



**TUBOS
REUNIDOS GROUP**
TUBOS • PRODUCTOS

Non-financial information statement **2022**

The rediscovery. Empowering the energy transition

TABLE OF CONTENTS

LETTER FROM THE CHAIR 03

TR GROUP 05

OUR GROUP 06

WE ARE SUSTAINABLE 11

MANAGING CHALLENGES AND OPPORTUNITIES IN A COMPLEX
GEOPOLITICAL ENVIRONMENT 19

OUR ESG VISION 26

INSPIRING CONFIDENCE AND GENERATING VALUE FOR OUR STAKEHOLDERS 27

OUR PRIORITY ESG ISSUES 30

CONTRIBUTING TO SUSTAINABLE DEVELOPMENT 33

PEOPLE: OUR DIFFERENTIAL VALUE 38

WE ARE OUR PEOPLE 39

TALENT DEVELOPMENT 41

ATTRACTING AND RETAINING TALENT 49

TOWARDS EXCELLENCE IN HEALTH AND SAFETY 54

KEY FIGURES 55

EXCELLENCE IN HEALTH AND SAFETY PROJECT 57

A HEALTHY, SAFE WORKING ENVIRONMENT 63

GLOBAL, INNOVATIVE AND SUSTAINABLE VALUE CHAIN 66

FROM SCRAP METAL TO PIPE: A SUSTAINABLE ACTIVITY 69

EFFICIENT AND SUSTAINABLE PRODUCTION 72

SUPPORTING OUR CUSTOMERS IN FUTURE CHALLENGES 77

INNOVATION: OUR KEY PILLAR HELPING TO DRIVE THE ENERGY TRANSITION 78

COMMITTED TO SUSTAINABILITY 79

LOOKING TO THE FUTURE 80

OUR PROJECTS 81

DIGITAL TRANSFORMATION: EFFICIENCY AND SECURITY IN ONE CLICK 82

OUR COMMITMENT TO DIGITAL TRANSFORMATION 83

DIGITISATION 85

CYBERSECURITY 87

OUR CORPORATE GOVERNANCE: MOVING TOWARDS EXCELLENCE 88

TAKING STEPS TOWARDS GOOD GOVERNANCE 89

PROFESSIONAL GOVERNING BODIES 92

ETHICS AS A CORNERSTONE 98

AN INTEGRATED SYSTEM TO ANTICIPATE AND MANAGE RISK 103

MAKING PROGRESS IN SUSTAINABILITY MANAGEMENT 106

ANNEXES 108

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

WE ARE SUSTAINABLE

MANAGING CHALLENGES AND OPPORTUNITIES
IN A COMPLEX GEOPOLITICAL ENVIRONMENT

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

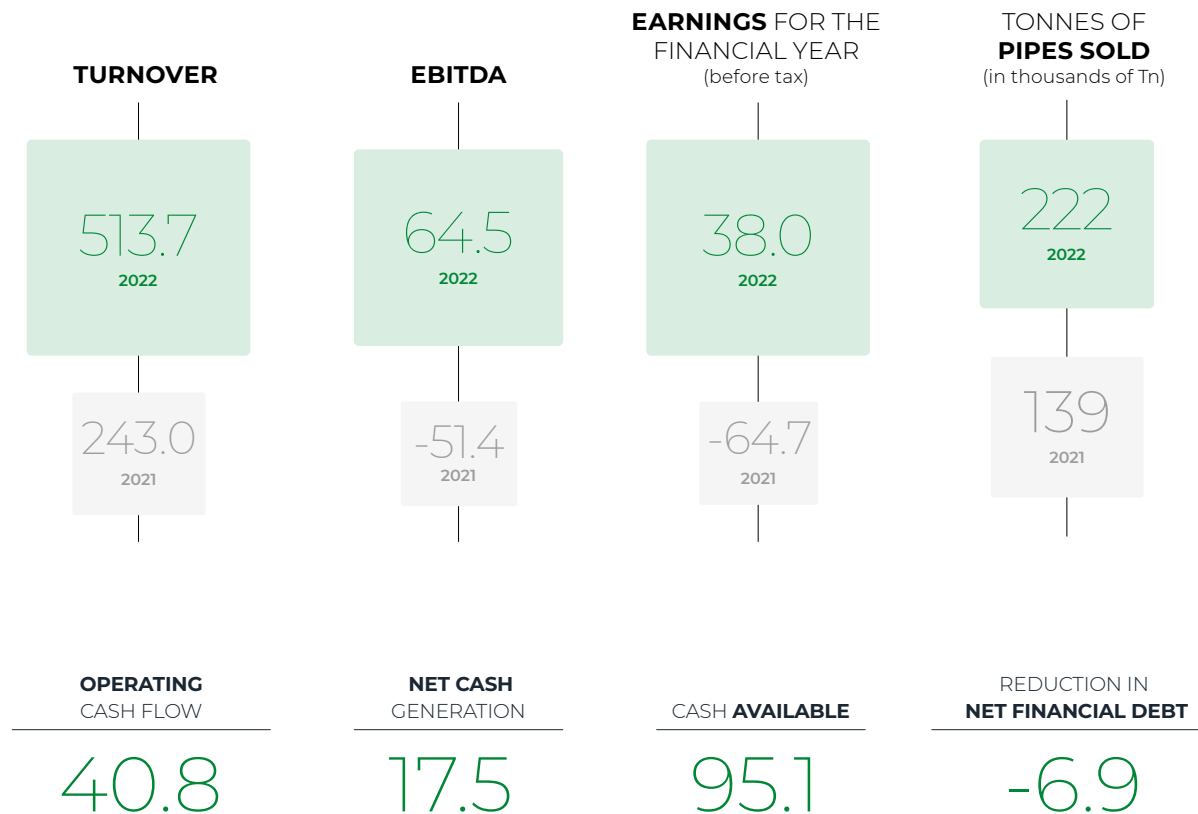
The Chair

"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)



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)

1,405
2022

1,360
2021

Capitalisation
(millions of euros)

43.0
2022

48.8
2021

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

31

2021

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**

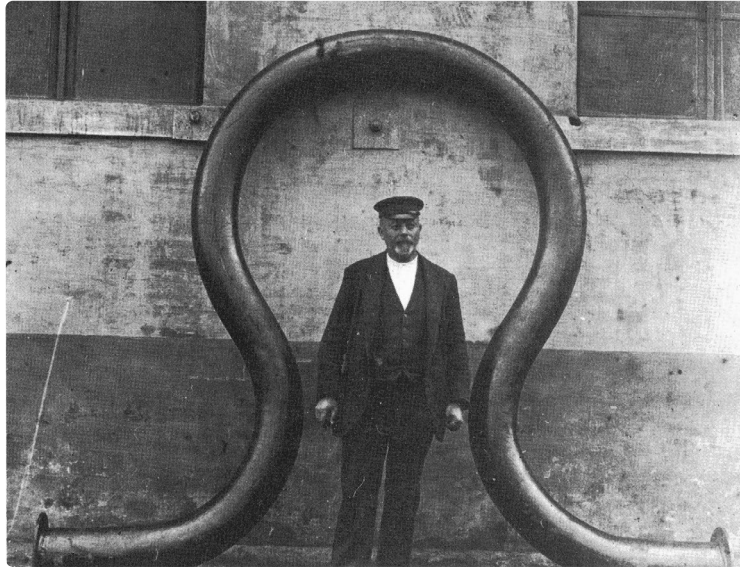
Inclusion in the **IBEX Gender Equality index** in June 2022

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

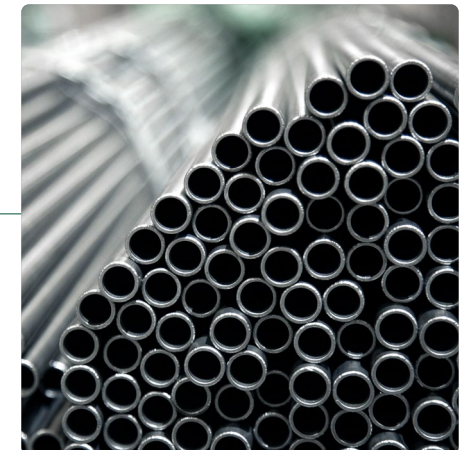
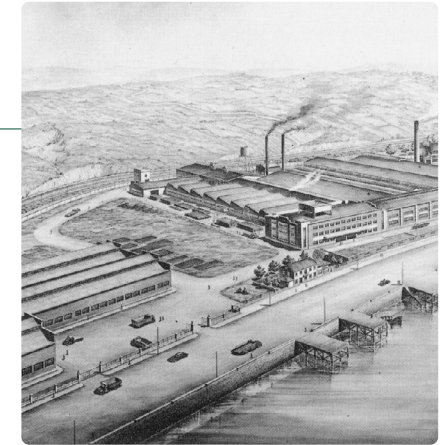
The acquisition of Productos Tubulares, S.A., which offers a wide range of pipes of large dimensions and thicknesses; including special, alloy and stainless pipes.

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

2019

Debt refinancing framework agreement with financial institutions. Strategy for product and market diversification.

2020

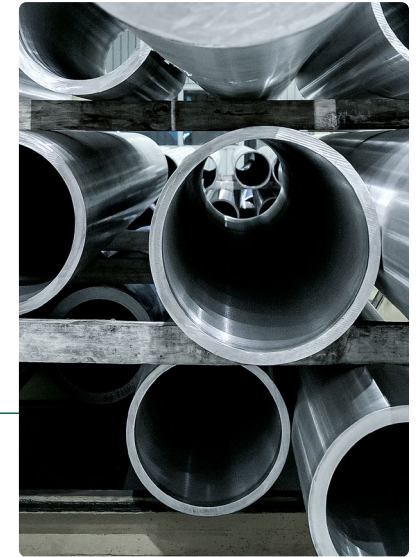
The appointment of Francisco Irazusta as new Executive Chairman.

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.

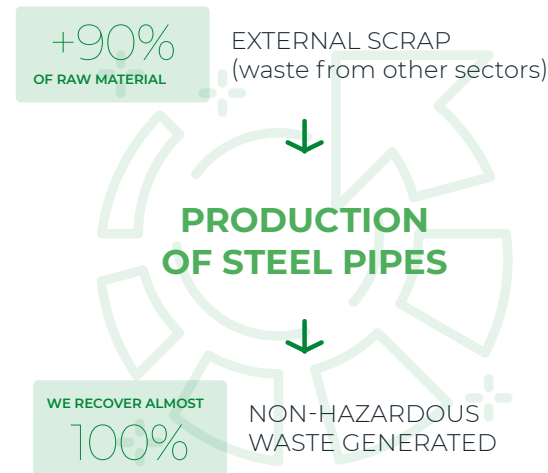
The seamless steel pipes that we produce are mainly made from scrap from other activities, with our manufacturing process leading by example in terms of the circular economy. Contributing via our business to the increase of global circularity.

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 CO₂ 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 re-

sources, 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

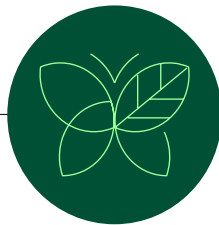
• **Eligible and aligned:** refers to eligible activities that:

- 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	39 (Annex I)	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	39 (Annex I)	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



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.



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

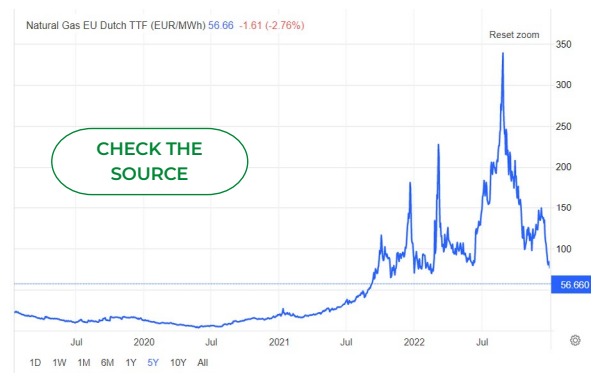
The Biden Administration's anti-dumping sanctions against a number of countries that are major exporters of OCTG pipes, such as Mexico, Argentina, Russia and South Korea, have allowed manufacturers in other countries to improve their competitive position in the US.



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.



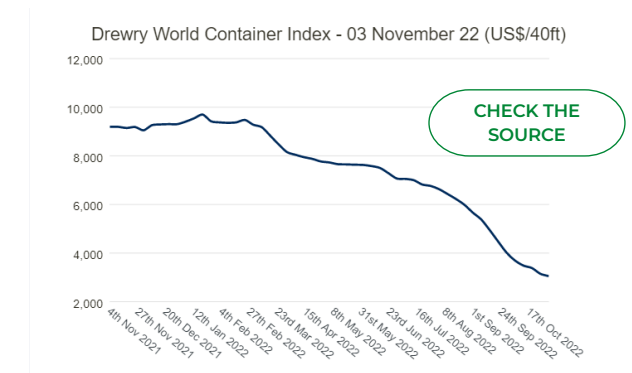
- The price of CO₂ emission allowances doubled in one year, in line with the EU's decarbonisation policies.

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.



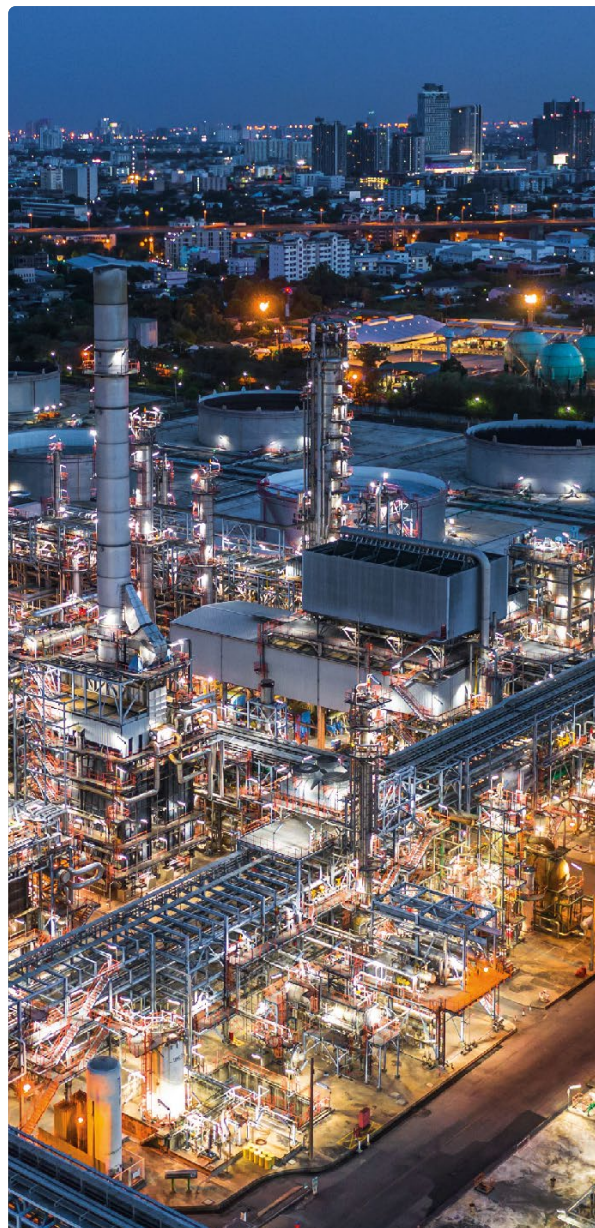
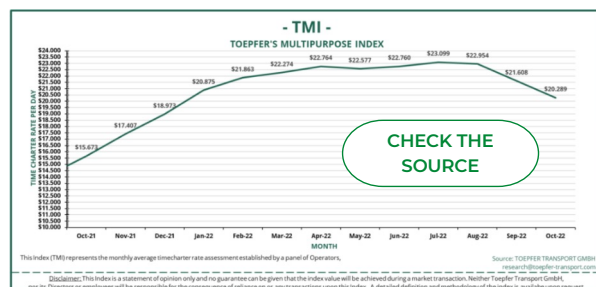
Increase in the prices of ferroalloys, scrap metal and the barrel price

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

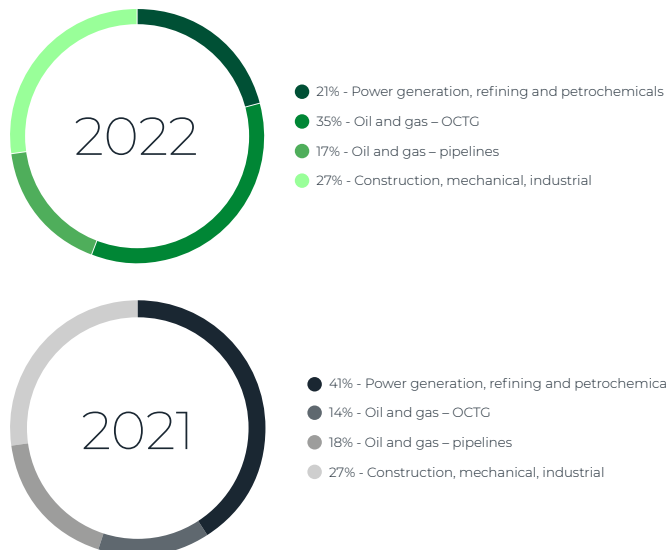


130 YEARS ANTICIPATING
TECHNOLOGY SOLUTIONS

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

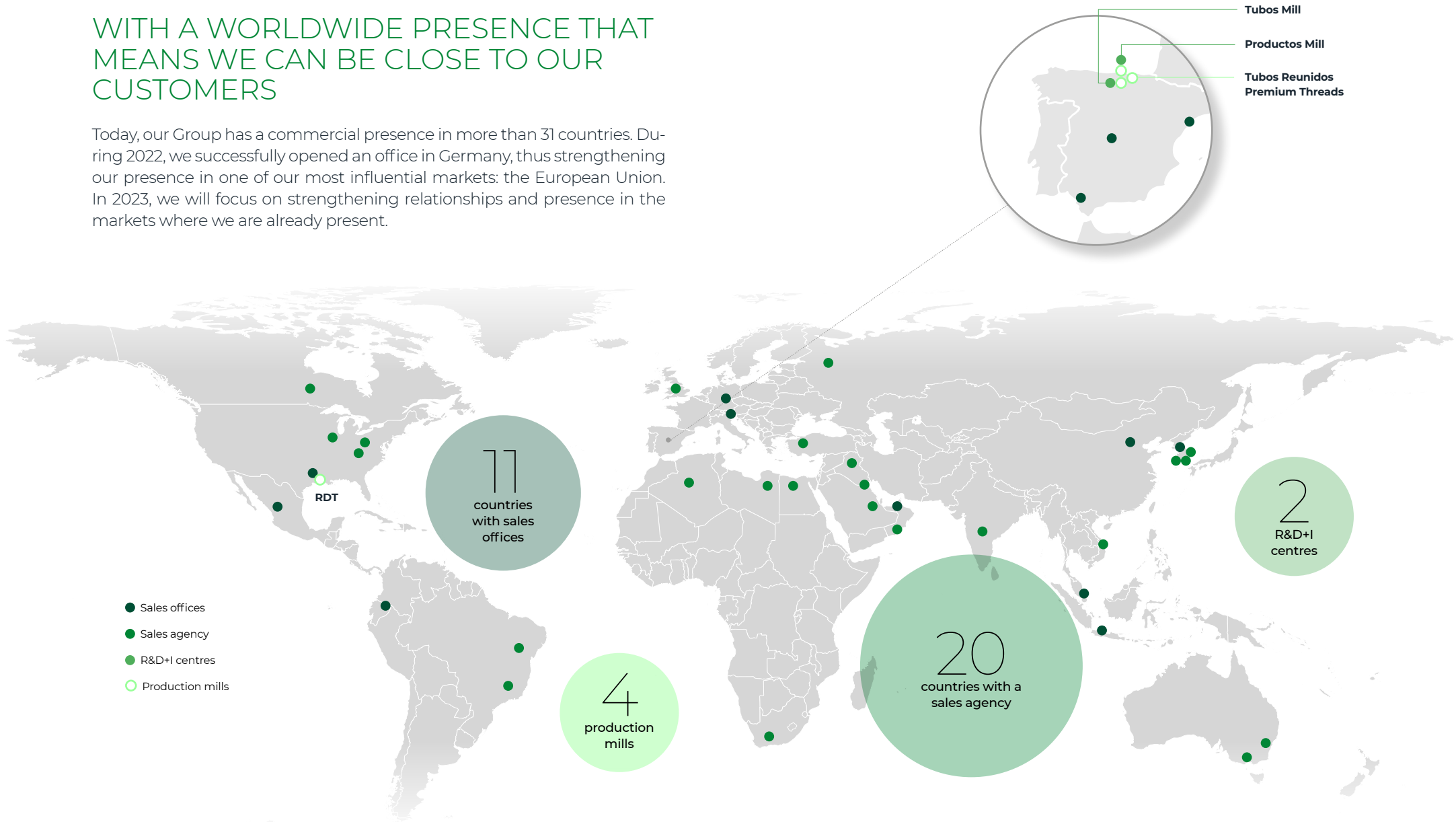
- Large-diameter nickel-based alloy pipes with dimensions according to the project's specific needs.
- Geothermals, CO₂ Capture and Storage, etc.

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

People

Shareholders and investors

Funders

Customers

Suppliers

Regulatory bodies and public administrations

Local communities

Partnerships



COMMUNICATION CHANNELS

- | | |
|--|---|
| <ul style="list-style-type: none"> Corporate website Intranet Physical post boxes | <ul style="list-style-type: none"> Regular meetings with direct supervisors Physical notice boards · Ethics channel · Newsletter |
| <ul style="list-style-type: none"> Corporate website Information provided to the CNMV | <ul style="list-style-type: none"> Investor office General meeting |
| <ul style="list-style-type: none"> Corporate website Regular information updates | <ul style="list-style-type: none"> Briefings on the Company's progress |
| <ul style="list-style-type: none"> Corporate website Trade fairs Participation in associations | <ul style="list-style-type: none"> Satisfaction surveys Regular visits Individual meetings |
| <ul style="list-style-type: none"> Corporate website Supplier portal | <ul style="list-style-type: none"> Participation in associations Trade fairs |
| <ul style="list-style-type: none"> Corporate website Online portal for reporting environmental (IKS) and health and safety information | <ul style="list-style-type: none"> Platforms for environmental monitoring and the health and safety plan Regulatory body questionnaires Regular meetings |
| <ul style="list-style-type: none"> Corporate website Social meet-ups | <ul style="list-style-type: none"> Participation in associations |
| <ul style="list-style-type: none"> Corporate website Regular meetings | <ul style="list-style-type: none"> 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

People



GOALS

- Offer decent work
- Promote professional career development in the Group
- Provide a healthy and safe working environment



INDICATORS/MILESTONES

- 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

Regulatory bodies and public administrations

Local communities

Partnerships



GOALS

- Responsibly implement our work as a strategic company in generating wealth in the environments in which we operate
- Promote development and employment in the areas where we operate
- Improve market knowledge, and work together to offer higher value-added solutions, innovative and sustainable products



INDICATORS/MILESTONES

- Tax payments (millions of euros): 2022: 37.2; 2021: 32.7
- Local suppliers: 2022: 87%; 86% in 2021
- EUR 1,114 thousand in per diems/collaboration with restaurants (EUR 940 thousand in 2021)

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.

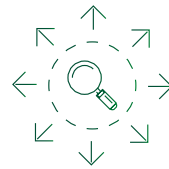
To this end, conducting a materiality analysis is essential to understand stakeholder expectations, plan an appropriate response and make commitments not only on economic issues, but also on environmental, social and governance issues.

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.

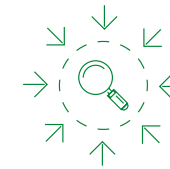
1. Identification of material aspects of sustainability

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

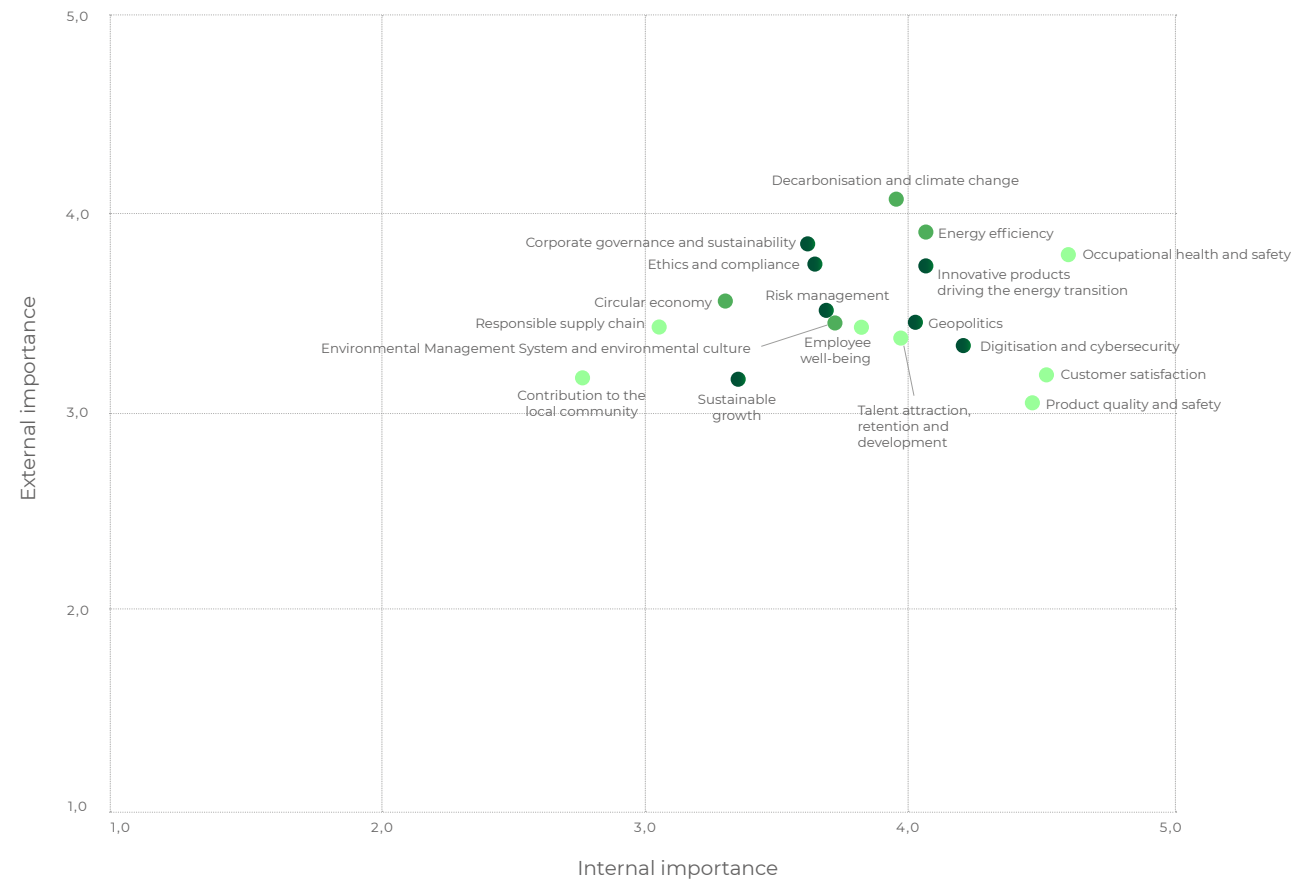
- Corporate governance and sustainability
Our corporate governance: moving towards excellence +
- Digitisation and cybersecurity
Digital transformation: efficiency and security in one click +
- Geopolitics
TR Group +

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.

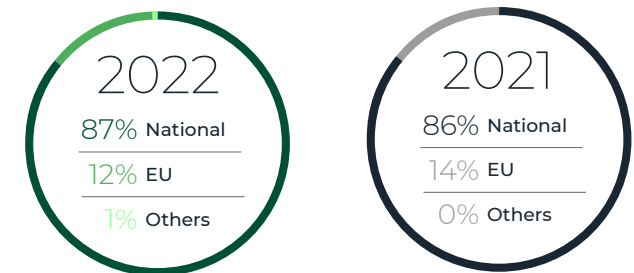
We also contribute to the promotion of the territory's industrial transformation and competitiveness by collaborating with specific initiatives and actions. These have a positive effect on the Basque economy through alliances with other companies in the area to promote joint projects and initiatives, 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
CO₂ 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 Anfíbum, 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 Anfíbum 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.

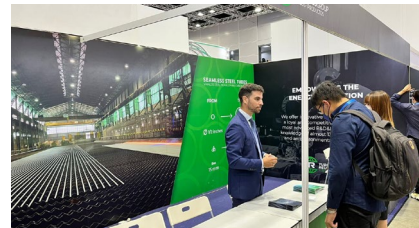
Major international congresses

- 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

TALENT DEVELOPMENT

ATTRACTING AND RETAINING TALENT

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**



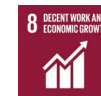
Thus, as a Group, our commitment to our people is to develop a safe, healthy environment in which committed people can grow with superior performance that generates added value for the company.

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



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.

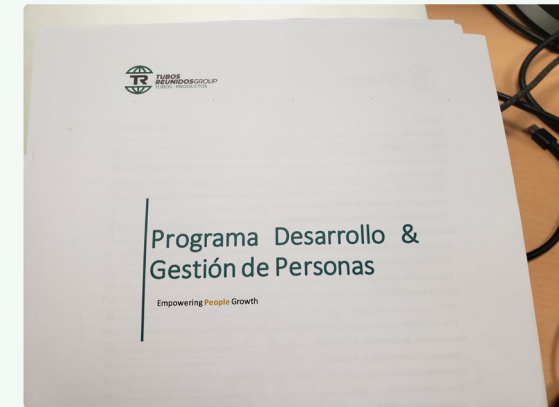
GROWING OUR TEAM

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"

Key milestones

TALENT DEVELOPMENT

KNOWLEDGE: GROWING TOGETHER

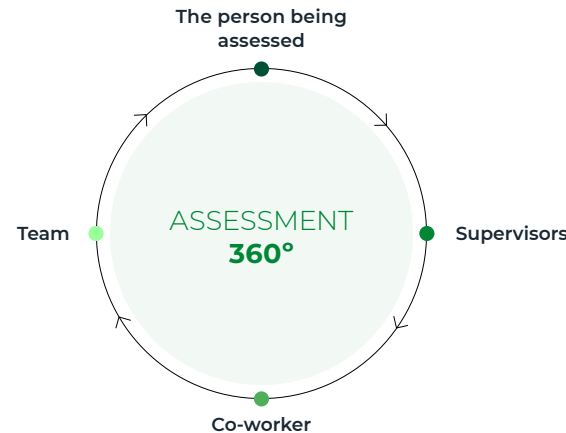
STRENGTHENING OUR TALENT

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:

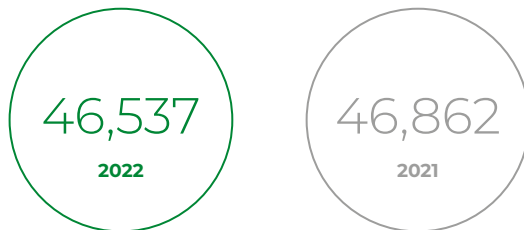
- Workshops to provide insight into how they can enhance growth within the Group.
- Explanation of potential projects in which they may participate, depending on their speciality.
- Identification of "mentor" figures to support and guide them during their initial corporate experience.

COMPETITIVE REMUNERATION

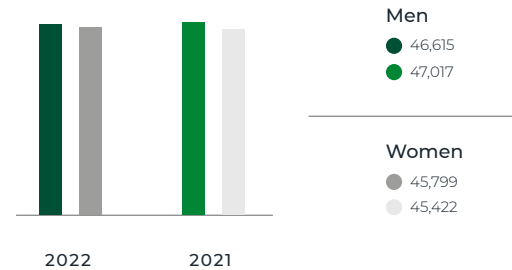
The remuneration we offer is calculated on a job-by-job basis and depends on the duties and/or responsibilities associated with each position, regulated by the various company agreements and conventions. We can thus ensure that our competitive positioning is fair for all.

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.

Change in average remuneration* (euros)



Average remuneration by gender (euros)

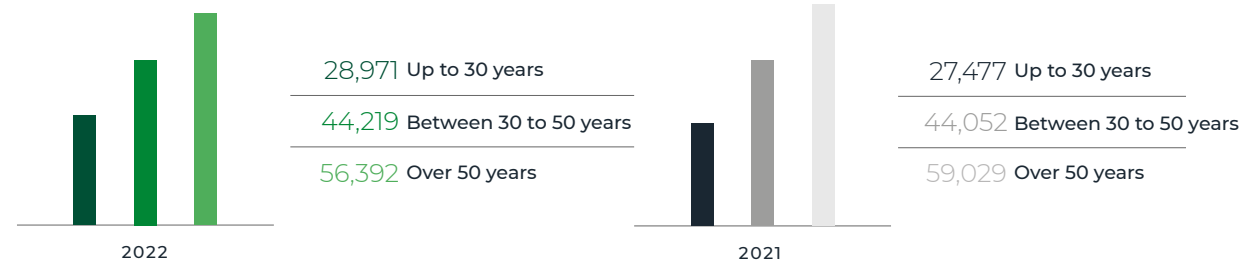


The salary of all the companies that make up the Group is high compared to the average of other companies in the sector and, in all cases, well above the corresponding minimum wage.

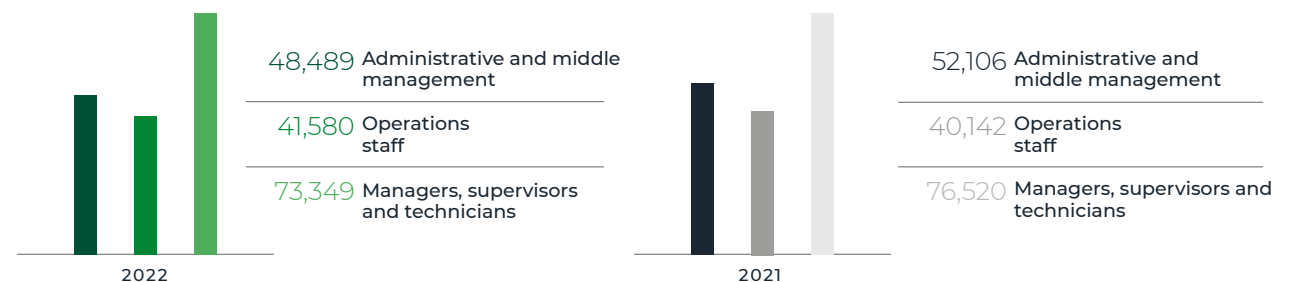
Older people have a higher average remuneration because they are generally in more senior positions due to their experience.

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)



Average remuneration by professional category** (euros)



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 €)

1,976	1,802
2022	2021

NUMBER **OF VOLUNTARY MEMBERS**

1,214	1,205
2022	2021

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)



NUMBER OF **COURSES**



TRAINING HOURS



AVERAGE HOURS OF TRAINING PER PERSON



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

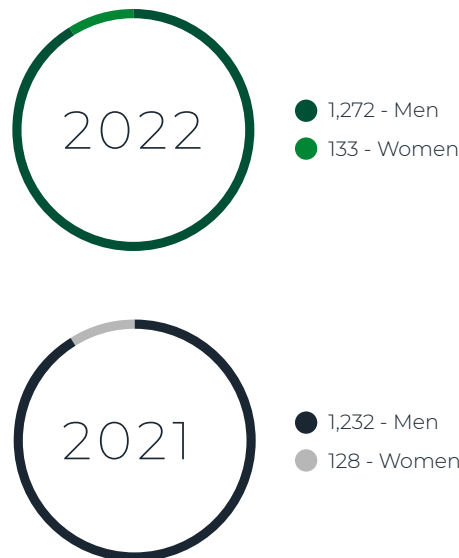
QUALITY EMPLOYMENT

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.

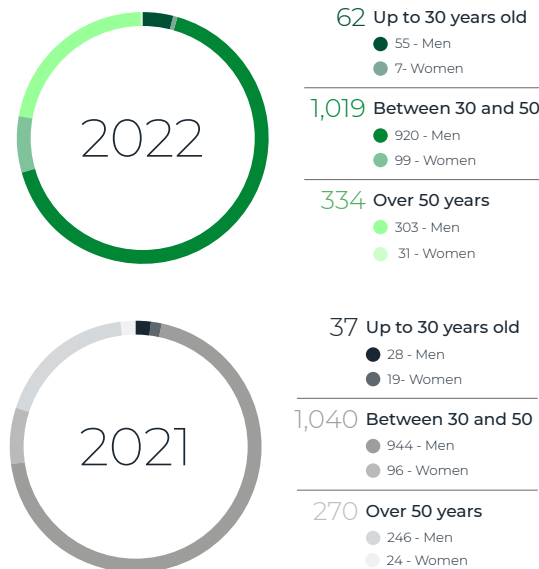
We are committed to the inclusion of young talent in the job market, as evidenced by the fact that our workforce under the age of 30 has increased by 68%.

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.

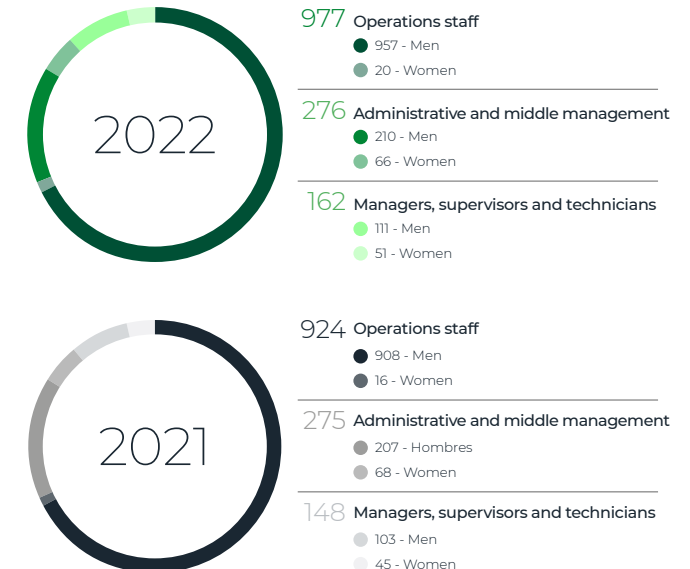
Average number of people



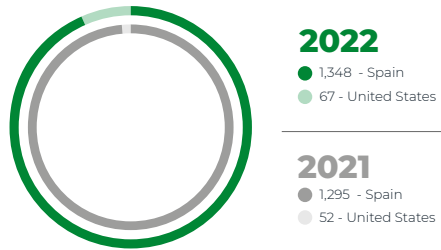
Employees at the end of the year



Distribution by professional category and gender



Breakdown by country



The key to our growth is our great team, which is why we are continuing to expand our workforce in all countries.

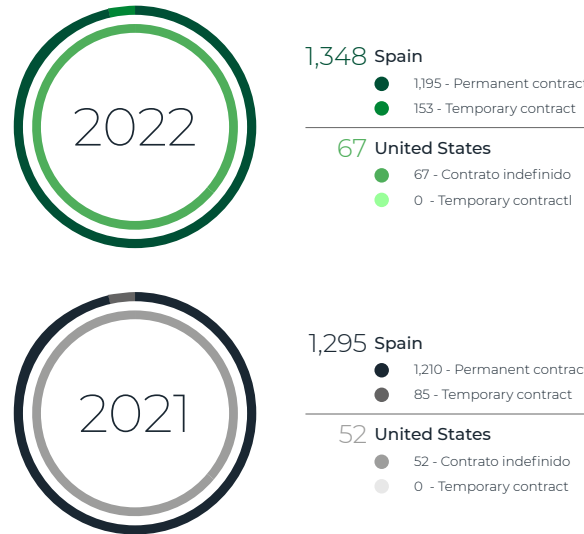


TURNOVER RATES

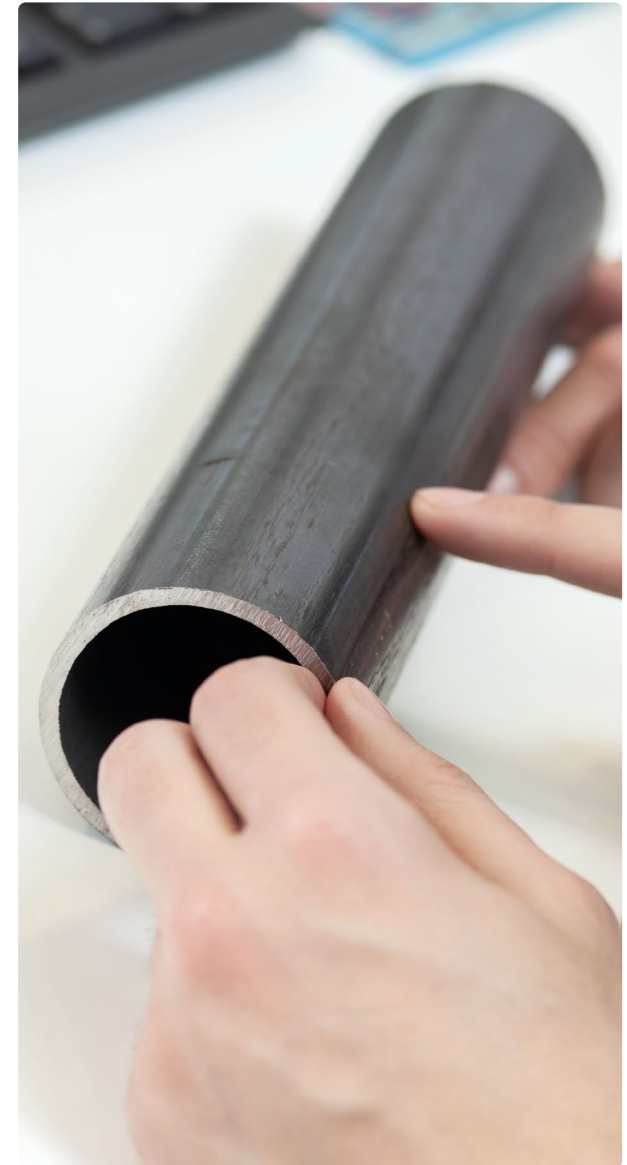


The turnover rate increased slightly, but remains low compared to industry rates

Breakdown by contract type and country



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

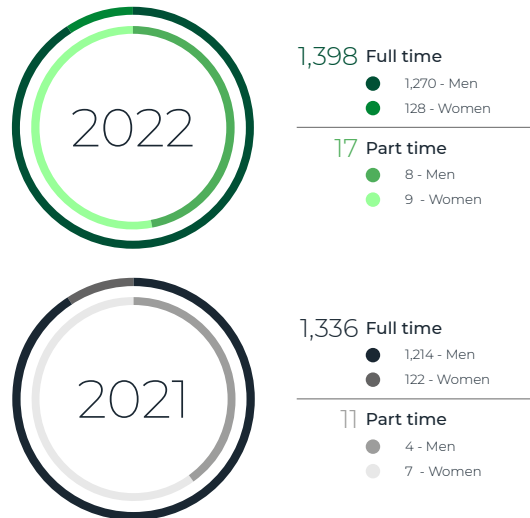
For the TR Group, people are our most important asset. That's why we endeavour to help employees to strike a good work-life balance. In 2021, special emphasis was placed on encouraging and promoting a good work-life balance during the COVID-19 pandemic, and in 2022 we continued to promote flexibility 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



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.

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.

Work absenteeism

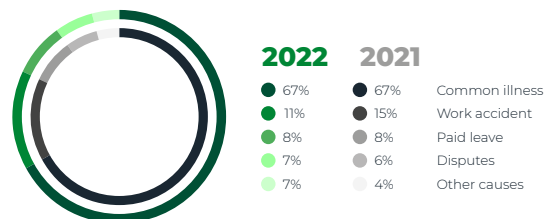
TOTAL HOURS

300,819 254,799
2022 2021

ABSENTEEISM RATE

12.92% 11.96%
2022 2021

MAIN REASONS 2022

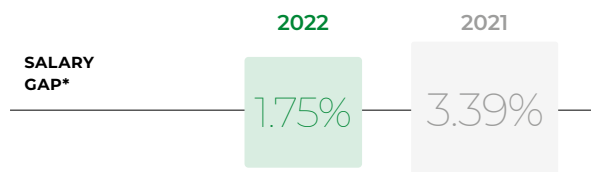


Absenteeism increased slightly compared to the previous year. For this reason, one of the areas we wish to focus on in 2023 is to implement actions that help our staff to reduce this.

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.



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 13 women 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)

374
2022

355
2021

PEOPLE WITH DISABILITIES IN OUR TEAM

8 — 7 — 1
2022 MEN WOMEN

9 — 8 — 1
2021 MEN WOMEN



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.

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.

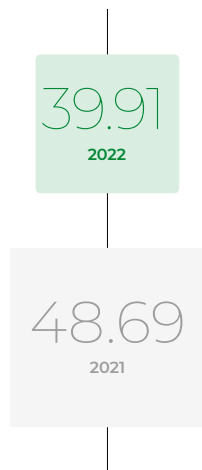
KEY FIGURES

EXCELLENCE IN HEALTH AND SAFETY PROJECT

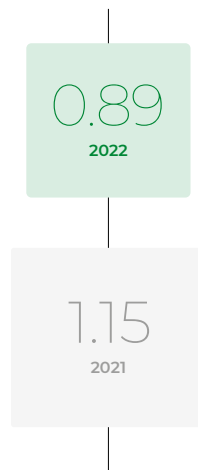
A HEALTHY, SAFE WORKING ENVIRONMENT

KEY FIGURES

FREQUENCY* RATE



SEVERITY* RATE



* 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



INVESTMENT IN HEALTH AND SAFETY (IN THOUSANDS OF EUROS)



NUMBER OF SUBCONTRACTED EMPLOYEE ACCIDENTS WITH AND WITHOUT LEAVE



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.

Reglas que salvan vidas

Todas las reglas de seguridad son importantes, pero hay unas críticas, de gran importancia que se han seleccionado como "Reglas que Salvan Vidas" (RSV).

Están enfocadas en qué hacer y no hacer, de forma simple y clara, cubriendo aquellas actividades con riesgos de seguridad potenciales más elevados.

El objetivo de las RSV es evitar accidentes de gravedad y son de obligado cumplimiento >

- Utilizar protecciones anticidas
- Tener autorización para trabajos eléctricos y cumplir siempre con las Reglas de oro para trabajar
- Usar los EPPs adecuados según el trabajo
- No colocarse en el área de influencia de los equipos pesados en movimiento, respetar las distancias
- No colocarse en el área de influencia de la carga suspendida
- No entrar en un espacio confinado sin vigilar y sin comprobar la atmósfera
- Planificar los trabajos de acuerdo a los tiempos de exposición al foco de calor
- Respetar las disposiciones de seguridad y en caso de fallo no operar sin medidas preventivas adicionales
- Analizar la forma más segura de hacer un trabajo antes de ejecutarlo. Planificar y evaluar



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.

SEVEN WORKING GROUPS	DSS TRANSFORM (DSST)					PROCESOS DE GESTIÓN	
	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 Arteché (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)	Progressive knowledge of the members of the health and safety team	Significant pool of actions at various launch phases
Implementation of new communication procedures	Deep cross-functional involvement in the project	Real awareness of the need to establish governance in PSM
Improved alignment between the Group's two plants	Establishment of the Safety and Prevention Steering Committee	Training and Welcome Guide completed
Defined annual communication plan	Monthly updating routine established for notice boards	

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.

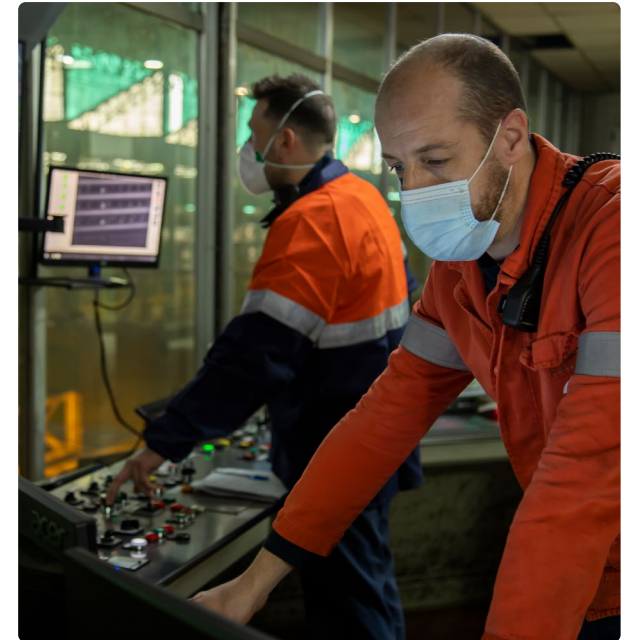
Meetings and talks

In order to establish a routine that helps us to learn about relevant safety topics, a range of talks and re-

gular 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)

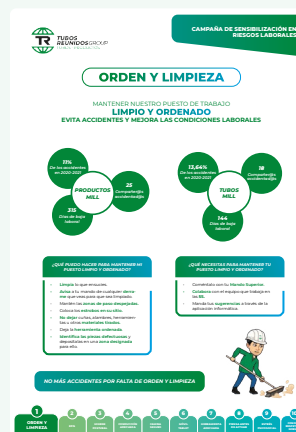
One of the major discoveries of the Project and one of the largest areas where there is a management shortfall is in PSM (Process Safety Management).



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.

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.

TV SCREENS

fitted at the entrance to plants, displaying all kinds of information related to: safety videos, trends for figures and accident rates, etc.

ACCIDENT-FREE DAY COUNTER

to keep our employees motivated and to create safety.

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.

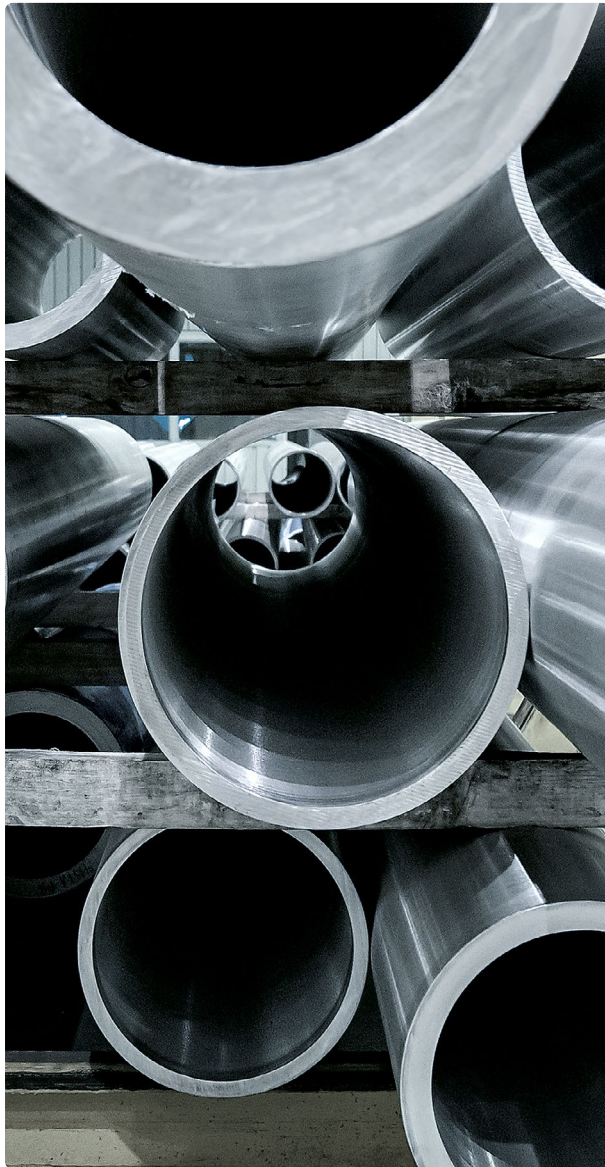
As a sign of our concern for all the people involved in the Group, we also assess the work performed by contractors, even though they are not part of our workforce, as we believe they also help to construct the TR Group. As a result of the assessments that we conducted, we identified a high incidence 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.

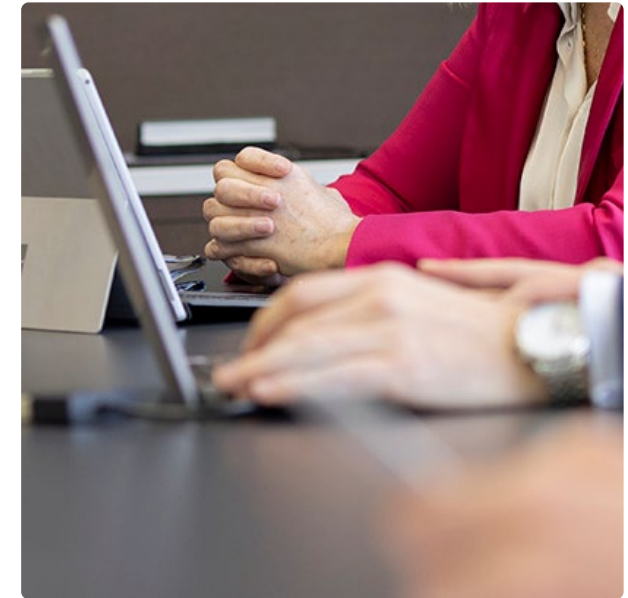
Health and Safety Committee

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.



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).



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.

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.

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.

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."



- Investments in the main production plants to increase energy efficiency by constantly implementing improvements.

Future goal

- Achieve carbon neutrality by 2050.

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.

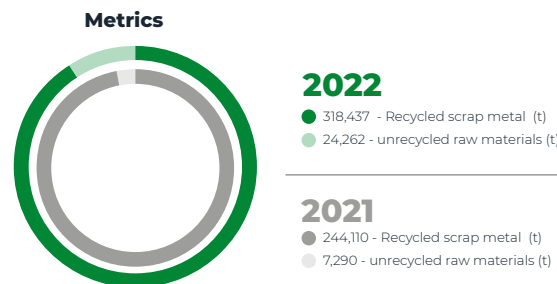
The electric furnace will be fitted with the enhanced technology of self-recuperative burners. While these burners consist of a new burner system capable of emitting the same amount of heat as the lighters that we used previously, they are more efficient. This will result in considerable energy savings.

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.



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
- Waste
- Soil and water pollution
- Spills
- Noise
- 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.

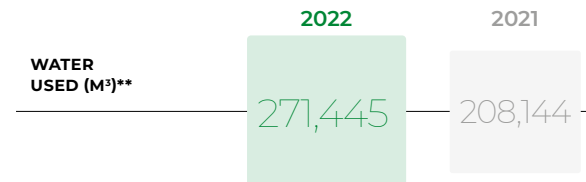
Metrics	2022	2021
Electricity (MWh)	283,158	211,872
Natural Gas (MWh)	389,232	321,403
Energy intensity (KWh/t product)*	1,944	2,312

*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 m³ of water (13,532,278 m³ in 2021), **92% more than last year.**



** 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

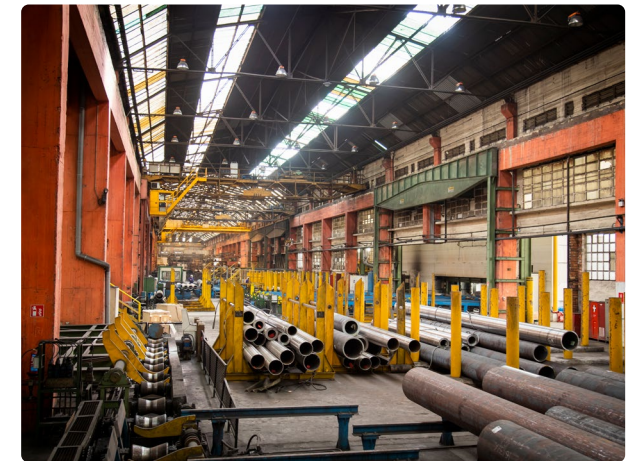
2. Recovery

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



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) *		SCOPE 2 (T CO ₂)**	
81,315	67,021	62,044	37,649
2022	2021	2022	2021

INTENSITY (T CO ₂ / T PRODUCT)***	
0.41	0.46
2022	2021

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

LOOKING TO THE FUTURE

OUR PROJECTS

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

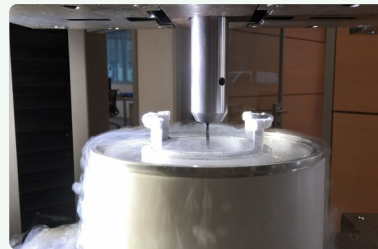
In its 130-year history, Tubos Reunidos has borne witness to all manner of developments and sociopolitical climates. But it could be said that the speed at which different world events have followed on from one another in recent years and the immediacy of their chain reactions and consequences are what 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.

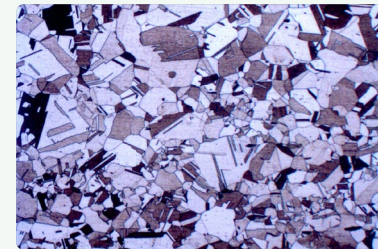
To reinforce this innovation activity in the medium term, we actively participated as a founding company in the creation and establishment of the Energy Intelligence Centre (EIC), a new technology centre dedicated to research and development to find

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.



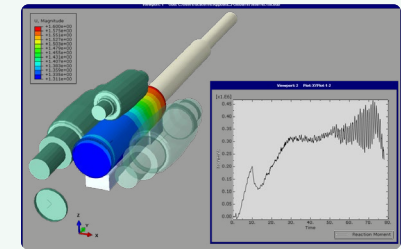
HYDROGEN

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 hy-

drogen 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

DIGITISATION

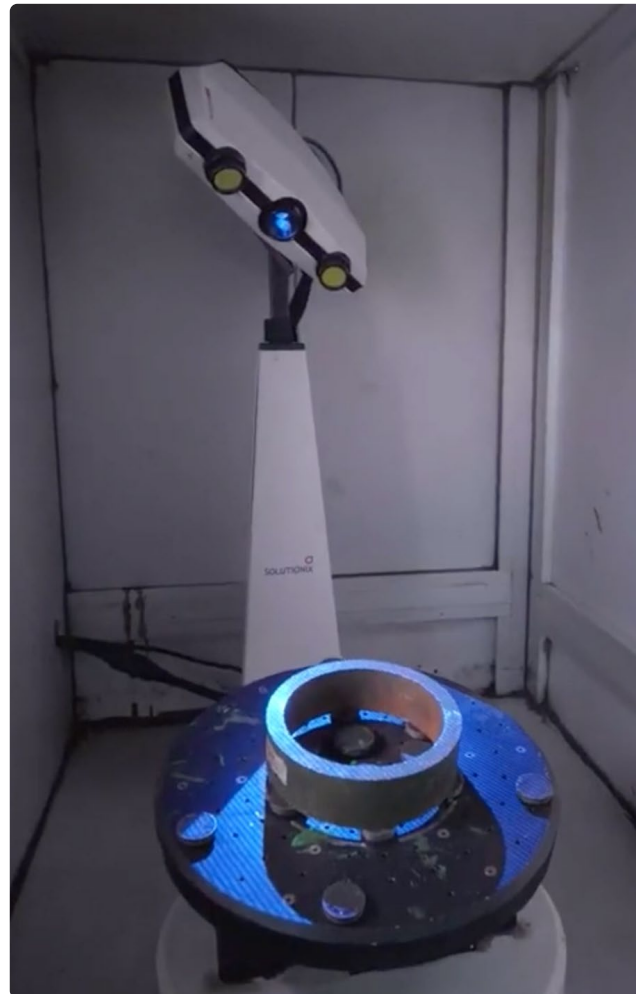
CYBERSECURITY

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.

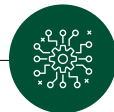
A SIMPLE, STABLE AND RELIABLE PROCESS
that can be implemented quickly,
and its mere incorporation implies an
improvement of the process

A BIMODAL IT ORGANISATION

IMPROVING THIS PROCESS,
which becomes harder to implement
as it becomes more experimental

4 SPECIALISATION

PROCESSES



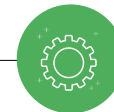
IT

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.

We are updating the infrastructure, increasing flexibility and the capacity to respond, updating hardware and CPD software versions and virtualising the majority of machines.

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.

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.



KEY OBJECTIVES FOR 2023

We have committed to strengthening the team by appointing a cybersecurity specialist.

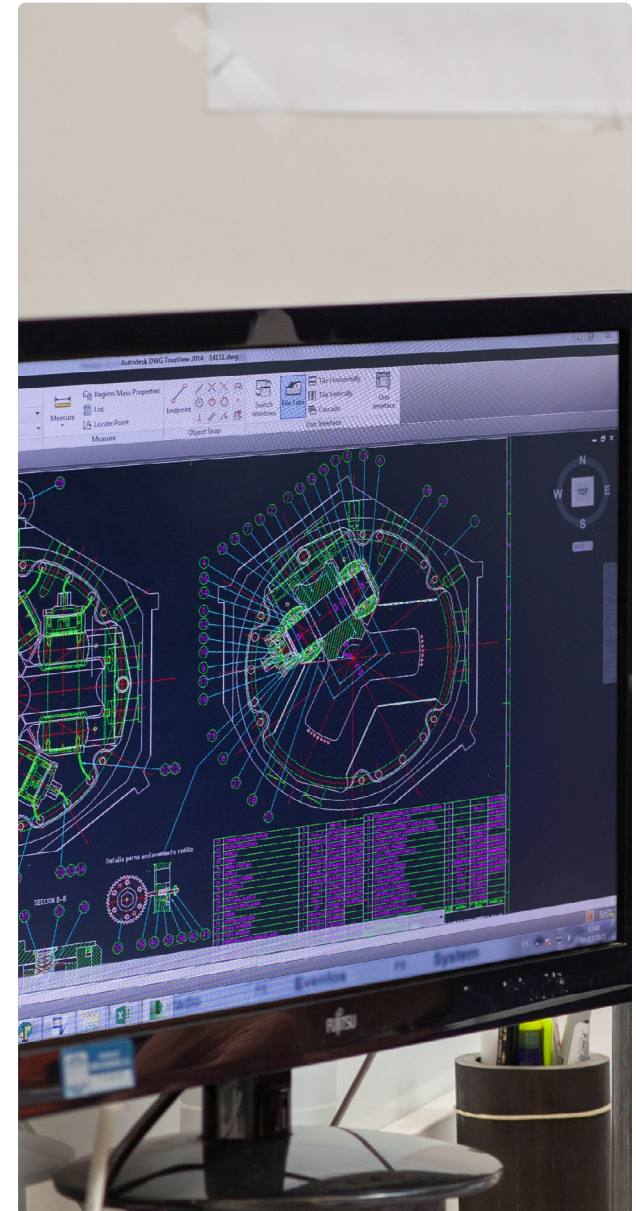
Improvement of the security policies of the corporate active directory

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.

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

PROFESSIONAL GOVERNING BODIES

ETHICS AS A CORNERSTONE

AN INTEGRATED SYSTEM TO ANTICIPATE AND MANAGE RISK

MAKING PROGRESS IN SUSTAINABILITY MANAGEMENT

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.tubosreunidos-group.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 +

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

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.

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

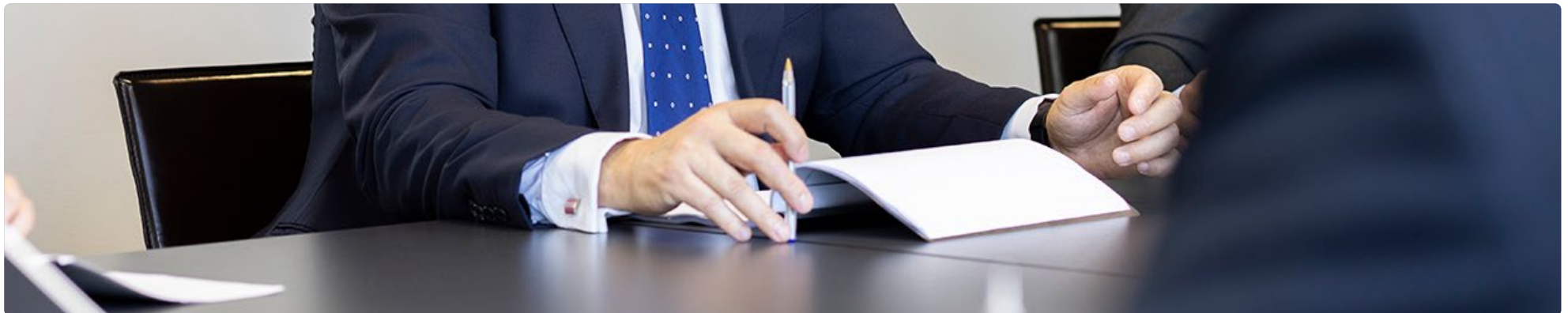
Approval of the proposed distribution of earnings for the 2021 financial year.

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.

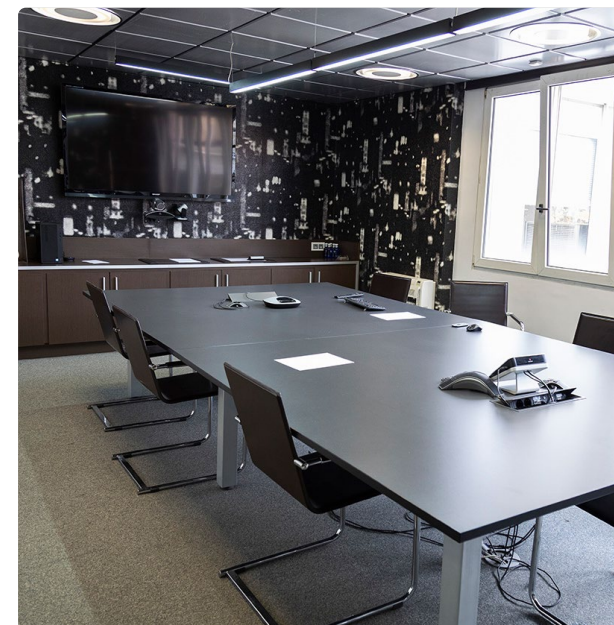
At the core of its mission, it approves the Company's strategy and the organisation necessary for its implementation. It also monitors and checks that senior management is meeting the stated objectives and pursues the attainment of the corporate purpose and corporate interest and creates long-term value 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 Rodríguez	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	Member (Independent Director)
Ms. Ana Muñoz Beraza	
Mr. Jesús Pérez Rodríguez-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:

- The quality and efficiency of functioning of the Board of Directors.
- The functioning and composition of its Committees.
- Diversity in the composition and competences of the Board of Directors.
- The performance of the Chair of the Board of Directors.
- The performance of the Coordinating Director.
- The performance of the Secretary of the Board and Legal Counsel
- 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

Members of the Audit Committee

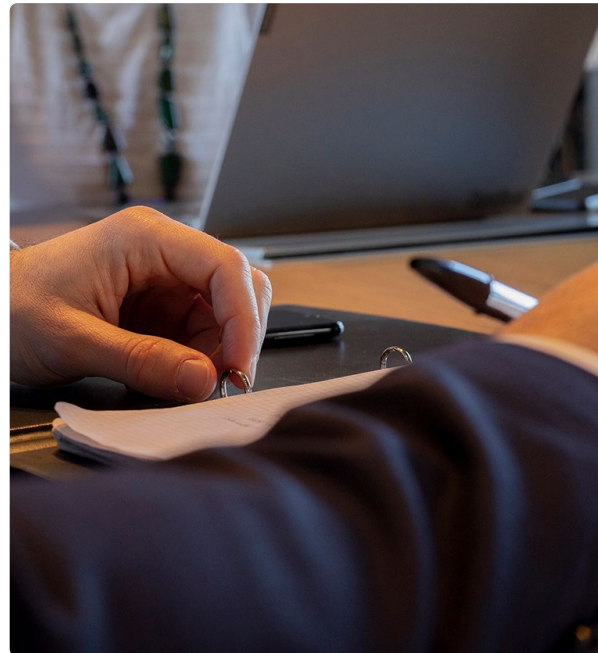
● Ms. María Teresa Quirós Álvarez	Chair
● Mr. Enrique Migoya Peláez	Member
● Mr. Jorge Gabiola Mendieta	Member
● Mr. Jesús Pérez Rodríguez-Urrutia	Member
● Ms. María Sicilia Salvadores	Member

- Proprietary Director
- Other External Director
- Independent Director

Meetings in 2022

There were no changes to the composition of the Audit Committee in 2022.

- 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.



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

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 Rodríguez	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 Bikandí 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 Di-

rectors, 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.



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 Mo-

del, 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, in-

2022 MILESTONES

Approval of ICFR policy	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
Setting a schedule for reviewing all of the cycles defined in the current model within three years	

cluding 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.

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

Self-assessment of the Corporate Sustainability Policy through Internal Audit by the Audit Committee

Joined the IBEX Gender Equality index

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.

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.

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.



- 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.

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

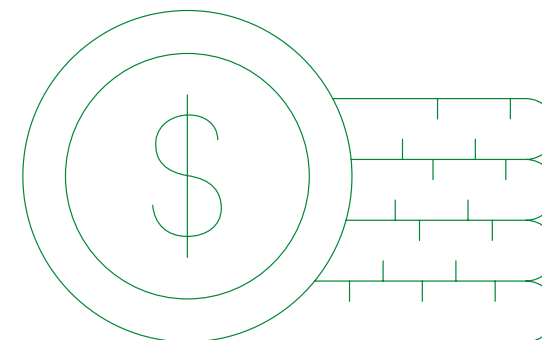
	Men	Women	Under 30	Between 30 and 50	Over 50	Administrative and middle management	Operations staff	Managers, supervisors and technicians
2022	8	7	1	5	9	6	7	1
2021	7	10	-	6	11	10	7	-



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

Total water
consumption (ML)

271

2022

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)

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

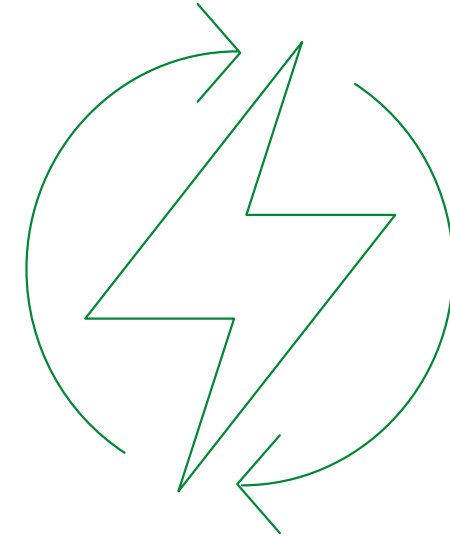
*Fresh: total dissolved solids better than or equal to 1,000 mg/l

** 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)

COMPANY	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
	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)

COMPANY	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
	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)

COMPANY	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
	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)

COMPANY	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
	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 CO₂ 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 CO₂ 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 CO₂ 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 X 10 ⁻⁵
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	108,656	21,338	7,592	9.95	47,928	8.730 X 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 X 10 ⁻⁷
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	87,572	15,617	5,021	5.38	34,137	6.812 X 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
Results of the policies that the company applies	GRI 3-3	5. Global, innovative and sustainable value chain 8. Our corporate governance: moving towards excellence
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	GRI 3-3, 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, GRI 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



Edited in Spain, February 2023 | **Design and layout** Laura Fernández

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