



NON-FINANCIAL
INFORMATION
STATEMENT
2020



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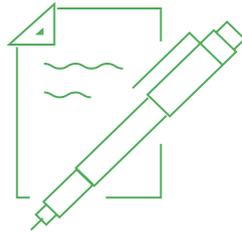
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LETTER FROM THE CHAIRMAN

**FRANCISCO
IRAZUSTA**

CHAIRMAN



We are facing an unprecedented health, social and economic situation. The uncertainty created by the COVID-19 pandemic has materialised in a deep economic recession, which is affecting all areas of the Company, including both its staff and business. It is the most significant challenge we have had to face in recent years. Fortunately, as of today, the vaccination process has already begun, which will surely allow us to return to normal. In the meantime, it remains essential that we maintain strict compliance with all established protocols.

At the Tubos Reunidos Group, we have not been immune to these effects. The 2020 financial year was marked by the impact of the pandemic on the markets and therefore on our business, thus affecting the expected rate of cash generation. However, this has not prevented our team from working with optimism and dedication, to continue to meet the needs of our clients and offering them high value-added solutions. We have managed to combine health protection, maintaining a smoothly operating production process and an adequate level of service to all our clients. I couldn't be more proud of all the people who make up our team, and I would like to express my sincere thanks to them.

Aware of the difficulties we have faced so far, and of the situation we are in, we are working to adapt the strategic plan in order to enable us to meet the challenges facing us.

At the Tubos Reunidos Group, we believe that technological innovation and sustainability go hand in hand. Acting on this philosophy, and in close collaboration and contact with our clients, we have created new high value-added solutions in recent years. To address this challenge with enthusiasm and success, our priority is to train and develop our talent, digitise new processes, develop new products and pursue a business strategy aimed at increasing our sales mix across all industries. We aim to create high value-added solutions that require technical capacity, industrial experience, know-how, flexibility, quality and differential innovation for our clients with a prestigious, reputable brand, offering them agile and reliable services and solutions.

We are conscious of our role in society. Our commitment to sustainability is not just an aspirational framework, but a roadmap for responsible growth. The Tubos Reunidos Group has set out to develop solutions aimed at contributing to the fight against climate change and helping to transform the economy into a sustainable environment. In 2020, we increased our market share in eco-downstream solutions with the aim of helping our clients generate cleaner energy for the planet. Our motivation to contribute to sustainable energy transformation will help meet climate neutrality commitments.



Letter from the Chairman



Tubos Reunidos Group



Committed to our stakeholders



The people in the Tubos Reunidos Group



Focusing efforts on promoting a safe working environment



Global value chain



Culture of innovation and industrial excellence



Good governance



Annexes

To achieve success in our strategy, the well-being and development of all our talent, and their involvement at all levels, is essential. One of our core values, an important part of our DNA, is a commitment to safety in our working environment. We remain focused on the “zero accidents” target. To achieve this, we have a multi-year project under way that will help us to improve the safety culture at all levels of the organisation and preserve process risks in our workplaces.

I would like to end this letter by thanking all the shareholders, clients, suppliers, institutions and collaborators of the Group, as well as the Company as a whole. Their support, effort and commitment have made it possible for our great project to move forward stronger than ever before. We have been anticipating technological solutions for more than 125 years and our passion and motivation is to provide current and future generations with sustainable industrial development with innovative technological solutions that enable us to be the leaders of a sustainable energy transformation.





Letter from
the Chairman



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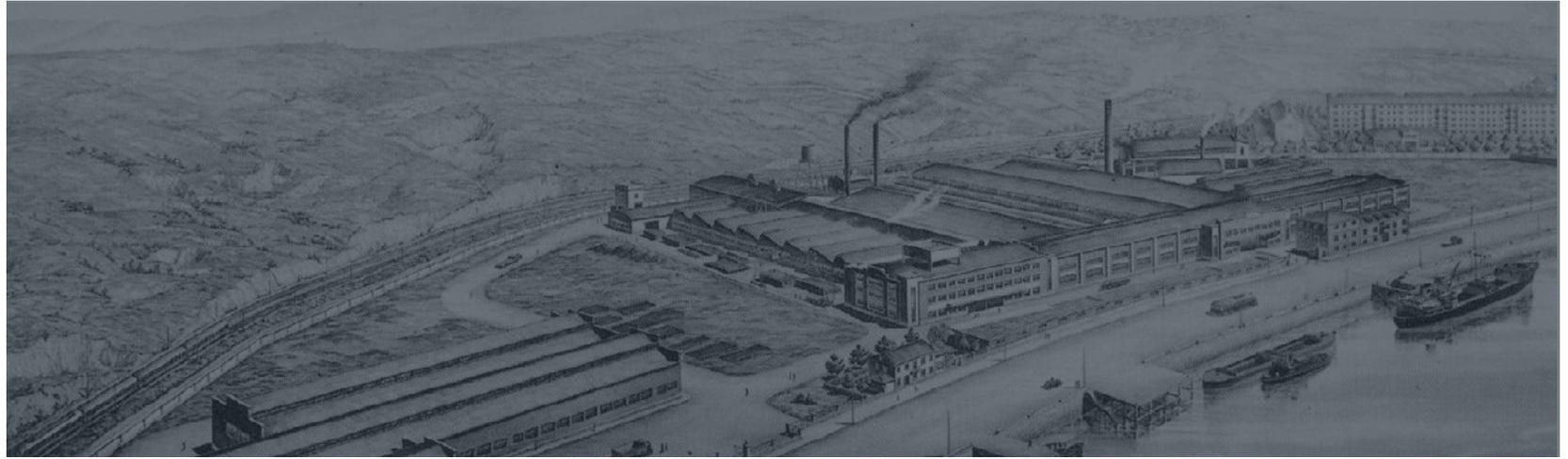
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TUBOS REUNIDOS GROUP

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the Chairman**Tubos Reunidos
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LEADERS IN HIGH-VALUE-ADDED SOLUTIONS SINCE 1892

We are a Group with more than 125 years of history in the steel industry and a talent pool of more than 1400 people. We work together to meet the needs of our clients in more than 60 countries, creating customised solutions of high added value. Our commitment to innovation throughout the value chain and in products, the pursuit of excellence, quality and service, within a flexible, sustainable and integrated management model, are the basis on which we drive the sustainability of the business.

We are global suppliers of seamless steel pipes. Global leaders in niche segments, special applications and high-value-added solutions. Our va-

lue proposition is aimed at meeting the special and complex service and product requirements of our clients.

In addition, thanks to our commitment to product and process innovation, we offer our worldwide clients a diversified range of specialty pipes, with delivery services tailored to their needs.

Our production capacity is sufficient to meet the specific needs of our clients throughout the world. We produce pipes ranging from half an inch to 26 inches in diameter, all of which combine different materials and properties to yield the required performance.

MISSION, VISION AND VALUES

Our essential value is to **create long-term sustainable value** for our clients, employees, shareholders, suppliers and for society in general, and we are a business group that is socially committed to human rights, ethics, integrity, good governance and sustainable development.

This is why our Group is reiterating its commitment to integrating social, labour and environmental standards in the management of our companies, seeking to create added value that improves the Group in the medium and long term.



ENVIRONMENT

Respect for the environment, leading the energy transition and commitment to sustainable development are the foundations for the basic activities of Tubos Reunidos, and compliance with environmental legislation is a major priority in its activities and measures.

GOAL

2050 carbon neutral commitment



OCCUPATIONAL HEALTH AND SAFETY

At the Tubos Reunidos Group, not only do all our companies have the appropriate systems and management means for the prevention of occupational hazards, but we also actively participate, along with public institutions, trade unions and employers' organisations, in the design and development of projects that promote the implementation of a culture of prevention to reduce the risks and accidents in companies in the industry.

We have a multi-year improvement process under way, advised by DuPONT Sustainable Solutions – one of the world's leading experts in the field – to improve the safety culture at all levels of the Company.

GOAL

Zero accidents



QUALITY

Our Group makes an important effort in terms of quality through the optimisation of production processes and the implementation of continuous improvement, adapting and leading the particular needs of our clients. We have all major quality certifications and the most demanding approvals required by our different clients.

GOAL

Growth and renewal in end-client approvals

FROM THE STEEL MILL TO FINISHING

We have the best fully integrated manufacturing platform, covering almost the entire value chain of our main products, from the steel mill to specific finishing operations. We are able to offer agile, hi-

gh-performance tailor-made solutions that adapt to special high-value-added applications. Our market positioning is based on two main pillars:



OUR INDUSTRY KNOWLEDGE GAINED OVER MORE THAN 125 YEARS OF EXPERIENCE

We have extensive knowledge of the chemical and metallographic properties of materials and their behaviour in the different stages of the process, from scrap to finished product. This allows us to adapt to different products and sectors with quality and flexibility.

We have designed an integral manufacturing process and state-of-the-art facilities from the initial phase of transformation of raw material (steel mill), through the rolling process and down to the final inspections carried out on the finishing lines.

We have developed capabilities to be a leader through innovation in finishing, inspection and threading treatments.

We have developed a hot rolling process that is unique in the world, and which is capable of:

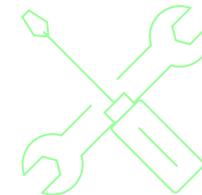
- Laminating the widest range of dimensions in the world, from half an inch to 26 inches in outer diameter.
- Manufacturing large outer diameter pipes – with high thicknesses – in all grades of steel, including austenitic stainless steels and nickel superalloys.



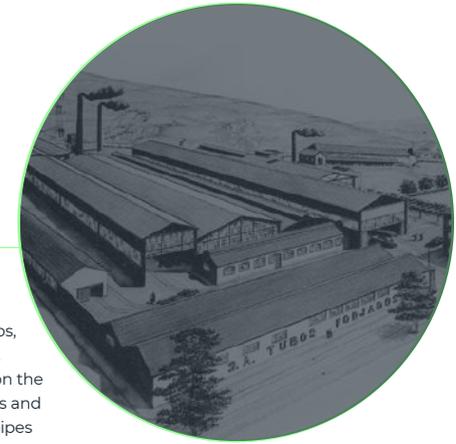
CAPABILITIES THAT DIFFERENTIATE US FROM OUR COMPETITORS

The Tubos Reunidos Group has the capacity to develop and **manufacture tailor-made solutions for clients with special high-added-value pipes**, through two R&D+I centres, where we can develop solutions for demanding environments with high corrosion, high-grade collapse, high pressures and temperatures:

- Manufacture of steel pipes for any application in carbon, alloy and stainless steels.
- Versatility and flexibility to offer different combinations of sizes, special diameter-thickness dimensions and steel grades.
- Ability to develop and manufacture custom-grade steel for premium OCTG connections operating in extreme environments.



MORE THAN 125 YEARS OF HISTORY



1892

Establishment of Tubos Forjados, S.A., predecessor of the current Tubos Reunidos, S.A., focused on the manufacture of pipes for boilers and steam pipes, water pipes, gas pipes and other similar purposes.

1940

Start of authorisations and investments to manufacture seamless piping.

1946

Entry into operation of the new seamless piping manufacturing facilities by using a heat thrust-bench.

1950-1970

Successive expansion in order to increase production capacity and access to new products. 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.





Letter from
the Chairman



Tubos Reunidos
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The people in the
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1984

For the first time ever, a new heating and drilling system (C.P.E.) for the head of the thrust-bench is launched in Amurrio, which meant a major technological leap in the manufacture of seamless piping. New facilities for the finishing of oil and natural gas (OCTG) pipes.

1998

The acquisition of Productos Tubulares, S.A., which offers a wide range of pipes of large dimensions and thickness; 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.

2011

The Tubos Reunidos Group approves its Strategic Plan, with its main objectives and lines of work being greater specialisation in the range of products, increasing internationalisation of sales, greater exposure to energy-related markets, and maintaining its competitive position through cost containment.

150 M€ INVESTMENT



2012

The Tubos Reunidos Group launches an investment plan of 150 million euro for the development of new products with high added value and to improve competitiveness.

2014

New Strategic Plan and 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

Opening and start of the new plant with Marubeni-Itochu Steel Inc.
Acquisition of the business assets of Rotary Drilling Tools, Inc. (RDT) in Texas.
The Tubos Reunidos Group geographically diversifies its production installations by acquiring capacity locally in the USA, close to the end user.

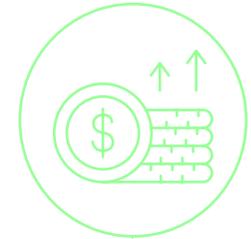


2017

Transforma | 360° Value Creation Plan to improve the Group's competitive position and ensure its sustainability.

2018

The European steel pipe tariff enters into force in the United States from June.



2012-2019

179 million euro invested in the transformational plan for new product ranges.

179 M€ INVESTMENT

2019

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



Evaluation of results of the Transforma | 360° Value Creation Plan.

117
INITIATIVES
IMPLEMENTED

+120
PEOPLE
INVOLVED

REACHES 61%
OF THE 45 MILLION RECURRING
EBITDA TARGET IMPROVEMENT
POTENTIAL

New business strategy focused on higher value-added Downstream and Midstream sectors.

2020

January/February

The significant increase in orders in the last quarter of 2019 allowed us to start 2020 with a strong portfolio and a mix focused on high-value-added products in the midstream and downstream sectors.

March

Fall in orders due to the COVID-19 pandemic. Implementation of strict protocols to ensure the health of staff in all the Group's production centres. Telework. Implementation of containment measures to alleviate the effects of the crisis and to defend the Group's cash position.

Abril

Appointment of **Francisco Irazusta** as new **Executive Chairman**.

July-October

Our response to COVID-19, solidarity initiatives in the Basque Country.

October

First remote General Shareholders' Meeting.
Vodafone Deia Innovation Sariak awards us in the Industrial Innovation category.



Letter from
the Chairman



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Annexes

TUBOS REUNIDOS GROUP IN FIGURES

Main figures (financial)

Turnover (in thousands of euro)

241,661	284,442
2020	2019

Tonnes of pipes sold (in thousands of Tn)

142	172
2020	2019

EBITDA (in thousands of euro)

-15,240	-11,438
2020	2019

Total assets (in thousands of euro)

351,135	460,492
2020	2019

Annual production capacity

300,000

TONNES OF PIPES

Contributing to the
transformation of a
decarbonised economy
under a model of good
governance

94%

OF THE RAW MATERIAL
USED COMES FROM
REUSE OF WASTE



100%

of employees
trained in the
code of ethics



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Building lasting relationships with stakeholders

HUMAN CAPITAL

Direct employment

1,427 2020 1,431 2019

% under permanent contract

98% 2020 96% 2019

Training hours

6,969 2020 16,729 2019

**SAME SALARY FOR
SAME WORK AND
RESPONSIBILITY**

SUPPLIERS

% local suppliers

83% 2020 81% 2019

LOCAL COMMUNITIES

Indirect employment

Suppliers and subcontractors

7,000

Meals/Collaboration with restaurants

1.17 million € 2020

SHAREHOLDERS AND INVESTORS

Capitalisation (M€)

35.6 2020 33.5 2019

Maximum share price

0.30 2020 0.31 2019

PUBLIC ADMINISTRATIONS

Tax payments (M€)

30.6 2020 33.8 2019



PARTNERSHIP

Renewal of agreement with Marubeni for 3 years

58M€

EXPECTED
TURNOVER



CLIENTS

Number of countries sold to

63 2020 68 2019

Sales by geographic markets



European Union

● 47% - 2020
● 32% - 2019

North America

● 26% - 2020
● 39% - 2019

Far East

● 17% - 2020
● 21% - 2019

Middle East and Africa

● 8% - 2020
● 7% - 2019

Others

● 2% - 2020
● 1% - 2019

N° of commercial offices

27 2020 27 2019



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the Chairman



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2020 DEVELOPMENTS IN THE SECTOR AND TRENDS

The sector in 2020 was marked by the pandemic. Its rapid evolution, on a global scale, represents an unprecedented health crisis that is affecting the macroeconomic environment and the evolution of business, which has affected our initial plans for the 2020 financial year. The Group has been obliged to focus its efforts on managing this exceptionally complex situation that has arisen.

The COVID-19 crisis has had an impact on the business fabric, both in terms of production and turnover, as well as employment. This has accelerated and intensified certain transformations in the iron and steel sector that were already under way.

In the seamless steel pipe sector, overall seamless pipe production continued to fall during the 2020 financial year. Likewise, the barrel price of Brent crude oil has fallen sharply since the pandemic spread and global containment measures became widespread. **The WTI hit negative prices in April for the first time in history.**

TRANSFORMATIONS IN THE IRON AND STEEL SECTOR

Differential business model

Decarbonisation of the sector.
Circular production model.
Internationalisation: export and multi-locations.

Contingency plans and crisis management model

Teleworking, paradigm shift in client and supplier relationships.

Regulations

Protectionist measures (carbon border adjustment).
Human Resources: labour flexibility and prioritisation of health and safety.

Investment in R&D+I

Focus on short-term return investments.
Digitisation of the economic model.
Modernisation of the industry (technology, energy efficiency and international competitiveness).

Global value chain

Digitisation and efficiency in the supply chain.
Open and regular dialogue with stakeholders.





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Taking into account all the above, the strategic context of the sector in 2020 was characterised by:

2020

Uncertainty and volatility

Global slowdown and reduction in trade and industrial activity.

Delays in the normal process of awarding and collecting payment for projects.

Disruptions in the global supply chain.

Trade war

Protectionist measures in the United States for local manufacturers that not expected to disappear in the short term.

US-China tensions are heightening, affecting global decision-making and global growth.

Overcapacity

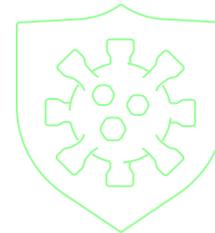
Overcapacity in the sector, especially due to supply from Asian countries.

After the sector reached a milestone with 40% overcapacity in 2018/2019, which will increase in 2020/2021 (60-70%) due to the effects of the pandemic, it is expected to decrease from 2022 onwards.

Overcapacity

60%/70%
2020/2021

40%
2018/2019



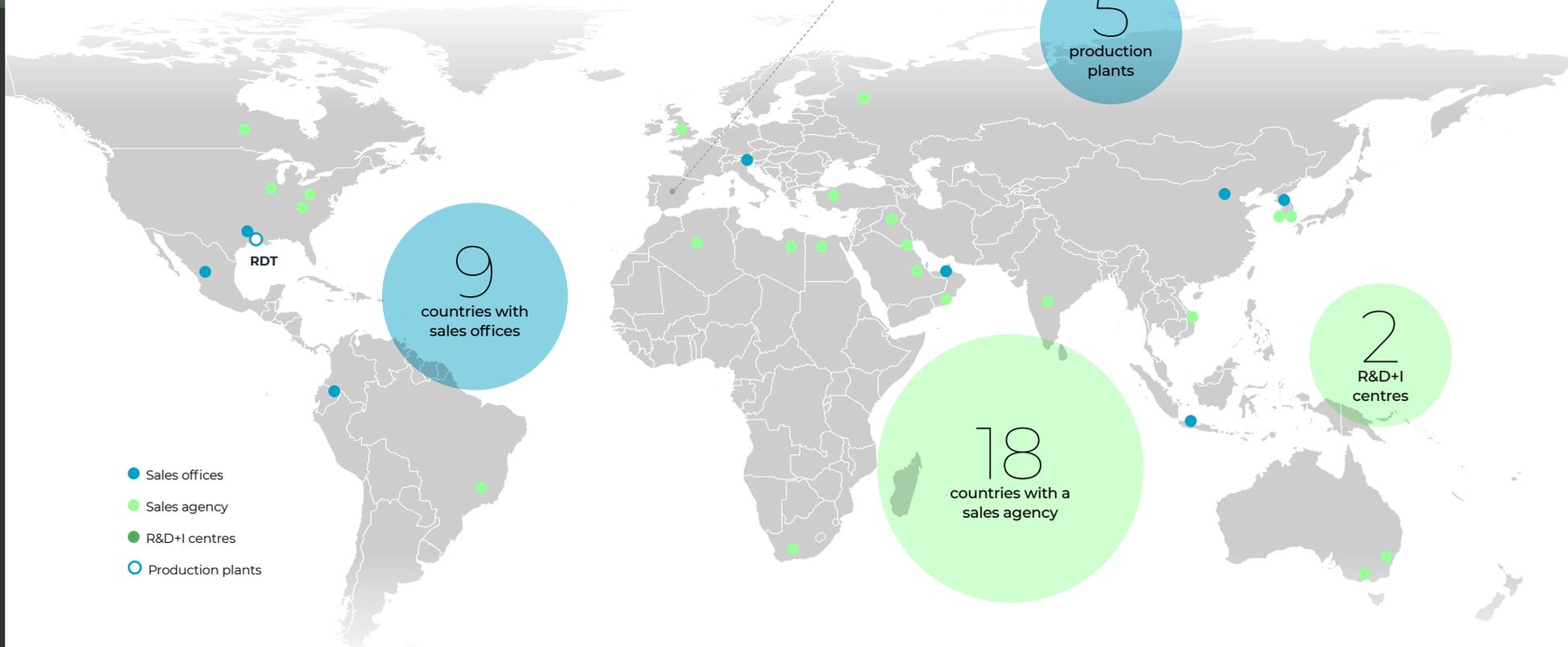
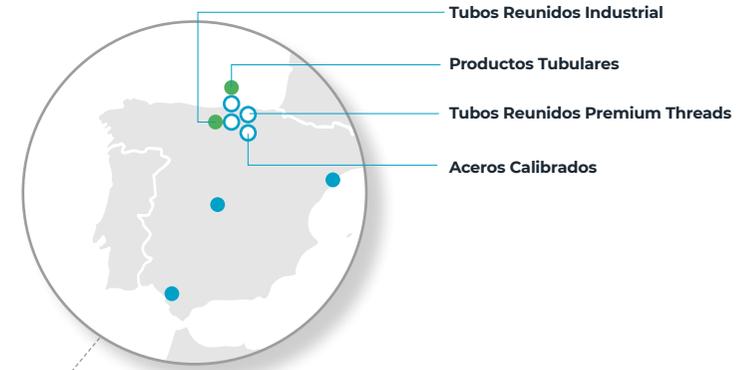
Thus, the Group's business context is far from normal, and this requires great caution. The overall economic framework is complex, and the continued restrictions in effect to contain the pandemic will increase the level of uncertainty about the normalisation process.

Conscious of this, the Group's Management is currently working on adapting the **Strategic Plan**. It will consist of two phases. A first phase based on "Focus on cash" and a second phase based on "Focus on value".

TR GROUP AT PRESENT

TUBOS REUNIDOS GROUP IN THE WORLD

Today, our Group has a commercial presence in more than 60 countries. In recent years we have opened business offices to strengthen our growth in Asia, and in 2021 we will continue to pursue this strategy. Proof of this is that **in the first quarter of 2021, we will open a new branch in Malaysia.**





Letter from
the Chairman



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SIGNIFICANT SHAREHOLDERS



BBVA Group

● 14.87%

**Zorrilla-Lequerica Puig
family concerted action**

● 10.22%

Mr Joaquín Gómez de Olea Mendaro

● 6.56%

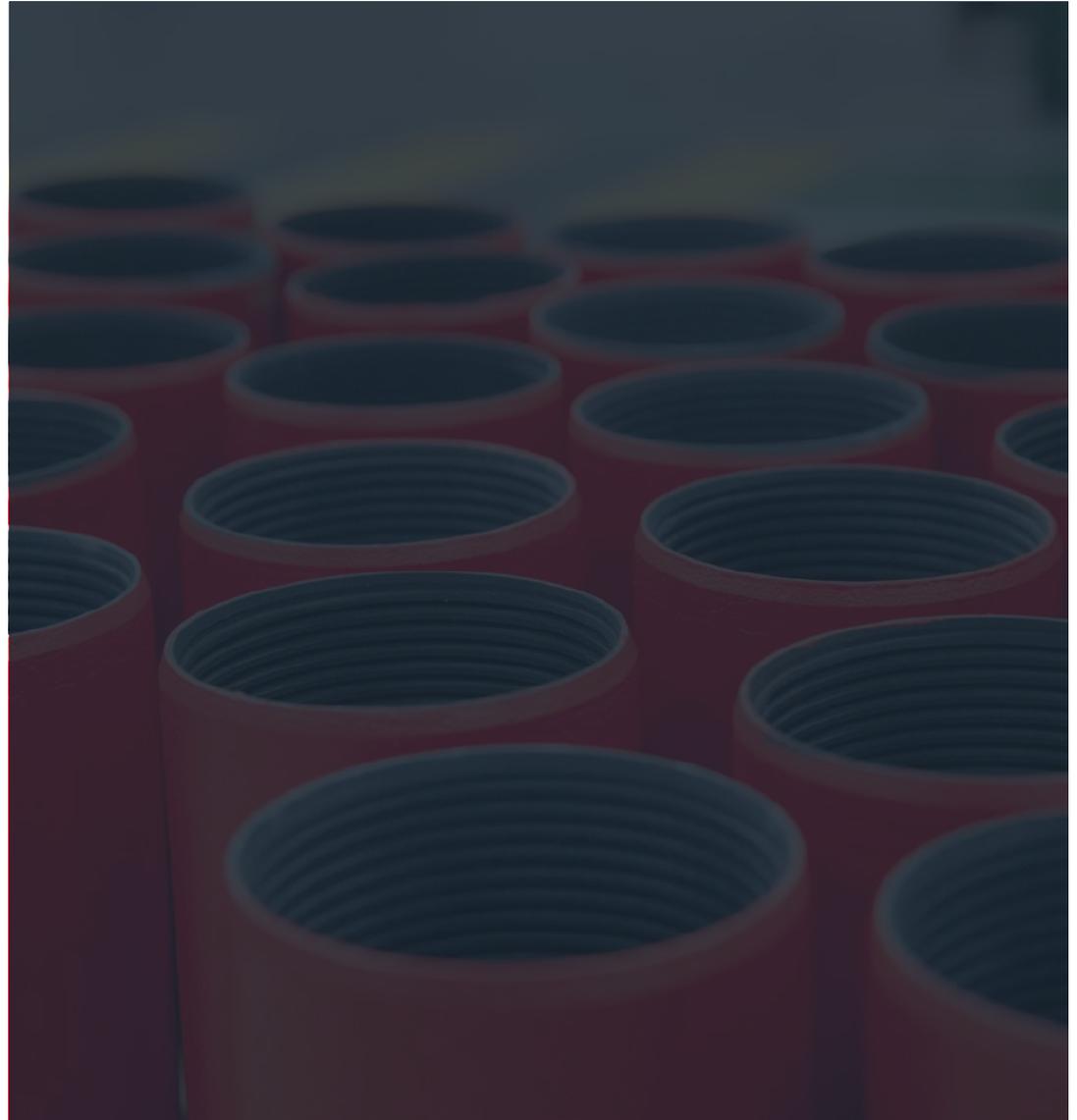
Ms Carmen de Miguel Nart*

● 3.82%

Elguero, S.A.

● 3.33%

* Regarding the shareholder Ms Carmen de Miguel Nart, we must report that she died on 12 February 2021 and that as at the date of publication of this Statement of Non-Financial Information, her estate has not yet been divided up and adjudicated.



PAVING THE WAY FOR NEW SECTORS AND APPLICATIONS

The culture of flexibility and client orientation has always been very present within our Group. The business context of the oil and gas sector, which has historically been our core market, has been a turning point for our positioning. Following a process of strategic reflection on the positioning of the Tu-

bos Reunidos Group in the market and the impact we wish to have on society, we have decided to focus our contribution on the energy sector and the generation of a more sustainable world, helping to transform the economy.

Wide range of products in diversified applications

OIL AND GAS

UPSTREAM/MIDSTREAM



OCTG (Oil Country Tubular Goods)

- Piping for drilling and production of oil and gas
- *Drill Pipe*
- OCTG connections with API threads. SemiPremium and Premium-JFE. BTX™ Casing
- Drill Pipe Wear Knot™. Accessories
- Proprietary steels
- Corrosion-, high pressure- and temperature-resistant materials

Conducciones

- Oil and gas transport
- SS onshore and offshore piping. HIC

REFINING, CHEMICALS AND PETROCHEMICALS

DOWNSTREAM

ELECTRICITY GENERATION



Process pipeline

Piping for equipment subject to high pressure and/or temperatures

- Refining, chemical and petrochemical plants
- Electricity generation plants (thermal, combined cycle, biomass, renewable, nuclear)
- Pipes for boilers, furnaces and heat exchangers
- Wide range of pipes with tailored dimensions and steels
- Special lengths up to 26 metres hot rolled and 28 metres cold drawn for renewable energies
- High-performance piping up to 26" OD for critical phases of the latest generation processes, in carbon steels, alloy steels, stainless steels and high nickel alloys

INDUSTRY



Mechanical pipes

- Industrial applications, automotive, heavy machinery, offshore wind, engineering, singular buildings, civil works, agricultural machinery, mining, lifting, hydraulics, printing, etc.
- Fine grain steels with special requirements, high mechanical characteristics and machinability requirements
- Special dimensions based on end client needs
- Leaders in tailored large diameters and heavy thicknesses

UPSTREAM
OCTG (OIL COUNTRY TUBULAR GOODS)

In this case, we manufacture pipes for the drilling and extraction of oil and gas. These are certified pipes, some of which are tailor-made for demanding environments, made of steels with differentiated alloys, with high chromium content, and resistant to high pressure, temperatures and high corrosion.

At Tubos Reunidos Group, we are licensees of several patents, highlighting our capacity not only to manufacture pipes, but also to connect them using premium (under JFE licence) or semi-premium (BTX thread) threads. It should be noted that at Tubos Reunidos Group, we are the developers and owners of the semi-premium BTX connection.

DOWNSTREAM, CHEMISTRY AND PETROCHEMICALS
PROCESS PIPELINES

We manufacture a wide range of tubes with customised dimensions and steels for high-pressure and high-temperature equipment (boilers, refineries, furnaces, heat exchangers etc.). Our production process allows us to manufacture special lengths of up to 26 meters hot rolled and 28 meters cold drawn. These are patented high-performance pipes with a large outer diameter up to 26" in carbon, alloy and stainless steels.

MIDSTREAM
LINEPIPE

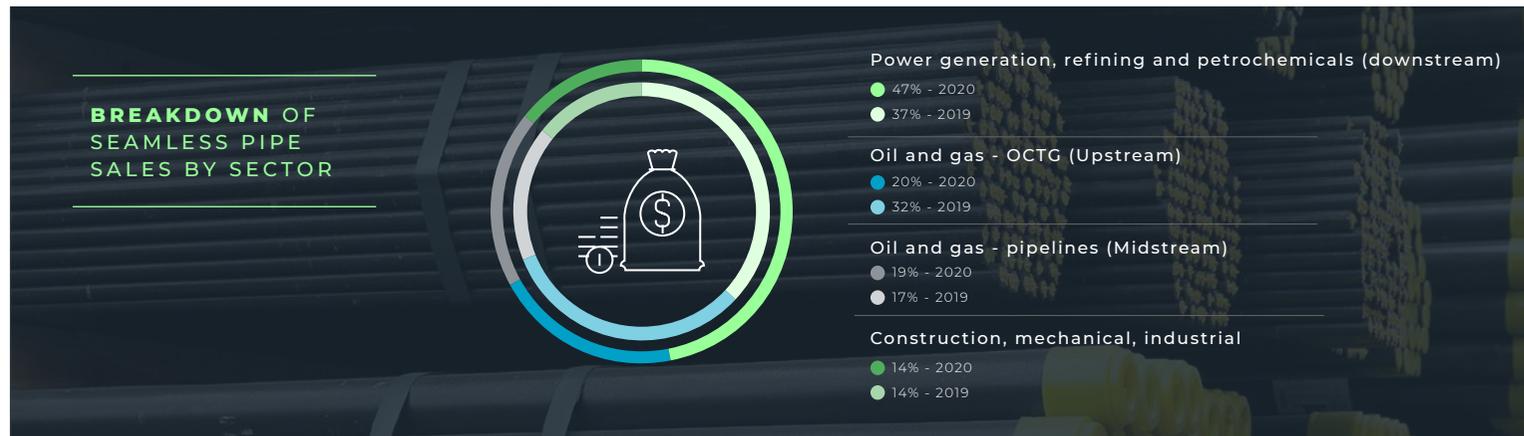
We manufacture pipes for the land and sea transport of oil and gas and in hydrocarbon processing plants. These are special corrosion-resistant pipes.

This is why the customisation of this type of product is essential based on the terrain and temperatures to which the pipe is subjected; our Group has great high flexibility in offering special grades according to the needs and specifications of the client.

INDUSTRIAL
MECHANICAL AND INDUSTRIAL PIPES AND PIPING

We produce pipes and piping for industrial and automotive applications, heavy machinery, off-road equipment, off-shore platforms and singular buildings. These are pipes and piping from 6 mm (1) to 660 mm in outer diameter that can be made in either standard grades or more complex S690, S770, S890 grades with high mechanical strength and a fine grain.

The materials and components for offshore wind mill platforms require higher quality, added-value grades with better mechanical properties for weldability, low temperatures and coatings





Letter from the Chairman


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A GLOBAL COMPANY ROOTED IN THE BASQUE COUNTRY

Although most of our clients are in foreign countries, we remain committed to continue centralising our operations and main production activity in the Basque Country. Keeping our roots in the Basque Country is considered an advantage that gives our products a differential value, which is why we invest in attracting and retaining talent.

We are mindful of the direct and indirect impact of our presence on the local populations and territory. According to our internal calculations, our presence in both the Valley of Ayala and in Trapaga maintains some 7000 indirect jobs that otherwise might be lost. Some 12 million euro were collected by the Basque Public Administration through the payment of taxes in 2020, and more than 15.7 million euro in social security taxes were paid for human resources located in the Basque Country (13 million and 19.6 million euro, respectively, in financial year 2019).

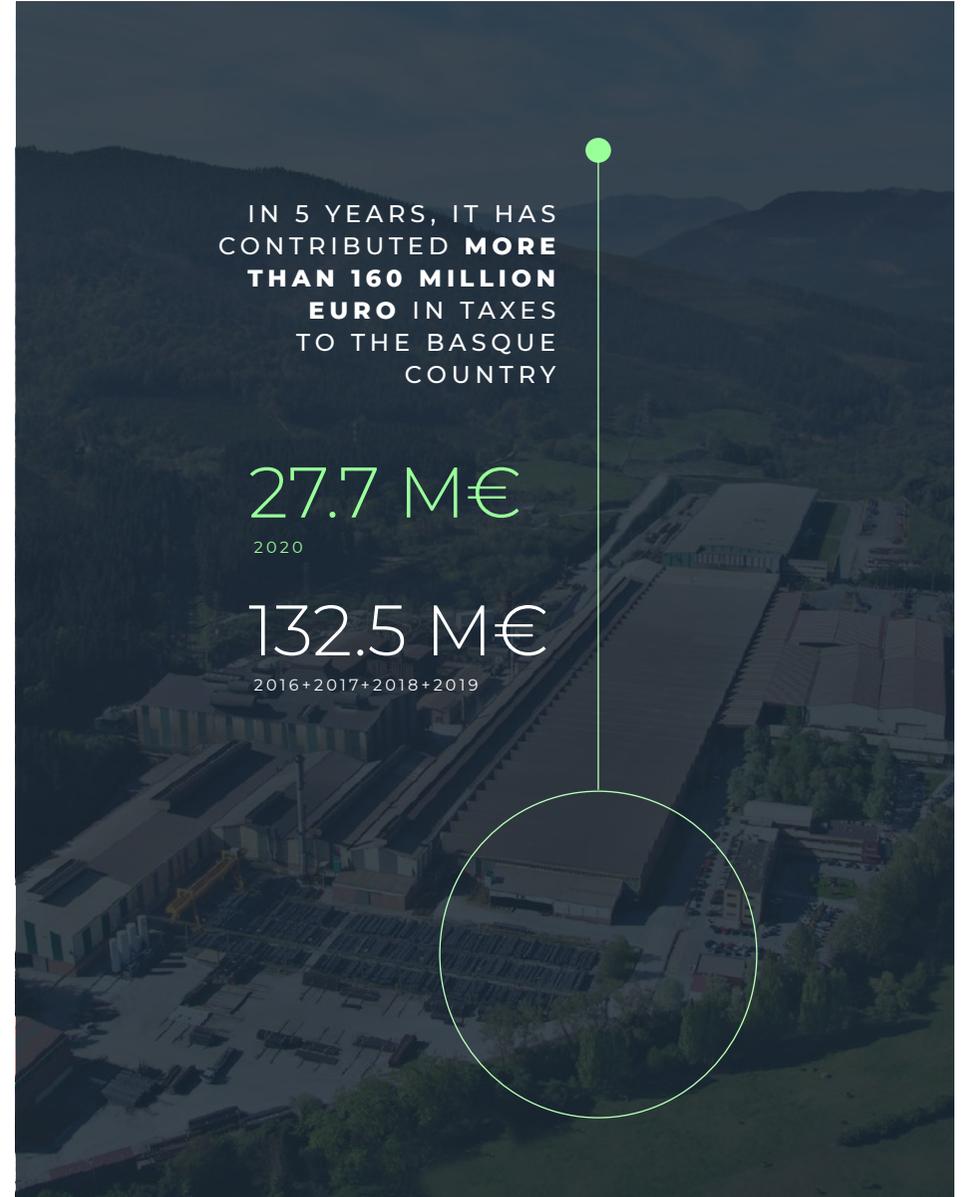
IN 5 YEARS, IT HAS CONTRIBUTED **MORE THAN 160 MILLION EURO** IN TAXES TO THE BASQUE COUNTRY

27.7 M€

2020

132.5 M€

2016+2017+2018+2019





Letter from
the Chairman



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KEEPING OUR HEADQUARTERS IN THE BASQUE COUNTRY

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 employment through the hiring of local staff, as well as indirect employment through the contracting of products and services with local suppliers.

As regards direct employment, approximately 100% of workers were local in the 2020 financial year (95% in the 2019 financial year). Their general conditions are in line with the wage and labour relation policies that apply in Group companies.

We also contribute to the promotion of the territory's industrial transformation and competitiveness by collaborating, with differing levels of intensity and scope, with specific initiatives and actions that may affect the Basque economy.



100%

WORKERS'
GENERAL
CONDITIONS
ARE IN LINE
WITH THE WAGE
AND LABOUR
RELATION
POLICIES THAT
APPLY IN GROUP
COMPANIES.

It should also be noted that we collaborate with other companies in the region to promote common projects and initiatives, and with various technology institutes and local training centres.

We participate in and promote different activities and partnerships that contribute to accelerating economic growth in a sustainable way.

Together with three other companies, we are the founders of the EIC - ENERGY ADVANCED ENGINEERING (EAE) Foundation, for the development of initiatives related to the energy sector, and we are promoting a public-private collaboration with the Provincial Council of Bizkaia and the Basque Government. The objective is to establish a pioneering development centre at the European level to boost the equipment and component value chain in order to support projects related to the energy transition in the Basque Country. The project is open to other local, state and international companies, development centres and training centres.

ASSOCIATION AND SPONSORSHIP ACTIONS

We continue to participate in the activities of economic entities with business or sectoral relevance. We also take an active part in the governing or management bodies of several innovation-oriented associations and knowledge centres.

MAIN ASSOCIATIONS



EUROPEAN STEEL TUBE ASSOCIATION (ESTA), holding the presidency of the hot-rolled seamless pipes division since 2018



American Petroleum Institute (API)



ASOCIACIÓN DE EXPORTADORES DE EQUIPOS Y SERVICIOS PARA LA MANIPULACIÓN DE FLUIDOS (FLUIDEX) [Spanish Association for Fluid Handling Solutions & Process Technologies]



SIDEREX [Spanish Association of Steelworks Exporters]



EIC ENERGY ADVANCED ENGINEERING FOUNDATION



UNIÓN DE EMPRESAS SIDERÚRGICAS (UNESID) [Union of Steelmaking Enterprises]



ASOCIACIÓN DE EMPRESAS CON GRAN CONSUMO DE ENERGÍA (AEGE) [Association of Energy-Intensive Companies]

SEA EMPRESARIOS ALAVESES (SEA) [Association of Alavesan Businesses]

FORO GESTIÓN Y FINANZAS [Management and Finance Forum]

FEDERACIÓN VIZCAINA DE EMPRESAS DEL METAL (FVEM) [Biscayan Federation of Metal Enterprises]

105

THOUSAND EUROS
INVESTED IN 2020
IN PARTNERSHIPS,
SPONSORSHIPS AND
CONTRIBUTIONS TO
FOUNDATIONS, DESPITE
THE GLOBAL PANDEMIC
SITUATION

112

THOUSAND EUROS
INVESTED IN 2019





Letter from the Chairman



Tubos Reunidos Group



Committed to our stakeholders



The people in the Tubos Reunidos Group



Focusing efforts on promoting a safe working environment



Global value chain



Culture of innovation and industrial excellence



Good governance



Annexes

The Tubos Reunidos Group, through our participation in the Energy Advanced Engineering Foundation, has helped arrange for ARAMCO, a world leader in energy and chemicals, to lead a support programme for the Basque society to alleviate the effects of the coronavirus. This programme is part of its global response plan to COVID-19 and has been channelled through the Energy Advanced Engineering Foundation for the role we, as founding partners, play within its value chain.

More than 300,000 euro have been raised and have been earmarked for various social and welfare initiatives in health, food and education.

In the health field, we have organised the donation of masks and other personal protective equipment to nursing homes, outpatient clinics or the general population to ensure access to this element of protection against the spread of the virus. Funding has also been provided for a project to be developed by the Biocruces Bizkaia Health Research Institute to improve knowledge and prevention against COVID-19 in nursing homes, analysing how the microbiota can play an important role in diagnosis, prognosis and treatment. Finally in this area, we have also funded an innovative project developed by Eversens based on the measurement of airway inflammation caused by COVID-19 through the measurement of exhaled nitric oxide (eNO).



WE SUPPORT THE WELL-BEING OF LOCAL COMMUNITIES BY COLLABORATING ON INITIATIVES THAT CONTRIBUTE TO THEIR DEVELOPMENT AND REDUCE THE IMPACT OF COVID-19



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the Chairman



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In addition, this programme includes aid for groups in a situation of economic vulnerability generated by the coronavirus. This includes the donation of more than 30,000 euro to food banks in Bizkaia, Álava and Guipúzcoa, which have seen the demand for essential products rise by 30% during the lockdown. This amount is estimated to meet the food needs of about 50 people for a year. In addition to this initiative are those organised in the Ayala Valley with the donation of daily meals to disadvantaged families or by supporting the “Cruz Roja Responde” programme to meet the basic needs of people at risk of poverty and exclusion. These include homeless people. Thanks to this global plan, some 20 young people who, during the pandemic, were housed in sports facilities and shelters in Bilbao can be relocated to the Begoñetxe de Cáritas residence to start a comprehensive educational and employment support programme.



+30

THOUSAND €
DONATED TO THE
FOOD BANKS OF
BIZKAIA, ÁLAVA AND
GIPÚZCOA

+300

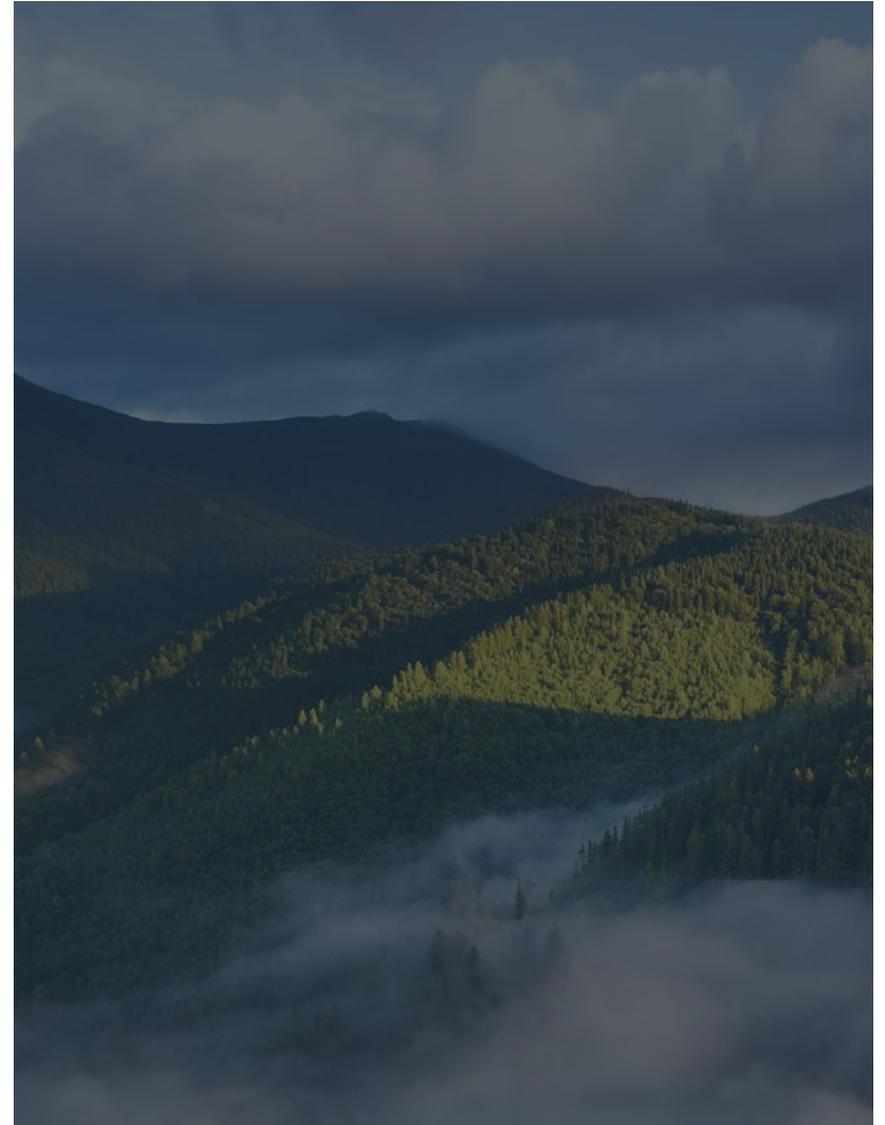
THOUSAND €
RAISED AND EARMARKED
FOR VARIOUS SOCIAL AND
WELFARE INITIATIVES
IN HEALTH, FOOD AND
EDUCATION

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the ChairmanTubos Reunidos
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OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Our strategy focuses on addressing the complexity of the challenges defined by the Sustainable Development Goals with innovative responses and positive impacts. In 2020, we continued to deepen our commitment to the United Nations Sustainable Development Goals (SDGs) and launched an SDG promotion plan that seeks to integrate commitment, awareness and action in favour of the fulfilment of the global agenda into the group's culture.





ENVIRONMENT



SOCIAL



GOVERNANCE



Letter from
the Chairman



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03

COMMITTED TO OUR STAKEHOLDERS



Letter from
the Chairman



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MAIN STAKEHOLDERS AND COMMUNICATION CHANNELS

At the Tubos Reunidos Group, we are certain that the only way to succeed and thrive is to build lasting relationships with all our stakeholders, as well as the communities where we operate and the industry to which we belong.

Stakeholders



Human Capital
and Company
Committees

Shareholders
and Investors

Goals



- Offer decent work.
- Provide a healthy and safe working environment.
- Facilitate collective bargaining.
- Promote career development in the Group.

- Generate shareholder value.

Communication channels



- Corporate website
- Intranet
- Employee portal
- Physical mailboxes in lockers
- By phone
- Email
- Regular meetings with direct supervisors
- Board of Trustees
- Physical notice boards

- Corporate website
- Information provided to the CNMV
- Investor office
- General Shareholders' Meeting

Stakeholders



Clients

Goals



Communication channels



Financial creditors

Suppliers

Regulatory bodies and public administrations

Local Communities

Partnerships

- Ensure product quality and safety.
- Promote client satisfaction.
- Work together to deliver more value-added solutions tailored to clients' needs.

- Obtain the necessary funding to meet the investment needs of the strategic plan.

- Promote the development of efficient technologies and the use of resources in a sustainable manner.

- To provide a transparent and comprehensive response to the necessary requirements.

- Foster the development of the regions where we operate.

- Improve market knowledge and design innovative products through partnerships.

- Corporate website
- By phone
- Email
- Trade fairs (Digipek, Dusseldorf, Adipek)
- Participation in associations
- Satisfaction surveys
- Regular visits
- Individual meetings

- Corporate website
- By phone
- Regular meetings
- Regular reports

- Corporate website
- Supplier portal
- By phone
- Participation in associations
- Email
- Trade fairs

- Corporate website
- Online portal for reporting environmental information (IKS)
- Platform for environmental monitoring plan
- Regulatory body questionnaires
- Regular meetings

- Corporate website
- Social encounters

- Corporate website
- Regular meetings

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MATERIALITY ASSESSMENT

Our responsible management model is based on the identification of potential sustainability impacts and risks that may arise from our activities, as well as the development and implementation of various commitments, policies, management procedures and mitigation measures to act on identified impacts.

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 the 2020 financial year, in order to update the materiality analysis and further clarify the relevant issues, we conducted the analysis in 2 phases:

1. IDENTIFICATION OF MATERIAL ASPECTS OF SUSTAINABILITY

Its objective was to determine the most relevant issues for the Tubos Reunidos Group and our stakeholders in terms of sustainability, the latter being understood as all environmental, social and governance (ESG) issues.

External analysis

we have analysed the requirements demanded by our main 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 Sustainable Development Goals (SDGs) and reporting framework requirements, such as GRI, has been carried out.



Letter from the Chairman



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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, 22 meetings have been held in which the heads of the different areas and the Management Team have participated, with the aim of identifying potential material issues for the Group.

AS A RESULT, **25 MATERIAL ISSUES HAVE BEEN IDENTIFIED AND SCALED IN ENVIRONMENTAL, SOCIAL OR GOVERNANCE MATTERS WHICH HAVE SERVED AS THE BASIS FOR THE SECOND PHASE OF THE PROCESS.**

2. PRIORITISATION OF RELEVANT ISSUES

In order to prioritise the objective results, externally we counted and weighted the number of times that the relevant topics were published for the stakeholders, while internally we organised individual work sessions with the members of the Management Team, as well as with the people responsible for the key areas, with the presence of both countries in which our production plants are located. Specifically, 17 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.

Once the analysis has been completed and quantified, the results were consolidated and weighted. The analysis has resulted in a matrix where one axis represents internal importance and the other axis represents external importance.

OUTCOME OF THE MATERIALITY ASSESSMENT

This work has generated knowledge of what the most relevant issues are for both the stakeholders and for the Tubos Reunidos Group itself. All of these issues influence our ability to create value, with a special focus on the most highly rated:

GOVERNANCE

★ Product innovation

Culture of innovation and industrial excellence ↗

★ Risk management

Good Corporate Governance ↗ Risk Management ↗

★ Ethics and Compliance

Good Corporate Governance ↗ Ethics and Compliance ↗

ENVIRONMENTAL

★ Environmental management system

Global value chain ↗ Efficient and sustainable production ↗

★ Sustainable use of resources

Global value chain ↗

★ Circular Economy

Global value chain ↗ Efficient and sustainable production ↗

★ Greenhouse gas emissions and climate change

Global value chain ↗

Joining forces to face the climate change challenge ↗

SOCIAL

★ Occupational health and safety

Focusing efforts on promoting a safe working environment ↗

★ Client satisfaction

Global value chain ↗

End product. Extensive features and fits the needs of the client & Building stable and trusting relationships ↗

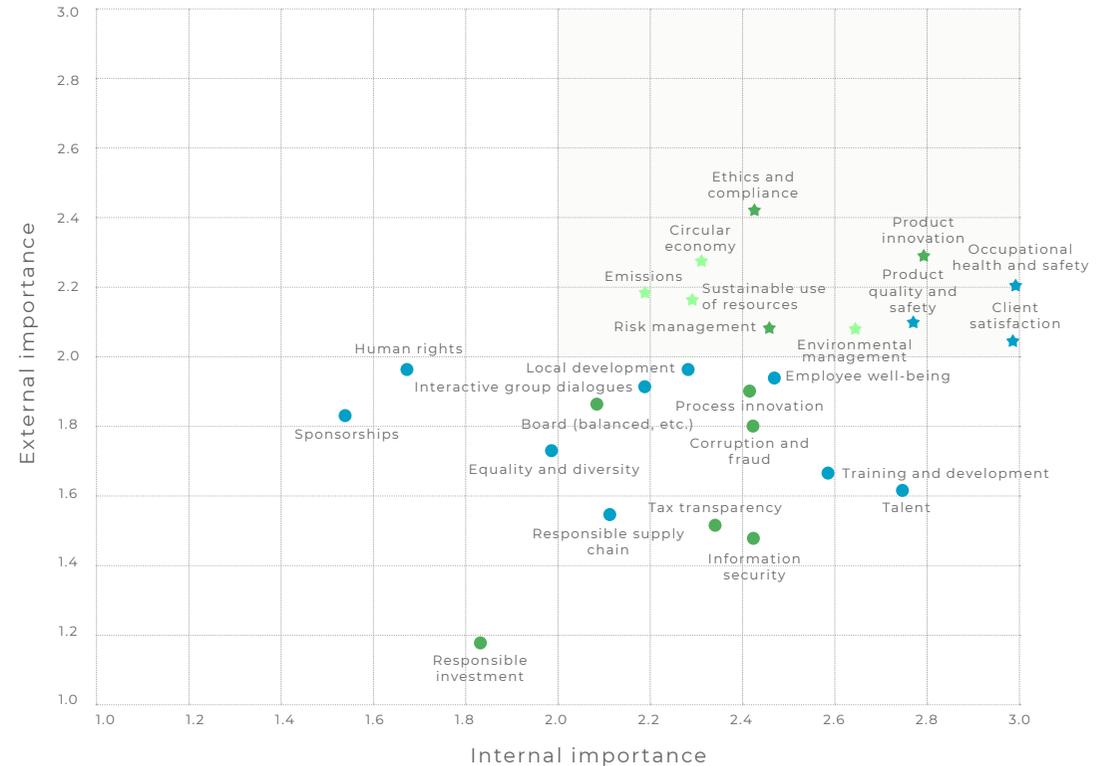
★ Product quality and safety

Global value chain ↗

Building stable and trusting relationships &

RDT quality focus (USA) ↗

Internal and external importance by Legend and Areas



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 operations of the Tubos Reunidos Group, the ESG objectives are integrated into the Company's **Strategic Plan**.

The report provides a balanced and objective view of issues that, by their nature, have significantly affected the Group.

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the ChairmanTubos Reunidos
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THE PEOPLE IN THE TUBOS REUNIDOS GROUP





Letter from
the Chairman



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OUR TALENT



SDG 3
HEALTH AND
WELL-BEING



SDG 8
DECENT WORK AND
ECONOMIC GROWTH

“IN ORDER TO ENTHUSIASTICALLY AND SUCCESSFULLY ADDRESS THE CHALLENGES WE FACE, IT IS A PRIORITY TO COUNT ON THE PROFESSIONAL AND HUMAN TALENT OF OUR TEAM. THEREFORE, ONE OF OUR PRIORITIES IS THE TRAINING AND DEVELOPMENT OF OUR TALENT”

FRANCISCO IRAZUSTA
CHAIRMAN

Our human capital is a key component that contributes its good work and know-how to the generation of value in the Group. Hence, attracting, developing and retaining existing talent are the main strategic lines of human capital management at Tubos Reunidos Group, with the purpose of having the appropriate profiles for the deployment of our activity that enable us to achieve the growth and development objectives set out.

In the 2020 financial year, we had more than 1400 people in the Group. The iron and steel sector has historically been characterised by a strong male presence. Despite this, our firm commitment to equal opportunities is resulting in an increase in the presence of women even in the current pandemic situation.

Committed to talent

At the Tubos Reunidos Group, we are aware of the importance of maintaining a stable working environment, and of the direct impact that a good working climate has on the organisation's results. Because of this commitment, we strive to ensure that people in the group have a highly competitive salary, with a strong commitment to permanent employment.



+5

WOMEN HAVE
ENTERED OUR
HUMAN CAPITAL.



98%

OF PEOPLE HAD A
PERMANENT CONTRACT
AT THE CLOSE OF 2020.



€ 43,933

AVERAGE
REMUNERATION.



Letter from
the Chairman



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MAIN FIGURES (2020 AND 2019)

Direct employment

Local human capital



AS A RESULT OF THE PANDEMIC AFFECTING US ALL, WE HAVE HAD TO TEMPORARILY MAKE A PART OF OUR TEAM REDUNDANT, WHICH HAS MEANT THAT THE AVERAGE NUMBER OF EMPLOYEES, TAKING INTO ACCOUNT THE ACTUAL HOURS WORKED, IS LOWER THAN THE TEAM WE HAVE. SPECIFICALLY, WE HAVE MADE SEVEN TEMPORARY REDUNDANCIES IN FOUR OF OUR PLANTS, AFFECTING MORE THAN 80% OF THE WORKFORCE, WITH THE AIM OF BEING ABLE TO PRESERVE JOBS IN SPITE OF THE HEALTH CRISIS.

Average number of employees in the year



* We have calculated the average number of employees by taking into account those with whom we have an open employment relationship, imputing the normal working hours that they have in their contract, including the average number of temporary workers for the year.

** We have calculated the average number of employees by taking into account the actual time worked by employees in the year, including the actual time worked those who have been subject to temporary redundancies.



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the Chairman



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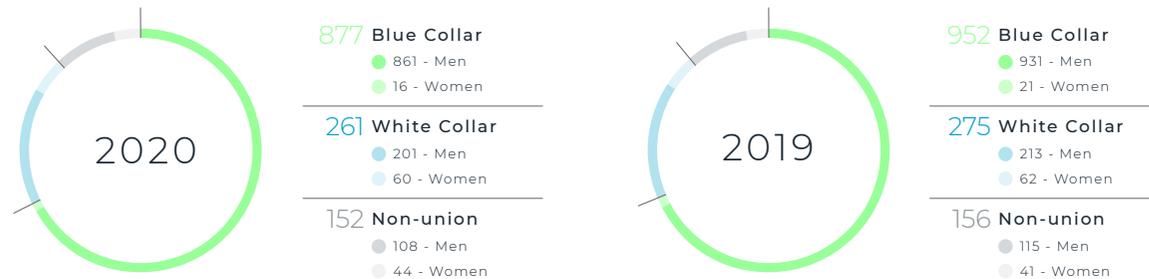
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Employees at the end of the year

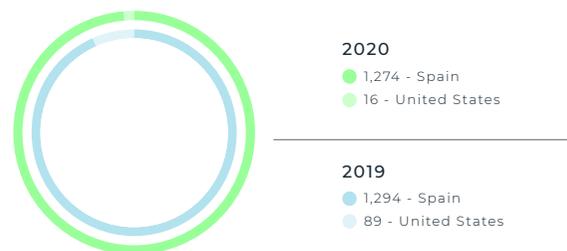
Breakdown by age and gender



Breakdown by professional category and gender*



Breakdown by country



The decrease in our team has been caused mainly by the reduction of personnel in the US since, due to the pandemic, we have had to reduce our staff by 73 people in that country, mainly due to the decrease at the RDT plant.

*The professional categories used are divided into Blue Collar (all those persons who perform direct labour, whose work is entirely linked to production), White Collar (administrative personnel and middle management in the workshop), non-union (personnel with responsibility over others, facilities or processes), although for the management of persons they are broken down into others that each Company has established by collective agreement.

75%

OF OUR HUMAN CAPITAL IS BETWEEN 30 AND 50 YEARS OLD, WITH EXTENSIVE EXPERIENCE IN PRODUCTION PROCESSES.

THE PRESENCE OF WOMEN IN THE "NON-UNION" PROFESSIONAL CATEGORY HAS INCREASED.



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the Chairman



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Breakdown by contract type and country



Despite the pandemic situation, the percentage of our workforce with a permanent contract has increased from the previous year.

Breakdown by contract type and gender



Thanks to the balance and flexibility measures we have in place, our employees are able to balance their work and personal life without having to shift to part-time.

98%

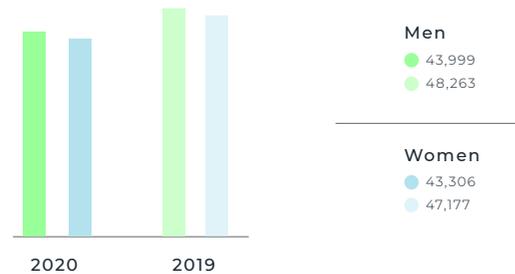
A PERMANENT CONTRACT IS A PRIORITY IN ALL THE COUNTRIES IN WHICH WE OPERATE. THEREFORE, 98% OF OUR HUMAN CAPITAL HAD A PERMANENT CONTRACT IN 2020.

99%

OF OUR HUMAN CAPITAL IS EMPLOYED ON FULL-TIME CONTRACTS.

Remuneration*

Average remuneration by gender (in euro)



The total average remuneration has decreased in both genders due to fewer hours worked, which has led to fewer bonuses, down from 48,165 euro in 2019 to 43,933 euro in 2020.

THE SALARY OF THE TUBOS REUNIDOS GROUP IS HIGH COMPARED TO THE AVERAGE OF OTHER COMPANIES IN THE SECTOR AND, IN ALL CASES, WELL ABOVE THE MINIMUM WAGE.

Average remuneration by age (in euro)



OLDER EMPLOYEES ARE PAID MORE BECAUSE THEY HAVE ACQUIRED HIGHER LEVELS OF RESPONSIBILITY IN THE ORGANISATION.

* For the calculation of the average remuneration, the total actual payroll for the corresponding year, including base salaries, seniority and other bonuses (including relief and night work), has been divided by the average number of employees, with the actual hours worked being imputed.



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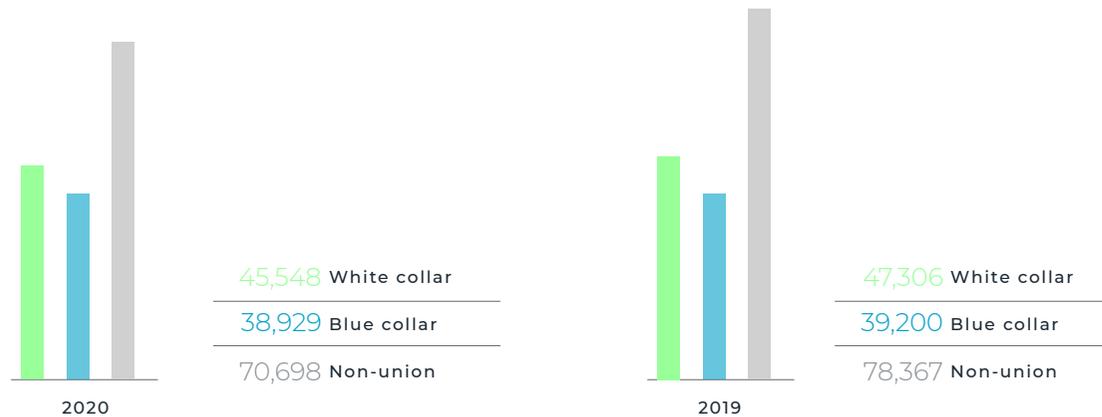


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Average remuneration by professional category (in euro)



Wage gap *

The reason the calculation of the wage gap is positive is that, first, the existence of a percentage of wages that is linked to work bonuses, such as relief, which are mostly collected by men and, second, seniority, which is greater in the group of men, due to being a historically masculine sector.

If we calculate the wage gap by isolating these bonuses and seniority, i.e. taking into account only the base salary, women's average pay is higher than men's, with a negative wage gap (6%) in 2020 and 2019. This is due to the fact that on average, women hold more senior positions in organisations than men.



* The wage gap has been calculated according to the INE formula. Wage gap = (Average male wages - Average female wages)/Average male wages x 100. It includes the total payroll, including the base salary as well as all associated bonuses and variables.

THE AVERAGE REMUNERATION OF NON-UNION PERSONNEL HAS FALLEN THE MOST FROM THE PREVIOUS YEAR, AS VARIABLE INCENTIVES HAVE BEEN REDUCED.

REMUNERATION IS DETERMINED BY JOB CATEGORY (POST/FUNCTION/TASK), REGARDLESS OF GENDER OR ANY OTHER REASON, WHICH PREVENTS WAGE DISCRIMINATION.



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the Chairman



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Indirect employment

Suppliers and subcontractors
Employment



Estimated investment in local restaurants
Million euro



2020

WE ARE AWARE
OF OUR IMPACT
ON LOCAL
COMMUNITIES,

AND WE ARE
COMMITTED
MAKING A
CONTINUED
POSITIVE
CONTRIBUTION
TO THEM.





Letter from the Chairman



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WELL-BEING ORIENTED

Our people management model at the Tubos Reunidos Group is structured through different labour policies and procedures established at both the individual company and Group level. The combination of the two scopes allows us to combine the working culture of each member company, while sharing the commitment, motivation and vision at the Group level.

Within the Human Capital area, we have different policies for the comprehensive management of people in the Tubos Reunidos Group:

- Training policy
- Training plans
- Performance evaluation plan
- Internal communication plan
- New hire welcome plan

At the Tubos Reunidos Group, we aim to offer stable, quality employment to the people in the organisation, with a constant concern for improving their well-being and promoting a good working environment. We do so by promoting continuous dialogue among all members of the organisation, and trying to ensure that people can balance their professional, family and personal lives in the best possible way, always with optimal health and safety conditions and equal opportunities.



AT THE TUBOS REUNIDOS GROUP, WE AIM TO OFFER STABLE, QUALITY EMPLOYMENT TO THE PEOPLE IN THE ORGANISATION.

Initiatives to promote stability and well-being

In order to promote work-life balance, our Group includes various actions to promote stability:

- Schedules and timetables with the possibility of flexible start and end times during the day shift.
- Possibility of taking a leave of absence with job reservation to care for sick family members.
- Paid leave in excess of that established by the Workers' Statute to address different family circumstances.
- Leave for medical accompaniment of minor children or disabled family members dependent on the employee.
- Availability of two calendar days to accompany children with functional diversity to medical appointments.
- Promotion of women's employment and equal opportunities.
- Support for financing the studies of the children of employees.



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the Chairman



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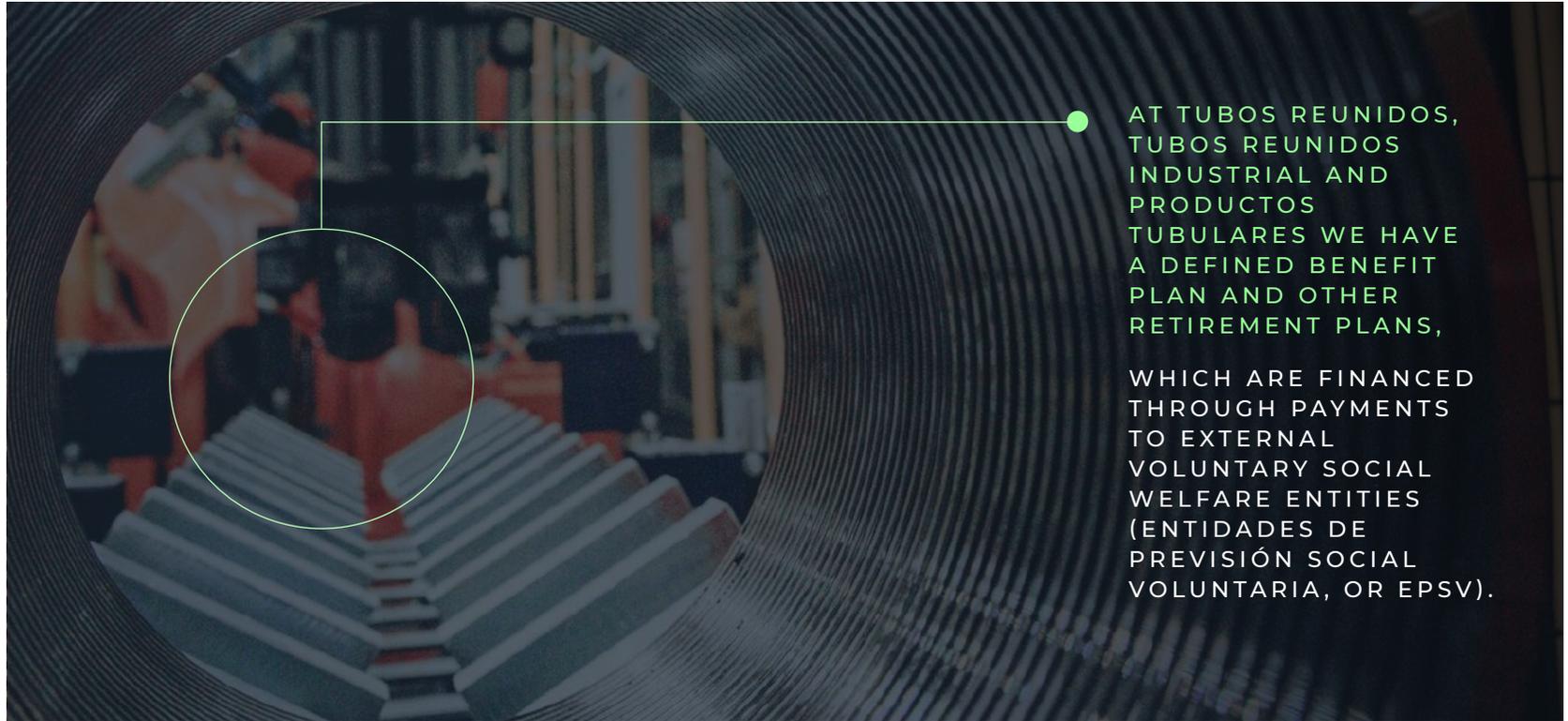
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AT TUBOS REUNIDOS,
TUBOS REUNIDOS
INDUSTRIAL AND
PRODUCTOS
TUBULARES WE HAVE
A DEFINED BENEFIT
PLAN AND OTHER
RETIREMENT PLANS,

WHICH ARE FINANCED
THROUGH PAYMENTS
TO EXTERNAL
VOLUNTARY SOCIAL
WELFARE ENTITIES
(ENTIDADES DE
PREVISIÓN SOCIAL
VOLUNTARIA, OR EPSV).

Contributions and provisions for pensions
Thousand euros



Number of voluntary members





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the Chairman



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Collective bargaining agreements

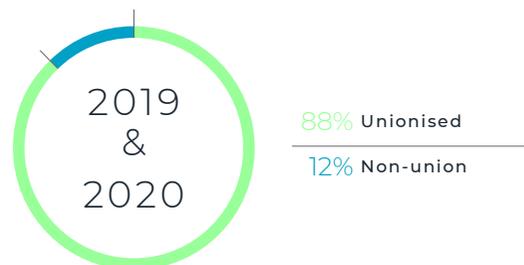
At the Tubos Reunidos Group, we take care of our employees by ensuring their safety and stability, providing them with a number of social benefits that always match the collective bargaining agreements and regulations of each company and their standards. Each of the Group's companies maintains its own features in relation to collective bargaining agreements.

- **Tubos Reunidos:** individual agreements with its workforce.
- **Tubos Reunidos Industrial and Productos Tubulares:** own collective agreements, with advantageous conditions above those of the sector.

- **Tubos Reunidos Premium Threads y Aceros Calibrados:** agreements linked to the collective bargaining agreements for the metal sector in Álava and Navarre, respectively, incorporating improvements to them.
- **Tubos Reunidos Services:** agreements linked to trade agreements in the metal sector of the provinces where their work centres are located.
- **Tubos Reunidos América y RDT:** application of US labour legislation.



Percentage of employees covered by collective bargaining agreements in Spain





Letter from the Chairman



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FLEXIBILITY AND WORK-LIFE BALANCE

At the Tubos Reunidos Group, we have made a clear commitment to promote and encourage work-life balance during the COVID-19 pandemic. Therefore, our goal has been to facilitate work-life balance for people who need to spend more time caring for family members as a result of the pandemic.

The main measures include the possibility for employees to request to adapt and/or reduce their working hours when, as a direct consequence of the coronavirus, their presence is necessary to provide care due to reasons of age, illness or disability.

To make this possible, our Human Capital teams have worked hard during the first few months of the pandemic to adjust shift logistics, start and end times, and working hours, among others. All this is aimed at facilitating the work-life balance of those who need it in these particularly difficult times.

In addition, and in accordance with current legislation, all employees who have requested paternity



203

EMPLOYEES HAVE A MOBILE PHONE (178 IN 2019).



105

EMPLOYEES HAVE A LAPTOP FOR INDIVIDUAL USE (70 IN 2019).

or maternity leave have been given the opportunity to adapt said leave to the most convenient dates according to their preferences, in order to reconcile the leave with their employment. The same criteria have been applied to employees who have requested permission for breastfeeding breaks.

Employees' right to disconnect

In relation to disconnection from work, the number of employees who have devices (phone, tablet, laptop) belonging to the company by which they could be located outside working hours is low.

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 consider that disconnection from work is sufficiently guaranteed, always bearing in mind that if this situation were to change, we would carry out a study on the risks that might exist.

Absenteeism*

Percentage of hours



Main reasons



* The hours associated with trade union activity have not been taken into account as absentee hours.

THE INCREASE IN ABSENTEEISM HOURS WAS DUE TO THE PANDEMIC, WITH 6.4% OF THE HOURS LOST BEING DIRECTLY ASSOCIATED WITH THE PANDEMIC.

HIGHLIGHTS OF 2020

Teleworking

179

PEOPLE HAVE ASSUMED TELEWORKING.



52

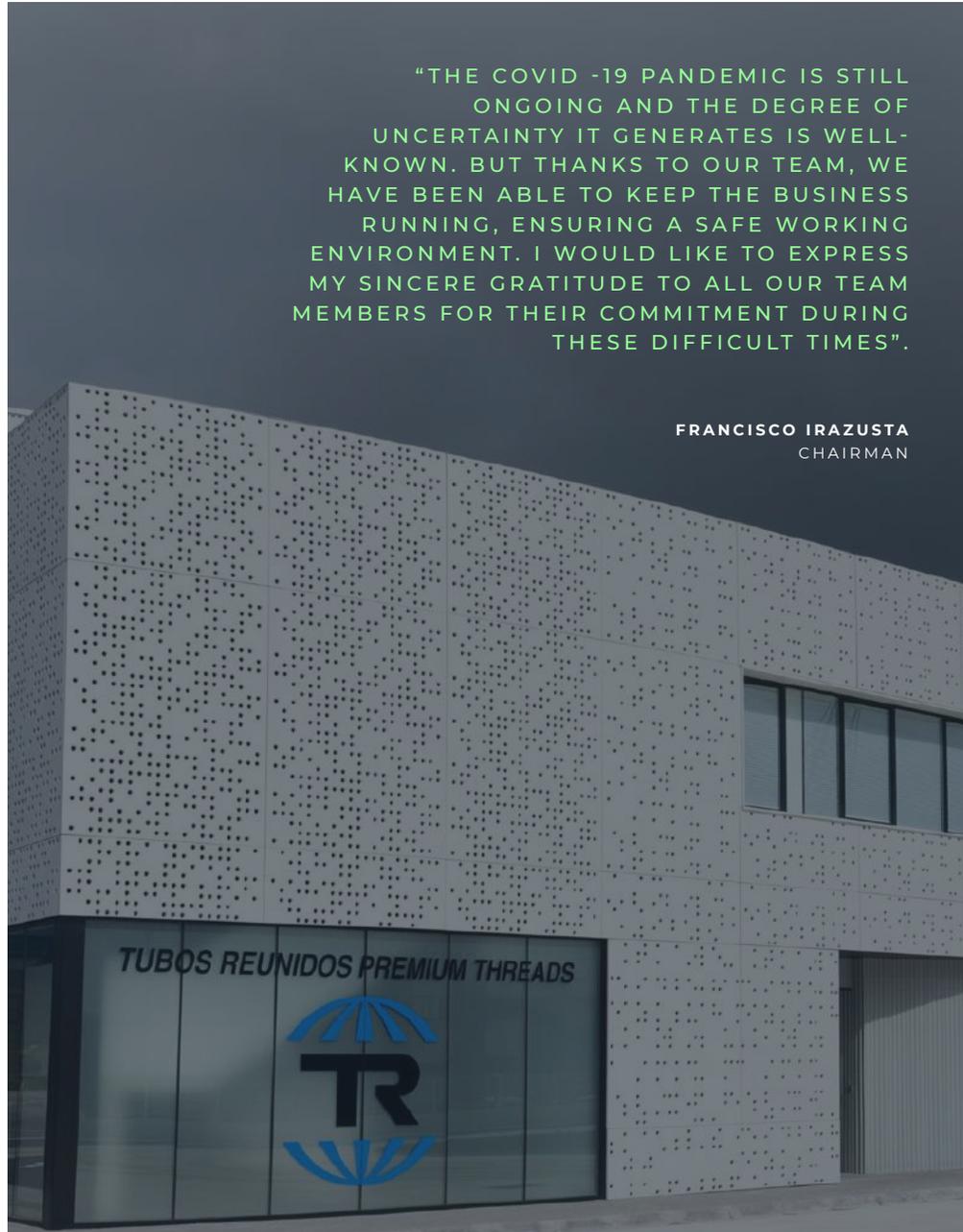
PEOPLE HAVE TAKEN PART IN THE "MECUIDA" PLAN, ADAPTING THEIR WORKING DAY TO ACHIEVE A WORK-LIFE BALANCE.

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"THE COVID -19 PANDEMIC IS STILL ONGOING AND THE DEGREE OF UNCERTAINTY IT GENERATES IS WELL-KNOWN. BUT THANKS TO OUR TEAM, WE HAVE BEEN ABLE TO KEEP THE BUSINESS RUNNING, ENSURING A SAFE WORKING ENVIRONMENT. I WOULD LIKE TO EXPRESS MY SINCERE GRATITUDE TO ALL OUR TEAM MEMBERS FOR THEIR COMMITMENT DURING THESE DIFFICULT TIMES".

FRANCISCO IRAZUSTA
CHAIRMAN



RESPONSIVENESS TO COVID-19

The year 2020 was marked by the profound uncertainty associated with COVID-19, and the possible effects that the pandemic could have on the day-to-day lives of the employees of Tubos Reunidos Group.

All these impacts have posed a special challenge when it comes to managing the different areas that make up the Human Capital in the Group's production centres.

Our teams have worked to adapt their workplaces and daily operations to the constant legislative changes and restrictions implemented by the authorities. A number of protocols have been updated to increase health and safety measures, and a teleworking protocol has been created.

Collaboration with Company Committees and other areas has been essential to promote changes with the required responsiveness. As a result, the following can be highlighted:

- Adjustment of working hours for direct staff with the closure of the restaurants.
- Replacement of the morning break in order to extend arrival and departure times to avoid bottlenecks.
- Promotion of telework for indirect staff.

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TALENT DEVELOPMENT

At the Tubos Reunidos Group, we believe that it is vital for employee motivation to offer a training plan that meets their needs and professional objectives. Training must be a fundamental pillar to cultivate the knowledge and expertise of our organisation, with a direct impact on our activities, products and services.

We maintain an ongoing effort to improve talent and skills from the moment of hiring, promoting access to young talent with welcome plans that facilitate the integration and adaptation of new recruits to the company, which include information about the Group's, together with environmental, safety, health and quality foundations.

In the area of Human Capital, we have **training policies for each Group Company**. In addition, we develop and update our Training Plans on an annual basis, which aim to train 100% of the Group's employees based on the current and future needs of each position. Our Policies include an annual procedure for the identification of training/awareness needs, which is the responsibility of the Depart-

ment Heads. In turn, these needs are approved by the management of each Area on the basis of the personnel files for which they are responsible and their respective profiles.

In line with our commitment to product quality and the promotion of a safe working environment, we have implemented specific procedures for the Quality and Environment departments to submit their proposals for the Annual Training/Awareness Plan, each in their respective areas, according to the needs they have detected and that are approved by the Human Capital area.

Solutions for in-person work

Training for most of our staff with direct roles in the production process, has to be face-to-face, because it involves demonstrations and practical activities for specialisations and the safe use of specialised machinery. As a result of the impact of COVID-19, many of the budgeted training activities have had to be postponed until the relevant hygiene, distance and safety requirements have been met.



Our teams in charge of coordinating training have worked to find solutions to continue this training, reaching some agreements:

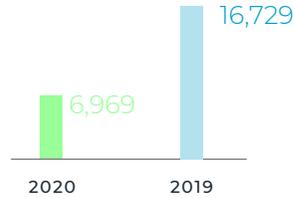
- Collaborations have been established with local councils to set up a space for training.
- A space that respects health and safety standards has been set up to prioritise training for Health and Safety and the associated certifications, as safety training is a priority.

New performance evaluation system

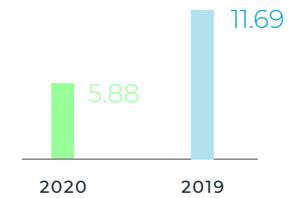
Tubos Reunidos is currently defining a Performance Evaluation system that guarantees this task for most of the people who make up the Group. The project began in 2019, and throughout 2020 several pilot projects have been carried out in some Group teams with both factory and office staff, with a total of 36 performance and professional development evaluations being conducted (31 evaluations in 2019). Progress is expected to be made in 2021 toward the standardisation of this practice at the Group level.

Key figures

Training hours

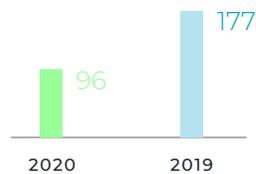


Average hours per person

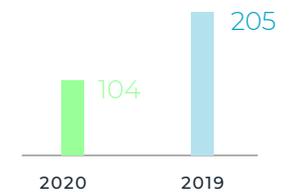


THE REDUCTION IN TRAINING HOURS AND COURSES COMPARED TO THE PREVIOUS YEAR IS DUE TO THE FACT THAT CERTAIN COURSES COULD NOT BE CARRIED OUT BECAUSE OF THE HEALTH MEASURES INTRODUCED.

Investment
Thousand euros



Total courses



DESPITE THE PANDEMIC IN 2020, WE HAVE CONTINUED TO FOCUS ON DEVELOPING THE TALENT OF OUR HUMAN CAPITAL, INVESTING ALMOST 100,000 EURO IN TRAINING.

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EQUALITY AND DIVERSITY

At the Tubos Reunidos Group, we ensure equal opportunities and non-discrimination for reasons of gender, as stated in the **Ethical Commitment** signed by the different companies of the Group.

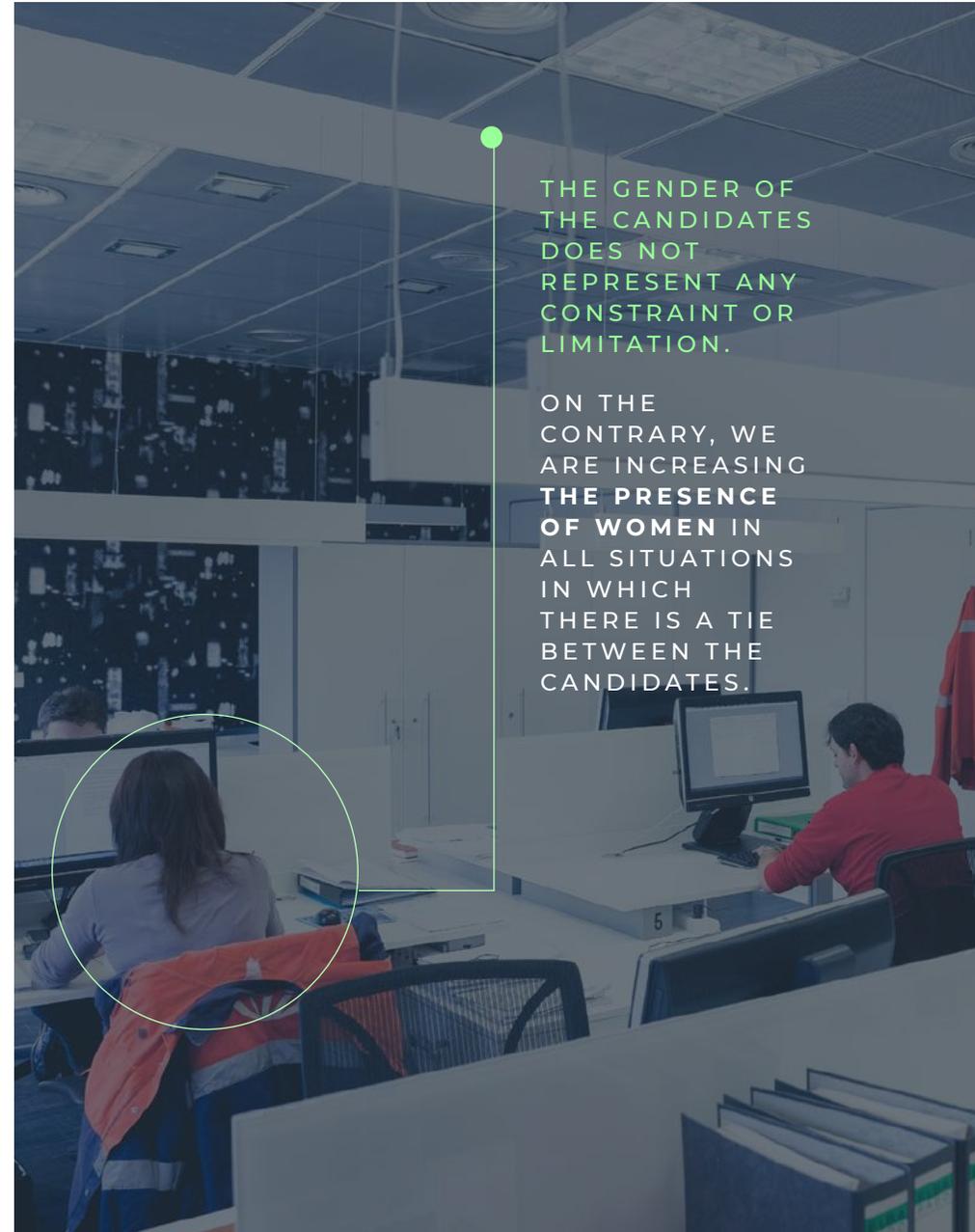
We are also firmly committed to equal opportunities in business performance, something that is revealed in all the recruitment processes, which are carried out openly. We have protocols for non-discrimination on the basis of gender, which will be reviewed and refined throughout 2021.

In addition, in some Tubos Reunidos Group companies, we have a **Conflict Resolution Procedure**, which establishes the guidelines to be followed and the roles and responsibilities of all those involved in situations of conflict between employees of the company. This procedure specifically regulates the protocols against sexual harassment and gender-based harassment.

In relation to the ratio of the standard entry level wage by gender to the local minimum wage, the remuneration of all categories are set out in the agreements. None of them allow gender-based pay differences in the same job.

THE GENDER OF
THE CANDIDATES
DOES NOT
REPRESENT ANY
CONSTRAINT OR
LIMITATION.

ON THE
CONTRARY, WE
ARE INCREASING
**THE PRESENCE
OF WOMEN** IN
ALL SITUATIONS
IN WHICH
THERE IS A TIE
BETWEEN THE
CANDIDATES.



EQUALITY PLAN

In our firm commitment to equality, we are currently implementing an Equality Plan that is aimed at pursuing the following objectives:

- Make progress in consolidating the Group's equality policy and making it more visible.
- Strengthen equal opportunities with the company's employees.
- Communicate zero tolerance of violence in the workplace, in particular sexual and gender-based harassment.

INTEGRATION OF PEOPLE WITH DISABILITIES

The Group's activity is deemed to be a hazardous activity according to the Occupational Risk Prevention regulation. In this regard, at the Tubos Reunidos Group we contract specific jobs to special employment centres. Specifically, during the 2020 financial year, the turnover associated with this type of collaboration amounted to 373,000 euro (367,000 euro in 2019).

In addition, as of the end of 2020, we have eight people with recognised disabilities on our team: seven men and one woman (seven people in 2019: six men and one woman).



UNESID HAS LAUNCHED THE PUBLICATION **#MUJERESDEACERO** (WOMEN OF STEEL) AS A SECTORAL INITIATIVE FOR GENDER DIVERSITY, WITH THE AIM OF GIVING VISIBILITY TO WOMEN WORKING IN THE SPANISH STEEL SECTOR AND POSITIONING THIS INDUSTRY AS A STABLE AND QUALITY JOB OPPORTUNITY FOR NEW GENERATIONS, ATTRACTING FEMALE TALENT TO DEVELOP THEIR CAREERS IN ITS COMPANIES.

[LINK TO MAGAZINE #MUJERESDEACERO](#)

People with disabilities by gender



Universal accessibility for persons with disabilities

It is very difficult to include accessibility measures in our production plants because of the nature of the activity, although we attempt to make access as easy as possible. As far as the offices are concerned, we have lifts and access for persons with disabilities.

Any new investment, as well as any adaptation or refurbishment of equipment and general service facilities, is planned in accordance with local regulations and accessibility standards.



Letter from
the Chairman



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05

FOCUSING EFFORTS ON PROMOTING A **SAFE WORKING ENVIRONMENT**



Letter from
the Chairman



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SAFETY AT TUBOS REUNIDOS GROUP

The health and safety of our employees is a top priority for the Group. This is the main criterion to be taken into account in the development of our activities.

Responsibility for Occupational Risk Prevention is required of each and every one of the people who make up our team, whether our own personnel or subcontracted, both individually and according to the position they hold



SDG 3
HEALTH AND
WELL-BEING



KEY 2020 FIGURES

The Tubos Reunidos Group has an occupational risk prevention policy that considers the excellent management of all our processes and resources to be the strategy to follow in order to create value for our employees, clients, shareholders and other stakeholders.

Our model is based on strict compliance with the legislation on this matter. For this reason, every year we set health and safety targets for our employees in order to achieve the ultimate goal of **zero accidents**.

THE INCREASE IN THE FREQUENCY RATE IS MAINLY DUE TO THE FACT THAT, DUE TO THE PANDEMIC, THE NUMBER OF HOURS WORKED HAS DECREASED AND CONTINUOUS START-UPS HAVE LED TO AN INCREASE IN THE ACCIDENT RATE, ALTHOUGH THE SEVERITY RATE HAS BEEN LOWER.

THE HEALTH AND SAFETY OF OUR TEAM IS OF PARAMOUNT IMPORTANCE, WHICH IS WHY THIS YEAR WE HAVE DOUBLED OUR INVESTMENT IN THIS AREA TO OVER 1.5 MILLION EURO.

SUBCONTRACTED EMPLOYEE ACCIDENTS WITHOUT LEAVE

47
2020

FREQUENCY RATE*

51.38 39.08
2020 2019

INVESTMENT IN HEALTH AND SAFETY (THOUSAND €)

1,630 803
2020 2019

SUBCONTRACTED EMPLOYEE ACCIDENTS WITH LEAVE

22
2020

SEVERITY RATE**

1.15 1.22
2020 2019



OCCUPATIONAL DISEASES

0 2
2020 2019

* Frequency rate: Accidents with leave x 1,000,000/number of hours worked

** Severity rate: Number of days lost due to accident with leave x 1000/number of hours worked

FOR POSITIONS
WITH A HIGH
INCIDENCE OF
ACCIDENTS, WE
ARE CARRYING
OUT **EXCLUSIVE**
AWARENESS AND
PREVENTION
CAMPAIGNS.

IDENTIFICATION AND ASSESSMENT OF HEALTH AND SAFETY RISKS

We have procedures for assessing occupational risks, which are constantly updated to incorporate the different risks associated with the performance of routine and specific tasks, associating levels of probability and severity. The scope of the procedures encompasses both 100% of the people in our Company and the subcontracted companies working on our premises.

As a result of this assessment, the work considered to be the source of a high incidence of accidents is detailed below:

Jobs with a high rate of accidents

Position*	Workers**	
	2020	2019
Shift electrician	-	6
Shift adjuster	8	-
Substitute reducer	8	5
Beveller	6	-
Shift boilermaker welder	-	5
Pipe maintenance adjuster	-	19
Winch operator:	9	-
crane operator/oxy welding operator	9	31
Pipe welder	3	-
Production worker	5	-

* Position: controlled positions or work stations with high incidence

** Workers: number of people belonging to the company who are exposed to the job with high incidence.

As far as subcontractors are concerned, we also carry out an assessment of the work they carry out, as we are concerned about the Health and Safety of all the people who carry out work at our facilities, regardless of whether they are part of our own staff or not. In this regard, we have identified that the job with the highest incidence of accidents is that of maintenance mechanic, a position in which there were 10 people working in the 2020 financial year.

SPECIALISED IN-HOUSE PREVENTION SERVICES

Within the area of prevention, the Tubos Reunidos Group has its own prevention services specialising in:



SAFETY



HYGIENE



ERGONOMICS-
PSYCHOSOCIOLOGY



HEALTH
MONITORING

At least every two months, safety meetings are held at department level to monitor prevention indicators, follow up on the implementation of preventive activities affecting the department and gather information that may enable the Group's safety management model to be improved.



Letter from the Chairman



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SAFETY AND HEALTH AWARENESS AND TRAINING

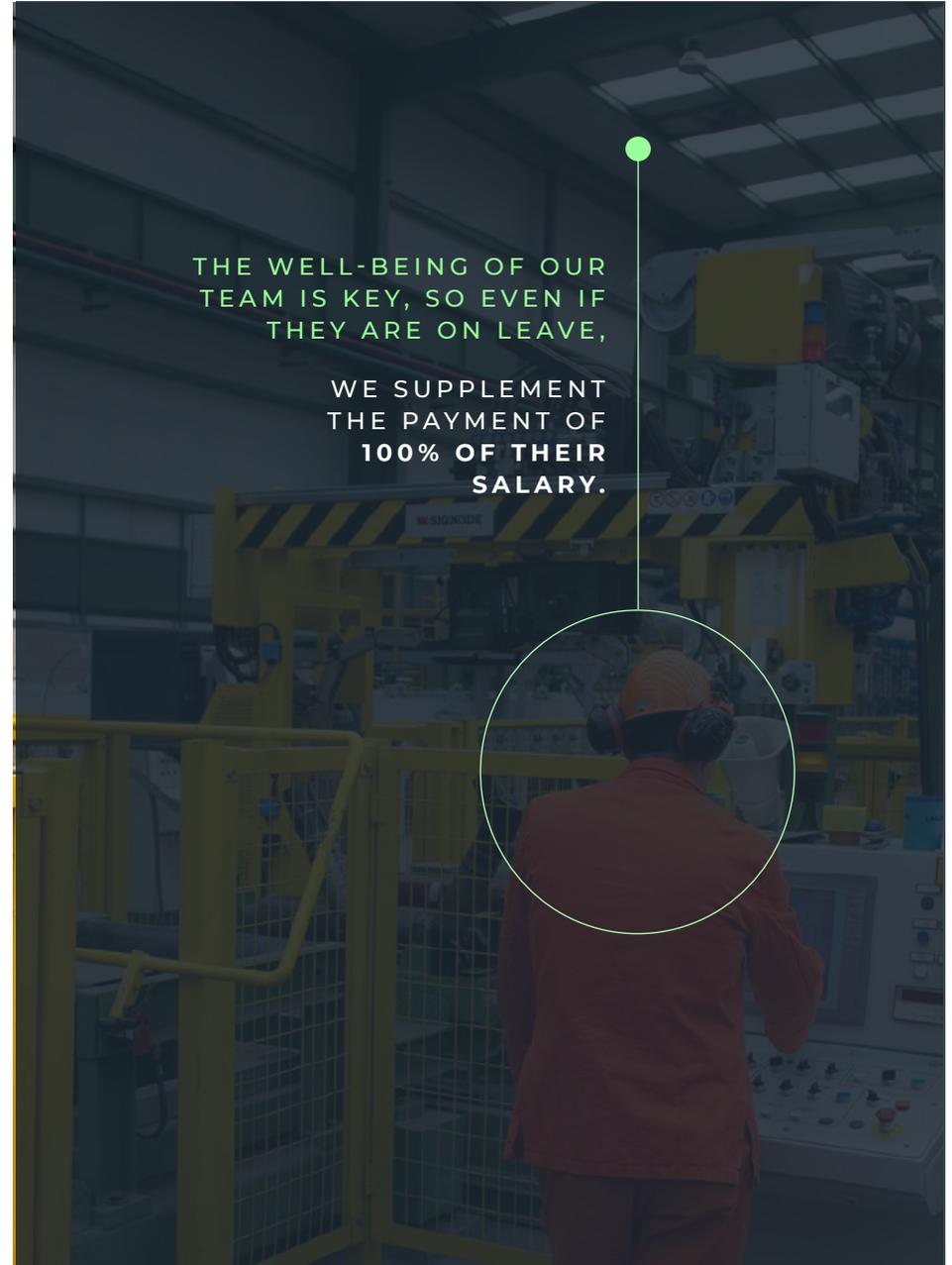
In order to reinforce and consolidate our occupational health and safety culture, we have specific sections in our annual training plans to ensure certain awareness and training messages are constantly sent. In addition, these issues are also included in the welcome plans for new hires, in order to lay the foundations for safe work.

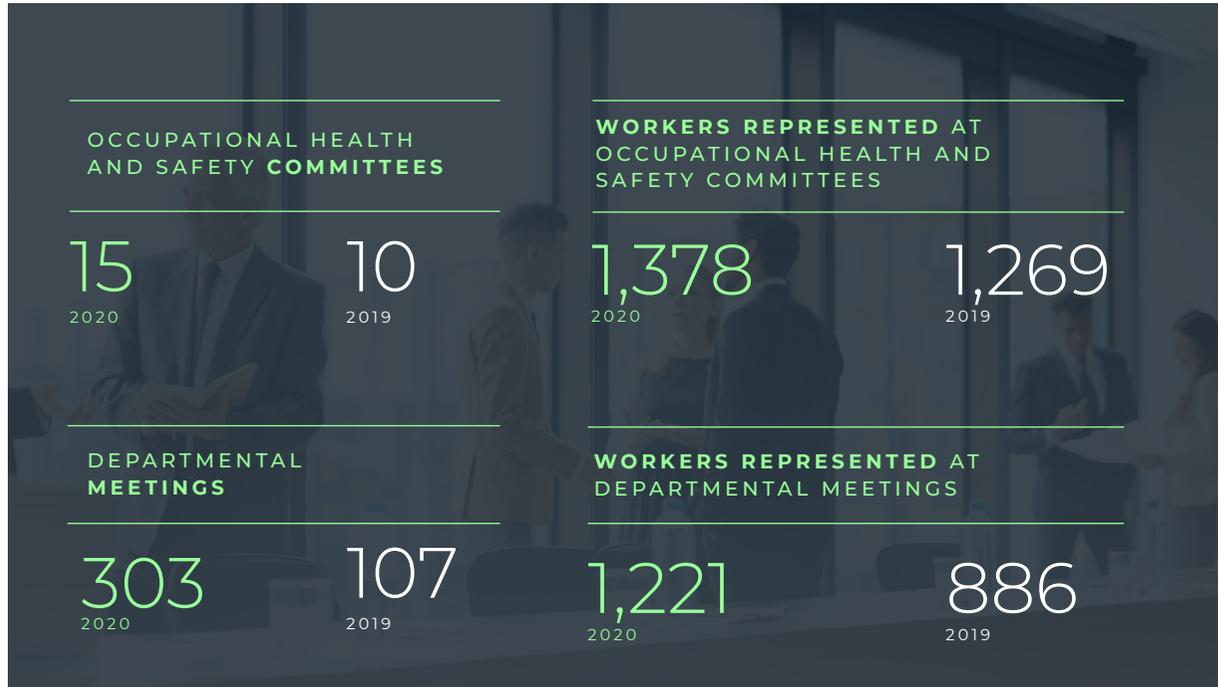
HEALTH AND SAFETY COMMITTEES AND AGREEMENTS

We maintain adequate communication channels to promote queries and participation of all workers in the prevention of occupational risks. They also receive the necessary information and training to carry out the functions inherent to their role.

THE WELL-BEING OF OUR TEAM IS KEY, SO EVEN IF THEY ARE ON LEAVE,

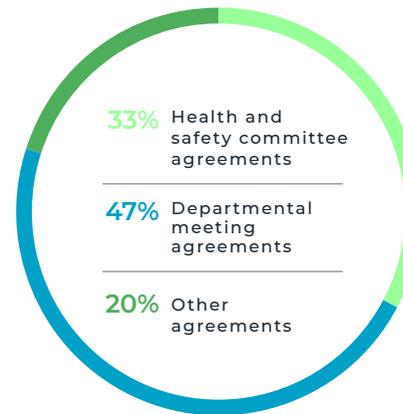
WE SUPPLEMENT THE PAYMENT OF 100% OF THEIR SALARY.





At the same time, there are Health and Safety Committees made up of prevention delegates and department heads, in order to monitor, gather observations and advise on existing occupational health and safety programmes. The Committees hold regular meetings at least quarterly, depending on the Group company.

At the Tubos Reunidos Group, we make a great effort and encourage the achievement of formal agreements with our entire team. Proof of this is that in 2020, we made 346 formal agreements (492 agreements in 2019).



OCCUPATIONAL HEALTH AND SAFETY CERTIFICATIONS

In 2020, Productos Tubulares obtained the **ISO 45001** certification for its integrated Quality, Environment and Health and Safety management system. At present, the rest of the Group's companies are OHSAS 18001 certified and are in the process of obtaining the 45001 certification.

Despite all the above efforts, we have unfortunately suffered two fatal workplace accidents in 2020, one involving a member of our own team, and the other involving a subcontractor carrying out work on our premises. We are in the process of a global review of the Health and Safety system and of establishing an action plan aimed at improving management and results, with the help of independent experts in the field.

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SAFETY OVERSIGHT IN SUBCONTRACTED COMPANIES

Aware that adapting to specific needs and niche applications requires flexibility in our production process, at the Tubos Reunidos Group we consider it essential to have specialised resources to carry out complementary work with high added value.

Over the years, we have built relationships of trust with different subcontracted companies. As with the people in our Group, we have a methodology in place to regulate the conduct of activities so as to ensure compliance with best practices in health and safety.

It establishes the roles and responsibilities of both the different teams of the Group and subcontracted companies for the coordination of safety. It also describes the procedures for approval, for the submission of information for the performance of the activity and on the risks involved in the activity, and other guidelines for appropriate compliance monitoring.

In addition, all Group companies hold meetings with subcontractors, which are monitored internally and managed by means of follow-up minutes.



100%

ALL COMPANIES
THAT WISH TO
CARRY OUT
WORK ON THE
PREMISES OF
TUBOS REUNIDOS,
S.A. **MUST BE
PREVIOUSLY
APPROVED.**



Letter from the Chairman



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ADAPTATION TO COVID-19 FOR SAFE WORK

The year 2020 posed an additional challenge for the management of health and safety in the workplace. We are committed to creating specific task forces to ensure compliance with the highest standards of health and safety related to the pandemic. The frequency of this task force's meetings has varied in intensity, ranging from weekly to monthly meetings.

Likewise, at the Tubos Reunidos Group, we have developed several internal protocols to adapt to the specific prevention measures adopted as a result of the epidemiological situation, which have been published on the Intranet and other channels of communication with employees. Training has also been provided to all staff to ensure proper compliance, and visual information has been placed at strategic locations in plants and offices, emphasising hygiene measures.

AS A RESULT OF THE PROPER MANAGEMENT OF THE WORKING ENVIRONMENT, WE HAVE HAD NO OUTBREAKS IN ANY OF OUR PLANTS.



COVID-19: MAIN PROTOCOLS AND MANUALS DEVELOPED



Information protocol in relation to the coronavirus, to inform people in the Tubos Reunidos Group about the main aspects of the virus, its symptoms and frameworks for action in the event of contact and infection.



Preventive action manuals for personnel, transporters, material deliveries, disinfection and cleaning.



Capacity limits and hand sanitiser dispensers in production facilities.



Procedures for the use of common areas, such as changing rooms, canteens and other common spaces.



Temperature control protocol for the different access routes to production facilities and plants.



List of hygiene measures for both office and factory staff.



Letter from the Chairman



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At the same time, we have worked quickly and efficiently to secure the necessary supplies to provide all staff with the necessary Personal Protective Equipment to carry out their work as safely as possible. In this respect, all employees are provided with face masks, protective screens and hand sanitiser.

In addition, we have expanded and refurbished the changing rooms in the plants where necessary, with the aim of guaranteeing safe distances between employees. In plants where no expansion has been necessary, schedules have been staggered to comply with maximum occupancy capacities, in order to guarantee safe and hygienic distances, while cleaning and disinfection against COVID has been enhanced.

At the same time, all subcontracted companies have been informed of prevention measures, use of spaces, protocols for action and hygiene. In fact, we have created a specific protocol to prevent infection among suppliers and our own staff. It should also be noted that in most of the Group's companies, the protocols implemented apply to both internal and external personnel alike.

As far as office work is concerned, along with the adaptation of working hours and the provision of equipment to ensure teleworking, we have carried out a risk assessment of the workplace based on a survey sent to the people who have taken up this work format.

PRE-EMPTIVE SAFETY IN THE UNITED STATES

In line with the prevention measures implemented in the production units in Spain, at RDT we have decided to implement the same prevention measures proactively, opting for teleworking in those jobs that allow it and providing Personal Protective Equipment to all employees.

We also improved the health insurance benefits contracted to extend coverage and provide greater security to employees.



IN THE UNITED STATES, WE ALSO IMPROVED THE HEALTH INSURANCE BENEFITS CONTRACTED TO EXTEND COVERAGE AND **PROVIDE GREATER SECURITY TO EMPLOYEES.**

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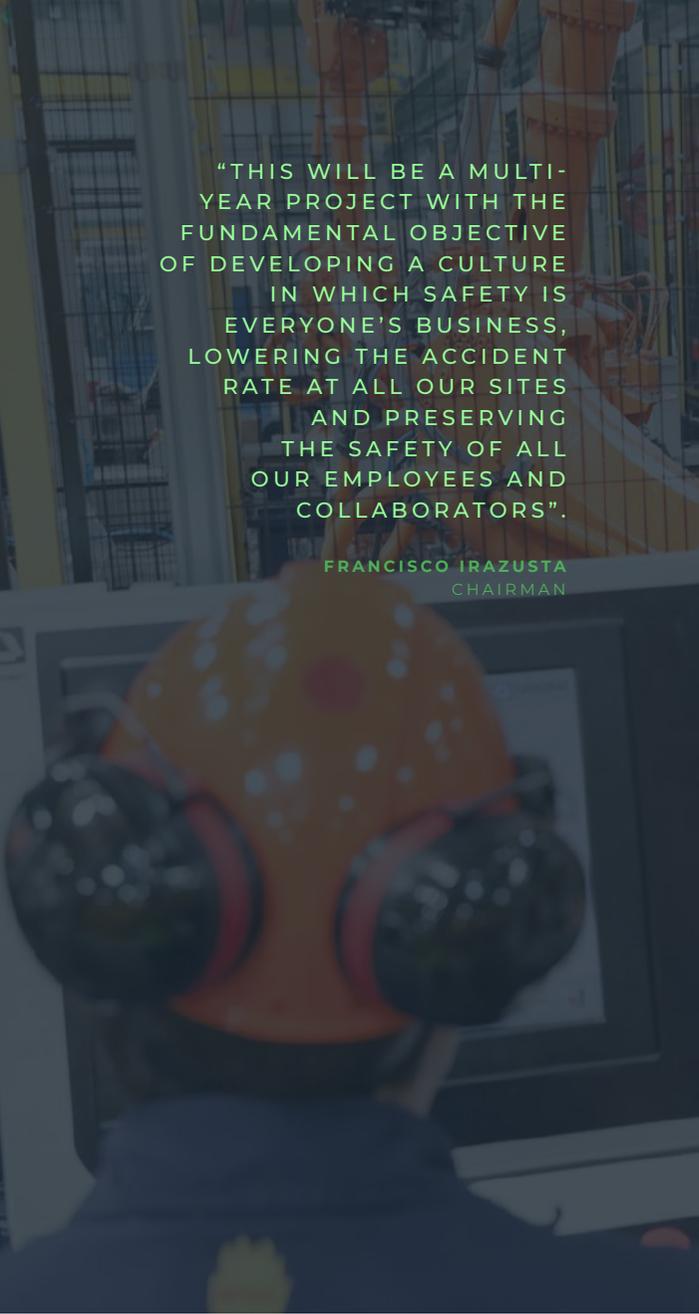
A BIG STEP TOWARDS FOSTERING A CULTURE OF SAFETY

In order to position itself as a benchmark company in terms of safety, the Group has committed financial resources and the special dedication of its team to the development of a project in collaboration with DuPont Sustainable Solutions.

The aim of the project is to strengthen the safety culture within the organisation by focusing on the following lines of action:

MAIN LINES OF ACTION TO PROMOTE SAFETY CULTURE

- Culture and governance
- Management of operations, technologies and associated assets
- Accident and emergency management
- Management of the organisation's employees and subcontractors



“THIS WILL BE A MULTI-YEAR PROJECT WITH THE FUNDAMENTAL OBJECTIVE OF DEVELOPING A CULTURE IN WHICH SAFETY IS EVERYONE'S BUSINESS, LOWERING THE ACCIDENT RATE AT ALL OUR SITES AND PRESERVING THE SAFETY OF ALL OUR EMPLOYEES AND COLLABORATORS”.

FRANCISCO IRAZUSTA
CHAIRMAN

The project will be developed over the next three years, including a detailed diagnosis of the situation in the different facilities, different training and alignment with best practices in the sector, the implementation of a system of evaluation and continuous improvement, and the development of a plan for audits and inspections.

The identification and prioritisation of key risks enables the right focus on company-wide priorities and the effective allocation of resources to reduce risks.

LINES OF CONTINUOUS DEVELOPMENT TO FOSTER A CULTURE OF SAFETY
OVER THE NEXT THREE YEARS



COMMITTED
ORGANISATION

Committed organisation.
Involve all levels of the organisation, from leadership to supervisors and employees, to generate commitment and ensure active participation. Involve employee representatives and other stakeholders.



TANGIBLE SHORT-TERM
IMPROVEMENTS

Tangible short-term improvements.
Achieve tangible improvements in safety performance in the short term by addressing risks in the field to demonstrate the value of safety and reinforce acceptance in the organisation.



IMPLEMENT SAFETY
IN THE FIELD

Implement safety in the field.
Focus on field implementation to "bring the Safety Management System to life" (we do not deliver safety on paper).



ORGANISATIONAL
CAPABILITIES AND
CULTURE

Organisational capabilities and culture.
Ensure that results can be sustained over time by developing organisational capabilities and continuous improvement processes, as well as embedding a strong safety culture in the organisation.

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GLOBAL VALUE CHAIN



Letter from
the Chairman



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TUBOS REUNIDOS GROUP PRODUCTION PROCESSES

At the Tubos Reunidos Group, we are global leaders in special niche segments of seamless steel pipe products. Our value proposition is aimed at meeting the special and complex service and product requirements of our clients.

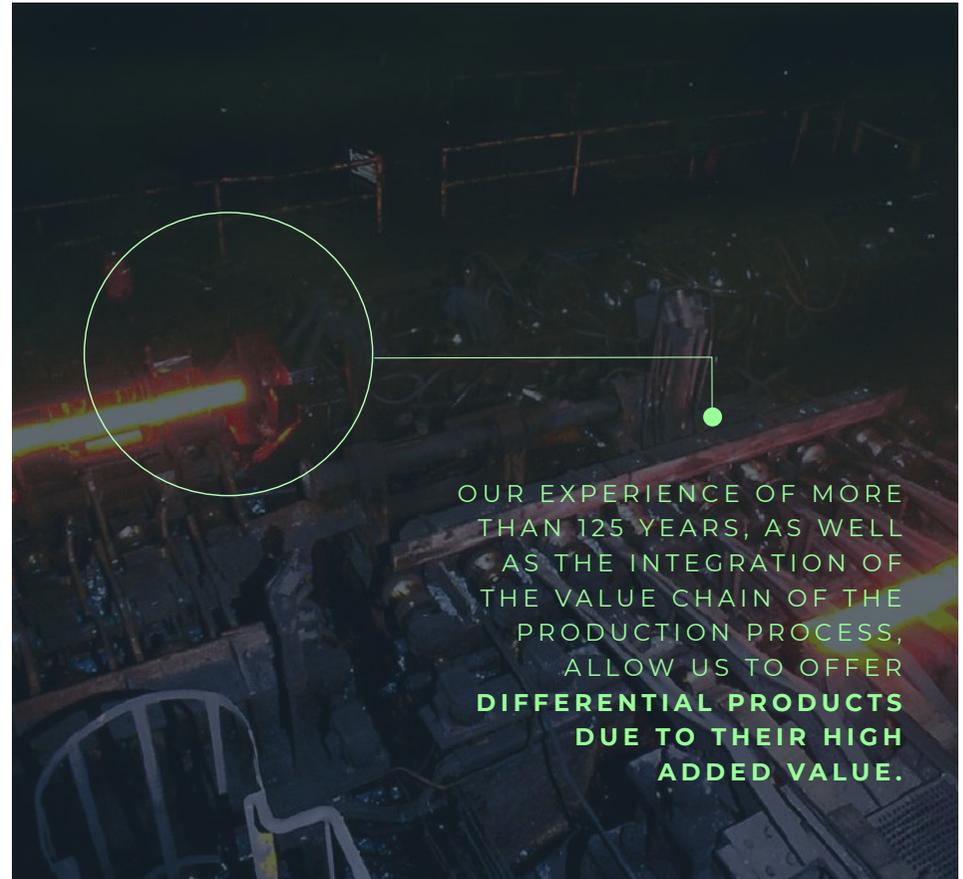
To achieve this, we have integrated almost the entire value chain of the production process, from the steel mill to special finishes, within the Group. We have five production units that combine different electric furnaces, continuous casting facilities, rolling mills, heat treatment furnaces and various finishing facilities. In addition, we have a full range of capabilities to ensure our product quality, process traceability and pipe-by-pipe testing.

We offer high value-added solutions primarily to the energy industry (both oil and gas and electricity generation), and the petrochemical industry.



SDG 12

RESPONSIBLE CONSUMPTION
AND PRODUCTION



OUR EXPERIENCE OF MORE
THAN 125 YEARS, AS WELL
AS THE INTEGRATION OF
THE VALUE CHAIN OF THE
PRODUCTION PROCESS,
ALLOW US TO OFFER
DIFFERENTIAL PRODUCTS
DUE TO THEIR HIGH
ADDED VALUE.

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Thanks to our client focus, our commitment to product and process innovation, and our proven experience over our more than 125 years of history, our client portfolio includes the world's leading oil companies, engineering firms and equipment manufacturers.

Aware of the impact our operations have on the environment, our Group is committed to achieving carbon neutrality by 2050. To this end, we have an integrated structure that aims to reduce our environmental footprint, as well as to re-circulate waste from the production process.

In addition, analyses of potentially significant aspects of the supply chain that may have an impact on health and safety are carried out periodically, and no significant risks have currently been detected.

It should be noted that we have a Quality and Prevention Systems, Environment and Certifications department responsible for establishing guidelines and coordinating actions in this area for all the plants that form part of the Group, as well as environmental managers at each plant.

FROM SCRAP TO PIPE: A SUSTAINABLE ACTIVITY

Committed to the efficient and responsible use of raw materials

Since the beginning of our activity, at Tubos Reunidos 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, our main raw material, comes from waste from other production processes, such as the automotive industry.



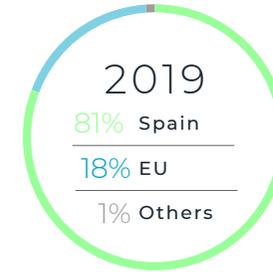
The Basque Country is home to a strong and diverse group of industrial companies that make it one of the main industrial engines of the Iberian Peninsula. Thanks to these conditions, the Tubos Reunidos Group has developed a wide network of local suppliers that provide us with a very diverse range of materials with specific compositions and properties.

2020 has been marked by the impact of COVID-19 in all socio-economic fields. In mid-March, the Group launched a contact campaign with its main suppliers to anticipate the possible impact of the pandemic on their operations.

Despite the disruptions seen in the supply chains of other industries and competitors, the Group has managed to ensure the continuity of its operations without production disruptions.

This is achieved thanks to the correct management and close relationship with suppliers, mostly local, in whom the Group has placed its trust and who have responded professionally.

Market breakdown of the global volume of purchases



100%

PRACTICALLY 100% OF PURCHASES HAVE BEEN MADE IN THE EUROPEAN UNION, WHICH GUARANTEES COMPLIANCE WITH SOCIAL RIGHTS.



Letter from the Chairman



Tubos Reunidos Group



Committed to our stakeholders



The people in the Tubos Reunidos Group



Focusing efforts on promoting a safe working environment



Global value chain



Culture of innovation and industrial excellence



Good governance



Annexes

PROMOTING SUSTAINABLE CRITERIA IN SUPPLIER RELATIONSHIPS

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 contractual relationships with the suppliers. Companies that choose to collaborate with Tubos Reunidos have to undergo an approval process depending on how critical the activity they carry out might be.

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.).



SIGNIFICANT NEGATIVE ENVIRONMENTAL IMPACTS IDENTIFIED IN THE SUPPLY CHAIN

Use of resources

Soil and water pollution

Disturbance

Waste

Spills

Emissions to the atmosphere

- 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 certify their work and the means used (hazardous/non-hazardous waste manager authorisation; hazardous/non-hazardous waste transporter authorisation; vehicle certificate; special driver authorisations; authorisations, registrations, licences and accreditations such as OCA/ENAC, etc.).

Hence, our contracting policy guarantees the selection of suppliers that comply with current legislation regarding quality, environment and occupational health and safety, ensuring the prevention and minimisation of damage at all times. Furthermore, the workers who carry out their activity in our production plants must adapt to the Group's business policies at all levels.

Suppliers that could have an impact on the environment are assessed before being added to the list of approved suppliers, and those with significant potential impact are informed of the requirements to be met to eliminate or minimise said effects. The negative environmental impacts (potential and real) identified in the supply chain, from which suppliers are assessed, are as follows:

AWARE OF THE IMPACT OF SUPPLIERS ON THE
VALUE CHAIN, WE ASSESS MORE AND MORE
COMPANIES ON **ESG CRITERIA** EVERY YEAR.

	Companies assessed on the basis of environmental criteria		Companies identified with potential negative impacts	
	2020	2019	2020	2019
PT	70	70	29	27
TRI	220	213	32	32
TOTAL	290	283	61	59

Other Group companies have not carried out evaluations.

Also, all companies that access the premises of the Tubos Reunidos Group to carry out their work, as well as those that supply critical goods that affect safety, must be approved in order to guarantee compliance with our occupational health and safety policies.

In addition, with regard to the supervision and auditing of supplier companies, no specific plan is available. Instead, a quality control of products and services is monitored, with associated incidents being recorded and the option of re-approvals to suppliers being considered.

Finally, we have carried out an Environmental Risk Analysis following the Model Environmental Risk Report 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 conside-

red and the environment in which we are located (natural environment, fauna, flora, etc.) has been taken into account.

Furthermore, with regard to human rights, the Group complies with the criteria of international policies on the responsible management of mineral supply chains from areas of conflict and high risk.

In order to guarantee social and equality rights, we provide employees of supplier companies and, in general, anyone who is aware of any practice contrary to the principles and rights of the ILO, with a complaints channel on the corporate website so that the appropriate measures can be taken. To date, no complaints related to the violation of social rights and equality have been received through this channel.

CURRENTLY, THERE ARE
**OVER 250 APPROVED
COMPANIES** THAT CAN
BE CLASSIFIED AS
FOLLOWS

01.

Raw material companies

ferroalloys, additives, etc., except
scrap metal.

02.

Companies of goods that are incorporated into the manufactured product

packaging, chemical products, etc.

03.

Auxiliary tasks

In which operations are carried
out on our products that are
considered critical to satisfy the
quality standards required by our
clients.

EFFICIENT AND SUSTAINABLE PRODUCTION

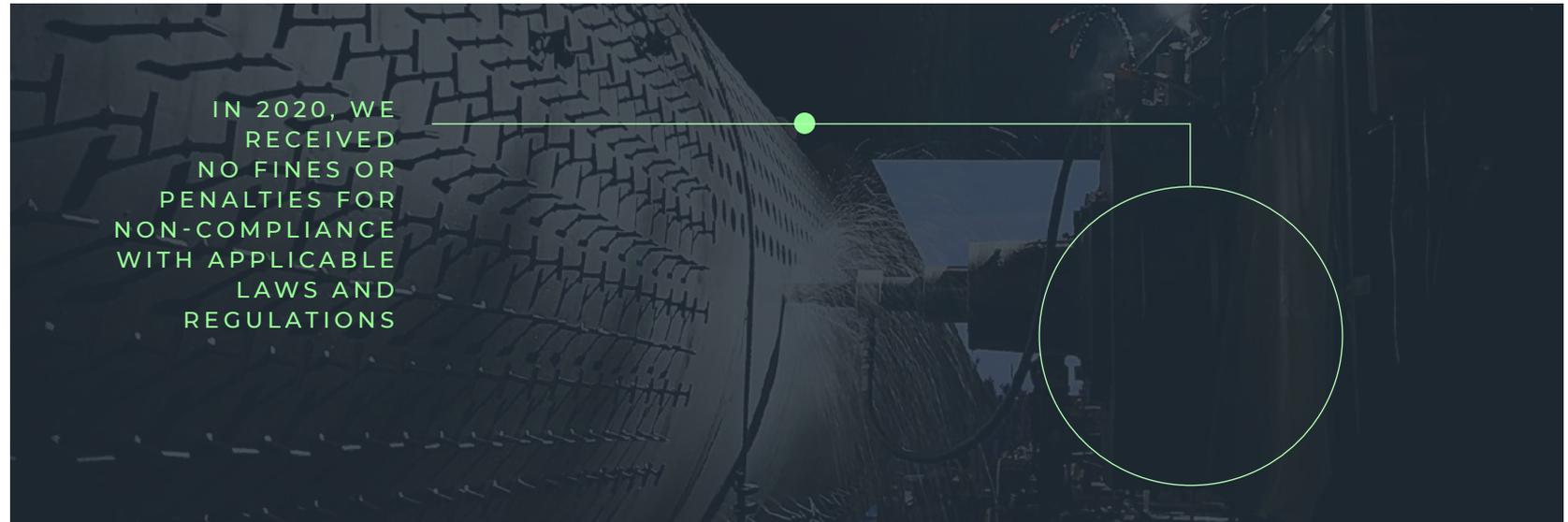
At the Tubos Reunidos Group, we are aware that the commitment to locate our headquarters and main production facilities in the Basque Country means being subject to stricter local and European regulations. However, we remain committed to contributing to the socio-economic development of the region, integrating respect for the environment and a commitment to sustainable development into our pillars of action.

The quest for production efficiency is implemented as a fundamental objective within the Group's daily operations, both because of our commitment to be an emission-neutral company by 2050 and because of our quest for profitability in our income statement.

The Group's main production plants have and maintain their respective environmental management systems up to date in accordance with the requirements of ISO 14001. They also have a Quality, Environment and Occupational Risk Prevention Policy, which establishes commitments to legal compliance, environmental protection, pollution prevention and environmental impact reduction.



SDG 13
CLIMATE ACTION



Letter from
the ChairmanTubos Reunidos
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GroupFocusing efforts
on promoting
a safe working
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The main avenues for action include the following:

- They have an integrated Environmental Authorisation that establishes the facilities' operating conditions for the protection of air, water and soil quality and for the proper management of waste, as well as the appropriate monitoring of their environmental factors.
- They establish plans and resources to reduce the environmental risks of their activity by fully assuming their environmental responsibility for prevention, avoidance and remediation in case of adverse effects on the environment.
- They apply the best technology available to their processes and activities.
- They participate in Greenhouse Gas Emissions Trading by crediting the CO₂ emissions resulting from their production activity each year.

**DURING THE 2020
FINANCIAL YEAR,
INVESTMENTS
MADE AND
EXPENSES
INCURRED
FOR THE
PROTECTION AND
IMPROVEMENT OF
THE ENVIRONMENT
AMOUNTED TO
MORE THAN 1.8
MILLION EURO.**



Tubos Reunidos works together with the rest of the steel sector, through business organisations such as UNESID and its Circular Economy Pact, in the search for new ways to contribute to the improvement and reduction of its environmental impact, such as: recovery of waste and by-products generated in the production process, reduction and control of atmospheric emissions, conservation of soil and water quality, efficiency in the use of natural resources and raw materials, etc.

Aware that the reduction of its environmental impact is achieved day by day, with the commitment of 100% of the Group's employees, this financial year we have launched staff awareness campaigns to promote the reduction of waste, the reuse of waste and recycling.

We have a tool that allows us to calculate potential environmental risks, anticipate potential scenarios, quantify environmental provisions and design

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“CARE FOR THE ENVIRONMENT AND THE PROMOTION OF RESPONSIBLE PRODUCTION ARE KEY ELEMENTS OF OUR PHILOSOPHY. WE FOCUS OUR EFFORTS ON PROMOTING SUSTAINABLE INDUSTRIAL DEVELOPMENT BASED ON INNOVATION, MAKING EFFICIENT USE OF NATURAL RESOURCES AND SUPPORTING GREEN ENERGY”.

FRANCISCO IRAZUSTA
CHAIRMAN

specific plans based on the results. In both 2020 and 2019, we did not identify the need for provisions or environmental safeguards. However, we have an environmental liability policy for a general limit of 10 million euro per claim per period.

Following a reflection and analysis of the main environmental impacts of the production process, at the Tubos Reunidos Group, we have set ourselves the priority of reducing the amount of waste and reducing our environmental impact in general. In parallel, throughout 2020, despite the impact of COVID-19 and the company's economic situation, some specific measures related to the sustainable use of resources and the circular economy have been adopted.



Letter from
the Chairman



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Main metrics and actions/projects

Sustainable use of resources



CONSUMPTION
OF RAW
MATERIALS

ACTIONS/PROJECTS

Scrap screening process for elimination of soil. Increases quality and reduces energy consumption associated with smelting.

Scrap (t)

163,403

2020

Unrecycled raw materials (t)

9,800

2020



WATER
CONSUMPTION

ACTIONS/PROJECTS

Use of rain water.

We also have a closed circuit for recycling industrial waters in order to minimise the consumption of municipal drinking water, both in TRI and PT. As a result, in 2020 we re-used 15,838,739 m³ (20,277,618 m³ in 2019).

Water used (m³)*

283,569
2020

340,528
2019

* The figures reflect the total volumes of water abstracted, broken down by surface water and water from municipal supplies or other water services, whether public or private. As they do not apply, neither rainwater (collected and stored) nor waste water from another organisation have been included.

THE WATER USED DECREASED FROM THE PREVIOUS YEAR, MAINLY DUE TO THE REDUCTION IN ACTIVITY CAUSED BY THE PANDEMIC AND THE INCREASE IN REUSED WATER.



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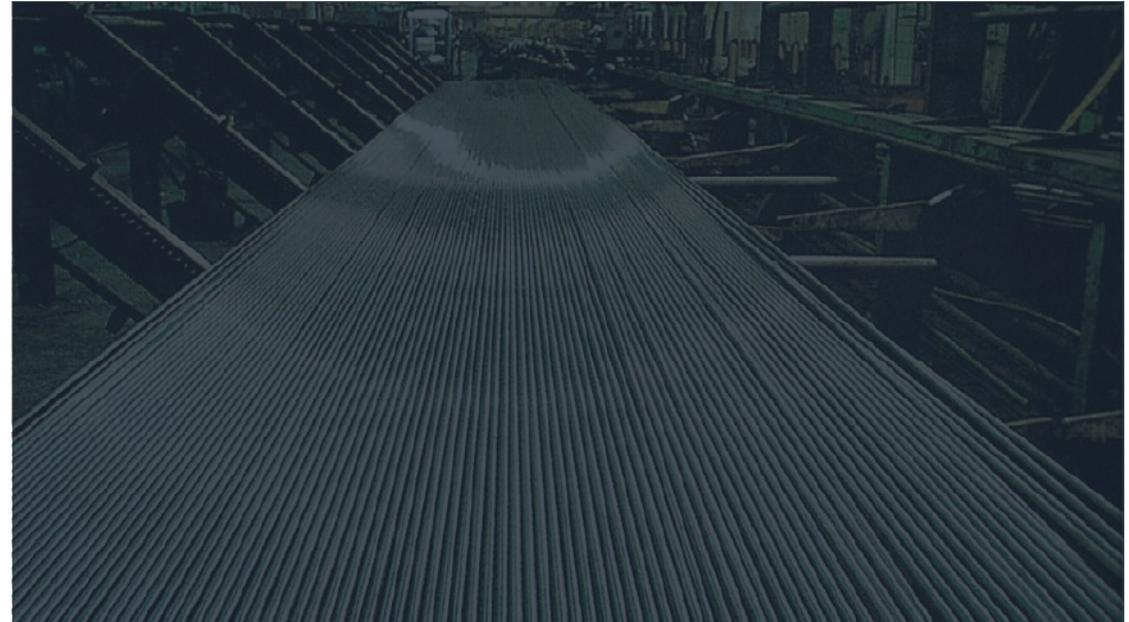


ENERGY EFFICIENCY

ACTIONS/PROJECTS

We have replaced all the conventional lighting in our plants with new LED lighting for more efficient and responsible energy consumption.

In 2020, between 37% and 38% of the energy consumed was of renewable origin (between 35% and 40% in 2019).



ENERGY CONSUMPTION DECREASED MAINLY DUE TO THE FALL IN PRODUCTION, WHICH WAS DOWN 34% COMPARED TO THE PREVIOUS YEAR.

ENERGY INTENSITY HAS INCREASED COMPARED TO THE PREVIOUS YEAR DUE TO THE FACT THAT THE CONTINUOUS PRODUCTION AND ACTIVITY START-UPS AND STOPPAGES CAUSED BY THE PANDEMIC HAVE LED TO LOSSES IN ENERGY EFFICIENCY. HOWEVER, WE CONTINUE TO WORK DAY BY DAY TO REDUCE CONSUMPTION PER TONNE PRODUCED.

Electricity (MWh)

175,810	244,498
2020	2019

Natural gas (MWh)

264,521	345,293
2020	2019

Energy intensity (kWh/t product)*

2,373	2,084
2020	2019

* This ratio takes into account the total energy consumption of the plants. In the case of TRI and PT, consumption is linked to the production of liquid steel; the rest is linked to the production provided by companies in tonnes.

Circular economy: Waste prevention, recycling or recovery and disposal

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:



ACTIONS/PROJECTS

Waste generated by smelting is then put back into the furnace. There is no loss in the process.

More efficient system for the collection of steel dust.

Use of slag:

- Manufacture of concrete for both in-plant use and cement supply.
- Black slag recovery
- White slag recovery

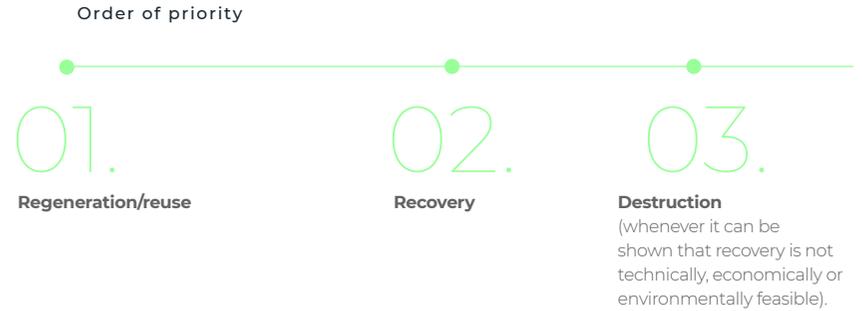
Use of ferrous sulphate.

Constant search for more waste recovery lines.

Signposting of waste collection points in the plant.

In stainless steel, more than 500 tonnes have been produced in 2020, of which 15% comes from returns from the production process.

WE ARE COMMITTED TO THE RECOVERY OF OUR WASTE AND CONTRIBUTING TO A MORE SUSTAINABLE WORLD. PROOF OF THIS IS THAT 94% OF THE WASTE GENERATED IS REUSED OR RECYCLED.



	2020	2019
Hazardous waste		
Reuse (t)*	2,431	3,778
Recycling (t)	8	17
Dumping (t)	2,404	2,746
Non-hazardous waste		
Reuse (t)*	79,193	99,754
Recycling (t)	35,430	64,923
Dumping (t)	4,687	6,306

* Tonnes recovered within own steel mills are included.

JOINING FORCES IN THE CLIMATE CHANGE CHALLENGE

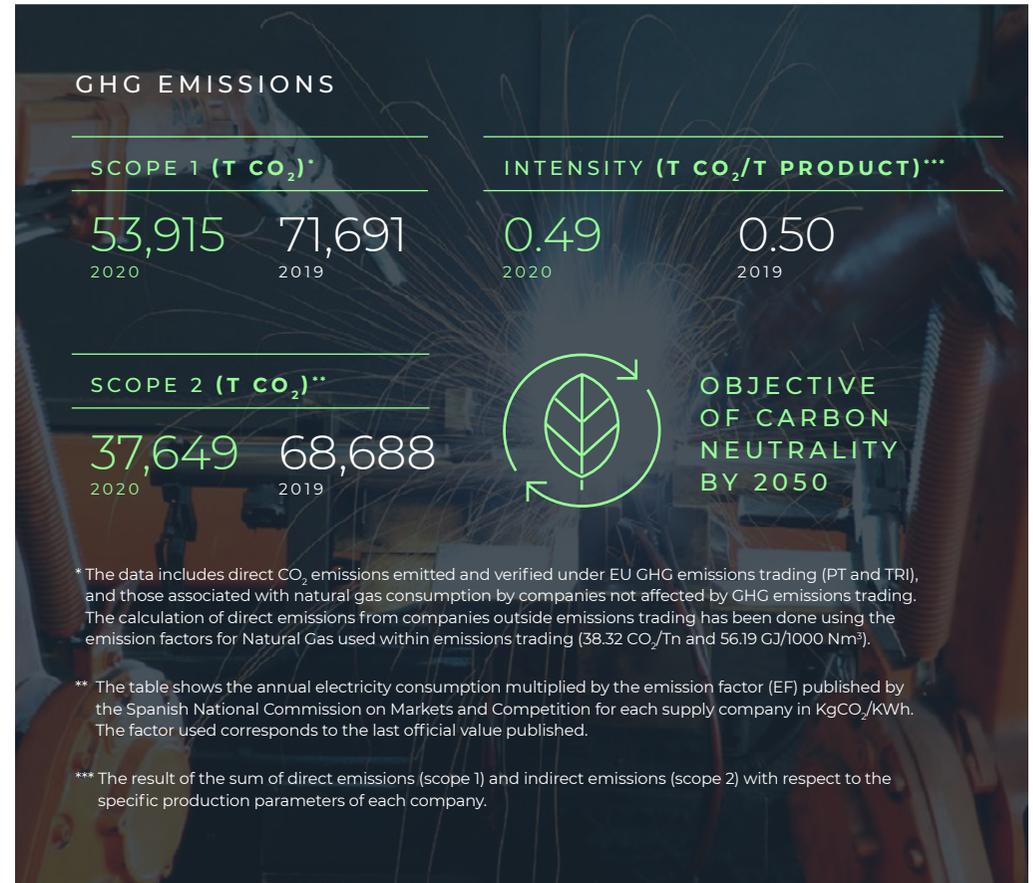
At the Tubos Reunidos Group, we want to actively and decisively contribute to a sustainable and low-carbon future, an effort that will also boost social and economic development through the generation of employment and wealth.

In order to combat the challenge of climate change, we permanently monitor greenhouse gas (GHG) emissions, the evolution of trade in these emissions and how international agreements in this field may affect the Group in order to make the most appropriate decisions to minimise risk and seize opportunities.

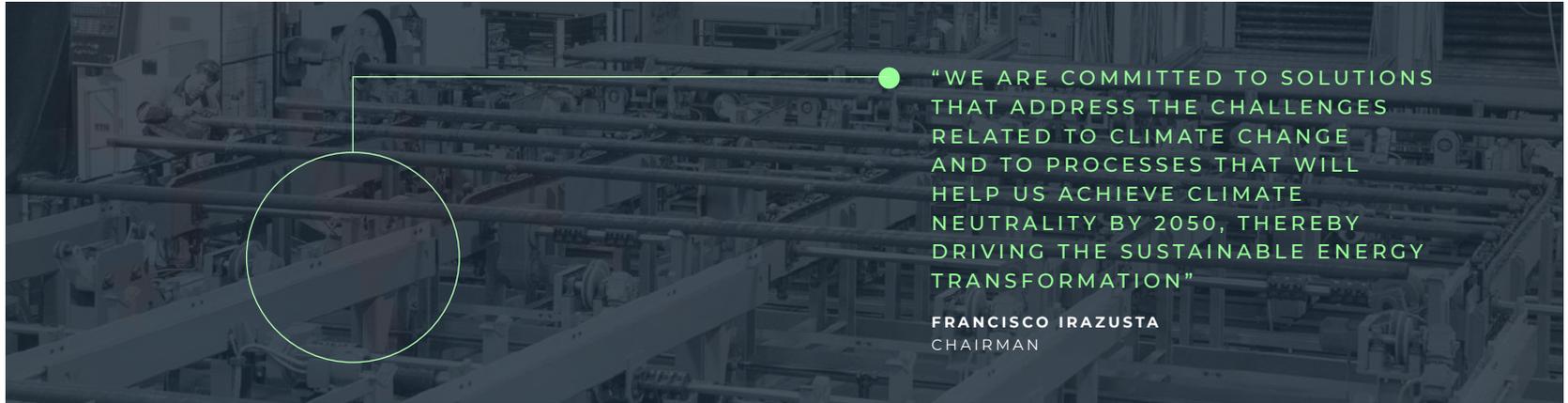
Given that Tubos Reunidos' GHG emissions are mainly associated with the consumption of gas and electricity in its operations, the actions taken to reduce these emissions are directly related to the energy efficiency measures adopted to reduce this consumption.

At the risk level, it should also be noted that a significant part of the Group's sales are directed to the oil sector and therefore may be affected by possible changes in regulatory and/or environmental policies.

To develop our commitments, we are working on a climate action plan with different lines of action in the medium and long term, which we will finalise in the coming years. Specifically, in order to carry out an analysis of the risks and opportunities of Climate Change, we are working on the recommendations of the Task Force Climate Related Financial Disclosures (TCFD) in its 4 dimensions (Governance, Strategy, Risk Management, Metrics and Objectives).



GREENHOUSE GAS EMISSIONS HAVE DECREASED MAINLY AS A RESULT OF LOWER PRODUCTION ACTIVITY. **WE HAVE ALSO MANAGED TO SLIGHTLY REDUCE THE INTENSITY OF GREENHOUSE GAS EMISSIONS PER TONNE OF PRODUCT.**



“WE ARE COMMITTED TO SOLUTIONS THAT ADDRESS THE CHALLENGES RELATED TO CLIMATE CHANGE AND TO PROCESSES THAT WILL HELP US ACHIEVE CLIMATE NEUTRALITY BY 2050, THEREBY DRIVING THE SUSTAINABLE ENERGY TRANSFORMATION”

FRANCISCO IRAZUSTA
CHAIRMAN

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 emissions, although we are working on it and will be able to provide such data in the coming years.

On the other hand, with regard to other types of pollution, such as light pollution, although we are not a relevant organisation in this respect, the necessary actions are being taken to obtain more efficient lighting and not to contribute to the increase in this type of pollution. In relation to noise, the regulatory measurements required in the corresponding Integrated Environmental Authorisations are taken to verify compliance with the emission limit values, and no non-compliance with these values was found.

With regard to ozone-depleting emissions (ODS), existing equipment in use in production plants con-

taining such components is replaced by non-ozone depleting equipment at the time of replacement. Likewise, all machinery is subject to the revisions and maintenance work set out by current regulations, so that any intervention that requires the handling of these gases is restricted to duly accredited personnel and maintenance companies. These companies are responsible for taking the necessary measures to recover the gases, ensuring their proper management and avoiding their emission into the atmosphere.

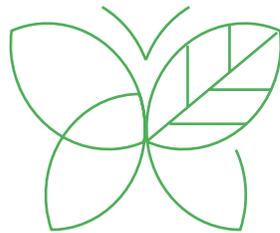
Finally, in terms of nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions, the most relevant sources of emission correspond to melting (HEA) and heating furnaces. In the absence of such measurements, as they are not mandatory this financial year, they have been estimated on the basis of the latest assessments carried out and the operating hours in 2020.

PROTECTION OF 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 one part of the facilities in the TRI plant is within a protected area in the bed of the Nervión river. 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.

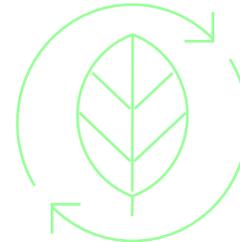
MAPS AND DOCUMENTATION ANALYSED TO ASSESS DIFFERENT ENVIRONMENTAL RISK SCENARIOS



- **Habitats of community interest.**
- **Green corridors.**
- Distribution of **threatened species of flora and fauna.**
- **Natura 2000 network** (LIC, ZEC, ZEPA).
- **Protected spaces**, biotope, RAMSAR, special trees, national parks.
- **Natural areas of interest.**
- **Territorial Planning Guidelines** of the CAPV (DOT).
- **Space catalogue.**
- **Environmental Risk Analysis** (ERA) Report of Tubos Reunidos Industrial dated 14 June 2019.

PARTNERSHIPS TO PROMOTE ENVIRONMENTAL IMPACT REDUCTION

- **Siderex:** (Basque Country Steel Employers' Association) working groups for energy efficiency, efficiency in waste management and water treatments.
- **Unesid:** decarbonisation project with three working groups: raw materials, circular economy and water.
- **Cluster de Acero del País Vasco** [Basque Country Steel Cluster]
- **Cluster Energía País Vasco** (Hidrógeno Verde)
- **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).



Letter from
the Chairman



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FINAL PRODUCT. HIGH PERFORMANCE AND MEETING CLIENT NEEDS

Our clients first

At the Tubos Reunidos Group, we are obsessed with ensuring that our solutions are adapted to the specific needs of our clients, while complying with the highest standards of quality and safety in their use. We place our clients at the centre of our activities, with the aim of establishing long-lasting relationships with them based on the reciprocal contribution of value and mutual trust.

This obsession is present in all areas and at all levels of the Group, with a strong push from senior management. Since his arrival at the beginning of 2020, one of the main activities promoted by the new Executive Chairman has been to hold a meeting with the Group's main clients, accompanied by the sales management team and the CEO of the Tubos Reunidos Group.

These meetings have served as input for channelling trends, developing new opportunities and forging closer links with our main partners. As a result of our interactions with clients, at the Tubos Reunidos Group we have decided to centralise commercial management from a single transversal area, in order to provide the sales teams with greater agility in managing the needs of clients with increasingly global needs and presence. The implementation of the Key Account Manager system, which will complete the centralisation of customer service from a single point, is expected to be completed in 2021.

Simultaneously with all these projects, as part of our commitment to our clients, we have a management model that allows us to monitor the degree of client satisfaction based on annual surveys, with a special focus on:



TECHNICAL
QUALITY



MEETING
DEADLINES



AGILITY AND
CLOSE CONTACT



PRODUCT
INFORMATION

18

MEETINGS WITH **MAYOR**
CLIENTS HELD IN 2020
BY THE CHAIRMAN

BUILDING STABLE RELATIONSHIPS OF TRUST

As with the commercial area, the sales department manages client complaints in a transversal and centralised manner from a single point. We have an IT tool to ensure agile management. We centralise all claims, associating them with orders in order to trace the operations carried out on the products. The Quality team is responsible for analysing complaints, contacting the areas involved and providing an effective response to our clients. The Quality area works closely with the production units in order to incorporate improvements in the processes, based on the feedback received from clients.

At the Tubos Reunidos Group, we focus on the quality assurance of 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 clients.

We ensure the correct traceability of our products through the marking and labelling of each manufactured pipe. This traceability ensures its identification and the availability of all the information on it from the first data input in the steel mill and the documentation that is always attached (quality certificates, delivery notes, invoicing, etc.). In order to continue to improve, this year in one of our plants we incorporated a system to digitise, through a QR

code, the addition to each product of information on the production process that is of great value for our clients. This will also allow our clients to know the status of their orders in real time.

In addition, we have the most demanding approvals required by our various clients. One of the measures taken to ensure that the manufactured products are not hazardous and are used and handled correctly and reasonably is that all substances involved in the manufacturing process and are part of the final product (including lacquers and varnishes) have a safety data sheet in accordance with European standards and regulations, such as EU 453/2010 (requirements for the preparation of safety data sheets) or EU 1907/2006 (on the Registration, Evaluation, Authorisation and Restriction of Chemicals - REACH), among others, as required by the ISO 9001 Quality Standard, according to which we are certified.

In 2020, 126 complaints were received, all of which were properly handled (130 claims in 2019). At the Tubos Reunidos Group, we meet all our clients' requirements and specifications, including health and safety requirements. In 2020, as in previous years, there are no known incidents or cases of non-compliance relating to the health and safety impacts of product and service categories.



**COMPLAINTS
RECEIVED**

126

2020

130

2019

RDT QUALITY FOCUS (USA)

In the United States, we have a complaint management system focused on providing a quick and comprehensive response to our clients. The quality area works closely with the sales area to coordinate responses, with a team able to travel to client sites in record time to analyse the situation and provide an effective response.

The Tubos Reunidos Group has participated in countless international projects in different mar-

kets where it has been present for decades, such as, for example, in the Chinese market with a billing order of 11 million euro for alloy steel.

We are currently developing and leading the energy transformation of our sector and consolidating the new added-value strategy, a new business model, based on acquiring new orders/markets in which our qualities and dimensions improve the designs and needs of our clients.

REAPING THE FRUITS OF OUR TEAM'S EFFORTS

INCREASED ORDER
INTAKE FROM **BRAZIL,
MEXICO AND CHINA**

WE CONTINUE TO OPEN
NEW SALES OFFICES

MALAYSIA
1T - 2021

SOUTH KOREA
2019

INCREASE IN
THE SHARE OF
THE **DOWSTREAM
SECTOR WITH A
TOTAL OF SALES**

47%
2020

37%
2019





Letter from
the Chairman



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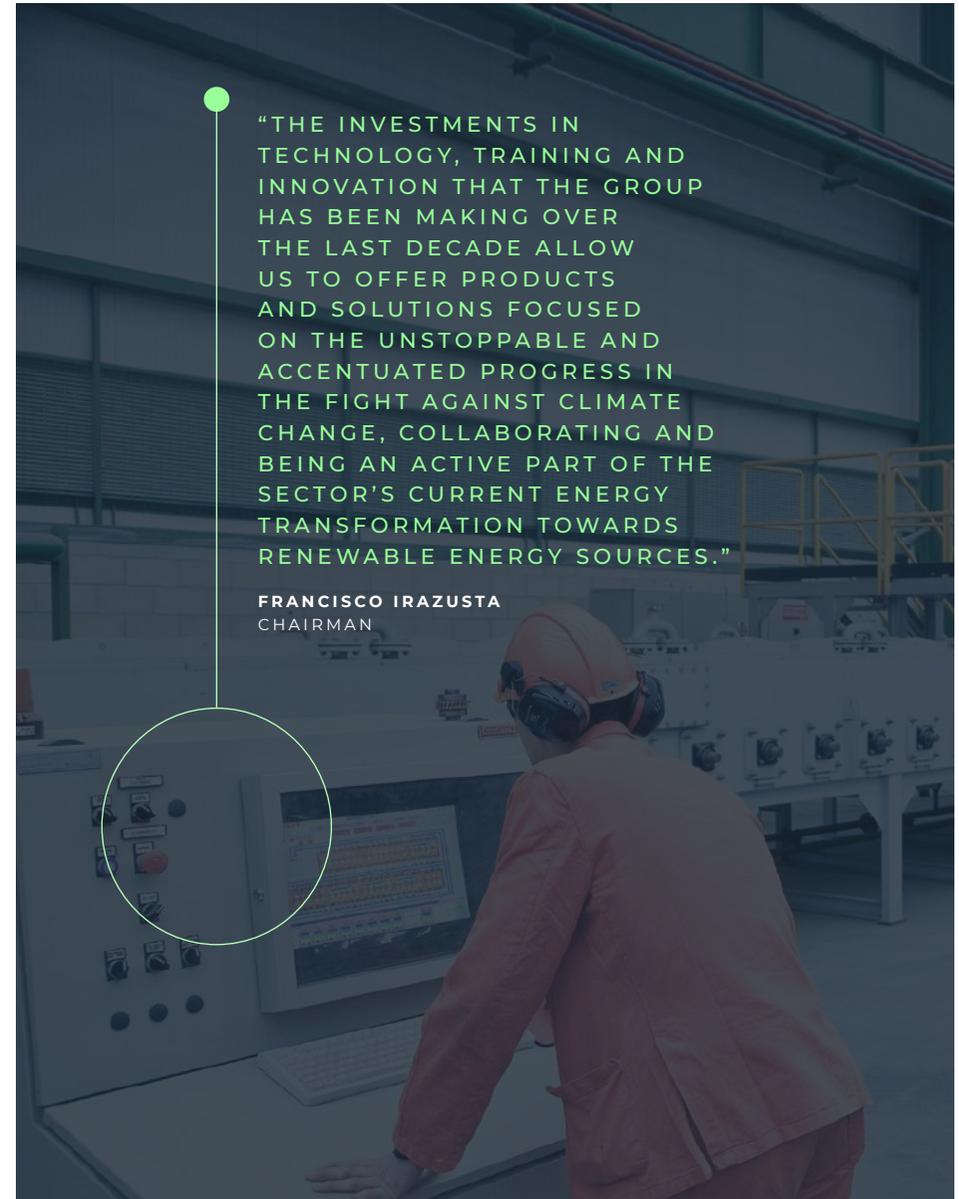
07

CULTURE OF INNOVATION AND INDUSTRIAL EXCELLENCE

INNOVATION AT THE TUBOS REUNIDOS GROUP

Innovation at the Tubos Reunidos Group is one of the most important keys to maintaining a strong and differential position as a leading supplier of niche piping solutions.

In 2020, we established an Innovation and Development Committee with the aim of overhauling the innovation management model within the Tubos Reunidos Group. We have implemented a system for collecting and analysing signals, which allows us to tackle the innovation and development projects, both at the process and product level, necessary to ensure the success of our future.





Letter from the Chairman



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INNOVATION PROCESS AT THE TUBOS REUNIDOS GROUP

The systematic approach we have designed is based on taking advantage of the large amount of market information that we obtain through different stakeholders in the Group, through a systematic collection and analysis to evaluate possible developments that could be implemented. We have set up a mailbox for the organised collection of such opportunities.

Opportunities are channelled through the Committee and regular meetings are held where opportunities will be prioritised based on commercial, market responsiveness and technical factors.

In order to involve and motivate people in the organisation, feedback of the outcome to other staff in general and to signal senders in particular is of vital importance as a lever to raise awareness of the importance of these initiatives and to help people get involved.

Once launched, this innovation path will be promoted internally through an awareness-raising campaign.

INDUSTRIAL INNOVATION AWARD

In December 2020, the Tubos Reunidos Group received the industrial innovation award at the sixth edition of the Vodafone Deia Innovation Sariak. In this edition, the work of our Group has been recognised for its commitment to innovation, despite the times of crisis.

At the award ceremony, our Managing Director, Carlos López, took the opportunity to extol the benefits of having a local supply chain and how important it is for us to position ourselves in niche and high added-value solutions. We are aware that savings and efficiency have to come from Industry 4.0, and not from the reduction of labour costs.

“INNOVATION IS MADE BY THE PEOPLE WHO EXPERIENCE THE TUBOS REUNIDOS GROUP ON A DAILY BASIS. IT IS ESSENTIAL TO CONTINUE TO ENCOURAGE OUR PEOPLE TO CONTRIBUTE IDEAS, ALWAYS ENSURING THAT INNOVATION IS LINKED TO THE CLIENT.”

CARLOS LÓPEZ
MANAGING DIRECTOR



TUBOS REUNIDOS GROUP RECEIVES SPECIAL RECOGNITION IN THE 2020 AWARDS FOR ITS STEADFAST COMMITMENT TO INVESTING IN PEOPLE AND TEAMS ON AN ONGOING BASIS.



LEARN MORE ABOUT THE 2020 AWARDS.



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NEW PRODUCTS AND APPLICATIONS

One of our main goals is to emphasise our commitment to the development of customised products with high added value for our clients. For this reason, we devote significant resources to innovation, one of the pillars on which our activity is based and the main way in which we achieve our objectives, through the development of new technologies and products that help us meet the needs of our clients.

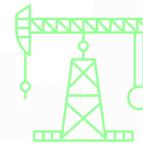
Our focus on innovation has led us to develop new steels and treatment processes that have resulted in increased resistance to the pressure, temperature, and corrosion encountered in deep water, Arctic temperatures and other aggressive environments in which oil and gas drilling primarily takes place.

PROJECTS UNDER WAY

We have personnel carrying out R&D&I activities in the Group's production plants in collaboration with leading Research Centres, in charge of carrying out all kinds of tests and developments that have been detected as a possible opportunity for the Group. In this sense, the projects we have carried out have been focused on all the sectors in which we work, **upstream, midstream, downstream.**

SECTORS IN WHICH THE TUBOS REUNIDOS GROUP WORKS AND OUR ONGOING PROJECTS

UPSTREAM



TUBOPRO Project

Linked to a new steel mill billet format
Completion: start of 2021.

TUBINOX Project,

Aimed at the integral manufacture of the new API 5RCA OCTG grades.

SOURTUBE Project

The development of the new TR125SS grade has been successfully initiated.

MIDSTREAM



Expansion of the special products range, incorporating the X60N and X60NS grades into the catalogue.

DOWNSTREAM



ACHIEF Project

Together with ten other partners from six European countries and Turkey, it is aimed at developing innovative materials for application in energy intensive industries (EI) in order to reduce the impact on the generation of greenhouse gases.

CRIOX Project

Development of stainless steel grades for applications where cryogenic service temperatures are required.

COREAL Project

Under the umbrella of the Hazitek programme, it develops new product capabilities within the family of nickel-based alloys, used in applications with high thermo-mechanical demands or corrosive environments.



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the Chairman



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In the OCTG (Upstream) area, significant progress has been made in achieving the new 7 5/8" casing dimension (TUBOPRO project) linked to a new steel mill billet format, which is scheduled to be completed in early 2021.

In addition, two new projects focused on high-value-added products in this area were launched in 2020. The first of these, with the acronym TUBINOX, is aimed at the integral manufacture of the new API 5CRA OCTG grades for applications with high resistance to combined corrosion, both sour (Sour Service) and sweet (Sweet Service); for example, the API 5CRA 13-5-2 grade, representing a **new milestone for the Amurrio plant**. Finally, the development of the new TR125SS grade has been successfully initiated within the framework of the SOUTRTUBE project, combining high resistance to corrosion in acidic environments and a high Elastic Limit (minimum 125 Ksi). These projects are financially supported by the ERDF (European Regional Development Fund) funds.

In the Midstream sector, work has also been done to expand the range of special products, incorporating the X60N and X60NS grades into the catalogue in dimensions that were previously outside the catalogue.

Driving the ecological transition

Finally, in relation to the power generation sector (Downstream-Powergen), the ACHIEF project was launched in 2020, together with ten other partners from six European countries and Turkey, approved by the European Commission within the SPIRE08 programme. It is aimed at developing innovative

materials for application in energy intensive industries (EII), in order to reduce the impact on the generation of greenhouse gases, as well as improving the efficiency and life expectancy of the equipment used. Specifically, we are involved in improving the high temperature creep behaviour of the 12%Cr furnace grade, and the supply of alloyed piping for the subsequent application of innovative coatings to improve erosion and corrosion resistance.

Similarly, within the framework of the CRIOX project, the development of stainless steel grades for applications where cryogenic service temperatures are required has been initiated. These types of applications are closely related to the possibilities of generating and storing Liquefied Natural Gas and producing Hydrogen. This should position us within the value chain of one of the main vectors of the energy transition, towards which a large part of the powergen sector and its main players are orienting themselves.

Leaders in technological innovation

Finally, we are developing the COREAL project under the umbrella of the Hazitek program. The aim is to develop new product capabilities within the family of nickel-based alloys, used in applications with high thermo-mechanical demands or corrosive environments. This type of development fits in perfectly with the special and niche product philosophy. The dimensional range under study is outside the manufacturing possibilities of most seamless pipe manufacturers and this development should serve as a technological and commercial lever for the Tubos Reunidos Group in growing areas for this type of piping and application.

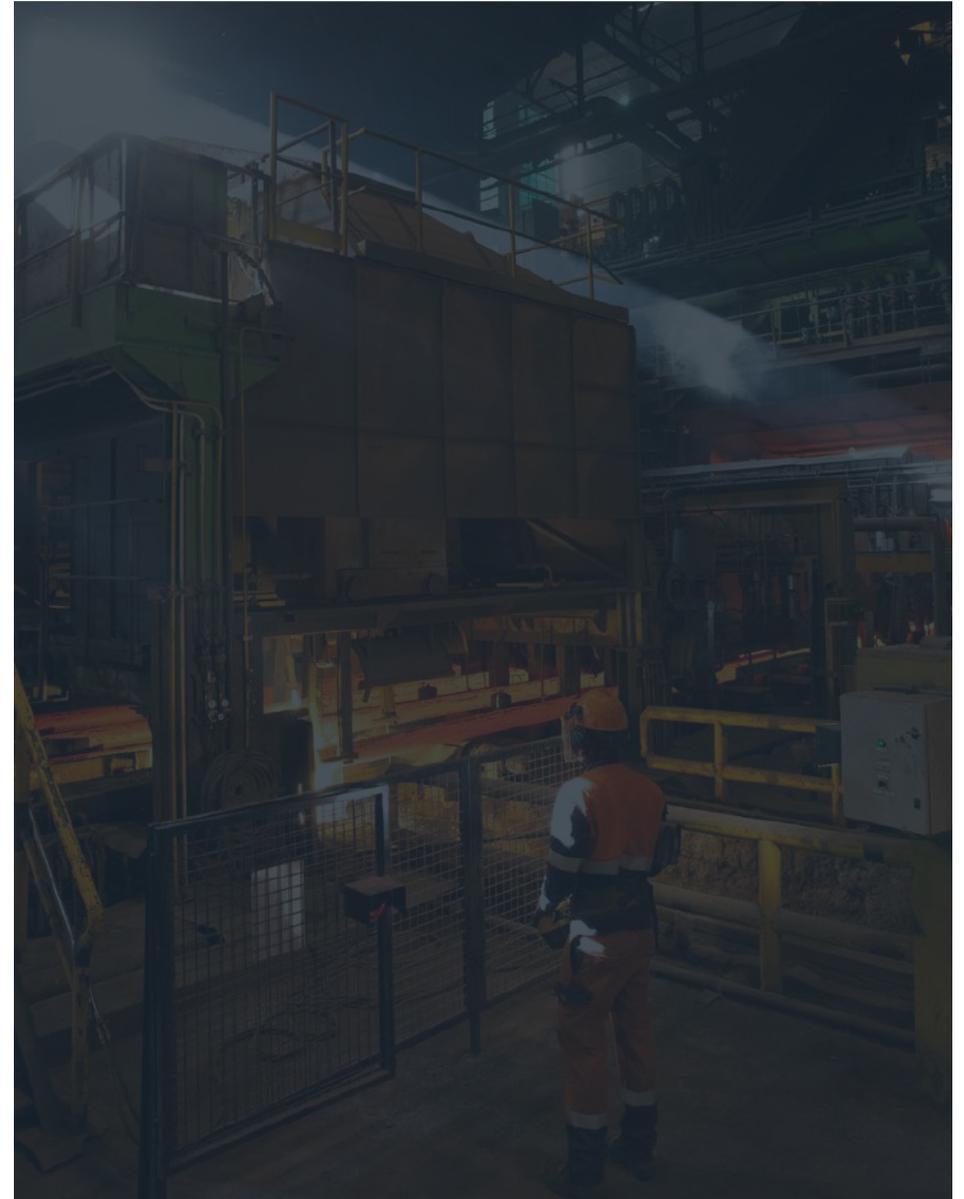
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COOPERATION WITH MAJOR SECTOR PLAYERS

In November 2020, we signed the renewal of the agreement with Marubeni-Itochu Steel to continue our joint operations as partners in Tubos Reunidos Premium Threads (TRPT) for the next three years. This partnership with Marubeni-Itochu Steel started in 2016 and specialises in pipe finishing with premium connections for the energy world, mainly for highly demanding oil and gas wells.

The new agreement will involve the marketing of 34,000 tonnes. The seamless steel pipe will be manufactured at the Tubos Reunidos Industrial (TRI) plant in Amurrio and will subsequently receive special state-of-the-art Premium machining and threading treatments at the TRPT plant, destined for the most important oil and gas markets around the world.

**SDG17**
PARTNERSHIPS FOR
THE GOALS

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DIGITISING OUR PRODUCTION PROCESS

FIRM COMMITMENT TO INDUSTRY 4.0.

At the Tubos Reunidos Group, we do not want to miss the opportunity offered by being immersed in the fourth industrial revolution, which is allowing us to incorporate disruptive technologies into our facilities to increase the efficiency of our processes and enable us to manufacture intelligent products in the future.

Industry 4.0 provides a number of opportunities for our Group to move even faster towards smart machines, lines and factories.

As a clear demonstration of our involvement and commitment to Industry 4.0 as a lever for growth, at the Tubos Reunidos Group we have joined the BIND 4.0 initiative, created by the Department of Economic Development and Infrastructure through the SPRI Group, collaborating in the fifth edition in search of the best technological projects among different start-ups from all over the world.

In our participation, we have met with more than 20 innovative start-ups through the engineering, technology, logistics and systems departments of our two main production units.

These start-ups incorporate technology in order to implement improvements in industrial processes.

LINKS ESTABLISHED WITH START-UPS

**BIG DATA**
for statistical
analysis of
defectology
forecasts**DIGITAL TWIN**
for modelling planning
based on hypotheses of
offers and orders and control
of interaction between
different variables**MACHINE VISION**
for defect detection
and material
segregation, both hot
and cold

We will continue discussions with these companies in order to look for possible areas of joint collaboration.



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the Chairman



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GOOD GOVERNANCE





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GOVERNANCE BODIES

The proper functioning of the governing bodies of the Tubos Reunidos Group guarantees the achievement of the company's objectives in line with our Strategic Plan.

The Board of Directors of our Group is fully committed to the continuity of the company, firmly convinced that the new Strategic Plan will lead us to achieve the objectives set.

100%

% ALL BOARD
RESOLUTIONS HAVE
BEEN ADOPTED
UNANIMOUSLY.

LEADING A NEW PHASE

In April 2020, Francisco Irazusta joined the team as the new Executive Chairman, strengthening the executive front line to lead this new phase initiated after the refinancing agreement.

Francisco has extensive international experience in different industries. With a strong focus on strategy, **innovation and health and safety**, he is helping the team to meet the tough challenges we will face in the coming years.

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MEETINGS
IN 2020

Members of the Board of Directors

Mr. Francisco Irazusta Rodríguez*	Executive Chairman
Mr. Emilio Ybarra Aznar	Deputy Chairman
Mr. Jorge Gabiola Mendieta**	Coordinating Director
Mr. Alfonso Barandiarán Olleros	Member
Mr. Enrique Mígoya Peláez	Member
Ms. Ana Muñoz Beraza	Member
Mr. Jesús Pérez Rodríguez-Urrutia***	Member
Mr. Juan María Román Gonçalves	Member
Mr. Cristóbal Valdés Guinea	Member
Ms. Leticia Zorrilla de Lequerica Puig	Member
Ms. Inés Nuñez de la Parte	Non-director secretary

- Proprietary director
- Other External Director
- Independent director

* Appointed Director and Executive Chairman via co-option on 28 April 2020.

** Non-Executive Chairman and Other External Director until 28 April 2020, when he was co-opted onto the Board as an Independent Director and appointed as an independent Coordinating Director.

*** Appointed via co-option on 30 January 2020.

As part of the governance model, the Board of Directors of Tubos Reunidos has two supervisory committees (non-decision-making) that assist in the performance of the duties entrusted to them in accordance with the Group's Articles of Association and the Board Regulations.

AUDIT COMMITTEE

Responsible, among other matters, for the supervision of financial reporting, the management of internal and external audit services, as well as the supervision of legal and governance requirements.

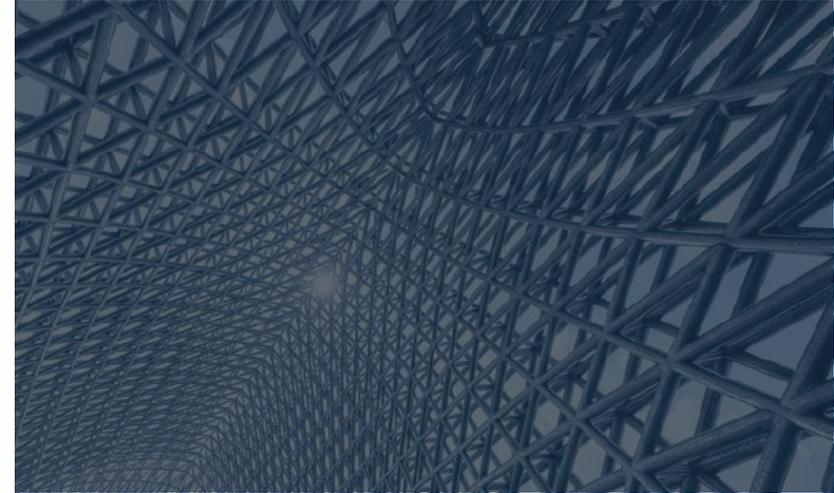
Members of the Audit Committee

● Mr. Juan María Román Gonçalves	Chairman
● Mr. Enrique Mígoya Peláez	Member
● Ms. Ana Muñoz Beraza	Member

- Proprietary director
- Other External Director
- Independent director

MEETINGS
IN 2020

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APPOINTMENTS AND REMUNERATION COMMITTEE

Responsible for assessing the skills, knowledge and experience required of candidates to fill vacancies on the Board and Management Committee.

Members of the Appointments and Remuneration Committee

● Ms. Ana Muñoz Beraza	Chairwoman
● Mr. Jorge Gabiola Mendieta	Member
● Mr. Juan María Román Gonçalves	Member
● Mr. Cristóbal Valdés Guinea	Member

- Proprietary director
- Independent director

MEETINGS
IN 2020

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Letter from the Chairman



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WE ARE COMMITTED TO DIVERSITY IN THE GOVERNING BODIES; A FEMALE EXECUTIVE JOINED OUR COMMITTEE

FUNCTIONS OF THE HIGHEST GOVERNANCE BODY

The Board of Directors is, after the General Shareholder's Meeting, the highest decision-making body of the Group.

As stated in the Regulations, the Board of Directors is responsible for the achievement of the corporate purpose, the protection of general interests and the creation of value for the benefit of all shareholders. Consequently, the Board of Directors must, at all times, be guided by the criterion of maximising the value of the Group.

In application of the above criteria, the Board determines and reviews the business, commercial, industrial and financial strategies, the planning of the Tubos Reunidos Group and the implementation of investment projects in order to obtain maximum profit with reasonable risk.

However, the Board has delegated the day-to-day management of the Company to a Management Committee chaired by the Managing Director, although powers that are legally or statutorily reserved for direct use by the Board or those necessary for the responsible exercise of its functions may never be subject to delegation under any circumstances.

MEMBERS OF THE GROUP STEERING COMMITTEE ACTIVE IN 2020

Members

Mr. Carlos López de las Heras	Managing Director
Mr. Antón Pipaón Palacio	Deputy Managing Director
Ms. Izaskun Eyara Alvarez*	Financial Director
Ms. Inés Núñez de la Parte	Director of Legal Advisory Services
Mr. Miguel Garrido Iria	Director Sales & Operations Planning
Mr. Andoni Jugo Orrantia	Industrial Director of TR Industrial
Mr. Jon Zarandona Rekalde	Industrial Director of Productos Tubulares:
Mr. Jon Bikandi Iturbe	Deputy Industrial Director of Productos Tubulares
Mr. Francesc Ribas Collel	TR Usa Director
Mr. Iñigo Urrutikoetxea Portugal	Sales Director
Mr. Francisco Torres Malo**	Internal Audit Director

* She joined the Steering Committee in January 2020.

** He ceased to serve on the Steering Committee in December 2020, and Mr Alberto Santamaría Rubio was appointed Internal Audit Director in January 2021.

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REMUNERATION

On 29 October 2020, the General Shareholders' Meeting approved the new text of the Board Remuneration Policy, available on the website.

In compliance with statutory provisions, in 2020 the remuneration system for directors, for their supervisory and joint decision-making functions, consisted of the following remuneration:

- **Fixed annual remuneration** for the role of member of the Board of Directors and proportional to the term of office during the financial year.
- **Fixed annual remuneration in addition** to the above for the Executive Chairman for his executive functions and his position as Chairman of the Board.
- **Additional fixed annual remuneration** for the Coordinating Director for his greater dedication (equal to that previously received as Non-Executive Chairman).
- **Fixed annual remuneration additional to the above** for one of the members for their greater dedication to the control and monitoring of compliance with the obligations of the refinancing agreement.
- **Per diems for attendance at meetings of the Board and committees.** In the case of the chairpersons of the Supervisory committees (Audit and Appointments and Remuneration), the amount of the per diem is double, due to their greater dedication and the tasks they assume.



CONSULT THE
NEW BOARD
REMUNERATION
POLICY

TO DETERMINE
THE BOARD'S
REMUNERATION
POLICY, WE HAVE
EXAMINED THE
POLICIES AND
CRITERIA USED
BY COMPARABLE
LISTED SPANISH
COMPANIES
INCLUDED IN
THE DIRECTORS'
REMUNERATION
REPORTS
PUBLISHED BY
TWO LEADING
CONSULTING FIRMS.



- **A token share of 0.5% of the Group's consolidated net profit**, provided that the legal reserve is covered and a minimum dividend of 4% has been recognised. This item has not been applied as no consolidated net profit has been generated.

Process for determining remuneration

The Appointments and Remuneration Committee annually reviews the amounts of remuneration for directors and members of the Steering Committee, making the corresponding proposals to the Board of Directors.

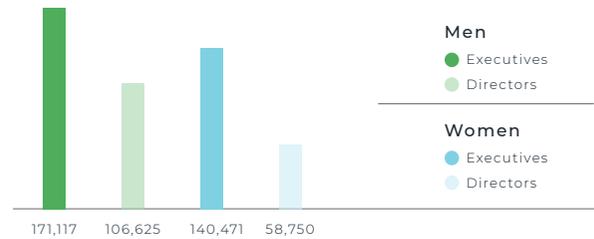
The Committee also annually verifies whether the objectives established for the members of the Steering Committee have been met and, consequently, the variable remuneration to be paid, which it then submits to the Board of Directors for approval.

Stakeholders' involvement in remuneration

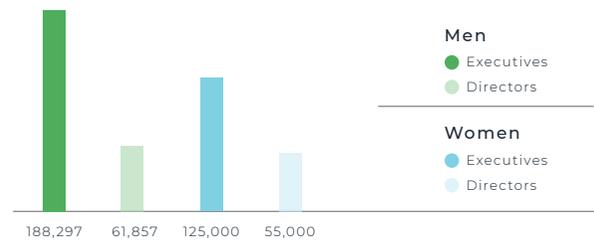
On the agenda of the Ordinary General Shareholders' Meeting of the Company, the Annual Report on the Remuneration of the Board, the text of which is made available in advance and includes the remuneration policy of the Board and the amounts received individually by its members for each item, is submitted for the consideration of the shareholders on a consultative basis. This amount was approved unanimously at the General Meeting held on 29 October 2020.

Average remuneration (euros)*

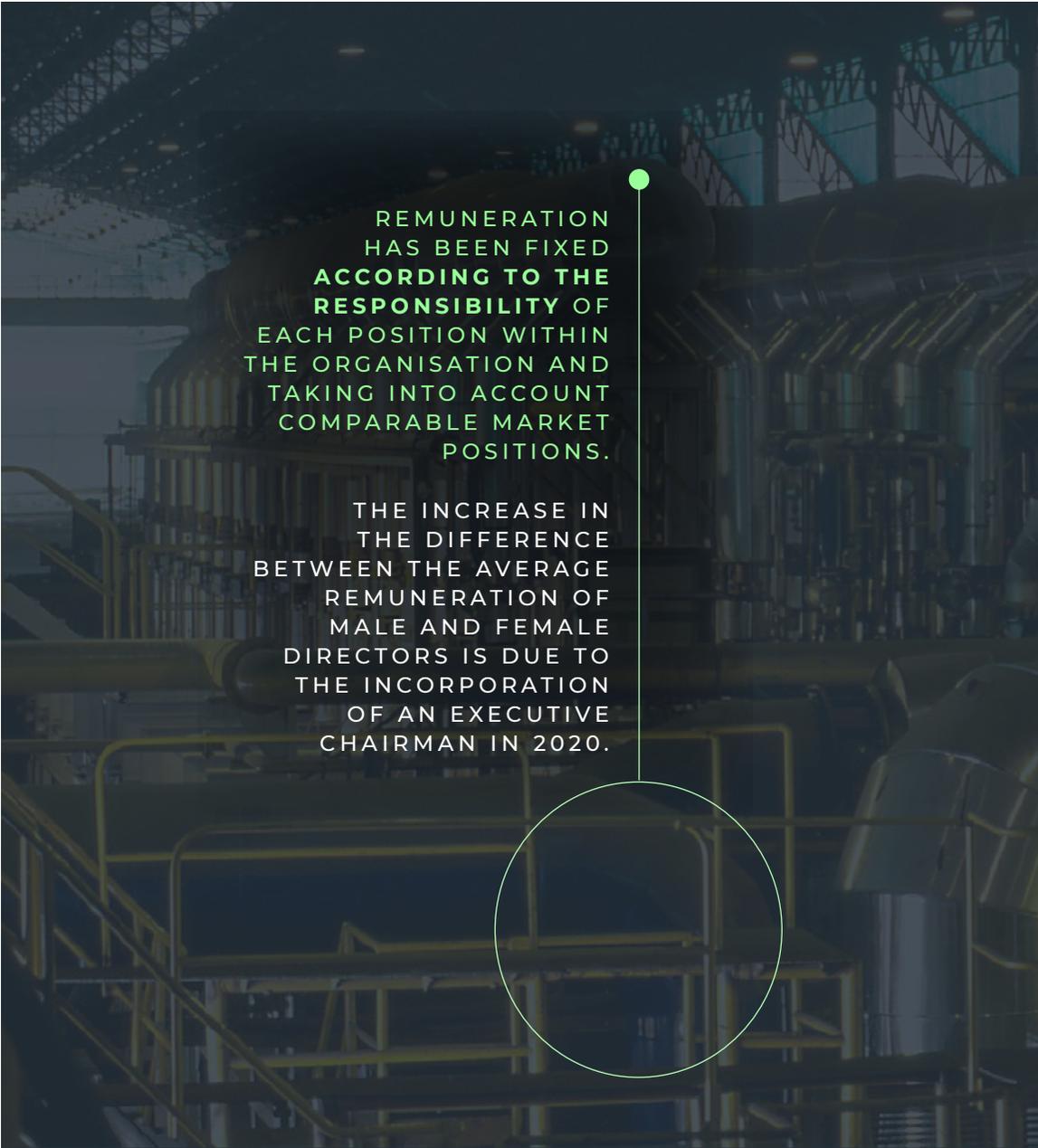
2020



2019



*The average remuneration of the Board of Directors has been calculated based on the amounts paid during the financial year, not including accrual.



REMUNERATION
HAS BEEN FIXED
ACCORDING TO THE
RESPONSIBILITY OF
EACH POSITION WITHIN
THE ORGANISATION AND
TAKING INTO ACCOUNT
COMPARABLE MARKET
POSITIONS.

THE INCREASE IN
THE DIFFERENCE
BETWEEN THE AVERAGE
REMUNERATION OF
MALE AND FEMALE
DIRECTORS IS DUE TO
THE INCORPORATION
OF AN EXECUTIVE
CHAIRMAN IN 2020.

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RISK MANAGEMENT

NEW COMPREHENSIVE RISK MANAGEMENT SYSTEM

Risk management at the Tubos Reunidos Group is driven by the Board of Directors and the Management Team and is intended to provide reasonable assurance in achieving the objectives set out by the Group, providing the various stakeholders and the market in general with an appropriate level of guarantee that reasonably ensures the protection of the value generated.

At the Tubos Reunidos Group, we are exposed to a number of risks inherent in our business and in the markets where we are present, which, if realised, could even affect the attainment of our strategic objectives. Risk management is one of the essential elements that have always been an integral part of our philosophy and culture. In order to deal with the uncertainties inherent in complex scenarios such as those faced on a day-to-day basis, the Group has a Comprehensive Risk Management System that aims to facilitate the correct identification, assessment, management and control of the potential effects thereof.



**RESPONSIBILITY
FOR CORPORATE
RISK MANAGEMENT
LIES WITH THE
BOARD ITSELF,
WHICH**



**DELEGATES
SUPERVISION
AND PROPER
FUNCTIONING
TO THE AUDIT
COMMITTEE,
WHICH HAS AN
INTERNAL AUDIT
AREA FOR THIS
PURPOSE**

Comprehensive risk management is essential to ensure compliance with the business strategy. Therefore, our risk management system is fully aligned with our strategic plan.

Given the dynamism of the markets and the sector in which we operate, the Group updates the Corporate Risk Map in detail on an annual basis, adapting the level of tolerance and defining mitigation plans for those risks we consider to be key.

Involvement of all our staff in risk management

As a result of this update, our approach to risk management in 2020 has included the collaboration of an independent expert to compare and contrast our model with other best practices.



Letter from the Chairman



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The main components of the Comprehensive Risk Management System are as follows:

- **A Risk Management Policy** that underpins the entire system and establishes a new management methodology.
- **An inventory (Map) of risks** by area and category, with a specific owner for each identified risk.
- **Recurrent updating of the main elements**, obtaining a true picture of the main risks threatening the achievement of objectives.
- **A scorecard with generic and specific KPIs** for the key risks identified.
- **An adaptation of the roadmap and action plan** for the mitigation of key risks in the short and medium term.

Our Comprehensive Risk Management System includes both financial risks (detailed in the financial statements) and non-financial risks, divided into five categories and prioritised into three levels.

We focus on the first level risks, without overlooking the rest, and we continuously monitor them through KPIs. We believe this is essential in order to be able to anticipate the changing environment in which we find ourselves, and to be able to make the most appropriate decisions for the Group.

MAIN NON-FINANCIAL RISKS IDENTIFIED

Strategic risks

Macroeconomic and market developments	Risk linked to possible macroeconomic changes and especially the sector in which we operate; forcing us to be very flexible and adapt to market cycles.
Managing the pandemic	Managing COVID-19 at all levels (human, logistical, economic, etc.) and its effects on the coming year is one of the major risks and challenges facing all companies.

Operational risks

Health and safety of our staff	Inadequate design, implementation and monitoring of Health and Safety policies can put our greatest asset – our staff – at risk.
Quality in products	Excellence in the production process, in order to be able to provide clients with a product with adequate quality standards, is vital in order to maintain the confidence of our clients.
Attracting and retaining talent	The sustainability of our Group and the achievement of our strategic plan depends primarily on having the right people with the right experience and knowledge of the business.
Cybersecurity and information security	The data of our clients and suppliers, as well as that of our production system, is a differential value; its loss or theft is a serious risk.

Governance risks

Group culture and organisation	In order to achieve the new strategic objectives, the Group's values and culture must be conveyed internally and be internalised by each member of our staff.
--------------------------------	---

Compliance risks

Environmental impact	At the Tubos Reunidos Group, we are aware of our impact on the environment. Therefore, one of the main challenges is not only to reduce our negative impact on it, but also to generate a positive impact through our processes and products.
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the Chairman



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ETHICS AND COMPLIANCE

Our corporate culture is based on ethics, integrity and good governance.

At the Tubos Reunidos Group, our objective is to ensure that employees, directors and all those linked to the Group comply with and conform to current legislation, the corporate governance system and generally accepted ethical and social responsibility principles.

In order to achieve these objectives, our Group has



TOOLS THAT GOVERN THE GROUP'S ETHICAL AND SOCIAL RESPONSIBILITY PRINCIPLES

- Code of Ethical Conduct
- Gifts Policy
- Internal Rules of Conduct and Disciplinary Regime
- Criminal Risk Prevention Model

In September 2020, the Group started a Compliance Project to review and diagnose the Prevention Model and certify its suitability, which entails the review and updating of internal rules by an inde-



WHISTLE BLOWING CHANNEL

we have a whistleblowing channel visible on the website, where anyone can report conduct contrary to the Group's principles and values and/or the law.



CHECK THE WHISTLEBLOWER CHANNEL EMAIL ADDRESS

In 2020, a complaint was received through this channel and it was properly managed.

pendent external advisor. The aim is to adapt them to the new regulations and needs of the Group, and complete them if necessary. The project is expected to be completed in the first quarter of 2021.

Independent control body

In addition, in order to safeguard and ensure the maintenance of a culture of ethics and compliance, the Tubos Reunidos Group has an Independent Control Body (ICB), composed of:

CHAIRMAN

Secretary of the Board of Directors

MEMBERS

Chairman of the Audit Committee

TR Group Finance and Management Control Director

TR Group Internal Audit Director

SECRETARY

Lawyer from TR Group Legal Advisory Services

The ICB has undergone a review of its structure and functioning and its internal regulations were approved by the Board during 2020.

The ICB ensures the effective functioning of the Compliance Model and compliance with all internal rules that comprise it.

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CODE OF CONDUCT AND ETHICAL COMMITMENT

The current Code of Ethical Conduct, approved on 3 May 2016, which is in the process of being reviewed and updated, is mandatory for all members of the Group: directors, executives and employees.

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.

Commitment of our suppliers

In order to spread good practices and responsible behaviour, we ask our suppliers to adhere to the Code of Conduct. Executives have signed an Ethical Commitment which reinforces the obligations already imposed on them by internal regulations.

CRIMINAL RISK PREVENTION MODEL

At the Tubos Reunidos Group, we are aware of the importance of good criminal risk management, as this makes it possible to identify and mitigate, as far as possible, the possibility of crimes being committed within the Group. This is why we have had a Criminal Liability Prevention Model approved since 2016.

This Model has undergone an in-depth analysis and update during the 2020 financial year, which will culminate in the first quarter of 2021. As a result of this review:

- **A Criminal Risk Prevention and Compliance Policy is being developed** to demonstrate the highest level of commitment of the Group, the Board and Senior Management in this area, thus demonstrating the "Leadership and Commitment" required by the UNE 19601 Standard.
- **The Criminal Risk Prevention and Compliance Manual is being modified**, providing it with an updated structure and content in line with the UNE 19601 Standard.
- **The compliance risk assessment and prioritisation methodology is being updated** to include probability, impact and take into account the current level of management.
- **A matrix with risks and controls is being finalised to mitigate criminal risks**, associating performance indicators with them and encompassing them in an Annual Plan for testing.

AT THE TUBOS
REUNIDOS
GROUP, WE ARE
AWARE OF THE
IMPORTANCE
OF GOOD
CRIMINAL RISK
MANAGEMENT

AS THIS MAKES
IT POSSIBLE TO
IDENTIFY AND
MITIGATE, AS FAR
AS POSSIBLE, THE
POSSIBILITY OF
CRIMES BEING
COMMITTED WITHIN
THE GROUP.

ANTI-CORRUPTION AND BRIBERY MEASURES

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, and taking into account the sector in which we do business, we take the necessary measures, paying particular attention to:

SEGREGATION OF FUNCTIONS

Re-establishing adequate **segregation of duties** at all hierarchical levels of the Group.

ACCOUNTING SAFEGUARDS

Ensuring that all payments and transactions are **properly accounted** for in the company's accounts

PREVENT MONEY LAUNDERING

Preventing money laundering with a robust and up-to-date financial information control system.

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.

PROHIBITION OF GIFTS

Expressly prohibiting the acceptance or delivery of gifts in exchange for a business, contract or any other exchange of activity.

FAIR AGREEMENTS

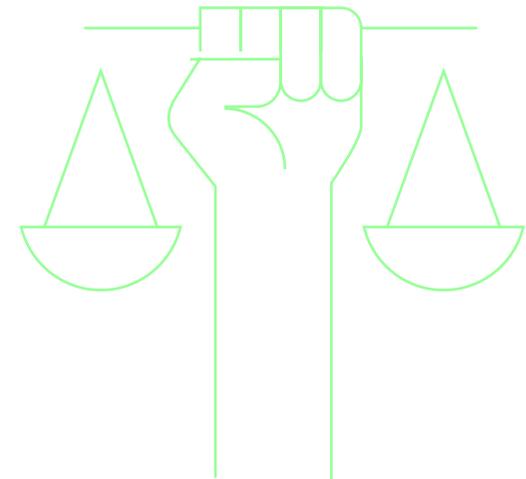
Prohibiting antitrust practices, defined as agreements or business practices between two or more companies to promote dominance or restrict competition.

CONTRIBUTIONS TO POLITICAL PARTIES

In the Group, **we make no direct or indirect donations or contributions to political parties or organisations**, their representatives or candidates

PREVENTION OF MONEY LAUNDERING

The Group is fully committed to compliance with Law 10/2010 of 28 April on the Prevention of Money Laundering and the Financing of Terrorism, and specifically includes the offence of money laundering under Article 301 of the current Criminal Code in the "Catalogue of Offences" of its Criminal Liability Prevention Plan. According to the specific analysis carried out, the level of risk prior to the Plan of Measures is moderate and of low probability. As a consequence of the adoption of this Plan, the final risk of this crime is reduced and becomes tolerable, with a minimum probability of commission.



HUMAN RIGHTS

The Tubos Reunidos Group is firmly committed to respecting human rights, not only for its employees, but also for all those who have a direct or indirect relationship with the Group. This is why at the Tubos Reunidos Group, we are committed to applying the contents of the Universal Declaration of Human Rights, the United Nations Global Compact and other conventions and treaties of international organisations such as the Organisation for Economic Co-operation and Development and the International Labour Organisation.

Code of Ethics

The Tubos Reunidos Group's human rights due diligence is based on its Code of Ethical Conduct, which is constantly updated and contains clauses on human rights. Compliance with this Code is mandatory for all members of the Group. In the event of any non-compliance, as explained



LINK TO THE
WHISTLEBLOWING
CHANNEL.



CONSULT THE
WHISTLEBLOWING
CHANNEL
ADDRESS.

in the section on Ethics and Compliance, there is a whistleblowing channel on the website where anyone can inform the Group of a potential human rights violation.

Likewise, due to our commitment to local development, the Group's production centres are located in Spain and the United States, where respect for human rights is ensured by both labour regulations and collective bargaining agreements.

Similarly, the fact that a large part of the supply chain is national or European means that compliance with human rights is a reality in all the Group's actions. In any case, our suppliers must adhere to the Group's Code of Ethical Conduct.

In 2020 and 2019, no complaints were received for human rights violations.

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TAX STRATEGY OF TUBOS REUNIDOS GROUP

At the Tubos Reunidos 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. With the aim of complying with applicable legislation, as well as being responsible towards our stakeholders, we have a Corporate Tax Policy.

The Policy was approved in 2018 by the Audit Committee. Since then, it has been reviewed and updated annually by the same body. The Group's Economic Department is the executive department in charge of ensuring compliance with it, referring material issues to the Management Committee. The associated risks are dealt with on a monthly basis by the Group's tax team, relying on external advisors for the most relevant issues.

At the Tubos Reunidos Group, we are committed to creating long-term sustainable value for our stakeholders (clients, employees, shareholders, suppliers and society in general). To achieve this, our tax policy is based on the following principles:

OUR TAX POLICY PRINCIPLES

- **Application of and compliance with the tax regulations** applicable in all the territories in which we operate.
- **Promotion of responsible tax action**, which prevents tax risk through efficient and transparent management.
- **Maintaining a relationship with the tax authorities** based on the principles of good faith, collaboration and transparency.
- Assurance that the **Board of Directors is aware of the tax implications of all its decisions**.

The Tubos Reunidos Group maintains regular communication with the Provincial Council of Álava, the competent administration in relation to the parent company and the Tax Group comprising the main production plants, in order to deal with any issues that may have a tax impact, or to make the necessary enquiries to ensure proper compliance with tax obligations.

Among the Group companies, only one of them has made payments to its respective tax authorities for corporate income tax, as the other companies, given the results obtained, have not incurred any tax payables. Specifically, 4000 euro were paid in 2020 (12,000 euro in 2019).



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Otros indicadores a destacar (en miles de euros)

	2020	2019
Results before taxes		
in Spain	-75,521	-20,430
in the USA	-22,391	-18,608
Tax on profits paid		
in Spain	4	12
in the USA	-	-
Public subsidies received		
in Spain	2,617	2,599
in the USA	1,229	-

The Group's companies receive grants for the execution of R&D+I projects. The sums received for these items in Spain are listed in the table below, expressed in thousands of euro:

Subsidies and loans for investments and R&D+I (in thousands of euro)

	2020	2019
Subsidies for R+D+I projects	234	195
Subsidies for CO ₂ * emission allowances	2,814	2,140
Other subsidies	3,612	2,236
Investment loans	-	168

*Emission allowances are monetised at the starting price of each year according to SendeCo₂.



286 M€

THE ECONOMIC
VALUE
DISTRIBUTED
IN FINANCIAL
YEAR 2020

THE INCREASE IN
OUR INVESTMENT
SUBSIDIES IS A
CLEAR REFLECTION
OF THE INVESTMENT
COMMITMENT WE
ARE MAKING IN THE
GROUP TO BE AT
THE FOREFRONT OF
INNOVATION.



FOR FURTHER
INFORMATION,
CONSULT ANNUAL
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ANNEX 1

SUPPLEMENTARY INFORMATION ON EMPLOYEES



Average annual contracts by gender

	2020		2019	
	Permanent	Temporary	Permanent	Temporary
Men	1,011	60	1,170	54
Women	105	10	109	10

Average annual contracts by age

	2020		2019	
	Permanent	Temporary	Permanent	Temporary
Under 30 years old	22	17	42	16
Between 30 and 50 years old	863	51	988	41
Over 50 years old	231	2	249	7

Average annual contracts by professional category

	2020		2019	
	Permanent	Temporary	Permanent	Temporary
White Collar	225	18	252	14
Blue Collar	746	52	874	50
Fuera de Convenio	145	-	153	-

Average annual number of contracts by professional category, by age and by gender

	Gender		Age			Professional Category		
	Men	Women	Under 30 years old	Between 30 and 50	Over 50 years old	White collar	Blue Collar	Non-union
2020	8	5	-	6	7	4	8	1
2019	10	6	-	5	11	5	9	2



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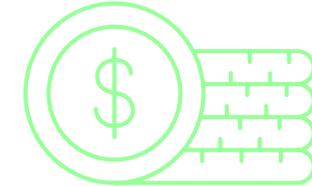
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Ratio of company minimum wage compared to minimum wage⁽¹⁾

	2020		2019	
	Company minimum wage	Ratio	Company minimum wage	Ratio
TRSA	28,000	2.11	30,615	2.43
TRI	29,529	2.22	29,529	2.34
PT	29,669	2.23	29,669	2.35
TRPT	19,916	1.50	16,000	1.27
ACECSA	25,161	1.89	23,944	1.90
TR SERVICES	20,368	1.53	13,006	1.03



⁽¹⁾ In the case of Tubos Reunidos Services, the ratio has been calculated taking as a reference the figure of the lowest salary of the two provincial agreements that apply (Barcelona and Cádiz). RDT and Tubos Reunidos de America, not listed in the table, are governed by Texas state law, which stipulates a minimum wage of USD 7.25/hour, with us applying a \$12/hour minimum wage for a low-skilled, inexperienced position.

Absolute turnover rate⁽²⁾

	2020	2019
Men	10%	4%
Women	7%	1%
Under 30 years old	26%	3%
Between 30 and 50 years old	6%	2%
Over 50 years old	22%	7%

⁽²⁾ The absolute turnover rate has been calculated using the following formula: Absolute turnover rate = (Total departures from Group during financial year/Total permanent workers in the Group) x 100.



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Number of dismissals by gender, age, professional category

	2020	2019
Men	73	5
Women	6	1
Under 30 years old	10	-
Between 30 and 50 years old	41	6
Over 50 years old	28	-
White Collar	13	2
Blue Collar	64	3
Non-union	2	1

Training hours by professional category

	2020		2019	
	Total hours	Average per worker	Total hours	Average per worker
White Collar	2,228	9.2	2,940	10.62
Blue Collar	4,086	5.1	9,305	9.37
Non-union	655	4.5	4,484	27.84

Number of courses by area

	2020	2019
Master's degree	1	9
Technical courses	30	68
Development courses	10	10
Quality courses	16	29
Courses on non-destructive testing	7	26
OHS courses	41	63



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Number of prevention officers

	2020		2019	
	Men	Women	Men	Women
TRI	5	-	5	-
PT	3	-	3	-
RDT	-	-	3	-
TRPT	2	-	2	-
ACECSA	1	-	1	-
TRAME	-	-	-	-
TOTAL	11	-	14	-

Impacts on health and safety — 2020

	WHITE COLLAR		BLUE COLLAR		TOTAL PLANTILLA PROPIA	CONTRATAS	
	Hombres	Mujeres	Hombres	Mujeres		Hombres	Mujeres
N° accidents with leave	5	-	88	-	93	22	-
N° accidents without leave	9	1	125	1	136	47	-
Total n° accidents	14	1	213	1	229	69	-
N° commute accidents	2	-	3	-	5	-	-
N° occupational illnesses declared	-	-	-	-	-	-	-
Death due to occupational accident	1	-	-	-	1	1	-
N° of days lost	17	-	2,073	-	2,090	-	-
N° of hours worked	448,447	145,573	1,193,694	22,434	1,810,178	145,877	24,960
Frequency index (FI)* or frequency rate (FR)	11.15	-	73.72	-	51.38	150.81	-
Severity index (SI)** or lost days rate (LDR)	0.04	-	1.74	-	1.15	-	-

* Frequency index: accidents with leave x 1,000,000/number of hours worked.

** Severity index: number of days lost due to accident with leave x 1000/number of hours worked.



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Impacts on health and safety — 2019

	WHITE COLLAR		BLUE COLLAR		TOTALES
	Hombres	Mujeres	Hombres	Mujeres	
N° accidents with leave	-	-	76	-	76
N° accidents without leave	6	1	150	1	158
Total n° accidents	6	1	226	1	234
N° commute accidents	-	-	7	-	7
N° days lost	-	-	2,378	-	2,378
N° of hours worked	427,879	143,653	1,343,897	29,073	1,944,501
Frequency index (FI)* or frequency rate (FR)	-	-	56.55	-	39.08
Severity index (SI)** or lost days rate (LDR)	-	-	1.77	-	1.22

* Frequency index: accidents with leave x 1,000,000/number of hours worked.

** Severity index: number of days lost due to accident with leave x 1000/number of hours worked.



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ANNEX 2

ADDITIONAL ENVIRONMENTAL INFORMATION

Breakdown of consumption of renewable and non-renewable materials

Renewable materials

59,348

2020

263,515

2019

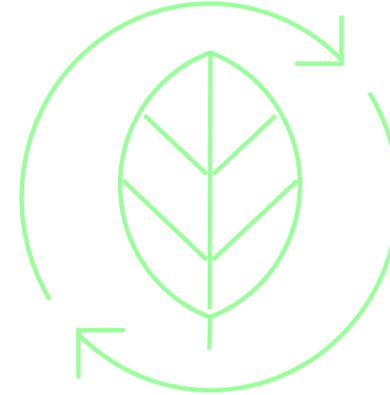
Non-renewable materials

170,315

2020

91,767

2019



Water abstraction by source (ML)

2020

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
66.2	19.5	197.9	283.6

Total water consumption (ML)

255

2020

* Fresh: total dissolved solids better than or equal to 1000mg/l

Water discharges

2020

Water discharges to watercourse (m ³)	Total water discharges by destination	Surface water	Water to third parties	Total water discharges by freshwater or other water	Freshwater*	Other water**
102,039	127.7	102.0	25.7	283.6	30.6	22

*Dulce: total de sólidos disueltos menor o igual a 1000mg/l

** Other water: total dissolved solids greater than 1000mg/l



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Breakdown of water consumption by company and source type

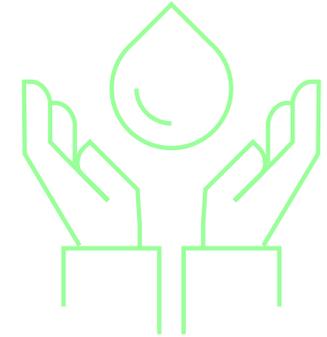
	2019		
	Surface water abstracted (m ³)	Groundwater abstracted (m ³)	Municipal water supply (m ³)
PT	-	-	132,478
TRI	104,580	-	70,246
TRPT	-	-	521
RDT	-	26,464	-
ACECSA	-	-	6,239
TOTAL	104,580	26,464	209,484

Recycled and reused water (m³)

	2019
	PT
TRI	11,337,280
TRPT	-
RDT	-
ACECSA	-
TOTAL	20,277,618

Water discharge

	2019		
	Water discharges to watercourse (m ³)	Water discharges to collector (m ³)	Total water discharges (m ³)
PT	7,208	19,464	26,672
TRI	75,148	-	75,148
TRPT	-	521	521
RDT	-	-	-
ACECSA	-	3,904	3,904
TOTAL	82,356	23,889	106,245



THE DATA ASSOCIATED WITH “WATER” FOR THE 2020 AND 2019 FINANCIAL YEARS ARE NOT COMPARABLE, AS THE INFORMATION FOR THE 2020 FINANCIAL YEAR IS BEING PROVIDED ON THE BASIS OF THE UPDATED GRI STANDARD, WHICH CAME INTO FORCE ON 1 JANUARY 2021. SEE ANNEX 3.


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Breakdown of energy consumption by company and source type
NON-RENEWABLE SOURCES (MWH)

COMPANY	2020	2019	2018
PT	91,769	1110,061	82,750
TRI	161,733	222,639	264,434
TRPT	343	307	906
RDT	7,538	8,875	11,374
ACECSA	3,138	3,411	3,240
TOTAL	264,521	345,293	362,704

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.

ELECTRICITY CONSUMPTION (MWH)

COMPANY	2020	2019	2018
PT	58,195	69,475	57,489
TRI	104,601	157,354	195,521
TRPT	1,031	1,539	1,393
RDT	10,832	14,995	17,954
ACECSA	1,151	1,135	1,049
TOTAL	175,810	244,498	273,406





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Breakdown of waste management by company

HAZARDOUS WASTE

COMPANY	2020			2019		
	Hazardous waste recycling (t)	Hazardous waste recovery (including energy recovery) (t)	Hazardous waste dumping (t)	Hazardous waste recycling (t)	Hazardous waste recovery (including energy recovery) (t)	Hazardous waste dumping (t)
PT	8	833	604	17	862	685
TRI	-	1,477	1,676	-	2,745	1,950
TRPT	-	-	11	-	-	16
RDT	-	-	26	-	-	-
ACECSA	-	121	87	-	171	95
TOTAL	8	2,431	2,404	17	3,778	2,746

NON-HAZARDOUS WASTE

COMPANY	2020				2019			
	Non-hazardous waste reuse (t)	Non-hazardous waste recycling (t)	Non-hazardous waste dumping (t)	Other non-hazardous waste management (t)	Non-hazardous waste reuse (t)	Non-hazardous waste recycling (t)	Non-hazardous waste dumping (t)	Other non-hazardous waste management (t)
PT	858	9,875	191	51,441	19	15,417	882	59,870
TRI	2,155	25,555	4,487	24,738	3,338	49,506	5,420	36,507
TRPT	-	-	8	-	-	-	-	20
RDT	-	-	-	-	-	-	-	-
ACECSA	-	-	1	-	-	-	4	-
TOTAL	3,013	35,430	4,687	76,179	3,357	64,923	6,306	96,397


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Details of GHG Emission Controls by company, scope and intensity

 DIRECT EMISSIONS (SCOPE 1) — T CO₂ UNITS

COMPANY	2020	2019	2018
PT	19,337	23,208	17,839
TRI	32,550	46,166	56,019
TRPT	63	56	167
RDT	1,387	1,633	2,096
ACECSA	577	628	597
TOTAL	53,915	71,691	76,718

 INDIRECT EMISSIONS FROM ENERGY GENERATION (SCOPE 2) — T CO₂ UNITS

COMPANY	2020	2019	2018
PT	11,639	18,758	16,097
TRI	20,920	42,486	54,746
TRPT	206	416	390
RDT	4,653	6,722	8,541
ACECSA	230	306	294
TOTAL	37,649	68,688	80,067

 EMISSIONS INTENSITY — T CO₂ UNITS/T PRODUCT

COMPANY	2020	2019	2018
PT	0.61	0.70	0.67
TRI	0.54	0.50	0.48
TRPT	0.06	0.08	0.05
RDT	0.22	0.23	0.21
ACECSA	0.27	0.28	0.24

Other emissions³

2020

COMPANY	NO _x (kg)	SO _x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
PT	47,272	4,520	4,004	1.71	3,770	9.103 X 10 ⁻⁷
TRI	42,467	8,404	4,050	5.78	21,771	2.180 x 10 ⁻¹²
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,129	4	-	-	9	-
TOTAL	90,868	12,928	8,087	7.49	25,550	9.103 x 10⁻⁷

2019

COMPANY	NO _x (kg)	SO _x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
PT	45,699	8,669	6,330	2.06	11,816	1.326 X 10 ⁻⁶
TRI	60,609	12,762	4,987	5.27	35,440.79	3.360 X 10 ⁻¹²
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,228	5	37	-	10	-
TOTAL	107,536	21,436	11,354	7.33	47,267	1.326 X 10⁻⁶

(3) In the absence of such measurements, as they are not mandatory this financial year, they have been estimated on the basis of the latest assessments carried out (reported to the administration in the E-PRTR 2018 report) and the operating hours in 2020.


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the Chairman

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REPORT PARAMETERS

This Statement of Non-Financial Information (SNFI) forms part of the Tubos Reunidos Group's Management Report, and includes information in the Environmental, Social and Governance (ESG) area, in accordance with the results obtained in the materiality analysis carried out in 2020.

It covers the period from 1 January to 31 December 2020. The information contained herein for the financial year 2019 is presented for comparative purposes with the information for the financial year 2020. In this regard, the Group has not been obliged to restate any information from previous years.

This Statement of Non-Financial Information has been drawn up in accordance with the contents of the current business regulations and following selected criteria of the Global Reporting Initiative Sustainability Reporting Standards (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 Tubos Reunidos Group is made up of the parent company, Tubos Reunidos, S.A., with registered offices for tax and corporate purposes in Amurrio (Álava), and its subsidiaries.

With regard to environmental information, this report includes all the industrial companies that make up the Group, as they are those that have a significant impact on these indicators, except for those indicators that indicate otherwise, in which case the specific indicator is specified. The remaining information includes all the companies that make up the Group.

The following are the subsidiaries of Tubos Reunidos, S.A. (T.R.):

COMPANY	Activity	%	Company of the holding group
Tubos Reunidos Industrial S.L.U. (TRI)	Industrial	100	T.R.
Productos Tubulares S.A.U. (PT)	Industrial	100	T.R.
Aceros Calibrados S.A.U. (ACECSA)	Industrial	100	T.R.
Tubos Reunidos Premium Threads S.L. (TRPT)	Industrial	51	T.R.
T.R. America Inc. (TRAME)	Marketing	100	T.R.
Clima S.A.U. (CLIMA)	Holding company	100	T.R.
Aplicaciones Tubulares S.L.U. (ATUCA)	Holding	100	T.R.
RDT Inc.	Industrial	100	ATUCA
Tubos Reunidos Services S.L.U. (TRSV)	Industrial/Real Estate	100	T.R.



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the Chairman



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Table of contents of Law 11/2018

CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Business model		
Description of the business model	GRI 102-1, GRI 102-2, GRI 102-5, GRI 102-7, GRI 102-16	02. Tubos Reunidos Group
	GRI 102-14	01. Letter from the Chairman
	GRI 102-3, GRI 102-45	Annex 3
Organisation and structure	GRI 102-18, GRI 102-20, GRI 102-22, GRI 102-23, GRI 102-24, GRI 102-16	08. Good Corporate Governance
Geographical presence	GRI 102-4, GRI 102-6	02. Tubos Reunidos Group
Objectives and strategies	GRI 102-14, GRI 102-15	01. Letter from the Chairman 02. Tubos Reunidos Group 08. Good Corporate Governance
Main factors and trends affecting future developments	GRI 102-15	02. Tubos Reunidos Group 08. Good Corporate Governance
Strategy and risk management		
Description of the policies that the company applies	GRI 102-35, GRI 103-1, GRI 103-2	04. The people in the Tubos Reunidos Group 05. Focusing efforts on promoting a safe working environment 06. Global value chain 08. Good Corporate Governance
Results of the policies that the company applies	GRI 103-3	04. The people in the Tubos Reunidos Group 05. Focusing efforts on promoting a safe working environment 06. Global value chain 08. Good Corporate Governance
Main risks related to issues linked to the company's activities	GRI 102-15	02. Tubos Reunidos Group 08. Good Corporate Governance
Non-financial information report profile		
Reporting Framework Used	GRI standards	Annex 3
Materiality assessment	GRI 102-46, GRI 102-47	03. Committed to our stakeholders



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CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Environmental issues		
Environmental management		
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 102-15, GRI 102-29, GRI 102-31, GRI 103-3, GRI 308-2	06. Global value chain 08. Good Corporate Governance
Environmental assessment or certification procedures	GRI 102-11, GRI 102-29	06. Global value chain
Resources dedicated to the prevention of environmental risks	GRI 102-29	06. Global value chain
Application of the precautionary principle	GRI 102-11	06. Global value chain
Amount of provisions and guarantees for environmental risks	GRI 307-1	06. Global value chain
Pollution		
Measures to prevent, reduce or offset carbon emissions that seriously affect the environment. Any other form of air pollution	GRI 103-2, GRI 302-4	06. Global value chain
	GRI 305-6, GRI 305-7	Annex 2
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	GRI 103-2, GRI 301-1, GRI 301-2, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4	06. Global value chain Annex 2
Actions to combat food waste		As per section 03. Committed to our stakeholders, food waste has not been considered material in the Group.
Sustainable use of resources		
Water consumption and water supply according to local constraints	GRI 303-3, GRI 303-4, GRI 303-5	06. Global value chain Annex 2
Consumption of raw materials	GRI 103-2, GRI 301-1, GRI 301-2	06. Global value chain Annex 2
Direct and indirect energy consumption. Measures to improve energy efficiency. Use of renewable energies	GRI 103-2, GRI 302-1, GRI 302-3, GRI 302-4	06. Global value chain Annex 2
Climate change		
Greenhouse gas emissions	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4	06. Global value chain Annex 2
Measures taken to adapt to the consequences of climate change. Greenhouse gas reduction targets	GRI 103-2, GRI 201-2, GRI 305-5	06. Global value chain Annex 2



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the Chairman



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CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Environmental issues		
Biodiversity		
Measures to preserve or restore biodiversity	GRI 103-2, GRI 304-2, GRI 304-3	06. Global value chain Annex 2
Impacts caused by activities or operations in protected areas	GRI 303-3, GRI 304-1, GRI 304-2, GRI 304-3, GRI 306-5	06. Global value chain Annex 2
Social and staff-related issues		
Employment		
Total number and breakdown of employees by gender, age, country and professional category	GRI 102-7, GRI 102-8, GRI 405-1b	04. The people in the Tubos Reunidos Group
Total number and breakdown of employment contract types	GRI 102-8	04. The people in the Tubos Reunidos Group
Average annual number of permanent, temporary and part-time contracts by gender, age and occupational classification	GRI 102-8	04. The people in the Tubos Reunidos Group Annex 1
Number of dismissals by gender, age and professional category	GRI 401-1	04. The people in the Tubos Reunidos Group 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	04. The people in the Tubos Reunidos Group
Wage gap	GRI 405-2	04. The people in the Tubos Reunidos Group
Remuneration of equal or average jobs in the company	GRI 202-1	Annex 1
Average remuneration of directors and executives	GRI 102-35, GRI 102-36, GRI 102-37, GRI 405-2	0.8 Good Corporate Governance
Implementation of work disconnection policies	GRI 401-2	04. The people in the Tubos Reunidos Group
Employees with disabilities	GRI 405-1	04. The people in the Tubos Reunidos Group
Organisation of the work		
Organisation of working time	GRI 103-2, GRI 102-41	04. The people in the Tubos Reunidos Group
Number of hours of absenteeism	GRI 403-9a Injuries from occupational accidents	04. The people in the Tubos Reunidos Group
Measures to facilitate work-life balance	GRI 401-2, GRI 401-3	04. The people in the Tubos Reunidos Group Annex 1



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CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Social and staff-related issues		
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	05. Focusing efforts on promoting a safe working environment
Occupational accidents (frequency and severity) broken down by gender	403.9a-b Injuries from occupational accidents	05. Focusing efforts on promoting a safe working environment Annex 1
Occupational illnesses broken down by gender	403.10a Occupational ailments and illnesses	05. Focusing efforts on promoting a safe working environment Annex 1
Social relations		
Organisation of social dialogue	GRI 102-41, GRI 403-1, GRI 201-3	04. The people in the Tubos Reunidos Group
Percentage of employees covered by collective bargaining agreement by country	GRI 102-41	04. The people in the Tubos Reunidos Group Annex 1
Review of collective agreements, particularly in the field of occupational health and safety	GRI 403-1	
Training		
Policies implemented in the field of training	GRI 404-2, GRI 404-3	04. The people in the Tubos Reunidos Group
Total number of hours of training by professional category	GRI 404-1	04. The people in the Tubos Reunidos Group Annex 1
Universal accessibility for persons with disabilities	GRI 405-1	04. The people in the Tubos Reunidos Group
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	GRI 401-3, GRI 405-1, GRI 405-2	04. The people in the Tubos Reunidos Group
Equality plans and measures taken to promote employment	GRI 405-1	02. Tubos Reunidos Group 04. The people in the Tubos Reunidos Group
Protocols against sexual and gender-based harassment	GRI 405-1	04. The people in the Tubos Reunidos Group
Integration and universal accessibility for persons with disabilities	GRI 405-1	04. The people in the Tubos Reunidos Group
Anti-discrimination and, where appropriate, diversity management policy	GRI 406-1	04. The people in the Tubos Reunidos Group



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CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Information on respect for human rights		
Application of due diligence procedures in human rights	GRI 102-12, GRI 102-16, GRI 102-17, GRI 410-1, GRI 412-1, GRI 412-2	08. Good Corporate Governance
Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	08. Good Corporate Governance
Claims for cases of human rights violations	GRI 102-17, GRI 406-1, GRI 408-1, GRI 409-1	08. Good Corporate Governance
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	08. Good Corporate Governance
Information related to the fight against corruption and bribery		
Measures taken to prevent corruption and bribery	GRI 102-16, GRI 102-17, GRI 102-25, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 415-1	08. Good Corporate Governance
Measures to fight money laundering	GRI 102-16, GRI 205-3	08. Good Corporate Governance
Contributions to foundations and non-profit entities	GRI 201-1	02. Tubos Reunidos Group
Information on society		
Commitments of the company to sustainable development		
Impact of the company's activity on local development and employment	GRI 204-1, GR 203-1, GRI 413-1	02. Tubos Reunidos Group
Impact of company activity on local communities and territory	GRI 413-1, GRI 413-2	02. Tubos Reunidos Group
Relationships with local community players and means of dialogue with them	GRI 102-43, GRI 102-12, GRI 413-1	02. Tubos Reunidos Group 03. Committed to our stakeholders
Association and sponsorship actions	GRI 102-13	02. Tubos Reunidos Group



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CONTENTS OF LAW 11/2018 ON 11/2018 NFI	STANDARD USED	SECTION OF THE SNFI
Information on society		
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 120-16, GRI 308-1, GRI 414-1	06. Global value chain
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, GRI 204-1, GRI 308-1, GRI 414-1	06. Global value chain
Monitoring and audit systems and audit results	GRI 308-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1 GRI 414-2	06. Global value chain
Consumers (our clients)		
Consumer health and safety measures	GRI 416-1, GRI 417-1	06. Global value chain
Complaint systems, complaints received and their resolution	GRI 416-2, GRI 416-8	06. Global value chain
Tax information and transparency		
Profits obtained country	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4bvi	08. Good Corporate Governance
Tax on profits paid	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4bviii	08. Good Corporate Governance
Public subsidies received	GRI 201-4	08. Good Corporate Governance



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TUBOS REUNIDOS, S.A. AND DEPENDENT COMPANIES

Independent Assurance Report of the Consolidated Non-Financial
Information Statement for the year ended December 31, 2020



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Translation of a report originally issued in Spanish. In the event of discrepancy,
the Spanish-language version prevails

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of Tubos Reunidos, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2020, of de Tubos Reunidos, S.A. and dependent companies (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information statement that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the "Table of contents of Law 11/2018" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of the Group and its content is the responsibility of the Board of Directors of Tubos Reunidos, S.A. 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 in the "Table of contents of Law 11/2018" of the accompanying NFS.

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.

The Board of Directors of Tubos Reunidos, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

We have complied with the independence and other 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 integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

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 Statement and, specifically, in information about economic, social and environmental performance.



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Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in 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 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 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 the 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 2020 NFS based on the materiality analysis made by the Group and described in chapter "Materiality assessment", considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2020 NFS.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2020 NFS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFS and its correct compilation from the data provided.
- ▶ Obtaining a representation letter from the Management.



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Conclusions

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, 2020 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the "Table of contents of Law 11/2018" of the NFS.

Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

April 30, 2021



Edited in Spain, March 2021 | Design and layout Laura Fernández y Laura Hoyal
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