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, 2022

Ernst & Young, S.L.
Torre Iberdrola
Plaza Euskadi, 5
48009 Bilbao
España

Tel: 944 243 777
Fax: 944 242 745
ey.com

Building a better working world

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, 2022, the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Application of the going concern principle

Description

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

In this regard, as indicated in Note 1.2 to the accompanying consolidated financial statements, on July 22, 2021, the Group's parent company signed a temporary financial support operation with the Solvency Support Fund for Strategic Companies, in the form of a participating loan in the amount of 112.8 million euros. Likewise, on that date, the novation of the Refinancing Agreement of the syndicated debt signed on October 16, 2019 and novated on May 25, 2020 was formalized.

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

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

Our response

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

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

Recoverability of Property, plant and equipment

Description

As of December 31, 2022, the Group presents tangible assets amounting to EUR 250 million. The Management of the Tubos Reunidos Group assesses, at least on an annual basis, whether there are indications of impairment on these assets and, if so, performs certain analyses on the recoverability of the amounts recorded in the consolidated balance sheet, as broken down in Note 6 "Accounting estimates and calculations", relating to breakdowns by measure of fair value and in Note 10 "Property, plant and equipment" describing the main assumptions used in the impairment analysis.

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

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

Our response

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

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

Other information: consolidated management report

Other information refers exclusively to the 2022 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 2022 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 2022 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 2022 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 24, 2023.

Term of engagement

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

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

ERNST & YOUNG, S.L.

Signed original in Spanish

February 24, 2023

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

Consolidated annual accounts and consolidated management report for the financial year ending 31 December 2022

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

TABLE OF CONTENTS

(All documents refer to 31 December 2022 or the year ended 31 December 2022, as appropriate)

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

(thousands of euros)

ASSETS	Notes	31/12/2022	31/12/2021
Intangible assets	8	1,623	1,933
Rights of use	9	5,290	4,903
Property, plant and equipment	10	250,083	247,682
Real estate investments	10	1,295	1,352
Non-current financial assets	11	407	483
Deferred tax assets	17	21,889	15,751
Non-current assets		**280,587**	**272,104**
Inventories	13	129,464	101,375
Trade and others accounts receivable	11	22,283	11,146
Other current financial assets	11	2,463	224
Derivative financial instruments	11	5,714	-
Public administrations	16	7,997	5,809
Accruals		34	8
Cash and cash equivalents	11	95,105	77,607
Current assets		**263,060**	**196,169**
TOTAL ASSETS		**543,647**	**468,273**

NET EQUITY AND LIABILITIES	Notes	31/12/2022	31/12/2021
Own funds	14	(50,845)	(94,332)
Capital		3,494	3,494
Share premium		387	387
Retained earnings		(53,692)	(97,190)
Shares of the parent company		(1,034)	(1,023)
Adjustment due to change in value		416	(1,095)
Net equity attributable to the parent company		(50,429)	(95,427)
Minority interests	14	504	541
Net book equity		**(49,925)**	**(94,886)**
Deferred income		**120**	**319**
Long-term provisions	19	3,547	1,898
Borrowings	15	361,319	360,677
Derivative financial instruments	11	122	-
Public administrations	16	4,340	6,360
Deferred tax liabilities	17	16,024	15,160
Other financial liabilities	18	7,904	7,915
Non-current liabilities		**393,256**	**392,010**
Short-term provisions	19	11,204	13,822
Borrowings	15	29,001	16,846
Derivative financial instruments	11	-	227
Public administrations	16	7,468	8,655
Other financial liabilities	18	152,523	131,280
Current liabilities		**200,196**	**170,830**
TOTAL NET EQUITY AND LIABILITIES		**543,647**	**468,273**

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 2022

(thousands of euros)

	Notes	2022	2021
Operating income		523,789	250,826
Net turnover amount	20	513,652	242,994
Other operating income	20	10,137	7,832
Change in inventory of finished products and products in production	13	23,562	27,363
Supplies	13	(206,888)	(132,368)
Staff expenses	21	(101,875)	(102,886)
Other operating expenses	22	(174,393)	(94,719)
Depreciation of property, plant and equipment	8–9–10	(15,834)	(13,066)
Impairment and results for fixed assets disposal	9–10	5,252	77,360
Other net profit/(loss)		352	341
Operating income		**53,965**	**12,851**
Financial income		3	2
Financial expenses		(21,511)	(21,803)
Fair value variation in financial instruments	6.4–15	3,729	(58,580)
Exchange differences		1,767	2,743
Financial results		**(16,012)**	**(77,638)**
PROFIT/(LOSS) BEFORE TAX		**37,953**	**(64,787)**
Tax on profits		5,508	62
RESULT FOR THE YEAR FROM CONTINUED OPERATIONS		**43,461**	**(64,725)**
Result attributed to the parent company		43,498	(64,677)
Result attributed to external partners		(37)	(48)
Profit (loss) per share (expressed in euros)			
Basic	23	0.250	(0.372)
Diluted		0.250	(0.372)

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 2022

(thousands of euros)

	2022	2021
CONSOLIDATED RESULT	**43,461**	**(64,725)**
Other comprehensive income		
Foreign exchange differences	(1,381)	(1,398)
Cash flow hedging	3,734	(227)
Tax effect	(842)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**44,972**	**(66,350)**
Attributable to:		
Shareholders of the parent company	45,009	(66,302)
Minority interests	(37)	(48)

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 2022
(thousands of euros)

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

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 FASEE is a participation loan means that Tubos Reunidos, S.A.'s Net Equity for trading purposes is positive and sufficient for the circumstances provided for in the Spanish Capital Companies Law related to equity balance to not apply (note 1.2).

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(thousands of euros)

	Notes	2022	2021
Cash flow from operating activities		**40,792**	**(37,771)**
Result for the year from continued operations		43,461	(64,725)
Adjustments to income		27,447	24,255
Taxes		(5,508)	(62)
Depreciation of property, plant and equipment	8–9–10	15,834	13,066
(Profit)/Loss in the sale/write-off of fixed assets	8–10	18	17
Impairment of fixed assets	8–10	(5,270)	(77,377)
Variation of provisions	19	5,389	11,162
Other expenses/(income)		(899)	(189)
(Profits)/losses in the fair value of derivative financial instruments		(1,858)	58,580
Financial income		(3)	(2)
Financial expenses		21,511	21,803
Exchange differences		(1,767)	(2,743)
Changes in working capital		(30,116)	2,699
Inventories	13	(24,435)	(41,133)
Customers and other accounts receivable	11–12	(11,425)	2,031
Other charges/(payments)		(13,381)	(7,987)
Suppliers and other accounts payable	18	19,125	49,788
Cash flow from investment activities		**(13,531)**	**(6,496)**
Acquisition of intangible assets	8	(538)	(567)
Acquisition of tangible fixed assets	10	(11,467)	(5,944)
Charges for divestments of tangible fixed assets		637	-
(Investment)/divestment of financial assets		76	(279)
(Investment)/divestment in current financial assets		(2,239)	294
Cash flow from financing activities		**(9,763)**	**101,052**
Obtaining borrowings	15	9,930	120,351
Reimbursement of borrowings and interest payments	15	(16,333)	(14,104)
Repayment of other debts		(3,349)	(5,243)
Disposal/(acquisition) of treasury shares		(11)	48
(DECREASE)/NET INCREASE OF CASH OR CASH EQUIVALENTS		**17,498**	**56,785**
Cash and cash equivalents at the beginning of the year	11	77,607	20,822
Cash and cash equivalents at the end of the year	11	95,105	77,607

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

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022
(thousands of euros)

1. GENERAL INFORMATION

1.1 Structure of the Group and activity

Tubos Reunidos, S.A. (hereinafter the parent company or the 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. It is the head of a group of companies (hereinafter, Tubos Reunidos Group, TRSA Group or the Group, interchangeably) whose main activity in the steel industry is the manufacture and sale of seamless steel pipes, with four production plants (three in Spain and one in the USA) and an international commercial organisation with nine own branch offices and 22 commercial agencies in the main countries and markets in which it operates.

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

Company	Registered office	Activity	Share %	Holding company
Tubos Reunidos Group, S.L.U. (TRG)	Amurrio (Álava)	Industrial	100%	Tubos Reunidos, S.A.
Tubos Reunidos Premium Threads, S.L. (TRPT)	Iruña de Oca (Álava)	Industrial	51%	Tubos Reunidos, S.A.
T.R. America, Inc.	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.

There were no changes to the scope of consolidation in 2022.

Tubos Reunidos Group, S.L.U. is the company resulting from the merger by absorption of Tubos Reunidos Industrial, S.L.U. (absorbing company), Productos Tubulares, S.L.U. and Aceros Calibrados, S.A.U., all performing industrial activities, which took place on 1 January 2021.

1.2 Relevant information for the 2022 financial year

Operating income for 2022 reached EUR 523.8 million compared to EUR 250.8 million in the previous year, representing the highest level of turnover for the Group since 2008. This positive development was due to an increase in production volume and, above all, to a significant increase in the average price in all segments in which the Group operates. This resulted in an improvement in operating income to a positive EUR 54.0 million, more than four times the figure for 2021, which was a positive figure of EUR 12.9 million.

EBITDA in 2022 was EUR 64.5 million compared to a negative figure of EUR 51.4 million in the previous year, representing an improvement of EUR 115.9 million. The Group's ability to convert this EBITDA into cash flow generated a net cash flow of EUR 17.5 million and a reduction in net financial debt of EUR 6.9 million, with a net debt/EBITDA ratio of 4.5x as of 31 December 2022.

These figures represent a profit for the Group's parent company (TRSA), which recorded the following positive trend in its net book equity and net equity for trading purposes, taking into account the fact that the financing obtained from the FASEE (Solvency Support Fund for Strategic Companies) is a participation loan (note 15):

	31/12/2022	31/12/2021
TRSA net book equity (Parent company)	**(11,102)**	**(56,964)**
Participation loan	115,651	112,800
THE PARENT COMPANY'S EQUITY FOR COMMERCIAL PURPOSES	**104,549**	**55,836**
TRSA's share capital	3,494	3,494
Equity/share capital ratio	29.92x	15.98x

These results not only mark the Group's return to a path of profitability, but are also higher than those reported for the 2022 financial year in the 2021–2026 Strategic Plan. This was updated in 2020 to include the expected impacts of the COVID pandemic as a roadmap set by the Board of Directors to achieve long-term sustainability for the Group based on the energy transition and decarbonisation.

The Directors of the Parent Company have updated the figures in the Strategic Plan to adapt them to the trend in sales prices, increased production costs and the changes in other regulatory and economic factors, and have extended the duration until 2028 while keeping the objective of sustainability and the improvement of competitiveness as key elements.

The results for 2022 were affected by various issues, including the war in Ukraine and its economic impacts, regulatory developments in the seamless piping manufacturing sector and, to a lesser extent, the COVID pandemic.

a) Impacts of the war in Ukraine

On 21 February 2022, the President of the Russian Federation signed a decree recognising the independence and sovereignty of the self-proclaimed "People's Republic of Donetsk" and "People's Republic of Luhansk" and ordered the deployment of Russian armed forces in those areas. As a result of this event, an armed conflict began between Ukraine and the Russian Federation. The following day, the High Representative of the European Union issued a Declaration on behalf of the EU condemning the decision of the President of the Russian Federation, deeming his actions to be illegal and a serious violation of international law and international agreements such as the Charter of the United Nations, the Helsinki Final Act, the Paris Charter and the Budapest Memorandum.

In response to this act, the European Union, the United States and the United Kingdom issued a series of regulations imposing restrictive measures on the Russian Federation that particularly affect the Group's sector of activity, and especially its marketing, transport and purchasing activities.

The direct effect of these measures and of the actual conflict on the Group's turnover has been limited, given that the volume of sales and orders to customers located in the affected countries is not significant. However, their indirect impact is considerable because both Russia and Ukraine are major producers and consumers of seamless steel piping as well as being among the world's leading suppliers of several of the raw materials and energy sources used in its manufacture, including scrap metal, various ferroalloys and natural gas. This has all led to increased uncertainty in the markets, resulting in a global rise in costs that caused inflation rates to soar in all countries, including Spain. This exacerbated a bullish trend that had begun with the revival of the economy after the pandemic.

The Group has been able to manage this uncertainty in two ways. Firstly, we have geared our commercial and production activity towards those markets where increased demand has allowed us to absorb this increase in costs, mainly the OCTG and, to a lesser extent, the midstream markets. Secondly, we have focused specifically on cost control and risk management. This has included the conclusion of fixed-price supply agreements for the entirety of our energy costs and part of our gas costs, which has allowed us to save on production costs, reduce our exposure to cost volatility by facilitating productive management and secure our supply of these two key inputs.

b) Modification of US tariff regulations

On 31 October 2021, the United States and the European Union announced an agreement on the tariff regulations for steel and aluminium exports from the EU, amending regulations that had been laid down in 2018 by the Trump Administration, which imposed a 25% tariff on all exports of these products to the United States, one of the Group's major markets. The new agreement came into force on 1 January 2022 and establishes a system of quotas under which exports of certain products manufactured in EU Member States, including several of the varieties of seamless piping manufactured by the Group, are exempt from the tariff. The process for obtaining exemptions on request for exports of other products also remains in force. In addition, in 2022 the US Government adopted anti-dumping measures for OCTG imports from Argentina, Mexico, South Korea and Russia, all globally significant producers, which substantially limited their presence in the North American market.

c) Effects of the COVID pandemic

The COVID pandemic paralysed global economic activity from March 2020, with direct adverse effects on the demand for seamless piping, including a reduced demand for energy, a fall in global demand for crude oil, a widespread decrease in investments in all industrial sectors and a global environment of uncertainty. As a result, the Group experienced a sharp reduction in its activity, which generated operating losses and negative net results in the 2020 and 2021 financial years.

As a consequence of these impacts and in anticipation of the difficulties in meeting obligations to financial institutions, in May 2020 a novation of the existing debt 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. This was partially guaranteed with the endorsement of the Official Credit Institute (ICO) within the framework of Royal Decree-Law 8/2020 and Royal Decree-Law 15/2020 of 21 April on additional urgent measures to support the economy and employment.

Additionally, in the third quarter of 2020, the Board of Directors of Tubos Reunidos, S.A. 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 SEPI (Sociedad Estatal de Participaciones Industriales) from the FASEE, a fund for companies affected by the pandemic, pursuant to Royal Decree-Law 25/2020 of 3 July (hereinafter, the "FASEE 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.

The participation loan is intended to guarantee the continuation of the Group's activity by restoring its viability, to cover its cash flow needs and to enable the implementation of an investment plan aimed at increasing the efficiency of its production plants, boosting digitisation and promoting the ecological transition by reducing CO_2 emissions in line with European Union objectives and national obligations related to the ecological and digital transformation, including the EU's goal of achieving neutrality by 2050.

1.3 Preparation of accounts

The consolidated annual accounts for 2022 were prepared by the Board of Directors of the parent company on 23 February 2023 and are pending approval by its General Shareholders' Meeting. The directors understand that they will be approved without amendments.

The consolidated annual accounts for 2021 were drawn up by the Board of Directors of the parent company on 24 February 2022 and were approved by the General Shareholders' Meeting on 30 June 2022.

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 relating to the previous year is presented together with the information for this year solely and exclusively for the purpose of comparison.

The Group's consolidated annual accounts as at 31 December 2022 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 2022, and the interpretations of the IASB's Interpretations Committee (IFRIC).

The preparation of consolidated annual accounts under IFRS-EU requires the use of specific critical accounting estimates, as well as professional judgement by the management when implementing accounting policies. Note 6 discusses the areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated annual accounts. The criteria used in the judgements and estimates applied in preparing the consolidated annual accounts for 2022 are consistent with those applied in the preparation of the consolidated annual accounts for the previous year.

The accounting policies used in the preparation of these consolidated annual accounts are the same as those applied in the consolidated annual accounts for the year ended 31 December 2021. None of the standards, interpretations or amendments that are applicable this year for the first time and cited below have had any impact on the Group's accounting policies.

Standard, interpretation or amendment	**Application date by the EU**
Amendments to: - IFRS 3: Business combinations - IAS 16: Property, plant and equipment - IAS 37: Provisions, contingent liabilities and contingent assets	01/01/2022
2018–2020 annual improvements	01/01/2022

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

Standard, interpretation or amendment	**Date of publication in the Official EU Journal**	**Application date by the EU**	**Application date by IASB**
IFRS 17: Insurance contracts	19/11/2021	01/01/2023	01/01/2023
IFRS 17: Insurance contracts: initial application of IFRS 17 and IFRS 9: comparative information	08/09/2022	01/01/2023	01/01/2023
Definition of accounting estimates (amendments to IAS 8)	02/03/2022	01/01/2023	01/01/2023
Information to be disclosed regarding the accounting policies (amendments to IAS 1 and the IFRS 2 Practice Statement)	02/03/2022	01/01/2023	01/01/2023
Deferred taxes related to assets and liabilities arising from a single transaction – amendments to IAS 12	11/08/2022	01/01/2023	01/01/2023
IAS 1. Presentation of financial statements: classification of liabilities as current or non-current	Pending	Pending	01/01/2024

2.2 Functional and presentation currency

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

2.3 Consolidation principles

a) Subsidiaries and associated companies

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

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

Companies over which the Group has significant influence but does not have control are considered associated companies and are accounted for using the equity method. As at 31 December 2022 and 2021, 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 remeasured at fair value at the date that 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 2022 results of the parent company to be submitted to the General Shareholders' Meeting, and the distribution approved in 2021 was as follows:

	2022	2021
Allocation basis		
Result of the financial year – profit/(loss)	45,862	40,384
Distribution/(Application)		
Negative results from previous financial years	45,862	40,384

4. ACCOUNTING POLICIES AND MORE SIGNIFICANT ASSESSMENT CRITERIA

4.1 Foreign currency transactions

a) <u>Transactions and balances</u>

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

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

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

b) <u>Group entities</u>

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

- Assets and liabilities of each balance sheet presented: the closing exchange rate at the balance sheet date.

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

4.2 Intangible assets

Intangible assets are recorded by their cost value, minus the cumulative amortisation and, where appropriate, the accumulated impairment loss. The amortisation of intangible assets is carried out on a straight-line basis during their estimated useful lives (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 on a straight-line basis for the shorter term between the estimated useful life and the lease term. Rights of use are subject to impairment analyses.

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

For 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 depreciation and, where appropriate, the accumulated impairment loss value. After the initial recognition of the asset, only those costs incurred that will generate future economic benefits that can be qualified as likely are capitalised and the amount of the aforementioned costs can be reliably assessed.

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

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

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

	Years of estimated useful life
Buildings	30–50
Technical installations and machinery	10–30
Other installations, tools and furniture	10
Other 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 occurring, 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) <u>Financial assets</u>

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 under profit or loss under "Change in fair value of financial instruments".

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

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

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

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

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

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

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

c) Implicit derivative of the debt

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

d) Derivative included in a supply contract

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

As at 31 December 2022, the valuation of this contract was recorded at fair value through profit or loss.

4.6 Inventories

a) Emission allowances

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

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

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

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

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

b) Other inventories

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

c) Impairment of inventories

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

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

4.7 Trade accounts receivable

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

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

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

4.8 Trade accounts payable

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

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

4.9 Borrowings

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

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

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

4.10 Current and deferred taxes

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

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

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

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

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

4.11 Employee benefits

a) Severance pay

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

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

b) Variable remuneration

A provision for variable remuneration plans is recognised 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, when there is likely to be an outflow of resources to settle the obligation and its amount can be reliably estimated.

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

4.13 Revenue recognition

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

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

- <u>Differentiable pledged goods or services that should be recognised separately.</u>

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

- <u>Variable compensation in contracts with customers</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 the transfer of their control.

- <u>Recognition of sales</u>

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

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

- Financing component

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

- Incremental costs

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

- Guarantees

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

- Deferred delivery invoicing agreements

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

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

4.14 Environment

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

5. FINANCIAL RISK AND OTHER RISK MANAGEMENT POLICY

5.1 Main financial risks

The 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 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 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 is typical of the sector to which the Group belongs and is included in its risk management model within 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. In the 2022 financial year, the Group reached agreements with energy distributors to secure a long-term supply of electricity and gas at fixed prices, reducing its exposure to price fluctuations.

5.3 Financial impact of climate change

Climate change and risk management

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 may be affected by climate change.

Effects of climate change on financial projections

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 "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 using 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, 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.

Specifically, the growth rate used by the company in its projections (note 6.1) forming the basis for the impairment tests, among other matters (note 6.2), decreased by one percentage point in 2022 compared to 2021 as a result of the scenarios described in the previous section. Specifically, it has been set at 0.5%, and therefore below the expected growth in consumer price indices for the period.

Other information

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 that 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.

Internal organisational changes were made during the 2022 financial year, including the creation of a Sustainability and Business Development Division, allowing us to identify, evaluate and track the impacts of climate change on our financial information and business model.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The 2021–2026 Strategic Plan is the 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. This Plan has been updated by the Directors of the Parent Company to adapt it to the trend in sales prices, increased production costs and the changes in other regulatory and economic areas, and the economic and financial forecasts contained in it have been extended until 2028 while the objectives of sustainability, digitalisation and the improvement of competitiveness have been kept as key elements.

A crucial factor in the development of this Plan was to have sufficient initial funding to implement the measures that it sets out. In July 2021, the Group received a participation loan of EUR 112,800 thousand 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 also received support from financial institutions for the improvement or novation of the conditions of financing operations that were already in place, in line with the needs of the Strategic Plan.

Once these financial resources had been obtained, various planned strategic initiatives were launched. These initiatives, which have now been launched, 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 consolidation of the steel mills in Sestao (which serves the Trápaga plant) and Amurrio by expanding and adapting the facilities at the Amurrio mill. In view of the time required and the need to maintain current levels of activity, this is expected to be completed in the second half of 2023. This initiative will drive the reduction of our environmental impact and carbon footprint significantly, as well as generating cost efficiencies in the production process for ingots. The progress made with this initiative in 2022 was chiefly in terms of essential plant retrofitting works and the agreement reached with the workers at the Sestao steel mill setting out the conditions for the transfer.

- The concentration of the cold-drawing processes at the Amurrio plant and the transfer of activity from the Pamplona plant, with the resulting energy efficiency for our carbon footprint.

- An update of the workforce structure through agreed departures of people combining years of experience in the company.

The launch of these initiatives and the substantial improvement in profitability have allowed the Group to close the 2022 financial year with an attributable net profit of EUR 43,498 thousand and significant net cash generation after meeting its debt repayment and investment commitments, with cash and cash equivalents amounting to EUR 95,105 thousand as at 31 December 2022. These factors, together with the financial support received by the Group and its Strategic Plan, mean that the Group is in a position to meet its long-term sustainability forecasts. The Board of Directors of the Parent Company therefore considers the going concern principle to be applicable to the preparation of the Consolidated Annual Accounts for the 2022 financial year.

6.2 Asset impairment

The Group verifies whether assets have been impaired at least once a year. To determine this recoverable value of Group assets at 31 December 2022, 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, which has been updated and extended to 2028, 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), as well as a growth rate that includes an estimate of the effects of climate change risks on the Group's business (note 5.3).

6.3 Fair value of the debt

In July 2021, a novation and improvement in pre-existing funding 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 result, 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.

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).

As at 31 December 2022 and 31 December 2021, the Directors of the Parent Company estimate that the Group will meet the objectives of its 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 at 31 December 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.

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 Strategic Plan has been used to estimate the likelihood of recovering the deferred tax assets and their need for accounting records. Based on the provisions of the accounting regulations in force, the recognised deferred tax assets used as a basis are those that the Directors of the Parent Company have deemed to be recoverable, with the total amount of negative tax bases and other tax credits still to be recognised as of 31 December 2022 reported 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.

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

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

b) Information on geographic areas

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

	2022	2021
USA	276,723	60,537
Germany	51,283	26,651
Italy	38,400	30,060
Spain	33,885	40,473
United Kingdom	27,974	8,202
South Korea	15,787	10,229
Netherlands	9,704	4,666
China	1,676	17,751
All other countries (over 35)	58,220	44,425
TOTAL NET TURNOVER	**513,652**	**242,994**

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

	2022	2021
Downstream	98,519	91,174
Midstream	81,983	39,027
Upstream	169,705	31,494
Mechanical/Industrial	127,974	60,443
Other	35,471	20,856
TOTAL NET TURNOVER	**513,652**	**242,994**

As of 31 December 2022, the Group's assets in Spain amounted to EUR 491 million (31 December 2021: EUR 439 million) and the Group's assets in the US amounted to EUR 53 million (31 December 2021: EUR 29 million).

c) Information on the main customers

The Group's sales are distributed across a large number of customers, so that only one customer represents more than 10% of net turnover in 2022 (none in 2021). This customer represented 15.9% of 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 at 31 December 2020	**4,990**	**21,957**	**986**	**27,933**
Additions	194	373	-	567
Exchange differences	8	-	-	8
Balance at 31 December 2021	**5,192**	**22,330**	**986**	**28,508**
Additions	126	412	-	538
COST VALUE AS AT 31/12/2022	**5,318**	**22,742**	**986**	**29,046**
CUMULATIVE AMORTISATION				
Balance at 31 December 2020	**(3,952)**	**(18,686)**	**(865)**	**(23,503)**
Additions	(347)	(864)	(11)	(1,222)
Exchange differences	(7)	-	-	(7)
Balance at 31 December 2021	**(4,306)**	**(19,550)**	**(876)**	**(24,732)**
Additions	(337)	(499)	(11)	(847)
Exchange differences	(1)	-	-	(1)
CUMULATIVE AMORTISATION AS AT 31/12/2022	**(4,644)**	**(20,049)**	**(887)**	**(25,580)**
VALUE IMPAIRMENT				
Balance at 31 December 2020	**-**	**(1,652)**	**-**	**(1,652)**
Impairment losses	-	(191)	-	(191)
Balance at 31 December 2021	**-**	**(1,843)**	**-**	**(1,843)**
Impairment losses	-	-	-	-
VALUE IMPAIRMENT AS AT 31/12/2022	**-**	**(1,843)**	**-**	**(1,843)**
INTANGIBLE ASSETS AS AT 31/12/2021	**886**	**937**	**110**	**1,933**
INTANGIBLE ASSETS AS AT 31/12/2022	**674**	**850**	**99**	**1,623**

9. RIGHTS OF USE

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

	Cost value	Cumulative amortisation	Net value
Balance at 31 December 2020	**7,849**	**(2,503)**	**5,346**
Additions	206	(649)	(443)
Withdrawals	(1,263)	1,263	-
Balance at 31 December 2021	**6,792**	**(1,889)**	**4,903**
Additions	890	(503)	387
Withdrawals	(512)	512	-
BALANCE AS AT 31/12/2022	**7,170**	**(1,880)**	**5,290**

The carrying amounts of lease liabilities and movements during 2022 and 2021 are as follows (note 18):

	2022	2021
Initial balance	**5,156**	**5,497**
Additions	890	206
Accrued financial expenses	259	257
Payments	(684)	(804)
Final balance as at 31/12	**5,621**	**5,156**
Non-current lease liabilities	4,928	4,379
Current lease liabilities	693	777

The amounts recognised in the consolidated income statement for leases in 2022 and 2021 are as follows:

	2022	2021
Depreciation of rights of use	503	649
Financial costs	259	257
Expenses related to current and low-value leases	272	171

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 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	-
Balance at 31 December 2021	**168,277**	**608,425**	**25,926**	**-**	**25,656**	**828,284**	**5,171**
Additions	5,021	4,948	2,188	1,075	946	14,178	-
Withdrawals	-	(1,077)	(2,252)	-	(520)	(3,849)	-
Transfers	-	-	-	-	-	-	-
Exchange differences	678	1,587	4	-	-	2,269	-
COST VALUE AS AT 31/12/2022	**173,976**	**613,883**	**25,866**	**1,075**	**26,082**	**840,882**	**5,171**
CUMULATIVE AMORTISATION							
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)	-
Balance at 31 December 2021	**(62,377)**	**(466,747)**	**(3,500)**	**-**	**(16,295)**	**(548,919)**	**(758)**
Additions	(1,986)	(12,074)	(101)	-	(266)	(14,427)	(57)
Withdrawals	-	573	2	-	-	575	-
Exchange differences	(105)	(671)	-	-	-	(776)	-
CUM. AM. At 31 December 2022	**(64,468)**	**(478,919)**	**(3,599)**	**-**	**(16,561)**	**(563,547)**	**(815)**
VALUE IMPAIRMENT							
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	-
Balance at 31 December 2021	**(1,574)**	**(29,984)**	**(125)**	**-**	**-**	**(31,683)**	**(3,061)**
Exchange differences	-	(839)	-	-	-	(839)	-
Transfers	(80)	80	-	-	-	-	-
Reversal of impairment	-	5,270	-	-	-	5,270	-
IMPAIRMENT AS AT 31/12/2022	**(1,654)**	**(25,473)**	**(125)**	**-**	**-**	**(27,252)**	**(3,061)**
NET VALUE AS AT 31/12/2021	**104,326**	**111,694**	**22,301**	**-**	**9,361**	**247,682**	**1,352**
NET VALUE AS AT 31/12/2022	**107,854**	**109,491**	**22,142**	**1,075**	**9,521**	**250,083**	**1,295**

The investments made in the 2022 and 2021 financial years are aimed at improving the safety of our workers, the development of the Strategic Plan and, fundamentally, the actions taken for the new steelworks in the Amurrio plant, as well as actions related to replenishment and maintenance.

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. In 2022, this amount totalled EUR 2,619 thousand (EUR 2,989 thousand in 2021).

The cost value of tangible fixed assets that are fully depreciated as at 31 December 2022 and 2021 is as follows:

	2022	2021
Buildings	30,888	30,215
Technical installations and machinery	327,298	301,108
Other installations, tools and furniture	3,786	2,350
Other fixed assets	15,152	14,424
TOTAL AT COST VALUE	**377,124**	**348,097**

The Group has tangible fixed assets secured by mortgages for borrowings and other payables with an outstanding balance of EUR 237 million as at 31 December 2022 (31/12/2021: EUR 242 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 arising from real estate investment income (mostly industrial buildings) in 2022 amounted to EUR 87 thousand (2021: EUR 66 thousand). The operating and maintenance costs of the investments during 2022 and 2021 were not material.

As at 31 December 2022, the Group has fixed asset investment commitments amounting to EUR 11.6 million (31/12/2021: EUR 1.5 million), mainly related to the steelworks project.

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 plant, machinery and similar in 2021, the impairment of the net amount was 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 December 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.

- <u>Reversal of impairment from previous years</u>

With the initiation of the strategic actions of the 2021–2026 Strategic Plan (note 1.2) in 2021 following the receipt of financing through the participation loan and the novation and improvement of conditions with the financial institutions, the impairment of EUR 82.7 million estimated for the 2020 financial year for the CGUs Tubos and Productos was reversed. With respect to the CGU RDT, as at 31 December 2021 sufficient changes in the conditions affecting the calculations for previous financial years were not considered to have taken place, and no changes in the impairment assigned to those assets were therefore recorded.

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

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

	At 31 December 2022		**At 31 December 2021**	
	CGU Tubos	**CGU Productos**	**CGU Tubos**	**CGU Productos**
WACC discount rate before tax	9.0%	9.0%	8.2%	8.2%
Perpetual growth rate	0.5%	0.5%	1.6%	1.6%
Discounted terminal value of total valuation	56%	70%	91%	77%
Projected years	6	6	5	5

Management carried out a sensitivity analysis of the plan, reducing the results by 5% for both CGUs, with no impairment revealed (as at 31 December 2021, no impairment was revealed either, taking into account the assumptions and hypotheses under consideration). An additional sensitivity analysis was also carried out, increasing the WACC discount rate by 0.5% and/or taking into account a perpetual growth rate of 0% for both CGUs, with no impairment revealed (no additional impairments were revealed for either CGU as at 31 December 2021, taking into account the assumptions and hypotheses under consideration).

11. ANALYSIS BY FINANCIAL INSTRUMENT CATEGORY

11.1 Financial assets

	2022			2021		
	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	**407**	**-**	**407**	**483**	**-**	**483**
Other financial assets	407	-	407	483	-	483
Current financial assets	**119,851**	**5,714**	**125,565**	**88,977**	**-**	**88,977**
Trade and others accounts receivable	22,283	-	22,283	11,146	-	11,146
Customers and other accounts receivable	*22,644*	-	*22,644*	*10,945*	-	*10,945*
Other debtors	*(361)*	-	*(361)*	*201*	-	*201*
Derivative financial instruments	-	5,714	5,714	-	-	-
Other financial assets	2,463	-	2,463	224	-	224
Cash and cash equivalents	95,105	-	95,105	77,607	-	77,607
TOTAL FINANCIAL ASSETS	**120,258**	**5,714**	**125,972**	**89,460**	**-**	**89,460**

Derivative financial instruments as at 31 December 2022 correspond to the estimated value of various forward contracts hedging the dollar to euro exchange rate, amounting to EUR 3,506 thousand, and the valuation of the derivative corresponding to the long-term electricity supply contract (note 4.5 d) for EUR 2,208 thousand.

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

The cash and cash equivalents balance in foreign currency as at 31 December 2022 (mainly US dollar balances) amounted to EUR 25,234 thousand (31 December 2021: EUR 7,958 thousand).

11.2 Financial liabilities

	2022			2021		
	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	**369,223**	**122**	**369,345**	**368,592**	**-**	**368,592**
Borrowings	361,319	-	361,319	360,677	-	360,677
Derivative financial instruments	-	122	122	-	-	-
Other financial liabilities	7,904	-	7,904	7,915	-	7,915
Current financial liabilities	**181,524**	**-**	**181,524**	**148,126**	**227**	**148,353**
Borrowings	29,001	-	29,001	16,846	-	16,846
Derivative financial instruments	-	-	-	-	227	227
Other financial liabilities	152,523	-	152,523	131,280	-	131,280
TOTAL FINANCIAL LIABILITIES	**550,747**	**122**	**550,869**	**516,718**	**227**	**516,945**

During the 2022 financial year, the amount of exchange insurance contracted amounted to USD 262 million, (2021: USD 74 million), of which, as at 31 December 2022, USD 70 million remained in force (31 December 2021: USD 58 million). 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, loans from government agencies and loans from other related companies (note 25 b), for the 2022 and 2021 financial years:

	Borrowings	Other debts	Total
Balance at 31 December 2020	**265,479**	**9,732**	**275,211**
Acquisition of financing	120,351	-	120,351
Amortisations/payments	(14,744)	(1,126)	(15,870)
Variation in accrued interest	20,274	354	20,628
Adjustments to income	(13,837)	206	(13,631)
Balance at 31 December 2021	**377,523**	**9,166**	**386,689**
Acquisition of financing	9,930	890	10,820
Amortisations/payments	(12,160)	(1,275)	(13,435)
Variation in accrued interest	15,027	249	15,276
BALANCE AS AT 31/12/2022	**390,320**	**9,030**	**399,350**

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	TOTAL
At 31 December 2022					
Borrowings	28,592	18,202	37,746	416,398	500,938
Other accounts payable	155,598	4,782	1,337	2,687	164,404
At 31 December 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

12. CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE

	2022	2021
Gross customer balance	25,780	13,934
Impairment value of customer accounts	(3,136)	(2,989)
TOTAL CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE	**22,644**	**10,945**

As at 31 December 2022, the Group had written off an amount of EUR 39.0 million for the availability of non-recourse factoring lines (31 December 2021: EUR 37.9 million) (note 15.a). A total of 88% of the Group's sales in 2022 were insured by CESCE (2021: 80%).

The change in the impairment value of customer accounts in financial years 2022 and 2021 corresponds to the following items and amounts:

Balance at 31 December 2020	**(3,290)**
Allocations/(Reversals)	90
Exchange differences	(55)
Applications	266
Balance at 31 December 2021	**(2,989)**
Allocations/(Reversals)	(105)
Exchange differences	(42)
BALANCE AS AT 31/12/2022	**(3,136)**

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:

	2022	2021
US dollar	10,146	8,236
Other currencies	40	947
TOTAL	**10,186**	**9,183**

The seniority of past-due balances held by the Group as at 31 December 2022 and 2021 is as follows:

	2022	2021
Balances up to 3 months overdue	4,039	1,564
Balances between 3 and 6 months overdue	755	2,017
TOTAL OVERDUE BALANCES	**4,794**	**3,581**

13. INVENTORIES

a) Breakdown of inventory balance

	2022	2021
Raw materials and other inventory	42,511	38,275
Products in production	36,474	24,133
Finished products	47,682	36,461
CO_2 emission allowances	2,797	2,506
TOTAL INVENTORY	**129,464**	**101,375**

b) Consumption

	2022	2021
Supplies	206,888	132,368
Purchases	211,509	152,790
Variation in raw materials inventory	(4,527)	(20,621)
Variation in impairment value of raw materials	(94)	199
Change in inventory of finished products or those in production	(23,562)	(27,363)
Change in impairment	(1,021)	(3,994)
Change in the value of inventory of finished products and products in production	(22,541)	(23,369)
TOTAL CONSUMPTION	**183,326**	**105,005**

The amount of inventory purchases in foreign currency during the 2022 financial year amounted to EUR 22 million (2021: EUR 18 million).

c) Provision for impairment of inventory

Balance at 31 December 2020	**(10,609)**
(Allocations)/Reversals	3,794
Exchange differences	(129)
Balance at 31 December 2021	**(6,944)**
(Allocations)/Reversals	1,116
Exchange differences	(81)
BALANCE AS AT 31/12/2022	**(5,909)**

14. OWN FUNDS AND 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 equity balance provided for in commercial legislation, should be considered as net equity. The balance of the participation loan as at 31 December 2022 is EUR 115.7 million (note 15). Consequently, net equity for trading purposes of the parent company amounts to EUR 104.5 million as of 31 December 2022 (note 1.2).

14.1 Share capital

As at 31 December 2022 and 31 December 2021, the share capital of Tubos Reunidos, S.A. was represented by 174,680,888 shares each with a par value of EUR 0.02, fully subscribed and paid up. All shares are listed on the Bilbao and Madrid stock exchanges. The quoted price as at 31 December 2022 was EUR 0.246 per share (31 December 2021: EUR 0.279 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 only company that has a share in the share capital in a percentage equal to or greater than 10% as at 31 December 2022 and 31 December 2021 is:

	31/12/2022		31/12/2021	
	No of shares (thousand)	Share %	No of shares (thousand)	Share %
Pecri Inversion, S.L. (BBVA GROUP)	21,609	12.37%	25,794	14.77%

14.2 Share premium

The share premium is freely distributable.

14.3 Other reserves and retained earnings

As at 31 December 2022, a total amount of EUR 18,073 thousand in unavailable reserves was included under the heading "Other reserves" (31 December 2021: EUR 18,073 thousand).

14.4 Treasury shares

	No of shares (thousand)	thousands of euros
Balance at 31 December 2020	**805**	**1,071**
Acquisitions	5,076	1,880
Sales	(5,211)	(1,928)
Balance at 31 December 2021	**670**	**1,023**
Acquisitions	3,377	1,073
Sales	(3,313)	(1,062)
BALANCE AS AT 31/12/2022	**734**	**1,034**

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 2022, 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

	2022	2021
Initial balance	**541**	**589**
Performance of financial year	(37)	(48)
FINAL BALANCE	**504**	**541**

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

	2022	2021
Non-current	**361,319**	**360,677**
Loans with credit institutions	228,855	229,688
Marketable bonds and securities	14,981	16,920
Participation loan	115,651	112,800
Interest accrued on the participation loan	1,832	1,269
Current	**29,001**	**16,846**
Short-term share of long-term loans	14,341	14,629
Marketable bonds and securities	741	233
Interest payable and others	13,919	1,984
TOTAL BORROWINGS	**390,320**	**377,523**

Loan balances with credit institutions as at 31 December 2022 include balances with the Group's main shareholder (note 25) amounting to EUR 73,667 thousand, EUR 70,428 thousand of non-current debt and EUR 3,239 thousand of current debt (31 December 2021: EUR 73,344 thousand, EUR 70,295 thousand of non-current debt and EUR 3,049 thousand of current debt).

The breakdown of the Group's Borrowings as at 31 December 2022 and 31 December 2021, based on its financing structure, is summarised in the following table:

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

	Non-current balances 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**
Other debts	**1,089**	**-**	**-**	**1,089**	**3,008**	**7**	**-**	**3,015**
TOTAL BORROWINGS AS AT 31/12/2021	**376,855**	**15,483**	**(31,661)**	**360,677**	**14,501**	**112**	**2,233**	**16,846**

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 December 2019 with novation in the middle of the COVID pandemic, particularly with regard to maturities and ratios, in May 2020) (note 1.2).

This structure is categorised into different types of debt, for which the main terms and conditions as at 31 December 2022 are summarised below:

	Principal outstanding 31/12/2022	Date of novation	Amortisation	First amortisation	Last maturity	Interest rate
Senior debt	**90,000**					
Tranche A	84,366					
A1	76,222	22/07/2021	semi-annual	18/12/2021	22/07/2028	Euribor 12m + 3.00%
A2 (rebalance)	8,144	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	**163,592**					
Tranche B	116,280	22/07/2021	bullet	n/a	22/06/2028	PIK 4.00% bullet
Bond B	10,408	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 31.0 million was available as at 31 December 2022 (31 December 2021: EUR 32.7 million), which is recorded under the heading "Other current 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 for trade payables.

The Group has guaranteed non-recourse factoring lines of EUR 34.3 million and USD 25.4 million, equivalent to EUR 23.8 million, as at 31 December 2022.

The non-recourse confirming and factoring lines are due in December 2021 with automatic annual renewals until the maturity of tranche A1. An automatic renewal occurred in December 2022.

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 take place through the issuance of financial instruments, as approved by the Extraordinary General Shareholders' Meeting of 27 July 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 (note 6.4) 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. As at 31 December 2022, the Group complies with the covenants set out in the contract. Furthermore, no breaches of these financial commitments are expected to occur in the 2023 financial year.

b) Participation loan from the Support Fund for Strategic Companies

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

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

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

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. Capitalised interest in the 2022 financial year amounted to EUR 2.8 million, and the outstanding principal as at 31 December 2022 amounted to EUR 115.7 million (31 December 2021: EUR 112.8 million). 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%. For this participating component and in view of the fulfilment of the conditions for its accrual, the Group has recorded financial expenditure of EUR 1.2 million in the income statement for the year, which will be settled in March 2023.

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 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 within the framework of "Royal Decree-Law 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 10 lending institutions under a framework contract. It 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:

	2022	**2021**
Financing entities	4.0%	4.1%

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 13% in 2022 (2021: 12%) on current costs and would have an effect of approximately 5% on the financial cost for the 2022 financial year (2021: 4%).

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

	2022	**2021**
Between 1 and 2 years	16,684	13,162
Between 2 and 5 years	79,655	27,010
More than 5 years	264,980	320,505
TOTAL BORROWINGS, NON-CURRENT BALANCE	**361,319**	**360,677**

16. PUBLIC ADMINISTRATIONS AND TAX EXPENSE

a) Balances with public administrations

	2022		2021	
	Assets	**Liability**	**Assets**	**Liability**
Non-current balances	**-**	**4,340**	**-**	**6,360**
Deferred debt	-	4,340	-	6,360
Current balances	**7,997**	**7,468**	**5,809**	**8,655**
Deferred debt	-	2,786	-	5,020
Current corporate income tax	-	591	-	-
Value added tax	7,195	361	5,528	416
Income tax for individuals	-	1,411	-	1,407
Benefits agencies	-	1,820	49	1,762
Withholdings and other	802	499	232	50
TOTAL PUBLIC ADMINISTRATIONS	**7,997**	**11,808**	**5,809**	**15,015**

b) Income tax expense

Since 1998, the Parent Company has filed consolidated tax returns. The 31 December 2022 and 31 December 2021 configuration of the Tax Group is made up of all companies that are part of the Group (note 1), except the companies with registered offices in the United States and TRPT.

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

	2022	2021
Profit/(loss) before tax	**37,953**	**(64,787)**
Consolidation adjustments with no tax impact	(819)	(29,556)
Temporary differences	(5,312)	-
Permanent differences	16	10
CONSOLIDATED TAX BASE	**31,838**	**(94,333)**

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

	2022	2021
Tax expense calculated at the tax rates applicable to individual companies (between 21% and 24%)	7,395	183
Offset of non-capitalised negative tax bases from previous financial years	(4,840)	-
Application of non-capitalised deductions from previous financial years	(1,906)	-
Adjustments from previous years	(19)	(229)
Temporary differences	(6,138)	(16)
Recognition/(Derecognition) of tax credits	-	7,205
Change in deferred income due to consolidation adjustments	-	(7,205)
TAX EXPENSE/(INCOME)	**(5,508)**	**(62)**

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

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

17. DEFERRED TAXES

a) Deferred tax assets

	Temporary differences	Negative tax bases	Deductions pending application	Total deferred tax assets
Balance at 31 December 2020	**529**	**3,418**	**4,584**	**8,531**
Additions	17	7,203	-	7,220
Balance at 31 December 2021	**546**	**10,621**	**4,584**	**15,751**
Additions	6,138	-	-	6,138
BALANCE AS AT 31/12/2022	**6,684**	**10,621**	**4,584**	**21,889**

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

As at 31 December 2022, the Group companies located in Spain maintain negative tax bases for losses from previous financial years amounting to a share of EUR 73,679 thousand (calculated at a tax rate of 24%) (31 December 2021: EUR 76,666 thousand), of which EUR 63,058 thousand is not activated (31 December 2021: EUR 66,045 thousand). These tax bases have the following origins and deadlines:

Year of origin	Maturity	Amount
2011	2041	16,334
2012	2042	1,877
2013	2043	7,544
2014	2044	1,549
2015	2045	35,133
2016	2046	59,596
2017	2047	39,695
2018	2048	20,884
2019	2049	22,396
2020	2050	45,822
2021	2051	56,090
2022	2052	75
Total base amount:		**306,995**

In the United States, the Group maintains taxable bases pending offset of approximately EUR 35.7 million (in basis) that are not activated (31 December 2021: EUR 37.3 million).

The Group maintains deductions pending application in Spain as at 31 December 2022 in the amount of EUR 33,245 thousand (31 December 2021: EUR 35,054 thousand), of which EUR 28,661 thousand is not activated (31 December 2021: EUR 30,470 thousand), according to the following breakdown:

Year of origin	Maturity	35% limit	70% limit	Total deductions pending application
2009	2039	3,460	-	3,460
2010	2040	958	1,154	2,112
2011	2041	3,896	1,995	5,891
2012	2042	3,543	1,811	5,354
2013	2043	3,523	2,563	6,086
2014	2044	3,197	1,671	4,868
2015	2045	442	867	1,309
2016	2046	1,845	712	2,557
2017	2047	172	709	881
2018	2048	-	72	72
2019	2049	1	157	158
2020	2050	26	201	227
2021	2051	3	267	270
		21,066	**12,179**	**33,245**

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

The applicable legislation for entities subject to US regulations does not set a time limit for the application of generated negative tax bases, with a limit of 80% of the positive tax base prior to this offsetting for negative tax bases after 1 January 2018 and no limit on the application of those generated before that date.

b) **Deferred tax liabilities**

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

The movements during financial years 2022 and 2021 were as follows:

Balance at 31 December 2020	**7,930**
Exchange differences	105
Allocation to income	7,125
Balance at 31 December 2021	**15,160**
Exchange differences	84
Temporary differences	780
BALANCE AS AT 31/12/2022	**16,024**

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:

	2022	2021
Other financial liabilities – non-current	**7,904**	**7,915**
Lease liabilities	4,928	4,379
Other liabilities	2,976	3,536
Other financial liabilities – current	**152,523**	**131,280**
Trade payables	111,467	103,439
Advance payments from customers	13,885	8,675
Suppliers of property, plant and equipment	4,801	2,090
Remunerations pending payment	21,004	15,318
Lease liabilities	693	777
Other liabilities	673	981
TOTAL	**160,427**	**139,195**

The heading for non-current "Other liabilities" includes loans from government agencies amounting to EUR 2.6 million (31 December 2021: EUR 3.1 million) for the financing of research and development projects. The current balance for this item amounts to EUR 0.4 million (31 December 2021: EUR 0.5 million).

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

Year of maturity	**2022**	**2021**
Between 1 and 2 years	1,183	970
Between 2 and 5 years	2,485	2,604
More than 5 years	4,236	4,341
TOTAL	**7,904**	**7,915**

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:

	2022	2021
US dollar	8,920	6,418
Other currencies	43	44
TOTAL	**8,963**	**6,462**

According to Spanish Law 15/2010 of 5 July, the information on the average payment period for suppliers in commercial transactions for the 2022 and 2021 financial years is as follows:

	2022	2021
Days		
Average payment period to suppliers	85	98
Ratio of paid transactions	87	108
Ratio of transactions pending payment	77	72
Thousands of euros		
Payments made	361,903	231,636
Payments pending	95,642	82,098

	2022
Number of invoices	
Total number of invoices paid	21,030
Number of invoices paid by the legal deadline	4,024
%	19%
Thousands of euros	
Total amount of invoices paid	361,902
Amount of invoices paid by the legal deadline	156,050
%	43%

19. PROVISIONS

	Guarantees and other commercial transactions	Strategic initiatives (note 6.1)	CO_2 emission allowances	Other	Total
NON-CURRENT PROVISIONS					
Balance at 31 December 2020	**-**	**-**	**-**	**1,053**	**1,053**
Allocations	-	-	-	1,000	1,000
Applications	-	-	-	(155)	(155)
Balance at 31 December 2021	**-**	**-**	**-**	**1,898**	**1,898**
Allocations	-	-	-	2,692	2,692
Transfers	-	-	-	(1,000)	(1,000)
Applications	-	-	-	(43)	(43)
BALANCE AS AT 31/12/2022	**-**	**-**	**-**	**3,547**	**3,547**
CURRENT PROVISIONS					
Balance at 31 December 2020	**394**	**-**	**1,685**	**417**	**2,496**
Allocations	210	8,446	4,714	727	14,097
Reversals	(51)	-	-	-	(51)
Applications	(346)	-	(2,360)	(14)	(2,720)
Balance at 31 December 2021	**207**	**8,446**	**4,039**	**1,130**	**13,822**
Allocations	337	-	6,279	1,661	8,277
Reversals	-	(4,638)	-	(1,190)	(5,828)
Transfers	-	(1,069)	-	1,456	387
Applications	(207)	(1,090)	(4,039)	(118)	(5,454)
BALANCE AS AT 31/12/2022	**337**	**1,649**	**6,279**	**2,939**	**11,204**
Total provisions as at 31/12/2020	**394**	**-**	**1,685**	**1,470**	**3,549**
(Charges)/Credits to income statement	159	8,446	4,714	1,727	15,046
Application of provisions	(346)	-	(2,360)	(169)	(2,875)
Total provisions as at 31/12/2021	**207**	**8,446**	**4,039**	**3,028**	**15,720**
Charges/(Credits) to income statement	337	(4,638)	6,279	3,163	5,141
Transfers	-	(1,069)	-	456	(613)
Application of provisions	(207)	(1,090)	(4,039)	(161)	(5,497)
TOTAL PROVISIONS AS AT 31/12/2022	**337**	**1,649**	**6,279**	**6,486**	**14,751**

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

20. OPERATING INCOME

	2022	2021
Amount of net turnover	**513,652**	**242,994**
Sales of goods	513,652	242,994
Other operating income	**10,137**	**7,832**
Work carried out by the Group for fixed assets	1,953	1,961
Operating subsidies	6,960	4,588
Other	1,224	1,283
TOTAL OPERATING INCOME	**523,789**	**250,826**

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 2022, amounting to EUR 353 million, were invoiced in US dollars (2021: USD 91 million).

If during financial year 2022 the euro had weakened/strengthened by 5% against the US dollar, with all other variables remaining equal, the result after tax for the year would have been higher/lower by EUR 13.5 million (2021: EUR 7.2 million).

21. STAFF EXPENSES

	2022	2021
Wages, salaries and similar	77,087	68,636
Social contributions	21,096	19,250
Endowment for provisions for strategic initiatives	-	15,000
Endowment for provisions for the Long-Term Incentive Plan (notes 19 and 25.c).	3,692	-
TOTAL STAFF EXPENSES	**101,875**	**102,886**

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

	2022	2021
Workers	972	891
Employees	433	435
Directors	11	10
AVERAGE TOTAL NUMBER OF PEOPLE	**1,416**	**1,336**

In calculating the average number of personnel of the Group for the financial year 2021, 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 financial year 2021.

The average number of persons hired with disabilities greater than or equal to 33% in 2022 was eight (2021: nine people), for workers and employees combined.

As at 31 December 2022 and 31 December 2021, the breakdown by category between men and women among the Group's personnel was as follows:

	31/12/2022			31/12/2021		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Workers	20	957	977	16	908	924
Employees	116	322	438	113	310	423
Directors	4	7	11	4	7	11
TOTAL PERSONNEL	**140**	**1,286**	**1,426**	**133**	**1,225**	**1,358**

22. OTHER OPERATING EXPENSES

	2022	2021
Outsourced services	170,662	90,232
Taxes	849	1,438
Loss, impairment and variation of provisions	142	62
Other current operating expenses	2,740	2,987
TOTAL OTHER OPERATING EXPENSES	**174,393**	**94,719**

The increase in the external services item in 2022 is primarily due to the higher level of production during the financial year and the increase in the costs of supplies, transport and other marketing expenses.

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.

	2022		2021	
	Ongoing operations	**Discontinued operations**	**Ongoing operations**	**Discontinued operations**
Profit/(Loss) attributable to shareholders	43,498	-	(64,677)	-
Weighted average number of ordinary shares outstanding (thousands)	174,022	174,022	174,020	174,020
BASIC EARNINGS/(LOSSES) PER SHARE (euro/share)	**0.250**	**-**	**(0.372)**	**-**

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

24. CONTINGENCIES AND GUARANTEES

As at 31 December 2022, the Group provided bank guarantees and other guarantees related to the normal course of business amounting to EUR 2.4 million (31 December 2021: EUR 0.4 million). These guarantees correspond to bank guarantees issued for the long-term renewable power purchase agreement (note 4.5.d) for an amount of EUR 2.0 million and technical guarantees to ensure compliance with commercial actions.

The heading for other current assets includes unavailable pledged funds for the aforementioned bank guarantees in the amount of EUR 2 million.

In addition, as at 31 December 2022, the Group had other contingent liabilities amounting to EUR 229 million (31 December 2021: EUR 229 million), which correspond mainly to mortgage guarantees and pledges provided as collateral to financial institutions as a result of the refinancing described in note 15.

Lastly, the subsidiaries domiciled in the United States (note 1) have deposits provided as collateral in the amount of EUR 1.9 million, which are recorded under the cash and cash equivalents heading (31/12/2021: EUR 1.5 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			
	31/12/2022	31/12/2021	Last maturity	Guarantees
Loans	74,474	77,101	2028	Mortgage and share pledges
Non-recourse factoring	-	41	2028	-
TOTAL	**74,474**	**77,142**		

The amount of interest paid to the BBVA Group during financial year 2022 as remuneration for the aforementioned contracts and recorded in the consolidated profit and loss account amounted to EUR 0.8 million (2021: EUR 0.7 million).

b) Balances and transactions with other related companies

The minority shareholders of Tubos Reunidos Premium Threads, S.L. (note 1) granted a loan to that company in 2019. The balance plus interest accrued on this loan not due as at 31 December 2022 amounts to EUR 0.4 million (31 December 2021: EUR 0.4 million) and is recorded under other non-current liabilities and other current liabilities in the consolidated balance sheet. The financial expenses accrued in 2022 for this loan amounted to EUR 12 thousand (2021: EUR 12 thousand).

c) Remuneration of directors of the Parent Company and management

Directors' remuneration accrued in 2022 and 2021 by members of the Board of Directors of Tubos Reunidos, S.A. for their status as Company Directors, for all considerations, including the earnings and salaries of the Executive Directors, breaks down as follows:

	2022	2021
Remuneration for executive functions	621	489
Other remuneration	689	620
TOTAL	**1,310**	**1,109**

The General Shareholders' Meeting of 29 October 2020 approved, with effect from that date, a Multi-annual Variable Remuneration Plan linked to value creation by Tubos Reunidos using various assumptions and time milestones for the Executive Chair and key personnel within the organisation in their execution. In the 2022 financial year, an expense of EUR 3.7 million was recorded under staff expenses against non-current provisions and current provisions, corresponding to the amount of the plan for all the beneficiaries that is considered accrued for accounting purposes as at 31 December 2022 based on the results obtained during the financial year (notes 19 and 21). Once the fulfilment of the Plan's objectives has been consolidated, the payment of this amount is subject to various conditions and periods in office within the company. In 2021 no amount was accrued for this item because the established objectives had not been achieved.

The Executive Chair has 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 2022 amounted to EUR 58 thousand (2021: EUR 59 thousand).

In line with their duty to avoid conflicts of interest in the Parent Company during the 2022 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 laid down 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.

The aggregate remuneration accrued by management as at 31 December of each year, who are not also executive directors, for all Group companies (12 individuals in 2022, 12 individuals in 2021) amounted to EUR 2.8 million (2021: EUR 1.8 million).

26. OTHER INFORMATION

a) <u>Statutory auditors' fees</u>

The fees earned by the statutory auditors for financial years 2022 and 2021 for all services are detailed below:

	2022			2021
(thousands of euros)	**Company**	**Controlled companies**	**Total**	**Total**
Auditing services	**117**	**95**	**212**	**264**
Other non-audit work	**75**	**-**	**75**	**68**
Audit-related services	65	-	65	61
Other services	10	-	10	7
TOTAL AUDITOR FEES	**192**	**95**	**287**	**332**
Amount for non-audit work/Amount for audit work (in %):	63.9%	0.0%	35.4%	25.8%

b) Environmental issues

Within its tangible fixed assets, the Group has facilities that aim to protect and improve the environment, also carrying out work with its own staff and by specialised external companies, all within the context of the environmental strategic plan. The Group uses this plan to engage in minimising environmental risks associated with its activity and to improve its environmental management. Expenditure incurred during 2022 for environmental protection and improvement amounted to EUR 2,366 thousand (2021: EUR 1,561 thousand), which is recorded under the "Other expenses" heading of the accompanying consolidated profit and loss account. No amounts were accrued for investments in the environment in 2022 or 2021.

The CO_2 allowances allocated and consumed by the Group in financial years 2022 and 2021 were as follows:

	2022		2021	
	Allowances assigned	**Allowances consumed**	**Allowances assigned**	**Allowances consumed**
Total allowances	46,569	78,838	46,932	66,240

For 2022, expenditure resulting from the consumption of emission allowances, which was recorded against the corresponding provision (note 19), amounted to EUR 7,292 thousand (2021: EUR 4,809 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 2022 and 2021, the Group's companies did not receive any significant environmental subsidies.

27. SUBSEQUENT EVENTS

Between 31 December 2022 and the date of preparation of the Consolidated Annual Accounts, no events came to light that 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 FINANCIAL YEAR ENDED 31 DECEMBER 2022
(thousands of euros)

1. BUSINESS MODEL

The Tubos Reunidos Group (hereinafter "the Group" or "the Company") is a listed industry group in the steel sector, dedicated to the manufacture of seamless steel piping, which was founded in 1892 and celebrated 130 years of activity in 2022. It currently has four production plants and an extensive international trade network with nine of its own branch offices and 22 commercial agencies in the main global markets in which it operates.

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

We are present throughout our customers' value chain and are a determined contributor to the energy transition. The range of products that the Group offers includes piping with external diameters ranging from 15 mm to 711 mm, with an exceptional level of flexibility and ability to adapt to customer needs. The Group's activity is focused on the following segments:

Segment	Primary use of piping
Downstream	• Equipment and processes in the refining and petrochemicals industry • Equipment and processes of the conventional and clean electric power generation industry, such as heat exchangers, pressure equipment, furnaces, heaters and refrigerators
Midstream	• Transportation of onshore/offshore oil and gas from production wells to storage terminals, liquefaction plants (LNG) and regasification plants, as well as for the piping of hydrocarbons to the refineries or petrochemical complexes where they are processed
Upstream	• Drilling and extraction of oil and gas, OCTG ("Oil Country Tubular Goods") and mining • Geothermal energy • Capture and storage of carbon and other gases
Mechanical/Industrial	• Perforated bars, generally 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 currently has four production plants carrying out the following activities:

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

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

The Company is an example of a circular economy because we use recycled steel as our main raw material and practically all resources we consume and produce are reusable either directly or after recovery.

At the end of the 2022 financial year, the Group had a workforce of 1,415 direct, qualified and mostly stable positions, of which 89% were under permanent contract. Women made up 10% of total permanent direct employees.

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

In this area, the Tubos Reunidos Group is focused on exports, with approximately 93% of its turnover coming from sales to other countries. Its decision-making and operations centre is based in the Basque Country, where it is a significant driving force for employment maintenance and wealth creation, with 94.7% of the people who make up the Group's workforce located there (0.6% in the rest of Spain and 4.7% in the rest of the world).

We care about our people, and in 2022 we continued to focus on complying with the highest health and safety standards as a top priority by using every means at our disposal, publishing these standards in our internal communication channels and continuously updating them as the pandemic and the applicable regulations developed.

2. PERFORMANCE AND RESULTS FOR 2022

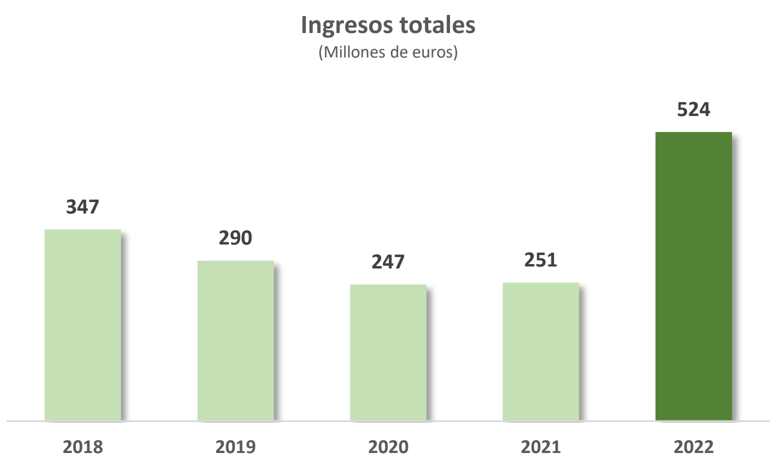
Key indicators[2]:

Millions of euros unless otherwise stated	**2022**	**2021**	**Difference**	***Difference (%)***
Results				
Business turnover	514	243	271	*112%*
EBITDA	65	(51)	116	-
EBITDA margin/turnover	*12.6%*	*(21.2%)*	33.8	-
Net results	43	(65)	108	-
Cash flow and debt				
Cash flow from operations	41	(38)	79	-
Net cash flow	17	57	(40)	-
Net financial debt	293	300	(7)	*(2%)*
Net financial debt / EBITDA	*4.5x*	*(5.9x)*	-	-
Cash and cash equivalents	95	77	18	*23%*
Other				
Order book	303	177	126	*71%*
CapEx	14.7	6.7	8.0	*119%*
Consolidated net assets	(50)	(95)	45	*(47%)*
Net equity for trading purposes[3]	105	56	49	*87%*

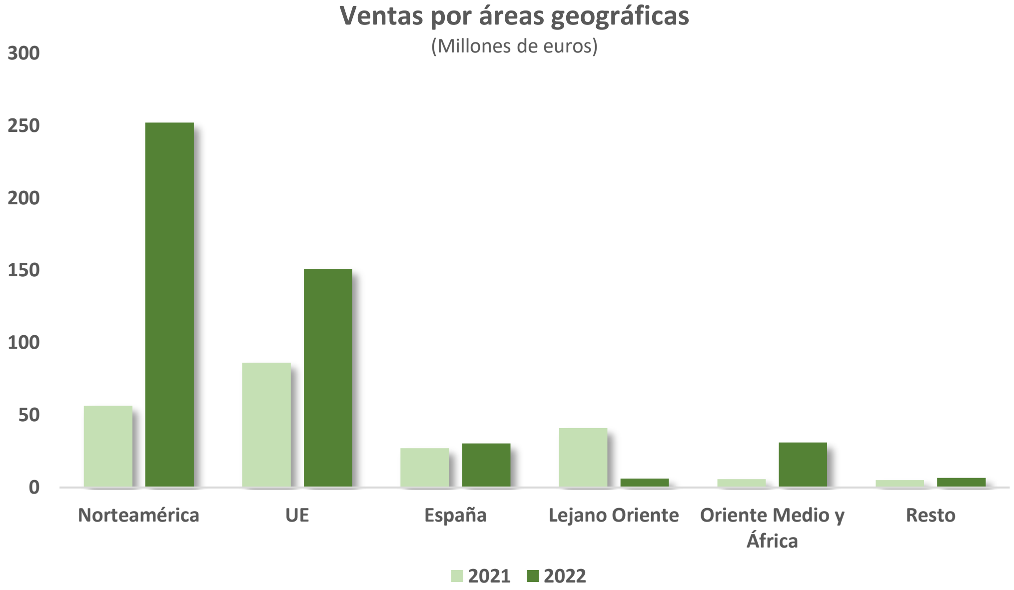
[2] The indicators are defined in the section "Alternative measures of performance"
[3] Of the Group's Parent Company

2.1 Sales for the 2022 financial year

Tubos Reunidos closed the 2022 financial year with consolidated revenue of EUR 524 million and a turnover of EUR 514 million, which not only exceeded pre-pandemic levels but were also the best results obtained in the last 14 years, putting an end to the decreasing trend that had been seen over the previous five years with the impact of COVID, weak demand and the introduction of a 25% tariff on steel imports to the United States. This substantial improvement is based on the significant rebound in demand and the impact that the overall increase in production costs has had on sales prices in the sector.



Our activity has been heavily focused on carbon steel piping, for three main reasons: the portfolio at the start of 2022 being more orientated towards commodity products in the EU as a result of the replenishment of inventories by customers and the distribution chain throughout the previous year; the strong inflow of carbon steel orders from oil and gas in the United States throughout the year; and ongoing sustained inflows of orders for pipes for large-scale mechanical and industrial uses.



By geographic area, of particular note are sales to North America of EUR 252 million, representing 53% of the Group's total revenues, compared to 25% in 2021. High oil and gas prices linked to the ban on Russian exports have accelerated production investments in major shales, sharply increasing demand for OCTG piping in the US throughout 2022 from 2.8 million tonnes in 2021 to 3.4 million tonnes in 2022. In this context, the Group was able to react with sufficient agility to reactivate the production capacity that had been shut down during the pandemic.

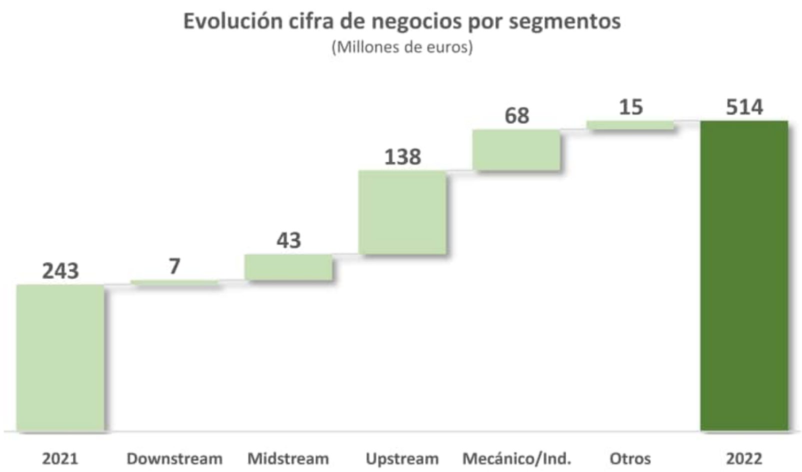
Moreover, following the establishment in 2018 of a tariff on imports of steel and aluminium under Section 232 of the Trade Expansion Act of 1962 (introduced by the Trump Administration to protect domestic industry), in November 2021 the US administration and the European Commission reached an agreement establishing a system of quarterly tariff-free quotas per country and product, in addition to certain additional exemption mechanisms. The new mechanism, while somewhat complex in terms of administering the use of the quotas, partially liberalises steel piping exports to the United States. Combined with the US administration's announcements of anti-dumping measures for OCTG imports from Argentina, Mexico, Russia and South Korea, which have historically been its main suppliers, this has opened new opportunities for other exporters with a lower share and boosted prices due to the predictable lack of material in the market, which did not have high stocks of steel piping at that time.

All these factors have allowed us to supply material to our RDT factory in the United States again, recovering positions in our main market. This has undoubtedly been a great advance that has enabled the Group to return gradually to full operations at the Texas factory at a time of high demand, for which important contracts for piping with BTX connections have been won throughout the year. In addition, together with the Japanese partners, additional orders have been won for the TRPT plant for piping with premium connections. In parallel, pipeline procurement in the United States has also been at very high levels, and all at historically record sales prices.

The high volume of sales to the United States has also benefited from the appreciation of the dollar against the euro, which exceeded parity in the second half of the year. Although this trend was reversed in the last month of the year, in general terms the strength of the US currency has had a positive impact on the Group, which has a cost structure that is primarily in euros and a very significant percentage of exports in dollars to countries outside the EU.

The main European markets, having taken the full impact of the reduction in gas supplies from Russia and focused on the need to boost investment to reduce their dependence on that country, have also shown very good performance, with strong demand and favourable price trends. In this regard, it is worth noting the increase in turnover from Italy, Germany, the United Kingdom and the Netherlands, which together accounted for approximately 25% of the Group’s sales in 2022.

However, we are still to see a revival in other areas. China, which is still affected by restrictive policies to deal with successive outbreaks of COVID-19, has decreased in relevance, while projects that have started up in the Middle East have done so at unattractive prices for foreign manufacturers, who are unable to benefit from the region's low energy costs.



Sales growth has occurred in all business sectors: upstream (OCTG) accounts for 33% of total turnover, with a 439% increase on 2021, based on the recovery of the North American market to pre-pandemic levels, but with much higher prices. Secondly, pipes for mechanical-industrial applications stand out, with an increase of EUR 68 million in turnover, 112% with respect to 2021. There are also increases in downstream sales, 8% on 2021, and midstream 110% compared to a 2021 with very little activity.

In relation to projects related to electric power generation, refining and petrochemicals (downstream) that provide a mix of alloyed and stainless steels, although there has been some reactivation of projects paralysed by the pandemic, the impetus we expected in the major markets in Asia and the Middle East has not yet been recovered.

In terms of price, the average for the financial year was EUR 2,148 per tonne (35% higher than in the same period in 2021), a historical record for this product mix, although this does in part reflect previously unseen cost levels. The reality is that it has taken great effort to transfer these constant cost increases to the placement of orders, particularly those for electricity and natural gas, which have had a very specific impact in Europe. However, the Company has gradually been able to do so successfully in all the markets where it operates.

2.2 Order book

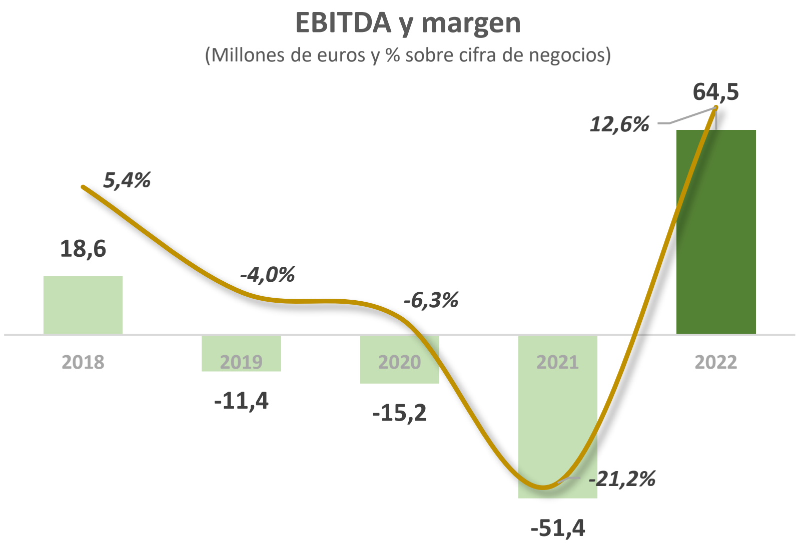
The Group started 2022 with a substantial order book, which allowed it to face the start of the year with a very high load level in the production plants. This order book was heavily centred around oil and gas piping, the small pipe range, especially OCTG, and pipes for mechanical and industrial applications in the large pipe range.

The strong increase in demand for drilling and driving in the US and the contraction of a significant portion of traditional supply, as a consequence of the anti-dumping provisions in the country, have meant that, throughout the year, the order intake has continued to gain momentum month-on-month. Growth has been remarkable in volume but especially in sales prices, which have shown an upward trend as we have been able to progressively pass on the high increases in energy and raw material costs to the market and subsequently to maintain them despite high volatility, ending 2022 with an average price 59% higher than the closing price in 2021. This is a historic record, especially with a highly concentrated mix of carbon and low allow steels in the OCTG (55%) and mechanical (15%) segments, while downstream orders only made up 17% of the total value.

2.3 Consolidated results

Millions of euros	**2022**	**2021**	***% difference***
Amount of net turnover	513.7	243.0	*111%*
Other operating income	10.1	7.8	*29%*
Operating income	**523.8**	**250.8**	***109%***
Change in inventory of finished products and those in production	23.6	27.4	*(14%)*
Supplies	(206.9)	(132.4)	*56%*
Staff expenses	(101.9)	(102.9)	*(1%)*
Other operating expenses	(174.4)	(94.7)	*84%*
Other net profit/(loss)	0.4	0.3	*33%*
EBITDA	**64.5**	**(51.4)**	**-**
Turnover margin	*12.6%*	*(21.2%)*	
Depreciation of property, plant and equipment	(15.8)	(13.1)	*21%*
Impairment and results for fixed assets disposal	5.3	77.4	*(93%)*
Operating income	**54.0**	**12.9**	***319%***
Turnover margin	*10.5%*	*5.3%*	
Financial results	(16.0)	(77.6)	*(79%)*
Tax on profits	5.5	0.1	-
Result attributed to external partners	0.0	0.0	-
Result attributed to the parent company	**43.5**	**(64.7)**	**-**
Turnover margin	*8.5%*	*(26.6%)*	

The positive trends in sales, together with the start of the efficiency measures set out in the Strategic Plan and the appreciation of the dollar against the euro, have led to a significant improvement in consolidated results. The Group has therefore achieved a positive EBITDA of EUR 64.5 million, a remarkable turnaround from the negative EUR 51.4 million in 2021 and even compared to the positive EUR 18.6 million in 2018, the first year of the introduction of the tariff in the United States. For its part, the Group's consolidated operating profit amounted to EUR 54.0 million compared to EUR 12.9 million in the previous year (the 2021 amount that includes an extraordinary positive effect due to the reversal of impairment of fixed assets of EUR 77.4 million compared to the extraordinary positive effect of EUR 5 million from 2022).



Production costs have been affected by the geopolitical and macroeconomic environment. Russia and Ukraine are among the world's leading suppliers of the basic raw materials for the manufacture of steel pipes, including scrap metal and various ferroalloys. All raw materials had already been experiencing price rises throughout 2021, which the conflict and the consequent sanctions adopted against Russia by the international community have worsened significantly. While this trend appears to have eased in the second half of the year, the effect on production costs in 2022 as a whole has been very noticeable.

The dynamics have been similar in the prices of gas and electricity, two key inputs for steel smelting processes, as well as for the rolling and finishing of pipes, which have been extraordinarily bullish due to the reduction in supply and the risk added by the conflict, amplified in the European Union by the increase in the price of CO2 allowances. To manage these impacts, the Group's policy has focused on concluding agreements to secure supply while cushioning the effect of energy price volatility.

The variation in staff expenses is affected by the inclusion of expenses associated with the strategic initiatives launched under the Strategic Plan in 2021, and also by the lower expenses arising from the Temporary Lay-Off Plans that affected part of the workforce last year. Without this effect, there is an increase in staff costs as a consequence of the higher level of productive activity, the reactivation of the US plant and the raise in salaries to reflect the impacts of the CPI.

Millions of euros	**2022**	**2021**
Financial expenses	(21.5)	(21.8)
Fair value variation in financial instruments	3.7	(58.6)
Exchange differences	1.8	2.7
Financial results	**(16.0)**	**(77.6)**

The net consolidated financial result for the year was negative at EUR 16.0 million (2021: EUR 77.6 million, EUR 19.1 million excluding the non-recurring effects recorded in the year). Interest expenses on debt amounted to EUR 21.5 million (2021: EUR 21.8 million). Of this, EUR 4.6 million corresponds to the equity loan from the FASEE (Solvency Support Fund for Strategic Companies), including EUR 1.2 million of equity interest which accrues only in the event that the Group obtains positive results, and the remainder, for the most part, to the various tranches of syndicated financing with various entities. The positive impact of the exchange rate differences included in the net financial result is EUR 1.8 million (2021: positive at EUR 2.7 million), as a result of the appreciation of the dollar over the year. The changes in fair value of financial instruments in 2022 included the impact of the monthly settlements received and the accounting valuation of the long-term renewable electricity supply contract at EUR 3.7 million (the negative amount of EUR 58.6 million recorded in 2021 corresponds to the valuation of the debt conversion derivative and the adjustment of the valuation of the debt due to the consideration of the new financing conditions novated in July 2021 as new debt).

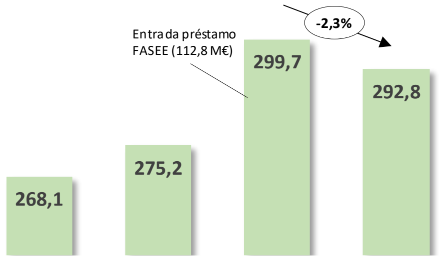
As a consequence of the improved results and business prospects in the coming years, the Group has recognised deferred tax for temporary asset differences amounting to EUR 6.1 million in the consolidated balance sheet, essentially resulting from the provisions and financial expenses for the debt that were not deductible in previous years.

These results have enabled the Group to close the year with a positive net result for the first time since 2014 and the highest since 2008, in addition to confirming the recovery trend and compliance with the Strategic Plan. Net consolidated attributable profit amounted to EUR 43.5 million, compared to a negative figure of EUR 64.7 million in 2021.

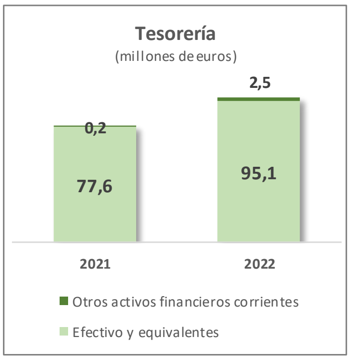
2.4 Financial situation

The 2021 financial year was a significant boost to the development of our 2021–2026 Strategic Plan thanks to the issue of a participation loan of EUR 112.8 million from the FASEE, managed by SEPI, and the novation of the funding conditions agreed with the Group's financial creditors in order to adapt them to the aforementioned Plan and the impacts of the pandemic. To this end, a new debt repayment schedule was drawn up and covenants were set according to this Plan.

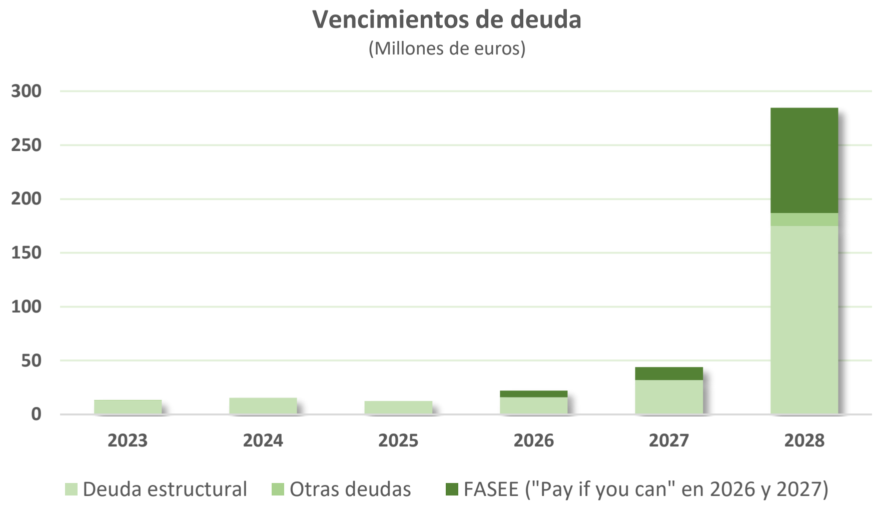
These financing and novation agreements have provided the Group with a framework of stability for its debt structure and have allowed it to count on the financial resources to begin implementing the Strategic Plan. Similarly, the increase in activity following a period of very low demand combined with increases in both sales and main input prices has put considerable pressure on the working capital, particularly in the first few months of the year, while the need for it in the second half of the year decreased significantly.



Millones de euros	2019	2020	2021	2022
Deuda Bruta	289,2	296,5	377,5	390,3
Efectivo y equivalentes y otros activos financieros corrientes	21,0	21,3	77,8	97,5
Deuda Financiera Neta	**268,1**	**275,2**	**299,7**	**292,8**
Deuda Financiera Neta / EBITDA	*n/a*	*n/a*	*n/a*	*4,5x*



Gross debt increased by EUR 12.8 million in 2022, mainly as a result of the capitalisation of PIK interest accrued on the participation loan (EUR 2.9 million capitalised in July 2022 and EUR 1.8 million accrued additionally between July and December) and the convertible debt tranches. In 2022, the Group repaid a total of EUR 3.7 million in ICO loans, EUR 7.5 million from tranche A and EUR 0.2 million from bond B of syndicated financing, in keeping with the schedule agreed with the institutions in the last novation of the loans in 2021. The debt maturity schedule agreed in the 2021 novation sets out manageable payments for the next four years, with a surplus cash sweep scheme starting in December 2024.



Net financial debt stood at EUR 292.8 million, a reduction of EUR 6.9 million over the year. As at 31 December 2022, the Group is in compliance with the covenants established in the financing agreements: net debt/EBITDA and maximum authorised CapEx ceiling.

2.5 Investments

Under the auspices of the funds received and within the framework of the Strategic Plan, a series of major projects have been undertaken to transform the company, in line with the objectives of the ecological transition, reorientating its commercial focus, designing future investments to increase operational, energy and environmental efficiency, reinforcing ESG goals and improving the Group's management, services and image with our customers, including a change in our corporate identity to incorporate the name Tubos Reunidos Group.

Within these projects, in 2022 two were undertaken that had a marked transformational nature due to the synergies that can be achieved in the production processes: firstly, the joining of the cold-drawing units of the Pamplona and Amurrio plants on the site of the latter, now already complete; and, secondly, the concentration of the casting processes of the Trapaga and Amurrio steel mills on the site of the latter thanks to an investment of over EUR 11 million, which will allow both billet and ingots to be manufactured in the same facility – the raw materials needed for the manufacture of pipes of different diameters and compositions. The unification of the two steel mills, which is expected to be completed by the end of the first half of 2023, will, in addition to substantially increasing usable capacity and generating significant energy improvements, allow for a more efficient steel casting process by optimising bottlenecks. This action includes, in a second phase to be executed in 2024, the implementation of an AOD (argon oxygen decarburisation) process that will allow the use of lower-cost ferroalloys without compromising quality.

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

The accounting policies applied in 2022 were those used to prepare the Group's Consolidated Annual Accounts for the previous financial year, as there were no regulatory changes with any significant effect on them.

There were no significant changes to the scope of consolidation in financial year 2022.

3. OUTLOOK FOR THE 2023 FINANCIAL YEAR

The performance of 2022 allows us to face 2023 optimistically, as we have a portfolio volume of EUR 303 million and a market that is giving favourable indicators in terms of demand, along with the challenge of managing uncertainty and possible cost volatility.

In its latest Oil Market Report from December, the IEA (International Energy Agency) estimated that world oil demand would expand by 2.3 million barrels per day (mbd) in 2022, followed by 1.7 mbd in 2023 to reach 101.6 mbd in that year. Despite the downturn in consumption typical for this time of year, along with continuing macroeconomic turbulence, demand data stands above the estimates from a few months ago, led by China, India and countries in the Middle East.

Lower-than-expected production in OPEC countries, the Russian oil embargo and the gradual, continuous easing of restrictions in China due to COVID-19 have been offset by the current weak macroeconomic situation, leading to significant falls in the price of crude oil in the latter part of 2022. Although the lower oil price is good news in terms of inflation, the real impact of the Russian oil embargo remains to be seen, and a further upward rally in 2023 cannot be ruled out.

On the other hand, the US agreement with the EU to establish steel and aluminium export quotas and the anti-dumping measures outlined above has created a positive scenario, allowing us to ship piping to the United States to supply North American customers and our RDT operations. One of the main challenges in the coming years will be to cope with supply-side tensions due to the current lack of capacity for pipe heat treatment.

In this scenario, the Group has a solid portfolio based mainly on carbon steels such as OCTG for the upstream sector and pipe for the midstream and industrial sectors, albeit at prices significantly higher than usual for these products due to the current high costs as well as the upbeat signs in terms of demand. On this basis, we have developed a year largely focused on these products and expect the portfolio to shift gradually towards more alloy and higher value-added pipes, mainly in the second half of 2023, as the green shoots of improvement we can see in terms of order intake from the downstream sector of power generation, refining and petrochemical projects are confirmed.

In Europe, data available from the European Steel Tube Association (ESTA) for the first nine months of 2022 show a modest 5.5% increase in production compared to the same period last year, along with a remarkable 36% growth in exports and a worrying 14% rise in imports from third countries. It is striking that sales within the European Union itself fell by 13.8%, equivalent to the gain in weight of imports. The upshot of this is that apparent consumption of seamless piping fell by 8.9% in the EU over the period, while non-EU producers gained 4.5 market share points to stand at 22.2%.

The main risk factor in Europe comes from increased imports of seamless piping from China over the first nine months of 2022, with progressively more aggressive offers on prices and terms. It can thus be seen that importers are rapidly using up the quarterly quotas allocated by the European Union to China under the current safeguard system, thus gaining market share in the EU market. These dynamics will thus require stringent monitoring in close cooperation with the European trade authorities.

Likewise, the pressure of material, energy and freight costs and, in general, of all factors driven by high inflation, does not seem likely to abate, 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 2023, albeit not at levels as high as the averages reached in the last financial year.

At this juncture, the agreements reached over the last few months concerning the supply prices of both electricity and natural gas for the Group provide a framework for protection against potential future price rises. In addition, this pressure on costs forces us to continue to manage them as efficiently as possible internally, to pass them on to sales prices as quickly as possible in order to give the most appropriate weighting to our portfolios and product mix, 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.

Last but not least, this complex, volatile scenario has accelerated the perception among many governments that a more decisive push for a green transition to a sustainable economy is required. Several major customers, financial institutions and other relevant stakeholders have shown their strong commitment to these principles, and they exert substantial pull effect. The Group is also firmly aligned with this vision.

4. MAIN RISKS AND UNCERTAINTIES

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

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

5. R&D&I ACTIVITY[4]

The Group continues to be very active in R&D&I projects. As well as initiatives related to the Company's traditional business, we are opening new lines of development both for process improvement and for new applications related to clean energy, specifically to the hydrogen value chain (production, distribution and storage).

In terms of R+D activities focused on product development, the following are of note:

- Hydrogen and new applications:
  - Alongside other companies in the sector, we applied for a PERTE (Strategic Project for Economic Recovery and Transformation) to obtain European funding for our H2SALT project, which aims to undertake research and development into the technological solutions required for the safe, efficient and cost-effective underground storage of hydrogen in salt caverns.
  - Project TUSAND, the main objective of which is to manufacture seamless piping in austenitic stainless steel, austenitic-ferritic steel and nickel base grades for fluid carrier applications in subsea applications and liquid H2 storage applications, and in ureas as a carrier medium.

[4] See NFIS.

- Downstream:
  - The European ACHIEF project aims to develop the new 11% Chromium grade steel, as a step on from the 9% Chromium steels.
  - Project HOBEINOX to design, develop and validate improved austenitic stainless steel pipe products for power generation technologies in high-temperature and aggressive environments, which aims to round off the basic range of stainless steels.
- Upstream:
  - Project HODIKROMO concerning formulation and validation on an experimental scale and testing of new steels with higher effective chromium for drill pipes (OCTG), with the aim of improving the technological characteristics of the current chromium steel grade of 3%.

In terms of R&D activities related to process improvement:

  - Project ZEPABERRI covering Technological Training in the Steelmaking Process for the recycling of stainless steel scrap.

We are also involved in research projects into the behaviour of alternative energy sources other than natural gas at our production facilities, aimed at gradually reducing our carbon footprint. In this area, of note is the H-ACERO initiative in collaboration with other companies in the sector.

In the OT Systems domain (industrial control systems), we have worked mainly on R&D&I activities with key aspects such as:

- Surface quality control of the pipes that we produce, aimed at enhancing quality and extending the product range, based on artificial vision and deep-learning technology.
- Product traceability in the finishing production process using collaborative robotics.
- Optimising energy consumption in steelworks to achieve improvements in energy and climate, using artificial intelligence techniques.

Project GEDIERR aims to generate digital twin records of the products that we manufacture in the range of pipes with an external diameter of over 190 mm.

6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS

6.1 Governance measures

During 2022 the Board of Directors made very significant improvements in terms of the Group's corporate governance. The following developments in the governance system are of note:

On 27 January 2022, the Board unanimously approved the new Regulations of the Board, the fundamental rules governing its operation, so as to adapt its content to the latest legislative changes introduced in the Spanish Capital Companies Law (LSC), which aims to ensure the best administration and to enhance the Company's level of compliance with the recommendations of the Code of Good Governance. It deals with sustainability (ESG) issues, among others, placing particular emphasis on compliance and diversity, the regulation of conflicts of interest, and the introduction of the powers of the Board and the Audit Committee in the event of related-party transactions. The Chair reported on the amendments made to the General Shareholders' Meeting at its ordinary meeting on 30 June 2022.

On 24 March 2022, the Board approved the submission to the General Shareholders' Meeting of the amendments to its Articles of Association, and the basic rules governing the Company's operation. The General Shareholders' Meeting approved said changes on 30 June 2022. The following amendments are of note:

- The extension of the corporate purpose to align it with the Company's current reality;
- The possibility of holding exclusively remote meetings;
- The incorporation of a new Article 19(a) – "Pursuit of public interest and sustainability", which enshrines as compulsory in the Articles of Association: the Board's firm commitment to create long-term sustainable value, taking into consideration employees, suppliers, customers, financiers and other stakeholders related to its business activity and its institutional reality; the fullest compliance with current legislation and ethics; and striking a balance between public interest and the impact of the Company's activities on the community and the environment.
- The amendment of Article 26. "Remuneration" in order to, among other issues and in accordance with Recommendation 57 of the Code of Good Governance, abolish variable remuneration for directors in their capacity as such.

On 28 April 2022, the Board approved the "Corporate Policy on Recruitment and Relations" with the Statutory Auditor, as well as submitting to the General Meeting the amendment of the Regulations of the General Shareholders' Meeting, driven by the need to update and adapt the Regulation to the current Capital Company Law as amended by Law 5/2021, and by the inclusion of technical drafting improvements to improve its quality and thus facilitate its understanding. The General Shareholders' Meeting approved this amendment on 30 June 2022.

On 26 May 2022, the Board approved submission to the General Meeting of the amendment to the Directors' Remuneration Policy for the financial years 2022, 2023 and 2024, which adapts it to the new remuneration system as per the Articles of Association, abolishing the variable remuneration of non-executive Directors. The General Shareholders' Meeting approved this amendment on 30 June 2022.

Furthermore, on 30 June 2022, upon the proposal of the Board of Directors, the General Shareholders' Meeting approved the amendment to the Regulations of the General Meeting to adapt them to the new Articles of Association, the Capital Companies Law, the Code of Good Governance and the Regulations of the Board of Directors.

In addition, during the 2022 financial year, four mandatory corporate policies were drafted and approved by the Board of Directors, and published on the corporate website www.tubosreunidosgroup.com, Shareholders and Investors section, Corporate Policies sub-section:

- Policy for the selection of directors and diversity on the Board of Directors.
- Corporate policy on communication and contacts with shareholders, institutional investors, proxy advisors, and communication of economic, financial, non-financial and corporate information.
- Recruitment policy and relations with the external auditor.
- Corporate policy on internal control over financial reporting (ICFR).

Furthermore, in 2022, following its approval by the Board of Directors, an internal regulation of special importance for employees and co-workers was drafted and disseminated: the Tubos Reunidos Group's Occupational Health and Safety Policy. Tubos Reunidos was incorporated into the IBEX® GENDER EQUALITY index on 20 June 2022, which is in line with its commitment to ensuring the presence of women on the Board of Directors and will further this strategy.

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.

6.2 Sustainability

Respect for the environment, commitment to ecological transition and a firm commitment to sustainable development are the basic strategic pillars of the Tubos Reunidos Group.

Thanks to our roadmap, we are gradually moving towards a decarbonised model, and towards enhancing the circular economy in our operations.

Our entire steel production is melted in an electric arc furnace using recycled ferrous scrap. Some 92% of the raw material used comes from the reuse of waste (97% in 2021). This is the most environmentally friendly, energy-efficient and sustainable technology available today, harnessing the full potential associated with steel's ability to be recycled and its circular nature. This involves reducing:

- CO2 emissions per ton of steel produced
- Energy consumption
- Water consumption
- Raw material inputs, recycling our own surplus and returns
- Air and water pollution.
- Mining waste

Our business is considered eligible by the Taxonomy Regulation (EU) 2020/852 (a system used to classify sustainable economic activities based on objective criteria) as set out in our Non-Financial Information Statement and in the new Taxonomy Report that will be included from the 2022 financial year onwards.

6.3 Social aspects

People management in 2022 focused on collective labour relations, since the collective bargaining agreements of the Group's two main plants had been in place since 2016 and 2017 respectively.

The main milestones of the year were as follows:

- Signing of an agreement to regularise the wage conditions of the Pipe Plant until 2021, backdated to 2016.
- Signing of an agreement to regularise the wage conditions of the Product Plant until 2021, backdated to 2017.
- Signing of the TRPT Company Agreement for a three-year period (2021-2023).
- The transfer of the workforce from the Pamplona centre to our Pipe Plant, arising from the Strategic Plan's objective of pooling our cold-drawing capacities. The agreement reached meant that activity could be wound down without conflict, and with support for reintegration into the labour market of those opting for severance pay.
- In the same vein, in order to pool our steel production in the Pipe Plant, a transfer agreement was reached with the entire workforce of our Sestao steelworks, which will take effect once work on the new unified steelworks in Amurrio is complete.

At the end of the 2022 financial year, our workforce stood at 1,413 people, 89% of whom are permanent employees, thus consolidating our commitment to stable, quality employment.

7. SIGNIFICANT EVENTS AFTER CLOSURE

Between 31 December 2022 and the date of preparation of the Consolidated Management Report, no events came to light that could lead to any significant alteration of the same.

8. SHARE CAPITAL AND TREASURY SHARES

During the 2022 financial year, all operations involving treasury shares fell within the framework of the Liquidity Contract signed with NORBOLSA, Sociedad de Valores, S.A. (an entity registered with the CNMV since 1989 with Official Registration No 40). In particular, 3,377,253 treasury shares were purchased and 3,313,213 were sold, maintaining a treasury shareholding of 734,225 shares at 31 December 2022, representing 0.42% of total company shares.

9. AVERAGE PAYMENT PERIOD FOR SUPPLIERS

The average payment period for suppliers in 2022 is shown in note 18 to the Consolidated Annual Accounts.

ANNEX I: ALTERNATIVE MEASURES OF PERFORMANCE

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

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

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

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

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

[6] *European Securities and Markets Authority*

[7] *Alternative Performance Measures*

Definitions and individual usefulness of Performance Measures

A. Economic and financial measures

Measure	Definition/purpose
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	Profit/loss for the financial year after deducting financial result, income tax, impairment and gains or losses on disposals of fixed assets, and the depreciation of fixed assets. It is a measure used commonly to assess the profitability of a company, and serves as a basis for comparisons and other performance measures.
EBITDA LTM	EBITDA for the last 12 months ("last twelve months"). It is calculated by adding together the last 12 monthly EBITDAs. It is useful in finding the EBITDA for the year, for periods that do not coincide with the calendar year.
CapEx (Investments)	The abbreviated form of "Capital Expenditures", this is calculated as the sum of the additions of intangible assets and property, plant and equipment during the period.
OpEx (Operating Expenditures)	The abbreviated form of "Operational Expenditures", this is calculated as the sum of consumption (supplies and changes in stocks of finished goods and work in progress), staff expenses and other operating expenses. It excludes the net amount of Other operating income and Other gains/losses).
Gross financial debt	The sum of current and non-current borrowings as set out in note 15 to the accompanying consolidated annual accounts. It is used to analyse the Group's level of indebtedness, as well as to benchmark it against alternative measures such as EBITDA or to determine the level of leverage (by reference to total consolidated Group net assets and debt).
Net financial debt (NFD)	Gross Financial Debt, less cash and cash equivalents and other current financial assets. This is used to analyse the Group's level of indebtedness, as well as benchmarking it against alternative measures such as EBITDA, to determine net leverage, and as a tool to manage liquidity risk.
Available liquidity	The sum of cash and cash equivalents, the limit of undrawn committed credit lines (short and long term) at the end of the reporting period and the limits of undrawn factoring lines, net of any drawdown limitations. It establishes the ability to meet short-term payment commitments and as such is a key tool in liquidity risk management.
Cash flow or net cash flow	Change in the amount of cash and cash equivalents at the beginning and end of the reporting period.
Working capital	Result of the amount of stocks and trade and other receivables, less trade payables, customer prepayments, outstanding remuneration and balances payable to public administrations (excluding deferred debt)
Working capital variation	Difference between the working capital balances at the beginning and end of the reporting period.
Net equity for trading purposes	The sum of the net book assets of the Group's parent company, Tubos Reunidos, S.A. and the amount of loans deemed as participating loans, on the data reference date. As such, those loans

that could be viewed as participating loans under certain assumptions that are not fulfilled on that date are excluded.

B. Operational measures

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

C. Stock market indicators

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

Reconciliation of Alternative Performance Measures to the Annual Financial Accounts for the 2022 and 2021 financial years

A - Medidas económico-financieras

Miles de euros, en su caso	2022	2021
Resultado del ejercicio	43.461	(64.725)
Resultado financiero	16.012	77.638
Impuesto sobre beneficios	(5.508)	(62)
Deterioro, reversión y resultado por enajenaciones del inmovilizado	(5.252)	(77.360)
Amortización del inmovilizado	15.834	13.066
EBITDA	**64.547**	**(51.443)**
Adiciones de inmovilizado material	14.178	6.183
Adiciones de inmovilizado inmaterial	538	567
CAPEX	**14.716**	**6.750**
Aprovisionamientos	206.888	132.368
Variación de existencias de productos terminados y en curso de fabricación	(23.562)	(27.363)
Gastos de personal	101.875	102.886
Otros gastos de explotación	174.393	94.719
OPEX	**459.594**	**302.610**
Recursos ajenos no corrientes	361.319	360.677
Recursos ajenos corrientes	29.001	16.846
Deuda Financiera Bruta	**390.320**	**377.523**
Efectivo y otros equivalentes	(95.105)	(77.607)
Otros activos financieros Corrientes	(2.463)	(224)
Deuda Financiera Neta (DFN)	**292.752**	**299.692**
Efectivo y otros equivalentes	95.105	77.607
Líneas de crédito no dispuestas	39	177
Líneas de factoring no dispuestas	6.846	32.475
Efectivo no disponible (nota 24)	(1.880)	(1.325)
Liquidez disponible	**100.110**	**108.934**
Efectivo y equivalentes al inicio del ejercicio	77.607	20.822
Efectivo y equivalentes al cierre del ejercicio	95.105	77.607
Cash-Flow	**17.498**	**56.785**
Existencias	129.464	101.375
Clientes y otras cuentas a cobrar	22.644	10.945
Acreedores comerciales	(111.467)	(103.439)
Anticipos de clientes	(13.885)	(8.675)
Remuneraciones pendientes de pago	(21.004)	(15.318)
Saldos acreedores con Administraciones Públicas	(4.682)	(3.635)
Capital Circulante	**1.070**	**(18.747)**
Capital circulante al inicio del ejercicio	(18.747)	(9.252)
Capital circulante al cierre del ejercicio	1.070	(18.747)
Variación del Capital circulante	**(19.817)**	**9.495**
Capital Social de la Sociedad matriz	3.494	3.494
Patrimonio Neto contable de la Sociedad matriz	(11.102)	(56.964)
Préstamos participativos	115.651	112.800
PATRIMONIO NETO a efectos mercantiles de la Sociedad matriz	104.549	55.836
Patrimonio neto / Capital Social	**29,92**	**15,98**

B - Medidas operativas

Miles de euros	2022	2021
Ventas zonas geográficas		
España	30.556	27.254
Resto Unión Europea	151.241	86.234
Norte América	252.034	56.503
Oriente Medio y Africa	31.192	5.787
Lejano Oriente	6.348	41.197
Otros	6.810	5.163
Total ventas	**478.181**	**222.138**
Ventas por segmento		
Generación de energía, refino y petroquímica (Downstream)	98.519	91.174
Petróleo y Gas - OCTG (Upstream)	169.705	31.494
Petróleo y Gas - Conducciones (Midstream)	81.983	39.027
Construcción, Mecánico, Industrial	127.974	60.443
Total ventas	**478.181**	**222.138**
Cartera de pedidos	**303.086**	**177.300**

C - Indicadores Bursátiles

	2022	2021
Cotización media del ejercicio (euros)	0,322	0,373
Cotización al cierre del ejercicio (euros)	0,246	0,279
Capitalización bursátil (miles de euros)	42.971	48.841
Acciones negociadas anuales (miles de acciones)	96.815	326.482

CNMV
SPANISH NATIONAL SECURITIES AND

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of relative financial year: 31/12/2022

Tax ID (CIF): A-48011555

Company name:

TUBOS REUNIDOS, S.A.

Registered office:

BARRIO SAGARRIBAI, S/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 Articles of Association contain the double vote loyalty provision:

[ ] Yes
[✓] No

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

Indicate 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 the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	4.51	1.57	0.00	0.00	6.08
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.00	12.37	0.00	0.00	12.37
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

After the financial year had closed, the dissolution and liquidation of the company Elguero, S.A. was announced, and consequently, at the date of publication of this report, Elguero S.A. no longer holds a significant interest in the Company.

The entities GUESINVER, SICAV S.A. and VIKINVEST, SICAV S.A., former members of the Barandiaran Group concerted action, were dissolved and liquidated during the 2022 financial year, and as a result, the holding of this concerted action decreased from 6.68% of the capital at the close of 2021 to 6.08% as at 31 December 2022.

In relation to the list of the significant shareholders of the Company, we must report that the administration and distribution of the estate of Ms Carmen de Miguel Nart (dec'd), direct shareholder of 3.816% of the capital in 2021, took place on 11 July 2022, as a result of which none of her heirs hold a percentage equal to or greater than 3% of the share capital.

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	12.37	0.00	12.37
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR ALFONSO BARANDIARÁN OLLEROS	0.91	0.00	0.91
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
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	GESLURAN SL	0.01	0.00	0.01
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES PUIG PEREZ DE GUZMAN	5.82	0.00	5.82
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES ZORRILLA DE LEQUERICA PUIG	1.10	0.00	0.00
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MR ALFONSO ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10

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

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

Most significant transactions

During the 2022 financial year, the most significant changes in the shareholding structure were the following:

The children of the late significant shareholder Ms Maria del Carmen de Miguel Nart (dec'd), as heirs in accordance with her will, inherited her shares in the Company in three equal parts. The distribution and change of ownership took place on 11 July 2022. As a result, none of her heirs holds more than 3% of the share capital.

The significant shareholding of BBVA decreased gradually during 2022, falling from 14.77% of the capital as at 1 January 2022 to 12.37% as at 31 December 2022. As at the date of issue of this Report, BBVA holds an indirect interest of 10.84% of the share capital.

The entities GUESINVER, SICAV S.A. and VIKINVEST, SICAV S.A., former members of the Barandiaran Group concerted action, were dissolved and liquidated during the 2022 financial year, and as a result, the holding of this concerted action decreased from 6.68% of the capital at the close of 2021 to 6.08% as at 31 December 2022. Also, as a result of this dissolution and liquidation, the Proprietary Director Mr Alfonso Barandiaran increased his shareholding from 0.64% as at 1 January 2021 to 0.91% as at 31 December 2022.

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 shares (including loyalty votes)		% voting rights through financial instruments		Total % of voting rights	Of the total % of voting rights attributed to shares, indicate, where applicable, the % of additional votes attributed that correspond to loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	0.00	0.00	1.10	0.00	0.00
MR ALFONSO BARANDIARÁN OLLEROS	0.91	0.01	0.00	0.00	0.92	0.00	0.00
MR JORGE GABIOLA MENDIETA	0.14	0.01	0.00	0.00	0.15	0.00	0.00
MR EMILIO YBARRA	0.70	0.00	0.00	0.00	0.70	0.00	0.00

Name or company name of the Director	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		Total % of voting rights	Of the total % of voting rights attributed to shares, indicate, where applicable, the % of additional votes attributed that correspond to loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
AZNAR							

Total % of voting rights held by members of the Board of Directors	2.85

After the financial year had closed, it was announced that, as a result of the dissolution and liquidation of significant shareholder Elguero S.A., the shareholding of the director Mr Emilio Ybarra Aznar had increased and, as at the date of this report, it amounts to 1.5328%

Breakdown of indirect shareholdings:

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

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

Total % of voting rights represented on the Board of Directors	33.26

The percentage of the share capital represented on the Board amounts to 33.36%, broken down as follows:
12.37% held by BBVA
10.22% held by the Zorrilla Lequerica Group Concerted Action
6.08% held by the Barandiaran Group Concerted Action (controlling shareholder Joaquin Gomez de Olea Mendaro)
3.33% held by Elguero S.A.
0.70% held by Mr Emilio Ybarra Aznar
0.15% held by Mr Jorge Gabiola Mendieta
0.41% held by Clima S.A. (a holding company)

A.4. Indicate, where appropriate, the family, commercial, contractual or company relations that exist between owners of significant 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

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
			shares in the significant shareholder Barandiaran Group Concerted Action.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The Director is a member of the Zorrilla-Lequerica family and holds shares in the significant shareholder Zorrilla-Lequerica Puig Group Concerted Action.
MR CRISTÓBAL VALDÉS GUINEA	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The Director is related by 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.

At year-end 2022, 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.

After the financial year had closed, the dissolution and liquidation of the significant shareholder Elguero, S.A. was announced.

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

A.7. Indicate whether shareholders' agreements that affect them according to the provisions of Articles 530 and 531 of the Capital Companies Law have been reported to the company. 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, MS MARÍA BARANDIARÁN OLLEROS, MS ALEJANDRA LUCA DE TENA OYARZUN, GESLURAN S.L.	6.08	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

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

There was no significant amendment to or termination of concerted actions in 2022.

The entities GUESINVER, SICAV S.A. and VIKINVEST, SICAV S.A., former members of the Barandiaran Group concerted action, were dissolved and liquidated during the 2022 financial year, and as a result, the holding of this concerted action decreased from 6.68% of the capital at the close of 2021 to 6.08% as at 31 December 2022.

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
	724,225	0.41

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
CLIMA, S.A.	724,225
Total	724,225

Explain the significant changes during the financial year:

Explain the significant changes

A) ON 5 APRIL 2022, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FIRST QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 842,891 SHARES AND THE SALE OF 897,348 SHARES
B) ON 5 JULY 2022, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE SECOND QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 773,094 SHARES AND THE SALE OF 789,685 SHARES
C) ON 4 OCTOBER 2022, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE THIRD QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 557,877 SHARES AND THE SALE OF 479,540 SHARES
D) ON 4 JANUARY 2023, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FOURTH QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE INVOLVED AN ACQUISITION OF 1,203,391 SHARES AND THE SALE OF 1,146,640 SHARES

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

The General Shareholders' Meeting, held on 30 June 2022, 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 2027.

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 30 June 2021, 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	66.74

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. Specifically, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those authorisation or prior notice systems that, over acquisitions or financial instruments transfers of the company, are applicable by 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 Articles of Association. In particular, describe the majorities established for the amendment of the Corporate Articles of Association and, where appropriate, the rules laid down for the protection of shareholders' rights when the Corporate Articles of Association are amended:

The rules applicable to the modification of the Company's Articles of Association are those provided for in the Spanish Companies Act with no special feature in this regard.

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

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

In order to carry out a comparative analysis of the attendance data for the General Shareholders' Meetings that took place in 2022 and the two previous years, it must be taken into account that, exceptionally, due to the restrictions imposed by the risk to public health caused by the Covid-19 pandemic, the 2021 Ordinary General Shareholders' Meeting was held with exclusively remote attendance. 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. The physical attendance percentage for the meetings held in 2021 derives from the fact that the directors were counted as physically present.

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

[ ] Yes
[✓] No

B.6. Indicate whether there is any statutory restriction establishing a minimum number of shares required to attend the General Shareholders' Meeting, or to vote 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.tubosreunidosgroup.com, and information on Corporate Governance and other information on General Shareholders' Meetings that must be made available to shareholders is included in the Shareholder and Investor Information section of the website.

The video of the General Shareholders' Meeting that took place on 30 June 2022 is available in the Ordinary General Shareholders' Meeting section at the following link: https://www.tubosreunidosgroup.com/en/investors/ordinary-general-shareholders-meeting

C. STRUCTURE OF COMPANY ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Company's Articles of Association 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
MS MARÍA SICILIA SALVADORES		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JORGE GABIOLA MENDIETA		Independent	INDEPENDENT COORDINATING DIRECTOR	30/05/2013	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR 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	1ST DEPUTY CHAIRMAN	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

Name or company name of the Director	Representative	Category of Director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS ANA ISABEL MUÑOZ BERAZA		Independent	DIRECTOR	07/05/2015	27/06/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS LETICIA ZORRILLA DE LEQUERICA PUIG		Proprietary	DIRECTOR	29/06/2004	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS TERESA QUIRÓS ÁLVAREZ		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR CRISTÓBAL VALDÉS GUINEA		Proprietary	DIRECTOR	27/02/2018	30/06/2022	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR ENRIQUE MIGOYA PELÁEZ		Proprietary	DIRECTOR	31/05/2018	27/06/2019	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
No data					

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
No Directors were removed in 2022.

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 has also been an Independent Director of Garnica Plywood, S.A.U. and Strohm Bathroom Solutions.

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

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
		Boston and a Senior Management Programme certificate from IESE. In his professional activity, he has combined international and national experience, and has held various positions of responsibility in listed companies and financial institutions. He began his career as a Corporate Finance analyst at JP Morgan in Madrid, New York and London. In 1993, he joined the international expansion area of Prisa Group in Madrid and began a career in the communications sector, which continued when he moved to Vocento in 1995, where he stayed for 20 years. At Vocento he held responsibilities in the sales and marketing area. He was Managing Director of the daily newspapers La Rioja and El Correo (Bilbao) and assistant to the Managing Director of the newspaper ABC. He was also Chairman of CMVocento and Managing Director of Communications for the group. He is founding partner of and currently runs Kemet Corner, a strategic communications, brand image and public relations consultancy firm. He is Chairman of the Board of Directors of Mezouna S.L., and Independent Director of Elecnor, S.A., where he was a member of the Audit Committee until May 2022 and is currently Chairman of the Appointments, Remuneration and Sustainability Committee.

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 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 Tasdey S.A. (financial investment), Gapara S.L. (real estate), Geslurán (financial investment) and Effective Seaborne Engineering Solution, S.L. (a start-up linked to container shipping). In addition to these positions, he is Chairman of the Board of Mapex, a production control technology company, Chairman of Inversiones Berrueco (search fund investment) and Chairman of Mapex (a leading company in the MES sector in Spain) and additionally holds the position of patron of the Gondra Barandiarán Foundation.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Degree in Law from the University of Deusto in Bilbao. MBA from the 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 1,400 employees and a significant presence in Europe, North America (main market) and Latin America. Subsequently, he was Managing Director of the Jealsa Group, a Galician company dedicated, among other activities, to the manufacture and marketing of canned food with 4,600 employees, member of the Executive Committee of ADEGI (Gipuzkoa Employers' Association) and Vice President of ANESCO, the Spanish national association of cargo-handling companies and port employers. He is currently a consultant to the Chairman of the Jealsa Group and Senior Advisor of GHI Smart Furnaces.
MR ENRIQUE MIGOYA PELÁEZ	PECRI INVERSIÓN S.L. UNIPERSONAL	Mr Enrique Migoya Peláez holds a degree in Economics and Business Administration from the Autonomous University of Madrid; Management Development Programme and Corporate Management Programme at IESE. He is currently the Managing Director of BBVA's Industrial Equity Holdings (Strategy & M&A), where he manages the bank's investment portfolio. His professional career has been developed mainly in M&A activity, for seven years at the investment bank Goetzpartners, and the last 16 years in various positions at BBVA in both private equity and industrial portfolio management. He represents the bank as a Director on various Boards of Directors, including Informa D&B (where he is Chairman of the Audit Committee), CESCE, S.A., Corporación IBV Participaciones Empresariales S.A. (where he is Chairman of the Board

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
		of Directors), Neotec Capital Riesgo SCR, Coinversión Neotec SCR, Momentum Social Investment Holding S.L., PECRI Inversión S.L. (where he is Chairman of the Board of Directors), Inverahorro S.L. (where he is Co-Director) and Crea Madrid Nuevo Norte, S.A., and has sat on other boards, including Occidental Hoteles and Textil Textura. He is also a Director of listed company METROVACESA, S.A.

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

After the financial year had closed, it was announced that the company Elguero S.A. had been dissolved and liquidated and the 5,819,474 shares it held in Tubos Reunidos S.A., equivalent to 3.332% of the share capital, had been divided in equal shares between the four partners of the company, the Ybarra Aznar brothers, each of whom received 25% following the distribution (1,454,868 shares).

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the Director	Profile
MS MARÍA SICILIA SALVADORES	Degree in Law from the Complutense University and in Business Administration from San Pablo-CEU University, a Master's degree in Public and Economic Policy from the National Institute of Public Administration/ENA and the London School of Economics and Political Science (LSE), respectively, and she also has executive training from Harvard Business School. She has worked at Iberdrola Renovables as head of regulatory foresight in 23 countries and as Deputy Director General of Energy Planning with the Spanish Government. She is currently Director of Strategy and Planning at Enagás, a global gas infrastructure company listed on the IBEX35, and is also an Independent Director of Soltec Power Holdings, and a Proprietary Director of the French company DualMetha, representing Enagás Emprende (a subsidiary of Enagás S.A.).
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 resigned his position as non-executive Chairman and was appointed Coordinating Director of Tubos Reunidos, S.A. and has also been the Secretary and a Member of the Board of Directors of Group companies such as Productos Tubulares and Almacenes Metalúrgicos. He is registered in the Official Registry of Accounting

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the Director	Profile
	Auditors (ROAC) as non-practising. He is currently a Director of the company Vicinay, S.A and of Vicinay Marine, S.L. He is also a Director of Inmobiliaria del Club de Campo de la Sociedad Bilbaina, S.A.
MS ANA ISABEL MUÑOZ BERAZA	Degree in Economics from the University of Zurich (Switzerland). Executive MBA from the University of Chicago. Member of the Advisory Committee of the University of Chicago. Member of the IWF Board (International Women's Forum) and Member of the Advisory Council of Spain Start Up. She has completed training courses for directors and corporate governance at the Instituto de Consejeros y Administradores (IC-A), as well as the High Performance Boards course at IMD in Switzerland. She has spent her career in the financial markets working at Merrill Lynch in Switzerland, England, the United States and Spain. She has led teams and sat on the Steering Committee in both Zurich and Madrid. Subsequently, she managed a family office in Spain. As a result of her international career, she speaks seven languages. She has been an Independent Director and Chairwoman of the Audit Committee of NATRA, S.A. and the representative of the corporate advisory company PIZMARGNA SERVICIOS DE CONSULTORIA S.L., in the unlisted company LANINVER S H C, S.L. She is currently an Independent Director of the company Ernesto Ventos, S.A.
MS TERESA QUIRÓS ÁLVAREZ	Degree in Economics and Business from the Faculty of Economics at Málaga University (1976–1981), the IESE Directors Programme (April–July 2021), the Executive Programme for Women in Senior Management at ESADE (October 2014–June 2015), the Executive Program at Harvard (May 2013), PDD at IESE (January–May 2010). The W2W Program (PWC) to help women in senior management become directors (October 2017–June 2018); she has been connected to the electricity industry, carrying out various 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).
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Mr Pérez Rodriguez-Urrutia has extensive experience of over 36 years in management roles in large companies, working as a CEO, Managing Director and Finance Director. Throughout his long professional experience, he has been Chairman of BNPP Real Estate in Spain, CEO of Occidental Hotels, CFO of Metrovacesa, Corporate Managing Director of Ence Group and CEO of Planeta DeAgostini, as well as CFO and Company Secretary at Abengoa. Within his leadership responsibilities in his executive functions, he has extensive experience working with financial institutions, regulators, investors and public institutions. He has also led company transformation processes in coordination with financial institutions, managing their financial and operational restructuring in order to redirect their profitability. He has extensive experience on Boards of Directors and has sat on the Boards 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, the Spanish Advisory Council of Schindler, S.A. and also runs the Business Roundtable of Southern Spain (CESUR), based in Madrid.

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

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

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
No data			

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

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			
	2022 financial year	2021 financial Year	2020 financial year	2019 financial year	2022 financial year	2021 financial Year	2020 financial year	2019 financial year
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	20.00	20.00	20.00	16.67
Independent	3	3	1	1	75.00	75.00	33.33	33.33
Other external					0.00	0.00	0.00	0.00
Total	4	4	2	2	36.36	36.36	20.00	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 was reported to the General Shareholders' Meeting on 30 June 2022, establishes that the Board shall ensure that the selection procedures for Directors favour diversity regarding gender, experience and knowledge that facilitate the selection of female directors and 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 (ARC) should promote desirable diversity on the Board when it comes to gender by setting a representation objective for the least represented gender on the Board and develop guidelines and diversity policies on how to achieve this objective.

In previous years, the Company has adopted an unwritten diversity policy within the Board, as demonstrated by the appointment of two new female directors in December 2021. This meant that female representation increased significantly, with the proportion of women in the total number of directors rising from 20% to 36.36%. In accordance with the still unwritten diversity policy, the search mandate granted by the ARC to the aforementioned external selection firm placed specific emphasis on the incorporation into the process of female candidates with the appropriate profile.

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

The aim of the Policy is to clearly set out the operational principles to be followed by the Board of Directors and the ARC for the selection, appointment and re-election of Directors, both male and female, and aims to promote an appropriate, balanced and diverse composition of the

Board of Directors, without any discrimination, in order to achieve greater transparency, efficiency, momentum, supervision and control in the functions of management, oversight and representation of the Company that the Board performs.

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

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

The measures that the Policy establishes to achieve diverse balance of directors are the following:
To achieve a balanced composition:
• To seek a large majority of Non-Executive Directors with an appropriate balance between Proprietary and Independent Directors, also ensuring that Independent Directors are adequately represented on the Board of Directors. In any event, as many independent Directors as necessary will be appointed so that both the Audit Committee and the Appointments and Remuneration Committee can include the minimum number of Independent Directors required by law, who have the skills and experience required by law.
• Within the total number of External Directors, the relationship between the number of Proprietary Directors and the number of Independent Directors shall, as far as possible, reflect the relationship between the proportion of the Company's capital that is represented by the Proprietary Directors and the rest of the capital.
• In the proposal for the appointment of Proprietary Directors, the Board will consider the size in absolute and comparative terms of any significant shareholdings, as well as the degree of commitment and the future relationships of the holders of such significant shareholdings.

To achieve a diverse composition:
· The selection procedures for Directors will promote diversity regarding gender, experience and knowledge that facilitate the selection of female Directors and that generally do not contain implicit biases that may imply discrimination on the basis of gender, age, origin, religion, disability and/or sexual orientation.
· Increasing the representation of the underrepresented gender within the Board of Directors will be encouraged, in line with the recommendations on good governance.

In 2022, the Policy was not applied in practice, as the need to fill vacancies on the Board of Directors did not arise during the year.

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 to the Board, which took place on 16 December 2021, 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 Appointments and Remuneration Committee also encourages the appointment of women to senior management roles, and has adopted the same measure in the selection processes carried out in 2022: 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 reasons

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 2022. The percentage of women within the management body of the most relevant subsidiary of the Group is 50%, and the percentage of female senior managers is 8.33%. The Committee considers that this percentage remains low and maintains its objective of gradually achieving a higher percentage, always keeps in mind the need to continue increasing gender diversity in its governing and management bodies and to expressly promote diversity of knowledge, experience and gender in the composition of the Board and the Senior Management in every selection process, until a balanced composition is achieved, with an increasing proportion of women on the Board.

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

The Appointments and Remuneration Committee has expressly stated its position in this respect, and has recorded 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 most recent female Director appointments complied with the Policy for the Selection of Directors and Diversity on the Board of Directors, and 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.

In 2022 there was no need to fill vacancies on the Board and therefore there were no appointments of directors to which the Policy for the Selection of Directors and Diversity on the Board of Directors applied, although in 2022, the Appointments and Remuneration Committee did take into account the need to comply with the aforementioned Policy, in order to prepare the Board's Succession Plan.

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

Name or company name of the shareholder	Reason
No data	

Indicate whether any formal requests for representation on the Board have been rejected by shareholders whose 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 2022.

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
MR JORGE GABIOLA MENDIETA	VICINAY MARINE, S.L.	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

Identification of the Director or representative	Company name of the entity, whether it is listed or not	Position
MS MARÍA SICILIA SALVADORES	DUALMETHA	DIRECTOR
MR ENRIQUE MIGOYA PELÁEZ	METROVACESA, S.A.	DIRECTOR
MS ANA ISABEL MUÑOZ BERAZA	ERNESTO VENTOS, S.A.	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	DENARIUS METALS CORP	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	PROJECT QUASAR INVESTMENTS 2017, S.L.	DIRECTOR
MR ALFONSO BARANDIARÁN OLLEROS	INVERSIONES BERRUECO, S.L.	CHAIRMAN
MR ALFONSO BARANDIARÁN OLLEROS	ENGINYERIA MAPEX S.L.	CHAIRMAN
MR ENRIQUE MIGOYA PELÁEZ	CREA MADRIDNUEVO NORTE, S.A.	DIRECTOR
MR EMILIO YBARRA AZNAR	MEZOUNA, S.L.	CHAIRMAN

The Director Mr Enrique Migoya Pelaez represents BBVA as a 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, Momentum Social Investment Holding S.L., the indirect shareholder PECRI Inversión S.L., Inverahorro S.L., etc.

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

Identification of the Director or representative	Other paid activities
No data	

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

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

[✓] Yes
[ ] No

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

Article 12. "Incompatibilities" (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)	1,310

Amount of funds accumulated by current directors through long-term savings systems with consolidated economic rights (thousands of euro)	64
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)	

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

Name or company name	Position/s
MR KOLDO LASALA URRUTICOECHEA	DIRECTOR OF PEOPLE, PREVENTION AND HEALTH
MR CARLOS LÓPEZ DE LAS HERAS	MANAGING DIRECTOR
MR IÑIGO URRUTIKOETXEA PORTUGAL	SALES DIRECTOR
MR ANTON PIPAON PALACIO	DIRECTOR OF SUSTAINABILITY AND BUSINESS DEVELOPMENT
MR ALBERTO SANTAMARÍA RUBIO	INTERNAL AUDIT DIRECTOR
MR ANDONI JUGO ORRANTIA	INDUSTRIAL DIRECTOR, TUBOS PLANT
MS INÉS NÚÑEZ DE LA PARTE	SECRETARY 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 PLANT
MR IGNACIO BARON LÓPEZ	CHIEF FINANCIAL OFFICER
MR JAGOBA HERNÁNDEZ ARBULU	SUPPLY CHAIN DIRECTOR
MR SERGIO SAENZ ARBULU	DIGITAL TRANSFORMATION OFFICER

Number of women in senior management	1
Percentage of total members of senior management	8.33

Total remuneration of senior management (in thousands of euro)	2,801

Mr Sergio Sáenz was appointed on 1 February 2022.

Mr Ignacio Barón was appointed on 7 March 2022.

Mr Jagoba Hernández was appointed on 2 November 2022.

The total remuneration figure includes the fixed remuneration accrued in the financial year ended by the senior managers who constitute the Steering Committee as at 31 December 2022, as well as the annual variable remuneration that accrued and vested to them in the financial year 2022 and the contributions made on their behalf to the social welfare system.

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

[✓] Yes
[ ] No

Description of modifications

As the shareholders were notified in detail at the General Shareholders' Meeting held on 30 June and in the Report of the Board of Directors in relation to the amendment of the Regulations of the Board of Directors, which was approved on 27 January 2022 (document available on the company website at https://www.tubosreunidosgroup.com/en/investors/ordinary-general-shareholders-meeting), the changes were extensive and were intended to adapt the content of the Regulations to the latest legislative changes introduced in the new Law 5/2021 that amends the Spanish Capital Companies Law (Ley de Sociedades de Capital, LSC), correcting several repealed clauses and introducing other, new ones, as well as to the recommendations of the Code of Good Governance of Listed Companies (Código de Buen Gobierno de las Sociedades Cotizadas, CBG) revised in June 2020, and also aimed to ensure the best administration and to enhance the Company's level of compliance with the recommendations of the Code of Good Governance of Listed Companies. In addition, the Regulations of the Board of Directors have been revised so as to introduce technical and drafting improvements. The amendments have affected Articles 1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 40, 41, 44, 45, 46 and 47 of the Regulations of the Board of Directors.

Of particular note is the introduction of ESG issues, with specific emphasis on Compliance and Diversity, the regulation of conflicts of interest and the introduction of the powers of the Board and the Audit Committee in the event of related-party transactions.

Given their importance, the following changes should also be noted:

An annual, obligatory evaluation of the Board and its Committees has been introduced and, every three years, an independent external consultant will help the Board to conduct this evaluation.

It incorporates the duty to reconcile the Company's own interests with the legitimate interests of its employees, suppliers, customers, financiers and other stakeholders, as well as the impact of the Company's activities on the community as a whole and on the environment.

It introduces the requirement for the Board to be responsible for approving a Code of Ethics and the Board's obligation to take the necessary measures to ensure that the directors, managers, employees and suppliers of the TR Group comply with the provisions of this Code of Ethics.

It introduces the requirement that the Board includes an appropriate balance and diversity of experience, gender, age and skills and aims to achieve a balanced composition, in line with the CBG, with a large majority of non-executive Directors and an appropriate proportion of Directors of different types, according to the Company's circumstances and the recommendations of the Code of Good Governance.

It includes a prohibition on Directors using Company assets for private purposes or using their position in the Company to obtain a financial benefit.

It sets out ex novo rules to regulate the non-compete obligation and situations of conflict of interest and related-party transactions.

In the specific case of executive directors, it clarifies that they always provide services on an exclusive and full-time basis, unless the Board gives its express permission to the contrary.

Age has been eliminated as a ground for the availability of the position of Director. Previously, the age limit was 70 for external directors and 65 for executive directors.

References made in the previous Regulation to legal entity directors have been deleted.

The Chair's casting vote for the adoption of resolutions in the event of a tie has been eliminated.

It sets out that the Board will meet at least eight times a year and provides for meetings to be held remotely.

It establishes that each Board committee shall have its own rules of procedure approved by the Board.

The functions of the supervisory committees are extended and regulated in detail (it should be noted that the Audit Committee is given the new role of overseeing compliance with the Company's policies and rules on environmental, social and corporate governance matters), as are the functions of the Chairman and Secretary of the Board.

It sets out ex novo rules on the role and powers of the independent director, who serves as coordinating director when the Chairman is an Executive Director.

It expressly regulates the duty of directors to leave the meeting during deliberations and voting of resolutions on issues that affect them.

It introduces new grounds for dismissal of directors, for example having caused serious damage to the Company's equity or the reputation and credit of the Company or having caused the Company or any of the Group companies to face the risk of criminal liability.

It introduces a new article regulating who cannot be appointed as a director, which specifically mentions legal entities.

In order to ensure commitment to their office, it states that individuals 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 as directors.

It establishes that the Board shall submit its proposals to the General Shareholders' Meeting, ensuring that the number of Independent Directors represents at least one third of the total number of directors.

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 evaluation of the Board in 2022 has been satisfactory, which is why in 2023 no changes have been made to the organisation or procedures applicable to the activities of the Board of Directors, although an Action Plan has been developed to strengthen the value contribution of the Board of Directors to Tubos Reunidos.

The average assessment obtained indicates that in 2022, 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 maintains its commitment to moving forward with a diverse and balanced membership, 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 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 in 2022 (as it did in 2021), through exhaustive questionnaires updated in 2023, although it should be noted that in 2020, 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 2022 self-assessment was carried out through a comprehensive questionnaire completed by all members of the Board and forwarded confidentially to the Secretary of the Board, who was responsible for finding average valuations and reflecting all the comments made in the report. 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 2022. 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. It has also taken into account the new powers conferred on each body in the Regulations of the Board of Directors and in the new duties of directors imposed by that internal regulation. 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:
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 has been assisted by an external consultant, please break down the business relationships that the consultant or any company in its group has with the company or any company in its group.

The assessment of the operation of the Board, its Committees and positions in 2022 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 in which they are under investigation, as well as the procedural events thereof. Having been informed of or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board 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 qualified majorities, other than legal majorities, required for any type of decision?:

[ ] Yes
[✓] No

If applicable, describe the differences.

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

[ ] Yes
[✓] No

C.1.22 Indicate if the Articles of Association or regulations of the Board of Directors 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 Articles of Association 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 Articles of Association 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 AUDIT COMMITTEE meetings	6
Number of meetings of APPOINTMENTS AND REMUNERATION COMMITTEE	4

Number of DELEGATE COMMITTEE meetings	0

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

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

Number of meetings attended in person by at least 80% of the directors	15
Attendance in person as a % of total votes during the financial year	100.00
Number of meetings with in-person attendance or 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 FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman
MR CARLOS LÓPEZ DE LAS HERAS	MANAGING DIRECTOR
MR IGNACIO BARON LÓPEZ	CHIEF FINANCIAL OFFICER

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

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

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

• The external auditor submits 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)	75	0	75
Amount for non-audit work/Amount for audit work (in %)	63.86	0.00	35.39

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

[ ] Yes
[√] No

C.1.34 Indicate the number of financial years in which the current audit firm has been 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	4	4

	Individual	Consolidated
No. of financial years audited by the current auditing firm/No. of financial years the Company or its Group has been audited (%)	10.53	10.53

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 2022.

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 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
Type of beneficiary	Description of the agreement
	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 2022 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.

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 about the clauses?	√	

C.2. Committees of the Board of Directors

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

DELEGATE COMMITTEE		
Name	Position	Category
MR JORGE GABIOLA MENDIETA	MEMBER	Independent
MR FRANCISCO IRAZUSTA RODRIGUEZ	CHAIRMAN	Executive
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 Articles of Association 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 2022.

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

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

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

The Appointments and Remuneration Committee (ARC) consists of a minimum of three and a maximum of five directors, all non-executive. At least two are independent and are designated taking into account the necessary knowledge, skills and experience and the tasks of the Committee. Its main mission is to contribute to the 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.

During 2022, the Appointments and Remuneration Committee's most important actions were related to:
a) the closing of remuneration for the financial year 2021 and proposed remuneration for 2022, b) the management team's objectives for 2022, c) the assessment of the functioning of the Board and its committees, d) the selection of the new Digital Transformation Director, e) the selection of the new Chief Financial Officer, f) the selection of the new Supply Chain Director, and g) the new Directors' Remuneration Policy for the financial years 2022, 2023 and 2024.

The Appointments and Remuneration Committee met four times in 2022.

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

% of executive directors	0.00

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

Explain the duties, including, if applicable, those additional to those provided for by law, attributed to this Committee; and describe its procedures and rules of organisation and operation. For each of these duties, indicate its most important actions during the financial year and how each of the duties attributed to it, either by law or in the Corporate Articles of Association 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 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 2022, the Audit Committee's most important actions were related to: a) the supervision of biannual financial information, b) the audit of the financial statements for the financial year, c) the control of operational risks d) the updating of the Corporate Risk Map, e) the financial information internal control system (ICFR) and f) the monitoring of regulatory compliance activity.
The Audit Committee met on six occasions in 2022.

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

Names of directors with experience	MS MARÍA SICILIA SALVADORES / MR JORGE GABIOLA MENDIETA / MR JESÚS PÉREZ RODRIGUEZ-URRUTIA / MS TERESA QUIRÓS

	ÁLVAREZ / MR ENRIQUE MIGOYA PELÁEZ
Date of appointment as Chair	16/12/2021

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							
	2022 financial year		2021 financial Year		2020 financial year		2019 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	2	40.00	1	33.33	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 2023, 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.	12.37	TUBOS REUNIDOS, S.A.	74,474	GENERAL SHAREHOLDERS' MEETING		NO

	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	

No transactions that are significant due to their amount or that are relevant due to their subject area have been carried out between the Company or its dependent entities and the administrators or managers of the Company in 2022.

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		

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 (and the members of Senior Management and key personnel, to whom this also applies) have a duty to take the necessary measures to avoid entering into situations in which either their own interests or those of others may conflict with the corporate interest and their duties toward the Company. In particular, the duty to avoid conflict of interest situations obliges Directors and their related persons to refrain from engaging in the conduct set out in 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.

Finally, it should be noted that the Company has a Code of Ethical Conduct, an internal regulation that expressly imposes upon all employees the duty to act exclusively in the interests of the Tubos Reunidos Group and to avoid conflicts of interest, and which provides that, if a conflict of interest is detected, it will be communicated to the compliance body (IMB) via the whistleblowing channel. The IMB will resolve the issue in accordance with the whistleblowing channel regulations, which can be found on the Company's website at the following link:
https://www.tubosreunidosgroup.com/uploads/cms/files/about-the-group/compliance/ANNEX-I-the-Internal-Regulations-of-the-IMB_Whistleblowing-Channel-R.pdf

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.

Risk management focuses on the risks identified using a specific methodology, without prejudice to the day-to-day management of circumstances affecting budget compliance and short-term objectives.

The risk identification process covers all possible risks, based on the 5 categories defined in the Corporate Policy for Risk Control and Management approved by the Board of Directors on 29 April 2021 and published on the website, which did not require updating in 2022.

The RMS is in continuous operation. According to the Corporate Policy, risks requiring greater attention are prioritised in levels, depending on their impact, probability of occurrence and reaction speed. These risks, also known as Level 1 risks, are regularly monitored in the Steering Committee and supervised directly by the Audit Committee on an ongoing basis.

The Group has identified a number of relevant ongoing risk management activities that are grouped into three types: risk identification activities, system effectiveness monitoring activities, and system update and continuous improvement activities.

In addition, specific elements of risk management have been defined, including the allocation of specific risks to organisational areas responsible for managing them, analysis by third parties from outside the Group, development of dedicated management systems for certain risks and the undertaking of assurance tasks by third parties.

The Risk Map was updated in 2022 (an annual practice in the group), using a process that involved the Steering Committee and certain areas of the Group to identify level 1 risks: We take international reports on the main environmental risks, events affecting the Group and changes to its environment into account in order to rank a number of risks by evaluating them individually against an impact scale, their probability and speed of occurrence and carry out a self-assessment of the level of management required for each risk identified. The individual results are checked collectively and an initial risk map is proposed to the Audit Committee, which evaluates it and incorporates any corrections it considers appropriate for its presentation to and subsequent approval by the Board of Directors, if applicable.

Level 1 risks are identified by applying risk tolerance criteria and are assigned managers (owners) within the Steering Committee for ongoing monitoring. These owners regularly report directly to the Audit Committee on how they are managing their risk, define the risk monitoring indicators used and propose related action plans.

In the update to the 2022 Risk Map, approved by the Board of Directors in July 2022, 11 Level 1 risks were defined. Of these 11 risks, managers of six of the risks explained their management strategies in detail to the Audit 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.

Indicators and action plans are defined for Level 1 risks, which are monitored by the Audit Committee. These indicators and action plans are multi-disciplinary in organisational terms, so that the owners of the risks are aware of and agree with the actions that are being carried out in relation to their risks by other areas of responsibility.

E.3. 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 to 31/12/2022, organised by categories are:

• In terms of Strategic risks: (i) those associated with the Strategic Plan and with the (ii) roll-out of the Commercial Plan, as well as with the (iii) Continuity of Industrial Activity (given the characteristics of the Group), the prices and supplies of (iv) raw materials and energy, (v) the model of representation abroad (one of the factors that defines the Group), (vi) climate change and sustainability, aims included in the wording of the Strategic Plan and the risks associated with (vii) free competition, which include changes in the international regulatory framework of the sector in which the Group operates.

• With regard to Financial risks, (viii) liquidity and going concern risks are the main focus as a result of the Group's current financial situation and the consequences of the COVID pandemic on its activity.

• Operational: (ix) cyber risks and risks associated with (x) digital transformation, as this is a strategic objective in the 2021-2026 Plan, as well as (xi) the talent and commitment of our employees towards the Group and its strategic objectives.

• No Level 1 risks have been identified in respect of Regulatory Compliance and Governance.

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:

- Impact on the objectives of the Strategic Plan: More than one of the objectives of the Strategic Plan is not met
- Economic impact (impact on EBITDA/Sales): 1.8 M–2.4 M
- Reputational impact: Nationwide media coverage with significant impact on image and brand
- Regulatory impact: Requires limited investigation by external authorities and regulatory bodies Amount of Management time required: Significant (>=10%)

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 financial year 2022 was marked by volatility and by the direct and indirect effects of the war in Ukraine. Widespread global uncertainty makes it difficult to make forecasts, even in the short term. Nevertheless, the Group was able to navigate this uncertain climate in 2022, which is reflected in the management results obtained.

The war in Ukraine has generated various impacts, including those arising from certain regulatory changes imposing restrictive measures on the Russian Federation, which particularly affect the Group's sector of activity, and especially its marketing, transport and purchasing activities. At the same time, EU and US authorities temporarily lifted the anti-competition measures that had been imposed against imports from Ukraine, enabling them to maintain the level of sales in the EU despite the invasion.

The volume of sales or orders destined for customers located in the affected countries is not significant for the Group but the conflict has an indirect effect, as both Russia and Ukraine are important producers and consumers of seamless steel pipes and are among the principal global suppliers of several of the raw materials and energy used in the Group's production process (scrap metal, various ferroalloys and natural gas, among others). These indirect effects are included in the volatility mentioned below.

Notable among the volatility indicators this year are the generalised increase in costs, especially of energy (gas and electricity), and freight (where the Group, due to the destinations of its shipments, is also more affected by the impact of increases in the cost of "general cargo" than container traffic), as well as, especially in the first half of the year, strong fluctuations in scrap and ferroalloys. The Group has addressed this situation by implementing measures in three main areas, such as:

• direct cost management:

- reaching agreements with suppliers, for both electricity and natural gas, and combining these agreements with financial measures to hedge against significant future price changes,

- implementing, as far as possible, changes and improvements in production processes to optimise the costs of raw materials and energy.

• reflecting cost increases in sales prices, streamlining internal bidding processes, ensuring our portfolios and product mix are weighted appropriately, and setting very short validity periods for our offers.

• management aimed at ensuring that there are no interruptions in the logistics chain to ensure production and delivery of orders to customers, which has enabled us, unlike other companies in the sector, to continue production despite the transport strike.

The sharp increase of the US dollar (the currency in which the Group makes the majority of its commercial offers) against the euro (the main currency in which the Group operates and its functional currency) had a positive net effect on income and expenses, as had the significant increase in the US market, in light of the increase in the price of a barrel of oil.

Changes in international trade legislation and, in particular, implementation of the agreement (of November 2021) between the US and the European Union of a hybrid mechanism for exports, which combines duty-free quotas for certain products with exemptions for others and makes exports more complex, which the Group has managed well, demonstrating agility and adaptability to change under complex administrative conditions.

Other risks associated with the aforementioned climate of volatility that the Group faces and which, despite having manifested themselves in 2022, will also impact subsequent years of the Strategic Plan, are interest rate fluctuations and the changing demand for investment projects that, whilst lower than desirable, is absorbing the increase in average prices.

As regards managing the risks associated with uncertainties about long-term energy supplies and their future prices, as well as those related to sustainability and the Group's compliance with the relevant objectives set out in its Strategic Plan, initiatives are being developed with the aim of unifying production processes between plants (unification of steel mills and cold-drawing processes), searching for and implementing alternative and/or complementary energy measures and long-term financial hedges, with financial instruments associated with renewable energy supplies.

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.

In respect of the main risks identified by the Group in its Risk Map (mentioned in section E.3 above), the risk owners submit their Action Plans to the Audit Committee at least once a year. These Action Plans are subject to subsequent monitoring and form the basis of risk management supervision.

The Audit Committee requires the Action Plans to be directly integrated into and form part of the ongoing management that the owners of the risks conduct on their own areas of responsibility, so that efficiencies are generated and risk management is as effective as possible. The Action Plans for 2022 include the following:

Monitoring the risks associated with Continuity of Industrial Activity is based on monitoring the assets of the industrial plants (preventive and investigative maintenance programs, identification of the most significant facilities and critical elements, development of replacement and strategic investment plans), labour disputes and cyber risks and digitisation within production plants.

In terms of the risks associated with free competition, the plans revolve around 4 main axes: continuous monitoring of the regulatory environment, active participation in forums and sector associations, surveillance, including active surveillance, of defined competition-related indicators, and operational monitoring of the application of regulatory provisions in the daily management of the Group.
The actions relating to liquidity risk and going concern focus on the continuous monitoring of the cash position, with updated short- and long-term estimates (the latter based on forecasts), the application, control and adjustment of investment policies and the monitoring of their implementation, the monitoring of the various financial and equity ratios and joint monitoring with the Group's financing entities.

In addition to other planned actions, in terms of cyber risks we note the launch, in November 2022, of an organisation-wide Cybersecurity Master Plan, which includes 12 initiatives covering different aspects, such as, for example, updating the Cybersecurity Policies, the DRP, repeating the backup tests, updating the assessment of vulnerabilities and assets, network maps, and system maps, among others.

The digital transformation of the Group is a specific objective and project included in the Strategic Plan and, as such, is directly monitored by the Governing Bodies. It is organised into 16 concrete actions, with objectives for financial years 2022, 2023 and 2024, ranging from defining in detail the digital transformation model, initiatives for suppliers and the Group's relationship with them, through communication campaigns, to training initiatives and adapting the organisation to the objectives.

Risks related to the talent and commitment of the Group's people to the strategic objectives are reflected in 20 actions, with multi-annual objectives. These include improving the employer brand and fostering and structuring internal promotion, as well as improving work instructions and procedures, actions aimed at reducing absenteeism and those aimed at reducing labour disputes.

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 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its oversight.

The Company's Board of Directors is 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 is the body responsible for overseeing the efficiency of the Group's ICFR. To carry out this task, it has an Internal Audit Division, which reports to the Committee.

The Steering Committee, in particular the Finance Division, is responsible for the design, implementation and effectiveness of the ICFR. The IT Division is also involved in this domain, since it is responsible for the existence and implementation of appropriate internal control policies and procedures for the information systems that support the relevant processes for the preparation and publication of financial information, including those related to access security, change control, systems operation, operational continuity and segregation of functions, all in relation to the Group's systems.

In accordance with these responsibilities, at its meeting of 27 October 2022 and at the proposal of its Audit Committee, the Board of Directors of Tubos Reunidos S.A. approved a "Corporate Policy on the Internal Control over Financial Reporting (ICFR) System", as part of its Corporate Governance documentation. As with all of the Group's Corporate Policies, it applies to all the companies within the Group and to all the people that are part of the Group. It is available for consultation on the Group's website.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

· Departments and/or mechanisms in charge of: (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:

One of the authorities that the Board of Directors cannot delegate is the approval of the definition and modification of the Group's organisational chart and the appointment and dismissal of its senior managers, so it is the Board who designs and reviews the organisational structure of the Group, at the proposal of the Chief Executive and based on a report on the matter from the Appointments and Remuneration Committee, and this applies to defining the lines of responsibility and authority in relation to the ICFR, and to distributing tasks and functions adequately, while seeking to segregate them.

The Steering Committee, in particular the Finance and Human Resources Divisions, is responsible for ensuring that the Group's organisational structure in relation to the ICFR is appropriate for complying with its objectives and that the lines of responsibility and authority and the distribution of tasks, functions and ICFR control activities are defined in suitable procedures. In this regard, they submit reasoned proposals to the Board of Directors, through the Chief Executive.

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.

In 2022, the Finance Division, in collaboration with an independent expert and at the request of the Audit Committee, took charge of updating the Group's ICFR System in the face of organisational changes (including in the Steering Committee) and recent significant structural adaptations (commercial mergers of Group companies).

Upon completion of this update, 46 employees were affected by the execution of the control activities and 26 people were affected in terms of their supervision, with the main organisational Areas affected being the Finance Division, the IT Division, the Secretary of the Board, the Legal Counsel, the Executive Committee, Human Resources, Purchasing and the Sales and Marketing Area.

· Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating if there are specific references to the registry of operations and preparation of financial information), the body in charge of analysing breaches and suggesting corrective actions and sanctions:

The Group has a Code of Ethical Conduct, approved by the Board of Directors, which relates to the members of the Board of Directors, the directors, the employees of the Group and all its companies, branches and agents, wherever their geographical location.

This Code of Ethical Conduct includes the Group's ethical values, one of which is compliance with the law, and the duties of disclosure and preparation of financial information. This Code of Conduct has the status of Corporate Policy within the Group's Corporate Governance documentation scheme, so it is available on the website for consultation.

In the Model for the Prevention of Criminal Liability of Legal Entities, the body in charge of analysing breaches and recommending corrective actions and sanctions is the Independent Monitoring Body (IMB), which reports to the Audit Committee and/or the Board of Directors itself, and which, at the end of 2022, was composed of the Secretary of the Board of Directors (who chairs the Body), the Finance Division, the Human Resources Division, the Internal Audit Division (non-voting member) and a member of Legal Counsel (as Secretary of the IMB). The composition of the IMB was updated in 2022, in response to the organisational changes that took place within the Group, as mentioned above.

Among the activities of the IMB in 2022 are disseminating the Code of Conduct and ensuring those within the Group commit to it, depending on their positions (there is a summarised version of it to facilitate this). Other relevant documents that affect the financial information preparation processes and that are defined and administered by the IMB are the "Commitment to the appropriate use of proxy powers" (intended for the Group's legal representatives) and the "Commitment to the appropriate use of credit cards" (intended for those who have this corporate means of payment).

· • 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 the Company's internal regulations and/or those of the companies within the Group must be reported as required by law. Potential irregularities of a financial and accounting nature must also be reported via this channel.

Any reports and queries received through this channel are reviewed by the IMB and reported to the Audit Committee.

Access to the whistleblowing channel is included in the code of conduct and can be accessed directly on the Group's website (https://www.tubosreunidosgroup.com/en/investors/compliance)

The IMB ensures: (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. Anonymous reports can be sent via the whistleblowing channel.

In 2022, access to the whistleblowing channel was extended with the launch of a telephone line that makes it possible to make calls and send written messages.

In 2022, the channel was notified of two queries, one complaint and four other situations that were referred from HR and which were evaluated as part of the annual activity of the IMB. No action was deemed necessary for the anonymous complaint. In any event, none of the issues mentioned is linked to financial information.

· Training and periodic updating programmes for the staff involved in the preparation and review of the financial information, as well as in the assessment of the FIICS, including, at least, accounting rules, auditing, internal control and risk management:

In addition to specific training programmes aimed at covering certain needs that may arise 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 it.

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.

The ICFR update carried out in 2022 updated the risk assessment procedure and the ICFR-specific risk matrix.

The risk determination process takes into account both quantitative criteria, which mainly apply the concept of materiality, and qualitative criteria, which take into account the high-value transactions in progress, the degree to which they are automated, the complexity of the transactions and the applicable accounting standards, etc.

For information systems and applications relating to financial information, the Systems Area, in collaboration with the Finance Area, conducts a specific risk analysis on the processing and preparation of data.

· 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 process covers all financial reporting objectives and includes potential fraud across the Board.

It was updated in 2022 and, as a result of this update, the Risk Matrix is weighted to cover the listed objectives as follows: 24% allocated to the Rights and Obligations objective, 18% each to both Valuation and Completeness, 16% to Existence and Occurrence, 15% to Fraud and 9% to Presentation.

· The existence of a process for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental entities or special purpose vehicles:

The Group's current corporate structure is relatively simple, following the merger of Group companies in 2021. However, on a quarterly basis, the head of Group Consolidation, who reports to the Finance Division, reports on the composition of the scope.

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, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The risk management model comprehensively analyses all types of risk, including in terms of financial reporting.

The qualitative criteria of the financial reporting risk assessment include verification of the possible effect that both level 1 risks (corporate risk matrix) and the risks arising during the course of the year may have on financial reporting.

In particular, within the financial reporting risk identification process, in 2022, particular account was taken of liquidity and going concern risk (in the financial risks category), and risks related to prices and supplies of raw materials and energy, as well as those of climate change and sustainability and free competition (for possible changes in the international regulatory framework), in the strategic risks category. Although they are not listed as Level 1 risks in 2022, regulatory compliance risks were also analysed, and changes that directly affect financial reporting in particular.

· Which of the Company's governing bodies oversees the process:

The Audit Committee is responsible for overseeing the financial reporting process and for assessing related risks. To ensure this oversight is effective, it mainly relies on the Internal Audit Division and, when planning its meetings, includes on the agenda specific points regarding risk assessment and monitoring, as well as the accounting treatment of particularly sensitive issues, such as accounting judgments and estimates.

Issues relating to financial reporting risk are also covered in the regular meetings that take place between the Audit Committee and the external auditor, and in particular changes to the applicable regulations and the external auditor's opinion on the most relevant aspects of the audit and the approach to be adopted regarding them.

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.

Any financial and general information about the Group that is likely to have an external impact is checked in advance by the Audit Committee.

The information reported (regularly or otherwise) to the securities market is prepared by the Finance Area, which carries out specific control activities during the accounting closing procedure aimed at guaranteeing its reliability.

Once it has completed its analysis, the Audit Committee informs the Board of Directors of the most relevant transactions that could affect the financial reporting through a range of measures, such as the monitoring of the Business Plan and the budget, as well as the most significant accounting estimates and judgments used to prepare them.

A reporting schedule is drawn up and deadlines set, which are known to all those involved in the process, and which comply with legal requirements. 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.

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 Group's ICFR system includes a risks and controls matrix with nine cycles (including one for control environment, another for supervision of the ICFR system and the risk assessment process and one specifically for information systems), 24 processes and 288 control activities to be carried out throughout the entire organisation (105 preventative checks and 183 investigative checks).

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.

A specific "IT environment" cycle has been defined in the Group's ICFR System Risks and Controls matrix, including four processes entitled "User applications", "Access control", "Change management" and "Operations and data processing centre". These processes include 30 control activities (19 preventive and 11 investigative). Additionally, the Systems area plays a significant role in 36 automatic controls in the ICFR System.

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.

Responsibility for defining and keeping the Group's accounting policies up to date lies with the Finance Division, which, alongside its other activities, meets with the external auditors prior to the date of financial year-end to update the annual accounts with any accounting developments and new breakdowns of information, as well as meeting with the external auditors, as often as required, to consult on specific topics and update the most relevant points of the audit, coordinating the subsidiaries' administrative managers to update them on the main accounting developments and resolving any accounting questions that may arise from people within the Group and as a result of the financial information preparation processes.

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. At the beginning of each financial year, the Head of Consolidation sends a monthly reporting calendar to the administrative managers of the various Group companies, in order to ensure that the information is received in sufficient time to enable the preparation of the consolidated financial statements in due time and form.

Information from the subsidiaries is reported using a standardised "Consolidation Reporting Package" that enables the subsidiaries to submit information in a uniform format.

The Group has a consolidation application, which allows for the aggregation of the financial statements of the various Group companies and for consolidation entries to be made.

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 oversight of the ICFR carried out by the Audit Committee during the year included, among other issues, analysing the Internal Audit reports and regular meetings with the Finance Division, prior to the publication of the financial information.

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 reports to the Audit Committee and includes responsibilities for reviewing the ICFR, in accordance with the Annual Internal Audit Plan approved and subsequently evaluated by the Committee.

The results of any ICFR-related incidents, together with any proposed corrective actions, are reported to the Audit Committee. The implementation of these measures is subject to subsequent monitoring by the internal audit function and reporting to the Committee.

As a result of the ICFR oversight conducted by the Audit Committee, the Committee itself required the ICFR to be updated, noting that it was out of date, mainly due to organisational and structural changes within the Group.

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 purposes of issuing a specific report on the matter, as the Group's ICFR was updated during 2022 in collaboration with an independent expert, combined with the fact that having the ICFR reviewed by the external auditor is not mandatory.

G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the Company's compliance with the recommendations of the Code of Good Governance for Listed Companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons for this decision should be included so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. Explanations of a general nature shall not be acceptable.

1. The Corporate Articles of Association 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. The company should make this policy public on its website, including information on how it has been put into practice and identifying the parties or persons responsible for implementing it.

   Without prejudice to the legal obligations to disclose inside information and other types of regulated information, the Company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels that it deems appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [X]   Partially complies [ ]   Explain [ ]

5. The Board of Directors should not submit to the General Shareholders' Meeting a proposal to delegate powers, to issue shares or convertible securities, excluding pre-emptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

   When the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive subscription rights, the Company should immediately publish on its website the reports on such exclusion referred to in the commercial legislation.

   Complies [X]   Partially complies [ ]   Explain [ ]

6. The listed companies that prepare the reports listed below, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the ordinary General Shareholders' Meeting, even if their 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 Appointments and Remuneration Committee, because this is not deemed necessary, as its rules of operation are detailed in the Board of Directors' Regulations, which are published on the Company's website and on the website of the CNMV. However, the Company will assess the value of doing so in the current year, so as to fully comply with the recommendation.

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.

The Company should have mechanisms that enable proxy voting and voting by electronic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting.

Complies [X]   Partially complies [   ]   Explain [   ]

The Company broadcast the General Shareholders' Meeting of 30 June 2022 live on its website and had mechanisms in place that enabled proxy-granting, attendance and voting by electronic means.

8. The Audit Committee should ensure that the annual accounts submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In cases where the statutory auditor has included a qualification in their audit report, the Chair of the Audit Committee should clearly explain the opinion of the Audit Committee on its content and scope at the General Shareholders' Meeting. A summary of this opinion should be made available to shareholders at the time 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.

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, neither in 2022 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 draft resolutions other than those formulated by the Board itself.

The Company understands that, if this has not been the case, the Company complies with the recommendation. In any case, if the situation arises, the Company will 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.

    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 2022 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.

Once financing had been obtained in 2021, in 2022, the Company's Board of Directors focused its efforts on achieving the Strategic Plan, while at the same time protecting the health and safety of its employees, in order to overcome the impact of the Covid-19 pandemic and to ensure continuity, profitability and maximise the value of the Company.

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 [X]   Partially complies [ ]   Explain [ ]

15. Proprietary and independent directors should constitute an ample majority of the Board of Directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by executive directors in the company's share capital.

The number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and thereafter, and not less than 30% prior to that.

Complies [ ] Partially complies [ ] Explain [X]

The composition of the Board is balanced and diverse, 36.36% of the total number of directors are independent and 36.36% of the directors are women, with this percentage increasing to 41.67% if the Secretary of the Board is included.

The Company is committed to diversity in its governing bodies, as demonstrated by the fact that the specialised committees of the Board (Audit Committee and Appointments and Remuneration Committee) are chaired by female directors and the role of Secretary of the Board of Directors is also held by a woman, and that women make up 50% of the members of the management body of the Group's most representative company (TR Group S.L.U.), consisting of two co-directors – one woman and one man.

The Company has the objective of exceeding 40% of female directors in mind for future appointments.

16. The percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

This criterion may be mitigated:

a) In large cap companies in which there are few 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. The number of independent directors should represent at least half of the total number of directors.

Nevertheless, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert who control more than 30% of the share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies [X] Explain [ ]

18. The companies should make public through their website and keep updated the following information about their directors:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether 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. 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 should be 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 the tenure for which they were appointed, except where just cause is found by the Board of Directors, based on a report from the Appointments Committee. In particular, just cause shall be deemed to exist when the director takes up new posts or incurs new obligations that prevent them from devoting the necessary time to the performance of the duties inherent to the post of director, fails to fulfil the duties inherent to their post or comes under any of the circumstances that cause them to lose their independent status, in accordance with the provisions of the applicable legislation.

    The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations involving a change in the capital structure of the company, when such changes in the structure of the Board of Directors are prompted by the proportionality criterion set out in Recommendation 16.

    Complies [X]   Explain [ ]

22. Companies should establish rules obliging directors to report and, where appropriate, resign when situations arise affecting them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company and, in particular, obliging them to inform the Board of Directors of any criminal proceedings in which they are under investigation, as well as the procedural events thereof.

    Having been informed of or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. This should be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the Company must disclose, where appropriate, when the relevant measures are taken.

    Complies [X]   Partially complies [ ]   Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the Company's interests. In particular, independent and other directors who are not affected by the potential conflict of interest should 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.

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. When they do occur, proxies should be granted with instructions.

Complies [X] Partially complies [ ] Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the Board meeting, they should, at the request of the person expressing them, be recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. The Company should provide suitable channels for directors to obtain the advice they need to carry out their duties, including, if the circumstances so require, external advice at the Company's expense.

Complies [X] Partially complies [ ] Explain [ ]

30. Regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programmes when circumstances so dictate.

Complies [X] Partially complies [ ] 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. The Chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to the duties assigned by law and the company's Articles of Association, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the Board and, where appropriate, the company's chief executive officer; be responsible for the management of the Board and the effectiveness of its functioning; ensure that sufficient time is given to the discussion of strategic issues; and approve and review refresher programmes for each director, when circumstances so advise.

Complies [X] Partially complies [ ] Explain [ ]

34. Where there is a Coordinating Director, the Articles of Association or Board regulations should grant them the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the Chairman and Vice-Chairmen, if any; to give voice to the concerns of non-executive directors; to maintain contacts with investors and shareholders to hear their views in order to form an opinion on their concerns, particularly in relation to the company's corporate governance; and to coordinate the Chairman's succession plan.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

35. The secretary of the Board of Directors should take special care to ensure that, in its actions and decisions, the Board of Directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

    Complies [X]   Explain [   ]

36. The Board of Directors in plenary session should assess, once a year, and adopt, where appropriate, an action plan to 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 [   ]

For the continuous information between the Board and the Committees, all the members of the Board have sufficient knowledge and criteria to perform the assessment in accordance with the process indicated in this Corporate Governance Report.

37. When there is an Executive Committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the Secretary of the Board of Directors.

    Complies [X]   Partially complies [   ]   Explain [   ]   Not applicable [ ]

The participation structure of the different categories of Directors is similar to that of the Board of Directors itself, and its Secretary is the Secretary of the Board.

The Executive Committee did not meet in 2022.

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 2022.

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 22 February 2022, 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) 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) 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) 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) 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, examine the circumstances that may have motivated such a decision.

   b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.

   c) Oversee that the Company reports the change of auditor to the CNMV accompanied by a statement of any possible disagreements with the outgoing auditor and, if they exist, their content.

   d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform it of the work performed and the development of the accounting and risk situation of the Company.

   e) Ensure that the Company and the external auditor comply with existing rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence.

Complies [X] Partially complies [ ] Explain [ ]

All of the above 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 Department.

47. The members of the Appointments and Remuneration Committee – or of the Appointments Committee and the Remuneration Committee, if they are separate – should have the knowledge, skills and experience appropriate to the duties they are called upon to perform, and the majority of such members should be independent directors.

Complies [X]   Partially complies [   ]   Explain [   ]

48. Large-cap companies should have a separate Appointments Committee and Remuneration Committee.

Complies [ ]   Explain [   ]   Not applicable [X]

49. The Appointments Committee should consult with the Chairman of the Board of Directors and the Chief Executive of the Company, especially on matters relating to executive directors.

Any Director should be able to request that the Appointments Committee consider potential candidates to fill Director vacancies on the Board, if it considers them suitable.

Complies [X]   Partially complies [   ]   Explain [   ]

50. The Remuneration Committee should perform its functions independently and have the following functions in addition to those assigned by law:

a) Propose to the Board of Directors the basic terms and conditions of the contracts of senior management.

b) Check compliance with the remuneration policy set by the Company.

c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their implementation, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the Company.

d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the Committee.

e) Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents, including the annual report on 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. The rules for the composition and functioning of the supervisory and control committees should be set out in the Board of Directors' Regulations and be consistent with those applicable to legally binding committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) They should be chaired by independent directors.

c) The Board of Directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports, and report on their activities at the first Board of Directors' plenary session following their meetings, and be accountable for the work carried out.

d) The committees should seek external advice when they 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. 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 [   ]

Supervision of compliance with corporate governance rules and internal codes of conduct is attributed to the Audit Committee (article 21 of the Board Regulations), which is responsible for monitoring compliance with internal codes of conduct and 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. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independence of judgement of non-executive directors.

Complies [X]   Explain [   ]

57. Variable remuneration linked to the company's performance and personal performance, as well as remuneration in the form of shares, options or rights over shares or instruments indexed to the value of the share and long-term savings schemes such as pension plans, retirement schemes or other social welfare schemes, should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The foregoing shall not apply to the shares that the Director needs to transfer, if any, to satisfy the costs related to their acquisition.

Complies [X]   Partially complies [   ]   Explain [   ]

Following the amendment of the Articles of Association and the Directors' Remuneration Policy approved by the General Shareholders' Meeting on 30 June 2022, with effect from 2022, the small variable remuneration equal to 0.5% of the consolidated net profit paid to all Directors has been withdrawn, in line with the principles of good corporate governance, so that variable remuneration in 2022 is limited exclusively to the executive directors.

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) Be based on a balance between meeting short, medium and long-term goals that allow remuneration for sustained performance for a period of time sufficient to appreciate contribution to sustainable value creation, so the measurement elements of that performance do not just revolve around one-off, occasional or extraordinary events.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

The terms of the Executive Chairman's contract and of the Remuneration Policy in force do ensure that the variable remuneration that can be accrued does reflect the Executive Chairman's professional performance and does not derive solely from the general evolution of the markets or the Company's sector of activity. 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 and these criteria 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 2022. 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 Articles of Association 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. Contractual arrangements should include a clause allowing the company to claim reimbursement of variable components of remuneration where payment has not been in line with performance conditions or where they have been paid on the basis of data subsequently found to be inaccurate.

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 Basque 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, and in this regard, it has gradually adopted the best practices recommended in the June 2020 version of the Unified Code of Good Governance for listed companies, and will continue to do so in the current year, because, although these recommendations are voluntary, the Company believes that they are an essential factor for value creation in the Company, improving economic efficiency and enhancing investor confidence.

It should be noted that, having considerably improved its corporate governance in 2021, the Company has continued to make significant progress during 2022 in its level of compliance with the good governance recommendations. During the 2022 financial year and up to the date of publication of this report, the Tubos Reunidos Group has advanced its Corporate Governance System in the following ways:

1) It has reviewed and updated three basic and foundational rules of the Group's governance system, which are of vital importance for the proper functioning of its governing bodies:

a) Amendment of the Articles of Association to adapt them to the current versions of the Spanish Capital Companies Law, the recommendations of the Code of Good Governance and the Regulations of the Board of Directors, which was proposed by the Board of Directors and approved by the General Shareholders' Meeting on 30 June 2022.

b) Amendment of the Regulations of the General Shareholders' Meeting to adapt them to the new Articles of Association, the Spanish Capital Companies Law, the Code of Good Governance and the Regulations of the Board of Directors, which was proposed by the Board of Directors and approved by the General Shareholders' Meeting on 30 June 2022.

c) Amendment of the Regulations of the Board of Directors to adapt them to the current Spanish Capital Companies Law and the recommendations of the Code of Good Governance of Listed Companies, approved by the Board of Directors on 27 January 2022, the details of which were reported to the General Shareholders' Meeting on 30 June. In particular, the introduction of a new Article 19a "Pursuit of social interest and sustainability" in the Articles of Association and the amendment to Article 7 "Pursuit of social interest" of the Regulations of the Board represent a very important milestone and an example of best practice, because they establish statutory and regulatory obligations for the Board of Directors that: (i) guide it towards creating long-term sustainable value that promotes its continuation, taking into consideration other stakeholders related to its business activity and its institutional reality; (ii) require that the pursuit of social interest complies with the laws and regulations and that the conduct of the Board is based on good faith, ethics and respect for commonly accepted uses and good practice; and (iii) make it obligatory for the social interest to comply with the legitimate interests of its employees, suppliers, customers, lenders and other stakeholders that may be affected, as appropriate, as well as the impact of the Group's activities on the community as a whole and the environment.

Significantly, sustainability and governance issues have been included in the Regulations, with particular emphasis on compliance and diversity.

2) In addition, during the 2022 financial year, the following mandatory corporate policies were drafted, approved by the Board of Directors, and published on the corporate website www.tubosreunidosgroup.com, Investors & Shareholders section, Corporate Policies sub-section:

• Policy for the selection of directors and diversity on the Board of Directors.
• Corporate policy on communication and contacts with shareholders, institutional investors, proxy advisors, and communication of economic, financial, non-financial and corporate information.
• Recruitment policy and relations with the external auditor.
• Corporate policy on the Internal Control over Financial Reporting (ICFR) system

3) Furthermore, upon the proposal of the Board of Directors, the General Shareholders' Meeting of 30 June 2022 approved an amendment to the Directors' Remuneration Policy for 2022, 2023 and 2024, which eliminates the variable remuneration of external directors, in line with best Corporate Governance practice.

4) Additionally, in 2022, an internal standard of special importance for our workers and team members, the Tubos Reunidos Group Occupational Health and Safety Policy, was developed and shared following its approval by the Board of Directors.

Thanks to the amendments and reforms made to the governance system in 2021 and 2022, Tubos Reunidos S.A. has achieved a high level of compliance with the Code of Good Governance of listed companies compared with that of other listed entities of its size in the same sector. Nevertheless, the Company's Board of Directors is strongly committed to making further progress in the field of good corporate governance in 2023, to adopting specific regulations for each of the Board's three Committees and to reviewing and updating its Internal Regulations on Conduct in the Securities Markets.

This Annual Corporate Governance Report has been approved by the Board of Directors of the Company, in its meeting dated:

23/02/2023

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

CNMV
SPANISH
NATIONAL
SECURITIES
MARKET

ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of relative financial year: 31/12/2022

Tax ID: A-48011555

Company name:

TUBOS REUNIDOS, S.A.

Registered office:

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

A. COMPANY REMUNERATION POLICY FOR THE FINANCIAL YEAR IN PROGRESS

A.1.1 Explain the current directors' remuneration policy applicable to the current financial year. To the extent that it is relevant, certain information may be included referencing the remuneration policy approved by the General Shareholders' Meeting, provided that the incorporation is clear, specific and precise.

The specific determinations for the current financial year should be described in terms of 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) An indication and, where appropriate, explanation as to 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 in order to apply temporary exceptions to the policy, the conditions under which such exceptions may be invoked and components that may be subject to exceptions according to the policy.

The current remuneration policy of the directors of Tubos Reunidos applicable to the current financial 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 30 June 2022.

In addition, in order to adapt it to this statutory framework, on 5 May 2022, the Board of Director's Appointments and Remuneration Committee 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 2022 as a separate item on the agenda, pursuant to Article 529r 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 said policy proposal, the Appointments and Remuneration Committee was composed of the following directors:

Chairwoman: Ms Ana Muñoz (Independent)
Members: Mr Cristobal Valdés (Proprietary) and Ms Maria Sicilia (Independent).

The General Shareholders' Meeting approved the current Policy by a large majority of votes (more than 99% of the capital present or represented with voting rights) on 30 June 2022, for its application from the same approval date thereafter, and it will remain valid for 2022, 2023 and 2024.

The general principles that make up the current Remuneration Policy of the Board of Directors of Tubos Reunidos are supported by the provisions of Article 217.4 of the Spanish Capital Companies Law, which establishes that the remuneration of directors must be in reasonable proportion to the importance of the Company, its economic situation at any given time and the market standards of comparable companies. In addition, it must be designed to promote the profitability and long-term sustainability of the Company and incorporate the necessary precautions to avoid excessive risk-taking and rewarding of unfavourable results. Based on this legal provision, the general principles that make up the Remuneration Policy of the Board of Directors of Tubos Reunidos are as follows:

a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values;

b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and actual dedication are suitably rewarded, taking into account market 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) Ensuring that remuneration contributes to the achievement of the Company's strategic objectives;

e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making, and;

f) Transparency in the remuneration policy.

The application of the Remuneration Policy aims to generate long-term value for shareholders and, in turn, ensure the sustainability of the Company's results and activity. The compensation established in favour of the directors is based on the remuneration items usual in the boards of listed Spanish companies.

With regard to the criteria used and the composition of the groups of comparable companies whose remuneration policies have been examined when establishing the 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 were examined, and that corporate governance best practices were taken into account when preparing the Remuneration Policy.

No external advisers participated in the preparation of the Policy adopted in 2022, 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 remuneration for 2022 and continues to be applied as at the date of this report.

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 are 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 are noted, 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 2022, none of the directors accrued any variable remuneration, with the exception of the Executive Chairman.

The administrators receive remuneration made up of two cumulative items: 1) a set amount and 2) expenses for attending meetings of the Board of Directors and Committees of the Board.

By means of the June 2022 amendment of the Remuneration Policy applicable to 2022, 2023 and 2024, which was approved on 30 June 2021, and following the good governance recommendations of listed companies, the only variable remuneration item for non-executive directors of the Company was removed. This item previously consisted of a 0.5% stake in consolidated net profit provided that the legal reserve was covered and shareholders had been paid a minimum dividend of 4%.

With regard to the remuneration mix of the only director with executive functions in 2022, Mr Francisco Irazusta, the relative importance or specific weight of his annual and multi-year variable remuneration with respect to the fixed component changes depending on the Company's performance and the degree of compliance with the parameters that are established for him, as his contract, signed and approved by the Board of Directors, 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

- A 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 remuneration 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 per cent (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 having been 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 from the incentive's accrual milestone), as well as the clawback 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 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 30 June 2022.

In addition, the Company followed the criteria established in the Directors' Remuneration Policy approved by the General Shareholders' Meeting on the same date, specifically the contents in the general principles and foundations of the same.

In determining the fixed components for external directors, the Company aims to remunerate the directors appropriately according to the dedication and responsibility assumed.

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 and contributing to the achievement of the strategic objectives 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.

The remuneration mix of the Executive Chairman therefore seeks to attract, retain and reward the most competent professionals, and it should be noted that it has been determined based on the Company's financial and equity situation at the time of its incorporation, as well as the concurrent circumstances in the 2021 financial year (in which the percentage was set for the quantification of the multi-year incentive). These criteria recommended establishing a lower fixed remuneration instead of a large fixed remuneration and rewarding the performance of executive functions that lead to the achievement of the Group's main objective (being viable and returning to the path of profitability) by accruing annual variable remuneration and multi-year remuneration linked to results and that help to achieve the Company's strategic objectives, for an amount sufficiently competitive and attractive as a tool to attract and retain the best professionals.

Establishing a stimulating reward for the great challenge of achieving strategic objectives was considered key to attracting, retaining and motivating the best executive directors at a difficult time in the Company's progress. It was also considered fair taking into account the level of responsibility and exposure assumed by the Executive Chairman, his qualifications, his knowledge and merits, and the dedication required.

Specifically, in setting the Executive Chairman's multi-year variable remuneration, the Company also took into account:

- The Company's position in the period prior to the entry into force of his 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 significant 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 Company considered the financial parameters to be key and therefore established indicators relating to operating performance and value creation in its Remuneration Policy. The amount linked to the creation of value, the basis for quantifying the incentive, is 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.

In compliance with this Multi-Year Variable Remuneration Plan linked to the creation of value for Tubos Reunidos in different cases and provisional milestones in favour of the Executive Chairman and people who are key to running the organisation, an expense of EUR 3.7 million was recorded under "Non-current provisions" and "Current provisions" in 2022. This amount corresponds to the Plan amount for all beneficiaries, which is considered as accrued for accounting purposes as at 31/12/22 based on the results obtained in the financial year. The payment of this amount, once the Plan's objectives have been achieved, is subject to various conditions and seniority at the Company. In 2021, no amount was accrued for this item because the objectives set had not been achieved.

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 his 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, including the Executive Chairman.

A.1.3 The amount and nature of the fixed components that are expected to be accrued during the year by the directors in their capacity as such.

The meeting of the Appointments and Remuneration Committee held on 13 February 2023 proposed, and the Board of Directors unanimously approved at its meeting held on 23 February, to maintain the reversible transitional 25% reduction applied to the remuneration of directors in their capacity as was agreed with effect from 1 February 2016, without prejudice to the modifications proposed by the committee at its meetings on 8 May 2017 and 6 June 2017.

In 2023, the current Directors' Remuneration Policy, approved on 30 June 2022 by the General Shareholders' Meeting and available on the Company website at https://www.tubosreunidosgroup.com/en/investors/corporate-governance-and-regulatory-compliance-policies, will be applied. The fixed remuneration of directors in their capacity as such (amount of the cash compensation accrued by the director for membership on the Board of Directors and its committees and for the positions held on the Board) is specified in section 4.1. "IN THEIR CAPACITY AS SUCH" of this policy, which stipulates the following:

In compliance with statutory provisions, the remuneration system for directors for their supervisory and joint decision-making functions, consists of:
a) Annual fixed remuneration for the role of member of the Board of Directors and proportional to the period of their mandate during the year.

b) Fixed remuneration for the Chairman of the Board of Directors in his capacity as director and which includes all remuneration items as such;
c) Fixed annual remuneration in addition to the foregoing for some external directors for their greater dedication.
d) Attendance fees for board and committee meetings, except for the Chairman of the Board of Directors, as set out in point b) above. In the case of the Chairs of the Supervisory Committees (Audit and Appointments and Remuneration), the fees for their positions is double.
e) No compensation is foreseen for the termination of the functions of director as such, nor contributions to pension systems.

Consequently, the total of the fixed components that are expected to be accrued by the directors in their capacity as such in the financial year is the same as in 2022, which is described in detail in section B.1.1. of this report.

A.1.4 The amount and nature of the fixed components to be accrued in the year for the executive directors' performance of senior management functions.

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, has agreed to maintain the fixed remuneration of the Executive Chairman for his executive functions in 2023.

The total fixed remuneration to be earned in 2023 by the Executive Chairman 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 2023 for this item.

A.1.5 The amount and nature of any component related to remuneration-in-kind to be accrued in the year including, but not limited to, insurance premiums paid in favour of the director.

No 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 he 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 (the premium does not exceed 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 his executive functions (in 2023 it is expected that EUR 23,725 will be accrued for this purpose).

A.1.6 The amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, including those related to society, the environment and climate change, selected to determine the variable remuneration in the current financial year, an explanation of the extent to which such parameters relate to the performance, of both the director and the 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, on 30 June 2022, the General Shareholders' Meeting of the Company decided to remove the variable remuneration attributed to the external directors with effect from 2022. This variable remuneration is linked to the Group's results, so if it were not removed the remuneration would have amounted to approximately EUR 200,000 in 2022. Short and long-term variable remuneration is therefore an element exclusively confined to the Executive Chairman.

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 his 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.

The financial and non-financial parameters selected to determine the variable remuneration for the 2023 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 2023, which includes aspects such as eco-downstream innovation, energy and environmental efficiency, the digitisation process, and the training and development of teams.

The amount of the short-term variable remuneration of the Executive Chairman for his executive functions for the current year (which is fixed at a maximum amount of EUR 240,000, equivalent to 60% of his total fixed remuneration) will be determined in the current financial year (2023) based on the achievement of the annual objectives set by the Board of Directors at the proposal of the Appointments and Remuneration Committee.

The economic and financial parameters used to quantify the annual variable remuneration of the Executive Chairman are very relevant and have a significant weighting of 40%. The parameters selected at the proposal of the Appointments and Remuneration Committee to determine variable remuneration in 2023 are linked to compliance with the Group's Strategic and Business Plan, and consist of two basic components:

1. Group EBITDA Levels (20% weighting)
2. Group Treasury Levels (20% weighting)

The joint achievement of both objectives is a sine qua non condition for any variable remuneration to be accrued in the current financial year, except for very exceptional circumstances to be assessed by the Appointments and Remuneration Committee and by the Board of Directors, and therefore for the variable remuneration linked to compliance with non-financial parameters to apply.

The non-financial parameters selected at the proposal of the Appointments and Remuneration Committee to determine the short-term variable remuneration of the Executive Chairman in 2023 are composed of three components:

3. Safety (5% weighting)
4. Absenteeism (10% weighting)
5. Compliance with other significant milestones of the Strategic Plan for 2023 (Eco-Downstream Innovation, Energy and Environmental Efficiency, Digitisation Process, and Training and Development of Teams) (45% weighting)

On the other hand, the established components of the long-term variable remuneration of the Executive Chairman in the current financial year (2022), which forms part of the Remuneration Policy approved by the General Shareholders' Meeting held on 30 June 2022 and which 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.), with an absolute maximum limit of EUR 12 million, are as follows:

1. One. Value creation (value of the resulting equity, quantified on the basis of the EBITDA financial items, market valuation multiples and net financial debt), with the initial reference value being EUR 30 million and subtracting the equity value of the starting Company, which was assessed at the beginning of the implementation of the long-term variable plan. (100% weighting, EUR 12 million)

With regards to the methodology, the time required and techniques envisaged to be able to determine, at the end of the 2023 financial year, the effective degree of compliance with the parameters used in the design of variable remuneration, in its first meeting of 2024, the Appointments and Remuneration Committee shall analyse and verify 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 have not established a system of savings or long-term forecasting, so the Company has not made any commitment of contribution or defined benefit to any system and consequently no contribution was made in 2022 and will not be made in the current financial year (2023), except as indicated below:

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 2023). 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 vested transfer and/or redemption rights, 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 his functions, powers or conditions of the provision of his 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 1 million; and

(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, unless waived by the Board on a case-by-case 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.

In 2022, no compensation was accrued under the Service Contract indicated above.

None of the remaining directors in office in 2022 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 its executive directors. 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 2022, the Company had a single Executive Director, Mr Francisco Irazusta, with a Service Contract in accordance with Article 249.3 of the Spanish 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 his 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 his 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 2022, 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 2022, 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 2022, there were no other remuneration items or supplementary remuneration other than those mentioned above, and no additional remuneration is expected for directors in the current financial year that is 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 replaced 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.

On 30 June 2022, the General Shareholders' Meeting approved by a majority of more than 99% an amendment to the Remuneration Policy. This amendment retains the amount and definition of the different basic elements that make up the fixed remuneration of the directors and retains the limits on the payment of bonuses or other variable or equivalent remuneration elements to members of the Board of Directors (the limits prohibit payment until 75% of the financial support granted to the Company by the Solvency Support Fund for Strategic Companies on 22 July 2021 has been repaid). The amendment also includes a relevant change: The abolition of the system of variable remuneration for directors in their capacity as such.

Specifically, the General Shareholders' Meeting approved the following amendments:

1) AMENDMENT OF SECTION 1 "INTRODUCTION"
Section 1 "INTRODUCTION" of the Remuneration Policy refers to Article 22 of the Board Regulations. Bearing in mind that the new consolidated text of the existing Board Regulations was approved on 27 January 2022, that reference was replaced by a reference to Article 26.7.B. a) of the Board Regulations.

2) AMENDMENT OF SECTION 2 "STATUTORY REGIME".
Section 2 "STATUTORY REGIME" of the Remuneration Policy refers to the statutory regime that applies to the remuneration of the directors of Tubos Reunidos. This statutory regime is outlined in Article 26 of the Corporate By-laws, which states "the latest text of which was approved by the General Shareholders' Meeting held on 22 June 2017".
Taking into account the new wording of Article 26 of the By-Laws approved by the General Shareholders' Meeting held on 30 June 2022, this phrase was replaced by the text "the latest text of which was approved by the General Shareholders' Meeting held on 30 June 2022", and replaces the transcription of the wording of Article 26 section 2 of the By-Laws approved on 22 June 2017 with the following transcription of the current wording of Article 26, in which the variable remuneration of directors in their capacity as such is removed from the remuneration system:

3) AMENDMENT OF SECTION 4.1 "(REMUNERATION STRUCTURE OF DIRECTORS) IN THEIR CAPACITY AS SUCH".
Section 4.1 "(REMUNERATION STRUCTURE OF DIRECTORS) IN THEIR CAPACITY AS SUCH" was amended to bring it into line with the new remuneration system stipulated in the By-laws, thus removing point e) of the previous version ("a symbolic profit share of 0.5% of the net profits of the consolidated group, provided that the legal reserve is covered and a minimum dividend of 4% has been recognised.") and also, consequently, as the text has become unnecessary following the abolition of variable remuneration for directors in their capacity as such, removing the final paragraph of the previous version ("In general, and without prejudice to their accrual, until 75% of the financial support that is being processed and is expected to be granted to the Company by the Solvency Support Fund for Strategic Companies is repaid, no bonuses or other elements of variable or equivalent remuneration shall under any circumstances be paid to the members of the Board of Directors, nor may any remuneration be paid to the members of the Board of Directors in the form of profit shares.").

The reason why the Board of Directors proposed such amendments to the General Shareholders' Meeting, following a proposal from the Appointments and Remuneration Committee, is due to the need to adapt to the new wording of the By-laws, which removes from the remuneration system the right of directors in their capacity as such to receive remuneration in the form of profit shares. This amendment is also due to the adjustment to the recommendations of the Code of Good Governance of Listed Companies (known by its Spanish acronym, CBG), specifically Principle 25 and the fact that the CNMV considers it advisable for non-executive directors to be excluded from variable remuneration linked to the performance of the company and the director, and Recommendation 57 of the CBG, which establishes that variable remuneration linked to the company's performance and personal performance should be limited to executive directors. Therefore, abolishing remuneration in the form of profit shares led to the Company following the good governance recommendations more closely.

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 https://www.tubosreunidosgroup.com/en/investors/corporate-governance-and-regulatory-compliance-policies (Directors' Remuneration Policy).

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 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.

https://www.tubosreunidosgroup.com/en/investors/corporate-governance-and-regulatory-compliance-policies (Directors' Remuneration Policy)

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 held on 30 June 2022 on the Annual Remuneration Report for the 2021 financial year with a majority of 99% (vote in favour from 81,387,678 shares present or represented against a total of 81,412,191 shares present or represented with voting rights) was interpreted as virtually unanimous support for the current Remuneration Policy and its implementation by the Board of Directors, which was assessed very 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.

In accordance with the provisions of the Corporate Governance System of the Tubos Reunidos Group, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, sets the remuneration of directors pursuant to the Board Remuneration Policy, which must always be approved by the General Shareholders' Meeting.

The Appointments and Remuneration Committee, at its meeting held on 17 February 2022, agreed to propose to the Board of Directors, which gave its approval at its meeting of 24 February 2022, to maintain the following remuneration for the 2022 financial year, pursuant to the Company's remuneration policy:

a) Fixed remuneration: EUR 32,500 gross per year.

b) Attendance fees: EUR 1,500 gross per meeting and EUR 2,250 gross per meeting of the Delegate Committee. The Chairs of the Audit and Appointments and Remuneration Committees are to receive EUR 3,000 gross per meeting.

c) Regarding the Coordinating Director Jorge Gabiola, the additional amount is maintained for his greater dedication (EUR 37,500).

d) There is an additional annual fixed remuneration of EUR 20,000 for the member Mr Jesús Pérez Rodriguez-Urrutia (other external directors) for his increased dedication 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 by the ratification and partial novation of the terms of his contract agreed by the Appointments and Remuneration Committee on 26 May 2021, which was subsequently unanimously approved by the Board of Directors on 26 May 2021. This remuneration is as follows:

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, 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, and multi-year variable remuneration conditional on achievement of financial targets.

No external advisers were involved in the process of implementing the remuneration policy for the 2022 financial year.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that arose during the financial year.

In the 2022 financial year, 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 the 2022 financial year.

B.2. Explain the different actions taken by the Company in relation to the remuneration system and how these contributed to reducing exposure to excessive risks and to adjusting it to the Company's long-term 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 explain 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 the 2022 financial year nor the current financial year 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 to which we refer. 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, and that it is clearly aligned with the interests of the shareholders.

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 remuneration accrued and vested in the 2022 financial year fully complies with the provisions of the current Board Remuneration Policy and contributes to the sustainable and long-term performance of Tubos Reunidos.

The general principles that make up the Remuneration Policy of the Board of Directors of Tubos Reunidos are as follows:

a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values;

b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and 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) Ensuring that remuneration contributes to the achievement of the Company's strategic objectives;

e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making, 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) Aligning the remuneration policy with the Company's strategy so that the variable part rewards the achievement of the Company's strategic objectives;

b) Providing competitive remuneration that will allow the Company to attract, retain and motivate the most suitable professionals to achieve these strategic objectives;

c) Setting in place remuneration based on objective criteria in terms of individual performance and the attainment of the business objectives of the Company and the Group, and

d) Striking a reasonable balance between the various remuneration components, i.e. short-term fixed remuneration, annual variable remuneration and longer-term incentives.

The remuneration accrued and consolidated in 2022 complies with the provisions of these principles. The remuneration of the external directors consists exclusively of fixed components (fixed remuneration and attendance fees) that reward their level of responsibility, qualification and actual dedication, and, in terms of the amount, this remuneration was contrasted with market benchmarks as these appear in third-party reports published on the remuneration of the boards of directors of listed companies in Spain. The variable component of the remuneration of external directors was removed, which contributes to sustainable performance and prudent risk management in decision-making, without conditional factors derived from company performance measures that could affect their independence and professionalism.

With regard to the only Executive Director in charge in 2022, in that year he earned a total of EUR 202,200 in annual variable remuneration, having achieved certain performance objectives that had been set by the Appointments and Remuneration Committee and approved by the Board of Directors. This remuneration is linked to the positive change in the Company's short-term performance. The payment of this amount was subject to the condition that 75% of the loan from the Solvency Support Fund for Strategic Companies (known by its Spanish acronym, FASEE) had been repaid.

The annual variable remuneration accrued by the Executive Chairman in 2022 complied with the provisions of the current remuneration policy because the Remuneration Policy for Directors in force in 2022 establishes the following remuneration item in point 4.2. b) regarding the remuneration structure of executive directors: "b) An annual variable remuneration of a maximum of EUR 240,000 (60% of the fixed remuneration plus the amount received in their capacity as director), 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." The remuneration accrued fulfils both conditions because it does not exceed the maximum limit and was specified by virtue of the achievement of the objectives set by the Board of Directors at the proposal of the Appointments and Remuneration Committee.

On the other hand, it should be noted that in determining the variable remuneration accrued in the short term by the Executive Chairman, account has been taken of the achievement of the objectives set for him by the Appointments and Remunerations Committee, which are set out in section B7 of this report, to which we refer.

The indicated amount of variable remuneration accrued by the Executive Chairman undoubtedly contributes to the improvement of the short and long-term results of Tubos Reunidos because it works as a tool to motivate and retain the Group's Chief Executive and to reward his good performance, which has a direct impact on these results.

B.4. Report on the outcome of the advisory vote on the General Meeting 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	81,412,191	46.97

	Number	% of votes cast
Votes against	24,513	0.03
Votes in favour	81,387,678	99.97
Blank votes		0.00
Abstentions		0.00

Observations

B.5. Explain how the fixed components accrued and vested during the year by the directors for their role were determined, their relative proportion for each director and how these varied from the year before.

The fixed components accrued during the 2022 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.

a.2. Coordinating Director: an additional EUR 37,500 per annum for increased commitment and functions. Same figure as in previous years.

a.3. Executive Chairman: EUR 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 for each member per Board meeting and Supervisory Committees meeting (EUR 975 net). Same figure since 2017.

b.2.Chairs of Audit and Appointment and Remuneration Committees: EUR 3,000 per meeting (EUR 1,950 net) for their increased commitment and preparation. This figure has been applied since 2017.

There are no changes from the previous year in determining the accrued and vested fixed components.

B.6. Explain how the salaries accrued and vested during the last year were determined for each of the executive directors for the performance of management functions, and how these changed from the previous year.

The salary earned during the 2022 financial year by the sole Executive Director, Mr Francisco Irazusta, was determined pursuant to and with the 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 (amended on 30 June 2022).

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 Spanish Capital Companies Law.

On 23 April 2020, the Committee was composed of the following directors:

Chairwoman: Ana Muñoz (Independent)
Members: Mr Jorge Gabiola (independent), Mr Cristóbal Valdés (proprietary) and Mr Juan Maria Román (independent)

The terms of remuneration of the Executive Director were also approved by the General Shareholders' Meeting on 30 June 2022.

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 2022 from that established at the time that he was appointed in May 2020.

In 2022, the Executive Chairman performed his executive function for 12 months and therefore earned a total fixed remuneration of EUR 325,000.

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 the role 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 must include information on the conditions for both acquiring unconditional entitlement (vesting) and for exercising such options or financial instruments, including the price and period of exercise.

c) Each of the directors and their category (executive directors, external proprietary directors, independent external directors or other external directors) who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.

d) Where applicable, specify the 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 2022 financial year.

With regard to the Executive Chairman, the Appointments and Remuneration Committee, at its meeting of 17 February 2022, approved by the Board at its meeting of 24 February 2022, set out objectives for him, the achievement of which resulted in the accrual of EUR 202,200 of short-term variable remuneration in the year ended, which the Appointments and Remuneration Committee reported to the Board of Directors at its meeting on 26 January 2023.

With regard to the criteria used for the evaluation of performance in 2022 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 amount of the short-term variable remuneration of the Executive Chairman for his executive functions for the current financial year (which is fixed at a maximum amount of EUR 240,000, equivalent to 60% of his total fixed remuneration) was determined in the year ended on the basis of the achievement of the annual objectives set by the Board of Directors at the proposal of the Appointments and Remuneration Committee.

The financial parameters used were highly relevant, have an important weighting for the quantification of variable remuneration, are linked to the fulfilment of the Strategic and Business Plan of the Group, and consist of two basic components:

1. Group EBITDA Levels (20% weighting)
2. Group Treasury Levels (20% weighting)

The non-financial parameters selected at the proposal of the Appointments and Remuneration Committee to determine the short-term variable remuneration of the Executive Chairman in 2022 are composed of three components:

3. Safety (5% weighting)
4. Absenteeism (5% weighting)
5. Compliance with other significant milestones of the Strategic Plan for 2022 (Eco-Downstream Innovation, Energy and Environmental Efficiency, Digitisation Process, and Training and Development of Teams) (50% weighting)

The Committee has measured the strategic financial objectives set for the Executive Chairman for 2022 and considers them to be fully achieved. As for the rest of the non-financial objectives, it considers them achieved to the following degree:
- Safety: degree of achievement: 95%
- Absenteeism: degree of achievement: 0%
- Other significant milestones: degree of achievement: 78.70%.

The total degree of achievement of the priority objectives therefore set for the Executive Chairman for the purposes of his short-term variable remuneration was 84.25%, which means a short-term variable remuneration accrued in 2022 amounting to EUR 202,200.

It should also be noted that, at its meeting on 13 February 2023, the Appointments and Remuneration Committee agreed to propose that the Board of Directors, which in turn approved this on 23 February 2023, recognise in favour of the Executive Chairman the consolidation of a variable remuneration to the amount of EUR 70,000, which was accrued in 2021 but which, as stated in the minutes of the Appointments and Remuneration Committee of 17 February 2022 and as approved by the Board of Directors on 24 February 2022, was subject to the condition that the EBITDA and cash targets set for 2022 were achieved. This means that, regardless of its accrual in 2021, it would only accrue and become payable if certain parameters were achieved in 2022. The quantification and recognition of this annual variable remuneration for 2021, which was vested in 2022 once the Committee found that the objectives set for 2022 had been achieved, was carried out by agreement of the Board of Directors on 23 February 2023, pending assignment until that date.

Explain the long-term variable components of the remuneration systems:

The Executive Chairman is the only Board member who has long-term variable remuneration under the terms and conditions already described in this report, as established in his contract and in the remuneration plan approved by the General Shareholders' Meeting.

The right of the Executive Chairman to receive long-term variable remuneration is conditioned by the existence of contractual lock-up and clawback clauses, which can totally or partially reduce said remuneration. Therefore, until the period of validity of the Long-Term Variable Remuneration Plan has ended and it has been verified whether or not the application of these clauses is appropriate, no multi-year variable remuneration may be taken as accrued, as it has not yet been consolidated and allocated as remuneration for 2022.

In this regard, it should be noted that, taking into account the degree of objective achievement to which long-term remuneration was linked, once the budgets and milestones established as a financial condition for the Executive Chairman and key members of the organisation to accrue the multi-year incentive linked to the value creation of Tubos Reunidos in different cases and temporary milestones were deemed to have been met in 2022, the Company recorded an expense of EUR 3.7 million under non-current provisions and current provisions in 2022. This amount corresponds to the Plan total for all the beneficiaries, which is considered accrued for accounting purposes at 31/12/22 based on the results obtained in the year. The payment of this amount, once the Plan's objectives have been achieved, is subject to various conditions and seniority at the Company. The Executive Chairman will not receive payment of any variable remuneration until the repayment of 75% of the FASEE debt.

The established components of the long-term variable remuneration of the Executive Chairman in the current financial year (2022), which forms part of the Remuneration Policy approved by the General Shareholders' Meeting held on 30 June 2021 and whose objective is 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.), with an absolute maximum limit of EUR 12 million, which was taken into account to determine the accounting accrual of EUR 3.7 million for all the beneficiaries, are as follows:

1. One. Value creation (value of the resulting equity, quantified on the basis of the EBITDA financial items, market valuation multiples and net financial debt), with the initial reference value being EUR 30 million and subtracting the equity value of the starting Company, which was assessed at the beginning of the implementation of the long-term variable plan. (100% weighting, EUR 12 million)

B.8. Indicate whether certain accrued variable components were reduced or a clawback 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.

In the 2022 financial year there was no reduction or clawback of any variable components.

B.9. Explain the main characteristics of long-term savings plans whose equivalent annual amount or cost are listed in the tables in section C, including pension and any other survival benefits, which are partially or fully funded by the Company, whether endowed internally or externally, and indicate the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the conditions for the consolidation of economic rights in favour of directors and their compatibility with any kind of indemnification for early resolution or termination of the contractual relationship between the Company and the director.

In general, the directors have not established a long-term savings or benefits plan that is financed in whole or in part by the Company. Consequently, no contribution was made in 2022 and none will be made in the current financial year (2023), 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 2022 (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. The collection of the benefit or the exercise of the redemption right is only possible in the event of any occurrence of the contingencies or liquidity assumptions stipulated in the benefits plan regulations. The value of vested rights, benefits and liquidity assumptions depends on the market value of the assets in the benefits plan. Vested rights are intended to cover contingencies such as retirement, disability, death and dependency, and certain liquidity 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.

In 2022, no compensation or payments were accrued or received as a result of early departure of members of the Board of Directors.

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 2022, there were no significant changes made to the contract of the sole Executive Director, Executive Chairman, Mr Francisco Irazusta.

No new contracts were signed with executive directors during the financial year.

B.12. Explain any additional remuneration accruing to directors in exchange for services rendered other than those inherent in their duties.

In 2022, 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 2022, there was no remuneration to directors arising from the granting of advances, loans or guarantees, nor were any obligations assumed on their behalf by way of guarantee.

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 2022 financial year, except for the premium from inclusion in the life and accident insurance of the sole Executive Director in 2022, Executive Chairman, Mr Francisco Irazusta, the amount of which was totally inconsequential and less than the minimum unit of EUR 1,000 used in section C of this Report.

B.15. Explain any remuneration accrued by a director based on payments made by the listed company to a third-party entity for which the director provides services, when such payments are intended to remunerate the services of the director within the Company.

In 2022, no remuneration was accrued on the basis of payments made by the Company to a third-party entity for which the director(s) provide services.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the above, whatever its nature or the group entity that pays it, including any benefits in any form, such as when considered to be a related-party transaction or, specifically, when it significantly affects the faithful picture of the total remuneration accrued by the Director. Specify the amount paid or pending payment, the nature of the remuneration received and the reasons why it would not have been considered, where applicable, 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 2022, there were no remuneration items other than those already mentioned in this Report.

C. BREAKDOWN OF INDIVIDUAL REMUNERATION FOR EACH DIRECTOR

Name	Type	Accrual period 2022 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman	From 01/01/2022 to 31/12/2022
MR EMILIO YBARRA AZNAR	Proprietary Deputy Chairman	From 01/01/2022 to 31/12/2022
MR JORGE GABIOLA MENDIETA	Coordinating Director	From 01/01/2022 to 31/12/2022
MR ENRIQUE MIGOYA PELÁEZ	Proprietary Director	From 01/01/2022 to 31/12/2022
MR CRISTÓBAL VALDÉS GUINEA	Proprietary Director	From 01/01/2022 to 31/12/2022
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Proprietary Director	From 01/01/2022 to 31/12/2022
MR ALFONSO BARANDIARÁN OLLEROS	Proprietary Director	From 01/01/2022 to 31/12/2022
MS ANA MUÑOZ BERAZA	Independent Director	From 01/01/2022 to 31/12/2022
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Other External Director	From 01/01/2022 to 31/12/2022
MS TERESA QUIRÓS ÁLVAREZ	Independent Director	From 01/01/2022 to 31/12/2022
MS MARIA SICILIA SALVADORES	Independent Director	From 01/01/2022 to 31/12/2022

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 on committees of the board	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2022 financial year	Total 2021 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	75			325	272				672	540
MR EMILIO YBARRA AZNAR	33	16							49	49
MR JORGE GABIOLA MENDIETA	70	27							97	100
MR ENRIQUE MIGOYA PELÁEZ	33	22							55	54
MR CRISTÓBAL VALDÉS GUINEA	33	18							51	55
MS LETICIA ZORRILLA DE LEQUERICA PUIG	33	16							49	49
MR ALFONSO BARANDIARÁN OLLEROS	33	16							49	49
MS ANA MUÑOZ BERAZA	33	25							58	69
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	53	25							78	71
MS TERESA QUIRÓS ÁLVAREZ	33	34							67	6
MS MARIA SICILIA SALVADORES	33	28							61	6

Observations

For comparing the remuneration figure of the independent directors Ms Teresa Quirós and Ms Maria Sicilia, compared to that of the previous year, it should be taken into consideration that they were appointed on 16 December 2021.

The General Shareholders' Meeting of 29 October 2020 approved, with effect from that date, a Multi-Year Variable Remuneration Plan linked to the creation of value for Tubos Reunidos in different cases and provisional milestones in favour of the Executive Chairman and people who are key to running the organisation. In the 2022 financial year, an expense of EUR 3.7 million was recorded under "Non-current provisions" and "Current provisions", corresponding to the amount of the plan for all the beneficiaries that is considered accrued for accounting purposes as at 31 December 2022 based on the results obtained during the financial year. The payment of this amount, once the Plan's objectives have been achieved, is subject to various conditions and seniority at the Company. In the case of the Executive Chairman, his payment is conditioned on the repayment of 75% of the FASEE debt.

ii) Table of movements of share-based remuneration plans and gross earnings from vested shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of the 2022 financial year		Financial instruments granted during the 2022 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2022 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MR FRANCISCO IRAZUSTA RODRIGUEZ	Plan							0.00				
MR EMILIO YBARRA AZNAR	Plan							0.00				
MR JORGE GABIOLA MENDIETA	Plan							0.00				
MR ENRIQUE MIGOYA PELÁEZ	Plan							0.00				
MR CRISTÓBAL VALDÉS GUINEA	Plan							0.00				
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Plan							0.00				
MR ALFONSO BARANDIARÁN OLLEROS	Plan							0.00				
MS ANA MUÑOZ BERAZA	Plan							0.00				
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Plan							0.00				

Name	Name of the plan	Financial instruments at the beginning of the 2022 financial year		Financial instruments granted during the 2022 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2022 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MS TERESA QUIRÓS ÁLVAREZ	Plan							0.00				
MS MARIA SICILIA SALVADORES	Plan							0.00				

Observations
No member of the Board of Directors has a share-based remuneration plan in place.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
MR FRANCISCO IRAZUSTA RODRIGUEZ	24
MR EMILIO YBARRA AZNAR	
MR JORGE GABIOLA MENDIETA	
MR ENRIQUE MIGOYA PELÁEZ	
MR CRISTÓBAL VALDÉS GUINEA	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	
MR ALFONSO BARANDIARÁN OLLEROS	

Name	Remuneration through the vesting of rights to savings plans
MS ANA MUÑOZ BERAZA	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	
MS TERESA QUIRÓS ÁLVAREZ	
MS MARIA SICILIA SALVADORES	

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	
	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	24	24			64	40		
MR EMILIO YBARRA AZNAR								
MR JORGE GABIOLA MENDIETA								
MR ENRIQUE MIGOYA PELÁEZ								
MR CRISTÓBAL VALDÉS GUINEA								
MS LETICIA ZORRILLA DE LEQUERICA PUIG								
MR ALFONSO BARANDIARÁN OLLEROS								
MS ANA MUÑOZ BERAZA								

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA								
MS TERESA QUIRÓS ÁLVAREZ								
MS MARIA SICILIA SALVADORES								

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 2022.

iv) Detail of other items

Name	Item	Remuneration amount
MR FRANCISCO IRAZUSTA RODRIGUEZ	Item	
MR EMILIO YBARRA AZNAR	Item	
MR JORGE GABIOLA MENDIETA	Item	
MR ENRIQUE MIGOYA PELÁEZ	Item	
MR CRISTÓBAL VALDÉS GUINEA	Item	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Item	

Name	Item	Remuneration amount
MR ALFONSO BARANDIARÁN OLLEROS	Item	
MS ANA MUÑOZ BERAZA	Item	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Item	
MS TERESA QUIRÓS ÁLVAREZ	Item	
MS MARIA SICILIA SALVADORES	Item	

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 2022 financial year	Total 2021 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ										
MR EMILIO YBARRA AZNAR										
MR JORGE GABIOLA MENDIETA										
MR ENRIQUE MIGOYA PELÁEZ										
MR CRISTÓBAL VALDÉS GUINEA										
MS LETICIA ZORRILLA DE LEQUERICA PUIG										

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2022 financial year	Total 2021 financial year
MR ALFONSO BARANDIARÁN OLLEROS										
MS ANA MUÑOZ BERAZA										
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA										
MS TERESA QUIRÓS ÁLVAREZ										
MS MARIA SICILIA SALVADORES										

Observations

No member of the Board accrued remuneration for membership on 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 the 2022 financial year		Financial instruments granted during the 2022 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2022 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MR FRANCISCO IRAZUSTA RODRIGUEZ	Plan							0.00				
MR EMILIO YBARRA AZNAR	Plan							0.00				
MR JORGE GABIOLA MENDIETA	Plan							0.00				
MR ENRIQUE MIGOYA PELÁEZ	Plan							0.00				
MR CRISTÓBAL VALDÉS GUINEA	Plan							0.00				
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Plan							0.00				
MR ALFONSO BARANDIARÁN OLLEROS	Plan							0.00				

Name	Name of the plan	Financial instruments at the beginning of the 2022 financial year		Financial instruments granted during the 2022 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2022 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MS ANA MUÑOZ BERAZA	Plan							0.00				
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Plan							0.00				
MS TERESA QUIRÓS ÁLVAREZ	Plan							0.00				
MS MARIA SICILIA SALVADORES	Plan							0.00				

Observations

No member of the Board of Directors has a share-based remuneration plan in place.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
MR FRANCISCO IRAZUSTA RODRIGUEZ	24
MR EMILIO YBARRA AZNAR	
MR JORGE GABIOLA MENDIETA	
MR ENRIQUE MIGOYA PELÁEZ	
MR CRISTÓBAL VALDÉS GUINEA	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	
MR ALFONSO BARANDIARÁN OLLEROS	
MS ANA MUÑOZ BERAZA	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	
MS TERESA QUIRÓS ÁLVAREZ	
MS MARIA SICILIA SALVADORES	

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	
	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	24	24			64	40		
MR EMILIO YBARRA AZNAR								
MR JORGE GABIOLA MENDIETA								

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year	2022 financial year	2021 financial year
MR ENRIQUE MIGOYA PELÁEZ								
MR CRISTÓBAL VALDÉS GUINEA								
MS LETICIA ZORRILLA DE LEQUERICA PUIG								
MR ALFONSO BARANDIARÁN OLLEROS								
MS ANA MUÑOZ BERAZA								
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA								
MS TERESA QUIRÓS ÁLVAREZ								
MS MARIA SICILIA SALVADORES								

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 2022.

iv) Detail of other items

Name	Item	Remuneration amount
MR FRANCISCO IRAZUSTA RODRIGUEZ	Item	
MR EMILIO YBARRA AZNAR	Item	
MR JORGE GABIOLA MENDIETA	Item	
MR ENRIQUE MIGOYA PELÁEZ	Item	
MR CRISTÓBAL VALDÉS GUINEA	Item	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Item	
MR ALFONSO BARANDIARÁN OLLEROS	Item	
MS ANA MUÑOZ BERAZA	Item	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Item	
MS TERESA QUIRÓS ÁLVAREZ	Item	
MS MARIA SICILIA SALVADORES	Item	

Observations

No board member accrued any remuneration for other items.

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 2022 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2022 Group	Total 2022 Company + Group
MR FRANCISCO IRAZUSTA RODRIGUEZ	672		24		696						696
MR EMILIO YBARRA AZNAR	49				49						49
MR JORGE GABIOLA MENDIETA	97				97						97
MR ENRIQUE MIGOYA PELÁEZ	55				55						55
MR CRISTÓBAL VALDÉS GUINEA	51				51						51
MS LETICIA ZORRILLA DE LEQUERICA PUIG	49				49						49
MR ALFONSO BARANDIARÁN OLLEROS	49				49						49
MS ANA MUÑOZ BERAZA	58				58						58

Name	Remuneration accrued in the Company					Remuneration accrued in companies of the Group					Total 2022 Company + Group
	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2022 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2022 Group	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	78				78						78
MS TERESA QUIRÓS ÁLVAREZ	67				67						67
MS MARIA SICILIA SALVADORES	61				61						61
TOTAL	1,286		24		1,310						1,310

Observations

C.2. Indicate the change over the last five years to the amount and the percentage change in the accrued remuneration for each of the directors who were directors of the listed company during the financial year, in the consolidated earnings of the Company and in the average remuneration on a full-time equivalent basis of employees of the Company and its dependent companies who are not directors of the listed company.

	Total amount accrued and % annual variation								
	2022 financial year	% variation 2022/2021	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year	% variation 2019/2018	2018 financial year
Executive directors									

	Total amount accrued and % annual variation								
	2022 financial year	% variation 2022/2021	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year	% variation 2019/2018	2018 financial year
MR FRANCISCO IRAZUSTA RODRIGUEZ	696	23.40	564	27.60	442	-	0	-	0
External directors									
MR EMILIO YBARRA AZNAR	49	0.00	49	0.00	49	2.08	48	0.00	48
MR JORGE GABIOLA MENDIETA	97	-3.00	100	-5.66	106	-4.50	111	7.77	103
MR ENRIQUE MIGOYA PELÁEZ	55	-3.51	57	5.56	54	-5.26	57	78.13	32
MR CRISTÓBAL VALDÉS GUINEA	51	-7.27	55	1.85	54	10.20	49	25.64	39
MR ALFONSO BARANDIARÁN OLLEROS	49	0.00	49	0.00	49	0.00	49	0.00	49
MS ANA MUÑOZ BERAZA	58	-15.94	69	0.00	69	13.11	61	-4.69	64
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	78	9.86	71	2.90	69	-	0	-	0
MS MARIA SICILIA SALVADORES	61	916.67	6	-	0	-	0	-	0
MS TERESA QUIRÓS ÁLVAREZ	67	Unknown	6	-	0	-	0	-	0
MS LETICIA ZORRILLA DE LEQUERICA PUIG	49	0.00	49	0.00	49	0.00	49	0.00	49
Consolidated earnings of the Company									
	43,498	-	-64,676	33.94	-97,905	-136.06	-41,475	-20.47	-34,427
Average employee remuneration									

	Total amount accrued and % annual variation								
	2022 financial year	% variation 2022/2021	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year	% variation 2019/2018	2018 financial year
	71	10.94	64	20.75	53	10.42	48	-4.00	50

Observations

The difference in the remuneration of the Executive Chairman between 2020 and 2021 is due to the fact that his remuneration corresponded to eight months of the year in 2020, as he joined the company on 29 April 2020.

D. OTHER RELEVANT INFORMATION

If there are any other factors relevant to the remuneration of directors which could not be included in the other sections of this report, but which need to be included in order to provide more complete and reasoned information regarding the Company's remuneration structure and practices for directors, detail those here.

The Company's remuneration structure and practices for directors 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:

23/02/2023

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[✓] No

Non-financial information statement **2022**

The rediscovery. Empowering the energy transition

TABLE OF CONTENTS

LETTER FROM THE CHAIR

Francisco Irazusta
The Chair

We began 2022 with renewed financial strength and optimism as to our Strategic Plan 2021–2026. Today, I am very proud of the road we have travelled.

2022 has been a year of positive results for the TR Group. We achieved a 60% increase in tonnage sold, alongside improvements in profitability to reach an EBITDA of some EUR 65 million.

The year was marked by a complex geopolitical environment and cost volatility. However, we have been able to manage uncertainty with agility and flexibility, adapting to market demands, minimising risk and maximising results.

We remain steadfast in our aspirations as a key player in pushing energy forwards, in driving the energy transition and in our commitment to manufacturing innovative and sustainable piping solutions efficiently and with the lowest possible environmental impact. In this area, we made significant progress in 2022, with the start of works to unify the Amurrio steel mills, pool cold-drawing processes and implement various energy efficiency measures in-plant.

With this in mind, work is continuing to ensure that our business helps to improve society in the medium and long term. To this end, in late 2021 we brought on board two female directors with specific sustainability knowledge, leading the TR Group to join the IBEX® Gender Equality index in 2022 and to approve a Corporate Sustainability Policy. During the year, we appointed a sustainability and business development manager, who will be responsible for driving and implementing the company's future sustainability plan, along with the entire team.

Likewise, in line with our Strategic Plan, we are continuing to make progress on one of the company's pillars, namely digital transformation. In 2022 we established a roadmap that will help ensure that we have the necessary flexibility and can make continuous progress towards a more effective, dynamic organisation.

The work of everyone who forms the Group has proved essential when it comes to achieving the milestones in the past year and is a key part of meeting future challenges. To ensure our continued success, it is essential that we keep working on the well-being and development of our entire team, and to this end in 2022 we launched a People Development and Management Programme 2022-2024 that aims to strengthen our talent and thus allow us to keep growing. It should also be noted that we continue to make progress on our Excellence in Health and Safety project, which is already beginning to bear fruit. In this regard, we have reduced our accident figures by making steps towards creating a culture of excellence in safety, in line with one of the company's core values.

I would like to end this letter by thanking all the shareholders, customers, suppliers, institutions and collaborators of the Group. Thanks to your support, effort and commitment, we were fortunate enough to celebrate 130 years in business this year, and our great project is going from strength to strength.

2022 has been a year of positive results for the TR Group, with profitability reaching its highest level since 2008.

TR GROUP

We develop and manufacture seamless steel piping in stainless, high alloy and carbon grades for all processes and requirements worldwide.

We have a firm commitment to reach net-zero emissions by 2050. To this end, the TR Group is developing a set of solutions to implement new energy models that will gradually allow us to achieve this aim. We want to continue to create value for customers through new innovative processes and developments, allowing us to achieve energy success and be a leading company in decarbonisation and circular economy ratios.

OUR GROUP

INTERNATIONAL LEADERS IN PROVIDING INNOVATIVE AND SUSTAINABLE PIPING SOLUTIONS

Our raison d'etre
Tubos Reunidos, S.A. and Subsidiaries (hereinafter the TR Group or the Group), **is a group with 130 years' experience in the steel industry.** Today, we have a team of **more than 1,400 professionals** working to provide **seamless steel piping solutions,** meeting the most stringent of market requirements.

Our goal is to continue creating value for our customers. We can thus put our know-how, innovation, and talent at your disposal, advising and supporting you at all times.

In this regard, **we have sufficient production capacity** to meet current and future demand, **manufacturing piping** from half an inch to 28 inches in diameter, with different grades of steel and properties, **depending on each customer's requirements.**

With a sustainable approach
We work using an environmentally sustainable approach. We thus apply new energy models that enable the gradual reduction of carbon emissions when manufacturing our pipes. **Our commitment is to reach net-zero emissions by 2050.**

Our responsibility to sustainability goes beyond energy efficiency and compliance with the most stringent European manufacturing regulations. **We are committed to our role as a key player driving the energy transition by providing innovative, sustainable piping solutions that contribute to a decarbonised global economy.**

Francisco Irazusta
The Chair

"We aim to become a key player in driving the energy transition, while working with a strong commitment to reduce our carbon footprint. In the past few years, we have shown our ability to adapt promptly to all the challenges that we face."

For the past 130 years we have provided our experience and knowledge to ensure that our customers have the most appropriate solution for their specific requirements.

E2022 IN FIGURES

Key figures (in millions of euros, unless otherwise stated)

	TURNOVER	**EBITDA**	**EARNINGS** FOR THE FINANCIAL YEAR (before tax)	TONNES OF **PIPES SOLD** (in thousands of Tn)
2022	513.7	64.5	38.0	222
2021	243.0	-51.4	-64.7	139

OPERATING CASH FLOW	**NET CASH** GENERATION	CASH **AVAILABLE**	REDUCTION IN **NET FINANCIAL DEBT**
40.8	17.5	95.1	-6.9

FOCUS ON

CASH

In 2022 we generated net cash of EUR 17.5 million, and at year-end the available cash position stood at EUR 95.1 million.

VALUE

We have doubled our turnover, with a 60% increase in tonnes of pipes sold, and improved profitability

Direct employment (average workforce)

2022	2021
1,405	1,360

Capitalisation (millions of euros)

2022	2021
43.0	48.8

300,000

TONNES OF PIPES
ANNUAL PRODUCTION CAPACITY

The first phase of our "Focus on Cash" strategic plan, continued in 2022 with "Focus on Value", is reflected in our results.

376

CUSTOMERS IN 45 COUNTRIES IN 2022

NUMBER OF **AGENCIES AND DELEGATIONS**	**2022**	2021
	31	28

Sales by geographic markets

EU
- 38% - 2022
- 51% - 2021

North America
- 53% - 2022
- 25% - 2021

Far East
- 7% - 2022
- 19% - 2021

Middle East and Africa
- 1% - 2022
- 3% - 2021

Others
- 1% - 2022
- 2% - 2021

The rediscovery: Empowering the energy transition

THE RAW MATERIAL USED COMES
FROM THE REUSE OF WASTE

+90%

Thanks to a maximum prudence criterion, our activity is eligible and aligned under the environmental climate taxonomy at **60% of net turnover, 39.3% of CAPEX and 28.4% of OPEX.**

Significant shareholders at 31 December 2022

BBVA Group
- 12.37%

Concerted action Zorrilla-Lequerica Puig family
- 10.22%

Mr Joaquín Gómez de Olea Mendaro
- 6.08%

Elguero, S.A.
- 3.33%

HIGHLIGHTS OF 2022

Integration of a **Digital Transformation Director** to drive digital transformation, one of the pillars of our strategic plan

Design of the **People Development and Management Programme 2022–2024**

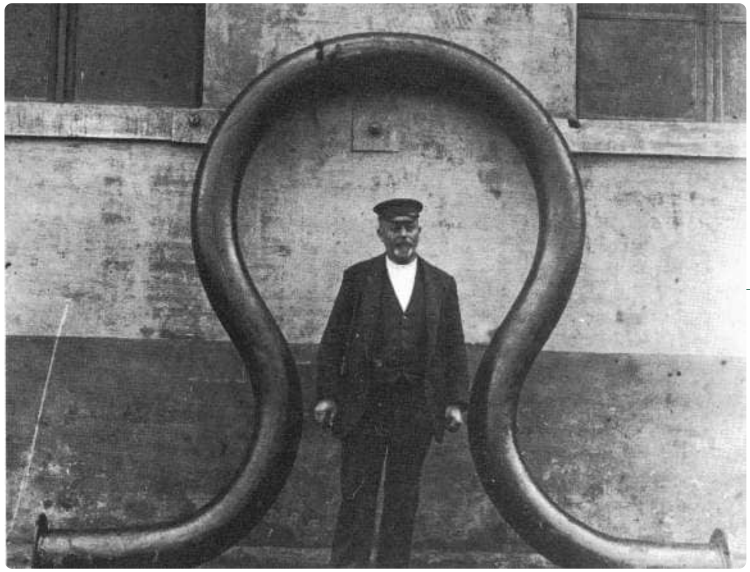
Start of works to **unify the TR Group's Amurrio steel mills**

Inclusion in the **IBEX Gender Equality index** in June 2022

Continuing the process of workforce adaptation via **agreed departures**

Start of **work on the pooling of cold-drawing processes** at the Tubos plant in Amurrio

RETURN TO PROFITABILITY
EBITDA and net income are at **their highest levels since 2008**, and positive for the first time since 2018 and 2014, respectively.



Francisco Irazusta
The Chair

"2022 marks the 130th birthday of the TR Group. Our long history began in 1892, and we have demonstrated a great capacity for adaptation in terms of our business model, one that continues to move forward as we rise to new challenges with one eye on the future, placing our stakeholders at the centre of our strategy so that together we can make progress in business excellence."

130 YEARS OF HISTORY

1892

Establishment of Tubos Forjados, S.A., the 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 (CPE) for the head of the thrust-bench is launched in Amurrio, indicating a major technological leap.

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 plant 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 TR Group geographically diversifies its production installations by acquiring capacity locally in the USA, close to the end user.

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.

2020

The appointment of Francisco Irazusta as new Executive Chairman.

2021

Recognition by SEPI as a strategic company and financing of EUR 112.8 million through a participating loan.

Clean energy milestones: inclusion in the Basque Hydrogen Corridor Association (BH2C); first geothermal energy project; Qatargas approval.

Launch of the Excellence in Health and Safety project (3 years).

WE ARE SUSTAINABLE

Our strategy is focused on moving forward with our commitment to sustainability in terms of process and solutions.

In this respect:

- We are committed to sustainable development and are working to reduce our environmental footprint and enhance the circular nature of our processes.
- We provide solutions aimed at driving projects for the transition to a decarbonised economy, such as green hydrogen and geothermal energy, among others.

LEADERS IN THE CIRCULAR ECONOMY

Steel: a key material in the circular economy
The increase in material extraction in recent years has reduced overall circularity from 9.1% in 2018 to 8.6% in 2020 and 7.2% in the latest Circularity Gap Report 2023 published.

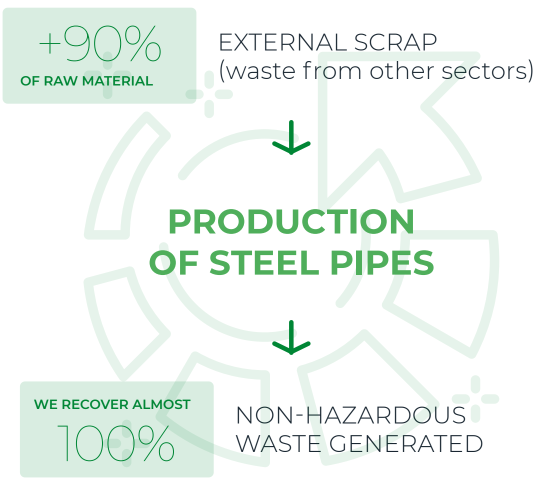
The seamless steel pipes that we produce are mainly made from scrap from other activities, with our manufacturing process leading by example in terms of the circular economy. Contributing via our business to the increase of global circularity.

Both the steel generated from scrap and the pipes that we produce have a **number of circular properties:**

- 100% recyclable. It can be reused countless times without losing its properties.
- It can last more than 100 years.

We also reuse, recycle and/or recover 97% of the waste generated in our process.

Our raw material is waste from other sectors



KEY PLAYERS IN THE FIGHT AGAINST CLIMATE CHANGE

Steel produced by electric arc furnace
At the TR Group, we work with electric arc furnaces (EAF) which, based on published comparative studies with blast furnaces (BF - BOF), mean that we:

- Emit around 80% less CO_2 on average
- Reduce energy consumption
- Reduce water consumption

It is worth noting that in order for the blast furnace steel-making route to be considered as making a substantial contribution to climate change mitigation, the greenhouse gas (GHG) emissions associated with its production must be lower than the values considered as reference values in the EU-ETS (EU Emissions Trading Scheme). In contrast, steel-making using electric furnaces (EAF), as in our case and as outlined below, is considered to contribute to the aim of climate change mitigation provided that it is carried out using more than 90% recycled materials (70% for alloy steels).

EUROPEAN ENVIRONMENTAL TAXONOMY

Introduction

On 22 June 2020, European Union Regulation (EU) 2020/852 was published, to facilitate the reorientation of capital flows towards more sustainable activities. It aims to respond to initiatives such as the Green Deal, the Paris Agreement or the Sustainable Development Goals, helping to shift the current economic model towards a carbon neutral one.

The regulation sets out a taxonomy, based on science, and six environmental objectives to which such activities could contribute. The "European Environmental Taxonomy" will be applied gradually, supplemented by a specific scheme to assess the contribution to social objectives.

Delegated Regulation (EU) 2021/2139 establishes the technical criteria for determining whether an economic activity qualifies as contributing to climate change mitigation or adaptation, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (circular economy, water and marine resources, pollution prevention and control and biodiversity). Delegated Regulation (EU) 2021/2178 specifies the content, presentation of information and methodology to be disclosed by undertakings subject to Articles 19 or 29 of Directive 2013/34/EU, as is the case for the TR Group.

In this context, the following concepts are distinguished:

Eligibility

- **Eligible:** refers to activities included in Delegated Regulation (EU) 2021/2139, Annex I (mitigation) and/or Annex II (adaptation), as identified as having alignment potential. In other words, all those activities listed in the given annexes are considered eligible, and an alignment analysis must be performed on these activities to find out whether or not they are aligned.
- **Non-eligible:** refers to activities not covered by Delegated Regulation (EU) 2021/2139. All activities that are not listed in the above annexes are considered ineligible, and as such no further analysis is appropriate.

Alignment

- **Eligible and aligned:** refers to eligible activities that:

  1) Comply with the "substantial contribution" criterion of the selected environmental objective.

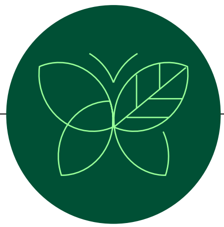
  2) Guarantee that they do no significant harm (DNSH) to the other environmental objectives.

  3) Ensure compliance with the required social safeguards.

- **Eligible and non-aligned:** eligible activities that do not currently meet the requirements for alignment (substantial contribution, DNSH and social safeguards).

According to the provisions of Delegated Regulation (EU) 2021/2178, with information from the 2021 financial year, the percentage of Net Turnover, CapEx and OpEx of the company's activities that are eligible and ineligible must be reported. With information from the 2022 financial year, in addition to the eligibility outlined above, alignment indicators must also be reported.

SIX ENVIRONMENTAL OBJECTIVES



Climate change mitigation

Climate change adaptation

Transition to a circular economy

Sustainable use and protection of water and marine resources

Pollution prevention and control

Protection and restoration of biodiversity and ecosystems

Positioning of the TR Group

Scope of the report

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

Description of activities

To identify whether the TR Group does perform activities that can be classified as eligible, firstly the main activities of the Group will be outlined, and secondly an assessment will be made as to whether any of said activities are aligned with those set out in the Delegated Regulation on climate change, in which the eligible activities for the environmental objectives "Climate change mitigation" and "Climate change adaptation" are set out.

A more detailed explanation of the Group's main activities is provided below:

- Manufacture of seamless steel piping: this is the main activity – the manufacture of seamless steel piping within an integral process, from the input of the scrap to the output of the steel pipe. This activity is primarily carried out by the Group company Tubos Reunidos Group, S.L.U. (hereinafter TRG), and undertaken at the plants located in Amurrio (Álava) and Trápaga (Bizkaia), falling under NACE Code 24.20 Manufacture of pipes, tubing, hollow profiles and related fittings, of steel. – *In our assessment, the activity associated with steel manufacturing is aligned with activity 3.9 Iron and steel manufacturing as outlined in Annex I to the "Mitigation" environmental objective, while the activity associated with steel pipe manufacturing is not aligned with any of the activities described in the Taxonomy for the aforementioned environmental objectives.*

- Pipe transformation: corresponds to the activity undertaken at our plants in Houston (Texas) and Iruña de Oca (Álava) by the companies RDT, Inc. and Tubos Reunidos Premium Threads, S.L., respectively. – *In our assessment, this is not aligned with any of the activities described in the Taxonomy for the aforementioned environmental objectives.*

- Distribution of steel piping: corresponds to the pipe marketing activity undertaken by TR América, Inc. – *In our assessment, this is not aligned with any of the activities described in the Taxonomy for the aforementioned environmental objectives.*

The other companies comprising the TR Group, as indicated in Annex 3, do not perform industrial activities.

Eligibility

Given that the regulations are dynamic, and that what has been published so far does not determine exactly which activities are included in the activity 3.9 Manufacture of iron and steel, giving rise to possible interpretations, the TR Group has chosen to follow a prudent approach. As such, we have made a distinction between the activity of steel manufacturing and the activity of steel pipe manufacturing, deeming that only the former is covered under the taxonomy for 3.9 Manufacture of iron and steel. That said, as we describe in our activities, in our case, both are part of the same integral process. This criterion will be assessed on a recurring basis and will be adjusted in line with regulatory developments as they are published.

The adoption of this criterion represents a change of criterion compared to what was reported the previous year, arising from the new regulatory developments and various clarifications published by the European Commission during the 2022 financial year. Taking this restatement into account, the 2021 eligibility results would be 60% of turnover (reported as 99.07% in 2021), 6.4% of CapEx (reported as 100% in 2021) and 28.4% of OpEx (reported as 99.99% in 2021). CapEx is lower in 2021 because in 2022 the unification works of the steel mills had started, giving rise to a higher amount of investments in the steel mill.

Alignment

1) Compliance with the "substantial contribution" of the climate change mitigation objective.

Both of our steel mills have electric arc furnaces in which **scrap input is above the values set out in the regulation regarding steel production. As such, they align with what is established by activity 3.9 Manufacture of iron and steel.**

2) Guarantee that they do no significant harm (DNSH) to the other environmental objectives.

We assessed and documented compliance with DNSH climate change mitigation requirements for activity 3.9.

Climate change adaptation

We assessed and documented the physical risks that may affect our plants, using tools into which results were fed regarding the analysis of municipal vulnerability and risk indices to climate change based on RCP 8.5 and 4.5, scenarios obtained from the Fifth Assessment Report AR5*. The time horizon used is adjusted to the lifetimes of the assets. The analysis concluded that there is only a risk of flooding at the Sestao steel mill. Once a danger has been detected, action must be taken to adapt to climate change, and the action laid down is the cessation of the Sestao steel mill.

Sustainable use and protection of water and marine resources

We have an Integrated Environmental Authorisation (IEA) certification for our plants, which sets out the environmental controls for the activity and the threshold compliance values set by the environmental body. It is understood that the threshold values set by the Administration are calculated so as to strike a balance in water and marine resources. Thus, by complying with them, we comply with and contribute to the protection of these resources.

Pollution prevention and control

We conducted a case-by-case analysis of the substances listed in Appendix C to the Regulation and determined that the plants' activities do not use or produce the substances listed in this Appendix. A residual aspect is present in the disposal phase, and therefore we comply with the principle of pollution prevention and control. This reinstatement is provided for in the legislation and is within the permitted reinstatement period.

Protection and restoration of biodiversity and ecosystems

For the status of IEA to be granted, an Environmental Impact Study must be carried out, in which biodiversity and ecosystem elements are fully studied and analysed and no environmental impacts are detected. This protection objective is considered appropriate and met.

3) Ensure compliance with the required social safeguards.

Our compliance system sets out our commitment to uphold human rights, and complies with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, both in terms of our own operations and in the supply chain. Along with our good governance practices and policies, we guarantee compliance with the required social safeguards on human rights, corruption, taxation and fair competition. For further details of our practices and policies, see Chapter 2. Our ESG vision – Contributing to sustainable development and Chapter 8. Our corporate governance.

* The AR5 defines scenarios as Representative Concentration Pathways (RCPs), featuring a range of Greenhouse Gas (GHG) emissions and concentrations that allow possible future climates to be explored in a broader way than those used previously. The four scenarios are not forecasts; rather they are possible conditions for the future according to a range of possibilities described in various investigations. RCP 8.5 is considered to entail high GHG emission rates. Scenarios RCP 6.0 and RCP 4.5 can be considered as medium mitigation scenarios.

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, tangible or intangible, 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.

In our case specifically, given that we are referring to an end-to-end process, we do not have any sales of steel produced (the steel continues along the production process in which the steel pipe is made). As such, in line with our best assessment, we made a cost-based calculation. In other words, based on our analytical cost accounting, we split the total costs into the costs associated with the ingot and/or billet and the rest of the costs, with the former accounting for 60% of total costs. We thus deduced that 60% of the turnover could be considered as eligible and aligned.

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, in our case, the denominator corresponds to the total cost additions for the 2022 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 amount of cost additions of tangible and intangible fixed assets for the investments associated with the steel mills.

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, in our case, the denominator corresponds to the consolidated operating expenses accounts for the 2022 financial year associated with costs relating to 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 expense accounts associated with the steel mills.

Results

Based on the above explanations, outlined below are the eligibility and alignment for our activities.

To improve the comparability of the data, and to make the impact of the change in criteria transparent, please note that we do not distinguish between the steel manufacturing activity and the steel pipe manufacturing activity, and we consider the activity of Tubos Reunidos Group, S.L.U. as a whole under activity 3.9. Eligible, aligned turnover for iron and steel manufacturing as reported last year would be 81%, CapEx 89% and OpEx 100%.

Proportion of turnover (T/O) from products and services associated with taxonomy-aligned activities in 2022.

A.1 Environmentally sustainable activities (taxonomy-aligned)				Substantial contribution criterion						DNSH criterion (do no significant harm)										
Economic activity	Reference(s)	Absolute turnover	Percentage of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Minimum safeguards	Proportion of T/O aligned with the taxonomy in 2022	Proportion of T/O aligned with the taxonomy in 2021	Category (Facilitating Activity)	Category (Transition Activity)
A. ELIGIBLE ACTIVITIES		Thousands of euros	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Steel manufacturing	3.9 (Annex 1)	308,191	60.0%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	Y	Y	Y	60.0%	N/A		T
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		308,191	60.0%														60.0%			
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
Turnover of eligible but not environmentally sustainable activities (non-aligned activities) (A.2)		0	0.0%																	
Total (A.1 + A.2)		**308,191**	**60.0%**														**60.0%**			
B. INELIGIBLE ACTIVITIES																				
Turnover of ineligible activities (B)		205,461	40.0%																	
Total (A + B)		**513,652**	**100.0%**																	

Proportion of CapEx from products and services associated with taxonomy-aligned activities in 2022.

				Substantial contribution criterion						DNSH criterion (do no significant harm)										
Economic activity	Reference(s)	Absolute turnover	Percentage of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Minimum safeguards	Proportion of T/O aligned with the taxonomy in 2022	Proportion of T/O aligned with the taxonomy in 2021	Category (Facilitating Activity)	Category (Transition Activity)
A. ELIGIBLE ACTIVITIES		Thousands of euros	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Steel manufacturing	3,9 (Annex 1)	5,782	39.3%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	Y	Y	Y	39.3%	N/A		T
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		5,782	39.3%														39.3%			
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
CapEx of eligible but not environmentally sustainable activities (non-aligned activities) (A.2)		0	0.0%																	
Total (A.1 + A.2)		**5,782**	**39.3%**														**39.3%**			
B. INELIGIBLE ACTIVITIES																				
CapEx of ineligible activities (B)		8,934	60.7%																	
Total (A + B)		**14,716**	**100.0%**																	

Proportion of OpEx from products and services associated with taxonomy-aligned activities in 2022.

				Substantial contribution criterion						DNSH criterion (do no significant harm)										
Economic activity	Reference(s)	Absolute turnover	Percentage of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and recovery of biodiversity and ecosystems	Minimum safeguards	Proportion of T/O aligned with the taxonomy in 2022	Proportion of T/O aligned with the taxonomy in 2021	Category (Facilitating Activity)	Category (Transition Activity)
A. ELIGIBLE ACTIVITIES		Thousands of euros	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Steel manufacturing	3.9 (Annex 1)	5,899	28.4%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	Y	Y	Y	28.4%	N/A		T
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		5,899	28.4%														28.4%			
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
OpEx of eligible but not environmentally sustainable activities (non-aligned activities) (A.2)		0	0.0%																	
Total (A.1 + A.2)		**5,899**	**28.4%**														**28.4%**			
B. INELIGIBLE ACTIVITIES																				
OpEx of ineligible activities (B)		14,847	71.6%																	
Total (A + B)		**20,746**	**100.0%**																	

MANAGING CHALLENGES AND OPPORTUNITIES IN A COMPLEX GEOPOLITICAL ENVIRONMENT

EVOLUTION OF THE SECTOR IN 2022

CHALLENGES

Armed conflict

The start of the 2022 financial year was marked by Russia's invasion of Ukraine. This event was a major destabilising factor, with drastic consequences that were difficult to predict in advance. Though it created very serious economic threats, it also boosted Europe's energy autonomy, accelerating renewables and involving changes in the supplier mix. **As energy transition stakeholders, we want to help achieve this autonomy.**

COVID-19

The latest variants generally had a minor impact on mobility restrictions, with the exception of specific regions such as China, where lockdowns and closures took place that significantly hampered the transport of goods.

OPPORTUNITIES

US import tariffs

Towards the end of 2021, the US and the EU came to an agreement to establish a tariff-free quota system for the export of steel and aluminium products. This agreement meant that we could increase sales to North American customers, with significant savings in export costs.

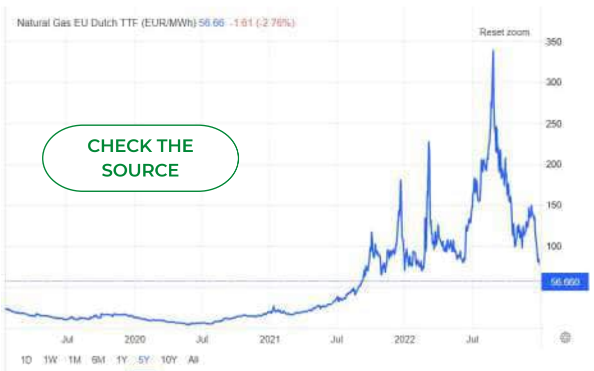
Anti-dumping sanctions

The Biden Administration's anti-dumping sanctions against a number of countries that are major exporters of OCTG pipes, such as Mexico, Argentina, Russia and South Korea, have allowed manufacturers in other countries to improve their competitive position in the US

Volatile cost environment in terms of raw materials, energy and transport costs

In 2022, we doubled our volume of business compared to 2021, in an environment of higher cost volatility. Against this backdrop, we opted for a short portfolio in order to minimise risk and guarantee our competitiveness.

Development in the iron and steel sector largely depends on the macroeconomic situation, since the main raw materials are subject to exchange rates, or depend on a host of external factors, such as the price of energy. 2022 was marked by volatility. This led to sharp increases in the costs of energy, scrap, ferroalloys and transport, particularly in the first half of the year.



Rising energy prices

The energy price increase was mainly the result of:

- The Russian-Ukrainian conflict, which deeply affected EU gas supplies, and made prices in the energy sector more volatile by making it more difficult to purchase gas, given that Russia is one of the world's largest energy producers.

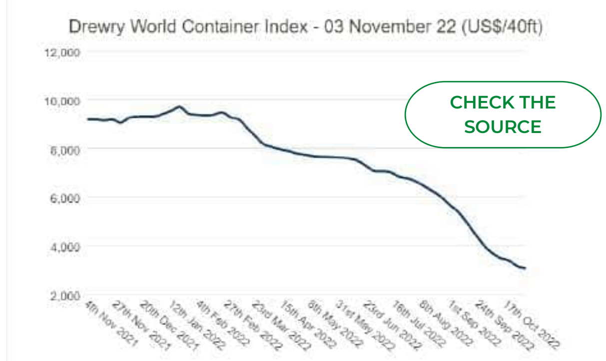
- The price of CO_2 emission allowances doubled in one year, in line with the EU's decarbonisation policies.

Rise in transport and freight prices

2022 was marked by price increases at the beginning of the year due to logistical constraints in supply chains. Firstly came numerous transport strikes, followed by the outbreak of war between Russia and Ukraine, and finally, the impact of lockdowns in China. All these events were decisive in setting transport prices.

Subsequently, due to the economic stimulus measures adopted by the governments of the most relevant countries and the continuation of the war, prices stabilised, and even gradually decreased. This is highlighted in data from the Drewry World Container Index (WCI:) and the Baltic Index.

Despite the current favourable price fluctuations, we now face an environment of increasing uncertainty, which means that fixed transport contracts are not possible. Moreover, we must consider that prices do not fluctuate at the same rate in all countries where the Group is established, adding to the challenges when it comes to making transport agreements.



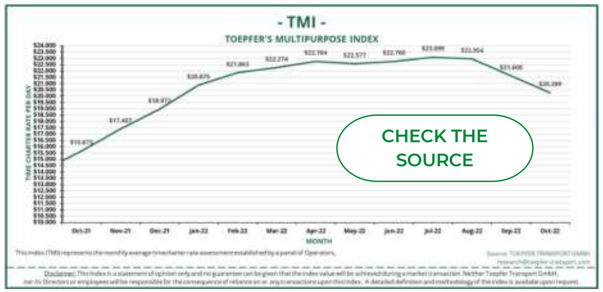
Increase in the prices of ferroalloys, scrap metal and the barrel price

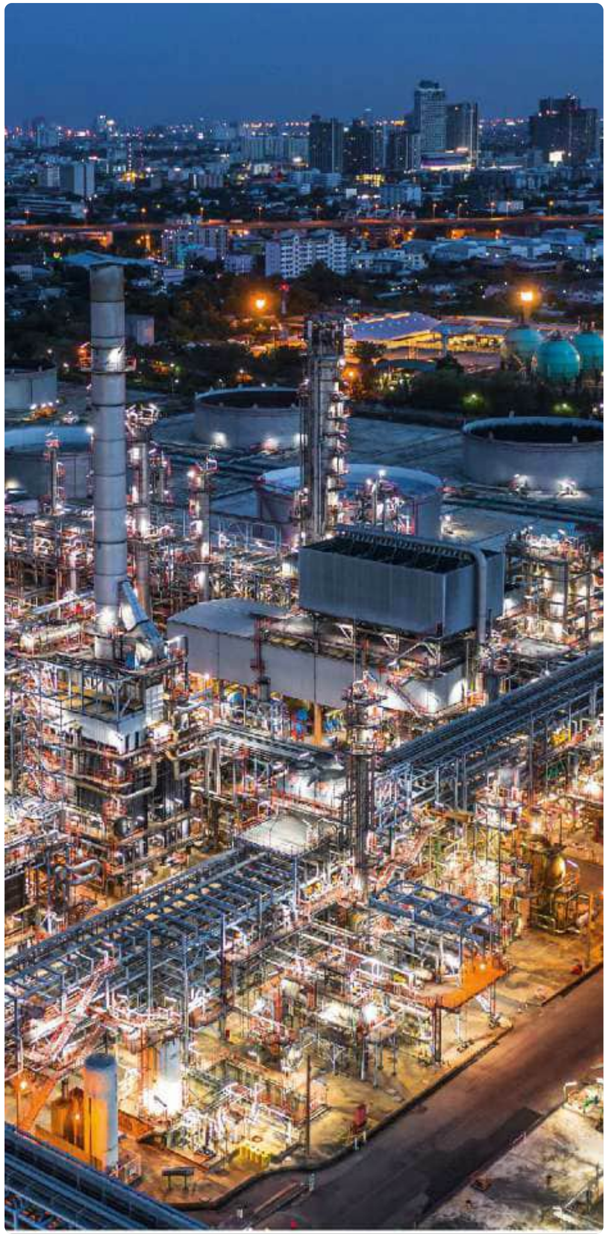
Taking into account the variables explained above, the revival of the economy, the recovery of stock and increases in gas and electricity prices, the price of raw materials also increased.

At the end of the 2020 financial year, prices began to rise steadily until September 2022, having fluctuated within the €400/Tn range. In the last quarter of 2022, scrap prices fell due to the impact of steel overproduction in China.

For ferroalloys, the market is an oligopoly where a few select countries reign. The distributors of these metals impose strict contracts and force them to be signed at the beginning of each year, thus making it difficult to monitor stock based on demand due to increasing macroeconomic uncertainty.

Lastly, oil prices were severely affected by the Russian-Ukrainian conflict. This is because Russia is a member of OPEC, and the trade embargo to which it is subject led to higher oil prices. This can be seen in the graph below:





Our response

We managed to keep the supply chain flowing without interruption for the 2022 financial year thanks to our operational management in this volatile environment, and by the doubling of our business volume. Thanks to our business management, aimed at optimising costs and passing them on to the sales price, we were able to enhance the company's profitability. This was in tandem with the conclusion of energy price agreements.

As can be seen, on a day-to-day basis we successfully adapted so that we could generate results that meant we could meet our financial and investment commitments.

In any case, and without wishing to miss out on the economic situation and the needs of the market at specific moments in time, the Group's strategy continues to focus on the energy transition and on increasing sales of value-added products. In this vein, we have identified opportunities in the field of clean energies, especially in offshore wind, CCUS (Carbon Capture, Utilisation and Storage) and geothermal energy. In addition, we are a part of several R&D&I initiatives to deepen our understanding about the requirements of various steels, so that we can apply our piping solutions to the transportation of hydrogen.

In both 2021 and 2022, despite the disruptions seen in the supply chains, the Group managed to ensure the continuity of its operations without production disruptions

OUR KEY PILLARS TO RISE TO THE CHALLENGES WE FACE

The mission, vision and values that are a part of our DNA

MISSION

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

We are a key player committed to driving the energy transition. That's why we work on our solutions with an innovative, sustainable approach.

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 TR 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

DRIVING THE ENERGY TRANSITION

- ENGAGED PEOPLE
- CUSTOM-MADE SOLUTIONS
- EXCELLENCE IN SAFETY
- A COMMITTED PARTNER ACCORDING TO EUROPEAN STANDARDS
- RESPONSIVE ORGANISATION
- 130 YEARS ANTICIPATING TECHNOLOGY SOLUTIONS

We have a wide range of products in diversified applications thanks to our ability to differentiate

At the TR Group, our manufacturing platform is optimised and fully integrated, covering almost the entire value chain of our main products: from steel manufacturing to specific pipe finishing operations, meaning that we can offer tailor-made, high performance solutions and thus promptly adapt to special high-added-value applications. Our wealth of experience and knowledge of the chemical and metallurgical properties of materials and their behaviour in the various phases of the process, together with our versatility, flexibility and our drive to do better and continuously improve, mean that we create innovative customised solutions. As a result, our customer portfolio includes the world's leading energy, engineering and EPC companies, as well as the world's leading goods equipment manufacturers.

Breakdown of seamless pipe sales by sector

REFINING, CHEMICALS, AND PETROCHEMICALS
(Downstream)

ELECTRIC POWER GENERATION

PROCESS PIPING
PIPING FOR HIGH-PRESSURE AND/OR TEMPERATURE EQUIPMENT

- Refineries, chemical and petrochemical plants.
- Electric power generation plants (thermal, combined-cycle, biomass, renewables, nuclear).
- Piping for boilers, furnaces and heat exchangers.

- Wide range of pipes with custom dimensions and steels.
- Special lengths up to 26 metres in hot-drawn and 28 metres in cold-drawn for clean energy plants.
- Piping up to OD 28" with high performance for critical phases of next-generation processes, in carbon steels, alloys, stainless steels and high-nickel alloys.

OIL AND GAS
(Upstream / Midstream)

OCTG *(OIL COUNTRY TUBULAR GOODS)*

- Piping for drilling and production of oil and gas.
- *Drill Pipe.*

- OCTG connections with, SemiPremium and Premium-JFE API Threads. *Casing* BTX™
- Drill Pipe Wear Knot™. Accessories
- Proprietary steels.
- Materials resistant to corrosion, high pressures and temperatures.

CONDUITS

- Fluids transport.

- SS, HIC onshore and offshore piping.

INDUSTRY

MECHANICAL PIPING

- Applications in industry, automotive, heavy machinery, offshore wind power, engineering, singular buildings, civil engineering, agricultural machinery, mining, lifting, hydraulics, printing, etc.

- Fine-grain steels, with special requirements, high mechanical features and machinability demands.
- Special dimensions based on the end client's needs.
- Leaders in large diameters and custom thicknesses.

NEW PRODUCTS

ENERGY APPLICATIONS

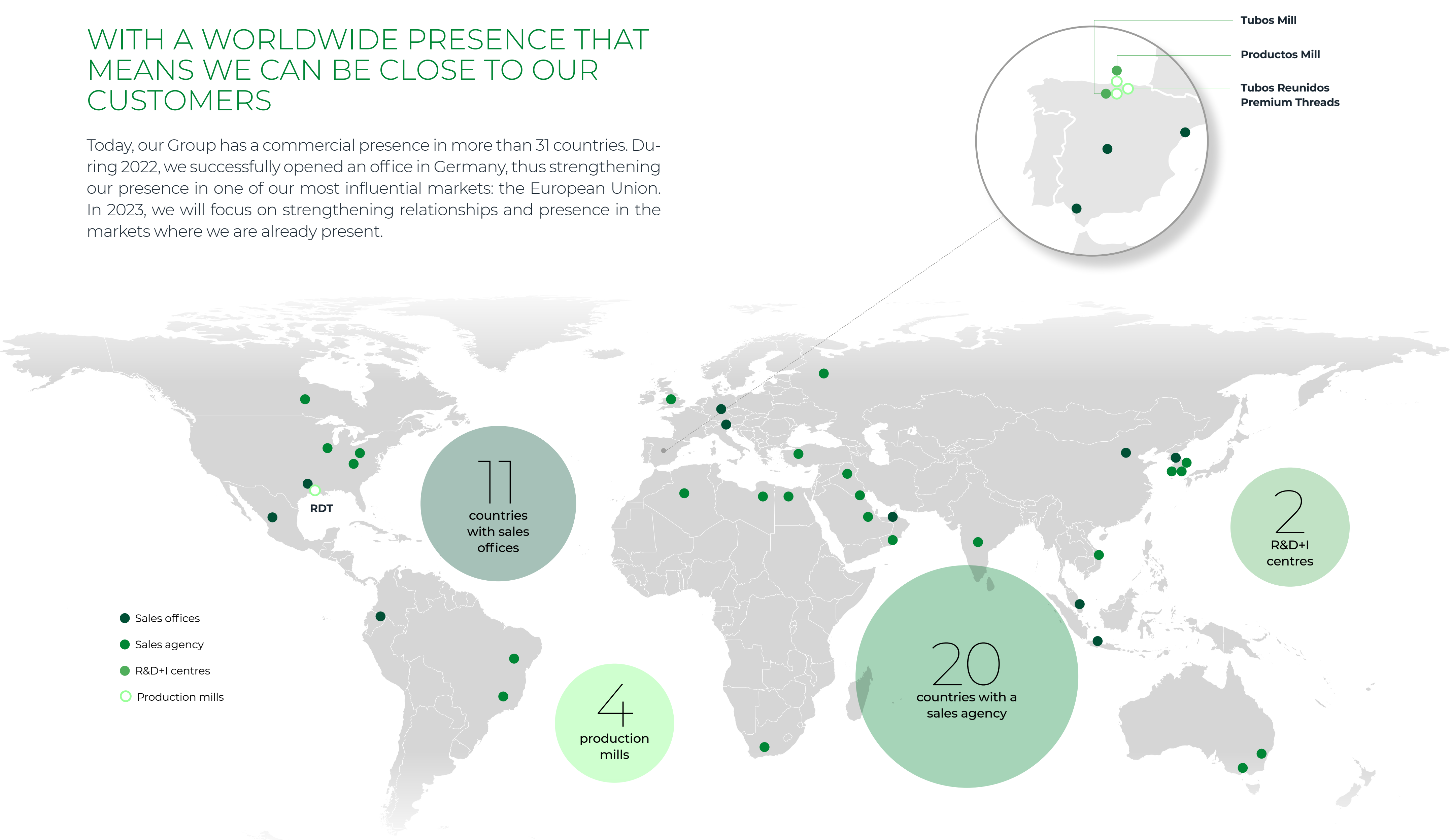
- Large-diameter nickel-based alloy pipes with dimensions according to the project's specific needs.
- Geothermals, CO_2 Capture and Storage, etc.

OCTG APPLICATIONS

- Martensitic stainless steel pipes with high corrosion resistance.
- Drilling and injection pipes with special connectors.

WITH A WORLDWIDE PRESENCE THAT MEANS WE CAN BE CLOSE TO OUR CUSTOMERS

Today, our Group has a commercial presence in more than 31 countries. During 2022, we successfully opened an office in Germany, thus strengthening our presence in one of our most influential markets: the European Union. In 2023, we will focus on strengthening relationships and presence in the markets where we are already present.



OUR STRATEGIC PLAN FOR TRANSFORMATION AND GROWTH

In 2020, we overhauled our strategy with the arrival of our new chair. To help face the new economic and energy challenges that emerged in the market in recent years, we undertook a Group transformation known as THE REDISCOVERY, which was accompanied by a solid Strategic Plan focused on transformation and growth.

Our strategic plan is currently in the **"Focus on value" phase (2022–2026),** focused on the objective of value creation while not losing sight of continuous cash generation. In this stage, we estimate that global energy and electricity needs will increase, 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, particularly in the European Union, will accelerate the advancement of clean energies. All of this will require:

2021
FOCUS ON **CASH**

2022 Y SS
FOCUS ON **VALUE**

Francisco Irazusta
The Chair

"Our strategic plan has three clear objectives: to generate recurring positive net results over time, and to take care of our people and our customers. We aim to do this without losing sight of our mission and vision."

1) A GROUP TRANSFORMATION
Which is already under way, with the digital transition, unique commercial positioning and the redesign of our mission, vision and values. In this area, the most important milestones for the 2022 financial year are:

- Integration of a Digital Transformation Director
- A new pricing system, adjusting our sales process to each customer's reality, control and traceability systems to provide real-time information on their order, and the setup of communication means that allow us to be ever closer to our customers in their day-to-day lives.

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, and to become more efficient and sustainable.

- Operations and quality improvement projects – Efficiency:
  - 38 lean projects
  - 66 TPO projects
- Digitisation of organisational and production processes
- Circular economy and focus on CO2 emission reduction

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.

- Unification of steel mills: work on establishing our Group steel mills in Amurrio is in progress, but due to the unstable market conditions, we were unable to complete it in the 2022 financial year.
- New cold-drawing centre
- Transformation actions with no social impact:
  - Non-traumatic departures agreed for those born between 1958 and 1961
  - Agreement to transfer staff from Sestao steel mills to Amurrio
  - Signing of agreements to update wages linked to the CPI from 2017 to 2021 for the Tubos plant and for the Productos plant.
  - Progress made on the Excellence in Health and Safety project

In addition, and closely associated with the year's prevailing economic climate, a new cutting plant was set up at RDT, our US plant, in mid-2022.

OUR ESG VISION

Stakeholder management is a key element of our organisation. We are thus committed to showing transparency in market information, through the continuous improvement of communication channels with all our stakeholders, based on full, reliable corporate information that takes account of the environmental, social and governance factors as well as the financial aspects.

INSPIRING CONFIDENCE AND GENERATING VALUE FOR OUR STAKEHOLDERS

OUR PRIORITY ESG ISSUES

CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

INSPIRING CONFIDENCE AND GENERATING VALUE FOR OUR STAKEHOLDERS

Francisco Irazusta
The Chair

"The support of our stakeholders is key to advancing the objectives set out in the strategic plan. At the TR Group we strive to maintain fluid two-way communication with them, building relationships built on trust and transparency that are sustainable over time".

We have several open communication channels that aim to meet the real needs of each of our stakeholders.

STAKEHOLDERS	COMMUNICATION CHANNELS	
People	· Corporate website · Intranet · Physical post boxes	· Regular meetings with direct supervisors · Physical notice boards · Ethics channel · Newsletter
Shareholders and investors	· Corporate website · Information provided to the CNMV	· Investor office · General meeting
Funders	· Corporate website · Regular information updates	· Briefings on the Company's progress
Customers	· Corporate website · Trade fairs · Participation in associations	· Satisfaction surveys · Regular visits · Individual meetings
Suppliers	· Corporate website · Supplier portal	· Participation in associations · Trade fairs
Regulatory bodies and public administrations	· Corporate website · Online portal for reporting environmental (IKS) and health and safety information	· Platforms for environmental monitoring and the health and safety plan · Regulatory body questionnaires · Regular meetings
Local communities	· Corporate website · Social meet-ups	· Participation in associations
Partnerships	· Corporate website · Regular meetings	· Participation in institutions

In turn, we set goals with each of these audiences, which we try to reflect and promote through these media. We also identified a series of indicators that allow us to review and monitor the achievement of these goals. On the other hand, for each stakeholder, we set a number of main goals, identifying a series of indicators that let us review and monitor the achievement of these goals.

STAKEHOLDERS	GOALS	INDICATORS/MILESTONES
People	• Offer decent work • Promote professional career development in the Group • Provide a healthy and safe working environment	• Permanent contracts: 2022: 91%; 2021: 94% • Investment in training in thousands of euros: 2022: 176; 2021 157 • Accident frequency rate: 2022: 39.91; 2021: 48.69 • Accident severity rate: 2022: 0.89; 2021: 1.15
Shareholders and investors	• Generate shareholder value and market confidence	• Profit after taxes: EUR 43.5 million
Funders	• Ensure solvency and liquidity	• NFD/EBITDA 2022: 4.5; 2021: -5.8 (negative) • For the first time in 5 years we have reduced net financial debt. • Thanks to these good results, we earned participating interest on the SEPI loan. • Cash position at year-end = EUR 95.1 million in cash
Customers	• Ensure product quality and safety • Promote client satisfaction	• A total of 88% of professionals at year-end covered by companies with ISO 9001 or similar standards • Customer satisfaction surveys conducted at least twice a year
Suppliers	• Promote responsible practices in the value chain	• Some 293 companies were assessed based on environmental criteria (311 in 2021).

STAKEHOLDERS	GOALS	INDICATORS/MILESTONES
Regulatory bodies and public administrations	• Responsibly implement our work as a strategic company in generating wealth in the environments in which we operate	• Tax payments (millions of euros): 2022: 37.2; 2021: 32.7
Local communities	• Promote development and employment in the areas where we operate	• Local suppliers: 2022: 87%; 86% in 2021 • EUR 1,114 thousand in per diems/collaboration with restaurants (EUR 940 thousand in 2021)
Partnerships	• Improve market knowledge, and work together to offer higher value-added solutions, innovative and sustainable products	Definition and establishment of the Energy Intelligence Centre (EIC), a new technology centre dedicated to research and development to find new solutions in the fields of energy and energy transition. Alongside the Basque Steel Cluster SIDEREX and the University of the Basque Country, we continue to participate in the development of ROOM4STEEL, a scheme to train engineering and Master's degree students and facilitate their entry onto the job market in the steel sector. Development of hydrogen-related products and their role as a new energy vector: H-steel, Tusand, together with attendance at various congresses linked to decarbonisation such as RENMAD H2, GeoTHERM or Hyster, and sector-related and bilateral meetings with some of the main players and stakeholders in this field. We are a member of the Basque Hydrogen Corridor

OUR PRIORITY ESG ISSUES

Our responsible management model is based on identifying potential sustainability impacts and risks that may arise from our activities and business. Based on what is identified, we develop and apply various commitments, policies, management procedures and mitigation measures to act accordingly.

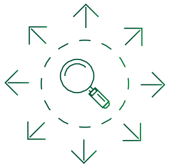
To this end, conducting a materiality analysis is essential to understand stakeholder expectations, plan an appropriate response and make commitments not only on economic issues, but also on environmental, social and governance issues.

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 2022, the TR Group followed the best practices for materiality in sustainability. The methodology consisted of 3 phases: identification, prioritisation and consolidation, and validation.

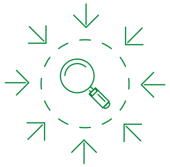
1. Identification of material aspects of sustainability

The aim here was to identify those issues most relevant to us and to our stakeholders in terms of sustainability, taken as all environmental, social and governance (hereinafter ESG) issues.



External analysis

We have analysed the requirements demanded by our main clients 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, 30 meetings have been held in which the heads of the different areas and the Management Team have taken part, with the aim of identifying potential material issues for the Group and detecting those issues with the greatest impact

As a result, 18 material issues were 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 Spain and the USA, in which our production plants are located. Specifically, 22 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, as well as the potential positive and negative impacts of such issues. This allowed us to sort the issues according to the degree of relevance to the TR Group's stakeholders and to the business. It was found that the areas comply with the European Union's double materiality principle, meaning that they are relevant due to the impact they have from the inside out and vice versa. We also identified the positive and adverse impacts in terms of the impact of the issue's management on stakeholders and on the Group.

3. Consolidation and validation

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

It should be noted that the circular economy is an aspect of the Group's own identity, and is considered one of its strengths. Therefore, this area is not being valued as one of the ten priority issues that influence us in our ability to create value.

OUTCOME OF THE MATERIALITY ANALYSIS

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

PRIORITY ESG ISSUES

SOCIAL AREA

+ CLIC PARA AMPLIAR LA INFORMACIÓN

- Health and safety
  Towards excellence in health and safety +
- Attracting, developing and retaining talent
  People: our differential value +
- Customer satisfaction
  Global, innovative and sustainable value chain +
- Product quality and safety
  Global, innovative and sustainable value chain +

ENVIRONMENTAL AREA

- Energy efficiency
  Global, innovative and sustainable value chain +
- Decarbonisation and climate change
  TR Group + Global, innovative and sustainable value chain +
- Productos innovadores para impulsar la transición energética
  Innovation, our key pillar helping to drive the energy transition +

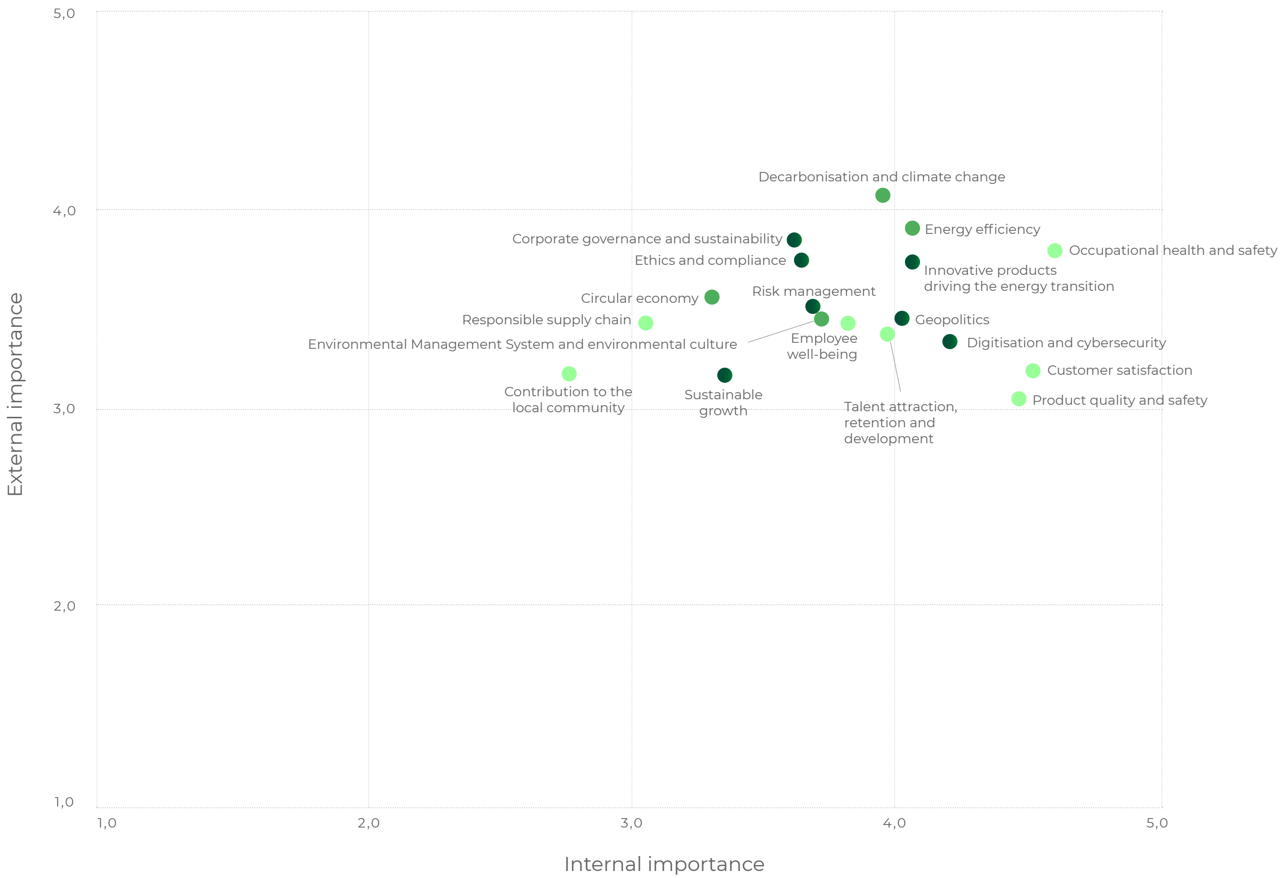
GOVERNANCE AREA

- Corporate governance and sustainability
  Our corporate governance: moving towards excellence +
- Digitisation and cybersecurity
  Digital transformation: efficiency and security in one click +
- Geopolitics
  TR Group +

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 TR 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



CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

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. Preserving our roots in the Basque Country is part of our tradition, a place steeped in historical industrial know-how, and committed to innovation and internationalisation. This is why we invest in attracting, developing 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. The Basque Public Administration collected EUR 14.8 million in taxes in 2022 and over EUR 21.5 million in Social Security contributions were paid for staff located in the Basque Country (EUR 12.9 and 18.4 million respectively in 2021).

95%

of our workforce is located in the Basque Country (93% in 2021)

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.

This commitment translates into the creation and maintenance of direct, stable and quality employment with equal pay for the same responsibilities, without distinguishing by gender, through the hiring of local staff. In 2022, some 95% of our workforce was located in the Basque Country (93% in 2021), with general conditions in line with the wage and labour relation policies that apply in Group companies, which are higher than those set out in sectoral agreements.

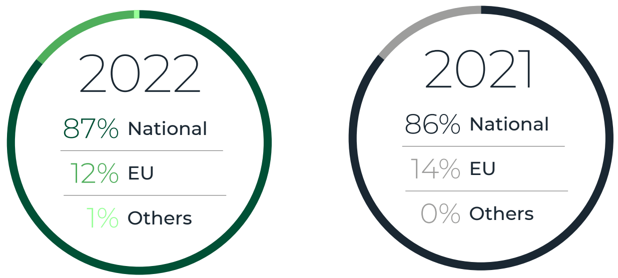
We also contribute to the promotion of the territory's industrial transformation and competitiveness by collaborating with specific initiatives and actions. These have a positive effect on the Basque economy through alliances with other companies in the area to promote joint projects and initiatives, with various local technology and training centres.

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 TR Group has developed a wide network of local suppliers that provide us with a very diverse range of materials with specific compositions and properties.

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

Market breakdown of the global volume of purchases



Almost 99% of purchases have been made in the European Union, which guarantees compliance with social and environmental rights

TAX COMMITMENT

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 – the last update of which was approved in 2021 by the Board of Directors – and a Corporate Sustainability Policy that aim 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. The Group is committed to creating long-term sustainable value.

The Group's Economic and Finance Division is the executive department in charge of ensuring compliance with the Tax Policy and the above principles, referring any significant issues to the Steering Committee. The associated risks are addressed each month by the Group's tax team, relying on external advisers for the most relevant issues.

The Group's corporate tax strategy, which will in any case respect the good tax practices and principles, has as its fundamental objective compliance with the tax regulations applicable in all territories in which it operates, while avoiding any undue tax inefficiency or overexpenditure.

PRINCIPLES OF THE CORPORATE TAX POLICY AND CORPORATE SUSTAINABILITY POLICY

IN CHARGE OF

responsible tax action, which prevents tax risk through efficient and transparent management, via the following practices:

- o Implement an effective system for information management, control, management and prevention of tax risks.
- o Identify and pay particular attention to the main areas of specific tax relevance for the Group, as potential sources of tax risk.
- o Analyse and properly assess the tax implications associated with the main decisions made and strategies followed by the Company.
- o Avoid using non-transparent structures that make it difficult for the tax authorities to audit; avoid implementing artificial structures and operations not related to the Group's own activities with the sole aim of reducing its tax burden

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.

MAINTAINING

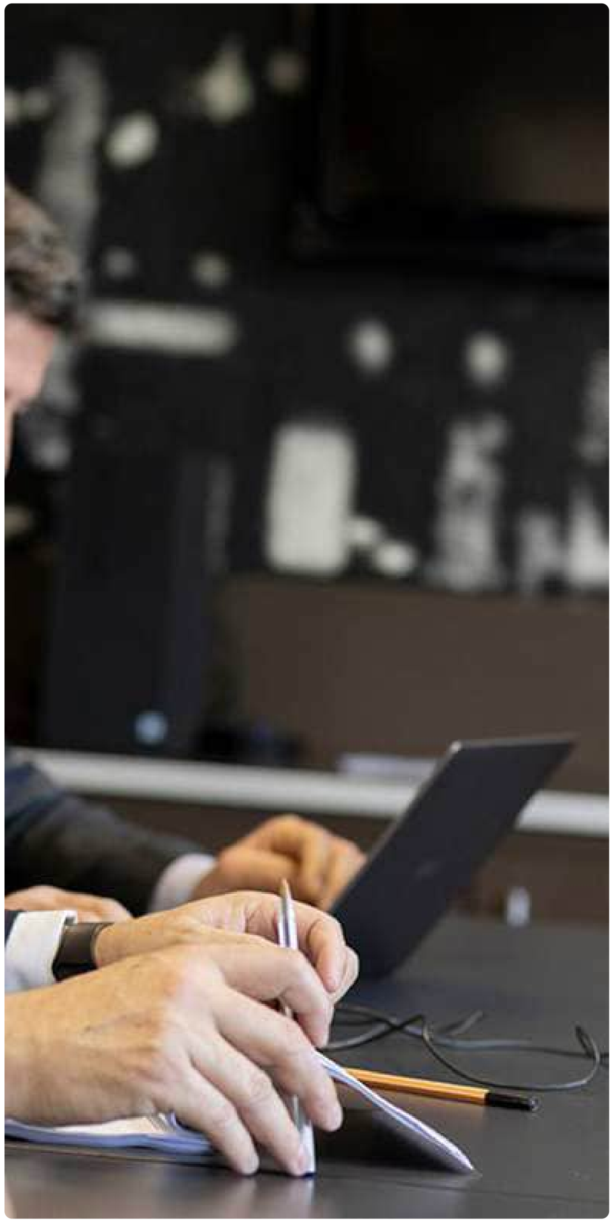
a relationship with the tax authorities based on the principles of good faith, collaboration and transparency.

DO NOT INCORPORATE

or acquire resident companies in tax havens

APPLICATION AND COMPLIANCE

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



Responsible taxation

In the TR Group we maintain ongoing contact with the authorities, in order to address all 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 37.2 million in 2022 (EUR 32.7 million in 2021) in taxes to the public coffers, which is a reflection of our significant impact in this regard.

514

The economic value generated in 2022 was EUR 514 million (EUR 243 million in 2021).

	2022	2021
Profit/(loss) before tax		
in Spain	**20,676**	-63,117
in the US	**17,277**	-1,670
Tax on profits paid		
in Spain	-	9
in the US	-	-
Public subsidies received		
in Spain	**1,847**	2,066
in the US	-	-

No income tax was paid in 2022, as there was a negative result for 2021. However, in view of the positive result in 2022, income tax will be payable in 2023.

	2022	2021
Subsidies for development of R&D+I projects	**232**	185
CO_2 emission allowance subsidies	**5,047**	2,000
Other subsidies	**1,615**	1,647
Investment loans	-	234

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

GIVING BACK TO THE COMMUNITY

At the TR Group, we are conscious of our contribution to the local community. Given our location, we not only provide direct employment for the surrounding population, but we also generate a wide range of indirect employment. Our impact is such that we have created a relationship of reliance between the surrounding villages and our plants.

Energy in the USA

At our US plant, we also wish to contribute to the community. Due to the weather there and our close location to the major city of Houston (Texas), we are part of the Enel X initiative. This programme consists of donating power we would normally use for our production to the community in situations of force majeure such as weather-related disasters. **As such, during natural disasters, our power and energy is used to ensure a continuous supply of electricity to nearby neighbourhoods.**

Mobility plan

Our commitment to reducing emissions does not just apply at operational level. We also want to raise awareness among our staff so that they can make the best possible contribution to this change. To this end, we strive to raise awareness among all our staff working to implement a wide range of measures that contribute to the environment. As part of these measures, and as one of the benefits of belonging to the Group, we have implemented various alternatives to help get to our workplaces.

In addition, we have reached an agreement with Anfibium, a carpool platform that will soon be available to all staff, allowing them to post ads featuring their start and end locations, scheduled departure time and seats available in their vehicle so that they can travel together, thus reducing the number of vehicles at our plants, helping the environment and establishing closer ties within the workforce. This platform will also suggest alternative ways of getting to each of our production plants depending on location.

For those who live in the Basque Country and work in our Productos plant, as there are no public transport lines nearby we have set up two buses serving Bilbao and its periphery, in addition to providing the Anfibium platform. These private buses travel along both banks of the Bilbao estuary and pick up anyone who has made a request. This bus promotes the use of public transport or carpooling, values that contribute to a more sustainable economy over time and that therefore align with our beliefs as a Group.

Protecting biodiversity

The activities and operations carried out in the production plants do not have, in most cases, a direct impact on biodiversity and protected areas. Only a part of the Amurrio plant'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.
- CAPV Territorial Planning Guidelines (DOT).
- Spaces catalogue.
- Environmental Risk Analysis (ERA) report in our Tubos and Productos plants. We have carried out an analysis along these lines 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.

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-orientated associations and knowledge centres.

Major international congresses

- European Steel Tube Association (ESTA), holding the presidency of the hot-rolled seamless pipes division since 2018
- Basque Hydrogen Corridor Association – BH2C
- Spanish Association for Fluid Handling Solutions and Process Technologies (FLUIDEX)
- Spanish Association for Steelworks and Product Exporters (SIDEREX)
- EIC Energy Advanced Engineering Foundation
- Union of Steel Companies (UNESID)
- Association of Major Energy Consumption Companies (AEGE)
- Association of Alavesan Businesses (SEA)
- Management and Finance Forum
- Vizcaina Federation of Metal Companies (FVEM)
- Basque Business Circle

Major international congresses

TUBE&WIRE: Biennial trade fair dedicated to the exhibition of products from the iron and steel industry – Held in Düsseldorf (Germany) from 9–13 May 2022.

OGA: We were one of only two Spanish companies with our own stand. This event is intended to serve as a meeting point for key stakeholders in the oil and gas industry from across the SEA region – Held in Kuala Lumpur (Malaysia) from 13–15 September 2022.

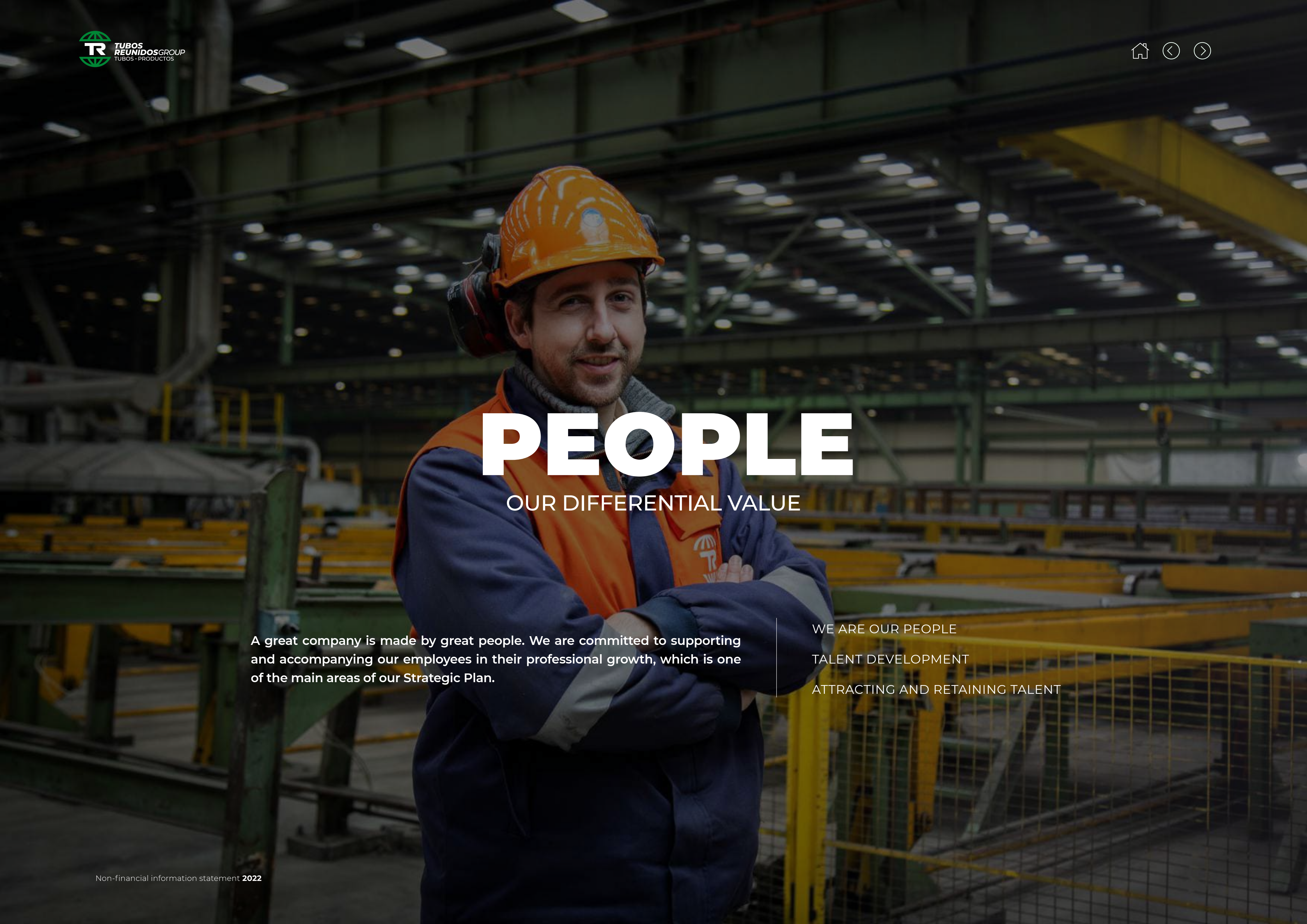
OSEA: The Tubos Reunidos Group participated in OSEA, one of the biggest oil and gas exhibitions in Asia, from 15–17 November 2022.

126

EUR 126 thousand invested in 2022 in partnerships, sponsorships and contributions to foundations (EUR 103 thousand invested in 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 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, our participation in the ESTA and in the Basque Hydrogen Corridor is yet another sign of our commitment to clean energy. The knowledge acquired in our 130 years of history and passed on via our greatest competitive advantage – the people who make up the TR Group – gives us the opportunity to contribute to the energy transition by manufacturing products for a clean emerging energy source, namely hydrogen.



PEOPLE

OUR DIFFERENTIAL VALUE

A great company is made by great people. We are committed to supporting and accompanying our employees in their professional growth, which is one of the main areas of our Strategic Plan.

WE ARE OUR PEOPLE

Thanks to the experience and excellent work of our staff, we can create value for our stakeholders, offering differential services. If there is one thing that is an integral part of the DNA of our great team, it is **its dedication, effort and commitment**.

· A team that **rises to the challenge**

· Where **dedication and effort** come first

· Able to **remain engaged**

Thus, as a Group, our commitment to our people is to develop a safe, healthy environment in which committed people can grow with superior performance that generates added value for the company.

At the TR Group, policies and procedures are in place at both plant and corporate level. Working under both scopes means we can combine and incorporate each of these cultures, while sharing commitment, motivation and vision at Group level.

2022 was a year that saw the start of change for our talent. With the addition of a corporate People Manager in 2021 to strengthen this priority area for the Group, our HR team focused its efforts on creating a **People Development and Management Programme**. This helps us to foster growth in our team in an environment of well-being and trust united by a common purpose. The programme, which began in 2022, is scheduled to run from 2022 to 2024, determining the actions to be performed in three areas: structural actions, actions linked to people and tools for auditing the process.

Francisco Irazusta
The Chair

"The work and commitment of everyone who forms the Group has proved essential when it comes to overcoming the great challenges we have faced over the past few years and will continue to be a key part of meeting the challenges that we face in the future. The Group's success is based on the well-being and development of all the people who are part of it".

Knowledge, will and power are the three pillars that differentiate us

Here at the TR Group, we see talent as ability combined with commitment and action, with all three aspects operating simultaneously.

The TR Group supports and promotes these 3 pillars through various initiatives:

3 PILLARS

KNOWLEDGE

This is understood as the person's knowledge, skills, competences, experience and work attitudes

"Knowledge" is how we at the TR Group can help drive the careers of all our people. We work to enhance the knowledge and development of our people through development and training plans.

WILL

This commitment is understood as the attitude and motivation towards work and the achievement of the TR Group

"Will" represents the milestones we have pursued and achieved as a team this year, thanks to everyone's participation. To this end, at the TR Group we are committed to promoting dialogue and communication, while working to motivate our people.

POWER

This is understood as the ability to correctly solve problems, and to take responsibility for them

"Power" is well-being and a good working environment, promoted at the TR Group through various initiatives.

Key figures

A SUBSTANTIAL TEAM OF MORE THAN

1,400

PEOPLE

PERMANENT CONTRACTS

91%

AVERAGE NUMBER OF PEOPLE

AVERAGE REMUNERATION

46,537

EUROS

We strive to ensure that people in the Group have a highly competitive salary, with a strong commitment to permanent employment.

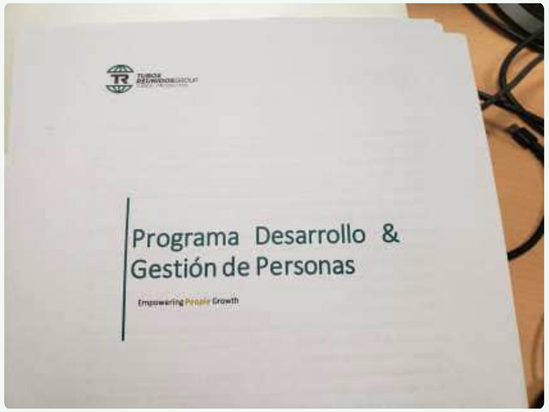
GROWING OUR TEAM

3

People recruited to significant positions in the organisation and forming part of the Steering Committee

91

New hires in 2022



DESIGN
of the "People Development and Management Programme 2022–2024"

CREATION
of the "360° Assessment" initiative to identify and develop talent

LAUNCH
of the young talent management programme

STRATEGY DAY
aimed at sharing the strategy to create a common purpose

DEFINITION
of the remuneration policy

LAUNCH
of the first internal newsletter

OPENING
of new communication channels

DEFINITION
of "Talent"

2022 Key milestones

TALENT DEVELOPMENT

KNOWLEDGE: GROWING TOGETHER

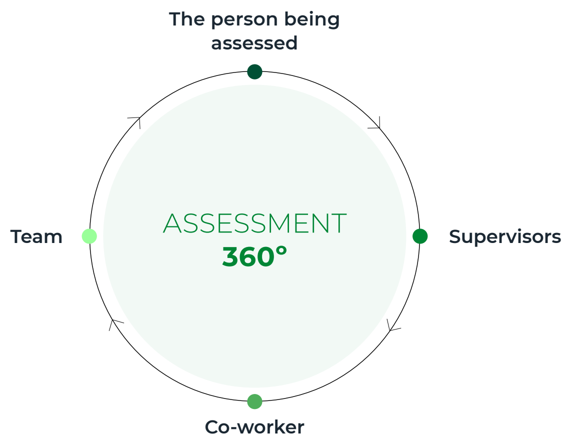
STRENGTHENING OUR TALENT

Here at the TR Group, we are committed to promoting an attractive professional career pathway, tailored to the needs of the organisation and our people. To match our people to the positions and vice versa, we completed a Job Analysis and Description (JAD) which helped us to identify the needs and skills required for each job. In addition, with the support of artificial intelligence, we drafted a job map that we can use to map out the career pathway of each staff member within the Group, identifying successful profiles and personal development plans

We want to plot a course with our people. Through the success profile of each role and the job map, we want to create a customised career pathway for each person. However, before we start implementing an individual/professional development plan, we need to identify our talent, starting with this work in 2022 for all staff who are not covered by the agreement.

Talent identification: 360° Assessment

The 360° Assessment is a tool used to pinpoint a person's skills-based knowledge, in which all people who they work with participate:



The main objective of this action is to seek professional improvement for each person in the Group, strengthening the weakest areas by drafting an improvement plan that facilitates professional development and growth. We have set ourselves the target of conducting this assessment process periodically so that we can measure the development of the associated skills over time. These fall within the Group's strategic skills (Safety, Continuous Improvement, Leadership, Customer Orientation and Results Orientation).

Accordingly, this assessment will allow us to identify our people's strengths and areas for improvement, and subsequently to design the right training and development plan for them. At the same time, it will help us to identify and search for talent by studying the market benchmarks for similar profiles.

Along with this identification, and in line with the strategic objective of developing talent, in December 2022 we began to outline the following actions, which we will continue to develop in the coming years:

- Identification of performers and high-potential people
- Performance evaluation
- Succession plan for key positions
- Management by objectives (MBO), to infuse the Group's objectives into its people
- Career plan.

If we look at the specific actions carried out in 2022 concerning the 360° Assessment for people not covered by the agreement, the following is of note:

- Implementation of a management by objectives (MBO) system.
- Assessment to the Steering Committee and establishment of action plan
- Pilot process assessment (on systems) for deployment.

We should also add that we are in the process of adapting our internal promotion plan to the results of this assessment.

In addition, we began to focus on managing our young talent. They are our future, and here at the TR Group we understand that everyone should know their potential career pathway within the organisation, as well as feeling a part of our company.

Young talent management programme
In late 2022, we developed the groundwork to support people during their first professional experience. This programme focuses on the young people we take on via internships and those undertaking in-company training.

This programme is based on:

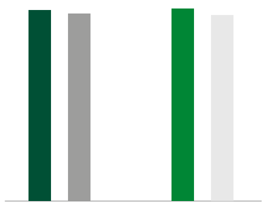
- Workshops to provide insight into how they can enhance growth within the Group.
- Explanation of potential projects in which they may participate, depending on their speciality.
- Identification of "mentor" figures to support and guide them during their initial corporate experience.

COMPETITIVE REMUNERATION

The remuneration we offer is calculated on a job-by-job basis and depends on the duties and/or responsibilities associated with each position, regulated by the various company agreements and conventions. We can thus ensure that our competitive positioning is fair for all.

In March 2022, agreements were signed to update wages linked to the CPI from 2017 to 2021 for the Tubos plant and for the Productos plant. Negotiations regarding the signing of the new agreements, estimated to run from 2022 to 2027, also began in May 2022 and are expected to be finalised in the first quarter of 2023.

Average remuneration by gender (euros)



2022 | 2021

Men
- 46,615
- 47,017

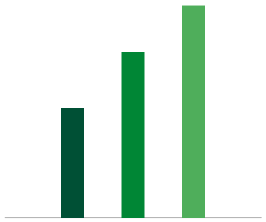
Women
- 45,799
- 45,422

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 corresponding minimum wage.

Older people have a higher average remuneration because they are generally in more senior positions due to their experience.

The gap between the average remuneration per professional category has narrowed, with the average remuneration of lower-ranking staff rising and the average remuneration of higher-ranking staff falling.

Average remuneration by age (euros)

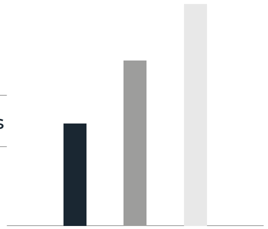


2022

28,971 Up to 30 years

44,219 Between 30 to 50 years

56,392 Over 50 years



2021

27,477 Up to 30 years

44,052 Between 30 to 50 years

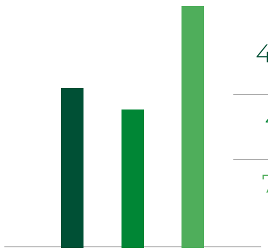
59,029 Over 50 years

Change in average remuneration* (euros)

46,537
2022

46,862
2021

Average remuneration by professional category (euros)**

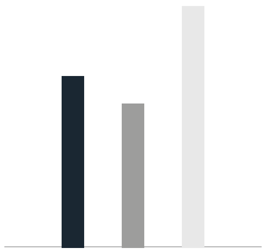


2022

48,489 Administrative and middle management

41,580 Operations staff

73,349 Managers, supervisors and technicians



2021

52,106 Administrative and middle management

40,142 Operations staff

76,520 Managers, supervisors and technicians

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 corresponding minimum wage.

* When calculating the average remuneration, the total actual payroll for the corresponding year (including base salaries, seniority and other bonuses, including relief and night work), except for that associated with collective agreement arrears, was divided by the average number of employees, with the actual hours worked being imputed. Arrears are not shown, so as not to distort the figure for changes in average remuneration.

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

Other notable benefits offered to our team

- Paid leave in excess of that established by the Workers' Statute to address different family circumstances.

- Support in funding the studies of the children of our team members who suffer from functional diversity.

- Two buses are available to pick up workers from the more remote locations.

- The development of internal talent to hold positions of greater responsibility: internal promotion as a priority.

- Within the TR Group, we have a defined contribution plan and other retirement plans, which are financed through payments to external voluntary social welfare entities (known as EPSV), which have risen both in terms of member numbers and contributions made.

CONTRIBUTIONS AND PROVISIONS **FOR PENSIONS**(THOUSAND €)

2022	2021
1,976	1,802

NUMBER **OF VOLUNTARY MEMBERS**

2022	2021
1,214	1,205

CONTINUOUS LEARNING ENVIRONMENT

Here at the TR Group, we want to ensure that our professionals have the right growth and learning structure, since this is the cornerstone of the company's growth and success.

The business reorganisation milestone of our Strategic Plan specifically aims to achieve a more efficient production, structure allowing us to combine the knowledge and experience of all the professionals in our plants, thus contributing to greater value. We transferred capacity from Pamplona to Amurrio, and we reached an agreement to transfer staff from the Sestao steel mill to Amurrio.

We have a welcome plan for all those people joining our team, to ensure that from the outset, we provide them with all the training and tools they need to be able to undertake their job and to develop as a professional.

The sector requires that we find new ways of rising to the challenges. Our approach is based on being more efficient, sustainable and responsible, requirements that we can only meet with access to the most effective, dynamic methodologies.

To this end, we undertake a training needs diagnosis to achieve greater professional qualification and develop skills that will lead to individual and collective improvement. As previously mentioned, one of the pillars of our "People Development and Management Programme" will specifically tackle how we align this diagnosis with the results of the performance assessment, making analysis more sophisticated and including more variables in the diagnosis. This is all done to help us design a career plan suited to each professional.

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 required to carry out our work in a competitive manner.

INVESTMENT IN **EXTERNAL EXPENDITURE** (thousands of euros)

176
2022

157
2021

NUMBER OF **COURSES**

481
2022

160
2021

TRAINING HOURS

2022	2021
13,396	13,400

AVERAGE HOURS OF **TRAINING PER PERSON**

2022	2021
9.53	10.10

It is worth mentioning that all these training courses were undertaken during working hours, as the TR Group is committed to switching off from work and providing flexibility.

OUR ALLIANCES AND PARTNERSHIPS

At the TR Group, we are committed to the new generations and local employment. This can be seen in the fact that we have close relations with several educational institutions, like the University of Deusto, the University of Mondragón, the Somorrostro Training Centre, the Laudioalde Training Centre and of course with the School of Engineering of the Public University of the Basque Country, where we continue with the Room4Steel programme, in partnership with other companies in the sector.

This programme is dedicated to attracting and developing young, newly qualified talent. Through this project, the aim is to improve the skills of highly trained metallurgy students so that they can work in participating companies, thus complementing their training. The programme aims to address the issue of the historically low number of young technical staff in the steel sector.

Room4Steel was created in the UPV/EHU School of Engineering, and has the support of the Basque Country Steel Cluster (SIDEREX) and other companies in the sector. The training schedule for this initiative is divided into separate themed blocks, and students on the programme can undertake their Final Masters or Degree Projects in the companies linked to this initiative. This all takes place in an environment of technical cooperation between Basque companies in the sector.

LINK TO WEBSITE

WILL: A SHARED PURPOSE

COMMUNICATION IS OUR WATCHWORD

Dialogue is the foundation of trust. This is why we encourage communication and dialogue between all the people who comprise the TR Group.

We work to increase motivation among our staff, and among other things, we are working on initiatives to support the command structure in its leadership, providing the organisation's managers with tools to manage personal and group effectiveness, along with the management skills required to achieve the highest-performing teams. The motivation of our people is a factor that enhances productivity, which is why specific projects have been developed in terms of communication and developing the role of the manager.

Internal communication channels

Our Group has strengthened internal communication by incorporating the following initiatives:

Creation of an internal newsletter

In the current period, we launched our first internal newsletter. The aim of the newsletter is to inform everyone in the Group about the most relevant and important news or events. The objective of this communication tool is to foster a sense of belonging to the Group by disseminating relevant information on a regular basis.

Strategy Day

For the first time in the TR Group's history, we have set up a specific Strategy Day. This is an initiative aimed at providing in-depth communication about the progress and follow-up of the strategic plan. In addition, meetings are held between managers and heads of key organisational areas so as to make progress on new proposals. It is worth noting that the feedback received after the first Strategy Day was very positive.

This initiative is very beneficial in bringing together and uniting all staff with responsibilities for key areas, who know their area in depth but are sometimes unaware of the relevance of other areas in achieving strategic objectives. This fosters communication within the Group and facilitates the transmission of information and best practice across the organisation.

Notice boards in plants

Our aim is to share the latest news about key strategic initiatives developed at Group level to all organisational levels. To achieve this, we rolled out a communication strategy aimed at displaying posters in key locations within the plant. It is worth highlighting the safety campaign that we rolled out throughout 2022 to reduce the number of accidents in the plant.

Communication

As a final measure to improve the internal corporate channel, various communications were made during 2022, such as festive greetings from the Chair's office and/or video shorts. The aim of these video shorts is to keep everyone in the TR Group efficiently informed. In addition to the above channels, the following channels are also present for staff consultation and dialogue: physical post boxes, regular meetings with direct supervisors, the ethics channel, meetings with the Works Committee and/or the legal representation of employees, and meetings with the Health and Safety Committee. In 2023, we aim to strengthen the entire communication pillar and develop a specific communication plan.

ATTRACTING AND RETAINING TALENT

POWER: GENERATING AN ECOSYSTEM OF WELL-BEING

QUALITY EMPLOYMENT

Generating high-quality employment is an integral part of who we are. At the TR Group, we work to ensure stimulating, stable and safe working environments. We are an ecosystem of innovation and professional promotion for our teams, and this allows us to offer a differential service to our customers.

We are committed to the inclusion of young talent in the job market, as evidenced by the fact that our workforce under the age of 30 has increased by 68%.

The proportion of women in the "Operations personnel" category has increased, which shows our effort to incorporate women in the plant, taking into account the predominance of men in the training careers associated with the sector. The number of women in senior positions has also increased.

Average number of people

- 1,272 - Men
- 133 - Women

- 1,232 - Men
- 128 - Women

Employees at the end of the year

62 Up to 30 years old
- 55 - Men
- 7- Women

1,019 Between 30 and 50
- 920 - Men
- 99 - Women

334 Over 50 years
- 303 - Men
- 31 - Women

37 Up to 30 years old
- 28 - Men
- 19- Women

1,040 Between 30 and 50
- 944 - Men
- 96 - Women

270 Over 50 years
- 246 - Men
- 24 - Women

Distribution by professional category and gender

977 Operations staff
- 957 - Men
- 20 - Women

276 Administrative and middle management
- 210 - Men
- 66 - Women

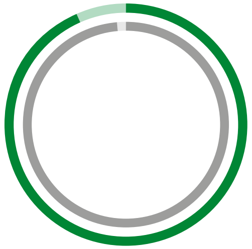
162 Managers, supervisors and technicians
- 111 - Men
- 51 - Women

924 Operations staff
- 908 - Men
- 16 - Women

275 Administrative and middle management
- 207 - Hombres
- 68 - Women

148 Managers, supervisors and technicians
- 103 - Men
- 45 - Women

Breakdown by country



2022
- 1,348 - Spain
- 67 - United States

2021
- 1,295 - Spain
- 52 - United States

The key to our growth is our great team, which is why we are continuing to expand our workforce in all countries.

TURNOVER RATES

7%	6%
2022	2021

The turnover rate increased slightly, but remains low compared to industry rates

Breakdown by contract type and country

1,348 Spain
- 1,195 - Permanent contract
- 153 - Temporary contract

67 United States
- 67 - Contrato indefinido
- 0 - Temporary contractl

1,295 Spain
- 1,210 - Permanent contract
- 85 - Temporary contract

52 United States
- 52 - Contrato indefinido
- 0 - Temporary contract

Permanent contracts are a priority in all the countries where we operate, which is why 89% of our people will have a permanent contract by the end of 2022, thus promoting decent, quality work and providing stability to all our staff.

Collective bargaining agreements

At the TR Group we are attentive to the well-being and stability of our staff, providing them with a range of social benefits reflected in our collective agreements and our respective standards. Each of the Group's companies maintains its own features in relation to the collective bargaining agreements.

In March 2022, agreements were signed to update wages linked to the CPI from 2017 to 2021 for the Tubos plant and for the Productos plant. Negotiations regarding the signing of the new agreements, estimated to run from 2022 to 2027, also began in May 2022 and are expected to be finalised in the first quarter of 2023.

PERCENTAGE OF EMPLOYEES **COVERED BY COLLECTIVE BARGAINING AGREEMENTS** IN SPAIN*

2022	2021
100%	100%
Within the agreement	Within the agreement

* In the information reported for 2021, those who had individual agreements were considered as not covered by the agreement. However, all people in Spain are covered under a collective bargaining agreement, so we restated the 2021 figure taking this into account.

The bargaining agreements for each plant are outlined below:

- Tubos Reunidos, S.A: individual agreements with its workforce.
- Tubos Reunidos Group – Tubos plant and Productos plant: own collective bargaining agreements.
- Tubos Reunidos Group – Acecsa plant: agreements linked to the collective bargaining agreements for the metal sector in Navarre, incorporating improvements to the same.
- Tubos Reunidos Premium Threads: agreements linked to the collective bargaining agreements for the metal sector in Álava, incorporating improvements to the same.
- 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.

ENHANCING FLEXIBILITY AND WORK-LIFE BALANCE

For the TR Group, people are our most important asset. That's why we endeavour to help employees to strike a good work-life balance. In 2021, special emphasis was placed on encouraging and promoting a good work-life balance during the COVID-19 pandemic, and in 2022 we continued to promote flexibility and work-life balance in the following ways:

- **Flexible working hours:** we introduced flexible working so that our staff could adapt their working day to suit their needs, and strike the right work-life balance for them. In real terms, this means flexible arrival, lunch and departure times.

.

43

People benefited from the **"MeCuida"** plan

Breakdown by workday type and gender at year-end

1,398 Full time
- 1,270 - Men
- 128 - Women

17 Part time
- 8 - Men
- 9 - Women

1,336 Full time
- 1,214 - Men
- 122 - Women

11 Part time
- 4 - Men
- 7 - Women

99% of our staff work for full time. The measures used to promote a good work-life balance with our staff often help to avoid the need for part-time work.

Work absenteeism

TOTAL HOURS

300,819	254,799
2022	2021

ABSENTEEISM RATE

12.92%	11.96%
2022	2021

MAIN REASONS 2022

2022	**2021**	
67%	67%	Common illness
11%	15%	Work accident
8%	8%	Paid leave
7%	6%	Disputes
7%	4%	Other causes

Absenteeism increased slightly compared to the previous year. For this reason, one of the areas we wish to focus on in 2023 is to implement actions that help our staff to reduce this.

Maternity and paternity leave

	Men	Women
Persons entitled to leave	58	6
Number of people taking leave	50	6
Number of people returning after leave	58	5
Number of people who have returned and are still at the company after 12 months	57	5

Employees' right to disconnect

When it comes to disconnecting from work, we aim to allow our team to strike a good work-life balance, so that they can fully develop in the work environment, while having quality space to enjoy other facets of life. With this in mind, TR Group employees who use mobile phones have business mobiles that are separate from their personal mobiles, allowing them to disconnect from work.

Given the nature of our business, and the diversity of plants and countries in which we operate, no specific measures have been put in place. We believe that disconnection from work is sufficiently guaranteed at the end of the working day upon leaving the plant, as evidenced by the fact that the last Psychosocial Risks study conducted, in 2021, did not bring up any concerns regarding the need to disconnect from work. People are also encouraged to adopt habits such as respect for rest between working hours and during the holiday period.

PROMOTION OF EQUALITY AND DIVERSITY

We safeguard equal opportunities and non-discrimination, as reflected in our Code of Ethical Conduct.

We are firmly committed to equal opportunities in business performance, something that is revealed in all the selection and recruitment processes in place, which are carried out openly. The gender of the candidates is not a condition or limitation. Remuneration is determined by job category (post/function/task) in agreements, regardless of gender or any other reason, which prevents pay discrimination.

	2022	2021
SALARY GAP*	1.75%	3.39%

The reason the calculation of the salary gap is positive is due, firstly, to the existence of a percentage of salary that is linked to work bonuses, such as relief, which are mostly collected by men, and secondly to seniority, which is greater in the group of men as we work in a historically male sector. If we calculate the salary gap by isolating these bonuses and seniority, so taking into account only the base salary, the average remuneration of women is greater than that of men, with a negative salary gap (6%) in 2022 and in 2021 (3%). This is due to the fact that on average, women hold more senior positions in the organisation than men.

Equality plan

As part of our firm commitment to equality, we are in the process of approving the TRG Equality Plan, which aims to promote equal opportunities among all the people who make up the 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 an equality policy in the Group.

Specifically, to date, we have carried out an equality diagnosis for the Tubos plant and another for the Productos plant. After holding several meetings and dialogues with the social groups, a single Negotiating Committee was set up for both plants (required after the merger), and the proposal for the Equality Plan was submitted. The next step is the approval of the TRG Equality Plan.

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.

We also have an electronic mailbox and several physical post boxes to receive notifications of incidents, suggestions, problems or proposals of concern regarding issues of equality and to be able to track these issues, and to encourage the participation and commitment of the entire workforce.

13 WOMEN

We've managed to incorporate In our team in 2022

UNESID #women of steel

The iron and steel sector has historically been characterised by a strong male presence. In our work with UNESID, we are continuing the Women of Steel programme that we began in 2020. This initiative highlights the achievements in women's employment along with the challenges and barriers for women in this sector. This year, we worked together in the programme using a visual format where our women notably praised the sea change in terms of equality that they have noted in the Group throughout their long careers, and thanked the work carried out and effort made in the service of equality by the TR Group thus far, which encourages new generations not to underestimate the opportunities that this sector offers.

* 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, except for collective agreement arrears.

Integration and accessibility of people with functional diversity

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 TR Group should hire specific positions from special employment centres. Specifically, during 2022, the turnover associated with this type of collaboration amounted to EUR 374 thousand (EUR 355 thousand in 2021). In addition, as at the end of 2022, we have eight people with recognised disabilities on our team: seven men and one woman (nine people in 2021: eight men and one woman).

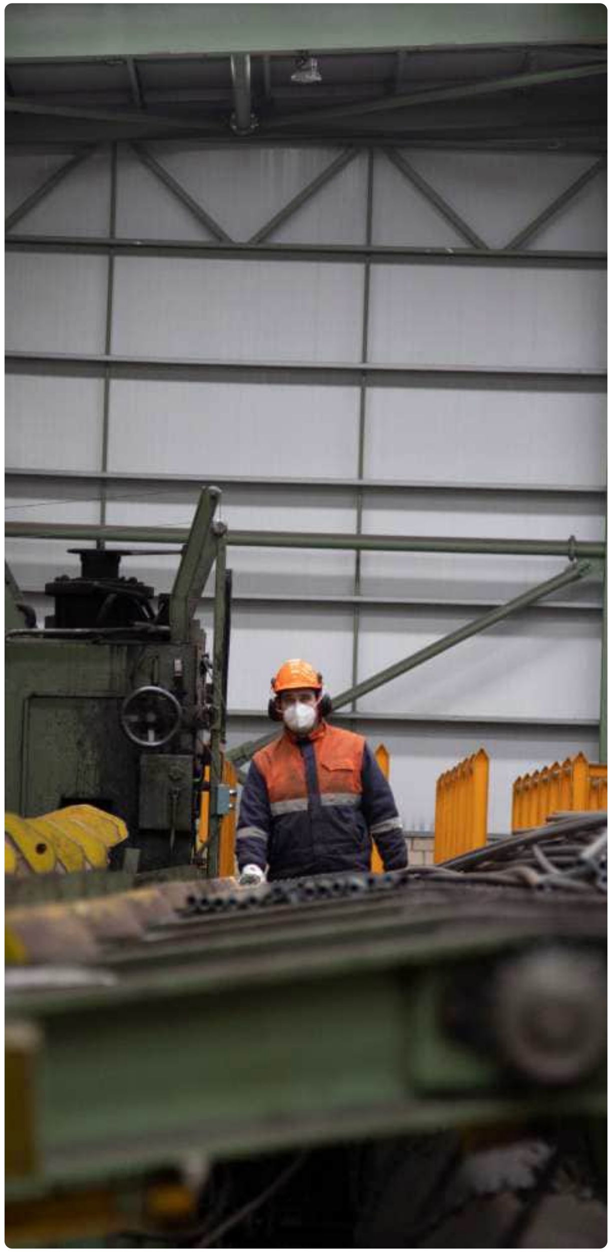
With regard to accessibility measures, the TR Group complies with the required legal regulations.

TURNOVER **ASSOCIATED** (thousand euros)

2022	374
2021	355

PEOPLE WITH DISABILITIES IN OUR TEAM

		MEN	WOMEN
2022	8	7	1
2021	9	8	1



EXCELLENCE IN HEALTH AND SAFETY

We work to ensure our employees' safety, and with this in mind, we are developing the Excellence in Health and Safety project with the participation of the entire management structure. More than 10 teams are working on the different dynamics, with the direct participation of more than 100 people who have had over 1,800 conversations about safety since the project was launched. This aims to help eliminate the accident rate in our Group.

The contribution of our people to the Excellence in Health and Safety project launched in 2021 is proving key to its successful and timely implementation.

Among all the initiatives launched in 2022, we must highlight the Motivation and Risk Perception group for its direct involvement with our people plan. This group aims to develop sanctions and active listening to promote safety in production plants. This involves fostering communication among our staff so that they comply properly with the pre-defined security measures for each activity.

Likewise, we are grateful and proud to have a team that is so committed to safety, which prioritises its safety and that of its colleagues above all else.

FOR MORE DETAILED HEALTH AND SAFETY INFORMATION, SEE CHAPTER 4

TOWARDS EXCELLENCE IN

HEALTH AND SAFETY

The health and safety of all people is our priority. At the TR Group we work to ensure that everyone can take part in our activities that prevent and reduce the number of accidents as much as possible.

KEY FIGURES

EXCELLENCE IN HEALTH AND SAFETY PROJECT

A HEALTHY, SAFE WORKING ENVIRONMENT

KEY FIGURES

	FREQUENCY* RATE	**SEVERITY*** RATE
2022	39.91	0.89
2021	48.69	1.15

* Frequency rate: 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

We are very proud to be able to unveil the fruits of our labour and dedication to health and safety, since we have managed to reduce our frequency rate by 18% and our severity rate by 23%. With consistency and perseverance, we have made year-on-year improvements in accident rates, with the ultimate goal of reaching zero accidents.

OCCUPATIONAL DISEASES

2022	2021
0	4

INVESTMENT IN **HEALTH AND SAFETY (IN THOUSANDS OF EUROS)**

2022	2021
1,455	1,899

NUMBER OF SUBCONTRACTED EMPLOYEE ACCIDENTS **WITH AND WITHOUT LEAVE**

	2022	2021
Subcontracted employee accidents with leave	29	20
Subcontracted employee accidents without leave	69	52

Given the increase in subcontractor accidents, as outlined below, one of the working groups of the Excellence in Health and Safety project will focus specifically on improving contractor safety, so we can expect a reduction in the number of contractor accidents in the coming years.

Francisco Irazusta
The Chair

"Health and safety is an integral part of our values. We are in the second year of implementing the Excellence in Health and Safety plan, and thanks to the effort and commitment of all our people, we can say that our culture in this respect has improved substantially, and at the same time we are seeing a reduction in our accident figures. This is all conducted to help move towards the ultimate goal of "zero accidents", with the firm belief that all accidents can and should be avoided."

HIGHLIGHTS

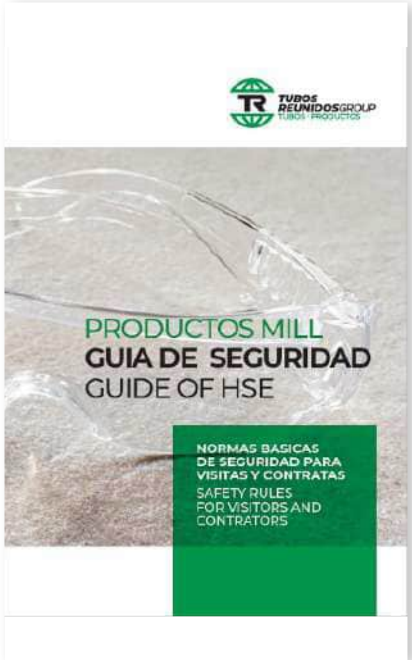
10 rules that save lives

: These 10 prevention measures are to be followed by anyone at our facilities. They have been disseminated in various ways, from visual posters on information boards to reminders at safety meetings. This initiative neatly sums up our commitment to people's health and safety. Every precaution taken, however insignificant it may seem, brings us closer to our ideal of zero accidents. We consider it key to establishing a safety routine that is to be followed while in the workplace.

Visitor leaflet

This leaflet is provided to all visitors regarding the safety measures to be respected at our plants, which, together with introductory talks given by our staff to visitors, comprise the preventive measures that ensure the safety of external visitors.

Every review and communication we undertake makes us more aware of previously undetected risks and contributes to our zero-accident goal.



EXCELLENCE IN HEALTH AND SAFETY PROJECT

The health and safety of our people is a priority. Consequently, our efforts are aimed at ensuring that a safety and zero-accident culture is firmly rooted throughout the Group.

In 2022 we made significant progress on the Excellence in Health and Safety project (2021-2023), which was very well received by our staff who were fully engaged at all levels, including the direct involvement of the Steering Committee.

OUR **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 using the necessary resources.

We will ensure that work is always and only carried out 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.

OUR PRINCIPLES

P1 Health and safety as a value, with the aim of "zero accidents" and always working safely

P2 Committed management and a leader in health and safety

P3 Health and safety as the basis for all decisions

P4 Training of all staff, training and integration of suppliers and contractors

P5 Compliance with current legislation, objectives and certifications regarding health and safety

P6 Commitment to the community and the business environment

We also created seven multidisciplinary working groups so we can work on the relevant areas to be strengthened, as identified in the initial diagnosis. In 2022, we continued to make progress, defining the objective of each of the seven working groups and their coordinators. A member of the Steering Committee participates in each of these teams, reflecting the relevance of this initiative at Group level.

	DSS TRANSFORM (DSST)					PROCESOS DE GESTIÓN	
SEVEN WORKING GROUPS	SAFETY LEADERSHIP	ORGANISATIONAL GOVERNANCE AND TRAINING	SAFETY ROUTINES	MOTIVATION AND PERCEPTION OF RISK	MAIN RISKS OF PEOPLE	CONTRACTOR SAFETY WORK	MAIN PROCESS RISKS
COORDINATORS	**Sponsor:** Carlos López de las Heras (Managing Director)	**Sponsor:** Ignacio Barón (Chief Financial Officer)	**Sponsor:** Sergio Saénz (Digital Transformation Director)	**Sponsor:** Koldo Lasala (Director of People, Prevention and Health)	**Sponsor:** Andoni Jugo (Industrial Director, Tubos plant)	**Sponsor:** Josu Arteche (Purchasing Director)	**Sponsor:** Antón Pipaón (Director of Sustainability and Business Development)
GOALS	Strengthen visible leadership commitment by defining safety principles and policies, strategic objectives and plans and setting safety standards for workers to live by.	Redefine the organisational foundations on which a strong safety culture can be built, by defining an integrated organisation and affective communication, accountability and involvement of line management, trained resources and safety staff.	Define all safety routines and best practices essential for cultural maturity, by drafting a programme of preventive observations, audits and inspections, work planning and incident/accident investigation.	Advocate for risk awareness in routine low-potential and high-risk activities, as well as disciplinary and recognition schemes for workers.	Strengthen the control and effectiveness of the main risks affecting people. To achieve this, the associated procedures and standards will be addressed, along with operational discipline, preparedness for emergencies and energy allocation.	Strengthen contractor management to ensure that partner companies with which we work have a safety culture similar to or better than ours, and meet the minimum requirements for our own workers.	Strengthen the control and effectiveness of the main process risks: loss of containment of hazardous substances, fire and explosion. To do this, we will first design a standard of PSM elements and then address issues specific to the main risks described above.

KEY DEVELOPMENTS 2022

In 2022 we consolidated the actions we had planned. At the end of the year, we believe we had everything we need to complete the remaining actions by 2023, and to ensure that the actions performed by working groups are taken into account in our internal processes. Specific actions were launched in all the aforementioned working groups, of which 3 groups stand out as having made significant progress in 2022:

1. Safety leadership

The aim of this group is to strengthen the TR Group's position as a sector leader when it comes to health and safety. To this end, we intend to strengthen our leadership in occupational risk prevention by defining Principles, Safety Policies, Objectives and Strategic Plans, as well as establishing the safety standards by which people must abide by while on our premises.

At the end of 2022, all actions of this group had been completed. Below is a breakdown of the main actions:

Management involvement with staff on safety issues (e.g. participation in dialogues)

Implementation of new communication procedures

Improved alignment between the Group's two plants

Defined annual communication plan

Progressive knowledge of the members of the health and safety team

Deep cross-functional involvement in the project

Establishment of the Safety and Prevention Steering Committee

Monthly updating routine established for notice boards

Significant pool of actions at various launch phases

Real awareness of the need to establish governance in PSM

Training and Welcome Guide completed

2022

Actions achieved

	ACTIVITIES TO BE PERFORMED	STATUS
Principles and policy		
A1.1	Define a common safety vision/ambition for all plants and departments.	COMPLETED
A1.2	Develop safety principles common to all plants and departments.	COMPLETED
A1.3	Disseminate the Health and Safety policy and principles to all employees and permanent contractors of Tubos Reunidos on an annual basis. Assess the understanding and visible commitment of managers and employees in terms of the safety policy and principles established.	COMPLETED
Leadership routines		
A1.4	Define and implement leadership routines: annual site visits, preventive safety observations, communication routines, Safety Steering Committee meetings, etc.	COMPLETED
Strategic objectives and plans		
A2.1	Establish an annual corporate safety plan with annual targets and safety rates, to achieve the vision/ambition.	COMPLETED
A2.2	Establish corporate preventive safety indicators to monitor plans and objectives.	COMPLETED
A2.4	Define a framework with individual objectives for each role and commitments per manager (personal action plan). Ensure the integration of individual safety objectives by all leaders, managers and supervisors.	COMPLETED
A2.3	Ensure the drafting of annual safety plans in plants, resulting from the corporate plan, with specific goals and activities to meet the corporate objectives of Tubos Reunidos.	COMPLETED
Procedures and standards		
A3.1	Develop and implement corporate governance safety standards as minimum requirements in all Tubos Reunidos departments.	COMPLETED

The initiatives in this section that are most noteworthy include the corporate scorecard and the sponsorship programme. The corporate scorecard consists of assigning responsible persons to oversee the safety measures that are considered most important. These safety measures may have been implemented and may simply require a person in charge to monitor their indicators, or they may consist of implementing specific safety measures and their respective indicators.

Monitoring scorecard

Indicator type	Indicator
IMPROVEMENT	% Compliance with the annual communication plan
	No of OHS meetings held/planned
	Training courses held/planned
	% Compliance with preventive action planning
MANAGEMENT	No of accidents
	No of incidents reported
	Audits performed/scheduled
	Inspections performed/scheduled
	Resolved/pending accident and incident cases
INFORMATION	Accidents with sick leave
	Accidents without sick leave
	Incidents
	Total number of contractor accidents

In addition, the sponsorship programme strengthens the scorecard by making it operational. As well as those responsible for implementing the safety measures set out in the scorecard, the sponsorship assigns a manager to each area of the production plants and is responsible for monitoring under certain conditions. Firstly, the manager would be responsible for maintaining quarterly dialogue with their assigned plant area, and monitoring that safety standards are respected in the area assigned. Secondly, they will stay in constant contact with their plant so that they can decide how the measures featured on the scorecard and marked as pending incorporation are to be implemented, correcting them as required.

To implement these safety scorecard measures, and to ensure that they are monitored by managers, we have incorporated a communication plan that will facilitate the entire process. This implementation and monitoring system, used to ensure that those in charge of plants are accountable and that managers provide supervision, will be accompanied by a Health and Safety Senior Management Committee. This committee consists of a quarterly meeting at the highest Group level to analyse reports on the results obtained by the indicators for each security measure incorporated.

2. Safety routines

This group aims to define all the routines and good safety practices that we consider essential in order to achieve cultural maturity in health and safety matters. At the TR Group, we believe that taking certain steps on a regular basis before the day begins can make a difference.

To ensure effective implementation, the entire workforce must be involved. Information must flow from those who are operating machinery in our production plants to the managers whose job it is to coordinate all initiatives and ensure that safety measures are correctly complied with. These habits were successfully acquired via a programme of preventive observations, audits and inspections, careful planning of each task with its potential risks, and findings noted via an investigation linking incidents and accidents.

In addition to these initiatives, internal communications work was conducted to gather information and transmit the decisions made so as to improve safety measures. This exchange of information between the various managers took place mainly through safety dialogues, pre-shift talks and committee meetings.

Implementation of "Safety Dialogues"

This tool is used to enhance communication between management (line management, senior management, etc.) and the rest of the people in the Group. It aims to help visualise safe behaviours in order to recognise them, and to detect unsafe acts in order to correct them. In real terms, these dialogues help to achieve the following goals:

- Enable managers to exercise visible leadership.
- Encourage safe behaviour.
- Highlight actual and potential risks.
- Visualise the degree of compliance with standards.
- Promote dialogue on workplace safety.
- Improve the integration of prevention at all levels.

To enhance communication between both sides, we also organised departmental talks and meetings to achieve closer contact between the various positions common to a department, and to resolve the most serious and common errors.

Safety tips

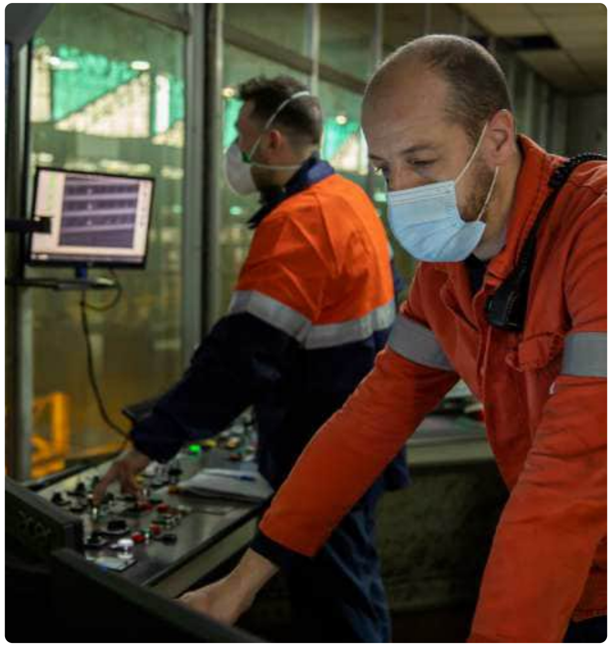
Thanks to this tool, everyone in the Group can report any incident detected that involves safety, whether to correct or to improve it. This will make us more attentive and aware in our daily lives, because safety is everyone's business.

Meetings and talks

In order to establish a routine that helps us to learn about relevant safety topics, a range of talks and regular meetings are held. They all help to enhance our safety culture and raise awareness among the entire team.

- Planning meetings: to communicate production priorities. These allow us to review what is to be done and what equipment is to be brought off-line for repair/preventive maintenance or inspections.
- Pre-shift talks: used to discuss key findings and learning points from the previous shift, to review risks in upcoming tasks and to take preventive measures. Messages from the annual communications plan and/or recent relevant events are conveyed. These have started to be held weekly. These discussions are brief, and consist of informing colleagues about the current production plant status and any risks detected by plant operators during their shift, thus ensuring that people on the upcoming shift can take the necessary precautions. This initiative promotes horizontal communication within the organisational structure, as it is not communicated directly upwards; rather, these talks are given by team leaders and managers to the rest of the staff. This maintains fluidity at shift changeover, thus enhancing workplace safety.
- Pre-task talks: used by direct managers on site to review the preventive measures for procedures and work permits. It will apply to all non-routine, high-risk, non-procedural tasks.

In addition to all these initiatives, we performed a number of inspections. Firstly, we drafted an inspection procedure where we commit to inspect every machine on a regular basis in a pre-defined order. These checks will be recorded in a drafted document



which, once a given time period has elapsed, will remind us to check each machine and facility once more. In parallel, we are performing inspections of cranes, forklifts and all types of platforms. Here at the TR Group, we believe that the inspection and overhaul of equipment considerably reduces the risk of an unexpected event. As our 130 years of experience have taught us, most accidents occur in everyday activities and while using the simplest machines.

3. PSM (Process Safety Management)

One of the major discoveries of the Project and one of the largest areas where there is a management shortfall is in PSM (Process Safety Management).

By using this management system, we will try to implement and ensure the seamless functioning of measures adopted to monitor the dangers in our processes in the various Group-owned plants. In other words, we aim to prevent harm to our own staff and to other people working on our sites, and to the local communities in which we operate, as well as to prevent damage to property (and the Group's reputation) and environmental damage that may result from events related to the release of matter and energy (known as significant process safety incidents), primarily fires, explosions and the release of hazardous substances.

Other key initiatives in 2022

In addition, we would like to highlight the following actions, which were very well received in terms of health and safety awareness

NEW POSTERS
resulting from a new health and safety awareness campaign, aimed at pinpointing hazards in production plants.

TV SCREENS
fitted at the entrance to plants, displaying all kinds of information related to: safety videos, trends for figures and accident rates, etc.

DAILY MEETINGS
meetings involving the analysis of and reporting on health and safety incidents at the plant to prevent and warn of the most common accidents in the plant.

ACCIDENT-FREE DAY COUNTER
to keep our employees motivated and to create safety.

2022
other highlighted actions

A HEALTHY, SAFE WORKING ENVIRONMENT

Safe working is a key issue for the Group, and for this reason, alongside the major investment made and the Excellence in Health and Safety project, we roll out measures and actions aimed at ensuring the full health and safety of our professionals and employees. Furthermore, we continuously carry out training in occupational risk prevention, so as to keep our people aware and to eliminate any unnecessary risks. We demand that our teams go beyond compliance with current regulations.

Identification and assessment of health and safety risks

At the TR Group we are very aware of the potential hazards associated with this sector, due to the physical and psychological demands required to complete each task in the production chain. As a result, in addition to paying attention to any hazards we observe, we conduct exclusive awareness and prevention campaigns in the workplaces that we believe relate to issues most prone to accidents.

In order to detect hazards and prevent accidents in our plants, we follow occupational risk assessment procedures that are constantly reviewed and updated. We associate levels of probability of occurrence to risks detected and grouped to each task, whether routine or one-off, as well as the severity with which an accident may be triggered.

It should be noted that both the risks and the safety measures in place are intended to cover all persons involved with the Group; in other words, these measures do not just extend to our own staff but also cover the companies with which we subcontract.

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**
	2022
Mechanic	9
Forklift operator	5
Fitter	23
Cutting area operator	18
Logistics operator	14
Lamination change operator	21
Production operator	1
Operator	4

* 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.

As a sign of our concern for all the people involved in the Group, we also assess the work performed by contractors, even though they are not part of our workforce, as we believe they also help to construct the TR Group. As a result of the assessments that we conducted, we identified a high incidence of accidents in welding work, in which 34 people were employed during the year.

Specialised in-house prevention services

At the TR Group, we believe that risk prevention is essential in order to minimise the likelihood of accidents. Consequently, we have our own prevention services specialising in the following areas:

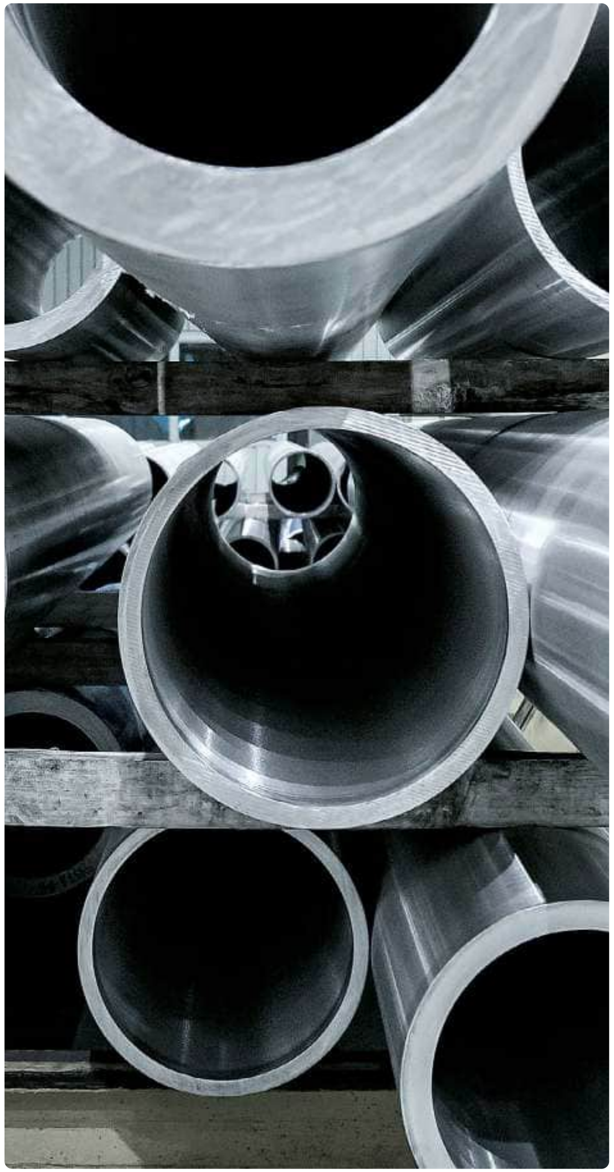
- Health and safety

- Hygiene

- Ergonomics-Psychosociology

- Health monitoring

To duly protect against all potential incidents, we monitor the implementation of preventive activities affecting each department, collecting information to help us improve risk prevention mechanisms so that we can update and optimise them to enhance safety, and we report and analyse health and safety incidents occurring in production plants for monthly analysis at departmental level.



Health and safety oversight in subcontracted companies

Aware of the specific needs of our customers and in order to offer a superior product and service, we make our production process flexible. In order to meet these unique needs, we ensure that we have access to specialist resources that complement our products and are seen as providing high added value.

To achieve this, we have spent years forging relationships of trust with various companies that, despite being subcontractors, we perceive as part of the TR Group when it comes to bringing our final product to the market. That's why we look out for the people with whom we work as well as our own people, applying and requiring health and safety prevention methodologies that govern the development of their activities so as to ensure compliance with best practice in accident prevention at all times. This all contributes to further progress in aligning with a zero-accident environment.

To achieve this ideal, we have established roles and responsibilities for health and safety coordination between our Group teams and those of our subcontractors. By describing the procedures for approval, providing the information needed to perform the activity and detecting the risks involved therein, as well as the appropriate monitoring, we reduce the likelihood of unforeseen events together.

We hold meetings at least every quarter to follow up on complaints, suggestions and proposals for improvement in terms of prevention and safety measures.

Furthermore, to help implement prevention measures in our production plants with greater visibility, both for our own staff and for subcontractor staff, all companies comprising the TR Group hold meetings in which we share the checks and indicators so these can be recorded in follow-up minutes.

100%

of companies that wish to carry out work at our facilities must be approved in advance.

Health and Safety Committee

To ensure the continuous improvement and updating of our occupational risk prevention measures, we consider it essential to involve all those parties specifically exposed to hazards. To help maintain fluid, permanent communication with all parties, we have communication channels that promote the consultation and participation of everyone in the Group, be they plant staff or subcontracted staff, which, together with the most advanced information and training, help to ensure that the functions of every job are performed safely.

To further strengthen the communication channels that are constantly receiving information, we also have a Health and Safety Committee. This committee, made up of the delegates and heads of each department, operates according to the same zero-accident ethos. To this end, it is tasked with collecting feedback and advising on existing health and safety programmes. This committee started with quarterly meetings, but this frequency has been increased in view of the new health and safety programme, which is certainly a major step towards achieving our goal of zero accidents.

	2022	2021
OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETINGS	24	12
DEPARTMENTAL MEETINGS	365	319
PROFESSIONALS REPRESENTED IN THE OCCUPATIONAL HEALTH AND SAFETY COMMITTEES	1,363	1,334
PROFESSIONALS REPRESENTED AT DEPARTMENTAL MEETINGS	1,363	1,217

Training plans

As part of the zero accidents target and our firm belief in consolidating our health and safety culture as a front-runner in the sector, we included specific sections on health and safety in the annual training plans and in new starter welcome plans. This was all with the aim of laying a sound foundation for safe work.

Training in health and safety increased greatly thanks to the aforementioned Excellence in Health and Safety Project.

Thanks to our commitment, we have increased dialogue at all levels, substantially increasing the number of meetings held and resulting in 809 formal agreements on health and safety issues (702 in 2021).

We completed more than twice the number of Occupational Risk Prevention training courses than last year, going from 68 courses in 2021 to 176 courses in 2022.

GLOBAL, INNOVATIVE AND SUSTAINABLE

VALUE CHAIN

Our value chain is: comprehensive, integrating all processes from the input of scrap to the manufacture of seamless steel piping; innovative, continuously incorporating all the latest technologies; and sustainable, being continuously focused on improving efficiency and reducing consumption during processing and its impacts.

FROM SCRAP METAL TO PIPE: A SUSTAINABLE ACTIVITY

EFFICIENT AND SUSTAINABLE PRODUCTION

SUPPORTING OUR CUSTOMERS IN FUTURE CHALLENGES

At the TR 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 strong 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. We have a specific team that is dedicated to innovation and sustainability. We have four 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 a roadmap for responsible growth, as suppliers of innovative and sustainable piping solutions, and as electro-intensive consumers. In line with our core pillars we aim to:

- **Be a leader in the circular economy.**
- **Be committed to sustainable development, reducing our environmental footprint.**
- **Be suppliers of solutions for pioneering projects aimed towards a decarbonised economy.**

Be aware of the impact that our operations have on the environment, and aligned with our mission, we have focused on several lines of action at the TR Group:

Implemented

- 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 plants that form part of the Group, as well as environmental technicians at each plant. Specifically, in 2022 we created the position of Head of Environment and Corporate Management Systems for these areas, and we have two technicians specialising in this field at each of our plants.
- With regard to dedicated resources, in 2022 we spent EUR 2,161 thousand on preventing and minimising environmental impacts, which represented a 34% increase in investment compared with 2021.
- Be a leader in the circular economy, starting from a process in which our main raw material comes from waste from other industrial processes.
- Opt for the use of electric furnaces that are more sustainable over time and that help reduce our environmental footprint.

Ongoing

- Work on unifying the steel mills began in 2022, which aims to achieve a lower energy consumption from the better use of casting and greater efficiency.
- Investments in the main production plants to increase energy efficiency by constantly implementing improvements.

Future goal

- Achieve carbon neutrality by 2050.

Francisco Irazusta
The Chair

"It is essential that we manufacture in a sustainable way, that our products are low in carbon and that they incorporate as much recycled material as possible. With scrap as our main raw material, our Group is a driving force for the circular economy. In addition to this, the use of electric arc furnaces in the steel production process ensures that less CO2 is emitted. This technology is the most efficient and sustainable technology out there today."

In terms of certifications, one highlight is that our main production plants 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.

Furthermore, in line with our commitment to be carbon neutral by 2050, we completed Phase 1 of work to gain ISO 50001 energy efficiency certification, achieving a very positive result. Phase 2 will take place in February 2023 in order to become fully certified. This achievement comes as a result of the emphasis placed on investments over recent financial years, as well as constant monitoring of each facility's consumption in our plants, which has helped raise awareness among our employees and has optimised each facility involved in the manufacturing of our products.

There is no provision recorded on the year-end 2022 and year-end 2021 consolidated balance sheet for risks and expenses arising from environmental actions, as this was not necessary, nor are there any ongoing disputes, compensation or contingencies related to the protection and improvement of the environment. The Group is also covered by insurance for accidental damage to the environment.

No fines or penalties have been incurred over recent financial years due to failure to comply with the applicable environmental legislation and regulations.

TUBOS PLANT

Manufacturing process ↗ LINK

Quality and environmental certifications

PRODUCTOS PLANT

Manufacturing process ↗ LINK

Quality and environmental certifications

We successfully passed Phase 1 of the ISO 50001 certification process.

FROM SCRAP METAL TO PIPE: A SUSTAINABLE ACTIVITY

OUR NEW STEEL MILL: AN EXAMPLE OF OUR COMMITMENT

We are in the process of unifying our steel mills, having invested in the facilities and processes that best fit our goal of carbon neutrality. Our new steel mill will thus incorporate an electric furnace and a covered tank.

The electric furnace will be fitted with the enhanced technology of self-recuperative burners. While these burners consist of a new burner system capable of emitting the same amount of heat as the lighters that we used previously, they are more efficient. This will result in considerable energy savings.

Since the beginning of our activity, at the TR 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.

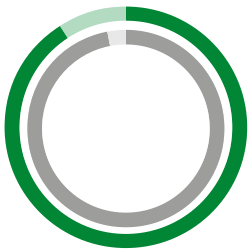
In order to guarantee the efficient and responsible use of resources, at the TR Group we worked on various projects in 2022:

- Evolution of the machining process for **the use of the core of the ingots**, obtaining a second ingot for the processing 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.

In addition, the project to unify the steel mills and create a new cold-drawing centre began in 2022 and will be completed in 2023, enabling us to speed up production and give continuity to the Group's efforts to make energy and raw material consumption more efficient.

Metrics



2022
- 318,437 - Recycled scrap metal (t)
- 24,262 - unrecycled raw materials (t)

2021
- 244,110 - Recycled scrap metal (t)
- 7,290 - unrecycled raw materials (t)

ENERGY SUPPLY

The supply of energy is essential to our operations. The pipe production process in general is energy intensive. With this in mind and with the aim of achieving carbon neutrality in the future, we launched two notable initiatives at the TR Group:

- We signed an agreement with the renewable energy provider Statkraft. Specifically, this meant that we took over the running of a section of a solar farm, thus contributing to reducing the planet's carbon dioxide emissions.

- We conducted a study into installing solar panels on the roofs and in the grounds adjacent to our plants. This has the potential to ensure that we generate a significant proportion of our electricity supply ourselves, which would make our plant Spain's largest in terms of renewable energy capacity.

93%

of the raw material used comes from the **reuse of waste** (97% in 2021).

PROMOTING SUSTAINABLE CRITERIA IN SUPPLIER RELATIONSHIPS

Being sustainable is not just dependant on our actions, but also on those of the parties with whom we interact and who help us put our piping on the market: our suppliers. 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 TR Group must undergo a certification process according to the criticality of the activity that 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, the environment, occupational health and safety, and energy, ensuring the prevention and minimisation of damage at all times. Furthermore, the workers who carry out their activity in our production plants must adapt to the Group's business policies at all levels.

In addition, it should be noted that in 2022 we began work on incorporating energy efficiency criteria and other environmental criteria into our new procurement procedures, which will be finalised in 2023.

100% of suppliers are evaluated before being registered on the list of approved suppliers. In the event that 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
· Soil and water pollution
· Noise
· Waste
· Spills
· Emissions into the atmosphere

	Companies assessed on the basis of environmental criteria		Companies identified with potential negative impacts	
	2022	2021	**2022**	2021
TRG	**293**	311	**63**	60

Also, all companies that access the TR Group's premises 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 and environmental 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 reauthorisations to suppliers being considered.

With regard to human rights, the Group complies with the criteria of international policies on responsible supply chain management as set out in the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Likewise, we are signatories to the United Nations Global Compact.

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.

EFFICIENT AND SUSTAINABLE PRODUCTION

ENERGY EFFICIENCY AND REDUCTION OF CONSUMPTION IN THE PRODUCTION PROCESS

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 TR Group in order to make the most appropriate decisions to minimise risk and seize opportunities.

Given that the TR Group's GHG emissions are mainly associated with the consumption of gas and electricity in its operations, actions taken to reduce these emissions are directly related to the energy efficiency measures adopted to reduce this consumption, which are detailed below, as well as the reduced consumption of supplies used in the production process in order to contribute to our goal of carbon neutrality.

To begin with, we have been keeping an accurate record of our water, electricity and gas consumption for several years. We have made this record available to the operators of each machine, who have voluntarily taken it upon themselves to find different techniques that optimise the consumption of each tool while maintaining the quality of our products and the speed of the production chain. This energy optimisation comes mainly as the result of three processes launched in previous years: **the monthly collection of consumption data** for our most relevant facilities, now conducted daily and extended to all machines; **the establishment of meetings with each department** to discuss the results of the records and implement measures, now carried out more frequently and giving greater freedom to operators; and **the publication of regular reports on efficiency and energy consumption**, now no longer needed due to new technology that allows us to track the consumption of any machine in real time on the intranet.

In addition, to reduce electricity consumption, we have installed an oxygen enrichment unit in our most active furnace, which is also our biggest consumer of energy. This has reduced our electricity consumption by 6–9%. We have also invested in new technologies in our new steel mill, which will improve our steel manufacturing process and help us reduce our electricity consumption and GHG emissions, as well as open up new alternatives to innovate and develop new products.

The following is a list of other types of measures that we have taken over the last few years in addition to the measures described above:

- 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.
- Project for measuring gas consumption in the pickling process, with the aim of identifying potential improvements in consumption.
- Transfer of all lighting over to LEDs in our plants.
- Improved energy efficiency at the Amurrio steel mill:
    - Ample preheating of ladles before molten metal is poured from the smelting furnace so that the refining furnace process can begin immediately and rejects are avoided.
    - Installation of a centralised compressor system with a frequency converter in the Amurrio steel mill so that two different zones can be controlled at once and the pressure threshold for compressed air can be lowered throughout the facility.
- Improved energy efficiency in Trápaga's 'Salem' hearth furnace:
    - Regulation of the furnace via data provided by the installation of a permanent O2 sensor in order to optimise control over stoichiometric combustion in the burners.
    - Concentration of production within the space of two or three weeks each month to reduce the number of furnace ignitions.

QUANTITATIVE INFORMATION ON ENERGY AND WATER CONSUMPTION, AND WASTE GENERATION

Electricity, gas and water consumption

Taking into account the optimisation measures carried out throughout the year, our consumption has been as follows.

Metrics	2022	2021
Electricity (MWh)	283,158	211,872
Natural Gas (MWh)	389,232	321,403
Energy intensity (KWh/t product)*	1,944	2,312

*This ratio includes total energy consumption in the plants. In the case of the Productos and Tubos plants, consumption is linked to liquid steel production and otherwise to manufacturing conducted by the companies in tons.

Although energy consumption increased due to the increase in production, we can see that we are more efficient and sustainable as the energy intensity ratio decreased by 16%.

Responsible and circular consumption and use of water

With regard to water consumption, we invested greatly in fitting more meters and conducting a more thorough analysis of consumption at our Productos plant, which resulted in a considerable reduction in water consumption. Similarly, it must be noted that our facilities have closed circuits for the recirculation of industrial water in order to minimise the consumption of potable water from the municipal supply. Thanks to this, in 2022 we reused 26,031,906 m^3 of water (13,532,278 m^3 in 2021), **92% more than last year.**

	2022	2021
WATER USED (M^3)**	271,445	208,144

** 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 it does not apply, the water from the rain (collected and stored) or waste water from another organisation have not been considered.

We increased our production by 52% and our water use has only increased by 30%, meaning that we therefore managed to reduce the water used in our processes

CONTINUING TO SUPPORT THE CIRCULAR ECONOMY: HARNESSING WASTE DERIVED FROM OUR PRODUCTION PROCESS

In addition to using 90% 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

At the same time, at the TR 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

STANDOUT CIRCULAR ECONOMY PROJECTS IN 2022

- Verticero: Recovery of magnesium oxides and refractory materials.
- Burdino: Recovery of ferrous sulphate.
- ECO2D4 Recovery of black slag for the manufacture of asphalt for various uses. Black slag is produced during the smelting stage of steel production, from which manganese and silicon impurities are released into a foaming of slag. To recover elements of this sort contained in the foam, we have a project in place in which we manufacture asphalt in collaboration with external parties and concrete through another partnership.
- Recovery of white slag for cement works. White slag comes from the steel refining stage. During this stage, the steel is deoxidised, which causes the removal of metal oxides, desulphurisation and decarburisation.
- The waste generated in the rolling and finishing process is put back into the furnace, thereby reducing waste during the process.
- Reuse of plastic additive drums as salvage packaging in the shipment of hazardous waste.
- Collection of empty plastic additive containers by the supplier at our plants.

MEtrics (t)	2022	2021
Hazardous waste not intended for disposal	4,194	3,125
Hazardous waste intended for disposal	2,510	2,092
Non-hazardous waste not intended for disposal*	350,689	278,758
Non-hazardous waste intended for disposal	12,281	12,347

* We have made a change to the criteria compared to the previous financial year in order to improve the quality of the data. Scrap metal outflows and metal waste management have been included in the calculation, altering the 2021 figure from 93,964 t to 278,758 t.

We are committed to the recovery of our waste and contributing to a more sustainable world. Proof of this is that 65% of hazardous waste and 95% of non-hazardous waste generated is reused or recycled.

JOINING FORCES IN THE CLIMATE CHANGE CHALLENGE

At the TR Group, we are aware that our contribution is a small drop in the ocean of real change that must take place. 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:

- 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 the 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. 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 materials.

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 and geothermal plants, among others.

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.

Objective of carbon neutrality by 2050

GHG EMISSIONS

SCOPE 1 (T CO_2) *

2022	2021
81,315	67,021

SCOPE 2 (T CO_2)**

2022	2021
62,044	37,649

INTENSITY (T CO_2 / T PRODUCT)***

2022	2021
0.41	0.46

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 relation to noise and light pollution, it should be noted that we regularly measure these at the Group's main plants to ensure that we do not exceed the established limits.

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 11%.

* The data includes direct CO2 emissions emitted and verified under EU GHG emissions trading (Tubos and Productos plants), and those associated with natural gas consumption by companies not affected by GHG emissions trading. Direct emissions from companies outside emissions trading have been calculated using the emission factors for natural gas used within emissions trading.

** The table shows the annual electricity consumption multiplied by the emission factor (EF) published by the Spanish National Commission on Markets and Competition for each supply company in kgCO2/KWh. The factor used corresponds to the last official value published.

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

CONTRIBUTING TO THE FUTURE THROUGH OUR CUSTOMERS

In the TR Group we strive daily to adapt our solutions to the specific needs of our customers, meeting the highest standards for the environment, 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 commitment is present in all areas and at all levels of the Group, with a strong push from senior management. With this in mind, in 2020 our Chair set out on a business tour accompanied by General Management and the Sales Management Team to meet the TR Group's main customers. Since then, contact has continued through the submission of detailed satisfaction surveys that have been very well received by customers and yielded very good results. Particular priority has been given to the customised service received.

In 2021, a new Sales Plan was developed, aligned with the new Strategic Plan, which focused on diversification into new sectors and new opportunities, increasing the weighting in Midstream and 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.

In the 2022 financial year, continuing with that goal of pursuing improvement in customer services, we worked on a new pricing system and adjusted our sales process to each customer's reality, control and traceability systems in order to provide real-time information on their order and establish means of communication that allow us to be ever closer to our customers in their day-to-day lives.

BUILDING STABLE RELATIONSHIPS OF TRUST

Thanks to the restructuring of our Marketing Department and with the aim of reducing response times and increasing the value of after-sales services, we manage our customers' complaints in a cross-cutting and centralised way from a single point. In order to do this, we have an IT tool that ensures agile management. We centralise all complaints, associating them with orders so as 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 TR 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 mills, 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.

Furthermore, 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.

95

complaints received, all of which were properly handled (120 in 2021).

In 2022, 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.

INNOVATION

OUR KEY PILLAR HELPING TO DRIVE THE ENERGY TRANSITION

Aligned with the aim of supporting 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 digitise and improve the efficiency of our production process, by incorporating new technologies that reduce the environmental impact.

COMMITTED TO SUSTAINABILITY

At the TR Group, we reinforce our commitment to sustainability in our processes and the development of new products. This is reflected in our Strategic Plan, which sets out our Group's mission to be a provider of tailored technological solutions that are focused around the energy transition and our goal of achieving carbon neutrality.

This carbon neutrality goal applies both to new products and to the means required to manufacture them.

Francisco Irazusta
The Chair

"We are committed to promoting the energy transition and decarbonisation through the development and efficient manufacture of innovative and sustainable piping solutions. This allows us to be key players in the transition of the economy and to support our customers in their future challenges".

VIDEO OF COLLABORATION WITH THE BIND 4.0 INITIATIVE

OUR INNOVATION PROCESS

ACROSS THREE AXES

CORE

The commitment of our people and 130 years' experience in anticipating and facilitating these solutions

MEANS

Actively listening and collaborating with our customers, working together with them on new applications

FOCUS

on the energy transition and how it applies to our range, which must be reflected in the creation of more efficient piping solutions, committed to the environment in their purpose, manufacture and implementation within projects

LOOKING TO THE FUTURE

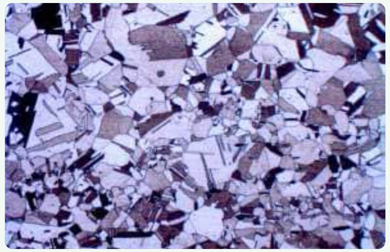
In its 130-year history, Tubos Reunidos has borne witness to all manner of developments and sociopolitical climates. But it could be said that the speed at which different world events have followed on from one another in recent years and the immediacy of their chain reactions and consequences are what sets this era apart from previous ones.

That said, **with our commitment at the core, our customers at the centre of what we do and our vision of a decarbonised**, greener world, we trust in our ability to be successful and continue to serve as an industry leader in the manufacture of seamless piping.

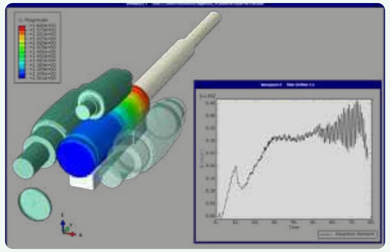
In order to achieve this objective, in 2020 we created an Innovation Committee, consisting of General Management, the industrial directors of the production plants, Sales Management and the heads of technology and innovation. The Committee continued its activity throughout 2022 with regular quarterly meetings to identify and evaluate new opportunities. Many of the projects that the Committee sponsors are linked to the challenges posed by the energy transition in fields such as green hydrogen, gas generation or nuclear energy, but we also look at the challenges confronting the sectors in which we operate today. Supporting ongoing projects and incorporating new solutions into our product range is also part of the Committee's mission.

To reinforce this innovation activity in the medium term, we actively participated as a founding company in the creation and establishment of the Energy Intelligence Centre (EIC), a new technology centre dedicated to research and development to find new solutions in the fields of energy and promote the energy transition. Our participation is an additional commitment towards becoming an industry leader in this field.

HYDROGEN
Development of hydrogen-related products and its role as a new form of energy: H-acero, Tusand. Attendance at various congresses on decarbonisation, such as RENMAD H2, GeoTHERM and Hyster. Sector-related and bilateral meetings with some of the main players and stakeholders in this field.



NEW MATERIALS
Development and expansion of our product range (Achief, Hobeinox and Zepaberri projects, Super13Cr and X70-Q alloy grades, hodiKromo, Caveo)



ENERGY EFFICIENCY AND PRODUCT RECOVERY: GEDIERR projects.

2022
Different research and development projects carried out

OUR PROJECTS

With regard to products designed to aid the decarbonisation of industrial processes, we have been working on the **Achief** project. Its objective is to investigate new high-performance materials, containing Cr>9%, for use in energy-intensive industries in order to improve the performance of electro-intensive applications and extend the service life of components.

Continuing with the theme of decarbonisation, the TR Group collaborates with other companies to find ways to reduce its own carbon footprint generated when conducting its processes. The **H-acero** project will help us understand how to use hydrogen as an energy source in heating processes and its influence on combustion appliances and furnace atmospheres.

We need to reduce turnaround times for modelling and development processes and the amount of energy resources and materials that they consume, and to this end we are pushing ahead with the **GEDIERR** project (Hazitek programme), which aims to generate digital twins of our rolling and forming stages that will also be able to serve in later stages of installation and process flow simulations for our customers.

In the field of green hydrogen, the **TUSAND** project (Hazitek programme) is helping us to drive the pursuit of knowledge around low-temperature hydrogen storage and carrier media, with the main goal being the development of materials linked to both uses.

As part of work to expand our product range, we developed the **HOBEINOX** (Hazitek programme) and **ZEPABERRI** (Hazitek programme) projects in order to expand our range and manufacturing capabilities in austenitic stainless steel piping for high-temperature energy applications related to the gas generation sector.

As a result of collaborations with companies in the sector, we developed piping in **Super13Cr** and **X70-Q** alloy grades for energy and gas transportation applications, and with the potential for application in the geothermal sector.

Finally, to meet the needs of traditional sectors we launched the **HODIKROMO** project (Hazitek programme), focusing on the development of 3%-Cr materials used in drilling works within the upstream sector, and the **CAVEO** project, providing technological solutions to customers in the automotive sector.

We have taken an active part in congresses such as **RENMAD H2, GeoTHERM** and **Hyster**, and sector-related meetings promoted by the Clúster de la Energía (Energy Cluster), particularly in the field of hydrogen as a new form of energy. .

In all cases, we must thank these institutions for the support that they provide through grants that help a large amount of these projects to go ahead, the companies and research centres that collaborate with us, and of course our customers and other players who share our sense of curiosity and desire to improve.

DIGITAL TRANSFORMATION

EFFICIENCY AND SECURITY IN ONE CLICK

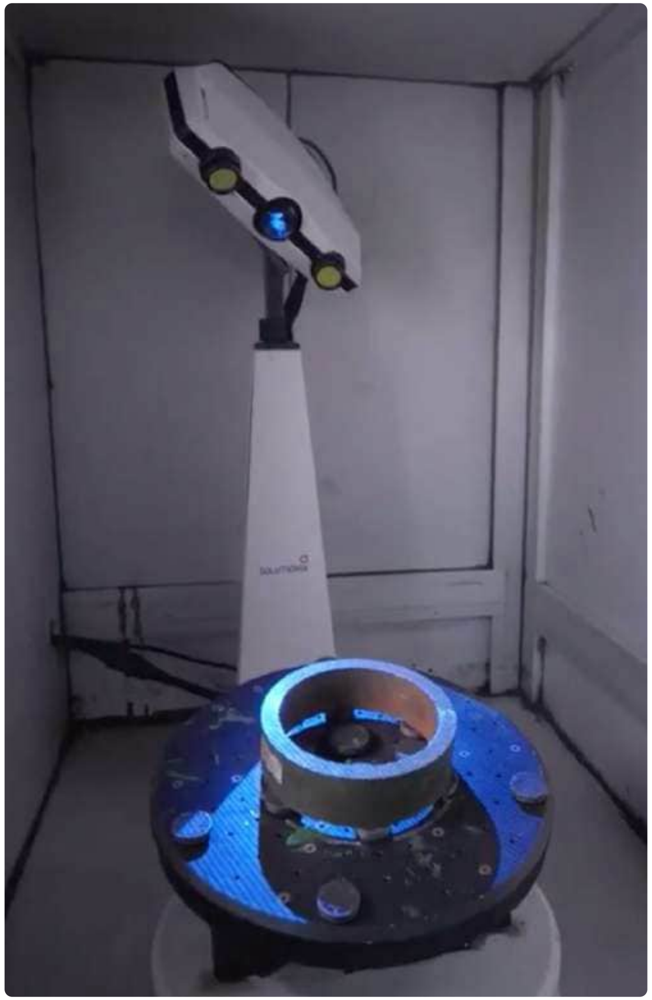
One of the main pillars of our Strategic Plan is digital transformation. We have therefore launched a digitisation plan, which will serve as our roadmap, allow us to make continuous progress towards improving the efficiency of processes and provide us with greater agility and flexibility, essential in an environment as volatile as the one in which we currently live.

OUR COMMITMENT TO DIGITAL TRANSFORMATION

The TR Group is in the process of revamping and expanding in the digital arena and as part of this has created a new role: a Digital Transformation Director, who will be responsible for building and growing a team that responds to the needs raised at Group level.

Throughout the 2022 financial year, the entire Steering Committee were given access to the digital transformation model around which the Group wishes to establish itself, to allow it to review it and grant its approval.

In 2022, we strengthened our team with the addition of a Digital Transformation Director, who will help us to promote and continue working on digital transformation.



Francisco Irazusta
The Chair

"A fundamental pillar of our 2021–2026 Strategic Plan is digital transformation. We strongly believe that this will help us streamline processes and obtain real-time information, bringing great added value when it comes to agile decision-making, as well as increasing energy efficiency, quality and safety at our plants".

A BIMODAL IT ORGANISATION

One of our Digital Transformation team's standout initiatives is the roll-out of a bimodal IT organisation model. This model splits the development of processes and applications across two simultaneous modes of working. In the first mode, a simple, stable and reliable process is developed that can be implemented quickly, and its mere incorporation implies an improvement of the process. In the second mode, this process is improved upon with a solution that is more risky and more difficult to implement because it is more experimental.

We used this system to restructure the functions of staff working in this field, with each member of the team now specialised in one of four different processes.

The Digital Transformation department will thus be able to meet the needs of several different processes simultaneously and will have experts in each field for any questions, suggestions or needs for improvement that may arise.

At the TR Group, we recognise that all digital transformation at the plants and in management processes must be backed up by best practices in cybersecurity. We therefore draw a distinction between our main completed projects/those still in progress with respect to digitisation and cybersecurity.

The new function-based structure will allow us to focus each profile on specific objectives and respond to both present and forthcoming technology.

We are also starting work on a digital training plan.

A SIMPLE, STABLE AND RELIABLE PROCESS
that can be implemented quickly, and its mere incorporation implies an improvement of the process

A BIMODAL IT
ORGANISATION

IMPROVING THIS PROCESS,
which becomes harder to implement as it becomes more experimental

4 SPECIALISATION
PROCESSES

IT
seeks to increase the competitive advantages that technological solutions provide

OT
seeks to ensure the quality of physical processes, and to control and manage different industrial processes more efficiently.

DEVELOPMENT

INFRASTRUCTURE AND CYBERSECURITY

DIGITALISATION

Digitisation allows us to make our production chain more efficient through the monitoring of processes that were previously carried out manually and involved a lot of red tape, as well as to be more agile in terms of response times. Digitising processes will allow us to free up resources so that they can focus on more strategic and critical tasks, which increases motivation among staff.

Among the main initiatives carried out as part of the digital transformation, we would like to highlight the following, which are **aimed at improving the experience of our shareholders:**

Customers: Improvement of CRM
Our work on this transformation is also aimed at benefiting our customers in order to strengthen the new product portfolio with digitised processes that allow our customers to receive our services in a different way, with more information and at a higher quality, and thus establishing new types of relationship. Our customers are our priority, so ensuring that all relevant information can be accessed with a single click has undoubtedly been an important change.

Through this, we are continuing to improve our CRM and including new functionalities. The new system enables us to respond to our customers in a simple, consistent, agile way.

We have developed a solution that uses Microsoft Dynamics-based technology and Azure services to allow us to better understand our customers and their needs and thus respond in the best way possible. Furthermore, we have set out standardised solutions for our customers irrespective of their country, plant or type of product.

Suppliers: digitalisation of the purchasing process
Start of group-wide homogenisation and digitalisation of the processes and systems based on the purchase department. Among other things, this will allow us to:

- Standardise processes and drive efficiency, while making improvements to both;
- Eliminate the use of paper, reducing the organisation's impact on the environment;
- Cut down on communication in the supply chain;
- Use reliable, agile information to make decisions.

Journey to cloud
Digitalisation not only consists of using technology to carry out processes and make manual processes more agile and effective – it is also about using the system to store all of the information available so that future searches are faster. This is why we have created a private cloud by making all production and machine processes virtual, which has entailed a great change in our digital infrastructure.

As such, much of the information that we previously possessed in a physical format can now be accessed virtually. Incorporating these databases has also led to improved agility when processing information, so that in addition to attaining a complete database and being accessible to everyone without the need for tedious searches, the process has become much more efficient.

We are updating the infrastructure, increasing flexibility and the capacity to respond, updating hardware and CPD software versions and virtualising the majority of machines.

Support in developing, retaining and attracting talent and excellence in health and safety through the digital transformation

We take the employees' side, advocating for the best safety and working conditions. Digitalisation is now taking the focus in this respect, so we are analysing your needs in this area to draw up concrete plans to allow all staff to optimally benefit from the tools that will be rolled out over the next few years. In a company like the TR Group, the impact that digitalisation or hyper-digitalisation of processes will have is based on the employees, the ways in which it can help them to complete their work more efficiently and ensuring that the whole team is prepared for the new technological reality that we are and will continue working towards in the next few years. This means mobilising processes, using AI for back-office and front-office processes, automating low-value and repetitive tasks, as well as the standardisation along a common thread and management of the digitalisation of all internal processes.

In addition to the above, work in connection with potentially disruptive technology is being carried out on the transformation model of the TR Group. The main initiatives in this regard are detailed below:

- Automation of USA customs documents;
- Application of safety tips and instructions;
- Detection of short piping at the Tubos plant;
- Monitoring of hearth furnace material use;
- New MES lathe reducer system;
- Digitalisation of production process monitoring in the rolling and finishing of products;
- Use of big data and machine vision for quality control in the production process;
- Use of RFID technology for monitoring tools and tracking pipes via laser marking.

CYBERSECURITY

Guaranteeing the security of all of our stakeholders' data and information is key. As a result, cybersecurity and data protection are of utmost importance to us. This year, we have made the following progress in this area:

Two-factor authentication

In order to maintain Group confidentiality and security, we have improved our two-factor authentication model for everyone operating Group systems that contain sensitive information. Two-factor authentication consists of a system that, in addition to requesting a username and password, also requires a security code.

In addition, we have deployed a standardised model for remote connection via VPN with two-factor authentication for all Group employees.

All of the measures above strengthen the security of the files and information stored in the Group's cloud files.

Improvement of the security policies of the corporate active directory

This new corporate model allows us to control access – in a simple and agile way – to the various systems that we are starting to roll out, having connected our identity management with the MS solution in Azure.

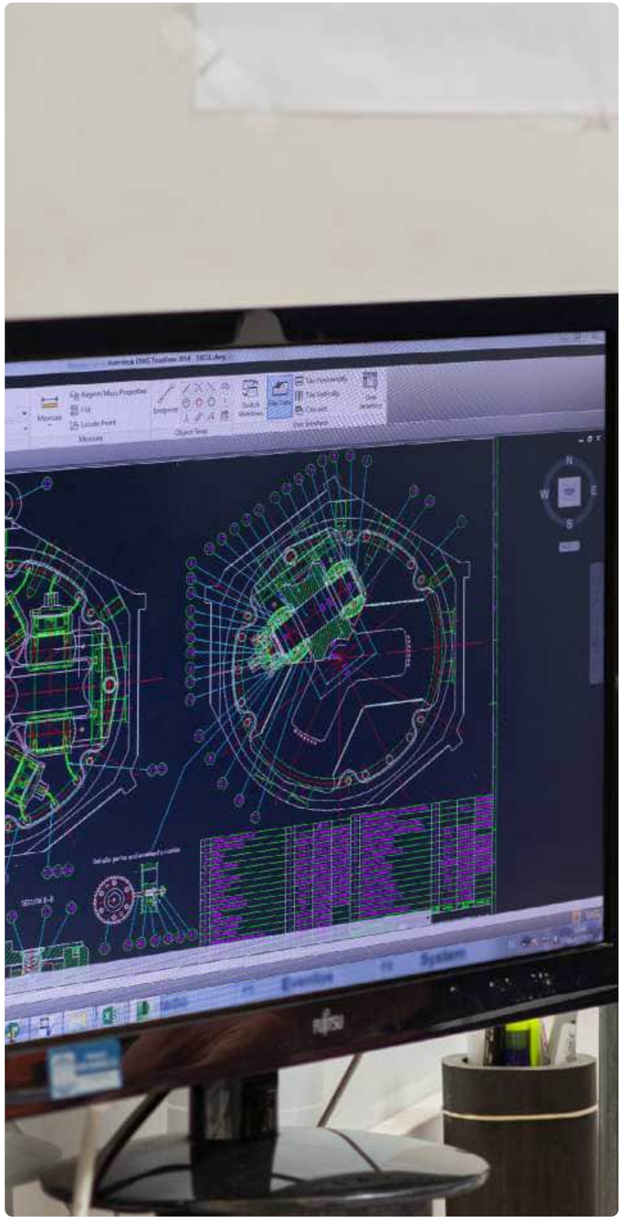
Furthermore, having a single solution for the entire Group allows us to rapidly define and deploy security policies and directives so that we can adapt to any changes that are needed to protect identity.

In addition to the above, a Cybersecurity Plan was created in the 2021 financial year with the aim of adapting and incorporating the best practices in this area. This plan is made up of 29 control activities organised around three objectives related to: monitoring threats, protecting information systems, processes and individuals, and mitigating any potential harm. In 2022, as a continuation of this plan, a roadmap was established that included, among other things, an identity management project, a new IT and OT asset inventory tool, an update to the DRP, a review of the backup plans and testing, awareness and training on this.

KEY OBJECTIVES FOR 2023

We have committed to strengthening the team by appointing a cybersecurity specialist.

We have taken a functional and security-based approach to the segmentation of our network.



OUR CORPORATE GOVERNMENT

ADVANCING TOWARDS EXCELLENCE

Our Corporate Government seeks to ensure the proper functioning of the Company's governing bodies and to protect the interests of the Company and its stakeholders, ensuring that these bodies act in a diligent, comprehensive, transparent and responsible way. Good governance is essential for ensuring that a business achieves sustainability and profitability in the long term, alignment with our strategy and for strengthening the confidence of stakeholders in the Group.

TAKING STEPS TOWARDS GOOD GOVERNANCE

Since the Audit Committee approved the Group's corporate governance self-assessment exercise introduced by Internal Audit in 2021, we have not stopped evolving. Specifically, this task appeared in an Update Plan for our Corporate Governance model, where objectives and actions for development by the Board's Secretariat were established for the financial years to come. In general terms, the objective of this plan is to review all corporate documentation (regulations, policies, statutes, internal monitoring models, etc.), updating and adapting them to match the reality of the Group, as well as any legislative changes and best practices of listed companies. We can thus establish robust bases for achieving strategic objectives and to facilitate an effective and transparent dialogue with stakeholders.

As a result of this Plan, we made major advances in our Corporate Governance system over the 2022 financial year: we reviewed and updated three basic and foundational rules of the Group's governance system, which are of vital importance for the proper functioning of our governing bodies. These break down as follows:

a) Amendment of the Articles of Association (to adapt them to the current versions of the Spanish Capital Companies Law, the recommendations of the Code of Good Governance and the Regulations of the Board of Directors), which was proposed by the Board of Directors and approved at the General Shareholders' Meeting on 30 June 2022;

b) Amendment of the Regulations of the General Shareholders' Meeting to adapt them to the new Articles of Association, the Spanish Capital Companies Law, the Code of Good Governance and the Regulations of the Board of Directors, which was proposed by the Board of Directors and approved at the General Shareholders' Meeting on 30 June 2022;

c) Amendment of the Regulations of the Board of Directors to adapt them to the current Spanish Capital Companies Law and the recommendations of the Code of Good Governance of Listed Companies, approved by the Board of Directors on 27 January 2022 and disclosed to the General Shareholders' Meeting on 30 June.

In particular, the introduction of a new Article 19-bis "Pursuit of social interest and sustainability." in the Articles of Association and the amendment to Article 7 "Pursuit of social interest" of the Regulations of the Board represent a very important milestone and an example of good practice, because they establish statutory and regulatory obligations for the Board of Directors that: (i) guide it towards creating long-term sustainable value that promotes its continuation, taking into consideration other stakeholders related to its business activity and its institutional reality; (ii) require that the pursuit of social interest complies with the laws and regulations and that the conduct of the Board is based on good faith, ethics and respect for commonly accepted uses and good

Francisco Irazusta
The Chair

"We have the firm intention to keep advancing in the field of good corporate governance, continuing with the Corporate Governance Update Plan that was initiated in 2021 and adopting the best market practices. This will help us to provide an optimal governance structure, which is aligned with the Company's strategy, generates value and contributes to the achievement of our objectives, in turn reinforcing the confidence of investors in the Company."

practice; and (iii) make it obligatory for the social interest to comply with the legitimate interests of its employees, suppliers, customers, lenders and other stakeholders that may be affected, as appropriate, as well as the impact of the Group's activities on the community as a whole and the environment.

In order to continue along this path, we have set ourselves the objective of drawing up a specific Regulation for each of the Board's Committees and to review and update the Internal Regulations on Conduct in the Securities Markets in 2023.

In addition, during the 2022 financial year, four mandatory corporate policies were developed, which were approved by the Board of Directors and published on the corporate website www.tubosreunidosgroup.com:

- Policy for the selection of directors and diversity on the Board of Directors
- Corporate policy on communication and contact with shareholders, institutional investors, proxy advisers, and the communication of economic, financial, non-financial and corporate information
- Recruitment policy and relations with the external auditor
- Corporate policy on the Internal Control over Financial Reporting (ICFR) system

VIEW OUR CORPORATE POLICIES

Furthermore, upon the proposal of the Board of Directors, the General Meeting of 30 June 2022 approved an amendment to the Board Remuneration Policy for 2022, 2023 and 2024, which eliminates the variable remuneration of external directors, in line with best Corporate Governance practice.

Additionally, in 2022, an internal standard of special importance for our workers and team members, the Tubos Reunidos Group Occupational Health and Safety Policy, was developed and shared following its approval by the Board of Directors.

Thanks to the amendments and reforms made to the governance system in 2021 and 2022, the degree of compliance with the Code of Good Governance of listed companies on the side of Tubos Reunidos S.A. has been higher than that of the listed entities of its size in the same sector, on the basis of the self-assessment carried out by the Group and public information for the market regarding compliance with the Code of Good Governance.

In 2023, we will continue on this trajectory of continuous improvement, conducting an evaluation of the efficacy of the policies and implementing any additional improvements that may arise in the in-depth analysis. This was carried out using the standards known as the general proxy framework, which was approved in 2021 with the evaluation and incorporation of minor updates in 2022, adding the latest organisational changes and adapting the general policy framework of Tubos Reunidos, S.A. and Tubos Reunidos Group, S.L.U.

It should also be noted that, along with the update to the model for the relationship with the external auditor, the appointment of external auditors was approved by the General Shareholders' Meeting for a period of two financial years (2022 and 2023), thus providing stability to this relationship and completing a five-year cycle.

2021

- **Evaluation** of the operations of the Board of Directors, its roles and committees for the first time with the involvement of an independent expert.
- **Self-assessment** of corporate governance via an internal audit
- **Design** of the plan and the basic documentary structure of the Group's corporate governance
- **Three new** or updated internal corporate standards
- **Eight new** or updated corporate policies
- **Update** of the general proxy framework
- **All members of the Steering Committee** and 21 technical professionals particularly exposed to compliance risks signed the ethics and transparency commitment
- **Update** of the Corporate Risk Management model

2022

- **Update of the three basic** internal corporate standards
- **Five new** or updated corporate policies
- **Two new** or updated internal policies
- **Update** of the general proxy framework for the two main Group companies
- **Update** of the Board's internal assessment questionnaire.
- **Review and update** of the Internal Control over Financial Reporting system.
- **Execution** of the training plan in compliance and inspiring the individuals who make up the Group to adhere to the ethics commitment.
- **Self-assessment** of the degree of compliance with the recommendations of the Code of Good Governance.

In parallel with updating the regulations and policies, some activities have been developed to improve and strengthen our Corporate Governance system:

EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS, ITS ROLES AND COMMITTEES.
In 2020, with the involvement of an independent external party for the first time, an assessment was carried out that was completed satisfactorily at the start of the 2021 financial year. In 2022, the Board's internal assessment questionnaire was updated in line with the best practices shared with the Group by the independent third party in previous years as well as with the aim of making the assessment more thorough and comprehensive and ensuring that it addresses issues such as directorial contracts and sustainability.

CODE OF ETHICAL CONDUCT AND COMPLIANCE.
It should be noted that the entire management team has signed the ethics commitment to demonstrate their desire for the Group to perform well in this respect. In addition, some specific training on the topic of compliance was conducted, involving the Secretary of the Board and an external specialist. This began in 2022 with the departments that may have a greater risk exposure due to their corresponding area, with the ultimate goal of training all individuals in the Group.

Ethics as a cornerstone sub-section +

AN INTEGRATED SYSTEM TO ANTICIPATE AND MANAGE RISK. A review of the Corporate Risk Map is carried out annually, taking into account all of the factors that may affect the Group – for 2022 these included macroeconomic changes, armed conflicts, changes in the supply chain and the commercial regulatory environment. For us, the Corporate Risk Map serves as a tool that uses our Corporate Risk Management Policy to control and monitor the main risks, assign managers and highlight KPIs to be monitored, as well as detailing measures to mitigate these risks or improve risk management methods (action plans).

Sub-section An integrated system to anticipate and manage risk +

INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM. We have carried out a review and update of the Internal Control over Financial Reporting system with the aim of ensuring the quality of data so that all decisions are made on a company level on the basis of the most accurate information possible.

Sub-section An integrated system to anticipate and manage risk +

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. This is all 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, while taking into account other stakeholders related to its business activity and its institutional situation"*, as defined in the Regulations of the Board of Directors.

The proper functioning of the Corporate Governance system contributes to greater transparency, efficiency, momentum 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 set out in our Strategic Plan. The framework that we have defined regulates the performance of the governing bodies, establishes mechanisms for mitigating possible risks and defines 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. These documents are key, as their objective is to gather comprehensive and transparent information about governance structures and practices in the company. This gives us an in-depth understanding of the data relating to the decision-making processes as well as any other data that reveals key aspects of corporate governance in order to give the market, investors and shareholders a true picture and make an informed judgement about the Group.

Finally, it should be noted that in 2022, the information included on the company website in the Shareholders, investors and compliance section was significantly updated and improved in order to provide greater transparency and with the aim of ensuring compliance with current legislation regarding the disclosure of information.

VISIT THE "INVESTORS & SHAREHOLDERS" SECTION OF OUR WEBSITE

VISIT THE "COMPLIANCE" SECTION OF OUR 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 Articles of Association and by the GSM Regulations. An in-person GSM was held in 2022 (Ordinary GSM in June), and on the basis of the GSM Regulations it was possible to exercise the rights of representation and voting rights by electronic means in order to facilitate communication, active participation and the exercise of the political rights of shareholders.

Furthermore, the General Meeting was notified of the changes made to certain articles of the Regulations of the Board of Directors, which were approved on 27 January 2022.

KEY AGREEMENTS REACHED

BY THE GSM IN JUNE 2022

All agreements submitted to the General Shareholders' Meeting were adopted with a percentage of votes in favour greater than 98% of the capital present or represented with the right to vote.

Approval of the Annual Accounts, the Management Report and the Non-Financial Information Statement of Tubos Reunidos S.A. as well as the Consolidated Group for the 2021 financial year.

Approval of the social management developed by the Board of Directors of the Company during the 2021 financial year

Approval of the proposed distribution of earnings for the 2021 financial year.

Re-election for two years of the Accounts Auditor of the Company and its Consolidated Group for the 2022 and 2023 financial years.

Modification of the Articles of Association; as well as the Regulations of the Company's General Shareholders' Meeting

Appointment and re-election of members of the Board of Directors; Previous report from the Appointments and Remuneration Committee, re-election of Mr Cristobal Valdés Guinea as Proprietary Director at the Company.

Modification of the new Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years.

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 its Group. The Board is fully committed and firmly convinced that our Strategic Plan will be fulfilled.

As stated in the Regulations, 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.

At the core of its mission, it approves the Company's strategy and the organisation necessary for its implementation. It also monitors and checks that senior management is meeting 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 Chair (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

100%

of the Board's agreements have been adopted unanimously

The composition of the Board is balanced and diverse. Some 36% of the total number of directors are independent and 36% are women, a percentage that rises to 42% with the inclusion of the Secretary of the Board.

The Board of Directors was strongly committed to further progress in the area of good corporate governance in 2022 and continues to be committed for the future, applying new policies and internal rules. As a fundamental milestone, it submitted for the approval of the 2022 Ordinary General Shareholders' Meeting an amendment to the Articles of Association and the Regulations of the General Meeting for their subsequent adaptation in line with the recent amendment made to the Spanish Capital Companies Law and the recommendations of the Code of Good Governance.

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. Moreover, in qualitative terms, 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.

Within the Board of Directors, as can be seen from the CVs accessible on our website and in the Annual Corporate Governance Report, there is a wide range of knowledge among its members, particularly in industry, energy, sustainability, and financial and legal areas.

MORE INFORMATION ABOUT OUR BOARD OF DIRECTORS

15

The Board of Directors met 15 times in 2022.

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 Chair of the Board of Directors.

e. The performance of the Coordinating Director.

f. The performance of the Secretary of the Board and Legal Counsel

g. The performance and contribution of the directors, paying close attention to those responsible for the different Committees of the Board of Directors.

In 2022, on the basis of the recommendations of the Code of Good Governance established by the new Articles of Association and the responsibility conferred to the Audit Committee in terms of sustainability, we updated the self-assessment questionnaire of the Board, first including three new issues related to contracts and ethical behaviour and second striking the necessary balance with stakeholder interests:

- The directors dedicated sufficient time to effectively developing their roles and understanding the company's business and its governance rules.

- The Board acts the basis of good faith, ethics and respect for commonly accepted customs and good practices, seeking to reconcile its own corporate interests, as appropriate, with the legitimate interests of its employees, suppliers, customers, lenders 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. In general, the Board observes all the ethical duties reasonably imposed as part of responsibly running a business.

- It monitors compliance with Company's environmental and social regulations.

As part of the governance model, in the Board of Directors there are two oversight (non-decision-making) committees that assist in performing the functions with which it is entrusted in accordance with the Group's Articles of Association and the Board's Regulations. In addition, the Board has an Executive Committee, although this did not meet in 2022 as it was not deemed necessary.

AUDIT COMMITTEE

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

· financial and non-financial information

· risk management and control

· the Internal Audit function

· the relationship with the statutory auditor

· the Internal Control System

· the whistleblower channel and the activity of the Internal Compliance Body

· compliance with corporate governance rules and internal codes of conduct

· sustainability policy

· relevant transactions

· the Compliance Model.

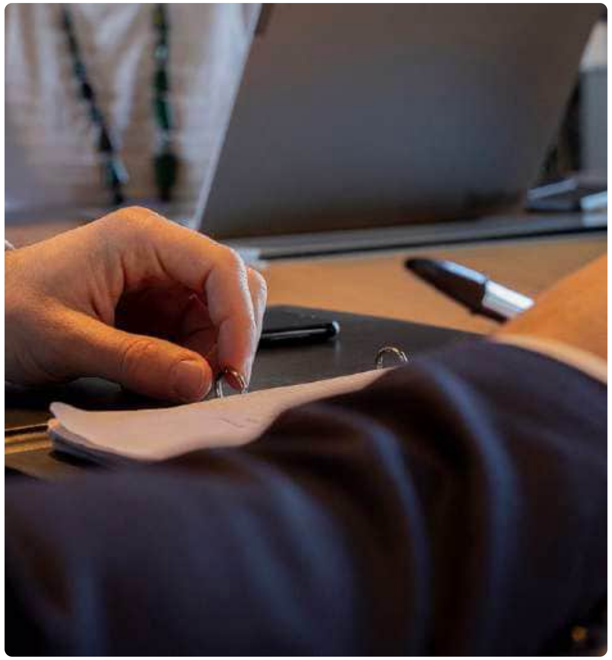
Members of the Audit Committee

Ms. María Teresa Quirós Álvarez	Chair
Mr. Enrique Migoya Peláez	Member
Mr. Jorge Gabiola Mendieta	Member
Mr. Jesús Pérez Rodriguez-Urrutia	Member
Ms. María Sicilia Salvadores	Member

Proprietary Director
Other External Director
Independent Director

6
Meetings in 2022

There were no changes to the composition of the Audit Committee in 2022.



APPOINTMENTS AND REMUNERATION COMMITTEE

This is an specialist internal body tasked with providing information and advice, but without executive functions. Its role is to provide information, advise and offer proposals within its scope of operation, which is mainly to contribute to the recruitment and retention of talent so as to ensure that the Company has the best professionals in its governing and senior management bodies, with the purpose of:

· Assessing the skills, knowledge and experience required of candidates to fill vacancies on the Board and Steering Committee.

· Checking that the remuneration policy has been applied.

Members of the Appointments and Remuneration Committee

Ms. Ana Muñoz Beraza	Chair
Mr. Cristóbal Valdés Guinea	Member
Ms. María Sicilia Salvadores	Member

Proprietary Director
Other External Director
Independent Director

4
Meetings in 2022

There were no changes to the composition of the Appointments and Remuneration Committee in 2022.

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 2022*

Mr. Francisco Irazusta Rodriguez	Executive Chairman
Mr. Carlos López de las Heras	Managing Director
Ms. Inés Núñez de la Parte	Secretary of the Board and Director of Legal Advisory Services
Mr. Iñigo Urrutikoetxea Portugal	Sales Director
Mr. Koldo Lasala Urruticoechea	Director of People, Prevention and Health
Mr. Sergio Sáenz Solano**	Director of Digital Transformation
Mr. Ignacio Barón López***	Chief financial officer
Mr. Jagoba Hernández Arbulu****	Supply chain Director
Mr. Antón Pipaón Palacio	Director of Sustainability and Business Development
Mr. Francesc Ribas Collel	Director of Tubos Reunidos America
Mr. Andoni Jugo Orrantia	Industrial Director Tubos Plant
Mr. Jon Bikandi Iturbe	Industrial Director Productos Plant

* Mr Alberto Santamaría Rubio, Internal Audit Director, attends as a guest at Steering Committee meetings.
** He joined the Steering Committee on 1 February 2022.
*** He joined the Steering Committee on 7 March 2022.
**** He joined the Steering Committee on 2 November 2022.

In order to demonstrate our commitment to sustainability, one of the members of our Steering Committee was given responsibility for this important topic and named Director of Sustainability and Business Development, a role that encompasses both matters as we are convinced that sustainability should be the long-term aim of the company

REMUNERATION

On 30 June 2022, the General Shareholders' Meeting approved the amendment to Article 26 of the Articles of Association relating to the Board's remuneration, to remove the symbolic variable remuneration attributed to the external directors that was linked to the Group's results, with effect from 2022. On the same date, the General Shareholders' Meeting also approved the new text of the Board Remuneration Policy, available on the website, for the 2022, 2023 and 2024 financial years, which as a result removes the variable remuneration for non-executive directors in line with the recommendations of the Code of Good Governance of listed companies and the statutory provisions. This update to the policy contributes positively to the TR Group business strategy, the creation of value and the long-term interests and sustainability of the Company.

In compliance with statutory provisions, in 2022 the remuneration system for directors, for their supervisory and joint decision-making functions, consisted of the following:

- Annual fixed remuneration for the role of member of the Board of Directors and proportional to the period of their mandate during the year.

- Fixed remuneration for the Chairman of the Board of Directors in their capacity as Director and which includes all remuneration items as such;

- Fixed annual remuneration in addition to the above for some external directors for their increased commitment;

- Attendance fees for Board and Committee meetings, except for the Chairman of the Board of Directors, as indicated in paragraph b) above; 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.

- Compensation for the termination of directorial functions as such and contributions to welfare systems are not being considered.

In accordance with the provisions, the maximum amount of remuneration to be paid to all directors in their capacity as such, with the addition of all items indicated above, amounts to a maximum of EUR 800,000. This amount was set for 10 members and can be increased proportionally, and, as it is a maximum limit, does not have to be used in its entirety as it aims to cover any changes that may occur under the remuneration policy with regard to the responsibilities and services provided by each director.

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 in an advisory capacity. The amount was approved with a 100% vote in favour at the General Shareholders' Meeting held on 30 June 2022.

Average annual equivalent remuneration

In 2022, the average remuneration of male directors* and female directors* was EUR 153,561 and EUR 58,750 respectively (2021: EUR 126,625 and EUR 62,401 respectively). The difference between the average remuneration of male and female directors is mainly due to the fact that the remuneration of the director with executive functions was significantly higher than that paid to the other members.

In the 2022 financial year, the average remuneration of the Steering Committee** was EUR 246,119 (2021: EUR 160,183 for male directors and EUR 145,357 for female directors). As there was only one female member on the Steering Committee in 2022, no gender-disaggregated information is available for the year on the grounds of personal data confidentiality and protection. Remuneration has been fixed according to the responsibility of each position within the organisation and taking into account comparable market positions.

Likewise, the difference between the average annual remuneration granted for 2021 is mainly due to the fact that no variable remuneration was earned for this year.

* Remuneration includes fixed remuneration and expenses for attending meetings, and, for the executive director, who is not paid expenses, it includes annual variable remuneration earned over the financial year and contributions to a benefit plan.

** Includes fixed remuneration, annual variable remuneration earned over the year and contributions to benefit plans of all members of the Steering Committee as at 31 December 2022, which are considered annualised remuneration

ETHICS AS A CORNERSTONE

Our decision-making, strategy and culture are based on ethics, integrity and good governance. To ensure that all the Group's personnel behave in a way that is in line not only with current legislation but also with the Group's Code of Ethics and other internal regulations, we rely on a series of systems and mechanisms that help us to prevent, identify and correct unwanted behaviour within the organisation.

COMPLIANCE SYSTEM

In order to identify any inappropriate behaviour, not only of employees, but also of the Group directors or personnel who have been delegated specific roles, we use a complete and robust compliance system. This is made up of a series of documents (listed below) that are compulsory for all members of our Group. It is worth mentioning here the Criminal Risk Prevention and Compliance Policy, which underpins and sets the basis for the entire system, and the Criminal Risks and Controls Matrix, which sets out the Group's main criminal risks as well as the control measures used to mitigate or lower the probability and impact of a risk to an acceptable tolerance level for the Group before it arises (commission of the offence).

COMPLIANCE SYSTEM

- Criminal Risk Prevention and Compliance Policy
- Code of Ethical Conduct
- Gifts and Invitations Policy
- Whistleblowing channel regulations
- Disciplinary system regulations
- Internal regulations for the criminal risk prevention model (detailed in the sub-section "Criminal risk prevention model").
- Criminal Risks and Controls Matrix.

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:

- Chair: Secretary of the Board of Directors (with casting vote)
- Members: Chief Financial Officer, Group Internal Audit Director (with voice but without vote) and Director of People, Prevention and Health
- Secretary: One of the Group's Legal Counsel.

In 2022, the ICB held the four meetings planned at the end of 2021 as well as two additional meetings to adjust its composition in line with the Group's organisational changes. No extraordinary meetings on account of activity in the whistleblowing channel were required in 2022.

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 the 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.


COMPROMISO ÉTICO

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.

Based on best practices, support of the ethics commitment saw gradual growth in 2022, with the areas with the greatest exposure to compliance risks signing up to the commitment.

Commitment of our talent

The ethics commitment was signed by all new starters in 2022. In addition, it should be noted that we have prepared a simplified version of this commitment for staff covered by the agreement as well as a version aimed specifically at managers.

THE WHISTLEBLOWER CHANNEL EMAIL ADDRESS

Whistleblowing channel

Our whistleblowing channel, which we talk about during our training sessions, can be found on the website. This channel can be used by anyone to report conduct that contravenes the Group's principles and values and/or the law.

The whistleblowing channel was made more accessible in 2022 with the activation of a telephone line (+34 667 41 29 30) managed by the Secretary of the ICB, which can be found online for the purposes of increased accessibility, making it possible to make calls as well as send spoken and written messages.

In 2022, the channel was notified of two queries, one complaint and four other situations that were referred from HR and which were evaluated as part of the annual activity of the ICB. No action was deemed necessary for the anonymous complaint. No complaints were received during 2021.

TWO QUERIES AND ONE COMPLAINT

not applicable as these were received during the 2022 financial year

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. For this reason, our Criminal Liability Prevention Model, which has been in place since 2016, is – as we have mentioned above – constantly being strengthened.

Specifically, in 2022, training and awareness-raising sessions focusing on compliance were offered to different groups with the aim of making public the Group's compliance system, the criminal liability that our Group could face as a result of criminal acts committed by employees, managers or directors, as well as to raise awareness of the importance of acting in line with the current legislation, the Code of Ethical Conduct and other internal regulations, and above all to emphasise the obligation to immediately report any offence of which we become aware. In short, training was offered to employees in the following areas with the aim of promoting an ethical culture across the organisation:

AREAS

- Steering Committee
- Purchasing and Logistics Area
- Sales and Marketing Area
- Legal Advisory Area
- Financial Area
- Human Resources Area

This training was led by the Secretary of the Board and the President of the ICB with the support of an external expert. Specifically, four 2.5-hour sessions were offered to all of the above-mentioned groups, and a 2-hour session with specific training on this matter was given to the Board of Directors, all of which were much appreciated by the attendees.

An Internal Communication Plan in Compliance was also approved, which sets out the criteria for systematic communication from 2023, and internal communication to all TR Group employees, noting the existence and key elements of the compliance system and whistleblowing channel, has been created (roll-out expected for the first quarter of 2023).

In 2022, the procedure for the use of corporate credit cards was developed and the Group's Proxy Policy was implemented by means of the following actions:

- Review of the state of current proxies;

- Granting of new proxies;

- Revocation of old proxies;

- Personalised communications sent to each of the legal representatives of TRSA and the TR Group indicating the scope and authority of the proxies granted to them, including a reminder to each of the agents regarding their obligation to comply with the Group's Code of Ethical Conduct;

- Preparation, sending and filing of an individual commitment for each of the legal representatives regarding the correct implementation of their proxies;

PRINCIPLES OF THE PROXY POLICY

- Clarity and consistency of delegated authorities
- Proportionality between delegated authorities and organisational requirements
- Operation of delegated authorities
- Non-delegation of authorities
- Segregation of duties

A specific training session on this Proxy Policy for the Steering Committee was planned for January 2023.

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 Criminal risk prevention and compliance manual providing an 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 prioritisation and assessment 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

- Ethical Commitment Model

In the Criminal Risk Prevention and Compliance Policy, we primarily detail 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 Executive 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

- Whistleblowing 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 among other things sets out the general guidelines for conduct, with the types of conduct prohibited and permitted

- 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: making no direct or indirect donations or contributions to political parties or organisations, their representatives or candidates.

In addition, from 2021 onwards, we implemented an Internal Policy of General Proxies, which we further developed using a specific framework in 2022, as well as a scheme of proxies, which contribute to preventing corruption and bribery and to improving the internal control guidelines in this area.

Anti-money laundering measures

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 Action Plan 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 TR 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 TR 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 the 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 of 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 2022

AN INTEGRATED SYSTEM TO ANTICIPATE AND MANAGE RISK

At the TR Group, we have a complete and comprehensive risk management system. In addition, to continue improving the system, an annual self-evaluation model was included in 2021 on behalf of Internal Audit Management to determine its maturity (scale established and published by the Spanish Institute of Internal Auditors and the COSO Model), and the opportunities for improvement that were identified were implemented in 2022.

We think that 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.

The risk identification process covers all possible risks on the basis of the five categories defined in the Corporate Policy for Risk Control and Management, which was approved by the Board of Directors of 29 April 2021 and is available on the website; this policy did not need to be updated in 2022.

The Risk Map was updated in 2022 (annual practice in the group), using a process that involved the Steering Committee and certain areas of the Group to identify level 1 risks: We take international reports on the main environmental risks, events affecting the Group and changes to its environment into account in order to rank a number of risks by evaluating them individually against an impact scale, their probability and speed of occurrence, and carry out a self-assessment of the level of management required for each risk identified. The individual results are checked collectively and an initial Risk Map is proposed to the Audit Committee, which evaluates the risk map and incorporates any corrections deemed appropriate for its presentation and subsequent approval, if applicable, to the Board of Directors.

Level 1 risks are identified by applying risk tolerance criteria and are assigned managers (owners) within the Steering Committee for ongoing monitoring. These owners regularly explain how they are managing their risk directly to the Audit Committee, define the monitoring indicators used and propose related action plans.

In the update to the 2022 Risk Map, approved by the Board of Directors in July 2022, 11 level 1 risks were defined. Of these 11 risks, managers of six of the risks explained their management strategies in detail to the Audit Committee.

Each level 1 risk has an associated owner within the Steering Committee, who is responsible for their supervision and monitoring.

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. Furthermore, 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 and in accordance with the COSO Model, it is composed of strategic risks, financial risks, compliance risks (including criminal risks), operational risks (including information risks regarding the official information generated by the Group and cyber risks) 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 risk exposure.

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.

2022 RISK MAP

LEVEL 1 RISKS	ASSOCIATED CATEGORIES
Strategic	(i) those associated with the Strategic Plan and with the (ii) roll-out of the Commercial Plan, as well as with the (iii) Continuity of Industrial Activity (given the characteristics of the Group), the prices and supplies of (iv) raw materials and energy, (v) the model of representation abroad (one of the factors that defines the Group), (vi) climate change and sustainability, aims included in the wording of the Strategic Plan and the risks associated with (vii) anti-trust, which include changes in the international regulatory framework of the sector in which the Group operates.
Financial	(viii) liquidity and going concern risks are the main focus as a result of the Group's current financial situation and the consequences of the COVID pandemic on its activity.
Operational	(ix) cyber risks and risks associated with (x) digital transformation, as this is a strategic objective in the 2021–2026 Plan, as well as (xi) the talent and commitment of our employees towards the Group and its strategic objectives.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM

The TR Group has an Internal Control over Financial Reporting (ICFR) system that enables us to make strategic decisions on the basis of the most accurate possible data and results as well as to share full and reliable information with stakeholders.

As part of the Corporate Governance system, the Corporate Policy on the Internal Control over Financial Reporting (ICFR) system was updated and approved by the Board in 2022.

In addition, the Finance Division, in collaboration with an independent expert and at the request of the Audit Committee, took charge of updating the Group's ICFR system in the face of organisational changes (including in the Steering Committee) and recent significant structural adaptations (commercial mergers of Group companies).

Upon completion of this update, 46 employees were affected by the execution of the control activities and 26 people were affected in terms of their supervision, with the main organisational areas affected being the Finance Division, Systems Management, the Secretary of the Board, the Legal Counsel, Human Resources, Purchasing and the Sales and Marketing Area.

Currently, the Group's ICFR system includes a risks and controls matrix with nine cycles (including one for control environment, another for supervision of the ICFR system and the risk assessment process and one specifically for information systems), 24 processes and 288 control activities to be carried out throughout the entire organisation (105 preventative checks and 183 detective checks). A specific "IT environment" cycle has been defined in the Group's ICFR System Risks and Controls matrix, including four processes entitled "user applications", "access control", "change management" and "operations and data processing centre". These processes include 30 control activities (19 preventative and 11 detective). Additionally, the Systems area plays a significant role in 36 automatic controls in the ICFR System.

2022 MILESTONES

- Approval of ICFR policy
- Setting a schedule for reviewing all of the cycles defined in the current model within three years
- Update of the Risk and Controls Matrix: ensuring the inclusion of the five internal control components set out in COSO and increasing the relevance and weighting of information systems

MAKING PROGRESS IN SUSTAINABILITY MANAGEMENT

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

ESG aspects form an intrinsic part of the Group's business. This is proven both in the Risk Map and in the Strategic Plan, which include various elements that relate to environmental, social and governance issues.

In addition, to reflect our sustainability ambitions, the Board approved a Corporate Sustainability Policy on environmental, social and governance matters in 2021, which we self-assessed in 2022, allowing us to set a roadmap with specific actions for further progress in sustainability.

This policy 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.

2021 MILESTONES

- Appointment of two directors with sustainability expertise
- Approval of the Corporate Sustainability Policy in environmental, social and governance matters

2022 MILESTONES

- Update of the Risk Map, including, for the first time, a priority risk associated with sustainability and climate change
- Joined the IBEX Gender Equality index
- Self-assessment of the Corporate Sustainability Policy through Internal Audit by the Audit Committee
- Appointment of a Director of Sustainability and Business Development who has begun work on a future sustainability plan

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

ENVIRONMENTAL SOCIAL GOVERNANCE

OPERATIONAL PRINCIPLES

SOCIAL

Environment

- Contribute to the socioeconomic development of the communities in which we operate.
- Tend to 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 the UN 2030 Agenda for 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 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.

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.

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, in 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, where 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.

ANNEXES

ANNEX 1 – SUPPLEMENTARY INFORMATION ON EMPLOYEES

Average annual contracts by gender

	2022		2021	
	Permanent	Temporary	Permanent	Temporary
Men	**1,154**	**119**	1,151	46
Women	**123**	**10**	117	12

Average annual contracts by age

	2022		2021	
	Permanent	Temporary	Permanent	Temporary
Under 30 years old	**20**	**30**	22	15
Between 30 and 50 years	**924**	**95**	957	42
Over 50 years old	**333**	**3**	289	1

Average annual contracts by professional category

	2022		2021	
	Permanent	Temporary	Permanent	Temporary
White collar	**263**	**10**	261	21
Blue collar	**865**	**108**	854	37
Non-union	**149**	**11**	153	-

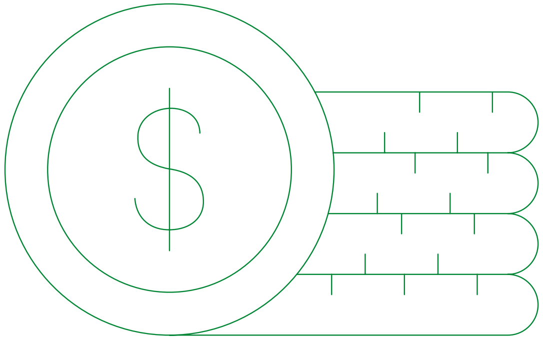
Average annual number of part-time contracts by professional category, by age and by gender

	Men	Women	Under 30	Between 30 and 50	Over 50	Administrative and middle management	Operations staff	Managers, supervisors and technicians
2022	**8**	**7**	**1**	**5**	**9**	**6**	**7**	**1**
2021	7	10	-	6	11	10	7	-

Absolute turnover rate[1]

	2022	2021
Men	**7%**	5%
Women	**5%**	5%
Under 30	**20%**	8%
Between 30 and 50	**5%**	2%
Over 50	**13%**	15%

[1] 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 and professional category

	Men	Women	Under 30	Between 30 and 50	Over 50	Administrative and middle management	Operations staff	Managers, supervisors and technicians
2022	**8**	**7**	**1**	**5**	**9**	**6**	**7**	**1**
2021	7	10	-	6	11	10	7	-

Number of dismissals by gender, age and professional category

	2022	2021
Men	**49**	33
Women	**3**	1
Under 30	**3**	-
Between 30 and 50	**23**	2
Over 50	**26**	32
Administrative and middle management	**5**	5
Operations staff	**40**	21
Managers, supervisors and technicians	**7**	8

Training hours by professional category

	2022		2021	
	Total hours	Average per worker	Total hours	Average per worker
Administrative and middle management	**3,504**	**12.8**	3,230	8.7
Operations staff	**6,889**	**7.1**	6,197	14.4
Managers, supervisors and technicians	**3,004**	**18.7**	3,973	3.8

Number of courses by area

	2022	2021
Master's degree	**-**	-
Technical courses	**17**	45
Development courses	**8**	5
Quality courses	**279**	9
Courses on non-destructive testing	**-**	31
OHS courses	**176**	68
Other	**-**	2

Number of prevention officers

	2022		2021	
	Men	Women	Men	Women
TRG	**9**	**-**	9	-
RDT	**15**	**-**	8	-
TRPT	**2**	**-**	2	-
TRAME	**-**	**-**	-	-
TOTAL	**26**	**-**	19	-

Health and safety incidents* — 2022

	ADMINISTRATIVE AND MIDDLE MANAGEMENT		OPERATIONS STAFF		**TOTAL OWN WORKFORCE**	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
Number of accidents with leave	5	-	77	2	**84**	90	-
Number of accidents without leave	5	1	89	1	**96**	69	-
Total number of accidents	10	1	166	3	**180**	98	-
Number of declared occupational illnesses	-	-	-	-	**-**	-	-
Number of days lost	266	-	1,556	48	**1,869**	-	-
Number of hours worked	423,094	153,146	1,493,872	34,436	**2,104,548**	196,352	44,928
Incident rate of occupational disease (IROD)	-	-	-	-	**-**	-	-
Frequency index (FI) or frequency rate (FR)	11.82	-	51.54	58.08	**39.91**	147.69	-
Severity index (SI) or lost days rate (LDR)	0.63	-	1.04	1.39	**0.89**	-	-

Health and safety incidents* — 2021

	ADMINISTRATIVE AND MIDDLE MANAGEMENT		OPERATIONS STAFF		**TOTAL OWN WORKFORCE**	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
Number of accidents with leave	1	-	91	-	**92**	20	-
Number of accidents without leave	1	1	102	1	**105**	52	-
Total number of accidents	2	1	193	1	**197**	72	-
Number of declared occupational illnesses	-	-	4	-	**4**	-	-
Number of days lost	55	-	2,109	-	**2,164**	-	-
Number 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**	-	-

* Accidents that occur while commuting are not included.

ANNEX 2 – ADDITIONAL ENVIRONMENTAL INFORMATION

Breakdown of the consumption of renewable and non-renewable materials

Renewable materials (t)

338,232
2022

257,078
2021

Non-renewable materials (t)

107,651
2022

46,726
2021

Water extraction by source (ML):

2022

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
99.3	0	182.3	**281.6**

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

2021

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

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

Total water consumption (ML)

271
2022

Total water consumption (ML)

272
2021

Water discharge

2022

Total water discharge to watercourse (m³)	Total water discharge by destination (ML)	Surface water	Water to third parties	Total water discharge by freshwater or other water (ML)	Freshwater*	Other water**
104,556	**126.3**	104.6	21.7	**52.7**	31.0	21.7

2021

Total water discharge to watercourse (m³)	Total water discharge by destination (ML)	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

*Fresh: total dissolved solids better than or equal to 1,000 mg/l
** Other water: total dissolved solids greater than 1000 mg/l

Breakdown of energy consumption by company and source type

NON-RENEWABLE SOURCES (MWH).

COMPANY	2022	2021	2020
TRG	**377,396**	319,951	256,700
TRPT	**568**	366	343
RDT	**11,268**	1,086	7,538
TOTAL	**389,232**	321,403	264,581

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).

COMPANY	2022	2021	2020
TRG*	**267,161**	208,503	163,947
TRPT	**1,431**	1,499	1,031
RDT	**14,566**	1,870	10,832
TOTAL	**283,158**	211,872	175,810

Waste management breakdown by company

2022

HAZARDOUS WASTE (T)

	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
COMPANY	Reuse	Recycling	Other recovery operations	Incineration	Landfill	Other disposal operations
TRG	-	15,446	4,178	26	1,873	600
TRPT	-	-	-	-	11	-
RDT	-	-	-	-	-	-
TOTAL	-	15	4,178	26	1,895	600

NON-HAZARDOUS WASTE (T)

	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
COMPANY	Reuse	Recycling	Other recovery operations	Incineration	Landfill	Other disposal operations
TRG	6,874	56,592	287,223	26	7,255	5,000
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	6,874	56,592	287,223	26	7,255	5,000

2021

HAZARDOUS WASTE (T)

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

NON-HAZARDOUS WASTE (T)

	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
COMPANY	Reuse	Recycling	Other recovery operations	Incineration	Landfill	Other disposal operations
TRG	4,794	27,502	246,462	5	9,342	3,000
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	4,794	27,502	246,462	5	9,342	3,000

GHG emissions control Breakdown by company, scope and intensity

DIRECT EMISSIONS (SCOPE 1) – T CO_2 UNITS

COMPANY	2022	2021	2020
TRG	**79,137**	66,754	52,464
TRPT	**105**	67	63
RDT	**2,074**	200	1,387
TOTAL	**81,316**	67,021	53,915

INDIRECT EMISSIONS FROM ENERGY GENERATION (SCOPE 2) — T CO_2 UNITS

COMPANY	2022	2021	2020
TRG	**55,500**	38,332	32,789
TRPT	**286**	300	206
RDT	**6,258**	803	4,653
TOTAL	**62,044**	39,436	37,649

EMISSIONS INTENSITY – T CO_2 UNITS / T PRODUCT

COMPANY	2022	2021	2020
TRG (PRODUCTOS MILLS)	**0.59**	0.54	0.61
TRG (TUBOS MILLS)	**0.41**	0.45	0.54
TRG (ACECSA MILL)	**0.27**	0.25	0.27
TRPT	**0.05**	0.09	0.06
RDT	**0.24**	0.36	0.22

Other emissions*

2022

COMPANY	NO_x (kg)	SO_x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Other (kg)
TRG	108,656	21,338	7,592	9.95	47,928	8.730×10^{-5}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	**108,656**	**21,338**	**7,592**	**9.95**	**47,928**	**8.730×10^{-5}**

* In the absence of such measurements, as they are not mandatory this financial year, these 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 2022.

2021

COMPANY	NO_x (kg)	SO_x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Other (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}**

ANNEX 3 - REPORT PARAMETERS

This Non-Financial Information Statement (NFIS) is part of the TR Group Management Report and includes information for the Environmental, Social and Governance (ESG) matters, in accordance with the results obtained in the materiality analysis carried out in 2022.

It covers the period from 1 January to 31 December 2022. The information contained herein for the 2021 financial year is presented for comparative purposes with the information for the 2022 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 TR 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 show 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. (TR) at 31 December 2022:

COMPANY	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.	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.

Table of contents of Law 11/2018

CONTENTS OF LAW 11/2018 ON NON-FINANCIAL INFORMATION	STANDARD USED	SECTION OF THE NFIS
Business model		
Description of the business model	GRI 2-1, GRI 2-6, GRI 2-12	1. TR Group Letter from the Chair Annex 4
Organisation and structure	GRI 2-1, GRI 2-6, GRI 2-12	8. Our corporate governance: moving towards excellence
Geographical presence	GRI 2-1, GRI 2-6, GRI 2-12	1. TR Group
Objectives and strategies	GRI 2-1, GRI 2-6, GRI 2-12	Letter from the Chair 1. TR Group 8. Our corporate governance: moving towards excellence
Main factors and trends affecting future developments	GRI 2-1, GRI 2-6, GRI 2-12	1. TR Group 8. Our corporate governance: moving towards excellence
Strategy and risk management		
Description of the policies that the company applies	GRI 3-3	3. People: our differential value 4. Towards excellence in health and safety 5. Global, innovative and sustainable value chain 8. Our corporate governance: moving towards excellence
Results of the policies that the company applies	GRI 3-3	
Main risks related to issues linked to the company's activities	GRI 2-12, GRI 3-3	1. TR Group 8. Our corporate governance: moving towards excellence
Non-financial information report profile		
Reporting framework used	GRI standards	Annex 4
Materiality analysis	GRI standards	2. Our ESG vision
Environmental issues		
Environmental management		
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 2-12, GRI 308-2	5. Global, innovative and sustainable value chain 8. Our corporate governance: moving towards excellence
Environmental certification or assessment procedures	GRI 2-12, GRI 3-3	5. Global, innovative and sustainable value chain
Resources dedicated to the prevention of environmental risks	GRI 2-12	5. Global, innovative and sustainable value chain
Application of the precautionary principle	GRI 3-3	5. Global, innovative and sustainable value chain
Amount of provisions and guarantees for environmental risks	GRI 307-1	5. Global, innovative and sustainable value chain

CONTENTS OF LAW 11/2018 ON NON-FINANCIAL INFORMATION	STANDARD USED	SECTION OF THE NFIS
Environmental issues		
Pollution		
Measures to prevent, reduce or offset carbon emissions that seriously affect the environment. Any other form of air pollution	GRI 3-3, GRI 302-4	5. Global, innovative and sustainable 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 3-3, 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, innovative and sustainable value chain Annex 2
Actions to combat food waste		As per section "2. Our ESG vision", food waste was not considered relevant to 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, innovative and sustainable value chain Annex 2
Consumption of raw materials	GRI 3-3, GRI 301-1, GRI 301-2	5. Global, innovative and sustainable value chain Annex 2
Direct and indirect energy consumption. Measures to improve energy efficiency. Use of renewable energies	GRI 3-3, GRI 302-1, GRI 302-3, GRI 302-4	5. Global, innovative and sustainable value chain Annex 2
Climate change		
Greenhouse gas emissions	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4	5. Global, innovative and sustainable value chain Annex 2
Measures taken to adapt to the consequences of climate change. Greenhouse gas reduction targets	GRI 3-3, GRI 201-2, GRI 305-5	5. Global, innovative and sustainable value chain Annex 2
Biodiversity		
Measures taken to preserve or restore biodiversity	GRI 3-3, GRI 304-2, GRI 304-3	5. Global, innovative and sustainable 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, innovative and sustainable value chain Annex 2

3. PEOPLE: OUR DIFFERENTIAL VALUE	STANDARD USED	SECTION OF THE NFIS
Social and staff-related issues		
Employment		
Total number and breakdown of employees by gender, age, country and professional category	GRI 2-6, GRI 2-7, GRI 405-1b	3. People: our differential value
Total number and breakdown of employment contract types	GRI 2-7	3. People: our differential value
Average annual number of permanent, temporary and part-time contracts by gender, age and professional category	GRI 2-7	3. People: our differential value Annex 1
Number of dismissals by gender, age and professional category	GRI 401-1	3. People: our differential value 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 differential value
Salary gap	GRI 405-2	3. People: our differential value
Remuneration of equal or average jobs in the company	GRI 202-1	Anexo 1
Average remuneration of directors and executives	GRI 2-19, GRI 2-20, GRI 405-2	8. Our corporate governance: moving towards excellence
Implementation of work disconnection measures	GRI 401-2	3. People: our differential value
Employees with disabilities	GRI 405-1	3. People: our differential value
Organisation of the work		
Organisation of working time	GRI 2-7	3. People: our differential value
Number of hours of absenteeism	GRI 403-9a Injuries from occupational accidents	3. People: our differential value
Measures to facilitate work-life balance	GRI 401-2, GRI 401-3	3. People: our differential value Annex 1
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. Towards excellence in health and safety
Occupational accidents (frequency and severity) broken down by gender	403.9a-b Injuries from occupational accidents	4. Towards excellence in health and safety Annex 1
Occupational illnesses broken down by gender	403.10a Occupational ailments and illnesses	4. Towards excellence in health and safety Annex 1

UNIVERSAL ACCESSIBILITY FOR PERSONS WITH DISABILITIES	STANDARD USED	SECTION OF THE NFIS
Social and staff-related issues		
Social relations		
Mechanisms and procedures available to the company to promote employee involvement in the management of the company, in terms of information, consultation and participation	GRI 2-29	3. People: our differential value
Organisation of social dialogue	GRI 2-29, GRI 403-1, GRI 201-3	2. Our ESG vision 3. People: our differential value
Percentage of employees covered by collective bargaining agreement by country	GRI 2-30	3. People: our differential value Annex 1
Review of collective agreements, particularly in the field of occupational health and safety	GRI 403-1	3. People: our differential value Annex 1
Training		
Policies implemented in the field of training	GRI 404-2, GRI 404-3	3. Las personas, nuestro valor diferencial
Total number of hours of training by professional category	GRI 404-1	3. People: our differential value Annex 1
Universal accessibility for persons with disabilities	GRI 405-1	3. People: our differential value
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 differential value
Equality plans and measures taken to promote employment	GRI 405-1	3. People: our differential value
Protocols against sexual and gender-based harassment	GRI 405-1	3. People: our differential value
Integration and universal accessibility for persons with disabilities	GRI 405-1	3. People: our differential value
Anti-discrimination and, where appropriate, diversity management policy	GRI 406-1	3. People: our differential value

CONTENTS OF LAW 11/2018 ON NON-FINANCIAL INFORMATION	STANDARD USED	SECTION OF THE NFIS
Information on respect for human rights		
Application of due diligence procedures in human rights	GRI 3-3. GRI 410-1, GRI 412-1, GRI 412-2	8. Our corporate governance: moving towards excellence
Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 3-3, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	8. Our corporate governance: moving towards excellence
Claims for cases of human rights violations	GRI 2-26, GRI 3-3, GRI 406-1, GRI 408-1, GRI 409-1	8. Our corporate governance: moving towards excellence
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 407-1, GRI 414-1, GRI 406-1, GRI 409-1, GRI 408-1	8. Our corporate governance: moving towards excellence
Information related to the fight against corruption and bribery		
Measures taken to prevent corruption and bribery	GRI 3-3, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 415-1	8. Our corporate governance: moving towards excellence
Anti-money laundering measures	GRI3-3, GRI 205-3	8. Our corporate governance: moving towards excellence
Contributions to foundations and non-profit entities	GRI 201-1	2. Our ESG vision
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	2. Our ESG vision
Impact of company activity on local communities and territory	GRI 413-1, GRI 413-2	2. Our ESG vision
Relationships with local community players and means of dialogue with them	GRI 2-29, GRI 413-1	2. Our ESG vision
Association and sponsorship actions	GRI 2-28	2. Our ESG vision

CONTENTS OF LAW 11/2018 ON NON-FINANCIAL INFORMATION	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 3-3, GRI 308-1, GRI 414-1	5. Global, innovative and sustainable value chain
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 2-6, GRI 3-3, GRI 204-1, GRI 308-1, GRI 414-1	5. Global, innovative and sustainable 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, innovative and sustainable value chain
Consumers (our customers)		
Consumer health and safety measures	GRI 3-3, GRI 416-1, GRI 417-1	5. Global, innovative and sustainable value chain
Complaint systems, complaints received and their resolution	GRI 2-26, GRI 3-3, GRI 416-2, GRI 416-8	5. Global, innovative and sustainable value chain
Tax information and transparency		
Profits obtained by country	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.vi	2. Our ESG vision
Tax on profits paid	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.viii	2. Our ESG vision
Public subsidies received	GRI 201-4	2. Nuestra visión ESG

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the Shareholders of Tubos Reunidos S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2022, of Tubos Reunidos S.A and subsidiaries (hereinafter, the Group), which is part of the Group's Consolidated Management Report.

The content of the Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" of the accompanying Statement.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" from the accompanying Management Report.

The Board of Directors are also responsible for 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.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behaviour.

2

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed. Our review 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 the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

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

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2022 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 know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2022 based on the materiality analysis made by the Group and described in section "Our ESG priority issues", considering the content required by prevailing mercantile regulations.
- Analyzing the processes for gathering and validating the data included in the 2022 Non-Financial Statement.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.
- Checking, through tests, based on a selection of a sample, the information related to the content of the 2022 NFS and its correct compilation from the data provided by the information sources.
- Obtaining a representation letter from the Board of Directors and Management.

3

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 Statement of Non-Financial Information is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the Consolidated Management Report. Additionally, information has been included, for which the shareholders 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 "European Environmental Taxonomy" chapter of the Consolidated Management Report. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2022 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter i in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" of the Consolidated Management Report.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 24th, 2023

TUBOS REUNIDOS GROUP
TUBOS · PRODUCTOS

Edited in Spain, February 2023 I **Design and layout** Laura Fernández

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2022

Tubos Reunidos, S.A. and SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the Shareholders of Tubos Reunidos S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2022, of Tubos Reunidos S.A and subsidiaries (hereinafter, the Group), which is part of the Group's Consolidated Management Report.

The content of the Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" of the accompanying Statement.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" from the accompanying Management Report.

The Board of Directors are also responsible for 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.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behaviour.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed. Our review 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 the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

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

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2022 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 know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.

- Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2022 based on the materiality analysis made by the Group and described in section "Our ESG priority issues", considering the content required by prevailing mercantile regulations.

- Analyzing the processes for gathering and validating the data included in the 2022 Non-Financial Statement.

- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.

- Checking, through tests, based on a selection of a sample, the information related to the content of the 2022 NFS and its correct compilation from the data provided by the information 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 Statement of Non-Financial Information is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the Consolidated Management Report. Additionally, information has been included, for which the shareholders 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 "European Environmental Taxonomy" chapter of the Consolidated Management Report. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2022 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter i in the Annex 3 "Report Parameters - Table of contents required by Law 11/2018" of the Consolidated Management Report.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 24th, 2023

In signing this document, the Directors of the Company **"TUBOS REUNIDOS, S.A.",** with Tax ID No A/48/011555 and registered office in Amurrio (Álava), in accordance with Article 253 of the Consolidated Text of the Spanish Capital Companies Law, drew up the consolidated annual accounts and the consolidated management report of **TUBOS REUNIDOS, S.A. AND SUBSIDIARIES** for financial year 2022, all of which is detailed and identified as indicated below:

Consolidated Annual Accounts (Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Net Equity, Consolidated Cash Flow Statement and Consolidated Report), **Consolidated Management Report, Annual Corporate Governance Report (ACGR), Annual Directors' Remuneration Report (ADRR) and Non-Financial Information Statement (NFIS).**

Furthermore, the directors of the Company state that, to the best of their knowledge, the consolidated annual accounts prepared in accordance with the applicable accounting principles give a true and fair view of the assets and liabilities, financial position and results of the issuer and the undertakings included in the consolidation taken as a whole, and that the consolidated management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

:

Mr Francisco Irazusta Rodríguez
(Executive Chair)

Mr Emilio Ybarra Aznar
(Deputy Chair – Proprietary Director)

Mr Jorge Gabiola Mendieta
(Coordinating Director – Independent)

Mr Alfonso Barandiarán Olleros
(Proprietary Director)

Mr Enrique Migoya Peláez
(Proprietary Director)

Ms Ana Muñoz Beraza
(Independent Director)

Mr Jesus Pérez Rodriguez-Urrutia
(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), **23 February 2023**