse gas emissions, and which:

- Improve the operational or service life of the plants within which our pipe products are installed;
- Increase their capacity to operate under higher pressures and temperatures and in aggressive environments;
- Conversely, enable adaptation to lower temperatures for the storage of gases such as "green" hydrogen in a cryogenic state.

One of the tangible results of this R&D+i activity in 2021 was that for the first time we manufactured 28" (711mm) outer diameter pipes, expanding the Group's traditional range, which had previously been limited to 26" (660 mm) diameters.

6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS

The annexed Non-Financial Information Statement (NFIS), forms an integral part of this Consolidated Management Report and includes detailed information on the impact of the Group's activity on the environment, society, respect for human rights, the fight against corruption and bribery, and on our personnel.

The characteristics and vision of the Group's Corporate Governance are also set out in detail, not only in the NFIS cited above, but also in the Annual Corporate Governance Report (IAGC) that is also included in this Management Report.

The pillars of the Tubos Reunidos Group's long-term strategic vision include respect for the environment, leading the energy transition and a firm commitment to sustainable development, contributing to the transformation to a carbon-neutral world.

7. SIGNIFICANT EVENTS AFTER CLOSURE

Between 31 December 2021 and the date of preparation of the Consolidated Management Report, no facts came to light that could lead to any significant alteration of the same.

[2] See NFIS.

8. SHARE CAPITAL AND TREASURY SHARES

During the 2021 financial year, all operations involving treasury shares fell within the framework of the Liquidity Contract signed with NORBOLSA, Sociedad de Valores, S.A. (an entity registered with the CNMV since 1989 with Official Registration Number 40). In particular, 5,075,620 treasury shares were purchased and 5,210,709 were sold, maintaining a treasury shareholding of 670,185 shares at 31 December 2021, representing 0.38% of total company shares.

ANNEX I: ALTERNATIVE MEASURES OF PERFORMANCE

Alternative measures of performance are those historical or future financial measures, based on the Financial Statements or other supporting information used by the Group, of financial performance, financial position, or cash flows not defined or specified in the mandatory framework of public accounting and financial information. The definitions of the measures used by the Group are given below:

Performance measure[1]	Definition
Order book	Volume of firm orders likely to be subject to future recognition under the heading "Net turnover" of the consolidated profit and loss account. An order is considered firm only when it generates obligations between the Group and the customer
Quarterly activity indicator	Simple arithmetic mean of the monthly sales for the quarter analysed, taking the reference value of 100 in the quarter against which it is compared
Quarterly average price indicator	Simple arithmetic mean of the monthly expenditure for the quarter taking the reference value of 100 in the quarter against which it is compared and eliminating the effect of variation in activity obtained in the quarterly activity indicator
EBITDA	Operating income of the profit and loss account minus the amount under the headings "Amortisation of fixed assets" and "Impairment of fixed assets"
Normalised EBITDA for the purpose of covenants	EBITDA calculated for the purpose of calculating financial ratios such as the Group EBITDA, removing the subsidiary TRPT from the calculation, minus the amount of a number of items defined in the financing contract
Adjusted EBIT	Operating income minus impairment of fixed assets for the financial year, reversals and the amount of significant non-recurrent costs
Investments	Recognition of tangible and intangible fixed assets
Working capital	Result of inventory and commercial customer balances, minus suppliers, remuneration pending payment, customer advances, and credit balances with Public Administrations
Working capital variation	Working capital divestment/(Working capital investment)
Average payment period for suppliers	Calculation of the average payment period for suppliers in accordance with Spanish Law 15/2010 of 5 July
Net financial debt (NFD)	(Borrowings – loans with related companies) – (Cash and cash equivalents + Other financial assets).
Net financial debt (NFD) for the purpose of covenants	Net financial debt used for ratio fulfilment
Sales by geographic zone	Seamless steel pipe sales based on the country of the requesting customer
Sales by segment	Seamless steel pipe sales based on the destination country
Average share price for the year	Average daily closing share price during the financial year
Share price at year-end	Last share price for the year
Market capitalisation	Value of multiplying the number of shares in the share capital by the share price at year-end
Annual volume of shares traded	Volume of shares traded during the year for the share
International scrap price reference indices	MEPS International LTD publication for Europe
Average USD exchange rate for the year	Average USD exchange rate for the last day of each month, according to Banco de España, for the year
Closing USD exchange rate	The last USD exchange rate for the year, according to Banco de España

[1] The included indicators referred to in Spanish Law 11/2018 on Non-Financial Information are included in Annex 4 of the NFIS.

ANNEX II: SUMMARY OF KEY FIGURES FOR THE YEAR[2]

Economic and financial indicators		2021	2020	2019
(thousands of euro, if any)				
EBITDA		**(51,443)**	**(15,240)**	**(11,438)**
Adjusted EBIT		**(33,309)**	**(37,864)**	**(36,550)**
Investments		**6,750**	**3,969**	**5,141**
Working capital at the beginning of the year		(9252)	34,654	26,675
Working capital at year-end		(18,747)	(9252)	34,654
Working capital variation		9,495	43,906	(7,979)
Average payment period for suppliers and creditors	*(days)*	98	119	95
Bank indebtedness		**(377,523)**	**(265,479)**	**(256,253)**
Long-term		(360,677)	(260,196)	(227,791)
Short-term		(16,846)	(5,283)	(28,462)
Cash and cash equivalents		**77,831**	**21,340**	**21,068**
Net financial debt (NFD)		**(299,692)**	**(244,139)**	**(235,185)**
NFD/EBITDA		**n/a**	**n/a**	**n/a**
Bank indebtedness for the purpose of covenants		**103,125**	**105,000**	**90,000**
Long-term		91,858	102,498	87,498
Short-term		11,267	2,502	2,502
Cash and cash equivalents		**77,831**	**21,340**	**21,068**
Net financial debt (NFD)		**180,956**	**126,340**	**111,068**
NFD/EBITDA		**n/a**	**n/a**	**n/a**
Share capital of the Parent Company		3,494	3,494	3,494
Net book equity of the Parent Company		(56,964)	(97,348)	52,451
Participation loans		112,800	0	0
NET EQUITY for trading purposes of the Parent Company		**55,836**	**(97,348)**	**52,451**
Net equity/Share capital		**16.0**	**n/a**	**15.0**

[2] Other significant alternative measures of performance used, but considered sufficiently reflected and defined in the Consolidated Annual Accounts and accounting regulations, include, among others, turnover amount, operating income (EBIT), cash generated during the year by operating, investment and financing activities, and the average workforce at year-end.

Operating indicators	**2021**	**2020**	**2019**
(thousands of euro, if any)			
Sales by geographic zone	**222,138**	**226,488**	**270,168**
Spain	27,254	29,023	28,583
Rest of European Union	86,234	77,472	77,180
North America	56,503	57,932	94,493
Middle East and Africa	5,787	18,006	17,336
Far East	41,197	38,900	49,636
Others	5,163	5,155	2,940
Sales by segment	**222,138**	**226,488**	**270,168**
Power generation, refining and petrochemical (Downstream)	91,174	106,165	100,000
Oil & Gas - OCTG (Upstream)	31,494	45,402	86,273
Oil & Gas - Piping	39,027	42,866	45,638
Construction, Mechanical, Industrial	60,443	32,055	38,257

Stock market indicators	**2021**	**2020**	**2019**
Average share price for the year	0.373	0.163	0.223
Share price at year-end	0.280	0.204	0.192
No. of shares issued at year-end (thousands of shares)	174,681	174,681	174,681
Market capitalisation (thousands of euro)	48,841	35,635	33,469
Annual share volume traded (thousands of shares)	326,482	285,741	180,234

Sectoral financial and economic indicators	**2021**	**2020**	**2019**
International scrap value reference indices			
Year averages	365	211	226
Last quarter	379	223	201
Value at year-end	400	243	225
USD exchange rate			
Year average	1.1820	1.1470	1.1189
Value at year-end	1.1326	1.2271	1.1234

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of reference financial year: [31/12/2021]

Tax ID: [A-48011555]

Company name:

[**TUBOS REUNIDOS, S.A.**]

Registered office:

[BARRIO SAGARRIBAI, W/No. (AMURRIO) ALAVA]

A. OWNERSHIP STRUCTURE

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

Indicate whether the Company's By-laws contain the double vote loyalty provision:

[ ] Yes
[√] No

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
27/07/2019	3,493,617.76	174,680,888	174,680,888

As the Company informed the market by means of a Relevant Fact on 9 August 2019, on 2 August 2019, the deed of capital reduction of the Company was registered in the Commercial Register of Álava, which took place by reducing the nominal value of all the shares to EUR 0.02 and the creation of an unavailable reserve, in accordance with the provisions of Article 335 c) of the Spanish Capital Companies Law.

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

[ ] Yes
[√] No

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

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
MS CARMEN DE MIGUEL NART	3.82	0.00	0.00	0.00	3.82
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	4.51	2.17	0.00	0.00	6.68
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.00	14.77	0.00	0.00	14.77
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	10.22	0.00	0.00	0.00	10.22
ELGUERO, S.A.	3.33	0.00	0.00	0.00	3.33

In relation to the list of the significant shareholders of the Company, we must report that the direct shareholder, Ms Carmen de Miguel Nart (decd) died on 12 February 2021 and that as at the publication date of this report, her estate has not yet been divided up and adjudicated.

Breakdown of indirect shareholdings:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	PECRI INVERSIÓN S.L. UNIPERSONAL	14.77	0.00	14.77
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES PUIG PEREZ DE GUZMAN	5.82	0.00	5.82
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MR ALFONSO ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS PILAR ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR ALFONSO BARANDIARÁN OLLEROS	0.63	0.00	0.63
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR GUIILERMO BARANDIARÁN OLLEROS	0.33	0.00	0.33
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MS MARÍA BARANDIARÁN OLLEROS	0.33	0.00	0.33
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MS ALEJANDRA LUCA DE TENA OYARZUN	0.00	0.00	0.00

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	GUESINVER, SICAV S.A.	0.60	0.00	0.60
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	VIKINVEST,SICAV S.A.	0.28	0.00	0.28
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	GESLURAN SL	0.01	0.00	0.01

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

Most significant transactions

No significant movements in the share structure have occurred during 2021.

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

Name or company name of the Director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	0.00	0.00	1.10	0.00	0.00
MR ALFONSO BARANDIARÁN OLLEROS	0.63	0.01	0.00	0.00	0.64	0.00	0.00
MR JORGE GABIOLA MENDIETA	0.14	0.01	0.00	0.00	0.15	0.00	0.00

Total % of voting rights held by members of the Board of Directors	1.88

The shareholding of the Director Mr Alfonso Barandiarán increased from 0.52% in 2020 to 0.64% in 2021 due to the purchase of 200,000 Company shares on 30 July 2021.

Breakdown of indirect shareholdings:

Name or company name of the Director	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transferred through financial instruments
MR ALFONSO BARANDIARÁN OLLEROS	GESLURAN SL	0.01	0.00	0.01	0.00
MR JORGE GABIOLA MENDIETA	MS MARIA BELEN BARAINCA VICINAY	0.01	0.00	0.01	0.00
MR JORGE GABIOLA MENDIETA	MR JORGE GABIOLA BARAINCA	0.00	0.00	0.00	0.00
MR JORGE GABIOLA MENDIETA	MS MARIA GABIOLA BARAINCA	0.00	0.00	0.00	0.00
MR JORGE GABIOLA MENDIETA	MS MARTA GABIOLA BARAINCA	0.00	0.00	0.00	0.00

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

Total % of voting rights represented on the Board of Directors	38.80

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

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

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

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

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

Explain, as the case may be, how significant shareholders are represented. Specifically, it shall be indicated which directors have been appointed on behalf of significant shareholders, those whose appointment would have been suggested by significant shareholders, or who are related to significant shareholders and/or entities of their group, specifying the nature of such relationships. In particular, it shall be mentioned, where appropriate, the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies which hold significant stakes in the listed company or in entities of the group of such significant shareholders:

Name or company name of the linked director or representative	Name or company name of the linked significant shareholder	Company name of the significant shareholder's group company	Description of relationship/position
MR EMILIO YBARRA AZNAR	ELGUERO, S.A.	ELGUERO, S.A.	Professional. The Director holds 25% of the share capital and is a member of the Board of Directors. The remaining capital is held by persons related to the Director, with no person controlling the significant shareholder.
MR ALFONSO BARANDIARÁN OLLEROS	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	Family. The Director is a second-degree collateral relative of Mr Joaquín Gómez de Olea Mendaro by affinity and holds shares in the significant shareholder Barandiarán Group Concerted Action.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The Director is a member of the Zorrilla-Lequerica family and holds shares in the significant

Name or company name of the linked director or representative	Name or company name of the linked significant shareholder	Company name of the significant shareholder's group company	Description of relationship/position
			shareholder Zorrilla-Lequerica Puig Group Concerted Action.
MR CRISTÓBAL VALDÉS GUINEA	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The Director is related by affinity to the persons holding shares in the significant shareholder Zorrilla Lequerica Puig Group Concerted Action.
MR ENRIQUE MIGOYA PELÁEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	PECRI INVERSIÓN S.L. UNIPERSONAL	Professional. The Director is an executive of the significant shareholder, in the area of Equity Holdings - Strategy & M&A and the legal representative and Chairman of the Board of Directors of the direct shareholder.

A At year-end 2021, the shareholders with significant shareholdings represented on the Company's Board were as follows:

1.- BBVA has one representative, Mr Enrique Migoya.
2.- The Zorrilla-Lequerica Group has two representatives, Ms Leticia Zorrilla de Lequerica and Mr Cristóbal Valdés.
3.- The Barandiarán Group has one representative, Mr Alfonso Barandiarán.
4.- ELGUERO, S.A. has one representative, Mr Emilio Ybarra Aznar.

With regard to the significant shareholder BBVA, please indicate that it has maintained its indirect position in the Company, although on 29 October 2021 there was a change in direct shareholder, with 25,794,201 shares (representing 14.77% of the share capital) transferred from Banco Industrial de Bilbao S.A. to PECRI Inversión S.L Unipersonal, a company wholly owned by BBVA.

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Capital Companies Law. If so, briefly describe them and list the shareholders linked to the agreement:

[ ] Yes
[√] No

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

[√] Yes
[ ] No

Participants in the concerted action	% of share capital affected	Brief description of the concerted action	The expiry date of the concerted action, if applicable
MR JOAQUÍN GÓMEZ DE OLEA MENDARO, MR ALFONSO BARANDIARÁN OLLEROS, MR GUILLERMO BARANDIARÁN OLLEROS, MRS MARÍA BARANDIARÁN OLLEROS, MS ALEJANDRA LUCA DE TENA OYARZUN, GUESINVER, SICAV S.A., VIKINVEST, SICAV S.A., GESLURAN S.L.	6.68	BARANDIARÁN GROUP TACIT CONCERTED ACTION	NONE
MR ALFONSO ZORRILLA DE LEQUERICA PUIG, MS MERCEDES PUIG PEREZ DE GUZMAN, MS MERCEDES ZORRILLA DE LEQUERICA PUIG, MS LETICIA ZORRILLA DE LEQUERICA PUIG, MS PILAR ZORRILLA DE LEQUERICA PUIG	10.22	ZORRILLA-LEQUERICA PUIG GROUP TACIT CONCERTED ACTION	NONE

On 30 July 2021, the Barandiarán Group increased its shareholding from the previous year, which stood at 6.56%

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

There was no amendment to or termination of concerted actions in 2021.

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

[ ] Yes
[√] No

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

At the end of the financial year:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
	670,185	0.38

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
CLIMA, S.A.	670,185
Total	670,185

Explain the significant changes during the financial year:

Explain the significant changes

A) ON 9 APRIL 2021, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FIRST QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,850,907 SHARES AND THE SALE OF 2,069,448 SHARES
B) ON 2 JULY 2021, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE SECOND QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,300,154 SHARES AND THE SALE OF 1,307,510 SHARES
C) ON 5 OCTOBER 2021, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE THIRD QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,269,656 SHARES AND THE SALE OF 1,187,823 SHARES
D) ON 5 JANUARY 2022, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FOURTH QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE INVOLVED AN ACQUISITION OF 654,903 SHARES AND THE SALE OF 645,928 SHARES

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

The General Shareholders' Meeting, held on 30 June 2021, authorised the direct purchase of treasury shares by the Company or through Group companies, using any method of purchase, up to the maximum number of shares permitted by commercial legislation currently in force for a price equivalent to the quoted price on the date each transaction takes place, granting said authorisation for a period of five years from the date of approval of this agreement, that is, until 30 October 2026.

At that Meeting, it was agreed to render null and void, in relation to those agreements not executed, the authorisation granted at the General Shareholders' Meeting on 29 October 2020, and it was expressly agreed that the derivative acquisition operations of treasury shares would be carried out observing the conditions established in the applicable legislation and the commitments assumed by the Company at all times.

A.11. Estimated floating capital:

	%
Estimated floating capital	61.20

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

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

[ ] Yes
[√] No

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

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate and, if applicable, describe whether there are any differences with the minimum regime provided for in the Capital Companies Law with regard to the quorum required for the constitution of the General Shareholders' Meeting:

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

The rules applicable to the modification of the Company's By-laws are those provided for in the Capital Companies Law with no special feature in this regard.

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

	Attendance figures				
General shareholders' meeting date	% attending in person	% on representation	% by distance voting		Total
			Electronic vote	Other	
29/06/2016	32.26	30.17	0.00	0.00	62.43
Of which floating capital	0.97	9.25	0.00	0.00	10.22
22/06/2017	34.87	28.91	0.00	0.00	63.78
Of which floating capital	6.50	5.04	0.00	0.00	11.54
27/06/2018	35.53	23.45	0.00	0.00	58.98
Of which floating capital	2.50	7.82	0.00	0.00	10.32
27/06/2019	25.80	26.98	0.00	0.00	52.78
Of which floating capital	2.07	3.20	0.00	0.00	5.27
27/07/2019	17.00	36.78	0.00	0.00	53.78
Of which floating capital	0.09	11.04	0.00	0.00	11.13
29/10/2020	23.80	22.00	1.70	0.25	47.75
Of which floating capital	0.00	2.62	1.70	0.25	4.57
30/06/2021	23.61	19.16	0.47	4.14	47.38
Of which floating capital	0.00	2.94	0.47	4.14	7.55
28/10/2021	23.75	23.14	0.47	0.35	47.71
Of which floating capital	0.00	6.79	0.47	0.35	7.61
16/12/2021	23.75	22.96	0.00	0.01	46.72
Of which floating capital	0.00	6.60	0.00	0.01	6.61

Exceptionally, due to the limitations arising from the public health risk caused by the COVID-19 pandemic, the 2021 Ordinary General Shareholders' Meeting was held with exclusively remote attendance, i.e. without the physical attendance of shareholders or proxies but fully preserving their political rights of attendance and voting, as the Board of Directors provided the necessary means to enable shareholders, their proxies and guests to attend remotely, connecting in real time and following the Meeting, which was broadcast live via streaming. In addition, the two Extraordinary General Shareholders' Meetings held in October and December 2021 to approve the merger of three subsidiary companies and the appointment of two independent directors, respectively, were held with exclusively remote attendance.

Previously accredited shareholders were able to make their contributions at the General Shareholders' Meeting remotely in real time, and received a link through which they could exercise their right to vote remotely on the proposed resolutions.

The percentage of physical attendance derives from the fact that the directors were counted as physically present. However, for all appropriate purposes, the attendance of the remaining shareholders by electronic means was considered equivalent to attendance in person at the General Shareholders' Meeting.

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

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

The video of the 2021 Ordinary General Shareholders' Meeting is available in the General Meeting section at the following link: https://www.tubosreunidos.com/es/accionistas-inversores/gobierno-corporativo/junta-general.php

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

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

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

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

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

Name or company name of the Director	Representative	Category of Director	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR JORGE GABIOLA MENDIETA		Independent	INDEPENDENT COORDINATING DIRECTOR	30/05/2013	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR FRANCISCO IRAZUSTA RODRIGUEZ		Executive	CHAIRMAN	28/04/2020	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA		Other External	DIRECTOR	30/01/2020	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR EMILIO YBARRA AZNAR		Proprietary	DEPUTY CHAIRMAN 1	16/08/1999	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR ALFONSO BARANDIARÁN OLLEROS		Proprietary	DIRECTOR	27/09/2013	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS ANA ISABEL		Independent	DIRECTOR	07/05/2015	27/06/2019	GENERAL SHAREHOLDER

Name or company name of the Director	Representative	Category of Director	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MUÑOZ BERAZA						S' MEETING RESOLUTION
MS LETICIA ZORRILLA DE LEQUERICA PUIG		Proprietary	DIRECTOR	29/06/2004	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR CRISTÓBAL VALDÉS GUINEA		Proprietary	DIRECTOR	27/02/2018	27/06/2018	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR ENRIQUE MIGOYA PELÁEZ		Proprietary	DIRECTOR	31/05/2018	27/06/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS TERESA QUIRÓS ÁLVAREZ		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS MARÍA SICILIA SALVADORES		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION

Total number of directors	11

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

Name or company name of the Director	Category of the Director at the time of departure	Date of last appointment	Date of departure	Specialised committees of which they were a member	Indicate if they left before the end of their term of office
MR JUAN MARÍA ROMÁN GONCALVES	Independent	22/06/2017	30/06/2021	Audit Committee	NO

Reason for departure, if before the end of the term of office and other remarks; information on whether the Director has sent a letter to the other board members and, in the case of removals of non-executive directors, the explanation or opinion of the Director who has been removed by the General Shareholders' Meeting

On 30 June 2021, Mr Juan María Román Gonçalves departed as Independent Director of the Company when the term for which he was appointed expired. The Ordinary General Shareholders' Meeting held on that date recorded the departure and maintained the number of members of the Board of Directors at ten (10).

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

EXECUTIVE DIRECTORS		
Name or company name of the Director	Post in organisation chart of the company	Profile
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman	Mr Francisco Irazusta, born in San Sebastian, Spain studied Ceramic Sciences and Engineering at the State University of New York (USA), holds a Master of Science in Industrial Engineering from Alfred University (USA) and postgraduate degrees in management and finance from ESADE and CEU Business School. He began his professional career at the Kohler Group, in the areas of quality and production as Operations Manager in the Group company Jacob Delafon Spain, taking over the General Management of Spain in 2000 and the General Management of Europe in Paris in 2003. In 2006, he joined the Anglo American Group, returning to Spain as General Manager of the Tarmac Iberia division where he led the sale of the group to Holcim Spain. In 2008, he joined Nutreco as Managing Director where he led the acquisition and integration of Cargill Animal Nutrition into the Nanta Group; and in 2011, he joined CRH as Managing Director of the Building Products Europe division based in Amsterdam. In 2015 he joined Fletcher Building, first as Director of the Light Building Products division in Auckland, New Zealand, then as Director of the international business division in Los Angeles, California (USA), also taking on the position of acting Managing Director of Fletcher Building in New Zealand for an interim period of six months. He has been an Independent Director of the Lantero Group (Packaging) and has been a member of the Boards of Directors of various professional associations, holding positions of responsibility. He is also an Independent Director of Garnica Plywood, S.A.U.

Total number of executive directors	1
% of the total of the board	9.09

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the Director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
MR EMILIO YBARRA AZNAR	ELGUERO, S.A.	He holds a degree in Law from the Complutense University of Madrid, a certificate in Business Administration from Harvard University in Boston and a Senior Management Programme certificate from IESE. In his professional activity, he has combined international and national

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the Director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
		experience, and has held various positions of responsibility in listed companies and financial institutions.
		He began his career as a Corporate Finance analyst at JP Morgan in Madrid, New York and London. In 1993, he joined the international expansion area of Prisa Group in Madrid and began a career in the communications sector, which continued when he moved to Vocento in 1995, where he stayed for 20 years. At Vocento he held responsibilities in the sales and marketing area. He was Managing Director of the daily newspapers La Rioja and El Correo (Bilbao) and assistant to the Managing Director of the newspaper ABC. He was also Chairman of CMVocento and Managing Director of Communications for the group. He currently runs Kemet Corner, a strategic communications, brand image and public relations consultancy firm. He is an Independent Director, a member of the Audit Committee, and Chairman of the Appointments and Remuneration Committee of Elecnor, S.A.
MR ALFONSO BARANDIARÁN OLLEROS	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	Graduate in Law from the University of Deusto in Bilbao. MBA from the University of Houston, Texas. Creating Value Through Financial Management Program, University of Pennsylvania, The Wharton School. He began his professional career in 1995 at Tafisa in the financial department, moving in 1997 to the French consulting firm Cap Gemini and Gemini Consulting in the strategy area. At the beginning of 2005 he joined the start-up Secosol as Director of national and international expansion, and at the end of 2005, he joined Kroll as Managing Director for Spain and Portugal until 2012. For more than two decades, he has been a director of several subsidiaries of the Elecnor Group. In addition, since 2005, he has sat on various boards of directors, having been a Director of Santa Ana de Bolueta. He is currently a Director of Ingeniería Estudios and Proyectos NIP, Tasdey S.A., Gapara S.L., and Effective Seaborne Engineering Solution, S.L. (a start-up linked to container shipping). In addition to these positions, he is Chairman of the Board of Mapex, a production control technology company and a patron of the Gondra Barandiarán Foundation.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Degree in Law from the University of Deusto in Bilbao. MBA from the Universidad Pontificia de Comillas, ICADE Madrid. She began her professional career as a corporate banking manager at Santander Central Hispano. In 2000, she joined Payma Móviles. In 2003, she joined Euroquality as a sales consultant and Boxnox in 2005 as head of organisation and sales.

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the Director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
MR CRISTÓBAL VALDÉS GUINEA	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Mr Cristóbal Valdés holds a degree in Law and a certification in Economics from the University of Deusto (Bilbao) and an MBA from the Instituto de Empresa. He has extensive industrial and international experience. He began his professional career in companies such as Carrefour Spain, Leroy Merlin Spain, where he was Purchasing Director, and the Adeo Group in France, where he was International Product Director. In 2008, he joined Bergé Marítima as Managing Director for seven years, also managing the companies in which the Group has holdings and sitting on eight boards of directors linked to the Group. From 2015 to 2019, he was the Chairman of Venanpri Tools, the Tools division of the Venanpri Group, a Canadian-owned multinational group resulting from the merger of the former Ingersoll Tillage Group and Corporación Patricio Echevarría, which has more than 1400 employees and a significant presence in Europe, North America (main market) and Latin America. He is currently Managing Director of the Jealsa Group, a Galician company dedicated, among other activities, to the manufacture and marketing of tinned food with 4600 employees. He is also currently a member of the Executive Committee of ADEGI (Employers' Association of Gipuzkoa) and was Deputy Chairman of the employers' association of the ANESCO port companies.
MR ENRIQUE MIGOYA PELÁEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	Mr Enrique Migoya Peláez holds a degree in Economics and Business Administration from the Autonomous University of Madrid; Management Development Programme and Corporate Management Programme at IESE. He is currently the Managing Director of BBVA's Equity Holdings area, where he manages the bank's investment portfolio. His professional career has been developed mainly in M&A activity, for seven years at the investment bank Goetzpartners, and the last 11 years in various positions at BBVA in both private equity and industrial portfolio management. He represents the bank on various boards of directors, including Informa D&B, Distrito Castellana Norte or Neotec, CESCE, S.A., Corporación IBV Participaciones Empresariales S.A., Neotec Capital Riesgo SCR, Coinversión Neotec SCR, Neotec Capital Riesgo SCR, Momentum Social Investment Holding S.L., PECRI Inversión S.L., Inverahorro S.L., and has participated in others such as Occidental Hotels and Textil Textura. He is also a Director of METROVACESA, S.A.

Total number of Proprietary Directors	5
% of the total of the board	45.45

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the Director	Profile
MR JORGE GABIOLA MENDIETA	A lawyer with a Law Degree from the University of Deusto, he began his professional career in the audit division of Arthur Andersen, later moving to the legal and tax department of the same firm. In 1986, he joined Tubos Reunidos, where he assumed various responsibilities until 1996, when he was appointed Secretary of the Board of Directors of the parent company, a position he held from 2009 until 15 October 2018 as an independent freelancer with no employment or executive relationship with the Company. He has been a Director of Tubos Reunidos S.A. since 30 May 2013, and was appointed non-executive Chairman of the Board of Directors on 15 October 2018. On 28 April 2020, he was appointed Coordinating Director of Tubos Reunidos, S.A. and has also been the Secretary and a Member of the Board of Directors of the Group companies Productos Tubulares and Almacenes Metalúrgicos. He is registered in the Official Registry of Accounting Auditors (ROAC) as non-practising. He is currently a Director of the company Vicinay, S.A.
MS ANA ISABEL MUÑOZ BERAZA	Degree in Economics from the University of Zurich (Switzerland). Executive MBA Master's Degree from the University of Chicago. Member of the Advisory Committee of the University of Chicago. Member of the IWF Board (International Women's Forum) and Member of the Advisory Council of Spain Start Up. She has completed training courses for directors and corporate governance at the Instituto de Consejeros y Administradores (IC-A), as well as the High Performance Boards course at IMD in Switzerland. She has spent her career in the financial markets working at Merrill Lynch in Switzerland, England, the United States and Spain. She has led teams and sat on the Steering Committee in both Zurich and Madrid. Subsequently, she managed a family office in Spain. As a result of her international career, she speaks seven languages. She has been an Independent Director and Chairwoman of the Audit Committee of NATRA, S.A. and the representative of the corporate advisory company, PIZMARGNA SERVICIOS DE CONSULTORIA S.L., in the unlisted company LANINVER S H C, S.L. She is currently an Independent Director of the company Ernesto Ventos, S.A.
MS TERESA QUIRÓS ÁLVAREZ	Degree in Economics and Business from the Faculty of Economics at Málaga University (1976–1981), the IESE Directors Programme (April–July 2021), the Executive Programme for Women in Senior Management at ESADE (October 2014–June 2015), the Executive Program at Harvard (May 2013), PDD at IESE (January–May 2010). The W2W Program (PWC) to help women in senior management become directors (October 2017–June 2018); she has been connected to the electricity industry, carrying out various functions at RED ELECTRICA CORPORACIÓN, where she has been CFO for the past seven years, and a member of the Board and Committees at various subsidiaries, carrying out functions, from this position, related to risk management, administration and accounting, strategy and management control. She has also served as a Director and Chairwoman of the group's subsidiary REE Finance BV. She is an Independent Director and a member of the Audit Committee of Grenergy Renovables and an Independent Director and Chairwoman of the Audit Committee of Singular People, S.A. and Promotora de Informaciones, S.A. (PRISA).
MS MARÍA SICILIA SALVADORES	Degree in Law from the Complutense University and in Business Administration from San Pablo-CEU University, a Master's degree in Public and Economic Policy from the National Institute of Public Administration/ENA and the London School of Economics and Political

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the Director	Profile
	Science (LSE), respectively, and she also has executive training from Harvard Business School. She is currently Director of Strategy at Enagás, a global gas infrastructure company that is part of the IBEX 35. She has worked at Iberdrola Renovables as head of regulatory foresight in 23 countries and as Deputy Director General of Energy Planning with the Spanish Government. She is an Independent Director and Chairwoman of the Appointments and Remuneration Committee at Soltec Power Holdings, and a Proprietary Director at DualMetha.

Total number of independent directors	4
% of the total of the board	36.36

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

Where appropriate, a reasoned statement by the board as to why it considers that such director is able to perform their duties as an independent director shall be included.

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

OTHER EXTERNAL DIRECTORS			
The other external directors shall be identified and the reasons why they cannot be considered as proprietary or independent directors, and their relationships, whether with the company, its directors or its shareholders, shall be detailed.			
Name or company name of the Director	Reasons	Company, director or shareholder with whom the relationship is maintained	Profile
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	The Board's classification of Mr Pérez Rodriguez-Urrutia as "Other External" Director at the time of his appointment by the co-option system on 30 January 2020, following the proposal of the Appointments and Remuneration	TUBOS REUNIDOS, S.A.	Mr Pérez Rodriguez-Urrutia has extensive experience of over 36 years in management roles in large companies, working as a CEO, Managing Director and Finance Director. Throughout his long professional experience, he

OTHER EXTERNAL DIRECTORS			
The other external directors shall be identified and the reasons why they cannot be considered as proprietary or independent directors, and their relationships, whether with the company, its directors or its shareholders, shall be detailed.			
Name or company name of the Director	Reasons	Company, director or shareholder with whom the relationship is maintained	Profile
	Committee, was due to his previous relationship with the Company for the provision of his professional services from 25 June 2018 to 31 December 2019. The new appointment made by the General Shareholders' Meeting held on 29 October 2020 was made with the same classification for the same reason.		has been Chairman of BNPP Real Estate in Spain, CEO of Occidental Hotels, CFO of Metrovacesa, Corporate Managing Director of Ence Group and CEO of Planeta DeAgostini, as well as CFO and Company Secretary at Abengoa.
	This rating was maintained in 2021.		Within his leadership responsibilities in his executive functions, he has extensive experience working with financial institutions, regulators, investors and public institutions. He has also led corporate transformation processes in coordination with financial institutions, managing their financial and operational restructuring to recover profitability. He has extensive experience on boards of directors, having been on those of Abengoa, Befesa, Telvent, Logista, French real estate investment trust Gecina, GMP and Levantina de Marmoles, among others. He is currently Senior Advisor for companies such as BNPPRE, Global Exchange and also runs the Business Roundtable of Southern Spain (CESUR) based in Madrid.

Total number of other external directors	1
% of the total of the board	9.09

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

Name or company name of the Director	Date of change	Previous category	Current category
No data			

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

	Number of female directors				% of total directors of each category			
	2021 financial year	2020 financial year	2019 financial year	2018 financial year	2021 financial year	2020 financial year	2019 financial year	2018 financial year
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	20.00	20.00	16.67	16.67
Independent	3	1	1	1	75.00	33.33	33.33	33.33
Other external					0.00	0.00	0.00	0.00
Total	4	2	2	2	36.36	20.00	22.22	22.22

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

[ ] Yes
[ ] No
[√] Partial policies

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

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

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

Article 10.8 of the Regulations of the TRSA Board, approved by the Board of Directors on 27 January 2022 and which will be reported to the General Shareholders' Meeting, establishes that the Board shall ensure that the selection procedures for Directors favour diversity regarding gender, experience and knowledge that facilitate the selection of female directors and that generally do not contain implicit biases that may imply discrimination on the basis of gender, age, origin, religion, disability and sexual orientation, and in Article 26.A.b) thereof, it is established that the Appointments and Remuneration Committee should promote desirable diversity on the Board when it comes to gender by setting a representation objective for the least represented gender on the Board and develop guidelines and diversity policies on how to achieve this objective. Compliance with these policies shall be verified annually by the Appointments and Remuneration Committee and reported in the Annual Corporate Governance Report.

The Company does not have a specific written policy on diversity; however, it does apply a diversity policy on the Board. In order to encourage the progressive incorporation of women on the Board of Directors, which will enable the achievement of a balanced and diverse presence of female and male directors, the Appointments and Remuneration Committee's duties include reporting on gender diversity issues and ensuring that when filling vacancies, the selection procedures do not have any implicit biases that hinder the selection of female directors, and deliberately seeking female candidates who meet the required profile.

Proof of the above is that in 2021, there was a marked increase in the female presence on the Company's Board of Directors, from 20% to 36.36% of the total number of directors, with two new independent female directors joining the company, who were selected through a top-rated headhunting firm. In accordance with the still unwritten diversity policy, the search mandate granted by the Appointments and Remuneration Committee to the aforementioned external selection firm placed specific emphasis on the incorporation into the process of female candidates with the appropriate profile.

The Board of Directors set itself the objective for 2022 to adopt and publish a specific policy on diversity in the composition of the Board and the selection of its members.

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

Explanation of the measures

The Appointments and Remuneration Committee has been expressly delegated the power to ensure gender equality in all processes of incorporation of new members to the Board of Directors, and this is reflected in practice with the latest incorporations in the year, in which the Appointments and Remuneration Committee, as a measure to ensure that the selection procedure did not suffer from any type of implicit bias that would hinder the selection of female directors, gave specific instructions to the headhunting firm to deliberately search for women with the appropriate profile. The Committee also encourages the incorporation of women into Senior Management, as demonstrated by the fact that the Company has two women in senior management roles, and has adopted the same measure in the selection processes carried out in 2021: Give specific instructions to the headhunting firm to deliberately search for women who meet the appropriate profile.

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

Explanation of the motives

The Company does not have an express and written policy on the selection of directors, however, the Appointments and Remuneration Committee, chaired by a woman, has expressly stated its position in this respect, and has recorded it in the minutes and informed the Board that in any case it ensures that, when filling new vacancies, both on the Board and in senior management, when the case arises, the selection process does not have implicit biases that hinder the selection of women. The percentage of female directors was 36.36% in 2021, and the percentage of female senior management members was 16.66%. The Committee considers that this percentage remains low and maintains its objective of gradually achieving a higher percentage, through the application of the unwritten policy for the selection of directors and senior management that the Appointments and Remuneration Committee always keeps in mind, which promotes diversity of knowledge, experience and gender in the composition of the Board and the Senior Management, until a balanced composition is achieved, with an increasing proportion of women on the Board.

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

The Appointments and Remuneration Committee has expressly stated its position in this respect, and has recorded it in the minutes and informed the Board that it will, in any case, ensure that when filling new vacancies on the Board and in senior management, where appropriate, the selection process does not have implicit biases that hinder the selection of women.

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

The Company's Appointments and Remuneration Committee concluded that the appointment of both female directors has brought competencies to the Board that are considered as valuable when it comes to the development of the Company's activity on the road towards the energy transition and decarbonisation.

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

Name or company name of the shareholder	Reason
No data	

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

[ ] Yes
[√] No

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

Name or company name of the Director or Committee	Brief description
DELEGATE COMMITTEE	The Delegate Committee has general decision-making powers and, therefore, has express delegation of all the power that can be legally or statutorily delegated, unless otherwise decided when it is established or at a later time, which has not taken place. In the Delegate Committee, also called the Executive Committee, the participatory structure of the different categories of directors is similar to that of the Board itself, and the Chair and Secretary are the same as those of the Board of Directors. The Executive Committee should keep the Board updated on the matters dealt with and on the decisions it takes. All members of the Board shall receive copies of the minutes of the Committee's meetings. The same operational rules provided for the Board of Directors are applicable to the Delegate Committee, although it is expected that in 2022, the Board of Directors of the Company will adopt a specific regulation of the Committee that will outline its composition, the requirements for the appointment of its members, the rules of operation, the responsibilities and functions assigned, the means available to it, the rules on interaction with the Board and shareholders, the Committee's assessments and the reports to be issued. Notwithstanding the establishment of the Executive Committee, the Executive Committee may not exercise its functions or hold meetings if the Board considers that it is not necessary in the context of the Company's activity if considered so by the majority of the Directors. The Delegate Committee did not meet in 2021.

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

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

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

Identification of the Director or representative	Company name of the entity, whether it is listed or not	Position
MR EMILIO YBARRA AZNAR	ELECNOR, S.A.	DIRECTOR
MR JORGE GABIOLA MENDIETA	VICINAY, S.A.	DIRECTOR
MS TERESA QUIRÓS ÁLVAREZ	PROMOTORA DE INFORMACIONES, S.A. PRISA.	DIRECTOR
MS TERESA QUIRÓS ÁLVAREZ	GRENERGY RENOVABLES, S.A.	DIRECTOR
MS TERESA QUIRÓS ÁLVAREZ	SINGULAR PEOPLE S.A.	DIRECTOR
MS MARÍA SICILIA SALVADORES	SOLTEC POWER HOLDINGS S.A.	DIRECTOR
MS ANA ISABEL MUÑOZ BERAZA	ERNESTO VENTOS, S.A.	DIRECTOR
MR ALFONSO BARANDIARÁN OLLEROS	ENGINYERIA MAPEX S.L.	CHAIRMAN
MR FRANCISCO IRAZUSTA RODRIGUEZ	GARNICA PLYWOOD SA	DIRECTOR
MR JORGE GABIOLA MENDIETA	VICINAY MARINE, S.L.	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ URRUTIA	PROJECT QUASAR INVESTMENTS 2017, S.L.	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ URRUTIA	DENARIUS METALS CORP	DIRECTOR
MS MARÍA SICILIA SALVADORES	DUALMETHA	DIRECTOR

The Director Mr Enrique Migoya Pelaez represents BBVA as an indirect Proprietary Director on various boards of directors, including Informa D&B, Distrito Castellana Norte or Neotec, CESCE, S.A., Corporación IBV Participaciones Empresariales S.A., Neotec Capital Riesgo SCR, Coinversión Neotec SCR, Neotec Capital Riesgo SCR, Momentum Social Investment Holding S.L., PECRI Inversión S.L., Inverahorro S.L., and has participated in others such as Occidental Hotels or Textil Textura. He is also a Director of METROVACESA, S.A.

The Director until 30 June 2021, Mr Juan Maria Román Gonçalves is a Director at Caja Sur Banco, S.A.U. and Erhardt y Cía, S.A.

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

Identification of the Director or representative	Other paid activities
No data	

The Directors' remunerated activities are described above in section C.1.3) of this report

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

[√] Yes
[ ] No

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

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

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

Remuneration accrued in the year in favour of the Board of Directors (thousands of euro)	1,109
Amount of funds accumulated by current directors through long-term savings systems with consolidated economic rights (thousands of euro)	40
Amount of funds accumulated by current directors through long-term savings systems with unconsolidated economic rights (thousands of euro)	
Amount of funds accumulated by old directors through long-term savings systems (thousands of euro)	

In 2019 the total remuneration of the Board experienced a significant reduction compared to 2018 due to the absence of an Executive Chairman. In 2020, this total remuneration increased compared to 2019 due to the addition to the Board of the new Executive Chairman, Mr Francisco Irazusta.

C.1.14 Identify the members of senior management who are not Executive Directors and indicate the total remuneration that they have accrued during the fiscal year:

Name or company name of the Director	Position/s
MR MIGUEL GARRIDO IRIA	S & OP DIRECTOR
MR CARLOS LÓPEZ DE LAS HERAS	MANAGING DIRECTOR
MS IZASKUN EYARA ALVAREZ	FINANCE AND MANAGEMENT CONTROL DIRECTOR
MR IÑIGO URRUTIKOETXEA PORTUGAL	SALES DIRECTOR
MR ANTON PIPAON PALACIO	DEPUTY MANAGING DIRECTOR
MR ANDONI JUGO ORRANTIA	INDUSTRIAL DIRECTOR TUBOS MILL (AMURRIO PLANT)
MS INÉS NÚÑEZ DE LA PARTE	SECRETARY OF THE BOARD AND DIRECTOR OF LEGAL ADVISORY SERVICES
MR FRANCESC RIBAS COLLELL	DIRECTOR OF TUBOS REUNIDOS AMERICA
MR JON BIKANDI ITURBE	INDUSTRIAL DIRECTOR PRODUCTOS MILL (TRÁPAGA PLANT)
MR KOLDO LASALA URRUTICOECHEA	DIRECTOR OF PEOPLE, PREVENTION AND HEALTH
MR JOSU ARTECHE URRUTIA	PROVISIONS DIRECTOR
MR ALBERTO SANTAMARÍA RUBIO	INTERNAL AUDIT DIRECTOR

Number of women in senior management	2
Percentage of total members of senior management	16.66

Total remuneration of senior management (in thousands of euro)	1,757

The appointment of Mr Alberto Santamaría Rubio as Internal Audit Director took place on 1 February 2021.

The appointment of Mr Koldo Lasala Urruticoechea as Director of People, Prevention and Health took place on 1 October 2021.

The appointment of Mr Josu Arteche as a member of the Steering Committee took place on 1 March 2021.

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

[ ] Yes
[√] No

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

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

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

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

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

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

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

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

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

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

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

Description of modifications

The result of the annual assessment of the Board in 2021 was satisfactory, which is why in 2022, no changes were made to the organisation or procedures applicable to the activities of the Board of Directors, although an Action Plan was developed to strengthen the value contribution of the Board of Directors to Tubos Reunidos.

The average assessment obtained indicates that in 2021, the Board of Directors functioned effectively as a body. The structure, composition and size are appropriate and the Board has effectively promoted the company's interests. The Board increased its commitment to a diverse and balanced composition, with more female directors and independent directors.

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

Description of the assessment process and the areas assessed

The Board of Directors has carried out the assessment of the overall operation and the effectiveness of the Board and its Committees, as well as the individual assessment of the Executive Chairman, the Coordinating Director and the Secretary of the Board as professionals in the service of Good Corporate Governance internally through exhaustive questionnaires although in the previous year, the Company had the help of a firm specialised in assessing Boards of Directors.

Through this self-assessment process, carried out by the Appointments and Remuneration Committee with the support of the Secretary of the Board, the strengths and possible areas for improvement of the Board (as a collegiate body) and of its Committees and positions have been identified, and an Action Plan was drawn up to strengthen the value contribution of the Board of Directors to Tubos Reunidos in order to guarantee its growth and future sustainability, establishing the necessary metrics for subsequent assessments.

The 2021 self-assessment was carried out through a comprehensive questionnaire completed by all members of the Board and forwarded to the Secretary of the Board, who was responsible for finding average valuations and collecting all the comments made. The positions of the Board have refrained from responding to questions relating to their own assessment. The operation of the Delegate Committee was not assessed because it did not meet in 2021. All responses were confidential and all observations made were transcribed into the assessment.

The recommendations made regarding 2020 by the independent firm specialising in advice to boards of directors that are applicable to the current year were also taken into account.

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

The assessment process of the Board of Directors of Tubos Reunidos has been based on the CNMV's recommendations and technical guidelines, on international good governance codes and on best practices currently applied in this field, taking the latest trends and studies in national and international corporate governance into consideration. The approach has been eminently practical, addressing very specific and key issues in the functioning of the Board of Directors of Tubos Reunidos.

In the assessment, each member of the Board anonymously gave their opinion, among others, on the following issues:
o The achievement of the Board's objectives
o Structure and composition of the Board and its Committees
o The size of the Board and its suitability for a balanced debate
o The Board's operation and procedures
o The structure and contribution of Board Committees
o The diversity of, among other things, experiences, backgrounds, gender and age
o Functioning of the positions of the Board

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

The assessment of the operation of the Board, its Committees and positions in 2021 was carried out internally without the assistance of an external consultant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The members of the committees and the Chief Executive Officers shall automatically cease to hold their position when they cease to be Directors.

C.1.20 Are majorities required in any kind of decision other than those required by law?:

[ ] Yes
[√] No

If applicable, describe the differences.

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

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

[ ] Yes
[√] No

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

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

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

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

Number of Board meetings	15
Number of Board meetings without the Chairman in attendance	0

Indicate the number of meetings held by the Coordinating Director with the other directors, without the attendance or proxy representation of any Executive Director:

Number of meetings	6

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

Number of DELEGATE COMMITTEE meetings	0
Number of APPOINTMENTS AND REMUNERATION COMMITTEE meetings	5
Number of AUDIT COMMITTEE meetings	6

The Coordinating Director's contact with the other directors is fluid and permanent, and it has not been necessary to channel it formally in Board meetings without the presence of the Executive Director, especially in the context of the COVID-19 pandemic. However, in the exercise of their functions, the Coordinating Director held meetings and discussions remotely with different directors.

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

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

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

[√] Yes
[ ] No

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

Name	Position
MR CARLOS LÓPEZ DE LAS HERAS	MANAGING DIRECTOR
MS IZASKUN EYARA ALVAREZ	FINANCE AND MANAGEMENT CONTROL DIRECTOR
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman

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

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

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

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

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

C.1.29 Is the Secretary of the Board a Director?:

[ ] Yes
[√] No

If the Secretary is not a Director, complete the table below:

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

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

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

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

· Meetings with the auditor within the Audit Committees, where their independence has been specifically addressed.

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

· The analysis and authorisation of the auditor's fees, by all the items.

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

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

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

[√] Yes

[ ] No

	Company	Group companies	Total
Amount of non-audit work (thousands of euro)	68	0	68

	Company	Group companies	Total
Amount for non-audit work/Amount for audit work (in %)	54.46	0.00	25.77

DATA REQUESTED AND PENDING RECEIPT

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

[ ] Yes
[√] No

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

	Individual	Consolidated
Number of consecutive financial years	3	3

	Individual	Consolidated
No. of financial years audited by the current auditing firm/No. of financial years the Company or its Group has been audited (%)	8.11	8.11

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

[√] Yes
[ ] No

Describe the procedure

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

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

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

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

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

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

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

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

[√] Yes
[ ] No

Explain the rules

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

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

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

[ ] Yes
[√] No

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

The Company has not entered into any agreement as set out in this section in 2021

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

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
Executive Chairman	The Service Agreement entered into by the Company with the Executive Chairman provides for a "Termination of the Agreement and Indemnification" clause, whereby the Executive Chairman shall be entitled to receive indemnification from the Company in the event of termination and expiry of the Agreement for any of the following causes not attributable to the Executive Chairman, such as a serious and culpable breach by the Company, a substantial modification of their duties, powers or conditions of their provision of Services not due to a cause attributable to the Executive Chairman, unilateral termination by them or by the Company as a consequence of a change of control of the Company or assignment or transfer of all or a significant part of its business or of its assets and liabilities to a third party or integration into another business group, and the unilateral termination of the Agreement by the Company in an improper manner, when not due to a breach of its obligations by the Executive Chairman. Indemnification in any of the above circumstances shall consist of an amount equivalent to 12 months of the Fixed Monetary Remuneration that they receive for performance of their executive duties. This indemnification represents the total amount to be paid by the Company, excluding any other amounts of compensation, with the Executive Chairman expressly waiving the right to reclaim any other amounts arising from such termination of the Agreement — such as expectations of future income or benefits. None of the remaining Directors in office in 2021 or as of the date of this Report had or have agreed to any indemnification in the event of termination, early retirement or termination of their directorship.

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

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

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

C.2. Committees of the Board of Directors

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

DELEGATE COMMITTEE		
Name	Position	Category
MR JORGE GABIOLA MENDIETA	MEMBER	Independent
MR FRANCISCO IRAZUSTA RODRIGUEZ	CHAIRMAN	Executive
DELEGATE COMMITTEE		
Name	Position	Category
MR EMILIO YBARRA AZNAR	MEMBER	Proprietary
MR CRISTÓBAL VALDÉS GUINEA	MEMBER	Proprietary
MR ENRIQUE MIGOYA PELÁEZ	MEMBER	Proprietary

% of executive directors	20.00
% of proprietary directors	60.00
% of independent directors	20.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9, and describe the procedures and rules of organisation and operation of the committee. For each of these duties, indicate its most important actions during the financial year and how each of the duties attributed to it, either by law or in the Corporate By-laws or other corporate resolutions, have been carried out in practice.

The Delegate Committee has general decision-making powers and, therefore, has express delegation of all the power that can be legally or statutorily delegated, unless otherwise decided when it is established or at a later time, which has not taken place.

In the Delegate Committee, also called the Executive Committee, the participatory structure of the different categories of directors is similar to that of the Board itself, and the Chair and Secretary are the same as those of the Board of Directors. The same rules of procedure apply to the Delegate Committee as to the Board of Directors.

The Delegate Committee did not meet in 2021.

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

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

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

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

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

Assess the competencies, knowledge and experience required on the Board. For these purposes, it will define the necessary functions and skills of the candidates to cover each vacant post and assess the precise time and effort required for them to effectively fulfil their duties.

Promote desirable gender diversity on the Board by setting a representation objective for the least represented gender and developing guidelines and diversity policies on how to achieve this, verify compliance with these policies on an annual basis.
Formulate and submit to the Board proposals for the appointment of independent directors via co-optation or their submission to the General Shareholders' Meeting for approval, as well as proposals for the re-election or separation of directors by the General Shareholders' Meeting.

Report on the proposals for the appointment of the remaining directors by co-optation on to the Board or for their submission to the Board for approval, as well as the proposals for their re-election or separation by the Board.
Report on or formulate proposals for the appointment of the Board's internal positions as well as for the members of the committees, checking and approving the concurrence of the necessary knowledge and experience.
Check the character of each director and establish if they meet the requirements for appointment as executive, independent external, external proprietary director or other type of external director when required.
Report on the proposals for the appointment and separation of the Secretary of the Board and senior managers and propose the basic conditions of their contracts.
Consider the application of any director to consider potential candidates to fill director vacancies.
Review and organise the succession of the Chairman and other Board positions, as well as the Chief Executive of the Company and the rest of the executive line, and, where appropriate, make proposals to the Board for the aforementioned succession to take place in an orderly and planned manner, in accordance with the succession plan approved by the Board.
Propose to the Board and regularly review the remuneration policy of the Directors and the senior management, the committees of the Board or the Chief Executive Officers, as well as the individual remuneration and other contractual conditions of the Executive Directors, ensuring that they are observed.
Check the application and observance of the directors' and the senior management's remuneration policy established by the Company and ensure that the individual remuneration of each director and/or senior manager is in proportion to the remuneration paid to the other directors and senior managers of the Company.
Coordinate the assessment of the operation of the Board and its committees, and submit the results of that assessment together with a proposal for an action plan, if appropriate.
Ensure that any conflicts of interest do not prejudice the independence of its external advisers.
Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents, including the annual report on the remuneration of the directors.

In order to carry out its functions optimally, the Appointments and Remuneration Committee may seek the advice of external professionals.

In 2021, the Appointments and Remuneration Committee introduced a number of important measures, amongst which those related to the following should be mentioned:

(a) The closing of remuneration for the financial year 2020 and the proposal for 2021, (b) the management team's objectives for 2021, (c) the assessment of the functioning of the Board and its committees with the support of an expert firm, (d) the selection of the new Director of People, Prevention and Health, (e) the selection and proposal to the Board of two new female independent directors, (f) the new Directors' Remuneration Policy for the financial years 2022, 2023 and 2024 and (g) the analysis and modification of the composition of the Supervisory Committees.

The Appointments and Remuneration Committee met five times in 2021.

AUDIT COMMITTEE		
Name	Position	Category
MR ENRIQUE MIGOYA PELÁEZ	MEMBER	Proprietary

MS TERESA QUIRÓS ÁLVAREZ	CHAIRWOMAN	Independent
MS MARÍA SICILIA SALVADORES	MEMBER	Independent
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	MEMBER	Other External
MR JORGE GABIOLA MENDIETA	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	20.00
% of independent directors	60.00
% of other external directors	20.00

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

The Audit Committee is a body with information, advice and proposal-related powers and has the following non-executive functions: Inform the Board of matters within its competence and, specifically, those related to financial information and the management report, as well as mandatory non-financial information; and creating and acquiring holdings in special purpose entities or entities domiciled in tax havens.
Inform the Board as to operations with related parties, both those that are to be approved by the General Shareholders' Meeting and the Board, verifying their fairness and transparency, and supervising the internal procedure established for those operations whose approval has been delegated.
Monitor and assess the preparation process and the integrity of the mandatory financial information and non-financial information, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria. Monitor the effectiveness of internal control systems, internal auditing, as well as financial and non-financial risk management systems (including systems related to tax and reputation, corruption and fraud, and operational, technological, legal, social, environmental and politically-related systems).
Review the risk policy and, where appropriate, propose its modification and update.
Guarantee the independence of the internal audit unit, receive information on its activities and ensure that senior management takes into account its findings and recommendations.
Monitor the activity and effectiveness of the Compliance and Internal Audit areas and guarantee their independence.
Propose the selection, appointment, re-election and termination of Compliance and Internal Audit and the Internal Control and Risk Management managers; propose their budgets; approve the annual guidance and work plan, receive information on their activities and verify that the Senior Management takes into account its conclusions and recommendations.
Establish and supervise a mechanism to communicate potential significant irregularities, including financial and accounting irregularities. Submit to the Board, for its submission to the General Shareholders' Meeting, proposals for the selection, appointment, re-election and replacement of the statutory auditor, as well as the terms of their recruitment and relations with them, taking responsibility for the selection process, and receive regular information on the audit plan and its implementation, and monitor and preserve their independence.
Propose to the Board the policy relating to the selection, recruitment and relations with the statutory auditor.
Establish appropriate relationships with the statutory auditor to receive information on issues that may jeopardise their independence and any other audit-related matters, and, where appropriate, the authorisation of other services.
Ensure that the statutory auditor's remuneration does not compromise their quality or independence and, in the event of resignation, examine the circumstances that led to the resignation and monitor the content of the mandatory communication to the CNMV.
Ensure that the statutory auditor holds an annual meeting with the Board to inform it of the work performed and the development of the Company's accounting and risk situation.
Receive annually from the external auditor the declaration of their independence, as well as detailed and individualised information on additional services of any kind that have been provided and the corresponding fees collected in accordance with the provisions of the regulations governing statutory audit activity.
Issue an annual report on the independence of the Statutory Auditor.
Propose to the Board the appointment of the verifier of the mandatory sustainability information.
Ensure that the annual accounts submitted by the Board to the General Shareholders' Meeting are drawn up in accordance with the accounting rules, reporting on the outcome of the audit of the annual accounts and, where the auditor has included any qualifications in the report, the Audit Committee's views on its content and scope.
Inform the General Shareholders' Meeting of the matters raised by shareholders, within their scope of responsibility.
As long as the Board has not formally delegated this power to another specific Committee that has been constituted for this purpose, it shall monitor compliance with the Company's policies and rules in the environmental, social and corporate governance fields.
Analyse the structural and corporate changes that the Company plans to make regarding their economic conditions and accounting impact for their report to the Board beforehand and, where appropriate, on the proposed exchange equation.

During 2021, the Audit Committee's most relevant actions were related to: (a) monitoring the bi-annual financial information, (b) the audit of the annual accounts for the financial year, (c) controlling operational risks, (d) the Corporate Risk Map, (e) the Internal Control over Financial Reporting System (ICFR), (f) the acquisition of new funding in January and July 2021 and its impact on the debt structure, (g) revising the compliance system and monitoring of regulatory compliance activity, and (h) the selection of the new Internal Audit Director.
The Audit Committee met on five occasions in 2021.

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

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

C.2.2 Complete the following table with information about the number of female directors on the committees of the Board of Directors at the close of the last four financial years:

	Number of female directors							
	2021 financial year		2020 financial year		2019 financial year		2018 financial year	
	Number	%	Number	%	Number	%	Number	%
DELEGATE COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00
APPOINTMENTS AND REMUNERATION COMMITTEE	2	66.66	1	25.00	1	33.33	1	33.33
AUDIT COMMITTEE	2	40.00	1	33.33	0	0.00	1	33.33

C.2.3 Indicate, where applicable, the existence of regulations governing the Board committees, where they are available for consultation and any amendments made during the financial year. Also indicate if any voluntary annual report on the activities of each committee has been prepared:

The Board Committees are regulated in the Regulations of the Board of Directors, which are available on the Company website, (www.tubosreunidos.com) in the "Shareholders and Investors" section. The Regulations can also be consulted on the website of the Spanish National Securities Market Commission (CNMV).

A number of changes were made to the regulations of the Committees of the Board of Directors in 2016, introducing a new consolidated text, which was duly reported to the CNMV, but no changes were made in 2021 to the regulation.

On 27 January 2022, the Board approved the new consolidated text of the Board's Regulations, which was communicated to the CNMV. It is in the registration phase and will be reported to the General Shareholders' Meeting in 2022.

The Board of Directors set itself the objective, in 2022, of approving a specific regulation for the three Board committees, and, specifically, to approve and publish the Regulations for the Audit Committee, the Regulations for the Appointments and Remuneration Committee, and the Regulations for the Executive Committee.

A voluntary annual report on the activities of the Audit Committee has been prepared.

D. RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure and competent bodies for approving related-party and intra-group transactions, indicating the general internal criteria and rules of the entity that regulate the affected directors' or shareholders' obligations to abstain and outlining the internal procedures on information and regular controls established by the Company in relation to those related-party transactions whose approval has been delegated by the Board of Directors.

Article 25.8(c)(f) establishes that the Audit Committee must report in advance to the Board on transactions with related parties, both those that are to be approved by the General Shareholders' Meeting and the Board, verifying their fairness and transparency, and supervising the internal procedure established by the Company for those transactions whose approval has been delegated.

Article 6.5(q) of the new Regulations of the Board also reserves the direct knowledge of the Board of the approval, prior to the report from the Audit Committee, of related-party transactions (as defined by law) whose amount or value is less than 10% of the total items of the asset according to the last approved annual balance sheet, and the submission of the proposal to the General Shareholders' Meeting for the approval of related-party transactions that exceed that percentage.

The Board may delegate the approval of related-party transactions between companies that form part of the Group that are carried out under the scope of day-to-day management and under market conditions, as well as those transactions that are concluded under contracts whose standardised conditions are applied together to a large number of customers, and carried out at prices or rates established on a general basis by the party acting as the supplier of the goods or service concerned, the amount of which does not exceed 0.5% of the net turnover of the Company.

In addition, if the related-party transaction affects related individuals who are subject to the Internal Rules of Conduct, the provisions of section D.6, the applicable procedure related to conflicts of interest arising from the aforementioned related-party transactions, shall apply.

The Company informs that the Audit Committee, at one of its annual meetings, which generally coincides with the supervision of the annual accounts for the year, issues a report on transactions with related parties that have taken place during the year, and is included in the minutes of the corresponding meeting.

D.2. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out between the Company or its dependent entities and the shareholders that hold 10% or more of the voting rights or that are represented on the Company's Board of Directors, indicating which competent body authorised their approval and whether any shareholder or director concerned abstained. If the Board has the jurisdiction, indicate whether the proposal for an agreement was approved by the Board without the vote against from the majority of the independent directors:

	Name or company name of the shareholder or any of their subsidiaries	% Holding	Name or company name of the company or subsidiary	Amount (thousands of euro)	Approving body	Identification of the significant shareholder or director who would have abstained	The proposal to the General Shareholders' Meeting, if any, was approved by the Board without a vote against from the majority of the independent directors
(1)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	14.77	TUBOS REUNIDOS, S.A.	77,101	GENERAL SHAREHOLDERS' MEETING		YES

	Name or company name of the shareholder or any of their subsidiaries	Nature of the relationship	The type of operation and other information necessary for its assessment
(1)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	Contractual	FINANCING OPERATIONS

D.3. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out between the Company or its dependent entities with the administrators or managers of the Company, including those transactions carried out with entities that the administrator or manager controls or jointly controls, indicating which competent body authorised their approval and whether any shareholder or director concerned abstained. If the Board has the jurisdiction, indicate whether the proposal for an agreement was approved by the Board without the vote against from the majority of the independent directors:

	Name or company name of the administrators or managers or the entities that they control or that are under joint control	Name or company name of the company or subsidiary	Relationship	Amount (thousands of euro)	Approving body	Identification of the significant shareholder or director who would have abstained	The proposal to the General Shareholders' Meeting, if any, was approved by the Board without a vote against from the majority of the independent directors
No data							

	Name or company name of the administrators or managers or the entities that they control or that are under joint control	Nature of the transaction and other information necessary for its assessment
No data		

D.4. Individually report intra-group transactions that are significant due to their amount or that are relevant due to their subject area carried out by the Company with its parent company or with other entities belonging to the parent company's group, including the listed company's own dependent entities, unless no other related party from the listed company has interest in such dependent entities or they are wholly owned, directly or indirectly, by the listed company.

In any case, provide information about any intra-group transaction conducted with entities established in countries or territories that are regarded as tax havens:

Company name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euro)
No data		

NOTHING TO REPORT

D.5. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out by the Company or its dependent entities with other related parties that are in accordance with the International Accounting Standards adopted by the EU, that have not been reported under the above headings.

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euro)
MARUBENI-ITOCHU TUBULARS EUROPE, PLC	INTEREST ON LOAN GRANTED	12

D.6. Set out the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its Group, and its directors, managers, significant shareholders or other related parties:

Article 26.C. (j) of the Board Regulations provides that Directors have a duty to take the necessary measures to avoid entering into situations in which either their own interests or those of others may conflict with the corporate interest and their duties toward the Company. In particular, the duty to avoid conflict of interest situations obliges Directors and their related persons to refrain from engaging in the conduct set out in that article.

In addition, Article 36 of those Regulations regulates the possible conflicts of interest within the Board specifically and in detail. Conflict of interest situations are governed by the following rules:

When a Director is aware of being involved in a conflict of interest situation, they must notify the Board in writing, through its secretary, as soon as possible. The Secretary of the Board must then pass on copies of notifications received to the Appointments and Remuneration Committee, through the Secretary of the latter. The notification must contain a description of the situation giving rise to the conflict of interest, stating whether it is a direct conflict of interest situation or one that is indirect through a related person, in which case the latter must be identified. The description of the situation should specify the objective and main conditions of the transaction or proposed decision, including its approximate amount or economic evaluation.

If the situation that generates the conflict of interest is a related-party transaction, the notification must also identify the department or individual within the Company or of any of the Group's companies with which the corresponding contact was initiated.

The Appointments and Remuneration Committee must then acknowledge the situation described by the Secretary and propose to the Board the measures to be taken. Any doubt as to whether or not the Director might be in a conflict of interest scenario should be referred to the Secretary of the Board, and that Director should refrain from taking any action until the doubt is resolved.

If the conflict of interest situation results from any operation, transaction or circumstance requiring any kind of operation, report, decision or acceptance, the Director concerned by it must refrain from any action until the Board considers the matter and takes the appropriate decision and makes this known. For this, the Director must be absent from the meeting during deliberation and voting upon those matters with which they or a related person is involved in a conflict of interest, be this direct or indirect, the sole exception being for agreements that impact upon their position as a Director.

In cases where the conflict of interest situation is of such a nature as to constitute a structural and permanent conflict of interest between the Director (or related persons or, in the case of a Proprietary Director, additionally, the shareholder or shareholders they represent or persons directly or indirectly related to them) and the Company or companies within the Group, it shall be understood that the Director is not, or is no longer, suitable to hold the post.

D.7. Indicate whether the Company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or one of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Financial and Non-Financial Risk Control and Management System, including for tax risk:

The Risk Management System (RMS) of the Tubos Reunidos Group operates in an integral way, encompassing all significant risks of any nature to which the Group may be exposed.

Risk is defined as events that may hinder or impede the achievement of the objectives of the Strategic Plan, including those that may have a negative impact on the Group's assets, financial situation or results, whether or not the risk-causing factors are financial in nature. In order to cover all risks, the Group sets out in its Corporate Policy five main risk categories and 29 subcategories (dated 31/12/2021).

The RMS acts continuously, therefore there is periodic monitoring of Level 1 risks in the Steering Committee and recurrent direct oversight by the Audit Committee.

The Group has identified a number of relevant ongoing risk management activities that are grouped into three types: risk identification activities, system effectiveness monitoring activities, and system update and continuous improvement activities.

In addition, specific elements of risk management have been defined, among which, 16 subcategories of risk (55%) have assigned areas responsible for their continuous management, six are analysed by third parties outside the group, five have their own management systems that include risk analysis and three are associated with third-party assurance tasks.
Risk management information is consolidated into the Corporate Risk Map and into the reporting of risk management to the Audit Committee, and at least once a year there is updating of the plan and the planning of reporting on all relevant risks to the Committee.

E.2. Identify the corporate bodies responsible for the development and implementation of the Financial and Non-Financial Risk Control and Management System, including tax risk:

As set out in its Regulations, "the fully convened Board of Directors reserves the right to approve the Company's general policies and strategies, and, in particular, the risk control and management policy, including tax risk, and regular monitoring of internal information and control systems". The Audit Committee, notwithstanding other tasks assigned to it by the Board, is tasked with the continuous monitoring and assessment of the internal information and control system, which includes the RMS. To this end it has, under its direction and oversight, an Internal Audit area, which evaluates its effectiveness, proposes recommendations for improvement and reports regularly on its activities to the Committee.

The main risks are identified in a Map that is updated at least once a year, and these are assigned to Senior Management and the Management Team in accordance with their organisational responsibilities. The Management Team identifies, measures and assesses risks, disseminates risk culture and defines, establishes and/or modifies the risk response, approving and executing (with its teams) plans to address risks and informing the Board of Directors through the Audit Committee.

Within the Steering Committee, the main risks and risk factors are discussed, as well as the deviation of indicators from the parameters set, whether or not they are included in the budget.

E.3. Point out the main financial and non-financial risks, including tax risks, and to the extent that they are significant those arising from corruption (the latter understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives:

The main risks identified in the Map updated on 31/12/2021 are credit, liquidity and market risks, those associated with the implementation of strategic projects for digitisation and integration of production activities; cybersecurity; the interruption of activities in the production processes; the health and safety of staff who, beyond the pandemic, carry out an activity established in Annex 1 of the Occupational Risk Prevention Regulations as a high risk; and finally the cost of raw materials and energy.

E.4. Identify whether the entity has risk tolerance levels, including for tax risk.

The Board of Directors, through the Audit Committee, undertakes detailed monitoring of the specific risks, establishing the guidelines for action and, accordingly, the level of tolerance for each risk. The general position is conservative as regards the Group's exposure to risk. Different scales are taken into account for their assessment, chief among which are:
• Assessing various scenarios for detailed operations.
• Materiality as defined by the external auditor for the issuance of its reports.
• An impact scale for the consideration of strategic risks, where risks are considered high based on the following characteristics:

ASSESSMENT OF EFFECT OF POTENTIAL IMPACT

Impact on the objectives of the Strategic Plan: More than one of the objectives of the Strategic Plan is not met
Economic (EBITDA Impact/Sales): 1.8 M–2.4 M
Reputational: Nationwide media coverage with significant impact on image and brand
Regulatory: Requires limited investigation by external authorities and regulatory bodies
Management's time incurred: Significant (>=10%, <20%)

In any event, the Board of Directors considers that a risk is significant when the effect of its occurrence could be considered by a reasonable investor to constitute a relevant change to the information made public by the Group for its decision-making or if, while not having an effect on such information, it could substantially affect the Group's ability to create value in the short, medium or long term.

E.5. Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

The main risks materialising in 2021 were as follows:

Delay in launching Strategic Plan initiatives. Completion of the process of obtaining financial resources during the year was on 23 July 2021, which meant that all the initiatives for the 2021–2026 Strategic Plan (the first being its communication to the entire Group team of more than 1,300 people) were launched in September, when they were scheduled to be launched at least six months earlier. This situation was dealt with by shortening the initially planned time limits and incorporating the possible impact of this delay or offsetting into the Budget for the 2022 financial year.

Increased prices of raw materials and energy (gas and electricity). This increase led to margin erosion, which was particularly rapid because liquidity risk management during the first half required tight management of working capital and stock levels. Key actions adopted include renegotiation of sales orders for margin recovery; rescheduling of manufacturing schedules (as far as possible) to optimise energy consumption and management; the search for suppliers and modification of procurement terms (especially for energy and freight), and analysing hedges and the futures market. This seems sufficient to address the matter.

Revival and change in the global demand for seamless piping. Global demand for seamless piping is picking up faster for one type of pipe than for others, so there has been significant growth in sales of OCTG pipe (commercial segment, also called Upstream, mainly used for oil and gas drilling and extraction, and in geothermal and carbon capture and storage). The reaction of the Tubos Reunidos Group has been a flexible approach to production and adaptation to market demand, although it has had to deviate from its initial strategic objectives in terms of product types.

E.6. Explain the response and monitoring plans for the entity's major risks, including tax risks, and also the procedures followed by the Company to ensure that the Board of Directors responds to new challenges.

For the risks referred to in section E.3, the following relevant actions are planned and in effect:

For credit, liquidity and market, the detailed monitoring of cash flows and the management of working capital, the expansion of guarantee lines and exchange rate hedges, as well as centralised management (after the merger of the three subsidiaries of the head companies) of customer risk and an insurance policy to cover that risk.
The strategic digitisation and integration projects are the subject of detailed monitoring by the Board of Directors.
Cybersecurity was specifically assessed in 2021 and a plan was designed accordingly, in addition to structuring and strengthening the area with new additions.

The interruption of activities has two specific actions, which are the periodic assessment of associated risks (including natural disasters, system faults and maintenance plans) and the execution of preventive (and corrective) maintenance plans during the year.

Regarding Health and Safety, a three-year project is reaching its end with an internationally-recognised benchmark in the field of excellence in occupational safety and implementing the recommendations that emerged.

In terms of raw material and energy costs, including freight and maritime transport problems, the model for the impact of costs on our offer has been reassessed and streamlined, and purchasing policies are being analysed while maintaining reviews of long-term hiring and futures markets.

The cost of transport is being continuously monitored. In this respect, amidst total instability of the electricity market, in November 2021, the Group concluded an agreement with its main energy supplier (Iberdrola) for which it obtained a fixed electricity price for the 2022 and 2023 financial years, in line with its Strategic Plan, avoiding variations in the SPOT market (wholesale market) price of electricity during that period. For an electricity-intensive company like the Tubos Reunidos Group, this agreement alleviates uncertainty around an important expenditure item in the profit and loss account.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that make up the risk control and management systems in relation to your entity's financial reporting process (ICFR).

F.1. Control environment of the entity.

Specify at least the following components with a description of their main characteristics:

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its oversight.

The Company's Board of Directors is the body responsible for the existence and maintenance of the Internal Control over Financial Reporting (hereinafter ICFR) System, among other aspects, related to the development of an adequate corporate governance system.

The Audit Committee, as set out in the Board of Directors' Regulations, is the body responsible for overseeing the effectiveness of the Group's ICFR, internal auditing and risk management process, and for discussing with the Company's statutory auditors or audit companies the significant weaknesses detected in the internal control system during the implementation of the audit process.

The Group's Senior Management, through the Finance Division, is responsible for the design, implementation and proper functioning of the system, as well as for keeping it up to date to ensure its effectiveness and efficiency, and for communications with and training of the people involved, and also for providing a regular report. The Finance Division is responsible for setting out the guidelines and procedures relating to the generation of financial information and ensures its proper application within the Group.
All members of the Group carry out the controls and activities included in the ICFR in line with their responsibilities in the financial reporting process.

The Audit Committee carries out its systematic and regular oversight work through the Group's Internal Audit function, which executes a systematic annual plan and reports directly to the Committee on the outcome of its findings.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

· Departments and/or mechanisms responsible: (i) the design and review of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures for its correct dissemination in the entity:

The Board of Directors is responsible for the design and review of the organisational structure and lines of responsibility and authority within the Group.

The Management Team, together with the support of the human resources management, defines the roles and responsibilities for each of the areas.

In relation to the scope of the ICFR, the main responsibility for preparing financial reporting lies with the Finance Division. The structure, dimension and task definition of each position in the area is defined by this Management.
In order to carry out its activities, the Finance Division is divided into the following departments: Accounting, Treasury, Customer Administration, Management Control, Consolidation and Tax.

In relation to the process of preparing the financial information, the different departments and the Finance Division itself send the necessary instructions to the different areas of the Group, compiling and reviewing the information received. The Finance Division also coordinates the involvement of independent experts and third parties outside the Group in relation to the Financial Reporting.

· Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body responsible for analysing breaches and proposing corrective actions and sanctions:

The Group has a Code of Conduct, approved by the Board of Directors, which relates to the members of the Board of Directors, the executives and employees of the Group and all its companies, branches and agents, wherever their geographical location. This Code of Conduct includes the Group's ethical values, among which is compliance with the law, including the duties of disclosure and preparation of financial information.
The Group also has a Model for the Prevention of Criminal Liability of Legal Entities, updated by agreement of the Board of Directors in 2021, the purpose of which is to establish measures to prevent the commission, within the Tubos Reunidos Group, of acts that could constitute crimes, including those related to Financial Reporting.
The Independent Control Body, which reports to the Audit Committee and/or the Board of Directors itself, is in charge of: (i) the analysis, where appropriate, of complaints received and processed through the whistleblower channel; (ii) the analysis, where appropriate, of sanctioning procedures; (iii) training and awareness-raising of staff on crime prevention. In 2021 it was composed of:
- The Secretary of the Board
- The Chair of the Audit Committee
- Finance Division
- Internal Audit Management (with voice but no vote)
- Human Resources Management was included in 2022.

· Whistleblower channel, enabling the Audit Committee to be informed of irregularities of a financial and accounting nature, in addition to possible breaches of the Code of Conduct and irregular activities in the organisation, informing, where appropriate, whether this is of a confidential nature and whether it is permissible to communicate anonymously to respect the rights of the complainant and the accused party.

The Group has a communication and whistleblowing channel via which the conduct, actions or circumstances of directors, executives or employees that may involve violations of both the Company's internal regulations and/or those of the companies within the Group must be reported as required by law. Complaints that may be received through this channel will be analysed by the Independent Control Body in accordance with the procedure set out in its Internal Regulations. Access to the whistleblower channel is included in the Code of Conduct itself and is directly available on Tubos Reunidos Group's corporate website (http://www.tubosreunidos.com/es/nuestros-valores.php). Irregularities of a financial and accounting nature must be reported via this channel.

The Independent Control Body will guarantee: (i) the confidentiality of the data and background handled and of the actions carried out, unless the transmission of information proceeds as required by law or judicial proceeding; (ii) the exhaustive assessment of any data or information on the basis of which its action is required; (iii) the instruction of a procedure appropriate to the circumstances of the case, in which it will always act independently, and; (iv) the compensation of any complainant in relation to the presentation of complaints in good faith to the aforementioned Control Body. The whistleblower channel allows for anonymous reports that respect the rights of the complainant and the accused party.

· Regular training and refresher programmes for staff involved in the preparation and review of financial information, as well as in the assessment of ICFR, covering at least accounting standards, auditing, internal control and risk management:

In addition to specific training programmes aimed at covering certain needs that may arise in the personnel of the Finance Area, the Group involves external advisers and auditors in updates on accounting, legal and tax matters that may affect the Group.

F.2. Financial reporting risk assessment.

Indicate at least the following:

F.2.1 What are the main features of the risk identification process, including those of error or fraud, in terms of:

· Whether the process exists and is documented:

The Group considers Financial Reporting Risks as a type of risk and therefore section E of this Annual Corporate Governance Report is generally applicable. Specifically for this risk category, the Group has a duly documented ICFR risk matrix and an operational risk matrix.

· Whether the process covers the full range of financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often:

The ICFR risk matrix enables the identification of material financial statement headings, financial reporting assertions or objectives where risks may exist as well as the prioritisation of operational processes with an impact on financial reporting. This matrix is reviewed periodically, in accordance with the Group's established review plans.

· The existence of a process for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental entities or special purpose vehicles:

The Group's corporate structure is relatively simple. However, on a quarterly basis, the head of Group Consolidation, who reports to the Finance Division, reports on the composition of the scope. Attention is paid to the risks arising from any transaction that, due to its complexity, may require special treatment. Specific controls are in place to ensure that Group companies cannot participate in companies and change the scope of consolidation.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

The Group also has operational risk matrices that cover the Customers/Sales, Inventories/Warehouses, Purchases/Suppliers, Treasury and Legal areas, which are periodically reviewed. In addition, the risk management model analyses these transversally, including from the point of view of financial reporting.

· Which of the Company's governing bodies oversees the process:

The Audit Committee has the responsibility of overseeing the financial reporting process.

F.3. Control activities.

Report, stating its main characteristics, whether it has at least:

F.3.1 Procedures for reviewing and authorising the financial information and the description of the ICFR, to be published in the securities markets, indicating their managers, as well as descriptive documentation of the flows of activities and controls (including those related to risk of fraud) of the different types of transactions that may materially impact the financial statements, including the accounting closing procedure and the specific review of the relevant judgements, estimates, valuations and projections.

The Regulations of the Board of Directors state that financial and general information about the Group that is likely to have an external impact, must always be checked in advance by the Audit Committee.
Tubos Reunidos reports information regularly to the securities market. The information it reports is prepared by the Finance Area, carrying out specific control activities during the accounting closing procedure aimed at guaranteeing its reliability.

The Board of Directors reviews the main transactions that may materially impact the financial statements through various actions, such as monitoring the Business Plan and the budget, as well as the most important accounting estimates and judgements made in the preparation of financial information, once the Audit Committee establishes that the information is suitable.

The financial statements are prepared based on a reporting calendar and delivery dates, which all participants in the process are aware of, always taking into account the legal delivery deadlines.

In addition to the accounting closing procedure itself, and prior to the process of preparing and reviewing the financial information, the Group has control procedures and activities in the most relevant areas in the process of preparing the financial information, in order to ensure the proper recording, valuation, presentation and breakdown of transactions, as well as to prevent and detect fraud and, in short, to cover all those transactions that may materially affect the financial statements.

The Finance Area monitors the operation of the ICFR by periodically informing the Audit Committee of the results obtained. The Audit Committee, through its Chair, passes on this information to the Board of Directors, which is ultimately responsible for approving the information for its subsequent publication on the market.

The Company has a specific IT application for ICFR-related processes.

Relevant judgements, estimates and projections are specifically reported to the Audit Committee and the Board of Directors in the review of the Financial Information by the Finance Area, considering the effect of alternative scenarios, where appropriate. The Audit Committee is informed in parallel by the Auditors of the progress of their work and of relevant issues related to these judgements and estimates.

F.3.2 Internal control policies and procedures for information systems (including, but not limited to, access security, change control, system operation, business continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The companies that make up Tubos Reunidos Group use certain information systems to maintain an adequate record and control of their operations.

As part of the risk management process regarding financial reporting, the Group identifies, in its main components, which systems and applications are relevant in each of the main areas or processes.
The Group is refining its system security procedures defined at the level of the most significant components and aimed at achieving an adequate level of security. The aim is to adopt the relevant organisational, technical and documentary measures necessary to ensure the target level of security. In this regard, work is taking place in the following areas: (i) Access control and user management (ii) Change management (iii) Backup and recovery (iv) Physical security and (v) Control of outsourced activities.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those assessment, calculation or valuation aspects entrusted to independent experts, which may materially affect the financial statements.

The areas with the highest level of activities outsourced to third parties with the possibility of a material impact on financial information are the Information Systems and Tax areas. The contracting of these services is carried out by the Heads of Systems and the Finance Division, respectively, ensuring the competence, technical, and legal training and independence of the professionals hired.

In relation to other actions in relevant transactions requested from independent experts, Tubos Reunidos always maintains responsibility for the information.

F.4. Information and communication.

Report, stating its main characteristics, whether it has at least:

F.4.1 A specific function in charge of defining and keeping accounting policies up to date (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organisation, as well as an updated accounting policy manual communicated to the units through which the entity operates.

The responsibility for defining and keeping the Group's accounting policies up to date is attributed to the Finance Division, which, for this purpose, carries out the following activities, among others:

- Annual meeting, prior to the end of the accounting period, with the external auditors to update on new accounting developments and new breakdowns of information in the annual accounts. In addition, as many meetings as necessary are held with the external auditors to consult with them about specific issues and to be updated about the most important points of the audit.

- Permanent contact with the heads of finance and administration of the subsidiaries to communicate the main changes in accounting matters.

- Resolution of any accounting query that may arise from the various Group companies.

F.4.2 Mechanisms for the capture and preparation of financial information with homogeneous formats, applied and used by all units of the entity or group, which support the main financial statements and the notes, as well as the detailed information on the ICFR.

The Group's reporting and consolidation process is the responsibility of the Finance Division and, in particular, the Head of Consolidation. In this way, at the beginning of each financial year, the Head of Consolidation sends a monthly reporting calendar to the financial and administrative managers of the various Group companies, in order to ensure that the information is received in sufficient time to enable the preparation of the consolidated financial statements in due time and form.

Subsidiary information is reported by the subsidiaries using a standardised "Consolidation Reporting Package", which is prepared and sent in advance of the closing date by the Head of Consolidation and allows the information of the subsidiaries to be captured in a homogeneous way. Since the merger of three dependent companies was carried out for accounting purposes on 01/01/2021, it was not necessary to update the "Reporting Package" this year.

The Group has a consolidation application that allows an aggregation of the financial statements of the different companies of the Group as well as the performance of the consolidation entries. For the purposes of individual companies, the Group homogenised the accounting ERP systems of all individual companies during the 2021 financial year.

F.5. Monitoring of system performance.

Report, stating its main characteristics, whether it has at least:

F.5.1 The ICFR monitoring activities performed by the Audit Committee and whether the entity has an internal audit function whose responsibilities include supporting the committee in its oversight of the internal control system, including ICFR. The scope of the ICFR assessment carried out in the financial year and the procedure by which the person in charge of implementing the assessment communicates its results shall also be reported, if the entity has an action plan detailing the eventual corrective measures, and if its impact on financial information has been considered.

The Audit Committee's oversight activities in respect of the ICFR during the year was as follows:

- Review of the ICFR reports prepared by the person responsible for the Finance Area, and reporting, where appropriate, to the Board of Directors.
- Regular meetings, prior to the publication of the interim financial information and the notes to the consolidated annual accounts, with the Finance Division to review the state of implementation and/or supervision of the various controls and to analyse, where appropriate, any possible incidents.

The Statutory Auditors attended various meetings of the Audit Committee at which, among other matters, the Committee: (i) followed up with the statutory auditors on weaknesses in the internal control system observed, if any, in the course of their work; and (ii) discussed the statutory auditors' annual audit plan, which includes audit objectives based on the risk assessment of financial reporting, as well as the main areas of interest or significant transactions to be reviewed during the year.

The Group has an Internal Audit function that is functionally dependent on the Audit Committee. This function incorporates responsibilities for reviewing the ICFR, in accordance with the Annual Internal Audit Plan, which is approved by the Committee and subsequently evaluated.

The results of any ICFR-related incidents, together with any proposed corrective actions, are reported to the Audit Committee. The implementation of these measures is subject to subsequent monitoring by the internal audit function and reporting to the Committee.

F.5.2 Whether it has a discussion procedure whereby the statutory auditor (in accordance with the provisions of the Technical Auditing Standards), the internal audit function and other experts can inform senior management and the Audit Committee or directors of the entity of any significant internal control weaknesses identified during the review of the annual accounts or any other processes entrusted to them. Similarly, it shall inform if it has an action plan that tries to correct or mitigate the weaknesses observed.

The Statutory Auditor attends the meetings of the Audit Committee to report on aspects related to the performance of their work, and the Board of Directors and the Audit Committee maintain a fluid professional relationship with the External Auditor, respecting their independence of action and judgement.

The Internal Audit activity is reported directly to the Audit Committee and includes plans to mitigate any weaknesses in internal control and a follow-up of action plans.

In turn, the Statutory Auditor holds regular meetings with the Finance Division and with the Internal Audit Management, both to obtain information and to communicate potential weaknesses in control, where applicable, identified while undertaking their work.

F.6. Other relevant information.

There is no additional relevant aspect to highlight.

F.7. External auditor report.

Report:

F.7.1 Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the entity should include the relevant report as an annex. Otherwise, it should report its reasons.

The ICFR information has not been reviewed by the external auditor for the purpose of issuing a specific report on it, although it forms part of the review of the Group's risk control in the audit of the financial statements, for which the controls matrix is provided, indicating the degree of implementation of the controls designed.

G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the Company's compliance with the recommendations of the Code of Good Governance for Listed Companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons for this decision should be included so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. Explanations of a general nature shall not be acceptable.

1. The Corporate By-laws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor should they contain other restrictions that make it difficult to take control of the company through the acquisition of its shares on the market.

   Complies [X] Explain [ ]

2. When the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose precisely the following:

   a) The respective areas of activity and any business relationships between the listed company or its subsidiaries, on the one hand, and the parent company or its subsidiaries, on the other.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

3. During the ordinary General Shareholders' Meeting, as a complement to the written dissemination of the Annual Corporate Governance Report, the Chairman of the Board of Directors should verbally inform shareholders, in sufficient detail, of the most relevant aspects of the Company's corporate governance and, in particular:

   a) Of the changes that have taken place since the previous ordinary General Shareholders' Meeting.

   b) Of the specific reasons why the Company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules that it applies in this area.

   Complies [ ] Partially complies [X] Explain [ ]

During the General Shareholders' Meeting, the Chairman verbally informs the shareholders of the most significant changes, if any, in corporate governance since the previous General Shareholders' Meeting.

Nevertheless, the Chairman does not explain the specific reasons why some of the recommendations of the Corporate Governance Code are not complied with because, in general, the cases of total or partial non-compliance are exceptional and not of particular importance.

4. The Company should define and promote a policy regarding communication and contact with shareholders and institutional investors in the context of their involvement in the Company, as well as with proxy advisers, which fully respects the rules against market abuse and treats shareholders in the same position on an equal footing. And that the Company makes public this policy through its website, including information regarding the way in which it has been implemented and identifying the interlocutors or those responsible for carrying it out.

   And, without prejudice to the legal obligations to disclose inside information and other types of regulated information, the Company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels that it deems appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [ ]   Partially complies [ ]   Explain [X]

The Company does not have a written policy of communication and contact with shareholders, institutional investors and proxy advisers in the strict sense published on its website; however, although such a policy is not defined and in writing, the Company does have tools available on its website that provide evidence of the existence of an unwritten policy, respectful of the rules against market abuse and which treats all shareholders in the same way, such as the "investor relations" access and the shareholders' office, as well as information on remote voting, the notice of the General Shareholders' Meeting, the proxy voting form, the electronic shareholders' forum, etc.

Through these tools, the Company maintains transparent information, facilitates the exercise of the right to attend and participate in the General Shareholders' Meeting under equal conditions for shareholders not represented on the Board of Directors, and establishes direct channels of contact with all its shareholders, so that they can cast their vote in an informed manner.

The Company does not have a general written policy on the communication of economic-financial, non-financial and corporate information, although it endeavours to maximise the dissemination and quality of the information on the Company made available to the market, investors and other stakeholders.

The Board of Directors intends to comply with the recommendation and to approve in the 2022 financial year a written policy for communication and contact with shareholders, institutional investors and proxy advisers, as well as a written policy concerning the communication of economic-financial, non-financial and corporate information.

5. The Board of Directors should not submit to the General Shareholders' Meeting a proposal to delegate powers, to issue shares or convertible securities, excluding pre-emptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

   And when the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive subscription rights, the Company should immediately publish on its website the reports on such exclusion referred to in the commercial legislation.

   Complies [X]   Partially complies [ ]   Explain [ ]

6. The listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website sufficiently in advance of the ordinary General Shareholders' Meeting, even if their dissemination is not mandatory:

a) Report on the independence of the auditor.

b) Reports on the performance of the Audit Committee and the Appointments and Remuneration Committee.

c) Audit Committee report on related-party transactions.

Complies [ ] Partially complies [X] Explain [ ]

The Company publishes the Report on the independence of the auditor and the Report on the activities of the Audit Committee on its website sufficiently in advance of the ordinary General Shareholders' Meeting.

However, the Company does not publish a specific report on the functioning of the Audit and Appointments and Remuneration Committees because its operating rules are detailed in the Board of Directors' Regulations which are published on the Company's website, on the CNMV website and in this Report.

Likewise, the Audit Committee's report on related-party transactions is not published, as these are reported in the notes to the Annual Accounts for the year and in section D of this report.

7. The Company should broadcast the General Shareholders' Meetings live on its website.

And the Company should have mechanisms that enable proxy voting and voting by electronic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting.

Complies [X] Partially complies [ ] Explain [ ]

The Company broadcast the General Shareholders' Meetings of 30 June, 28 October and 16 December 2021 live on its website, and has had mechanisms in place that have enabled proxy voting, attendance and voting by electronic means, and has even made it possible to vote and speak in real time during the meeting.

8. The Audit Committee should ensure that the annual accounts submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In cases where the statutory auditor has included a qualification in their audit report, the Chair of the Audit Committee should clearly explain the opinion of the Audit Committee on its content and scope at the General Shareholders' Meeting. A summary of this opinion should be made available to shareholders at the time of publication of the call to the meeting, together with the other proposals and reports from the Board.

Complies [X] Partially complies [ ] Explain [ ]

9. The Company should publish on its website, on a permanent basis, the requirements and procedures that it will accept for accrediting ownership of shares, the right to attend the General Shareholders' Meeting and the exercise or delegation of voting rights.

   And such requirements and procedures should be conducive to the assistance and exercise of shareholders' rights and applied in a non-discriminatory manner.

   Complies [X] Partially complies [ ] Explain [ ]

10. When any shareholder entitled to do so has exercised, prior to the holding of the General Shareholders' Meeting, the right to complete the agenda or to submit new proposals for resolutions, the Company should:

    a) Immediately disseminate such supplementary items and new proposals for resolutions.

    b) Disclose the model attendance card or proxy or absentee voting form with the necessary amendments to enable new items on the agenda and alternative proposals for resolutions to be voted on in the same terms as those proposed by the Board of Directors.

    c) Put all such items or alternative proposals to a vote and apply the same voting rules to them as to those proposed by the Board of Directors, including, in particular, presumptions or deductions as to the direction of the vote.

    d) After the General Shareholders' Meeting, communicate the breakdown of the votes on such supplementary items or alternative proposals.

    Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The Company complies in practice with the recommendation because, although this particular aspect relating to the voting rules of new items on the agenda or new proposals is not specifically covered in the Regulations of the General Meeting or in the Company's By-laws, in reality, neither in 2021 nor in previous financial years, has there ever been any request in this regard and so no legitimate shareholder has ever exercised, prior to the holding of the General Shareholders' Meeting, the right to supplement the agenda or submit new proposals other than those formulated by the Board itself.

The Company understands that, if this has not been the case, the Company complies with the recommendation. In any case, if the situation arises, the Company would also comply with the recommendation, given that it has traditionally facilitated the exercise of the rights to participate in the General Shareholders' Meeting under equal conditions and maintains a flexible interpretation of the requirements necessary for active participation.

In accordance with the provisions of the Spanish Companies Law, the Company safeguards the irrevocable right of the minority to request the inclusion of supplementary items and, each financial year, reminds its shareholders, in the Agenda of the General Shareholders' Meeting that accompanies the call to the meeting, of their right to request an addendum to the call and to propose new resolutions, which can be done by shareholders representing at least three percent of the share capital, "by means of a reliable notification to be received at the registered office at Barrio Sagarribai, s/n, 01470 Amurrio (Álava), Spain, within the five days following the publication of the call". The Company ensures, by these means, the effectiveness of the minority's right to the addendum to the call.

11. In the event that the Company plans to pay attendance premiums to the General Shareholders' Meeting, it should establish, in advance, a general policy on such premiums and ensure that said policy is stable.

    Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

12. The Board of Directors should perform its duties with unity of purpose and independence of judgement, treat all shareholders in the same position equally and be guided by corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximisation of the economic value of the company.

And in the pursuit of the corporate interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.

Complies [X] Partially complies [ ] Explain [ ]

In 2021 the Board of Directors performed its duties, guided at all times by the corporate interest, reconciling it with the legitimate interests of all affected stakeholders and with the impact on the community and the environment.

In 2021, the impact of the COVID-19 pandemic on the Company was a major challenge for the Board of Directors, which, in order to ensure continuity and maximise the value of the Company, focused its efforts on obtaining new financing and on the preparation and approval of a new Strategic Plan, while at the same time protecting the health of employees through the effective implementation of infection prevention protocols in all plants and work centres, devoting all available means to prevent the spread of the virus.

13. The size of the Board of Directors should be sufficient for effective and participatory functioning, which makes it advisable for it to have between five and 15 members.

Complies [X] Explain [ ]

14. The Board of Directors should adopt a policy aimed at encouraging an appropriate composition of the Board of Directors and that:

a) it is specific and verifiable;

b) it ensures that proposals for appointment or re-election are based on a prior analysis of the competencies required by the Board of Directors; and

c) it encourages diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the Company to have a significant number of female senior managers are considered to be conducive to gender diversity.

The result of the prior analysis of the competencies required by the Board of Directors should be included in the Appointments Committee's explanatory report published when convening the General Shareholders' Meeting, at which the ratification, appointment or re-election of each director is to be submitted.

Compliance with this policy shall be verified annually by the Appointments Committee and reported in the Annual Corporate Governance Report.

Complies [ ] Partially complies [X] Explain [ ]

The Board of Directors has still not approved a "specific and verifiable" written policy for the selection of directors; however, all proposals for appointment or re-election are based on a prior analysis of the needs of the Board of Directors, carried out by the Appointments and Remuneration Committee and subsequently by the entire Board, which favours diversity of knowledge, experience and gender.

In any case, the result of the prior analysis of the needs of the Board of Directors is included in the supporting report issued by the Appointments and Remuneration Committee, which takes into account the aforementioned aspects.

To date, the Company has understood that it is preferable not to have a static, written policy that is generally applied, and has opted to carry out a specific analysis on a case-by-case basis whenever the need to select arises, without being constrained by a predefined policy that limits the adaptation of the profile to the needs of each moment, depending on the changing circumstances of the Company, the composition of the Board at any given time, the evolution of the business, regulations, etc. However, the necessity of having a written policy has been reconsidered and a draft is being worked on. The Board of Directors' written Diversity Policy and Director Selection Policy are scheduled for approval in 2022 and these will set out in writing the Board's commitment to ensure that the procedures for the selection of directors do not involve any discrimination whatsoever and, in particular, facilitate the selection of female directors in a number that allows for a balanced presence of women and men; also committing, in general, to promote diversity in the composition of the Board and its Committees in terms of knowledge, experience, age and gender, among other matters. .

15. That the proprietary and independent directors represent a large majority of the Board of Directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company.

    And that the number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and thereafter, and not less than 30% prior to that.

    Complies [X] Partially complies [ ] Explain [ ]

16. That the percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

    This criterion may be mitigated:

    a) In large cap companies in which there are few shareholdings that are legally considered significant.

    b) In the case of companies in which there is a plurality of shareholders represented on the Board of Directors and they are not related to each other.

    Complies [X] Explain [ ]

17. That the number of independent directors represents at least half of the total number of directors.

    Nevertheless, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert who control more than 30% of the share capital, the number of independent directors should represent at least one third of the total number of directors.

    Complies [X] Explain [ ]

18. That the companies make public through their website and keep updated the following information about their directors:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they perform, whatever their nature may be.

    c) Indicate the category of director to which they belong, detailing, in the case of proprietary directors, the shareholder they represent or with whom they have ties.

    d) Date of their first appointment as a Director in the Company and subsequent re-elections.

    e) Company shares, and options thereon, held by them.

    Complies [X] Partially complies [ ] Explain [ ]

19. That in the Annual Corporate Governance Report, after verification by the Appointments Committee, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital are explained; as well as the reasons why, where appropriate, formal requests have been denied for attendance on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed.

    Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

20. The proprietary directors should submit their resignation when the shareholder they represent transfers their entire shareholding. They should also do so, in the corresponding number, when such shareholder reduces their shareholding to a level that requires a reduction in the number of their proprietary directors.

    Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure for which they were appointed, except where just cause is found by the Board of Directors, based on a report from the Appointments Committee. Particularly, it shall be understood that there is just cause when the director takes a new position or contracts new obligations that prevent them from devoting the time necessary to perform the duties of the position of director, breach the duties inherent to their position or incur in any of the situations that cause them to lose their independent status, in accordance with the provisions of the applicable legislation.

    Separation of independent directors may also be suggested as a result of public takeover bids, mergers or other similar corporate operations that entail a change in the capital structure of the company, when such changes in the structure of the Board of Directors are favoured by the criterion of proportionality indicated in recommendation 16.

    Complies [X] Explain [ ]

22. Companies should establish rules obliging directors to report and, where appropriate, resign when situations arise affecting them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company and, in particular, obliging them to inform the Board of Directors of any criminal proceedings in which they are under investigation, as well as the procedural events thereof.

    And, having been informed of or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. And this should be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the Company must disclose, where appropriate, when the relevant measures are taken.

    Complies [X] Partially complies [ ] Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the Company's interests. In particular, independent and other directors who are not affected by the potential conflict of interest should do likewise in the case of decisions that may be detrimental to shareholders not represented on the Board of Directors.

    When the Board of Directors makes material or reiterated decisions about which a Director has expressed serious reservations, the Director should draw the pertinent conclusions and, if they choose to resign, explain the reasons in the letter referred to in the next recommendation.

    This recommendation also applies to the Secretary of the Board of Directors, even if they do not have the status of a Director.

    Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

24. When, either by resignation or by resolution of the General Shareholders' Meeting, a Director resigns before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for the removal by the Board, in a letter to be sent to all members of the Board of Directors.

This should all be reported in the Annual Corporate Governance Report, and, if it is relevant for investors, the Company should publish an announcement of the departure as quickly as possible, including sufficient reference to the reasons or circumstances provided by the Director.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

25. The Appointments Committee should ensure that non-executive directors have sufficient time available for the adequate performance of their duties.

And the Board Regulations should establish the maximum number of company boards on which its directors may sit.

Complies [ ] Partially complies [X] Explain [ ]

The annual Work Plan of the Appointments and Remuneration Committee includes the annual review of the commitment of the Directors and their other professional obligations.

The Company does have established rules on the number of listed company boards on which a Director may sit. No limits are set for non-listed companies, since the impact on the availability of time for the performance of their duties in the Company will depend on the level of occupation and the positions that the Director in question holds on the other boards, which will be analysed in each case.

26. The Board of Directors should meet with the necessary frequency to perform its duties effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director having the right to propose other items on the agenda that were not initially foreseen.

Complies [X] Partially complies [ ] Explain [ ]

27. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. And, when they do occur, proxies should be granted with instructions.

Complies [X] Partially complies [ ] Explain [ ]

28. That when the directors or the Secretary express concern about any proposal or, in the case of the directors, on the progress of the Company, and such concerns are not resolved in the Board of Directors, at the request of the person who expressed them, it must be recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. The Company should provide suitable channels for directors to obtain the advice they need to carry out their duties, including, if the circumstances so require, external advice at the Company's expense.

Complies [X] Partially complies [ ] Explain [ ]

30. Regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programmes when circumstances so dictate.

Complies [X] Explain [ ] Not applicable [ ]

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

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions not appearing on the agenda for the approval of the Board of Directors, the prior express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the opinions of major shareholders, investors and rating agencies on the Company and its Group.

Complies [X] Partially complies [ ] Explain [ ]

33. That the Chairman, as the person in charge of the efficient functioning of the Board of Directors, in addition to exercising the functions legally and statutorily attributed to them, prepares and submits to the Board of Directors a schedule of dates and issues to be discussed; organises and coordinates the periodic assessment of the Board, as well as, where appropriate, that of the Chief Executive of the Company; is responsible for the management of the Board and the effectiveness of its operation; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews the knowledge updating programmes for each director, when circumstances so dictate.

Complies [X] Partially complies [ ] Explain [ ]

34. That when there is a Coordinating Director, the By-laws or the Regulations of the Board of Directors, in addition to the powers that correspond to them legally, assign the following to them: to preside over the Board of Directors in the absence of the Chairman and the Deputy Chairmen, if any; echo the concerns of non-executive directors; maintain contact with investors and shareholders to learn their points of view in order to form an opinion on their concerns, in particular, in relation to the corporate governance of the Company; and coordinate the Chairman's succession plan.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

35. That the Secretary of the Board of Directors guarantees that in its actions and decisions the Board of Directors takes into account the recommendations on good governance contained in this Code of Good Governance that may be applicable to the Company.

Complies [X] Explain [ ]

36. The Board of Directors in plenary session should assess, once a year, and adopt, where appropriate, an action plan to correct the deficiencies identified with respect to:

a) The quality and efficiency of operation of the Board of Directors.

b) The functioning and composition of its committees.

c) The diversity in the composition and competences of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the Chief Executive of the Company.

e) The performance and contribution of each Director, paying close attention to those responsible for the different Board committees.

In order to carry out the assessment of the different committees, the report that they submit to the Board of Directors shall be used, and for the assessment of the latter, the one submitted by the Appointments Committee.

Every three years, the Board of Directors shall be assisted in the evaluation by an external consultant, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group has with the Company or any company in its Group should be broken down in the Annual Corporate Governance Report.

The process and the areas assessed will be described in the Annual Corporate Governance Report.

Complies [X] Partially complies [ ] Explain [ ]

To maintain a steady flow of information between the Board and its Committees, all the members of the Board have sufficient knowledge and judgement to carry out the evaluation in accordance with the process indicated in this Corporate Governance Report.

37. When there is an Executive Committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the Secretary of the Board of Directors.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The participation structure of the different categories of Directors is similar to that of the Board of Directors itself, and its Secretary is the Secretary of the Board.

The Executive Committee did not meet in 2021.

38. The Board of Directors should always be informed of the matters dealt with and decisions made by the Executive Committee, and all members of the Board of Directors should receive copies of the minutes of the Executive Committee's meetings.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The Executive Committee did not meet in 2021.

39. The members of the Audit Committee as a whole, and especially its Chair, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies [X] Partially complies [ ] Explain [ ]

40. Under the supervision of the Audit Committee, there should be an internal audit unit to ensure the proper functioning of the internal information and control systems, reporting functionally to the Non-Executive Chairman of the Board or the Chair of the Audit Committee.

Complies [X] Partially complies [ ] Explain [ ]

As reported in sections E and F above, following the best practices of good corporate governance, the Company has an Internal Audit Director who oversees the proper functioning of the internal control and information systems. This Director reports functionally to the Chair of the Audit Committee.

The "Internal Audit Charter" approved by the Board of Directors in 2019 defines the purpose, authority and responsibility of the internal audit.

The Internal Audit Director is responsible for identifying the Function's objectives and proposing its action plans to the Committee. In this regard, at its meeting on 17 February 2021, the Audit Committee approved the annual activities plan for that financial year.
.

41. The head of the unit responsible for the internal audit function should present the annual work plan to the Audit Committee for approval by the Committee or the Board, report directly to it on its implementation, including any incidents and limitations in the scope arising in the course of its implementation, the results and follow up of its recommendations, and submit an activities report to it at the end of each financial year.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

42. In addition to those provided for by law, the following functions should correspond to the Audit Committee:

1. With regard to the information and internal control systems:

   a) To oversee and evaluate the preparation process and the integrity of financial and non-financial information, as well as the financial and non-financial risk control and management systems relating to the Company and, where appropriate, the Group – including operational, technological, legal, social, environmental, political, reputational and corruption-related risks – reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

   b) To ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose the approval by the Board of the annual internal audit guidelines and work plan, ensuring that its activity is primarily focused on relevant risks (including reputational risks); receive regular information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

   c) To establish and supervise a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential importance, including financial and accounting or of any other nature related to the Company, that they notice within the Company or its Group. This mechanism must guarantee confidentiality and always enable reports to be made anonymously, while respecting the rights of both the complainant and the accused party.

   d) To ensure that, in general, the established internal control policies and systems are effectively implemented in practice.

2. With regard to the external auditor:

   a) In the case of resignation of the external auditor, to examine the circumstances that may have motivated such a decision.

   b) To ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.

   c) To oversee that the Company reports the change of auditor to the CNMV accompanied by a statement of any possible disagreements with the outgoing auditor and, if they exist, their content.

   d) To ensure that the external auditor holds an annual meeting with the full Board of Directors to inform it of the work performed and the development of the accounting and risk situation of the Company.

   e) To ensure that the Company and the external auditor comply with existing rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence.

Complies [X] Partially complies [ ] Explain [ ]

All of the above functions are assigned to the Audit Committee by the new Board Regulations adopted on 27 January 2022.

43. The Audit Committee should be able to summon any employee or executive of the Company, and even order their appearance without the presence of any other executive.

Complies [X] Partially complies [ ] Explain [ ]

44. The Audit Committee should be informed of any structural and corporate changes that the Company plans to make in order to analyse them and report to the Board of Directors beforehand on their economic conditions and accounting impact and, in particular, where appropriate, on the proposed exchange equation.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

45. The risk control and management policy should identify or determine at least:

a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational, along with those related to corruption) that the Company faces — with contingent liabilities and other off balance-sheet risks included among the financial or economic risks.

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules so provide or where the Company deems it appropriate.

c) The level of risk that the Company considers acceptable.

d) The measures planned to mitigate the impact of the risks identified, should they materialise.

e) The internal information and control systems that will be used to control and manage the above-mentioned risks, including contingent liabilities or off balance-sheet risks.

Complies [X] Partially complies [ ] Explain [ ]

46. Under the direct supervision of the Audit Committee or, as the case may be, of a specialised committee of the Board of Directors, there should be an internal risk control and management function exercised by an internal unit or department of the Company with the following functions expressly attributed to it:

a) Ensure the proper functioning of the risk control and management systems and, in particular, that all important risks that affect the Company are properly identified, managed and quantified.

b) Actively participate in the preparation of the risk strategy and in important decisions about its management.

c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the Board of Directors.

Complies [X] Partially complies [ ] Explain [ ]

The function is carried out by the Internal Audit Management

47. That the members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are two different bodies - be appointed so that they have the knowledge, skills and experience appropriate for the functions that they are called upon to perform and that the majority of these members are independent directors.

Complies [X] Partially complies [ ] Explain [ ]

48. That high cap companies have a separate Appointments Committee and Remuneration Committee.

Complies [ ] Explain [ ] Not applicable [X]

49. The Appointments Committee should consult with the Chairman of the Board of Directors and the Chief Executive of the Company, especially on matters relating to executive directors.

And any Director should be able to request that the Appointments Committee consider potential candidates to fill Director vacancies on the Board, if it considers them suitable.

Complies [X] Partially complies [ ] Explain [ ]

50. That the Remuneration Committee performs its functions independently and that, in addition to the functions attributed to it by law, the following correspond to it:

a) Propose to the Board of Directors the basic terms and conditions of the contracts of senior management.

b) Check compliance with the remuneration policy set by the Company.

c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their implementation, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the Company.

d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the Committee.

e) Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents, including the annual report on the remuneration of the directors.

Complies [X] Partially complies [ ] Explain [ ]

51. The Remuneration Committee should consult with the Company's Chairman and Chief Executive, especially on matters relating to executive directors and senior management.

Complies [X] Partially complies [ ] Explain [ ]

52. That the rules for the composition and operation of the supervision and control committees appear in the Regulations of the Board of Directors and that they are consistent with those applicable to the legally binding committees according to the previous recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) They should be chaired by independent directors.

c) The Board of Directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports, and report on their activities at the first Board of Directors' plenary session following their meetings, and be accountable for the work carried out.

d) The committees should seek external advice when they deem it necessary for the performance of their duties.

e) Minutes of the meetings should be recorded and made available to all directors.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

53. Oversight of compliance with the Company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in exercise of its powers of self-organisation, has decided to create. And such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed the minimum functions indicated in the following recommendation.

Complies [X] Partially complies [ ] Explain [ ]

The supervision of compliance with corporate governance rules and internal codes of conduct is attributed to the Audit Committee (Article 21 Regulations of the Board), which is responsible for monitoring compliance with the internal codes of conduct and of the corporate governance rules.

With regard to the supervision of compliance with environmental, social and sustainability policies and rules, and the corporate social responsibility policy, which includes various functions (the supervision of the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders; the periodic evaluation of the adequacy of the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders; the review of the Company's corporate responsibility policy, ensuring that it is oriented towards the creation of value; the monitoring of the corporate social responsibility strategy and practices and assessing their degree of compliance; the supervision and assessment of the processes of relations with the different stakeholders; the assessment of all matters relating to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks; and the coordination of the process of reporting non-financial and diversity information, in accordance with the applicable regulations and international reference standards), the Board of Directors, pursuant to the aforementioned article also has this allocated to the Audit Committee.

54. The minimum functions referred to in the above recommendation are as follows:

a) Oversight of compliance with corporate governance rules and the Company's internal codes of conduct, ensuring that the corporate culture is aligned with their aims and values.

b) Oversight of the implementation of the general policy on the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisers and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders will also be monitored.

c) Assessing and periodically reviewing the corporate governance system and the Company's environmental and social policy, to fulfil the mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensuring that the Company's environmental and social practices conform to the strategy and policy set.

e) Overseeing and assessing relationships with the various stakeholders.

Complies [X] Partially complies [ ] Explain [ ]

55. Social and environmental sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The supervision mechanisms of non-financial risk, including those relating to ethics and business conduct.

d) The communication, participation and dialogue channels with stakeholders

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Complies [X] Partially complies [ ] Explain [ ]

56. That the remuneration of the directors is sufficient to attract and retain directors of the desired profile and to reward the dedication, qualification and responsibility required by the position, but not so high as to compromise the independent judgement of the non-executive directors.

Complies [X] Explain [ ]

57. That the variable remuneration related to the performance of the Company and personal performance be limited to the executive directors, as well as the remuneration through the provision of shares, options or rights over shares or instruments referenced to the value of the share and the long-term savings systems, such as pension plans, retirement systems or other social welfare systems.

The provision of shares may be considered as remuneration for non-executive directors when they are required to keep them until their discontinuation as directors. The foregoing shall not apply to the shares that the Director needs to transfer, if any, to satisfy the costs related to their acquisition.

Complies [ ] Partially complies [X] Explain [ ]

The remuneration of the Board mainly consists of a fixed salary and attendance allowances. Nevertheless, the Board has a very small variable remuneration equal to 0.5% of the consolidated net profit, as the case may be, which is distributed linearly among all directors. This part of the remuneration of the Board, in line with the good corporate governance principles, can be qualified as of little relevance and of little weight in the overall remuneration of the Board.

Therefore, the Company does not strictly comply with the recommendation, as variable remuneration in 2021 was not limited exclusively to executive directors, as non-executive directors have the right to receive variable remuneration of 0.5% of the consolidated net profit. The Company understands that this variable component is very insignificant and has a very low, almost symbolic, weight in relation to the annual remuneration of the Board, and therefore cannot have a negative impact on the good governance of the Company by the Board of Directors; but, it can have the positive effect of reinforcing the alignment of the Board with the interests of the shareholders.

No variable remuneration was accrued by any non-executive director for the 2021 financial year.

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure that such remuneration reflects the professional performance of the beneficiaries and not merely the general progress of the markets or the Company's sector of activity or other similar circumstances.

And, in particular, the variable remuneration components should:

a) Be linked to performance criteria that is predetermined and measurable and which considers the risk undertaken to obtain a result.

b) Promote the sustainability of the Company and include non-financial criteria that are suitable for long-term value creation, such as compliance with the rules and internal procedures of the Company and its policies for risk management and control.

c) They are based on a balance between meeting short, medium and long-term goals that allow remuneration for sustained performance for a period of time sufficient to appreciate contribution to sustainable value creation, so the measurement elements of that performance do not just revolve around one-off, occasional or extraordinary events.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

While the variable remuneration of the Board is directly and exclusively related to the economic returns of the Company (0.5% of the consolidated profit), as indicated in the previous section, there is very little relevance for which the Company understands so that the precautions indicated in this recommendation are not necessary.

In the case of the Executive Chairman's variable remuneration, the terms of their contract do ensure that it is related to the professional performance of the beneficiary and does not derive solely from the general evolution of the markets or the Company's sector of activity. It is linked to performance criteria that are predetermined and measurable and these criteria consider the risk assumed to achieve a result, promote the sustainability of the Company and include non-financial criteria such as compliance with the Code of Ethical Conduct that are appropriate for the creation of long-term value.

The Executive Chairman's variable remuneration aims to link the Executive Chairman with the creation of value for the Company for the benefit of all its stakeholders (shareholders, employees, financial institutions, customers, suppliers, etc.), and the creation of value is precisely the basis for the quantification of the multi-annual incentive, by means of a system that is embodied in the Remuneration Policy that was approved by the General Shareholders' Meeting on 30 June 2021. The Executive Chairman's variable remuneration is configured on the basis of a balance between meeting short, medium and long-term objectives, allowing performance to be rewarded for ongoing performance over a sufficient period of time to appreciate their contribution to sustainable value creation, so that the elements of performance measurement do not revolve solely around one-off, occasional or extraordinary events.

59. The payment of variable components of remuneration should be subject to sufficient verification that the performance or other conditions set out above have been effectively met. Entities shall include, in the annual directors' remuneration report, the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, entities should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that entails their total or partial loss in the case that some event occurs prior to the time of payment that makes it advisable to do so.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

60. Remuneration linked to the Company's results should take into account any qualifications stated in the external auditor's report and reduce those results.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

61. A relevant percentage of the variable remuneration of executive directors should be linked to the provision of shares or financial instruments referenced to their value.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

Although Article 26 of the Corporate By-laws provides for the possibility that the remuneration of executive directors may consist of compensation of any kind, the Company has not considered it necessary for the time being to establish remuneration for its Executive Chairman in the form of shares or financial instruments indexed to their value, as it considers that the current variable remuneration systems for the Chief Executive are the most appropriate to encourage their motivation and professional performance, as well as their commitment to and engagement with the interests of the Company and the Group. In particular, the Executive Chairman's variable remuneration is linked to pre-determined and measurable performance criteria that allow their ongoing performance to be remunerated over a sufficient period of time to appreciate their contribution to sustainable value creation.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, executive directors may not transfer ownership or exercise them until at least three years have elapsed.

An exception is made where the Director maintains, at the time of the transfer or exercise, a net economic exposure to changes in the share price of a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the Director needs to dispose of in order to meet the costs related to their acquisition or, subject to the favourable opinion of the Appointments and Remuneration Committee, to meet extraordinary situations that so require.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

63. That the contractual agreements include a clause that allows the Company to claim the repayment of the variable components of the remuneration, when the payment has not been adjusted to the performance conditions, or when they have been paid based on data whose inaccuracy is subsequently accredited.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

64. Payments for termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the Company has been able to verify that the Director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, contractual termination payments should include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the Director's contractual relationship with the Company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If there are any relevant aspects of corporate governance in relation to the Company or the entities of the Group that have not been included in the other sections of this report, but which it is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the Company or its Group, briefly describe them.

2. Within this section, you may also include any other information, clarification or details related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, indicate whether the Company is subject to corporate governance legislation other than in Spanish law and, if so, include the information that it is obliged to provide and which differs from that required in this report.

3. The Company may also indicate if it has voluntarily adhered to other codes of ethical principles or good practices, whether international, sectoral or otherwise. As the case may be, the code in question and the date of accession should be identified. In particular, it shall mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

GOOD TAX PRACTICES. The Company has not formally adhered to the Code of Good Tax Practices of 20 July 2010 by agreement of the Board of Directors because the objective of that Code is to promote a reciprocally cooperative relationship with the Spanish State Tax Administration Agency (Agencia Estatal de Administración Tributaria), and the taxation of the Company is subject to regional regulations, since it has its registered office in Álava. Notwithstanding the foregoing, the Company maintains a relationship with the Tax Administrations (mainly the local treasuries of Álava and Biscay) based on the principles of transparency and mutual trust, and always in accordance with the principles of good faith and loyalty between the parties. The Company has a Corporate Tax Policy that includes Tubos Reunidos Group's tax strategy and its commitment to the implementation of good tax practices. By virtue of this policy, the Group's compliance with its tax obligations and its relations with the Tax Administrations are governed by the following principles:

1. Apply and comply with current tax regulations in all the territories in which the Group operates
2. Promote responsible tax behaviour that seeks to prevent tax risk, through the following practices
3. Maintain a relationship with the tax administration based on the principles of good faith, collaboration and transparency, and
4. Ensure that the Board of Directors of the Company is aware of the main tax implications of all its decisions and effectively and fully complies with its non-delegable powers in tax matters.

FINAL CONSIDERATION. The Company considers that the functioning of its governing and administrative bodies is adequate, although it has a clear intention to continue making progress in the area of good corporate governance, adopting the best practices recommended in the Unified Code of Good Governance for listed companies in its updated version of June 2020.
Although these recommendations are voluntary, the Company believes that they are an essential factor for value creation in the Company, improving economic efficiency and enhancing investor confidence. For this reason it considers that, in addition to complying with the basic mandatory compliance standards incorporated into the Capital Companies Law and other applicable legal provisions, it must make as much effort as possible to follow these recommendations.

It should be noted that the Company has significantly improved the degree of compliance with the good governance recommendations in 2021, and that during that financial year and up until the date of publication of this report it made the following progress:

Approval of the following corporate policies:

· General Corporate Governance Policy
· Risk Control and Management Policy
· Directors' Remuneration Policy
· Corporate Tax Policy
· Sustainability Policy in Environmental, Social and Governance Matters
· Criminal Risk Compliance and Prevention Policy
· Gifts and Invitations Policy

The Company has also thoroughly reviewed its compliance model, obtained a certificate of suitability for its design and approved the following internal standards:

· Code of Ethical Conduct
· Disciplinary System
· Whistleblower Channel Regulations
· Criminal Risks Prevention Manual General Part
· Criminal Risks Prevention Manual Specific Part
· ICB Regulations
· Criminal Risk and Controls Matrix
· Ethical Commitment Model

In addition, it is particularly noteworthy that the new Board of Directors' Regulations, approved on 27 January 2022, which are a fundamental component of the Corporate Governance System of Tubos Reunidos, adapts the regulation of the body to the recent amendment made in 2021 to the Capital Companies Law and to the recommendations of the 2020 Code of Good Governance for Listed Companies. Significantly, ESG issues have been included in the Code, with particular emphasis on Compliance and Diversity.

The Board of Directors is strongly committed to further progress in the area of good corporate governance in the 2022 financial year and to having the following internal regulations in place:

· Policy for Communication and Contact with Shareholders, Institutional Investors and Proxy Advisers.
· Board of Directors' Diversity and Director Selection Policy.
· General Policy on Communication of Economic-Financial, Non-Financial and Corporate Information.

The Board of Directors also plans to review and update the Board's Internal Code of Conduct, to approve the specific regulations for the three committees of the Board in the current financial year, and to submit for the approval of the ordinary General Shareholders' Meeting an amendment to the Corporate By-laws and the Rules of Procedure of the General Shareholders' Meeting for their subsequent adaptation to the recent amendment made in 2021 to the Capital Companies Law and to the recommendations of the Code of Good Governance for Listed Companies.

This Annual Corporate Governance Report has been approved by the Board of Directors of the Company, in its meeting dated:

24/02/2022

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of reference year: 31/12/2021

Tax ID: A-48011555

Company name:

TUBOS REUNIDOS, S.A.

Registered office:

BARRIO SAGARRIBAI, S/Nº, (AMURRIO) ÁLAVA, SPAIN

A. COMPANY REMUNERATION POLICY FOR THE YEAR IN PROGRESS

A.1.1 Explain the current remuneration policy for directors that applies to the current year. To the extent that it is relevant, certain information may be included referencing the remuneration policy approved by the General Shareholders' Meeting, provided that the incorporation is clear, specific and precise.

The specific determinations for the current year should be described, in terms of the directors' remuneration for their position and the performance of their executive functions, which the Board should have completed in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting.

In any case, the following aspects, at a minimum, must be reported:

a) A description of the procedures and company bodies involved in determining, approving and implementing the remuneration policy and its conditions.

b) Indicate and, where appropriate, explain whether comparable companies have been taken into account when it comes to establishing the Company's remuneration policy.

c) Information on whether any external adviser has participated and, where appropriate, the external adviser's identity.

d) Procedures covered by the current directors' remuneration policy to apply temporary exceptions to the policy, the conditions under which such exceptions may be invoked and components that may be subject to exceptions according to the policy.

The current remuneration policy of the directors of Tubos Reunidos that applies to the current year is outlined in its statutory regime and in the "Directors' Remuneration Policy", which is approved by the General Shareholders' Meeting.

The statutory regime that applies to the remuneration of the directors of Tubos Reunidos is outlined in Article 26 of the Corporate By-laws, the latest text of which was approved by the General Shareholders' Meeting held on 22 June 2017.

In addition, on the basis of this statutory framework, the Board of Director's Appointments and Remuneration Committee, on 26 May 2021, drafted the new Tubos Reunidos "Directors' Remuneration Policy", and proposed it to the Board of Directors, which submitted it for examination and approval by the Company's General Shareholders' Meeting on 30 June 2021 as a separate item on the agenda, pursuant to Article 529 novodecies of the Spanish Capital Companies Law and it was made available to shareholders on the Company's website after the General Shareholders' Meeting was convened along with the specific report issued for these purposes by the Appointments and Remuneration Committee.

At the time of the preparation of the Policy Proposal, the Appointments and Remuneration Committee was composed of the following directors: Chairwoman: Ms Ana Muñoz (Independent), Members: Mr Cristóbal Valdés (Proprietary), Mr Jorge Gabiola (Independent) and Mr Juan Maria Román (Independent).

The General Shareholders' Meeting approved the current Policy by a large majority of votes (more than 99% of the capital present or represented with voting rights) on 30 June 2021, for its application from the same approval date thereafter. The general principles that make up the current Remuneration Policy of Tubos Reunidos' Board of Directors are as follows:

a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values;
b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and effective dedication are suitably rewarded, taking into account market references according to public information on this subject regarding companies that are comparable due to their capitalisation, size, ownership structure and establishment on the international level;
c) Competitiveness, serving as an incentive to attract and retain the highest calibre of professional, in terms of level of responsibility and career path, without this affecting their independence;
d) Ensure that remuneration contributes to the achievement of the Company's strategic objectives;
e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making, and

f) Transparency in the remuneration policy.

In addition, in the case of executive directors, the Remuneration Policy for the performance of their executive functions sets out the following objectives:
a) Alignment of the remuneration policy with the Company's strategy so that the variable part rewards the achievement of the Company's strategic objectives;
b) Provide competitive remuneration that will allow the Company to attract, retain and motivate the most suitable professionals to achieve these strategic objectives;
c) Set in place remuneration based on objective criteria in terms of individual performance and the attainment of the business objectives of the Company and the Group, and
d) Strike a reasonable balance between the various remuneration components: Short-term fixed-rate, variable annual and longer-term incentives.

With regard to the criteria used and the composition of the groups of comparable companies whose remuneration policies have been examined when establishing the Remuneration Policy, the Company reports that the remuneration policies of comparable listed Spanish companies included in the remuneration reports of directors published by two top-rated consulting firms have been examined.

No external advisers participated in the preparation of the Policy adopted in 2021, although it is based on the remuneration system initially proposed to the Board of Directors by the Appointments and Remuneration Committee on 15 April 2009, with the Committee then having received external advice from Seelinger and Conde. Furthermore, the firm Russell Reynolds advised the Board in 2020 when it came to determining the Executive Chairman's remuneration items.

It should be noted that, taking into account the evolution of the Company's business, in 2016, the Board of Directors decided to reduce the remuneration of directors by 25%. This reduction was maintained in the amount allocated for attendance fees for 2021 and will be maintained in 2022.

The current Remuneration Policy contributes positively to the Tubos Reunidos Group's company strategy, to the creation of value and to the long-term interests and sustainability of the Company, and does not consider temporary exceptions to its application, nor conditions under which such exceptions may be invoked nor the components that may be subject to exceptions.

A.1.2 The relative importance of variable remuneration items in relation to fixed remuneration items (remuneration mix) as well as which criteria and objectives will apply have been taken into account when it comes to its determination, and to guarantee an adequate balance between the fixed and variable remuneration components. In particular, point out the actions taken by the Company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's long-term objectives, values and interests, including, where appropriate, a reference to measures envisaged to ensure that the Company's long-term results are dealt with in the remuneration policy, the measures taken in relation to those categories of staff whose professional activities have a tangible impact on the entity's risk profile and measures envisaged to avoid any conflicts of interest.

Also, indicate whether the Company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period of deferment in the payment of amounts or delivery of the financial instruments that have been already accrued and consolidated or if any deferred remuneration reduction clause has been agreed which has not yet been consolidated or which forces the Director to pay back the remuneration received, where such remuneration has been based on data whose inaccuracy has subsequently been clearly demonstrated.

In 2021, none of the directors accrued any variable remuneration, with the exception of the Executive Chairman.

The only variable remuneration item for non-executive directors is a 0.5% share of the consolidated net profit. The relative importance of the directors' aforementioned variable remuneration component in relation to the fixed remuneration (remuneration mix) and its specific weight is extremely low in the case of the non-executive directors, because the aforementioned profit sharing is symbolic, and it is also subject to the suspension condition that the legal reserve is covered and the shareholders have been granted a minimum dividend of 4%.

With regard to the only Director with executive functions in 2021, Mr Francisco Irazusta, the relative importance and the specific weighting of his variable remuneration with respect to the fixed (remuneration mix) remuneration is greater, due to his Contract, signed and approved by the Board of Directors, which includes the following remuneration items:

- Fixed remuneration of EUR 325,000 per year for his position as executive and EUR 75,000 per year for his position as Director, amounts which can be reviewed annually by the Board of Directors at the suggestion of the Appointments and Remuneration Committee.

- An annual variable remuneration up to a maximum of EUR 240,000 (60% of the fixed remuneration for all items), the annual amount of which shall be determined according to the fulfilment of the annual objectives set by the Board of Directors at the suggestion of the Appointments and Remuneration Committee, and

- Multi-year variable remuneration linked to the creation of value in the Company in various scenarios and time milestones, whose terms can be summarised as follows:

A) The references for the quantification of the creation of value are the EBITDA, market valuation multiples and net financial debt items with the initial reference value standing at EUR thirty million (€30M), the equity value of the Company at the start, which was evaluated at the beginning of the implementation of the long-term variable plan.

B) On the creation of the value amount (which for the purposes of calculating the incentive will be the value of the resulting equity at the time that the creation of value is measured minus the initial reference value of EUR 30 million), a fixed percentage of six percent (6%) is applied to quantify the incentive, and this incentive cannot, in any case, exceed the maximum figure of EUR twenty million (€20M).

C) With the incentive having been calculated, the Executive Chairman shall be paid 60% and the remaining 40% shall be distributed among the key people in the organisation; the distribution of the latter must be approved by the Board of Directors.

D)The payment of 50% of the incentive is deferred one year from the accrual date. Following the recommendations and standards of good corporate governance, the lock up clause (the perfection of the accrual and the enforceability of the incentive is subject to the suspensive condition of one-year's commitment to the Company since the incentive's accrual milestone), as well as the claw back clause are applicable. (During the year following the accrual of the incentive, the Company may claim the refund of the incentive, in the event of a serious breach of the Code of Ethical Conduct by the Executive Chairman, and during the same period, when any of the economic parameters that have underpinned the incentive are reformulated as a result of the guidelines from external auditors or the CNMV, the incentive shall be recalculated with the revised parameters, giving the Company the right to claim the excess, if any.)

With regard to the criteria used to determine the various components of the directors' remuneration package (remuneration mix), the Company has followed the criteria set out in Article 26 of the Corporate By-laws (which defines the statutory regime that applies to the remuneration of the Directors of Tubos Reunidos), the latest text of which was approved by the General Shareholders' Meeting held on 22 June 2017.

In addition, the Company has followed the criteria established in the Directors' Remuneration Policy subsequently approved by the General Shareholders' Meeting, specifically the contents in the general principles and foundations of the same.

In determining the variable components of the Executive Chairman's remuneration, the objective of encouraging success in the smooth running and viability of the Company was considered, and to guarantee an adequate balance between the fixed and variable components, the criterion followed in the case of the Executive Chairman was that the annual variable remuneration could in no case exceed, as a "maximum", 60% of their fixed remuneration.

In setting the Executive Chairman's variable multi-year remuneration, the Company has also taken into account:

- The Company's position in the period prior to the entry into force of their Contract;

- The Refinancing Agreement signed on 16 October 2019, which served as the conceptual reference point for the Incentive Plan and the Business Plan, presented to financial institutions that progressively creates value and allows for the recovery of value for both financial creditors and Company shareholders, and

- The 2021–2026 Strategic Plan, which contains the Company's new strategy, is supported both by the financial institutions (through the novation, amongst other concepts, of the restructuring framework agreement and the syndicated financing agreement—both signed on 16 October 2019— as well as the various debt-restructuring contracts and documents and the terms and conditions of the issuance of convertible bonds carried out by the Company on 18 December 2019), and the Solvency Support Fund for Strategic Companies affected by the COVID-19 pandemic.

In order to reduce exposure to excessive risks and adjust the remuneration system to the Company's long-term objectives, values and interests, Tubos Reunidos considered it appropriate in the case of the Executive Chairman, to establish a part of his remuneration as a long-term variable (incentive) linked to the creation of value for the Company for the benefit of all its stakeholders; the quantification of the multi-year incentive shall focus exclusively on the creation of value in each of the assumptions covered by the Contract, with the initial reference value fixed at EUR 30 million. The amount linked to the creation of value, the basis for quantifying the incentive, shall be the difference between the Company's value in each of the milestones and assumptions covered by the Contract and the EUR 30 million.
A maximum amount to be paid as an incentive to the Executive Chairman of EUR twelve million (€12,000,000), 60% of the total variable long-term incentive, with 40% corresponding to key people in the management team.

When it comes to the multi-year variable remuneration, the relative importance of the remuneration that could accrue from this concept cannot be pre-quantified at this time, because its accrual always depends on the creation of value at certain milestones provided for in the Contract signed with the Chairman; in some cases, this is indexed to the EBITDA, which was negative in 2021. Consequently, no multi-year variable remuneration for this purpose was accrued in 2021.

The Company has not taken any special measures in relation to those categories of staff whose professional activities have a tangible impact on the entity's risk profile, without prejudice to the generally established risk control measures, including possible conflicts of interest, if any.

Finally, it should be noted that the contract provides for compensation of an annual sum of the fixed remuneration in certain situations involving early termination, all for reasons other than a failure to perform the duties inherent to their position.

In addition, it should be noted that, in general, and without prejudice to their accrual, up to the repayment of 75% of the Financial Support granted to the Company by the Solvency Support Fund for Strategic Companies, under no circumstances shall premiums or other elements of variable remuneration or equivalent be paid to the directors.

A.1.3 The amount and nature of the fixed components that are expected to accrue during the year by the directors as such.

The meeting of the Appointments and Remuneration Committee held on 17 February 2022 proposed, and the Board of Directors unanimously approved at a meeting held on 24 February that for 2021, the agreed 25% reduction, effective as of 1 February 2016, as well as the amendments proposed by the Committee at its meetings on 8 May 2017 and 6 June 2017, should be maintained for one more year.

On 30 June 2021, the General Shareholders' Meeting approved the new text of the Board's Remuneration Policy, available on the corporate website at http://www.tubosreunidos.com/upload/archivo/politica-de-remuneracion-de-los-consejeros_Tubos-Reunidos.pdf

Consequently, the fixed remuneration of the directors for the 2022 financial year is summarised as follows:

a) Fixed remuneration: EUR 32,500 gross per year

b) Attendance fees: EUR 1,500 gross per meeting. The chairs of the Audit and Appointments and Remuneration Committees will earn EUR 3,000 gross per meeting.

c) Additional fixed remuneration to the previous remuneration of EUR 37,500 for the Coordinating Director Mr Jorge Gabiola, for his greater dedication.

d) Additional fixed annual remuneration of EUR 20,000 for the member Mr Jesús Pérez Rodriguez-Urrutia (other external directors), for his greater dedication to the control and monitoring of the fulfilment of the financial obligations assumed by the Company.

e) Total fixed remuneration for the Executive Chairman Mr Francisco Irazusta, of EUR 75,000 per year for his position as Chairman of the Board and EUR 325,000 per year for his executive functions.

A.1.4 Amount and nature of the fixed components to be accrued in the year for the executive directors' performance of senior management functions.

The total fixed remunerative salary to be earned in the 2022 financial year by Executive Chairman Mr Francisco Irazusta for his senior management executive functions amounts to EUR 325,000 per year.

In addition, the Executive Chairman has a benefits plan that has involved a contribution by the Company of 7.3% of the fixed remuneration for his executive functions, and, it is, therefore, expected that EUR 23,725 will be accrued in 2022 for this concept.

A.1.5 Amount and nature of any component related to remuneration-in-kind to be accrued in the year including, but not limited to, insurance premiums paid in favour of the Director.

No member of the Board of Directors receives remuneration in kind. Nevertheless, Tubos Reunidos has taken out third-party liability insurance for its directors and senior executives.

The contract signed with the Executive Chairman establishes that they shall be entitled to the same life, disability and accident insurance as is generally applicable to the rest of the workforce. The amount derived from its inclusion in the comprehensive policy that covers these risks is not a significant amount (not exceeding EUR 300) and less than the minimum measure of EUR 1,000 contemplated by the IARC.

Also, as indicated above, this contract establishes that the Executive Chairman shall form part of a benefits plan, and this remuneration-in-kind, as indicated in the previous section, represents a total contribution from the Company of 7.3% of the fixed remuneration for their executive functions (in 2022 it is expected that EUR 23,725 will be accrued for this purpose).

A.1.6 Amount and nature of the variable components, differentiating between those established in the short and long term.

Financial and non-financial parameters, including those related to society, the environment and climate change, selected to determine the variable remuneration in the current year, an explanation of the extent to which such parameters relate to the performance, of both the Director and the entity and with its risk profile, and the methodology, time required and techniques envisaged to be able to determine, at the end of the year, the effective degree of compliance with the parameters used in the design of the variable remuneration, with an explanation of the criteria and factors that apply regarding the time required and methods to verify that the performance conditions or any other conditions to which the accrual and consolidation of each variable remunerative component was linked have been effectively met.

Indicate the range in monetary terms of the various variable components according to the degree of compliance with the established objectives and parameters, and whether there is any maximum monetary amount in absolute terms.

As indicated above, the external directors have a symbolic variable remuneration that is linked to the Group's results, in particular 0.5% of the consolidated net profit to be distributed linearly among all the external directors, and up to the reimbursement of 75% of the financial support granted to the Company by the Solvency Support Fund for Strategic Companies; however, under no circumstances shall premiums or other elements of variable remuneration or the equivalent be paid to such directors, nor may they receive any remuneration that consists of profit sharing.

The only member of the Board whose contract establishes variable short- and long-term remuneration is the Executive Chairman, as is customary and desirable in the remuneration policy established for executive directors. The amount and nature of the Executive Chairman's variable components, both in the short and long term, have been described in the preceding paragraphs, although more detail is provided below:

Due to their executive functions, the Chairman may have a variable short-term remuneration for a maximum amount of up to 60% of the total fixed remuneration, which is equivalent to a maximum of EUR 240,000. The amount for the current year shall be determined in accordance with the fulfilment of the annual objectives set by the Board of Directors at the suggestion of the Appointments and Remuneration Committee.
It should be noted that the first objective set by the Board, which extends to the Executive Chairman and the rest of the organisation, has been and is the absolute priority of all aspects related to employees' health and safety.

The financial and non-financial parameters selected to determine the variable remuneration for the 2022 financial year relate to the performance of both the Director and the entity. The basic financial parameters for the purposes of variable remuneration for the current year are those derived from the fulfilment of the Group's Strategic and Business Plan. Those parameters related to the Group's cash levels and EBITDA are the most relevant and have the greatest weighting when it comes to quantifying incentives. The joint fulfilment of both objectives is a condition for variable remuneration to be accrued in the current year, except in very exceptional circumstances to be assessed by the Appointments and Remuneration Committee and the Board, and so that it applies, in any case, to the specified maximum limit, the variable remuneration linked to the fulfilment of other significant milestones in the Strategic Plan for 2022, which includes aspects such as Eco-Downstream Innovation, energy and environmental efficiency, the digitisation process, and the training and development of teams.

The Executive Chairman's variable remuneration in the long term is part of the Remuneration Policy approved by the General Shareholders' Meeting held on 30 June 2021. Its objective is to connect the Executive Chairman with the creation of value for the Company for the benefit of all its stakeholders (shareholders, employees, financial institutions, customers, suppliers, etc.).

The basis for its determination and calculation in the creation of value, with value meaning the result of applying a reference value multiple from comparable companies' value to the normalised EBITDA minus the net sustainable financial debt. The amount of this multi-year incentive has a maximum limit for the Executive Chairman in absolute terms of EUR 12 million (60% of the total maximum incentive).

With regards to the methodology, the time required and techniques envisaged to be able to determine, at the end of the 2022 financial year, the effective degree of compliance with the parameters used in the design of variable remuneration, in its first meeting of 2023, the Appointments and Remuneration Committee shall analyse this degree of compliance with the objectives set for the Executive Chairman and the parameters established on the basis of metrics, financial and non-financial data and indicators, and shall determine to what extent they have been achieved or not; on the basis of this criterion, it shall verify that the conditions to which the accrual of each component of the variable remuneration was linked have been effectively met, and it shall then determine an accrued variable remuneration figure, which shall be submitted to the Board for approval.

A.1.7 Main features of the long-term savings systems. Among other information, the contingencies covered by the system will be indicated, whether it is a defined contribution or benefit system, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefits plans, the conditions for the consolidation of economic rights in favour of the directors and their compatibility with any kind of payment or indemnification due to the early resolution, cessation or termination of the contractual relationship, as provided, between the Company and the Director.

Indicate whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the Director's short- and long-term performance.

In general, the directors do not have a long-term savings or benefits plan in place. As a consequence, no contribution was made to the scheme in 2021, nor will it be made in the current year (2022), with the exception of the following:

The Executive Chairman is part of a defined contribution benefits plan. Specifically, as indicated in previous sections of this Report, remuneration in kind represents a total annual contribution from the Company of 7.3% of the fixed remuneration for their executive functions (it is expected that this will amount to EUR 23,725 in 2022).

Specifically, the Executive Chairman's system is considered a defined contribution system. The collection of the benefit or the exercise of the redemption right is only possible in the event of any occurrence of the contingencies or liquidity assumptions regulated in the system's regulations. The value of the consolidated transfer and/or redemption rights, the benefits and liquidity assumptions depends on the market value of the assets in the benefits plan.

The benefits plan covers contingencies such as retirement, disability, death and dependency, and specific liquidity assumptions, as a complement to the protective action of the official benefits system.

The benefits plan is compatible with any kind of payment or indemnification due to early resolution or termination of the contractual relationship that may be derived from the terms of the Executive Chairman's contract, and it is not linked to the achievement of objectives or parameters related to the short- and long-term performance of the Director.

A.1.8 Any kind of payment or indemnification due to the early resolution or termination of the contractual relationship in the terms provided between the Company and the Director, whether the termination is at the will of the Company or the Director, as well as any type of agreements, such as exclusivity, post-contractual non-competition and commitment or loyalty that entitle the Director to any kind of payment.

The Service Contract entered into by the Company with the Executive Chairman establishes a "Termination of the Agreement and Compensation" clause, whereby the Executive Chairman shall be entitled to receive compensation from the Company in the event of termination and expiry of the Contract due to any of the following reasons:

(a) Unilateral termination by the Executive Chairman due to a serious and culpable breach by the Company;

(b) Unilateral termination by the Executive Chairman due to a substantial modification of their functions, powers or conditions of the provision of their services not motivated by any reason attributable to the Executive Chairman;

(c) Unilateral termination by the Executive Chairman or by the Company as a result of a change of control of the Company within the meaning outlined in Article 42 of the Commercial Code or the assignment or transmission of all or part of its activity or its assets and liabilities to a third party or integration into another business group. This assumption shall not apply and the Executive Chairman shall not be entitled to any compensation if, as a result of the corporate operation, the Executive Chairman accrues and is imputed with an incentive of more than EUR one million;

(d) The unilateral termination of the Contract by the Company at any time that is not due (i) to a breach by the Executive Chairman of the duties of loyalty, diligence or good faith under which they are to perform their duties, or (ii) to any other breach of obligations assumed under the Contract.

In situations involving free removal, the Company shall give three months' written notice prior to the effective termination date.

Compensation in any of the above circumstances shall consist of an amount equivalent to 12 months of the Fixed Monetary Remuneration that they receive for the performance of their executive duties, i.e., EUR 325,000. This represents the total amount to be paid by the Company, excluding any other amounts of compensation, with the Executive Chairman expressly waiving the right to claim any other amounts arising from the termination of the contract — such as expectations of future income or benefits.

While the provision of services to the Company by the Executive Chairman is made on an exclusive and full-time basis, there are no agreements related to exclusivity, post-contractual non-competition, or commitment or loyalty agreements, which entitle the Executive Chairman to any additional payment.

In addition, the Service Contract concluded by the Company with the Executive Chairman establishes that when the termination of the Contract occurs due to the voluntary resignation of the Executive Chairman for reasons that are not attributable to the Company, the resignation shall take place with at least three months' notice, and in the event of a total or partial breach of the agreed duty of notice, the Company shall be entitled to compensation equivalent to the amount of all fixed and variable remuneration corresponding to the remaining time of the aforementioned period.

None of the remaining directors in office in 2021 or as of the date of this Report had or have agreed to any indemnification in the event of termination, early retirement or cessation of their directorship. Likewise, none of the directors in office in 2021 or as of the date of this Report had or have agreed to any indemnification resulting from agreements related to exclusivity, post-contractual non-competition agreements, or commitment or loyalty agreements.

A.1.9 Indicate the conditions to be respected in the agreements of those individuals who exercise senior management roles such as executive directors. Among others, the duration, the limits on the amounts of indemnification, minimum commitment clauses, notice periods, and payment as a replacement for the aforementioned notice period, and any other clauses relating to contracting premiums, shall be reported as well as compensation or golden-parachute payments due to the early resolution or termination of the contractual relationship between the Company and the Executive Director. Include, among others, non-competition, exclusivity, commitment or loyalty agreements and post-contractual non-competition agreements, unless they have been explained in the previous section.

The Executive Chairman's Contract must respect and reflect the provisions of the Company's current Remuneration Policy. In 2021, the Company had a single Executive Director, Mr Francisco Irazusta, with a Service Contract in accordance with Article 249.3 of the Capital Companies Law, whose fixed and variable remuneration conditions, and indemnification provided in case of early termination, have already been explained in previous sections of this Report.

His Contract entered into force and was valid from the same day of its signing on 28 April 2020 and was ratified by resolution of the Board of Directors on 26 May 2021 at the suggestion of the Appointments and Remuneration Committee.

The aforementioned Contract shall remain in force for as long as the Executive Chairman remains in their position. The term of office coincides with that of the Director, which, according to the Company's By-laws, is four years, and counts since their ratification and appointment as a Director by the General Shareholders' Meeting held on 29 October 2020.

A.1.10 The estimated nature and amount of any other additional remuneration to be accrued as compensation by the directors in the current year related to services provided other than those related to their position.

In 2021, there was no additional remuneration paid to the directors accrued as compensation for services other than those related to their position.

A.1.11 Other remuneration items such as derivatives, where relevant, from the Company granting advances, credit and guarantees and other remuneration to the directors.

In 2021, there was no remuneration resulting from the granting of advances, loans or guarantees.

A.1.12 The estimated nature and amount of any other additional remuneration not covered by the preceding sections, whether this is satisfied by the entity or other entity from the Group, to be accrued by the directors in the current year.

In 2021, there were no other remuneration items or supplementary remuneration other than those mentioned above, and no additional remuneration is expected for directors not covered by the preceding sections.

A.2. Explain any relevant changes to the remuneration policy that apply to the current year resulting from:

a) A new policy or policy modification already approved by the General Shareholders' Meeting.

b) Relevant changes in the specific determinations established by the Board for the current year of the current remuneration policy with respect to those applied in the previous financial year.

c) Proposals that the Board of Directors may have agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and that have been proposed to be applied to the current financial year.

On 30 June 2021, the Company's General Shareholders' Meeting approved a new Directors' Remuneration Policy for 2022, 2023 and 2024. It replaces the policy that was previously approved by the Company's General Shareholders' Meeting on 27 June 2018 for 2019, 2020 and 2021 and subsequently modified by the General Shareholders' Meeting on 29 October 2020.

There was no relevant change to the current Remuneration Policy for the year in progress with respect to the changes applied up to June 2021, with the exception of the following:

- Introduce limits to the payment of premiums or other elements related to variable remuneration or equivalent to the members of the Board of Directors, prohibiting their payment until 75% of the financial support granted to the Company by the Solvency Support Fund for Strategic Companies on 22 July 2021 is repaid, and

- Amend a specific aspect of section 4.2 of the Remuneration Policy, which refers to the remuneration of directors acting as executive directors, which describes the various remuneration items corresponding to these directors, with an updated text of one of the applicable terms for the calculation of the multi-year variable remuneration linked to the Company's creation of the value in different assumptions and time milestones: A fixed percentage of six percent (6%) is established, which is applied on the value creation figure to quantify the incentive, replacing the scale established in the previous policy.

The remaining terms for calculating the incentive remain unchanged, along with the quantitative upper limit of EUR twenty million (€20M), which is jointly applicable to the Executive Chairman (60%) and key executives (40%).

The reason why the Board of Directors proposed such a change to the General Shareholders' Meeting, following a proposal from the Appointments and Remuneration Committee, was the very significant impact of the COVID 19 pandemic on the evolution of the Tubos Reunidos Group's businesses, which led to the delay of multiple projects in the global chain of key sectors for the Group, a collapse of demand and, consequently, the slowdown and reduction of activity since its outbreak, which have had a drastic impact. Accordingly, it was considered that there had been a substantial change in the concurrent circumstances at the time of establishing the terms of the Long-Term Incentive Plan of the Executive Chairman and beneficiary executives, which was considered to be extraordinary and unprecedented. In this new context, the Board appreciated that the complexity and level of difficulty for attaining the objectives of the Group's new Strategic Plan had increased, and it was therefore considered appropriate to adjust the Long-Term Incentive Plan accordingly to maintain the level of motivation and loyalty required for compliance.

Following approval by the General Shareholders' Meeting on 30 June 2021, the new version of the Directors' Remuneration Policy is available on the Company's website at http://www.tubosreunidos.com/upload/archivo/politica-de-remuneracion-de-los consejeros. It will remain in effect until 2024, and on the date of approval of this report no changes are foreseen in the general principles and fundamentals of the Remuneration Policy, and there are no proposals as of the date of approval of this report that have been approved for submission by the Board of Directors to the General Shareholders' Meeting to which this Annual Report will be submitted for application to the current financial year.

A.3. Show the direct link to the document that sets out the Company's current remuneration policy, which must be available on the Company's website.

http://www.tubosreunidos.com/upload/archivo/politica-de-remuneracion-de-los-consejeros_Tubos-Reunidos.pdf

A.4. Explain, taking into account the information provided in section B.4, how account has been taken of the vote of the shareholders at the General Shareholders' Meeting to which the annual remuneration report for the previous financial year was submitted for a vote in an advisory capacity.

The affirmative vote of the shareholders at the General Shareholders' Meeting of 30 June 2021 on the Annual Remuneration Report for the 2020 financial year with a majority of 99% (votes in favour from 80,560,487 shares present or represented against a total of 81,362,702 shares present or represented with voting rights) was assessed positively by the Appointments and Remuneration Committee and the Board of Directors, and taken into account in order to maintain the essential elements of the Company's Remuneration Policy in force for 2022, 2023 and 2024.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE LAST FINANCIAL YEAR

B.1.1 Explain the process followed to implement the remuneration policy and determine individual remuneration reflected in section C of this report. This information must include the role played by the Remuneration Committee, the decisions taken by the Board of Directors and, where appropriate, the identity and role of external advisers whose services were used in the process of implementing the remuneration policy in the last financial year.

Individual remuneration is derived from the following:

The Appointments and Remuneration Committee, at its meeting held on 17 February 2021, agreed to propose to the Board of Directors, which gave its approval at its meeting of 25 February 2021, to maintain the following remuneration for the 2021 financial year, in application of the Company's remuneration policy:

a) Fixed remuneration: EUR 32,500 gross per year.

b) Attendance fees: EUR 1,500 gross per meeting and EUR 2,250 gross per meeting of the Delegate Committee. The Chairs of the Audit and Appointments and Remuneration Committees are to receive EUR 3,000 gross per meeting.

c) With regard to the Coordinating Director, Mr Jorge Gabiola, the ordinary attendance fee will be paid in the event that he attends the meetings of the Supervisory Committees, and the additional amount for his increased commitment (EUR 37,500) remains unchanged.

d) Additional annual fixed remuneration of EUR 20,000 for the member, Mr Jesús Pérez Rodriguez-Urrutia (other external directors), for his increased commitment to the control and monitoring of the fulfilment of the Company's financial obligations.

The individual remuneration of the Executive Chairman is determined by the contractual obligations of the Company in respect of the Service Contract signed on 28 April 2020, and was agreed by the Appointments and Remuneration Committee on 23 April and subsequently unanimously approved by the Board of Directors on 28 April 2020, and for the ratification and partial novation of the terms of his contract agreed by the Appointments and Remuneration Committee on 26 May 2021 and subsequently unanimously approved by the Board of Directors on 26 May 2021.

Total fixed remuneration for Executive Chairman, Mr Francisco Irazusta, of EUR 325,000 per annum for his executive functions and EUR 75,000 per annum for his position as Chairman of the Board, contribution to a benefits plan and annual variable remuneration of up to 60% of total remuneration if the objectives set by the Board at the proposal of the Appointments and Remuneration Committee are attained.

No external advisers were involved in the process of implementing the remuneration policy for the 2021 financial year.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that arose during the financial year.

In 2021, there were no deviations from the procedure established for the application of the remuneration policy.

B.1.3 State whether any temporary exceptions were applied to the remuneration policy and, if so, explain the exceptional circumstances that led to the application of those exceptions, the specific components of the remuneration policy concerned and the reasons why the Company considers that any such exceptions were necessary in order to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions had on the remuneration of each Director for the financial year.

No temporary exceptions to the remuneration policy were applied in 2021.

B.2. Explain the different actions taken by the Company in relation to the remuneration system and how these contributed to reducing exposure to excessive risks and to adjusting it to the Company's long-term objectives, values and interests, including with reference to the measures taken to ensure that the accrued remuneration was aligned with the long-term results of the Company and struck an appropriate balance between the fixed and variable components of remuneration. Also, what measures were taken in relation to those categories of staff whose professional activities have a material impact on the Company's risk profile, and what measures were taken to avoid conflicts of interest, where applicable.

The Company did not take any specific action in relation to the remuneration system for external directors in order to reduce excessive risks because it is based primarily on fixed components (fixed remuneration and attendance fees) without any exposure to risks.

This section does not restate the measures taken with regard to the remuneration system for the sole Executive Director currently in office, Executive Chairman Mr Francisco Irazusta, as these were previously set out in section A1-2 of the Report. The Company is of the view that the Executive Chairman's remuneration system reduces exposure to excessive risks and is in line with the long-term objectives, values and interests of the Company, with an appropriate balance struck between the fixed and variable components of remuneration.

The Company has not taken any special measures in relation to those categories of staff whose professional activities have a tangible impact on the entity's risk profile, without prejudice to the generally established risk control measures, including possible conflicts of interest, if any.

B.3. Explain how the remuneration accrued and consolidated in the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the sustainable and long-term performance of the Company.

Report also on the relationship between the remuneration obtained by the directors and the short- and long-term results or other performance measures of the Company, explaining, where appropriate, how variation in the performance of the Company has had a bearing on variation in the remuneration of directors, including accrued remuneration for which payment was deferred, and how that contributes to the short and long-term results of the Company.

The general principles that make up the Board of Directors' Remuneration Policy for Tubos Reunidos are as follows:

a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values;
b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and effective dedication are suitably rewarded, taking into account market references according to public information on this subject regarding companies that are comparable due to their capitalisation, size, ownership structure and establishment on the international level;
c) Competitiveness, serving as an incentive to attract and retain the highest calibre of professional, in terms of level of responsibility and career path, without this affecting their independence;
d) Ensure that remuneration contributes to the achievement of the Company's strategic objectives;
e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making, and
f) Transparency in the remuneration policy.

In addition, in the case of executive directors, the Remuneration Policy for the performance of their executive functions sets out the following objectives:
a) Alignment of the remuneration policy with the Company's strategy so that the variable part rewards the achievement of the Company's strategic objectives;
b) Provide competitive remuneration that will allow the Company to attract, retain and motivate the most suitable professionals to achieve these strategic objectives;
c) Set in place remuneration based on objective criteria in terms of individual performance and the attainment of the business objectives of the Company and the Group, and
d) Strike a reasonable balance between the various remuneration components, i.e. short-term fixed remuneration, annual variable remuneration and longer-term incentives.

The remuneration accrued and consolidated in 2021 complies with the provisions of these principles. The remuneration of the external directors consists basically of fixed components (fixed remuneration and attendance fees) that reward the level of responsibility, qualification and actual commitment, and, in terms of the amount, this remuneration was contrasted with market benchmarks as these appear in third-party reports published on the remuneration of the boards of directors of listed companies in Spain. Consequently, the variable component of the remuneration of external directors has very little weighting, the aim being to have prudent risk management in decision-making, without conditional factors derived from company performance measures that could affect their independence and professionalism.

However, due to the difficulties in evolving the Group's businesses in recent years, in a loss-making context, in 2016 the Board of Directors adopted the resolution to apply a 25% reduction in the amount of remuneration of the directors for their post, a reduction which was maintained in 2017, 2018, 2019, 2020 and 2021 in the amount of the attendance fees, which will also be maintained in 2022. In view of this situation, external directors have not accrued the variable remuneration of 0.5% of consolidated net profit.

Regarding the sole Executive Director currently in post in 2021, in the first part of 2021 he accrued a variable remuneration of EUR 140,000, having met certain objectives that had been set by the Appointments and Remuneration Committee and approved by the Board of Directors.

B.4. Report on the outcome of the General Shareholders' Meeting's advisory vote on the annual remuneration report for the previous year, indicating the number of abstentions, votes against, and blank and in favour votes cast:

	Number	% of total
Votes cast	81,362,702	46.58

	Number	% of votes cast
Votes against	802,215	0.99
Votes in favour	80,560,487	99.01
Blank votes		0.00
Abstentions		0.00

B.5. Explain how the fixed components accrued and vested during the year by the directors for their post were determined, their relative proportion for each Director and how these varied from the year before.

The fixed components accrued during the 2021 financial year by the directors for their post were determined as follows:

a) Fixed remuneration:
a.1. In general, EUR 32,500 gross per annum accrued in proportion to the duration of each Director's term of office during the year. This figure has been applied since 2017 and remains in effect for 2022.
a.2. Coordinating Director: an additional EUR 37,500 per annum for his increased commitment and functions. Same figure as in previous years.
a.3. Executive Chairman: EUR 75,000 gross.
a.4. Other external directors EUR 20,000 extra per year for their increased commitment. Same figure as in the previous year.

b) Attendance fees:
b.1. In general: EUR 1,500 gross per Board meeting and Supervisory Committees meeting (EUR 975 net). Same figure since 2017, which will remain in effect for the current year.
b.2. Chairs of Audit and A & R Committees: EUR 3,000 per meeting (EUR 1,950 net) for their increased commitment and preparation. This figure has been applied since 2017 and remains in effect for 2022.

b.3. Coordinating Director: The ordinary attendance fee is paid for attendance at meetings of the Supervisory Committees.

There are no changes from the previous year in the accrued and vested fixed components.

B.6. Explain how the salaries accrued and vested during the last year were determined for each of the executive directors for the performance of management functions, and how these changed from the previous year.

The salary earned during the 2021 financial year by the sole Executive Director, Mr Francisco Irazusta, was determined in application and fulfilment of the Contract concluded with the Company and the Board of Directors' Remuneration Policy approved by the General Shareholders' Meeting on 30 June 2021.

The terms of this Contract were approved by the Board of Directors of Tubos Reunidos on 28 April 2020 upon proposal by the Appointments and Remuneration Committee, who analysed and proposed the aforesaid remuneration to the Board after its meeting on 23 April 2020, in accordance with Article 249.3 of the Capital Companies Law.

On 23 April 2020, the Committee was composed of the following directors:

Chairwoman: Ana Muñoz (Independent)
Members: Mr Jorge Gabiola (independent), Mr Cristóbal Valdés (proprietary) and Mr Juan Maria Román (independent)

The terms of remuneration of the Executive Director were also approved by the General Shareholders' Meeting on 30 June 2021. The fixed remuneration set out in that contract amounted to EUR 400,000 per annum, of which EUR 325,000 corresponded to executive directorship functions.

The fixed remuneration did not change in 2021 from that established at the time that he was appointed in May 2020.

In 2021, the Executive Chairman performed his executive function for 12 months and therefore earned a total fixed remuneration of EUR 325,000. However, in 2020, he earned his salary from the time of his appointment in May 2020, with an accrual of eight months, amounting to EUR 216,667.

B.7. Explain the nature and main characteristics of the variable components of the accrued and vested remuneration systems in the last year.

Specifically:

a) Identify each of the remuneration plans that determined the different variable remuneration earned for each of the directors during the last year, including information on their scope, date of approval, date of implementation, vesting conditions, where applicable, earning and validity periods, criteria used for performance evaluation and how this had an impact on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be in post in order to adequately measure all stipulated conditions and criteria. Provide a detailed explanation of the criteria and factors that were applied in terms of the time required and methods to verify that performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked were actually met.

b) In the case of stock option plans or other financial instruments, the general characteristics of each plan are to include information on the conditions for both acquiring unconditional entitlement (vesting) and for exercising such options or financial instruments, including the price and period of exercise.

c) Each of the directors and their category (executive directors, external proprietary directors, independent external directors or other external directors), who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.

d) Where applicable, specify the accrual periods or deferral of payment periods applied and/or retention/unavailability periods for shares or other financial instruments, where these exist.

Explain the short-term variable components of the remuneration systems:

External directors did not accrue variable short-term remuneration during the 2021 financial year.

With regard to the Executive Chairman, the Appointments and Remuneration Committee, at its meeting of 17 February 2021, approved by the Board at its meeting of 25 February, set out objectives for him for the first part of the year, the attainment of which resulted in the accrual of EUR 140,000 of variable remuneration, which the Appointments and Remuneration Committee reported to the Board of Directors at its meeting on 22 July 2021.

With regard to the criteria used for the evaluation of performance in 2021 and how this impacted on the setting of the variable remuneration accrued, and also with respect to the measurement criteria used and the time required to be in a position to adequately measure all the conditions and criteria stipulated, the methods used by the Appointments and Remuneration Committee to verify that the conditions linked to the accrual and vesting of each component of the variable remuneration of the Executive Chairman were actually met were as follows:

The Committee measured and considered as fulfilled the priority strategic objectives that had been set for the Executive Chairman for the first part of the year, consisting of obtaining the necessary funding to carry out the updating of the Business Plan, and, to that end, exploring all possible funding alternatives, in addition to assessing the level of reasonable compliance with the Plan during that period. Once the necessary funding was obtained, in the second half of the year, the Executive Chairman developed a Feasibility Plan with his team, and implementation of the objectives set out therein began, to be completed in 2022.

This variable remuneration amounts to an accrual of 58.33% of the maximum variable remuneration set out in his Contract (60% of the total fixed remuneration accrued in 2021, i.e. EUR 240,000).

Explain the long-term variable components of the remuneration systems:

The Executive Chairman is the only Director who has been granted long-term variable remuneration, subject to the terms and conditions already described in this Report.

No long-term variable remuneration was accrued by the Executive Chairman in 2021 as the budgets and milestones set out in his contract for accrual of the multi-year incentive were not met for that year.

B.8. Indicate whether certain accrued variable components were reduced or a claw-back requested when, in the first case, payment of non-vested amounts was deferred or, in the second case, amounts were vested and paid, on the basis of data that was subsequently clearly demonstrated to be inaccurate. Describe the amounts reduced or clawed back by applying the reduction (malus) or return (clawback) clauses, why they were executed and the years to which they correspond.

There was no reduction or claw-back of any variable components.

B.9. Explain the main characteristics of long-term savings plans whose equivalent annual amount or cost is listed in the tables in Section C, including pension and any other survival benefits, which are partially or fully funded by the Company, whether endowed internally or externally, and indicate the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the conditions for the consolidation of economic rights in favour of directors and their compatibility with any kind of indemnification for early resolution or termination of the contractual relationship between the Company and the Director.

In general, the directors do not have a long-term savings or benefits plan in place. Consequently, no contribution was made in 2021 and none will be made in the current financial year (2022), except as follows:

The Executive Chairman has a benefits plan, under terms and conditions that are very similar to those of Steering Committee members, whose annual cost to the Company rose to EUR 23,725 in 2021 (a contribution met by the Company of 7.3% of the fixed remuneration for their executive functions).

The Executive Chairman's benefits plan is a defined contribution plan. Collection of the benefit or exercising of the redemption right is only possible in the event of the occurrence of any of the contingencies or liquidity assumptions stipulated in the benefits plan regulations. The value of vested rights, benefits and liquidity assumptions depends on the market value of the benefits plan assets. Vested rights are intended to cover contingencies such as retirement, disability, death and dependency, and certain liquidity assumptions, so as to complement social benefits protection.

The plan is compatible with any kind of payment or indemnification for early resolution or termination of the contractual relationship that may arise under the terms set out in the Executive Chairman's contract.

B.10. Explain, where appropriate, the compensation or any other type of payment arising from early departure, whether at the initiative of the Company or the Director, or termination of the contract, under the terms set out therein, accrued and/or received by the directors during the last financial year.

No compensation or payments were accrued or received as a result of early departure of members of the Board of Directors during the 2021 financial year.

B.11. Indicate whether there were any significant changes made to the contracts of senior management or executive directors and, if so, explain these. Also, explain the main terms of any new contracts signed with executive directors during the financial year, unless these were explained in section A.1.

In 2021, there were no significant changes made to the contract of the sole Executive Director, Executive Chairman, Mr Irazusta. Mention need only be made of the change (approved by the Board and the General Shareholders' Meeting) to simplify the method of calculating the long-term variable remuneration of the Executive Chairman and his management team, which was previously reported in section A.2 of this Report.

B.12. Explain any additional remuneration accruing to directors in exchange for services rendered other than those inherent in their duties.

In 2021, there was no additional remuneration paid to the directors accrued as compensation for services other than those related to their position.

B.13. Explain any remuneration resulting from the granting of advances, loans and guarantees, stating the interest rate, its essential characteristics and the amounts ultimately returned, as well as the obligations assumed in respect thereof as surety.

In 2021, there was no remuneration resulting from the granting of advances, loans or guarantees.

B.14. Detail any remuneration-in-kind accrued by the directors during the year, briefly setting out the nature of the various salary components.

The directors did not accrue any remuneration-in-kind during the 2021 financial year, except for the premium from inclusion in the life and accident insurance of the sole Executive Director in 2021, Executive Chairman, Mr Francisco Irazusta, the amount of which was totally inconsequential and less than the minimum unit of one thousand euro used in section C of this Report.

B.15. Explain any remuneration accrued by a Director based on payments made by the listed company to a third-party entity within which the Director provides services, when such payments are intended to remunerate the services of the Director within the company.

In 2021, no remuneration was accrued on the basis of payments made by the Company to a third-party entity.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the above, whatever its nature or the group entity that pays it, including any benefits in any form, such as when considered to be a related-party transaction or, specifically, when it significantly affects the faithful picture of the total remuneration accrued by the Director. Specify the amount paid or pending payment, the nature of the remuneration received and the reasons why it would not have been considered, where applicable, that it constitutes remuneration of the Director for their role or for the discharging of their executive functions, and whether or not it was considered appropriate to include it among the amounts accrued in the "Other items" section of section C.

In 2021, there were no remuneration items other than those already mentioned above.

C. BREAKDOWN OF INDIVIDUAL REMUNERATION FOR EACH DIRECTOR

Name	Type	Accrual period 2021 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman	From 01/01/2021 to 31/12/2021
MR EMILIO YBARRA AZNAR	Proprietary Deputy Chairman	From 01/01/2021 to 31/12/2021
MR JORGE GABIOLA MENDIETA	Coordinating Director	From 01/01/2021 to 31/12/2021
MR ENRIQUE MIGOYA PELÁEZ	Proprietary Director	From 01/01/2021 to 31/12/2021
MR CRISTÓBAL VALDÉS GUINEA	Proprietary Director	From 01/01/2021 to 31/12/2021
MR ALFONSO BARANDIARÁN OLLEROS	Proprietary Director	From 01/01/2021 to 31/12/2021
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Proprietary Director	From 01/01/2021 to 31/12/2021
MS ANA MUÑOZ BERAZA	Independent Director	From 01/01/2021 to 31/12/2021
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Other External Director	From 01/01/2021 to 31/12/2021
MS TERESA QUIRÓS ÁLVAREZ	Independent Director	From 16/12/2021 to 31/12/2021
MS MARIA SICILIA SALVADORES	Independent Director	From 16/12/2021 to 31/12/2021
MR JUAN MARIA ROMÁN GONÇALVES	Independent Director	From 01/01/2021 to 30/06/2021

C.1. Complete the following tables regarding the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the financial year.

a) Remuneration of the Company covered by this report:

i) Remuneration accrued in cash (in thousands of euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2021 financial year	Total 2020 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	75			325	140				540	420
MR EMILIO YBARRA AZNAR	33	16							49	49
MR JORGE GABIOLA MENDIETA	70	30							100	106
MR ENRIQUE MIGOYA PELÁEZ	33	24							57	54
MR CRISTÓBAL VALDÉS GUINEA	33	22							55	54
MR ALFONSO BARANDIARÁN OLLEROS	33	16							49	49
MS LETICIA ZORRILLA DE LEQUERICA PUIG	33	16							49	49
MS ANA MUÑOZ BERAZA	33	36							69	69
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	53	18							71	69
MS TERESA QUIRÓS ÁLVAREZ	3	3							6	
MS MARIA SICILIA SALVADORES	3	3							6	
MR JUAN MARIA ROMÁN GONÇALVES	16	18							34	70

Observations
In order to compare the Executive Chairman's remuneration amount with that of the previous financial year, it should be noted that in 2020 Mr Irazusta served the Company for eight months of the year, since he was appointed on 29 April 2020.

ii) Table of movements of share-based remuneration plans and gross earnings from vested shares or financial instruments.

Name	Name of the Plan	Financial instruments at the beginning of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Expired and non-exercised instruments	Financial instruments at the end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

Observations
No member of the Board of Directors has a remuneration system in place based on the delivery of shares.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
MR FRANCISCO IRAZUSTA RODRIGUEZ	24

Contribution for the year by the Company (thousands of euro)	Amount of accumulated funds (thousands of euro)

Name	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2021 financial year	2020 financial year	2021 financial year	2020 financial year	2021 financial year	2020 financial year	2021 financial year	2020 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	24	16			40	16		

Observations

No member of the Board of Directors has a long-term savings plan in place, although the Executive Chairman has a benefits plan with terms equivalent to those of senior management members under which the Company contributed EUR 23,725 in 2021.

iv) Detail of other items

Name	Item	Remuneration amount
No data		

Observations

There is no remuneration for any other type of remunerative item.

b) Remuneration to the directors of the listed company for their membership of the governing bodies of their dependent companies:

i) Remuneration accrued in cash (in thousands of euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2021 financial year	Total financial year 2020
No data										

Observations

No member of the Board accrued remuneration for membership of boards or governing bodies of other companies of the Group.

ii) Table of movements of share-based remuneration plans and gross earnings from vested shares or financial instruments.

Name	Name of the Plan	Financial instruments at the beginning of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Expired and non-exercised instruments	Financial instruments at the end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

Observations

No member of the Board of Directors has a share-based remuneration plan in place.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
No data	

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2021 financial year	2020 financial year	2021 financial year	2020 financial year	2021 financial year	2020 financial year	2021 financial year	2020 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	24	16						

Observations

No member of the Board of Directors has a long-term savings plan in place, although the Executive Chairman has a benefits plan with terms similar to those of senior management members under which the Company contributed EUR 23,725 in 2021.

iv) Detail of other items

Name	Item	Remuneration amount
No data		

Observations

c) Summary of remuneration (in thousands of euro):

The amounts corresponding to all the remuneration items included in this report that were accrued by the Director in thousands of euro should be included in the summary.

	Remuneration accrued in the Company					Remuneration accrued in companies of the Group					
Name	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2021 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2021 Group	Total 2021 Company + Group
MR FRANCISCO IRAZUSTA RODRIGUEZ	540		24		564						564
MR EMILIO YBARRA AZNAR	49				49						49
MR JORGE GABIOLA MENDIETA	100				100						100
MR ENRIQUE MIGOYA PELÁEZ	57				57						57
MR CRISTÓBAL VALDÉS GUINEA	55				55						55
MR ALFONSO BARANDIARÁN OLLEROS	49				49						49
MS LETICIA ZORRILLA DE LEQUERICA PUIG	49				49						49
MS ANA MUÑOZ BERAZA	69				69						69

	Remuneration accrued in the Company					Remuneration accrued in companies of the Group					
Name	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2021 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2021 Group	Total 2021 Company + Group
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	71				71						71
MS TERESA QUIRÓS ÁLVAREZ	6				6						6
MS MARIA SICILIA SALVADORES	6				6						6
MR JUAN MARIA ROMÁN GONÇALVES	34				34						34
TOTAL	1,085		24		1,109						1,109

Observations

Mr Juan María Román ceased to be a Company Director on 30 June 2021.

C.2. Indicate the change over the last five years in the amount and the percentage change in the accrued remuneration for each of the directors who were directors of the listed company during the financial year, in the consolidated earnings of the Company and in the average remuneration on a full-time equivalent basis of employees of the Company and its dependent companies who are not directors of the listed company.

	Total amount accrued and % annual variation								
	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year	% variation 2019/2018	2018 financial year	% variation 2018/2017	2017 financial year
Executive directors									
MR FRANCISCO IRAZUSTA RODRIGUEZ	564	27.60	442	-	0	-	0	-	0
External directors									
MR EMILIO YBARRA AZNAR	49	0.00	49	2.08	48	0.00	48	-2.04	49
MS TERESA QUIRÓS ÁLVAREZ	6	-	0	-	0	-	0	-	0
MS MARIA SICILIA SALVADORES	6	-	0	-	0	-	0	-	0
MR JORGE GABIOLA MENDIETA	100	-5.66	106	-4.50	111	7.77	103	0.00	103
MR ENRIQUE MIGOYA PELÁEZ	57	5.56	54	-5.26	57	78.13	32	-	0
MS LETICIA ZORRILLA DE LEQUERICA PUIG	49	0.00	49	0.00	49	0.00	49	4.26	47
MR ALFONSO BARANDIARÁN OLLEROS	49	0.00	49	0.00	49	0.00	49	4.26	47
MR CRISTÓBAL VALDÉS GUINEA	55	1.85	54	10.20	49	25.64	39	-	0
MS ANA MUÑOZ BERAZA	69	0.00	69	13.11	61	-4.69	64	8.47	59
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	71	2.90	69	-	0	-	0	-	0

	Total amount accrued and % annual variation								
	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year	% variation 2019/2018	2018 financial year	% variation 2018/2017	2017 financial year
MR JUAN MARIA ROMÁN GONÇALVES	34	-51.43	70	4.48	67	0.00	67	-	0
Consolidated earnings of the Company									
	-64,676	33.94	-97,905	-136.06	-41,475	-20.47	-34,427	-6.27	-32,397
Average employee remuneration									
	64	20.75	53	10.42	48	-4.00	50	2.04	49

Observations

In the last five years the amount of remuneration of the directors of the Company has barely changed.

In the case of external directors, changes were solely due to whether or not they were members of supervisory committees, the number of meetings held by those supervisory committees, the date on which they joined the Board (for the year in which they are appointed, directors serve for a period of less than 12 months for which they accrue remuneration) or left the Board (in the case of Mr Román).

The percentage change in remuneration accrued by the Executive Chairman is explained by the fact that in the 2020 financial year he only accrued remuneration from his appointment on 29 April.

In any case, changes to the Board's remuneration have remained contained and stable since 2017, in line with the consolidated negative earnings of the Company.

D. OTHER RELEVANT INFORMATION

If there are any other factors relevant to the remuneration of directors which could not be included in the other sections of this report, but which need to be included in order to provide more complete and reasoned information regarding the Company's directors' remuneration structure and practices, detail those here.

The Company's directors' remuneration structure and practices are as described above in this report.

This annual remuneration report was approved by the Company's Board of Directors at its meeting held on the following date:

24/02/2022

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

TUBOS REUNIDOS GROUP
TUBOS · PRODUCTOS

Non-financial information statement NFIS 2021

The rediscovery.
Empowering the energy transition

Index

Letter from the Chairman

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

Francisco Irazusta
Chairman

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

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

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

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

Francisco Irazusta
Chairman

112.8

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

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

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

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

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

I would like to end this letter by thanking all the shareholders, customers, suppliers, institutions and collaborators of the Group, as well as the Company as a whole. Their support, effort and commitment have made it possible for our great project to move forward stronger and make progress more successfully than ever. We have been an agile, efficient and trusted partner for our customers for nearly 130 years, offering them our know-how, quality and innovation through high value-added products and services, and we want to remain so with our innovative and sustainable piping solutions.

WHO WE ARE

Leaders in providing innovative and sustainable piping solutions

LINK TO VIDEO THE DISCOVERY

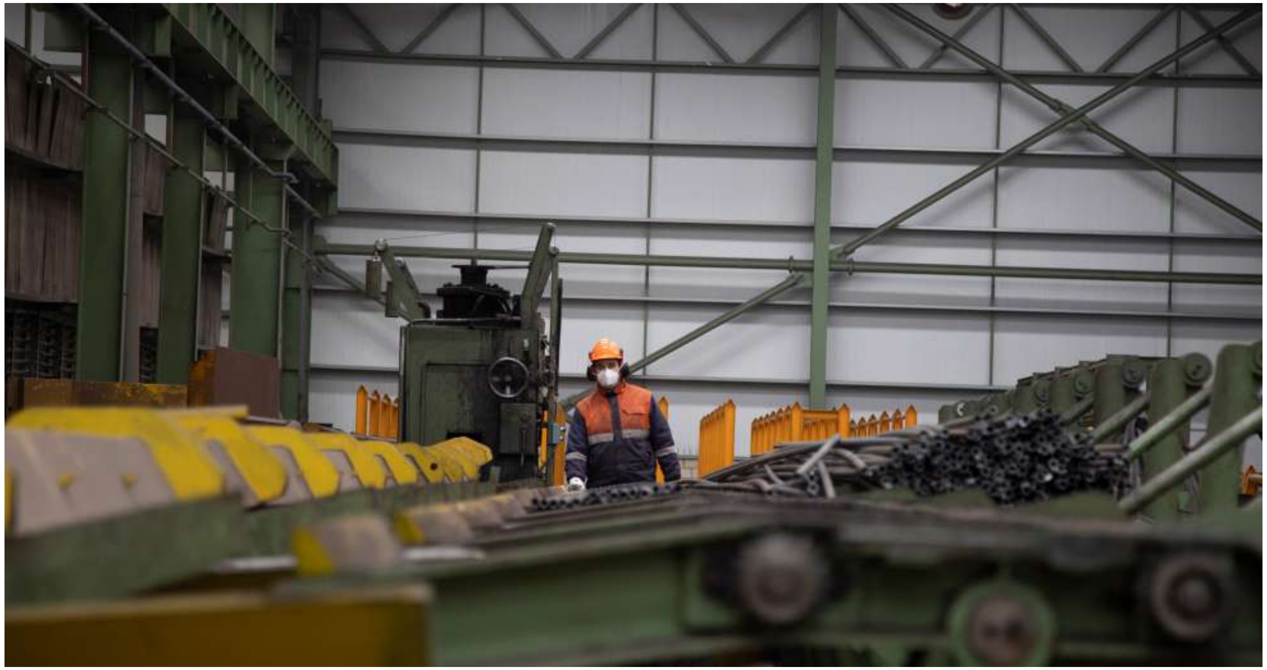
We are Tubos Reunidos. S.A. and subsidiaries (hereinafter the TRSA Group or the Group), a Group with almost 130 years of history in the steel industry and the talent of more than 1,300 people. Our extensive experience and broad knowledge of the sector allows us to anticipate the piping solutions required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

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

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

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

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



MISSION, VISION AND VALUES

MISSION

"TO DRIVE THE ENERGY TRANSITION THROUGH INNOVATIVE AND SUSTAINABLE PIPING SOLUTIONS"

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

VISION

"TO BE THE MOST AGILE, EFFICIENT AND RELIABLE COMPANY FOR OUR CUSTOMERS BY OFFERING THEM OUR INDUSTRIAL EXPERIENCE, KNOW-HOW, QUALITY AND INNOVATION THROUGH PRODUCTS AND SERVICES THAT ARE VALUED AND REFERENCED IN THE MARKET WHILE PROTECTING THE ENVIRONMENT AND THE HEALTH AND SAFETY OF THE PEOPLE THAT FORM PART OF THE COMPANY"

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

VALUES

EMPOWERING THE ENERGY TRANSITION

- HUMAN RESOURCES INVOLVED
- A COMMITTED PARTNER ACCORDING TO EUROPEAN STANDARDS
- RESPONSIVE ORGANISATION
- ALMOST 130 YEARS ANTICIPATING TECHNOLOGY SOLUTIONS
- CUSTOMISED SOLUTIONS TAILORED TO CUSTOMERS
- DRIVING THE ENERGY TRANSITION

CAPABILITIES THAT HELP US STAND OUT

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

Our industry know-how after nearly 130 years of experience

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

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

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

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

Customised solutions

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

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

Main figures

TURNOVER (IN THOUSANDS OF EURO)

242,994
2021

241,661
2020

TONNES OF PIPES SOLD (IN THOUSANDS OF TN)

139
2021

142
2020

TOTAL ASSETS (IN THOUSANDS OF EURO)

468,273
2021

351,135
2020

ANNUAL PRODUCTION CAPACITY

300,000
TONNES OF PIPES

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

Ff the raw material used comes from the reuse of waste

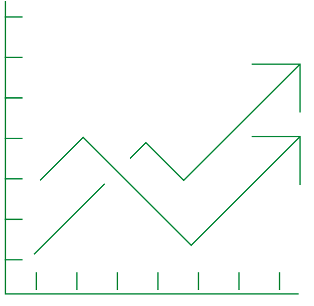
97%
2021

94%
2020

Employees trained in the code of ethics

100%
2021

100%
2020



BUILDING LASTING RELATIONSHIPS WITH STAKEHOLDERS

PEOPLE

Direct employment

1,360
2021

1,427
2020

% under permanent contract

94%
2021

98%
2020

Average training hours per employee

10.10
2021

5.88
2020

Same salary **for same work and responsibility**

SHAREHOLDERS AND INVESTORS

Capitalisation (millions of euro)

48.8
2021

35.6
2020

Average share price

0.373
2021

0.163
2020

FUNDERS

The granting of a participative loan by the SEPI

EUR 112.8 million

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

SUPPLIERS

% Local suppliers

86% **2021**

83% 2020

PUBLIC ADMINISTRATIONS

Tax payments (millions of euro)

32.7 **2021**

30.6 2020

LOCAL COMMUNITIES

Indirect employment

7,000 **SUPPLIERS AND SUBCONTRACTORS**

EUR 940 thousand **MEALS/ COLLABORATION WITH RESTAURANTS**

(EUR 1,170 THOUSAND IN 2020)

CUSTOMERS

Number of countries sold to

66 **2021**

63 2020

Sales by geographic markets

EU
- 51% - 2021
- 47% - 2020

North America
- 25% - 2021
- 26% - 2020

Far East
- 19% - 2021
- 17% - 2020

Middle East and Africa
- 3% - 2021
- 8% - 2020

Others
- 2% - 2021
- 2% - 2020

Number of agencies and delegations

28 **2021**

27 2020

PARTNERSHIP

QATARGAS APPROVAL

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

WE PARTICIPATED WITH THE SIDEREX BASQUE COUNTRY STEEL CLUSTER (*CLÚSTER DE ACERO*) AND THE UNIVERSITY OF THE BASQUE COUNTRY in the launch of ROOM4STEEL, a type of steel classroom to train engineering and Master's degree university students

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

SIGNIFICANT SHAREHOLDERS

BBVA Group
- 14.77%

Zorrilla-Lequerica Puig family concerted action
- 10.22%

Mr Joaquín Gómez de Olea Mendaro
- 6.56%

Ms Carmen de Miguel Nart*
- 3.82%

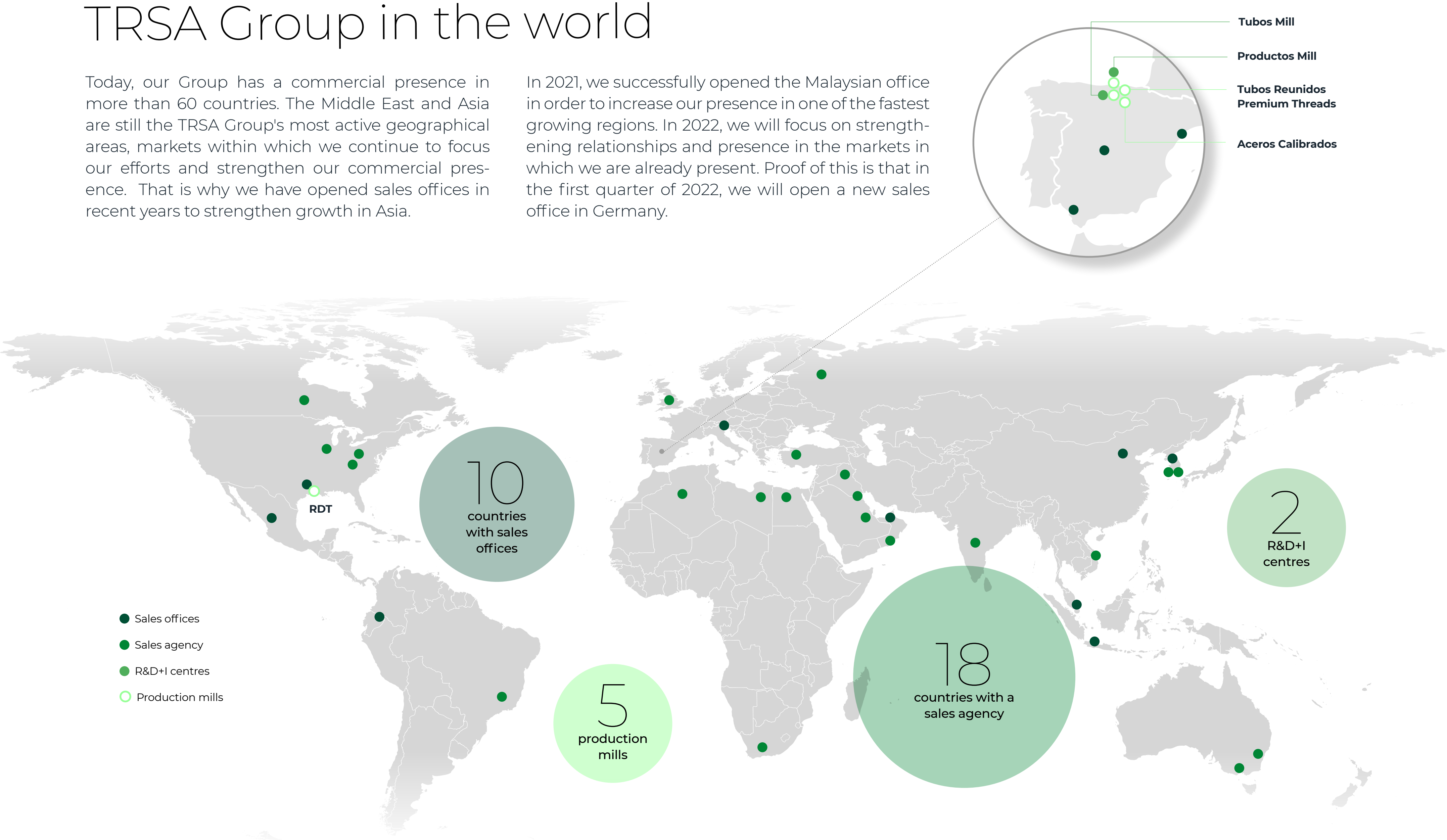
Elguero, S.A.
- 3.33%

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

TRSA Group in the world

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

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



Where we came from: almost 130 years of history

1892

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

1946

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

1950-1970

New cold drawing facilities.

1968

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

1977

First casting at the Amurrio steel mill.

1984

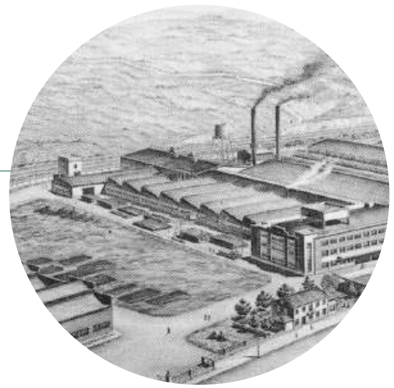
For the first time ever, a new heating and drilling system (C.P.E.) for the head of the thrust-bench is launched in Amurrio, which meant a major technological leap in the manufacture of seamless piping. New facilities for the finishing of oil and natural gas (OCTG) pipes.

1998

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

2002

New cold drawing facilities in Amurrio.



2005

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

2014

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

2016

Acquisition of the business assets of Rotary Drilling Tools, Inc. (RDT) in Texas.

The TRSA Group geographically diversifies its production installations by acquiring capacity locally in the USA, close to the end user.

2018

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

2012-2019

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

2019

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

2020

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

2021 Developments: Our response to challenges as a strategic company

2021

MAIN HIGHLIGHTS OF THE YEAR

ACHIEVING OUR FIRST MILESTONES IN CLEAN ENERGIES:

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

JANUARY

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

JULY

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

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

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

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

SEPTEMBER

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

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

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

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

Francisco Irazusta
Chairman

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

400

Customers in **66 countries**

BENCHMARK COMPANY
in the Basque export industry for decades

THE ONLY SPANISH MANUFACTURER
in our product range and the only European manufacturer in part of the product range

SIGNIFICANT IMPACT
on the Basque Country's employment and economy

PRESENTS
throughout the value chain of renewable energies

WE ARE DRIVING
the energy transition and decarbonisation

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

A global company rooted in the Basque Country

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

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

In five years, it has contributed **more than EUR 150 million** in taxes to the Basque Country

2017+2018+2019+2020 + 2021= **EUR 158,6 million**

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

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

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

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

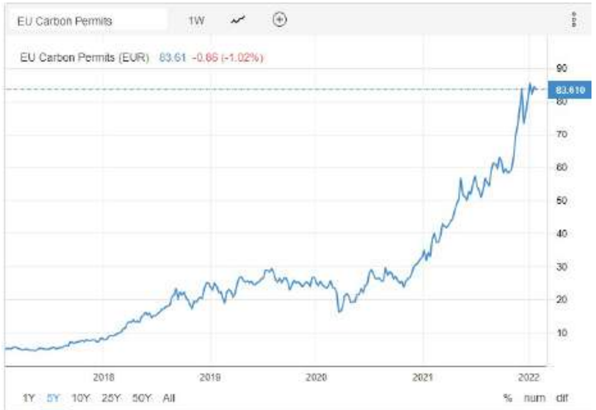
EVOLUTION OF THE SECTOR IN 2021

The evolution of the iron and steel sector was marked by the evolution of the markets, which has a significant impact on the business fabric, both in terms of production and turnover and in terms of employment. The sharp increases in the prices of energy, in ferroalloys, transport and, finally, the very high prices of scrap metal, are leading to an increase in recurrent costs of around 75% for the companies in the sector, accelerating some transformations that were already in progress. With regard to activity, we have seen a revival - particularly in the replenishment of more standard piping inventories - in certain countries as their mobility restrictions have been eased, or directly suspended; however, the effects of COVID-19 have continued to have a strong impact in 2021 in certain key markets for the Group, stalling the activation of the Powergen and Downstream projects — special products involving higher added value. However, a progressive recovery of projects is expected from 2022 onwards.

Significant increases in energy prices

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

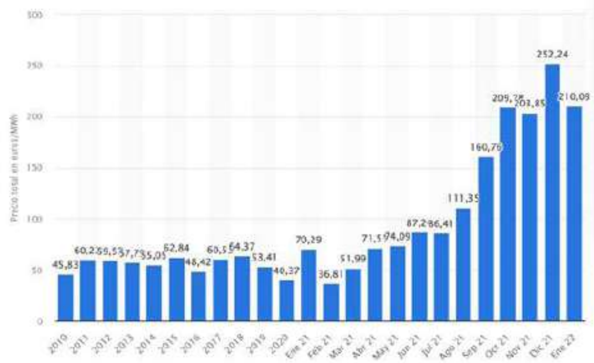
- The increase in the CO_2 emission allowances paid by large energy consumers for emitting carbon dioxide into the atmosphere, doubling the price of carbon dioxide in one year;



VIEW THE TABLE

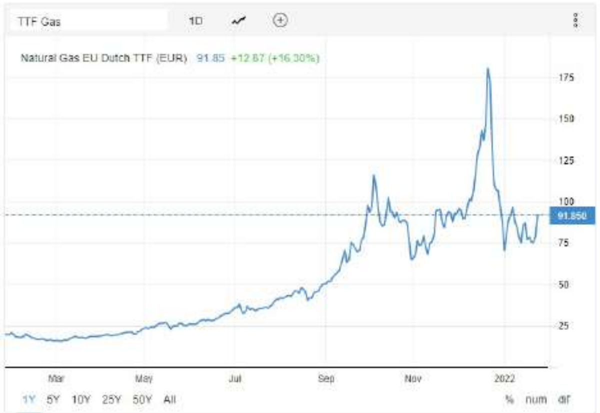
- Geopolitical tensions between Russia and Ukraine in the North and Algeria and Morocco in the South, which have affected gas supplies to the EU.
- A climate that has led to increased energy consumption at a time when there are not enough renewables to regularly supply the system and where the latest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

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



VIEW THE TABLE

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



VIEW THE TABLE

Rise in transport and strips prices

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

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

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

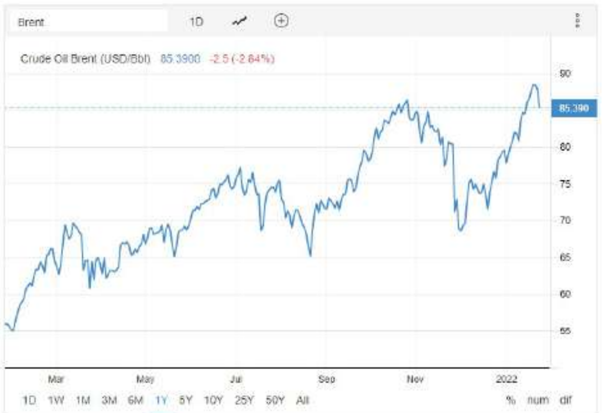
VIEW THE TABLE

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

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

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

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



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

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

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

MILESTONES IN KEY COUNTRIES

CHINA

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

USA

End of the Section 232 tariff rates imposed by the Trump administration in 2018. On 31 October 2021, the G20 summit was held in Rome, during which the US announced the replacement of tariffs on steel and aluminium imports from the EU with a tariff-free quota system under the name "tariff-rate-quotas" (TRQs). The aim is to reach an agreement to defuse the tariff-related rhetoric with the EU and work on a Global Agreement on Sustainable Steel and Aluminium. This led to the steel industry - including the pipes sector - being a beneficiary of the agreement, as it seeks to restore pre-2018 transatlantic trade flows and, in turn, addresses the shared challenges in relation to climate change.

Main challenges

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

RETOS

01.

COMPETITIVENESS

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

02.

MARKET

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

03.

ENERGY TRANSITION

The most significant change in the sector concerns the energy transition and the drive towards the decarbonisation of the economy. O&G companies – among other CO_2 emitters – are being forced to reinvent themselves progressively to become more cross-functional, a movement which is led by European companies. The energy transition poses a great challenge, but also a great opportunity. We can and must be the protagonists of this process, supporting customers in the transition from fossil energy to clean energy — a process in which gas plays a key role as a type of transition energy.

Where we are going: driving the energy transition

2021–2026 STRATEGIC PLAN

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

- **"Focus on cash" (2020-2021):** the main objective is to preserve the cash position by carrying out measures to optimise costs and efficiencies, renegotiate the financial situation and obtain the support of the SEPI to address the Plan's challenges.

- **"Focus on value" (2022-2026):** in which we estimate that global energy and electricity needs will increase during this phase, spurred by the return to pre-COVID-19 levels of demand, the growth of the world's population and greater development in emerging countries, especially in Asia. In addition, the reduced carbon footprint promoted by governments in almost all countries around the world will accelerate the advancement of clean energies. At the same time, the increased consumption of natural gas as a transition energy will continue to progressively overtake coal and other heavier fossil fuels in the electricity mix.

All of this will require:

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

- Digitisation of the Group: new technologies and resources.

- Unique commercial positioning as a Group: aiming processes, resources, investments and R&D towards the improvement, cost reduction and development of products with high added value.

- The redefining of our mission, vision and values, as well as our website.

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

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

- The merger of the Group's companies in Spain: Tubos Reunidos Industrial (hereinafter referred to as the TUBOS Mill), Productos Tubulares (hereinafter referred to as the PRODUCTOS Mill), ACECSA into a single legal entity **"Tubos Reunidos Group"**.

- The creation of a new modern and efficient **cold-drawing centre** in Amurrio, combining the skills and experience of our professionals from ACECSA and the TUBOS Mill. Investments will be made in new digital technologies, improving the efficiency of production processes and the development of new products.

- **The creation of a new Group steel mill** in Amurrio, bringing together the knowledge and experience of our professionals from the TUBOS and PRODUCTOS mills. Investments will be made in new digital technologies to improve processes, reduce costs through efficiency gains, reduce CO_2 emissions, and increase capacity for innovation and new product development.

- **Re-opening of RDT in the last quarter of 2021**, with the resources that guarantee the knowledge necessary to demonstrate its value once again.

OBJECTIVES OF THIS PLAN

Return the TRSA Group to profitability

Develop and train our talent, and make sure that they work in a safe environment

Focus on the customer and be relevant actors in driving the energy transition

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

Status of the 31/12/2021 plan

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

- the grant to the Group, and the formalisation on 22nd July 2021 of a participative loan of EUR 112.8 million from the Solvency Support Fund for Strategic Companies affected by the pandemic in accordance with Royal Decree-Law 25/2020 of 3 July, on urgent measures to support economic recovery and employment; and

- the novation and improvement of various pre-existing financing conditions with the Group's private financing entities, making them consistent with those conditions outlined in the temporary public support received and improving them for the purpose of the Group's expected profitability.

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

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

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

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

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

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

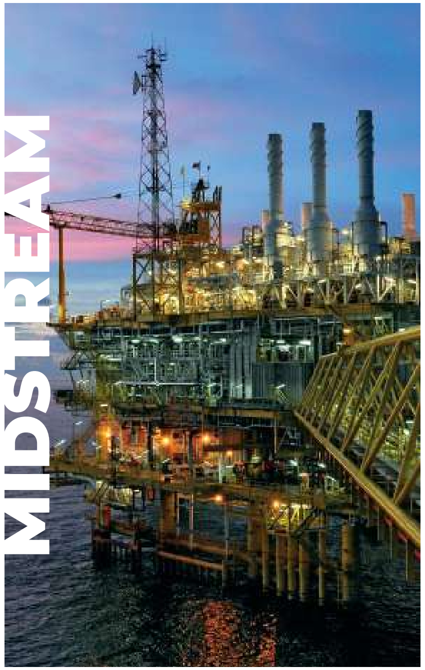
- Adaptation to a more efficient workforce structure through mutually agreed staff departures.

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

PAVING THE WAY FOR NEW SECTORS AND APPLICATIONS

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

Wide range of products in diversified applications



DOWNSTREAM

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

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

APPLICATIONS

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

DOWNSTREAM – PRESSURE PARTS

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

MIDSTREAM

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

APPLICATIONS

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

UPSTREAM

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

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

APPLICATIONS

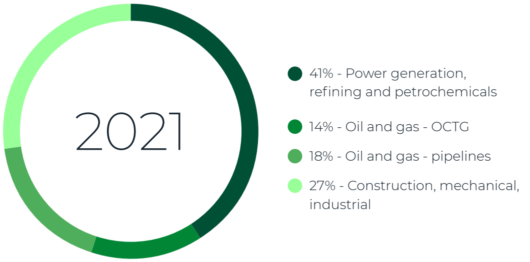
- Oil and gas
- Geothermal energy

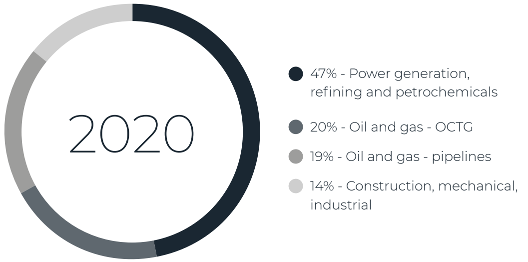
MECHANICAL

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

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

Breakdown of seamless pipe sales by sector





Our contribution to Sustainable Development

COLLABORATING WITH THE ENVIRONMENT

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

MAJOR INTERNATIONAL CONGRESSES

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

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

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

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

MAIN ASSOCIATIONS

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

103

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

ESTABLISHING THE PILLARS WHEN IT COMES TO SUSTAINABILITY

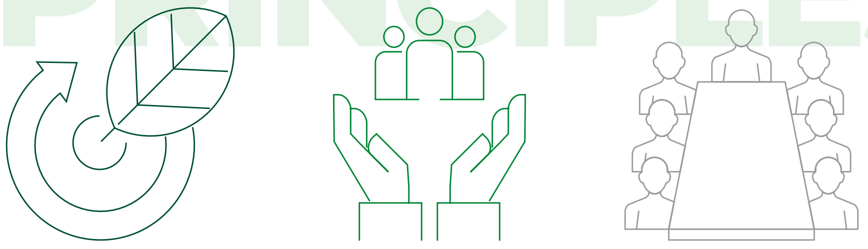
Reflecting our ambition in terms of Sustainability, a Corporate Sustainability Policy regarding environmental, social and governance matters was approved by the Board of Directors in 2021. It sets out the basic principles and defines the general framework for the Group's actions in the areas of the environment,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

INÉS NÚÑEZ DE LA PARTE

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

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

OPERATIONAL PRINCIPLES



ENVIRONMENTAL **SOCIAL** **GOVERNANCE**

ENVIRONMENTAL

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

SOCIAL

Environment

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

Diversity

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

GOVERNANCE

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

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

Responsibility when it comes to tax legislation

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

SUSTAINABLE DEVELOPMENT GOALS

Our strategy focuses on addressing the complexity of the challenges defined by the Sustainable Development Goals with innovative responses and positive impacts. In 2021, we continued to deepen our commitment to the United Nations Sustainable Development Goals (SDGs) and launched an SDG promotion plan that seeks to integrate commitment, awareness and action in favour of the fulfilment of the global agenda into the Group's culture.

Here are the SDGs that we have selected as preferred:

ENVIRONMENT SOCIAL GOVERNANCE

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalise the global partnership for sustainable development .

- Improve the global partnership for sustainable development

TRSA Group + Global value chain +

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

- Waste prevention, reduction, recycling and reuse
- Achieve efficient use of natural resources

Global value chain +

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

- Incorporate climate change into policies and strategies
- Improve environmental education and awareness

Global value chain +

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Development of technology, research and innovation

TRSA Group +
Committed to digital transformation and innovation +

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Promote an inclusive and sustainable industry

Global value chain +

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Improving efficient and environmentally friendly production and consumption
- Achieve full employment and decent work
- Protect labour rights and safe work

TRSA Group +
People, our most sustainable competitive advantage +
Moving towards excellence in Health and Safety +

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Increase productivity through diversification, technology and innovation.

TRSA Group +
Committed to digital transformation and innovation +

3 GOOD HEALTH AND WELL-BEING

The health and well-being of talent are the basis for professional development; creating healthy workspaces increases productivity and reduces absenteeism

People, our most sustainable competitive advantage +
Moving towards excellence in Health and Safety +

5 GENDER EQUALITY

Gender equality is not only a fundamental human right, it is one of the essential foundations for building a peaceful, prosperous and sustainable world

- Put an end to all forms of discrimination against all women
- Promote the empowerment of women.

People, our most sustainable competitive advantage +

Gender equality is not only a fundamental human right, it is one of the essential foundations for building a peaceful, prosperous and sustainable world

- Guarantee the full and effective participation of women and equal opportunities when it comes to leadership.

People, our most sustainable competitive advantage +
Our Corporate Governance, constantly evolving and improving +

Inspiring confidence and generating value for our

STAKEHOLDERS

360° communication

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

STAKEHOLDERS	GOALS	COMMUNICATION CHANNELS
People and Company Committees	• Provide decent employment • Provide a healthy and safe working environment • Facilitate collective bargaining • Promote career development in the Group • Provide training necessary for the performance of its activity • Equitable and non-discriminatory remuneration • Involve people with the business goals	• Corporate website • Intranet • Employee portal • Physical mailboxes in lockers • Regular meetings with direct supervisors • Physical notice boards • Ethical channel
Shareholders and Investors	• Generate shareholder value and market confidence • Promote continuous communication, and adequate and truthful information • Guarantee the application of the principle of equal treatment • Adopt good corporate governance practices	• Corporate website • Information provided to the CNMV • Investor office • General meeting
Funders	• Promote continuous communication, and adequate and truthful information	• Corporate website • Regular meetings • Recurring reports

STAKEHOLDERS	GOALS	COMMUNICATION CHANNELS
Customers	• Guarantee product quality and safety • Deliver customer satisfaction • Collaborate together to deliver higher value-added solutions, which are efficient and appropriate to their needs • Commit to innovation to meet the new needs of the market • Offer customers the best capabilities and maximum availability	• Corporate website • Trade fairs · Participation in associations • Satisfaction surveys • Regular visits · Individual meetings
Suppliers	• Promote the development of efficient technologies and the use of resources in a sustainable manner • Encourage responsible practices in the value chain • Promote mutually satisfying supplier relationships	• Corporate website • Supplier portal • Participation in associations • Trade fairs
Regulatory bodies and public administrations	• Provide a transparent and comprehensive response to the necessary requirements • Promote continuous communication, and adequate and truthful information	• W Corporate website · Online portal for reporting environmental (IKS) and Health and Safety information • Platforms for the environmental monitoring and Health and Safety plan · Regulatory body questionnaires · Regular meetings
Local communities	• Encourage the development of the areas where we operate • Harmonise their activities in the different countries in which they operate with the different social and cultural realities • Carry out its work as a strategic company responsibly and its pull effect on the generation of employment and wealth in the environments in which it operates	• Corporate website • Social encounters • Participation in associations
Partnerships	• Improve market knowledge and design innovative products through partnerships	• Corporate website • Regular meetings • Participation in associations

Materiality analysis

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

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

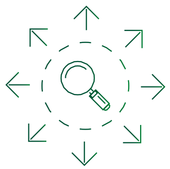
This report is intended to provide information on the issues that we consider relevant to the company and its stakeholders. The first analysis was carried out in 2017, and, since then, we have been professionalising the methodology and broadening the scope of consultation.

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

1. IDENTIFICATION OF MATERIAL ASPECTS OF SUSTAINABILITY

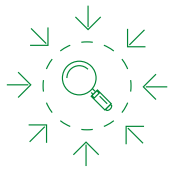
Its objective was to determine the most relevant issues for the TRSA Group and our stakeholders in terms of sustainability, the latter being understood as all environmental, social and governance (ESG) issues.

External analysis



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

Internal analysis



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

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

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

2. PRIORITISATION OF RELEVANT ISSUES

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

3. VALIDATION

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

OUTCOME OF THE MATERIALITY ANALYSIS

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

GOVERNANCE AREA

- Product innovation
  Committed to digital transformation and innovation +
- Corporate Governance
  Our Corporate Governance, constantly evolving and improving +

ENVIRONMENTAL AREA

- Environmental management system
  Global value chain +
  Annex 2. Additional environmental information +
- Energy efficiency
  TRSA Group + Global value chain +
- Energy transition
  TRSA Group + Global value chain +
  Committed to digital transformation and innovation +
- Climate change and GHG emissions
  TRSA Group + Global value chain +

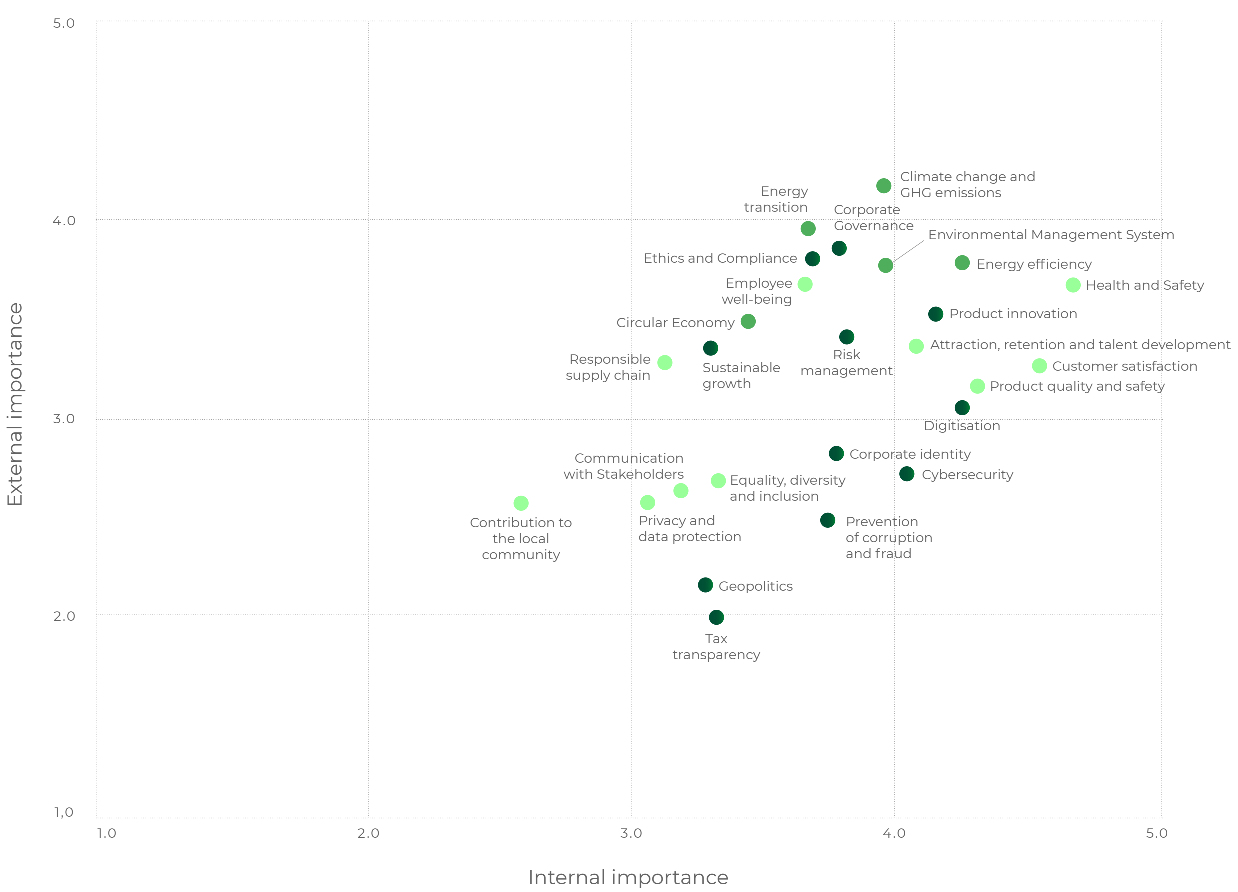
SOCIAL AREA

- Health and safety
  Moving towards excellence in Health and Safety +
- Customer satisfaction
  TRSA Group + Global value chainl +
- Product quality and safety
  TRSA Group + Global value chain +
- Attraction, retention and talent development
  People, our most sustainable competitive advantage +

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

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

Internal and external importance by Legend and Areas



PEOPLE

our most sustainable competitive advantage

We are our people

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

Francisco Irazusta
Chairman

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

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

In order to make the momentum of the Group's new Talent Strategy a reality, a new People Manager at the TRSA Group level has been in place since the last quarter of the year. This will enable us to meet our objectives of developing internal talent, training our people to face new challenges and encouraging internal promotion.

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

COMMITTED TO OUR PEOPLE

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

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

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

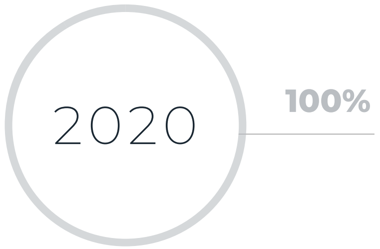
94% of people had a **permanent contract** at the close of 2021

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

Main figures (2021 and 2020)

DIRECT EMPLOYMENT

Local human capital



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

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

Average number of employees in the year

1,360 Open employment relationship with*
- 1,232 - Men
- 128 - Women

1,326 Average workforce**
- 1.197 - Men
- 129 - Women

1,427 Open employment relationship with*
- 1,303 - Men
- 124 - Women

1,186 Average workforce**
- 1,071 - Men
- 115 - Women

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

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

EMPLOYEES AT THE END OF THE YEAR

Breakdown by age and gender

37 Up to 30 years
- 28 - Men
- 19- Women

1.040 Between 30 and 50 years
- 944 - Men
- 96 - Women

270 Over 50 years
- 246 - Men
- 24 - Women

58 Up to 30 years
- 48 - Men
- 10 - Women

1.058 Between 30 and 50 years
- 909 - Men
- 89 - Women

314 Over 50 years
- 291 - Men
- 22 - Women

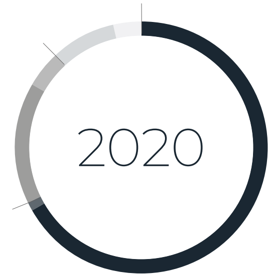
77% of our human capital is between 30 and 50 years old and has extensive experience in production processes.

Distribution by professional category and gender*

924 Blue Collar
- 908 - Men
- 16 - Women

275 White Collar
- 207 - Men
- 68 - Women

148 Non-union
- 103 - Men
- 45 - Women



877 Blue Collar
- 861 - Men
- 16 - Women

261 White Collar
- 201 - Men
- 60 - Women

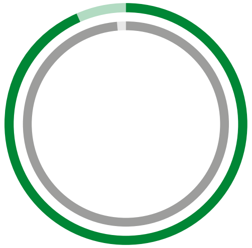
152 Non-union
- 108 - Men
- 44 - Women

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

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

EMPLOYEES AT THE END OF THE YEAR

Breakdown by country



2021
- 1,295 - Spain
- 52 - United States

2020
- 1,274 - Spain
- 16 - United States

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

Breakdown by contract type and country

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

1,295 **Spain**
- 1,210 - Permanent contract
- 85 - Temporary contract

52 **United States**
- 52 - Permanent contract
- 0 - Temporary contract

1,274 **Spain**
- 1,243 - Permanent contract
- 31 - Temporary contract

16 **United States**
- 16 - Permanent contract
- 0 - Temporary contract

Breakdown by contract type and gender

1,336 **Full-time**
- 1,214 - Men
- 122 - Women

11 **Part-time**
- 4 - Men
- 7 - Women

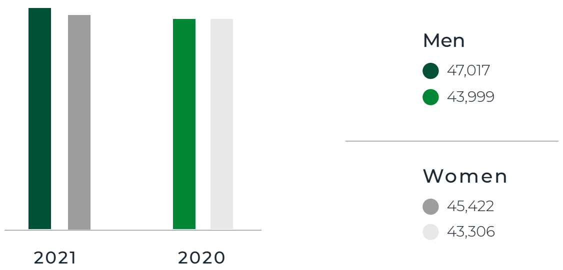
1,279 **Full-time**
- 1,164 - Men
- 115 - Women

11 **Part-time**
- 6 - Men
- 5 - Women

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

REMUNERATION*

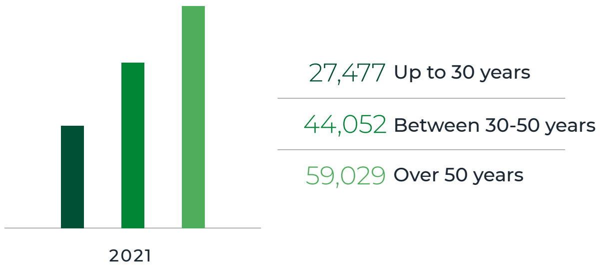
Average remuneration by gender (in euro)

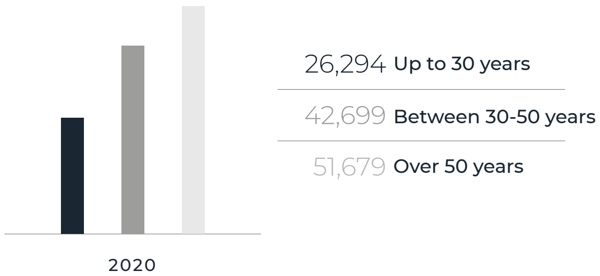


The total average remuneration has increased due to more hours worked, which has led to more bonuses, up from EUR 43,933 in 2020 to EUR 46,862 in 2021.

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

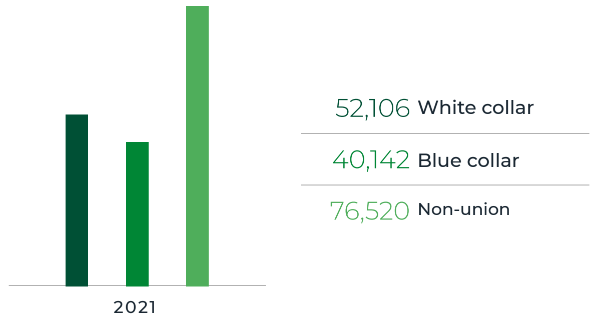
Average remuneration by age brackets (in euro)

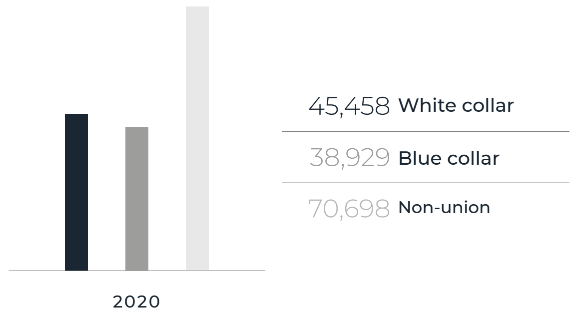




Older employees are paid more because they have acquired higher levels of responsibility in the organisation.

Average remuneration by professional category (in euro)





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

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

Salary gap*

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

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

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

2021	2020
3.39%	1.58%

INDIRECT EMPLOYMENT

Suppliers and subcontractors
Jobs

2021
7,000

Estimated investment in local restaurants
EUR thousand

2021	2020
940	1,169

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

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

WELL-BEING ORIENTED

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

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

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

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

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

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

CONTRIBUTIONS AND PROVISIONS FOR PENSIONS (IN THOUSANDS OF EURO)

2021	2020
1,802	1,698

NUMBER OF **VOLUNTARY MEMBERS**

2021	2020
1,205	1,237

HIGHLIGHTS OF 2021:

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

New director of Human Resources.

Initiatives to promote stability and well-being

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

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

One of the results of the "Psychosocial Risk Study" is that the factors of Working Time, Autonomy, Psychological Demands, Variety and the Content of the task and Relationships and Social Support are in a **Very Light magnitude of Risk (MR1)** which implies Control and Monitoring.

Collective bargaining agreements

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

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

PERCENTAGE OF EMPLOYEES **COVERED BY COLLECTIVE BARGAINING AGREEMENTS** IN SPAIN

	2021		2020	
	89%	11%	88%	12%
	Unionised	Non-union	Unionised	Non-union

Talent development

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

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

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

ABSOLUTE TURNOVER

6%	10%
2021	2020

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

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

KNOW MORE ABOUT THIS INITIATIVE

On the one hand, we joined "Room4Steel", which is a type of classroom dedicated to the steel industry from the Bilbao School of Engineering with the collaboration of other companies in the sector and the Basque Steel Cluster, SIDEREX. This initiative was born to respond to the problems of the steel sector due to the difficulty in attracting young technical staff, who are highly trained in metallurgy, to form part of our teams. The main objective of this classroom is to complement the training of our young technicians and to attract young and newly qualified talent, improve their skills and help students enter the labour market in a sector as specialised and with so many projections of future and historical relevance to industry in the Basque country as the steel industry. This space will offer a training itinerary divided into different thematic blocks where projects are already being offered so that students can carry out their Final Degree Projects or Master's Degree Research Projects linked to internships in companies. All of this in an environment of technical cooperation between Basque companies in the sector.

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

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

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

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

PERFORMANCE EVALUATION SYSTEM

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

Key figures:

TRAINING HOURS

2021	2020
13,400	6,969

INVESTMENT IN THOUSAND EUROS

2021	2020
157	96

AVERAGE HOURS PER PERSON

2021	2020
10.10	5.88

TOTAL COURSES

2021	2020
160	104

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

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

Flexibility and work-life balance

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

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

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

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

EMPLOYEES' RIGHT TO DISCONNECT

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

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

EMPLOYEES
have a mobile phone

331
2021

203
2020

EMPLOYEES
have a laptop for individual use

123
2021

105
2020

Work absenteeism*

TOTAL HOURS

254,799
2021

317,307
2020

PERCENTAGE OF HOURS

11.96%
2021

14.69%
2020

MAIN REASONS

2021	2020	
67%	62%	Common illness
15%	12%	Work accident
8%	5%	Paid leave
6%	2%	Conflict
4%	19%	Other causes

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

Equality and diversity

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

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

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

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

EQUALITY PLAN

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

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

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

INTEGRACIÓN Y ACCESIBILIDAD DE PERSONAS CON DIVERSIDAD FUNCIONAL

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

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

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

MOVING towards Excellence in Health and Safety

Health and Safety is our priority

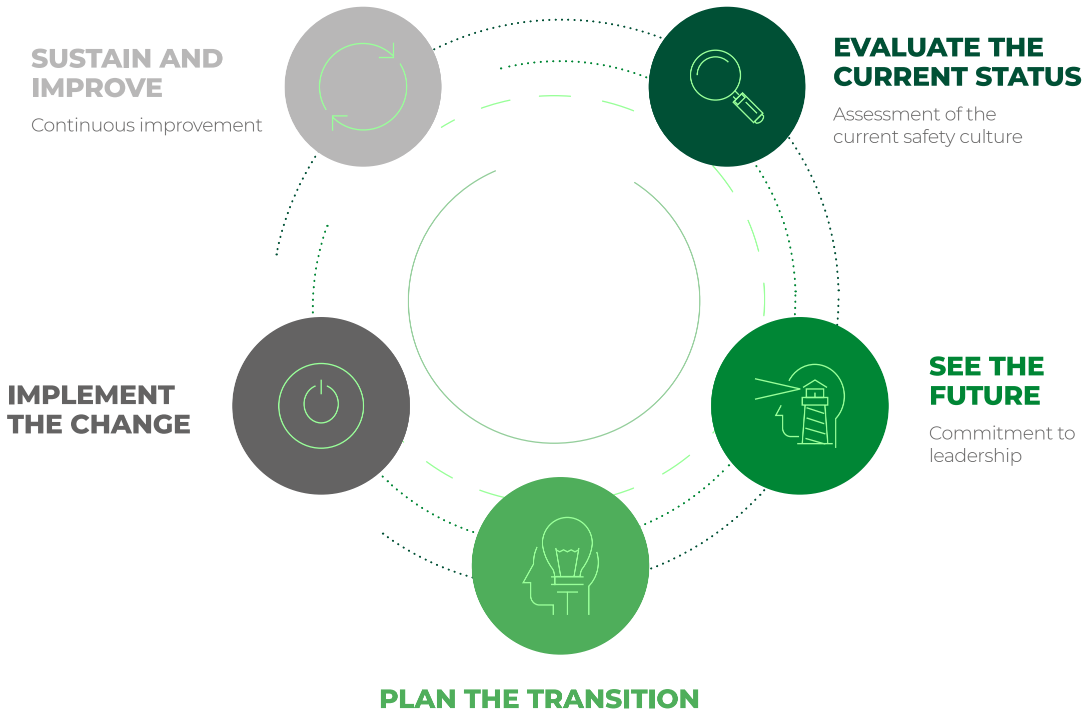
"A commitment to the health and safety of people is an essential part of our values, and, we have, therefore, begun a multi-year project with the fundamental objective of developing a culture of excellence in health and safety that enables us to lower the accident rate at all of our centres and to preserve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

Francisco Irazusta
Chairman

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

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

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



VISION

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

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

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

PRINCIPLES

01.

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

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

02.

COMMITTED MANAGEMENT AND A LEADER IN HEALTH AND SAFETY

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

03.

HEALTH AND SAFETY AS THE BASIS FOR ALL DECISIONS

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

PRINCIPLES

04.

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

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

05.

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

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

06.

COMMITMENT TO THE COMMUNITY AND THE BUSINESS ENVIRONMENT

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

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

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

NOTABLE INITIATIVES

While we already had an occupational risk prevention policy, with the aim of advancing in excellence in health and safety, we are currently developing a Corporate Occupational Health and Safety Policy that aims to be an instrument for the promotion of the commitments in the field of health and safety in the Group's work, which translates into becoming a **reference point that is recognised** by the sector in which the Group operates in the field of Occupational Health and Safety.

68.1%

Total workforce participation at the TUBOS Mill and the PRODUCTOS Mill

775

Surveys conducted

DEFINITION

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

DAILY MEETINGS

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

DIRECT AND CONTINUED INVOLVEMENT

Of the Chairman and the Steering Committee in the project.

SURVEYS AND INTERVIEWS

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

CREATION

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

DSS TRANSFORM (DSST)				
SECURITY LEADERSHIP	ORGANISATIONAL GOVERNANCE AND TRAINING	SAFETY RITUALS	MOTIVATION AND PERCEPTION OF RISKS	MAIN RISKS OF PEOPLE

MANAGEMENT PROCESSES	
SUBCONTRACTOR SECURITY GOVERNANCE	GOVERNANCE IN PROCESS SECURITY PSM

MAIN SCOPES

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

FREQUENCY RATE

2021	2020
48.69	51.38

SEVERITY RATE

2021	2020
1.15	1.15

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

OCCUPATIONAL DISEASES

2021	2020
4	0

NUMBER OF SUBCONTRACTED EMPLOYEE ACCIDENTS WITH AND WITHOUT LEAVE

Subcontracted employee accidents with leave

2021	2020
20	22

Subcontracted employee accidents without leave

2021	2020
52	47

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

INVESTMENT IN HEALTH AND SAFETY (IN THOUSANDS OF EURO)

2021	2020
1,899	1,630

HIGHLIGHTS

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

IDENTIFICATION AND ASSESSMENT OF HEALTH AND SAFETY RISKS

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

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

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

Jobs with a high rate of accidents

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

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

SPECIALISED IN-HOUSE PREVENTION SERVICES

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

· Health and Safety

· Hygiene

· Ergonomics-Psychosociology

· Health monitoring

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

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

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

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

HEALTH AND SAFETY AWARENESS AND TRAINING

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

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

HEALTH AND SAFETY COMMITTEES AND AGREEMENTS

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

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

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

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

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETINGS

2021	2020
12	15

PROFESSIONALS REPRESENTED IN THE **OCCUPATIONAL HEALTH AND SAFETY COMMITTEES**

2021	2020
1,334	1,378

DEPARTAMENTAL MEETINGS

2021	2020
319	303

PROFESSIONALS REPRESENTED AT **DEPARTMENTAL MEETINGS**

2021	2020
1,217	1,221

AGREEMENTS

HEALTH AND SAFETY COMMITTEE	DEPARTMENTAL MEETING	OTHER AGREEMENT
18%	57%	26%

HEALTH AND SAFETY OVERSIGHT IN SUBCONTRACTED COMPANIES

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

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

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

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

MEETINGS

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

100%

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

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

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

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

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

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

COVID-19: MAIN PROTOCOLS AND MANUALS

- Information protocol in relation to the coronavirus, to inform people in the TRSA Group about the main aspects of the virus, its symptoms and frameworks for action in the event of contact and infection.

- Preventive action manuals for personnel, carriers, material deliveries, disinfection and cleaning.

- Capacity limits and hand sanitiser dispensers in production facilities.

- Procedures for the use of common areas, such as changing rooms, canteens and other common spaces.

- Temperature control protocol for the different access routes to production facilities and mills.

- List of hygiene measures for both office and factory staff.

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

WORKING FROM HOME

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

121

People began working from home

50

People received the **"Mecuida" plan**

GLOBAL VALUE CHAIN

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

Francisco Irazusta
Chairman

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

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

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

WITHIN OUR BASIC PILLARS:

We are committed to leading the energy transition.	We are committed to sustainable development, reducing our environmental footprint.	We are suppliers of solutions for pioneering projects aimed towards a decarbonised economy.

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

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

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

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

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

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

TUBOS MILL LINK TO VIDEO

- Manufacturing process
- Quality and environmental certifications

PRODUCTOS MILL LINK TO VIDEO

- Manufacturing process
- Quality and environmental certifications

From scrap metal to pipe: a sustainable activity

COMMITTED TO THE EFFICIENT AND RESPONSIBLE USE OF RAW MATERIALS

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

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

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

.

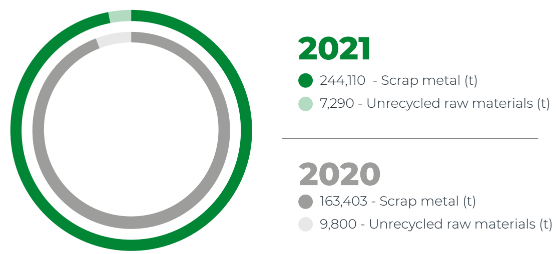
In addition, the project for the unification of steel mills and the creation of the new cold-drawing centre, which will begin in 2022, will enable us to speed up production, giving continuity to the Group's efforts to make energy and raw material consumption more efficient.

97%

Of the raw material used comes from the **reuse of waste**

(94% in 2020)

Metrics



Leaders in the circular economy

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

1. Recycling/reuse

2. Recovery

3. Destruction, whenever it can be shown that recovery is not technically, economically or environmentally feasible.

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

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

ACTIONS/PROJECTS

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

Reuse of refractory materials.

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

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

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

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

Recovery of magnesia at the Amurrio mill.

Use of ferrous sulphate.

87%

Of the waste generated is reused or recycled.

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

Metrics

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

RESPONSIBLE AND CIRCULAR USE OF WATER

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

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

Water used (m^3)*

2021	2020
208,144	283,569

Promoting sustainable criteria in supplier relationships

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

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

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

- The procedures and instructions of the Group's Environmental Management System.
- The submission of an updated safety data sheet for the chemical product supplied (raw materials, lacquers and varnishes, oils and greases, etc.).
- The submission of a list of current regulations governing restrictions on the use of the substances contained in the chemical product supplied, or a certificate that there are no such restrictions; registration of the REACH substances supplied.
- The official authorisations necessary to carry out or accredit their work and the means used (authorisation of manager of hazardous/non-hazardous waste, of carrier of hazardous/non-hazardous waste, certificate of vehicles, special authorisations of the driver, records, licences and accreditations such as OCA/ENAC, etc.).

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

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

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

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

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

*See Annex 4

Other Group companies have not carried out evaluations.

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

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

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

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

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

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

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

OUR COMMITMENT TO THE ENVIRONMENT

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

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

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

Efficient and sustainable production

Energy efficiency in the production process

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

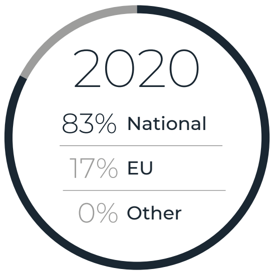
The quest for production efficiency is implemented as a fundamental objective within the Group's daily operations, both because of our commitment to be an emission-neutral company by 2050 and because of our quest for profitability in our income statement.

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

- Monthly consumption data is collected for all relevant mills in the Group.
- Meetings are held with each department (steel mill, rolling, finishes, etc.) in which the consumption results for the month are discussed, and possible solutions to deviations or possible improvements are discussed in the search for greater energy efficiency.
- Regular reports on energy efficiency and consumption are prepared and shared with all departments, in which unit consumption per ton of product produced is passed on, and its change over time is analysed.

Furthermore, in the TRSA Group we opt for the most environmentally sustainable production alternatives. Our steel mills have electric furnaces instead of excessive coal use, in order to reduce the environmental impact of our process. In addition, a new Group steel mill will be built in 2022, accompanied by robust investment in new digital technologies to improve processes, reduce costs through efficiency gains, reduce CO_2 emissions, and increase capacity for innovation and new product development.

Market breakdown of the global volume of purchases



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

20

Our GTR production process emits **20 times less CO_2** than other European competitors.

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

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

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

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

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

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

Joining forces in the climate change challenge

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

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

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

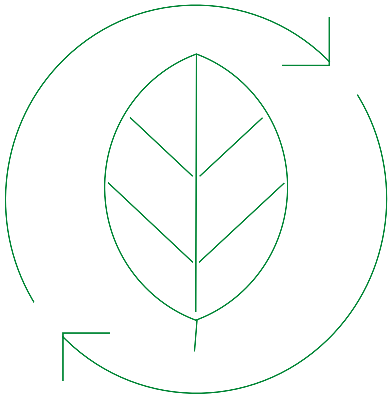
In addition to improvements in energy efficiency, in 2020 the Trápaga mill invested in improving smoke filtration in the cutting activities and reducing emissions, and a silo was created in 2021 to improve slag storage to avoid the release of hazardous particles into the atmosphere. A silo was also installed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

Innovating to reduce the carbon footprint

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

PARTNERSHIPS TO PROMOTE ENVIRONMENTAL IMPACT REDUCTION

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



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

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

MAIN RISKS

Physical risks

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

Transition risks:

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

MAIN OPPORTUNITIES

New products and services

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

Resource efficiency and supply chain resilience

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

OBJECTIVE OF CARBON NEUTRALITY BY 2050

GHG EMISSIONS

SCOPE 1 (T CO_2) *

67,021 — 2021
53,915 — 2020

SCOPE 2 (T CO_2)**

39,436 — 2021
37,649 — 2020

INTENSITY (T CO_2 / T PRODUCT)***

0.46 — 2021
0.49 — 2020

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

· Consumption of raw materials

· Waste management

· Transport of raw materials

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

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

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

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

*The data includes direct CO_2 emissions emitted and verified under EU GHG emissions trading (PT and TRI), and those associated with natural gas consumption by companies not affected by GHG emissions trading. The calculation of direct emissions from companies outside emissions trading has been done using the emission factors for Natural Gas used within emissions trading (38.32 CO_2/Tn and 56.19 GJ/1000 Nm^3.

**The table shows the annual electricity consumption multiplied by the emission factor (EF) published by the Spanish National Commission on Markets and Competition for each supply company in $KgCO_2$/KWh. The factor used corresponds to the last official value published.

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

OTHER ENVIRONMENTAL IMPACTS

Protection of biodiversity

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

MAPS AND DOCUMENTATION ANALYSED TO ASSESS DIFFERENT ENVIRONMENTAL RISK SCENARIOS

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

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

Other emissions

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

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

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

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

Supporting our customers in future challenges

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

OUR CUSTOMERS COME FIRST

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

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

SALES REPOSITIONING: ACCOMPANYING OUR CUSTOMERS IN THE ENERGY TRANSITION

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

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

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

ON THE BASIS OF THIS NEW SALES PLAN

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

BUILDING STABLE RELATIONSHIPS OF TRUST

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

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

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

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

120

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

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

REAPING THE FRUITS OF OUR TEAM'S EFFORTS

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

In addition, we are collaborating with top-level industrial partners to execute projects for the capture and storage of CO_2, preventing its emission into the atmosphere.

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

BASQUE HYDROGEN CORRIDOR

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

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

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

COMMITTED to digital transformation and innovation

Innovation in the TRSA Group

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

Francisco Irazusta
Chairman

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

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

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

OUR MISSION

To empower the energy transition through innovative and sustainable tubular solutions

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

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

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

6

Meetings of the Innovation Committee held in 2021

COMMITTEE MEMBERS

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

New products and applications

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

One of our main goals is to emphasise our commitment to the development of customised and high value-added products for our customers, while generating solutions that drive the energy transition by facilitating the use of clean energy.

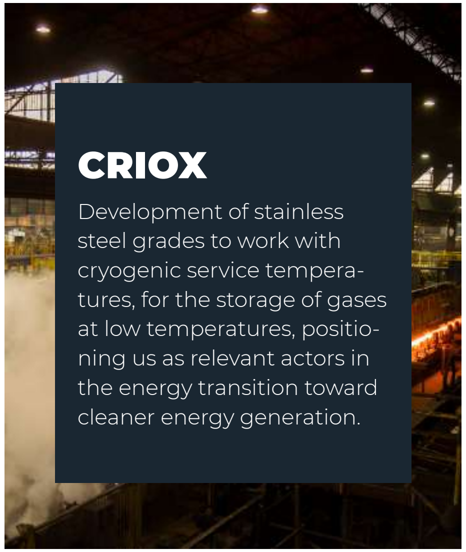
Our approach to innovation has led us to develop new steels and treatment processes that have resulted in pipe solutions with better technical capabilities, new materials and dimensions.

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

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

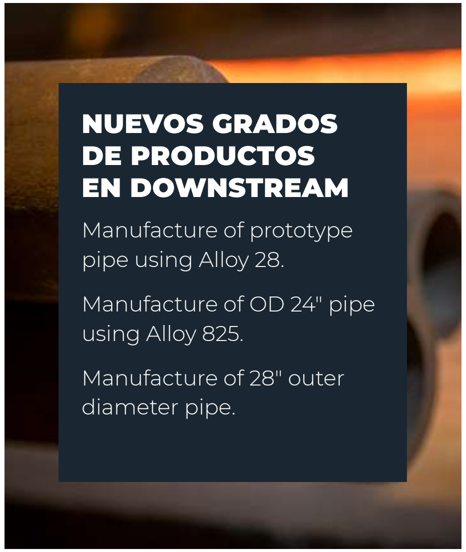
ACHIEF

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



CRIOX

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

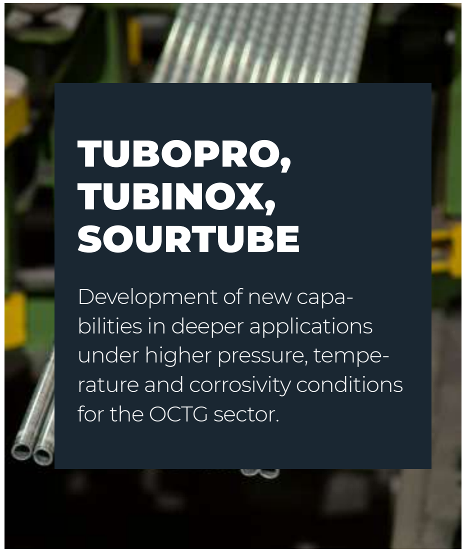


NUEVOS GRADOS DE PRODUCTOS EN DOWNSTREAM

Manufacture of prototype pipe using Alloy 28.

Manufacture of OD 24" pipe using Alloy 825.

Manufacture of 28" outer diameter pipe.



TUBOPRO, TUBINOX, SOURTUBE

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

Digitising the TRSA Group

FIRM COMMITMENT TO INDUSTRY 4.0

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

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

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

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

GEDIERR PROJECT

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

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

REALITY

DIGITAL TWIN

RFID TECHNOLOGY

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

BIG DATA AND ARTIFICIAL INTELLIGENCE

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

ARTIFICIAL VISION

- **Application of technology for product inspection at high temperatures** (1.100°C), improving quality control through the early detection of rolling defects. With this advance, we have been able to detect defects and monitor their position, sending real-time information to the control centre.

PROCESS DIGITISATION

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

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

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

SUPPORTING DIGITISATION WITH BEST PRACTICES IN CYBERSECURITY

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

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

This Cybersecurity Plan is aligned with the definition of Cyberrisks set out in our Corporate Risk Management Policy, which integrates cyberrisks into operational risks and defines them as those arising from threats and vulnerabilities that may affect the Group's information systems and assets, including those risks arising from scamming people to access the systems that they operate, and in some cases, from a lack of diligence on their part.

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

Action objective	Section	Type of control activities	Nº of controls	Total
Surveil (potential threats)	Surveillance	Cyberthreats observatory	2	5
		Following of INCIBE instructions	1	
		Specific detection tools	2	
Protection (systems, processes and people)	Auditing	Audits (ethical hacking)	3	6
		Drills	1	
		Asset criticality matrix	1	
		Systems map	1	
	Planning of measures	Global Cybersecurity Plan	1	4
		Cybersecurity assessment in new systems projects	1	
		Obtaining external certifications	2	
	Training and communication to users	Cybersecurity training and communication	3	3
	Internal policies and procedures	Internal cybersecurity organisational and regulatory framework	1	7
		Password policy	1	
		Malicious email action policy	1	
		Identifying procedures with higher cyberrisk	1	
		Dual authentication procedure	1	
		Device Management Procedure (DMP)	1	
		Device loss procedure	1	
Mitigation (of potential harm)	Impact mitigation actions	Crisis Committee	2	4
		Insurance policies	1	
		Systems recovery plans	1	

OUR CORPORATE GOVERNANCE,

constantly evolving and improving

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

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

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

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

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

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

a. Corporate Governance Policy

b. Board of Directors' Remuneration Policy approved by the General Shareholders' Meeting

c. Corporate Policy for Risk Control and Management

d. Corporate Sustainability Policy in Environmental, Social and Governance Matters e. Corporate Tax Policy

f. Internal Policy and Proxy Framework

g. Code of Ethical Conduct

h. Criminal Risk Prevention and Compliance Policy

i. Gifts and Invitations Policy.

j. Whistleblower Channel Regulations

k. Disciplinary System Regulations

l. Internal Regulations integrating the Compliance Model: Criminal Risk Prevention Manual General Section; Criminal Risk Prevention Manual Special Section; Internal Regulations of the ICB; Criminal Risk and Control Matrix; Ethics Commitment.

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

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

OTHER AREAS OF CORPORATE GOVERNANCE

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

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

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

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

Professional governing bodies

GENERAL SHAREHOLDERS' MEETING

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

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

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

Key agreements reached by the GSM in 2021

JUNE 2021

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

OCTOBER 2021

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

DECEMBER 2021

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

BOARD OF DIRECTORS

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

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

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

Members of the Board of Directors

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

* Appointed by the GSM on 16 December 2021.

GOBERTIA

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

100%

Of the Board's agreements have been adopted unanimously

15

Meetings of The Board of Directors in 2021

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

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

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

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

Assessment of the Board

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

a. The quality and efficiency of functioning of the Board of Directors.

b. The functioning and composition of its Committees.

c. Diversity in the composition and competences of the Board of Directors.

d. The performance of the Chairman of the Board of Directors.

e. The performance and contribution of each director, paying special attention to the responsibilities of the various Committees of the Board of Directors.

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

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

AUDIT COMMITTEE

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

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

Members of the Audit Committee

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

Proprietary Director
Other External Director
Independent Director

6 Meetings in 2021

APPOINTMENTS AND REMUNERATION COMMITTEE

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

Members of the Appointments and Remuneration Committee

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

Proprietary Director
Other External Director
Independent Director

5 Meetings in 2021

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

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

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

* Appointed as a member and Chairwoman of the Committee on 16 December 2021, taking over from Mr Juan María Román Gonçalves, whose appointment expired.
** Appointed as a member on 16 December 2021.
*** Mr Alberto Santamaría Rubio, Internal Audit Director, attends as a guest at Steering Committee meetings.
**** She joined the Steering Committee on 1 March 2021.
***** He joined the Steering Committee on 1 October 2021.

REMUNERATION

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

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

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

Process for determining remuneration

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

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

Stakeholders' involvement in remuneration

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

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

Average annual equivalent remuneration (euro)

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

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

* Includes fixed remuneration and contributions to benefit plans.

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

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

Prepared to anticipate and manage risk

COMPREHENSIVE RISK MANAGEMENT SYSTEM

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

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

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

MAIN SYSTEM ELEMENTS

- **Corporate Policy for Risk Control and Management.** Approved by the Board of Directors and published on the Group's website, this sets out the basic principles governing our actions for the control and management of all the types of risks that we face, or could face in the future, and the main responsibilities involved in their management.
- **Corporate Risk Map.** At least once a year we evaluate events that may pose a risk to meeting our Strategic Plan objectives and classify these according to their possible impact, probability of occurrence and the speed at which they could materialise (inherent risks), using a specific algorithm. These events are weighted according to the internal actions and action plans that could mitigate their impact and/or their probability of occurrence, determining the residual probability for each of them, and then a reasoned account of the main risks contemplated is proposed to the Audit Committee, for subsequent approval by the Board of Directors. Also, at least twice a year, we assess whether the Risk Map is up to date, based on factors that are both internal and external to the Group and trends affecting its objectives and the events considered in the Initial Risk Map.
- **Ownership of risks.** The main risks that we manage (called Level 1 risks and set out in the Corporate Risk Map) have a single manager, who is a member of the Steering Committee. At least twice a year, this person shares the risk audit with the rest of the Committee and at least once a year assists the Audit Committee in explaining how the assigned risks are managed.
- **Dashboard.** In order to evaluate the updating of the Risk Map and to facilitate the Audit Committee's monitoring of the effectiveness of the Model, a dashboard is maintained which, based on indicators compared (with historical data, with objectives of the Strategic Plan, with external references or other relevant values), collates the audit and action plans of the risk owners.
- **Risk Management System Manager.** This individual acts as coordinator of the Risk Management System and ensures that homogeneous and objective criteria are adopted by the entire organisation. We are in the process of stepping up our risk management, so this function is currently being steered by the Internal Audit Area, as a consultancy project run in accordance with the relevant international standards.
- **Internal Information and Control System.** In addition to the Risk Map, all risk categories and subcategories are identified and accordingly the Areas responsible for their current management, the assurance activities that are carried out, the specific controls and the main related action plans have been defined.

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

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

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

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

In any event, the Board of Directors takes the view that a risk is significant if the effect of its occurrence could be considered by a reasonable investor to be a relevant change to the information made public by the Group for decision-making or if, while not having an effect on such information, it may substantially affect the Group's ability to create short, medium or long-term value.

2021 RISK MAP

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

The following are the risk categories and sub-categories:

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

The ethical framework that guides us

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

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

REFORMULATING THE COMPLIANCE SYSTEM IN 2021

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

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

CERTIFICATE OF COMPETENCE

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

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

INDEPENDENT CONTROL BODY

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

· **Chairman:** Secretary of the Board of Directors.

· **Members:** Chair of the Audit Committee, Group Finance and Management Control Director, Group Internal Audit Director.

· **Secretary:** One of the Group's Legal Counsel.

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

ETHICS COMMITMENT

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

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

GROUP CONDUCT GUIDELINES

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

COMMITMENT OF OUR SUPPLIERS

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

COMMITMENT OF OUR PROFESSIONALS

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

COMMITMENT OF OUR TALENT

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

WHISTLEBLOWING CHANNEL

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

NO COMPLAINTS

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

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

CRIMINAL RISK PREVENTION MODEL

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

Main elements of the model

- The Criminal Risk Prevention and Compliance Policy that demonstrates the highest level of commitment of the Group, the Board and Senior Management in this matter, thus showing the "Leadership and Commitment" required by the UNE 19601 standard.

- The Prevention and Compliance of Criminal Risks Manual providing updated structure and content in accordance with the UNE 19601 standard, with separate general and specific sections.

- Criminal risk and control matrix to mitigate criminal risk, a compliance risk assessment and prioritisation methodology that includes probability and impact and is based on the current level of management. Action plan for mitigation of key risks in the short and medium term.

- Internal Regulations of the ICB.

- Ethics commitment.

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

GENERAL PRINCIPLES OF ACTION OF THE CRIMINAL LIABILITY PREVENTION MODEL

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

MODEL BASES

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

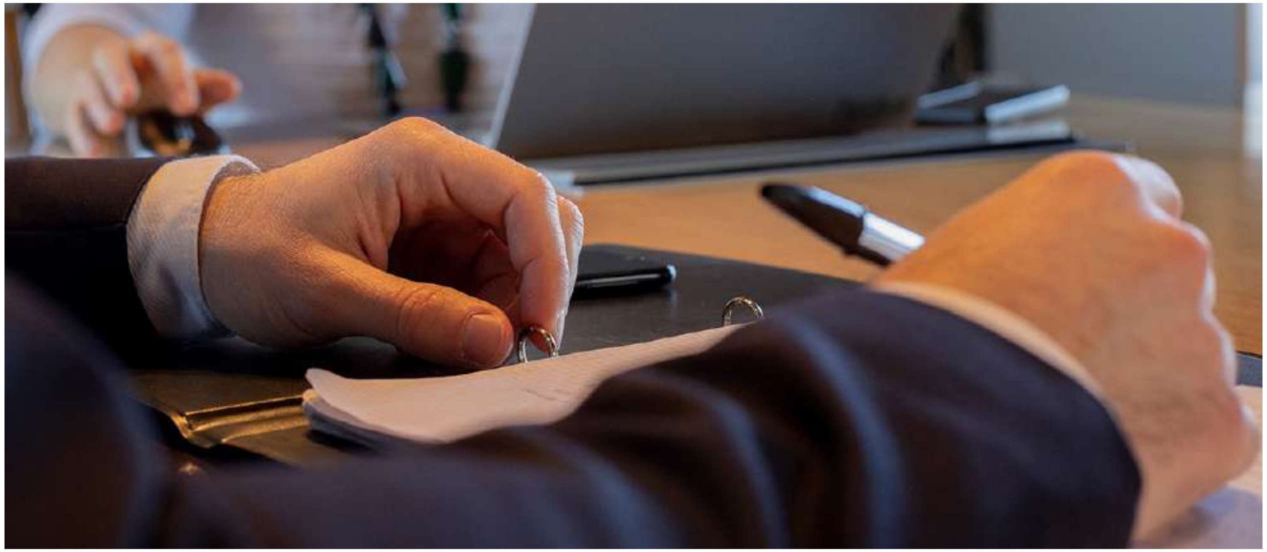
MEASURES TAKEN TO PREVENT CORRUPTION AND BRIBERY

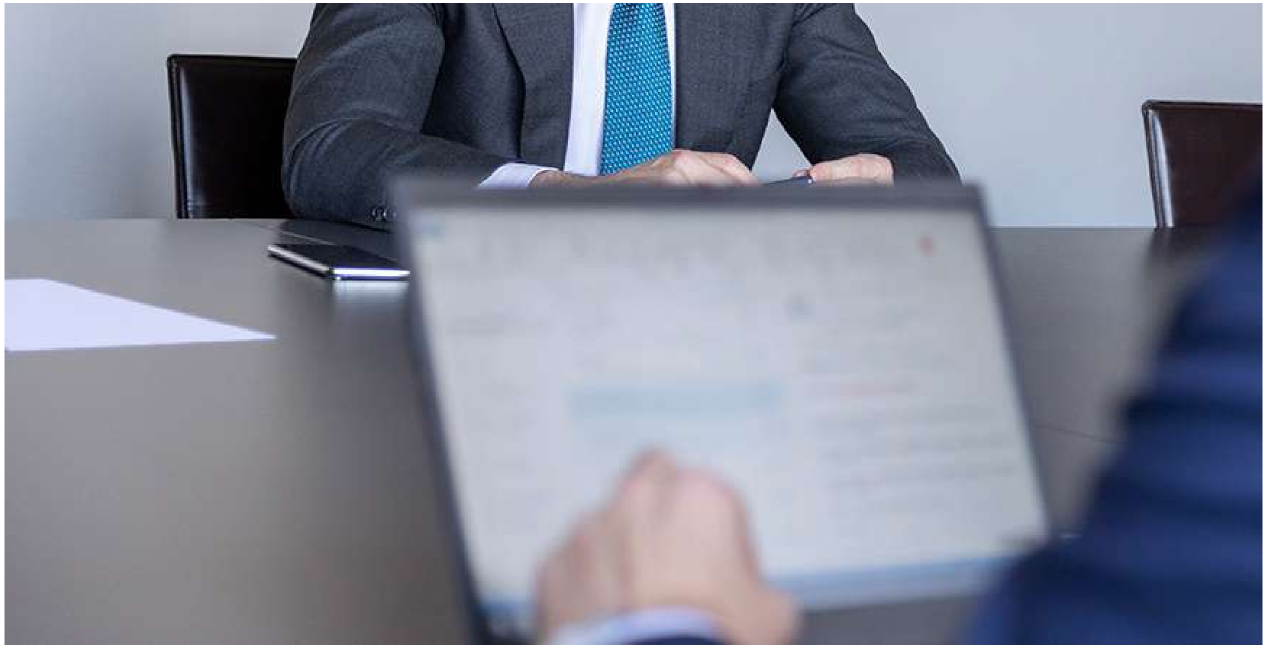
The Group declares its rejection and prohibits any conduct related to bribes and/or similar practices both to individuals and to public authorities and officials, expressly prohibiting any unethical behaviour or behaviour likely to influence the will of persons outside the organisation in order to obtain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

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

- Segregation of functions: establishing adequate segregation of duties at all hierarchical levels of the Group.
- Accounting safeguards: ensuring that financial information is reliable and all payments and transactions are properly accounted for in the company's accounts.
- Control of transactions: having specific controls over large or unusual economic transactions, as well as over unforeseen extraordinary payments or collections or those made to bank accounts/entities opened in tax havens, verifying at all times the real identity of the person making the payment and the characteristics of the transaction, among other things.
- Prevent money laundering: preventing money laundering with a robust and up-to-date internal control system.
- Prohibition of gifts: expressly prohibiting the acceptance or delivery of gifts in exchange for a business, contract or any other exchange of commercial activity. In 2021 we updated our Gifts and Invitations Policy, which chiefly sets out general guidelines for conduct, with prohibited and permitted conduct, among others.
- Fair agreements: prohibiting antitrust practices, defined as agreements or business practices between two or more companies to promote dominance or restrict competition.
- Contributions to political parties: In the Group, we make no direct or indirect donations or contributions to political parties or organisations, their representatives or candidates.

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





MEASURES TO FIGHT MONEY LAUNDERING

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

DEFENCE OF HUMAN RIGHTS

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

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

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

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

NO COMPLAINTS

Were received for human rights violations in 2021 and 2020

Responsible taxation

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

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

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

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

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

APPLICATION AND COMPLIANCE

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

DECISION-MAKING

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

PROMOTION

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

MAINTAINING

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

ASSURANCE

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

The Group's corporate tax strategy, which will in any case respect the principles and good tax practices, has as its fundamental objective to ensure compliance with the tax regulations applicable in all the territories in which it operates while avoiding any undue tax inefficiency or overexpenditure.

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

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

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

243

Million euros
Economic Value Distributed
in 2021

(EUR 242 million in 2020).

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

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

	2021	2020
Subsidies for development of R&D+I projects:	185	234
CO_2 emission allowance subsidies	2,000	2,814
Other subsidies	1,647	3,612
Investment loans	234	-

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

ANNEXES

Annex 1

SUPPLEMENTARY INFORMATION ON EMPLOYEES

Average annual contracts by gender

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

Average annual contracts by age

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

Promedio anual de contratos por categoría profesional

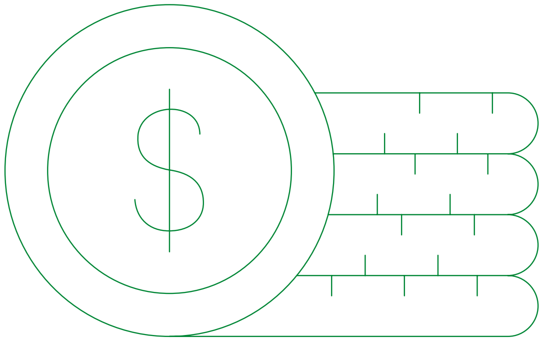
	2021		2020	
	Permanent	Temporary	Permanent	Temporary
White Collar	**261**	**21**	225	18
Blue Collar	**854**	**37**	746	52
Non-union	**153**	**-**	145	-

Average annual number of part-time contracts by professional category, by age and by gender

	Men	Women	Under 30 years old	Between 30 and 50 years	Over 50 years old	White collar	Blue Collar	Non-union
2021	**7**	**10**	**-**	**6**	**11**	**10**	**7**	**-**
2020	8	5	-	6	7	4	8	1

Ratio of entry-level minimum salary compared to the minimum wage [1]

	2021		2020	
	Salario mínimo empresa	Ratio	Salario mínimo empresa	Ratio
TRSA	**28,000**	**2.07**	28,000	2.11
Tubos Reunidos Group (TUBOS Mill)	**29,529**	**2.19**	29,529	2.22
Tubos Reunidos Group (PRODUCTOS Mill)	**29,951**	**2.22**	29,669	2.23
Tubos Reunidos Group (ACESA Mill)	**25,161**	**1.86**	25,161	1.89
TRPT	**20,322**	**1.50**	19,916	1.50
TRSERVICES	**20,368**	**1.51**	20,368	1.53



[1] In the case of Tubos Reunidos Services, the ratio has been calculated taking as a reference the figure of the lowest salary of the two provincial agreements that apply (Barcelona and Cádiz). RDT and Tubos Reunidos America, not listed in the table, are governed by Texas state law, which stipulates a minimum wage of USD 7.25/hour, with us applying a $12/hour minimum wage for a low-skilled, inexperienced position.

Absolute turnover rate [2]

	2021	2020
Men	**6%**	10%
Women	**7%**	7%
Under 30 years old	**8%**	26%
Between 30 and 50 years	**2%**	6%
Over 50 years old	**19%**	22%

[2] The absolute turnover rate has been calculated using the following formula: Absolute turnover rate = (Total departures from Group during financial year/Total permanent workers in the Group) x 100.

Number of dismissals by gender, age, professional category*

	2021	2020
Men	**33**	73
Women	**1**	6
Under 30 years old	**-**	10
Between 30 and 50 years	**2**	41
Over 50 years old	**32**	28
White collar	**5**	13
Blue collar	**21**	64
Non-union	**8**	2

* The data collected from 2021 does not correspond to dismissals as such, but are mostly age-based departures agreed to implement the Group's new strategic plan.

Training hours by professional category

	2021		2020	
	Total hours	Average per worker	Total hours	Average per worker
White Collar	**3,230**	**8.7**	2,228	9.2
Blue Collar	**6,197**	**14.4**	4,086	5.1
Non-union	**3,973**	**3.8**	655	4.5

Number of courses by area

	2021	2020
Master's degree	**-**	1
Technical courses	**45**	30
Development courses	**5**	10
Quality courses	**9**	16
Courses on non-destructive testing	**31**	7
Courses in OHS	**68**	63
Other	**2**	-

Number of prevention officers

	2021		2020	
	Men	Women	Men	Women
TRG*	**9**	**-**	9	-
RDT	**8**	**-**	-	-
TRPT	**2**	**-**	2	-
TRAME	**-**	**-**	-	-
TOTAL	**19**	**-**	11	-

* See Annex 4.

Impacts on health and safety — 2021

	WHITE COLLAR		BLUE COLLAR		TOTAL OWN WORKFORCE	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
Nº of accidents WITH leave	1	-	91	-	**92**	20	-
Nº of accidents WITHOUT leave	1	1	102	1	**105**	52	-
TOTAL nº of accidents	2	1	193	1	**197**	72	-
Nº of commute accidents	2	1	12	-	**15**	-	-
Nº of occupational illnesses declared	-	-	4	-	**4**	-	-
Death due to occupational accident	-	-	-	-	**-**	-	-
Nº of days lost	55	-	2,109	-	**2,164**	-	-
Nº of hours worked	447,456	159,280	1,257,450	22,434	**1,889,319**	130,624	31,616
Frequency index* (FI) or frequency rate (FR)	2.23	-	72.37	-	**48.69**	153.11	-
Severity index** (SI) or lost days rate (LDR)	0.12	-	1.68	-	**1.15**	-	-

* Frequency index: accidents with leave x 1,000,000/number of hours worked.
** Severity index: number of days lost due to accident with leave x 1,000/number of hours worked.

Health and safety incidents — 2020

	WHITE COLLAR		BLUE COLLAR		TOTAL OWN WORKFORCE	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
N° of accidents WITH leave	5	-	88	-	**93**	22	-
N° of accidents WITHOUT leave	9	1	125	1	**136**	47	-
TOTAL n° of accidents	14	1	213	1	**229**	69	-
N° of commute accidents	2	-	3	-	**5**	-	-
N° of occupational illnesses declared	-	-	-	-	**-**	-	-
Death due to occupational accident	1	-	-	-	**1**	1	-
N° of days lost	17	-	2,073	-	**2,090**	-	-
N° of hours worked	448,447	145,573	1,193,694	22,434	**1,810,178**	145,877	24,960
Frequency index* (FI) or frequency rate (FR)	11.15	-	73.72	-	**51.38**	150.81	-
Severity index** (SI) or lost days rate (LDR)	0.04	-	1.74	-	**1.15**	-	-

* Frequency index: accidents with leave x 1,000,000/number of hours worked.
** Severity index: number of days lost due to accident with leave x 1,000/number of hours worked.

Annex 2

ADDITIONAL ENVIRONMENTAL INFORMATION

Breakdown of consumption of renewable and non-renewable materials

Renewable materials (t)

257,078
2021

170,315
2020

Non-renewable materials (t)

46,726
2021

59,348
2020

Water extraction by source (ML)

2021

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
71.1	0	137.0	**208.1**

* Fresh: total dissolved solids less than or equal to 1,000mg/l

2020

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
66.2	19.5	197.9	**283.6**

* Fresh: total dissolved solids less than or equal to 1,000mg/l

Total water consumption (ML)

272
2021

Total water consumption (ML)

255
2020

Water discharge

2021

Water discharge to watercourse (m^3)	Total water discharge by destination	Surface water	Water to third parties	Total water discharge by freshwater or other water (ML)	Freshwater*	Other water**
102,956	**129.8**	103.0	26.8	**54.6**	31.5	23.1

2020

Water discharge to watercourse (m^3)	Total water discharge by destination	Surface water	Water to third parties	Total water discharge by freshwater or other water (ML)	Freshwater*	Other water**
102,039	**127.7**	102.0	25.7	**52.6**	30.6	22

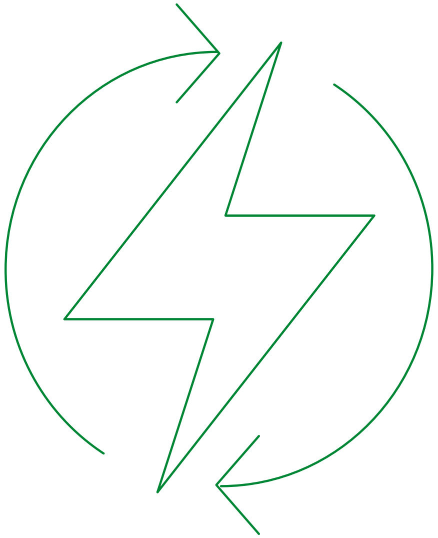
*Freshwater: total dissolved solids less than or equal to 1000mg/L
** Other water: total dissolved solids greater than 1000mg/L

Breakdown of energy consumption by company and source type

NON-RENEWABLE SOURCES (MWH)

	2021	2020	2019
TRG	**319,951**	256,700	336,111
TRPT	**366**	343	307
RDT	**1,086**	7,538	8,875
TOTAL	**321,403**	264,581	345,293

* See Annex 4.



For this calculation, the consumption of natural gas has been considered as it is the most relevant fossil fuel used. No fuels of renewable origin, such as biofuels or biomass, are used.

POWER CONSUMPTION (MWH)

	2021	2020	2019
TRG*	**208,503**	163,947	227,964
TRPT	**1,499**	1,031	1,539
RDT	**1,870**	10,832	14,995
TOTAL	**211,872**	175,810	244,498

* See Annex 4.

Waste Management Breakdown by Company

2021

HAZARDOUS WASTE (T)

	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
COMPANY	Reuse	Recycling	Other recovery operations	Incineration	Landfill	Other recovery operations
TRG*	-	7	3,118	39	1,412	641
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	-	-	3,118	39	1,412	641

*See Annex 4.

NON-HAZARDOUS WASTE (T)

	Non-hazardous waste not intended for disposal			Non-hazardous waste intended for disposal		
COMPANY	Reuse	Recycling	Other recovery operations	Incineration with energy recovery	Landfill	On-site storage
TRG*	4,794	27,502	61,658	5	9,342	3,000
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	4,794	27,502	61,658	5	9,342	3,000

*See Annex 4.

2020

The data associated with "Waste" for the 2021 and 2020 financial years are not comparable, as the information for the 2021 financial year is being provided on the basis of the updated GRI standard, which came into force on 1 January 2022.

See Annex 4.

HAZARDOUS WASTE

	2020		
COMPANY	Hazardous waste recycling (t)	Hazardous waste Recovery (including energy r) (t)	Hazardous waste Landfill (t)
PT	8	833	604
TRI	-	1,477	1,676
TRPT	-	-	11
RDT	-	-	26
ACECSA	-	121	87
TOTAL	**8**	**2,431**	**2,404**

NON-HAZARDOUS WASTE

	2020			
COMPANY	Non-hazardous waste Reuse (t)	Non-hazardous waste Recycling (t)	Non-hazardous waste Landfill (t)	Non-hazardous waste Other management* (t)
PT	858	9,875	191	51,441
TRI	2,155	25,555	4,487	24,738
TRPT	-	-	8	-
RDT	-	-	-	-
ACECSA	-	-	1	-
TOTAL	**3,013**	**35,430**	**4,687**	**76,179**

GHG Emissions Control Breakdown by company, scope and intensity:

DIRECT EMISSIONS (SCOPE 1) – T CO_2 UNITS

COMPANY	2021	2020	2019
TRG*	**66,754**	52,464	70,002
TRPT	**67**	63	56
RDT	**200**	1,387	1,633
TOTAL	**67,021**	53,915	71,692

*See Annex 4.

DIRECT EMISSIONS (SCOPE 2) – T CO_2 UNITS

COMPANY	2021	2020	2019
TRG*	**38,332**	32,789	61,550
TRPT	**300**	206	416
RDT	**803**	4,653	6,722
TOTAL	**39,436**	37,649	68,688

*See Annex 4.

EMISSIONS INTENSITY – T CO_2 UNITS / T PRODUCT

COMPANY	2021	2020	2019
TRG (PRODUCTOS MILLS)	**0.54**	0.61	0.71
TRG (TUBOS MILLS)	**0.45**	0.54	0.50
TRG (ACECSA MILL)	**0.25**	0.27	0.28
TRPT	**0.09**	0.06	0.08
RDT	**0.36**	0.22	0.23

Other emissions*

2021

COMPANY	NO_x (kg)	SO_x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
TRG**	87,572	15,617	5,021	5.38	34,137	6.812×10^{-7}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	**87,572**	**15,617**	**5,021**	**5.38**	**34,137**	**6.812×10^{-7}**

* In the absence of such measurements, as they are not mandatory this financial year, they have been estimated on the basis of the latest assessments carried out (reported to the administration in the E-PRTR 2018 report) and the operating hours in 2021.

** See Annex 4.

2020

COMPANY	NO_x (kg)	SO_x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
PT	47,272	4,520	4,004	1.71	3,770	9.103×10^{-7}
TRI	42,467	8,404	4,050	5.78	21,771	2.180×10^{-12}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,129	4	-	-	9	-
TOTAL	**90,868**	**12,928**	**8,087**	**7.49**	**25,550**	**9.103×10^{-7}**

Annex 3

EU TAXONOMY (REGULATION 2020/852)

Introduction

In order to achieve the objectives set out in the European Green Pact, the European Commission has committed itself to mobilising at least EUR 1 trillion in sustainable investment over the next decade. The active participation of financial markets in financing the sustainable economy is indispensable for the European Union's plans to move toward a low-carbon economy. To this end, the European Commission is pushing for a package of measures to help improve the flow of money toward sustainable activities throughout the European Union. One of these measures is the Taxonomy Regulation, Regulation (EU) 2020/852, a classification system for sustainable economic activities, which defines what is and is not sustainable on the basis of objective criteria.

As indicated in Article 8 of the Sustainable Finance Taxonomy Regulation, for reports published from 1 January 2022 on information for the 2021 financial year, non-financial companies that are public interest entities and have more than 500 employees (as is the case for the TRSA Group), must disclose the proportion of eligible and ineligible economic activities under the Taxonomy in their total turnover and their investments in fixed assets (CapEx) and operating expenses (OpEx), hereinafter referred to as KPIs (Article 10.2 of the Delegated Act supplementing Article 8 of the Taxonomy Regulation). So far, the European Union has published the Delegated Acts on climate change mitigation and climate change adaptation, for which eligibility for this first year should be reported. An activity is eligible if it is included in the activities listed in those Delegated Acts.

Scope of the report

All the companies within the TRSA Group's scope of consolidation have been included in the analysis carried out to establish the eligible activities under the criteria of the European Commission for Taxonomy.

Results

Below is a breakdown of our eligible and non-eligible activities, and an explanation of our results and calculations. In the eligibility analysis carried out in 2021 we were able to obtain very high eligibility figures by linking our main activity practically entirely to the same activity listed by the taxonomy (3.9. Manufacture of iron and steel). In future years the alignment analysis to be carried out will provide us with greater detail for the KPIs to report, so there could be considerable changes in these percentages.

	TURNOVER (%)	CAPEX (%)	OPEX (%)
A. Activities eligible under the Taxonomy			
Manufacture of steel pipe	99.07%	100%	99.99%
Total activities eligible under the Taxonomy	**99.07%**	**100%**	**99.99%**
B. Activities ineligible under the Taxonomy			
Total activities ineligible under the Taxonomy	**0.93%**	**0%**	**0.01%**
TOTAL (A + B)	**100%**	**100%**	**100%**

Description of eligible and non-eligible activities

As indicated in Chapter 1, the main activity of the Group is the manufacture of steel piping, which corresponds to code CNAE 2420. We have carried out an assessment of whether it conforms to the activities listed in the taxonomy through the tool launched by the European Commission "EU Taxonomy Compass" https://ec.europa.eu/sustainable-finance-taxonomy, and as indicated in the Climate Change Delegated Act setting out the activities eligible for the "Climate Change Mitigation" and "Climate Change Adaptation" environmental objectives. We conclude that our main steel pipe manufacturing activity is eligible under the activity listed in the taxonomy as **3.9 Iron and Steel Manufacturing**, since its own description indicates that our CNAE code is included under this activity. The steel pipe manufacturing activity is carried out by the following individual companies of the TRSA Group: Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

Description of indicators

TURNOVER

The proportion of turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the share of net turnover derived from goods or services (including tangible and intangible) that are associated with economic activities conforming to the taxonomy (numerator), divided by the net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Specifically, for the TRSA Group, the denominator corresponds to the net amount of the turnover in the consolidated financial statements for the 2021 financial year. The numerator corresponds to the net turnover amount in the consolidated financial statements of the activities that we considered eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

CAPEX

The proportion of CapEx referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the denominator being additions to tangible and intangible assets during the year before impairment, amortisation and possible new valuations, including those resulting from revaluations and value impairment, corresponding to the relevant year, excluding changes in fair value. The denominator shall also include additions to tangible and intangible assets resulting from business combinations.

Specifically, for the TRSA Group, the denominator corresponds to the total cost additions for the 2021 financial year of tangible and intangible fixed assets reflected in the variation of fixed assets in the consolidated annual accounts. The numerator corresponds to the cost additions for tangible and intangible fixed assets for the activities that we deemed to be eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

OPEX

The proportion of OpEx referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator, with the latter including non-capitalised direct costs relating to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the daily maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and that are necessary to ensure the continued and effective operation of such assets.

Specifically, for the TRSA Group, the denominator corresponds to the consolidated operating expenses accounts for the 2021 financial year associated with costs relating to R&D, short-term leases, maintenance and repairs, as well as any other expenses related to the daily maintenance of such assets such as the expenses of maintenance personnel. The numerator corresponds to the amount of the above-mentioned operating expenses accounts associated with the activities that we considered eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

Annex 4

REPORT PARAMETERS

This Non-Financial Information Statement (NFIS) is part of the TRSA Group Management Report and includes information for the Environmental, Social and Governance (ESG) fields, in accordance with the results obtained in the materiality analysis carried out in 2021.

It covers the period from 1 January to 31 December 2021. The information contained herein for the 2020 financial year is presented for comparative purposes with the information for the 2021 financial year. In this regard, the Group has not been obliged to restate any information from previous years.

This Non-Financial Information Statement has been drawn up in accordance with the contents of the current business regulations and following the selected criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), as well as those other criteria described in accordance with what is mentioned for each subject in the "Table of contents of Law 11/2018".

Scope of included entities

The TRSA Group is made up of the parent company, Tubos Reunidos, S.A., with registered offices for tax and corporate purposes in Amurrio (Álava), and its subsidiaries.

With regard to environmental information, this report includes all the industrial companies that make up the Group, as they are those that have a significant impact on these indicators, except for those indicators that indicate otherwise, in which case the specific indicator is specified. The remaining information includes all the companies that make up the Group.

The following are the subsidiaries of Tubos Reunidos, S.A. (T.R.) at 31 December 2021:

ACTIVITY	Activity	%	Holding company
Tubos Reunidos Group, S.L.U (TRG).*	Industrial	100%	Tubos Reunidos, S.A.
Tubos Reunidos Premium Threads, S.L. (TRPT)	Industrial	51%	Tubos Reunidos, S.A.
T.R. America, Inc.	Sales & Marketing	100%	Tubos Reunidos, S.A.
RDT, Inc.	Industrial	100%	Aplicaciones Tubulares, S.L.U.
Tubos Reunidos Services, S.L.U.	Industrial/Real estate operation	100%	Tubos Reunidos, S.A.
Clima, S.A.U.	Holding company	100%	Tubos Reunidos, S.A.
Aplicaciones Tubulares, S.L.U. (ATUCA)	Holding	100%	Tubos Reunidos, S.A.

* On 13 December 2021, the merger by absorption of the following companies, which formed part of the Group as at 31 December 2020, was formalised: the absorbing company was Tubos Reunidos Industrial, S.L.U. (TRI), and the absorbed companies were Productos Tubulares, S.A.U. (PT) and Aceros Calibrados, S.A.U. (ACECSA). As a result of the merger and the accounting rules, 1 January 2021 was established as the date from which the operations of the absorbed companies, which were dissolved in the operation, were considered, for accounting and tax purposes, to have been undertaken by the absorbing company. On the same date as the merger was formalised, the change of name of the absorbing company was made public, with the company being renamed Tubos Reunidos Group, S.L.U.

Table of contents of Law 11/2018

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Business model		
Descripción del modelo de negocio	GRI 102-1, GRI 102-2, GRI 102-5, GRI 102-7, GRI 102-16	1. Tubos Reunidos
	GRI 102-14	Letter from the Chairman
	GRI 102-3, GRI 102-45	Annex 4
Organisation and structure	GRI 102-18, GRI 102-20, GRI 102-22, GRI 102-23, GRI 102-24, GRI 102-16	7. Our Corporate Governance, constantly evolving and improving
Geographical presence	GRI 102-4, GRI 102-6	1. Tubos Reunidos
Objectives and strategies	GRI 102-14, GRI 102-15	Letter from the Chairman 1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Main factors and trends affecting future developments	GRI 102-15	1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Strategy and risk management		
Description of the policies that the company applies	GRI 102-35, GRI 103-1, GRI 103-2	3. People, our most sustainable competitive advantage 4. Moving towards excellence in Health and Safety 5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Results of the policies that the company applies	GRI 103-3	3. People, our most sustainable competitive advantage 4. Moving towards excellence in Health and Safety 5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Main risks related to issues linked to the company's activities	GRI 102-15	1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Non-financial information report profile		
Reporting framework used	GRI standards	Annex 4
Materiality analysis	GRI 102-46, GRI 102-47	2. Inspiring confidence and generating value for our Stakeholders

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Environmental issues		
Environmental management		
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 102-15, GRI 102-29, GRI 102-31, GRI 103-3, GRI 308-2	5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Environmental certification or assessment procedures	GRI 102-11, GRI 102-29	5. Global value chain
Resources dedicated to the prevention of environmental risks	GRI 102-29	5. Global value chain
Application of the precautionary principle	GRI 102-11	5. Global value chain
Amount of provisions and guarantees for environmental risks	GRI 307-1	5. Global value chain
Pollution		
Measures to prevent, reduce or offset carbon emissions that seriously affect the environment. Any other form of air pollution	GRI 103-2, GRI 302-4	5. Global value chain
	GRI 305-6, GRI 305-7	Annex 2
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	GRI 103-2, GRI 301-1, GRI 301-2, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4a.b.c, GRI 306-5a.b.c	5. Global value chain Annex 2
Actions to combat food waste		As per section 2. In inspiring confidence and generating value for our Stakeholders, food waste was not considered to exist in the Group
Sustainable use of resources		
Water consumption and water supply according to local constraints	GRI 303-3, GRI 303-4, GRI 303-5	5. Global value chain Annex 2
Consumption of raw materials	GRI 103-2, GRI 301-1, GRI 301-2	5. Global value chain Annex 2
Direct and indirect energy consumption. Measures to improve energy efficiency. Use of renewable energies	GRI 103-2, GRI 302-1, GRI 302-3, GRI 302-4	5. Global value chain Annex 2
Climate change		
Greenhouse gas emissions	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4	5. Global value chain Annex 2
Measures taken to adapt to the consequences of climate change. Greenhouse gas reduction targets	GRI 103-2, GRI 201-2, GRI 305-5	5. Global value chain Annex 2

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Cuestiones medioambientales		
Biodiversity		
Measures taken to preserve or restore biodiversity	GRI 103-2, GRI 304-2, GRI 304-3	5. Global value chain Annex 2
Impacts caused by activities or operations in protected areas	GRI 303-3, GRI 304-1, GRI 304-2, GRI 304-3, GRI 306-5	5. Global value chain Annex 2
Social and staff-related issues		
Employment		
Total number and breakdown of employees by gender, age, country and professional category	GRI 102-7, GRI 102-8, GRI 405-1b	3. People, our most sustainable competitive advantage
Total number and breakdown of employment contract types	GRI 102-8	3. People, our most sustainable competitive advantage
Average annual number of permanent, temporary and part-time contracts by gender, age and professional category	GRI 102-8	3. People, our most sustainable competitive advantage Annex 1
Number of dismissals by gender, age and professional category	GRI 401-1	3. People, our most sustainable competitive advantage Annex 1
Average remuneration and its trends broken down by gender, age and professional category or equal value	GRI 201-3, GRI 202-1, GRI 405-2	3. People, our most sustainable competitive advantage
Salary gap	GRI 405-2	3. People, our most sustainable competitive advantage
Remuneration of equal or average jobs in the company	GRI 202-1	Annex 1
Average remuneration of directors and executives	GRI 102-35, GRI 102-36, GRI 102-37, GRI 405-2	7. Our Corporate Governance, constantly evolving and improving
Implementation of work disconnection measures	GRI 401-2	3. People, our most sustainable competitive advantage
Employees with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Organisation of the work		
Organisation of working time	GRI 103-2, GRI 102-41	3. People, our most sustainable competitive advantage
Number of hours of absenteeism	GRI 403-9a Injuries from occupational accidents	3. People, our most sustainable competitive advantage
Measures to facilitate work-life balance	GRI 401-2, GRI 401-3	3. People, our most sustainable competitive advantage Annex 1

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Health and safety		
Conditions of health and safety at work	GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7	4. Moving towards excellence in Health and Safety
Occupational accidents (frequency and severity) broken down by gender	403.9a-b Injuries from occupational accidents	4. Moving towards excellence in Health and Safety Annex 1
Occupational illnesses broken down by gender	403.10a Occupational ailments and illnesses	4. Moving towards excellence in Health and Safety Annex 1
Social relations		
Organisation of social dialogue	GRI 102-41, GRI 403-1, GRI 201-3	3. People, our most sustainable competitive advantage
Percentage of employees covered by collective bargaining agreement by country	GRI 102-41	3. People, our most sustainable competitive advantage Annex 1
Review of collective agreements, particularly in the field of occupational health and safety	GRI 403-1	3. People, our most sustainable competitive advantage Annex 1
Training		
Policies implemented in the field of training	GRI 404-2, GRI 404-3	3. People, our most sustainable competitive advantage
Total number of hours of training by professional category	GRI 404-1	3. People, our most sustainable competitive advantage Annex 1
Universal accessibility for persons with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	GRI 401-3, GRI 405-1, GRI 405-2	3. People, our most sustainable competitive advantage
Equality plans and measures taken to promote employment	GRI 405-1	1. Tubos Reunidos 3. People, our most sustainable competitive advantage
Protocols against sexual and gender-based harassment	GRI 405-1	3. People, our most sustainable competitive advantage
Integration and universal accessibility for persons with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Anti-discrimination and, where appropriate, diversity management policy	GRI 406-1	3. People, our most sustainable competitive advantage

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Information on respect for human rights		
Application of due diligence procedures in human rights	GRI 102-12, GRI 102-16, GRI 102-17. GRI 410-1, GRI 412-1, GRI 412-2	7. Our Corporate Governance, constantly evolving and improving
Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Claims for cases of human rights violations	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Information related to the fight against corruption and bribery		
Measures taken to prevent corruption and bribery	GRI 102-16, GRI 102-17, GRI 102-25, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 415-1	7. Our Corporate Governance, constantly evolving and improving
Measures to fight money laundering	GRI 102-16, GRI 205-3	7. Our Corporate Governance, constantly evolving and improving
Contributions to foundations and non-profit entities	GRI 201-1	1. Tubos Reunidos
Information on society		
Commitments of the Company to sustainable development		
Impact of the Company's activity on local development and employment	GRI 204-1, GR 203-1, GRI 413-1	1. Tubos Reunidos
Impact of Company activity on local communities and territory	GRI 413-1, GRI 413-2	1. Tubos Reunidos
Relationships with local community players and means of dialogue with them	GRI 102-43, GRI 102-12, GRI 413-1	1. Tubos Reunidos 2. Inspiring confidence and generating value for our Stakeholders
Association and sponsorship actions	GRI 102-13	1. Tubos Reunidos

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Information on society		
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 120-16, GRI 308-1, GRI 414-1	5. Global value chain
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, GRI 204-1, GRI 308-1, GRI 414-1	5. Global value chain
Monitoring and audit systems and results of the same	GRI 308-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1 GRI 414-2	5. Global value chain
Consumers (our customers)		
Consumer health and safety measures	GRI 416-1, GRI 417-1	5. Global value chain
Complaint systems, complaints received and their resolution	GRI 416-2, GRI 416-8	5. Global value chain
Tax information and transparency		
Profits obtained by country	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.vi	7. Our Corporate Governance, constantly evolving and improving
Tax on profits paid	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.viii	7. Our Corporate Governance, constantly evolving and improving
Public subsidies received	GRI 201-4	7. Our Corporate Governance, constantly evolving and improving

TAXONOMY

AREAS	Reporting Framework	Reference
EU Taxonomy	Own methodology based on compliance with EU Regulation 2020/852	ANNEX 3

Independent limited assurance report on the Consolidated Non-Financial Statement for the year ended December 31, 2021

TUBOS REUNIDOS, S.A. AND ITS SUBSIDIARIES

EY
Building a better working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Tubos Reunidos, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021, of Tubos Reunidos, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

Directors' Responsibility

The Board of Directors of Tubos Reunidos, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* selected criteria of the *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

The Directors of Tubos Reunidos, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

EY
Building a better working world

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the NFS for the year ended December 31, 2021 based on the materiality analysis made by the Group and described in section "Materiality analysis", considering the content required by prevailing mercantile regulations.
- Analysing the processes for gathering and validating the data included in the NFS for the year ended December 31, 2021.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended December 31, 2021.
- Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended December 31, 2021 and its correct compilation from the data sources.
- Obtaining a representation letter from the Board of Directors and Management.

Paragraph of emphasis

Regulation (EU) 2020/852 of the European Parliament and the Council, June 18 2020, on the establishment of a framework to facilitate sustainable investments settles the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2021, provided that the Non-Financial Statement is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the accompanying NSF. Additionally, information has been included, for which the Board of Directors of Tubos Reunidos, S.A. have chosen to apply the criteria that, in their opinion, best enable compliance with the new obligation and which are defined within the "Annex 3 - EU Taxonomy (Regulation 2020/852)" chapter of the accompanying NFS. Our conclusion has not been modified in relation to this matter.

EY
Building a better working world

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the NFS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version in Spanish)

Alberto Castilla Vida

February 25th, 2022

TUBOS REUNIDOS GROUP
TUBOS · PRODUCTOS

Edited in Spain, February 2022 I **Design and layout** Laura Fernández y Laura Hoyal

The Directors of the Company **"TUBOS REUNIDOS, S.A."** with Tax ID number A/48/011555 and registered office in Amurrio (Álava), in accordance with Article 253 of the Consolidated Text of the Spanish Capital Companies Law, formulated the consolidated annual accounts and the consolidated management report of **TUBOS REUNIDOS, S.A. AND SUBSIDIARIES** for financial year 2021, all of which is detailed and identified as indicated below:

Consolidated Annual Accounts (Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Net Equity, Consolidated Cash Flow Statement and Consolidated Report), **Consolidated Management Report, Annual Corporate Governance Report (IAGC), Annual Directors' Remuneration Report (IARC) and Non-Financial Information Statement (NFIS)**

Furthermore, the directors of the Company state that, to the best of their knowledge, the consolidated annual accounts prepared in accordance with the applicable accounting principles give a true and fair view of the assets and liabilities, financial position and results of the issuer and the undertakings included in the consolidation taken as a whole, and that the consolidated management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For all intents and purposes, and as an introduction to the aforementioned accounts and report, the following persons sign this document:

Mr Francisco Irazusta Rodríguez
(Executive Chairman)

Mr Emilio Ybarra Aznar
(Deputy Chairman – Proprietary Director)

Mr Jorge Gabiola Mendieta
(Coordinating Director - Independent)

Mr Alfonso Barandiarán Olleros
(Proprietary Director)

Mr Enrique Migoya Peláez
(Proprietary Director)

Ms Ana Muñoz Beraza
(Independent Director)

Mr Jesus Pérez Rodriguez-Urrutia
(Director - Other external directors)

Ms Teresa Quirós Álvarez
(Independent Director)

Ms María Sicilia Salvadores
(Independent Director)

Mr Cristóbal Valdés Guinea
(Proprietary Director)

Ms Leticia Zorrilla de Lequerica Puig
(Proprietary Director)

Amurrio (Álava), **24 February 2022**

Independent limited assurance report on the Consolidated Non-Financial Statement for the year ended December 31, 2021

TUBOS REUNIDOS, S.A. AND ITS SUBSIDIARIES

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Tubos Reunidos, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021, of Tubos Reunidos, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

Directors' Responsibility

The Board of Directors of Tubos Reunidos, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* selected criteria of the *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

The Directors of Tubos Reunidos, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the NFS for the year ended December 31, 2021 based on the materiality analysis made by the Group and described in section "Materiality analysis", considering the content required by prevailing mercantile regulations.
- Analysing the processes for gathering and validating the data included in the NFS for the year ended December 31, 2021.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended December 31, 2021.
- Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended December 31, 2021 and its correct compilation from the data sources.
- Obtaining a representation letter from the Board of Directors and Management.

Paragraph of emphasis

Regulation (EU) 2020/852 of the European Parliament and the Council, June 18 2020, on the establishment of a framework to facilitate sustainable investments settles the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2021, provided that the Non-Financial Statement is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the accompanying NSF. Additionally, information has been included, for which the Board of Directors of Tubos Reunidos, S.A. have chosen to apply the criteria that, in their opinion, best enable compliance with the new obligation and which are defined within the "Annex 3 – EU Taxonomy (Regulation 2020/852)" chapter of the accompanying NFS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the NFS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version In Spanish)

____

Alberto Castilla Vida

February 25th, 2022