



# Non-financial information statement

# 2020



This non-financial information statement (NFIS) is part of TUBACEX management report. It includes information related to environmental, people, social, human rights and anti-bribery and corruption issues according to the results obtained in the materiality assessment conducted in 2019 and updated in 2020. This document deals with priority matters in relation to the CSR policy which sets forth basic action principles and corporate commitments in this respect.

The report complies with the requirements laid down in Act 11/2018 of December 28, as regards the disclosure of non-financial information. Likewise, pursuant to the above Act, the information provided in this report is subject to external audit.

Furthermore, it includes any significant impact from the reporting period, setting up priorities regarding material information based on Materiality, Sustainability Context and Stakeholder Engagement principles, according to the Global Reporting Initiative (GRI) standards. In this respect, the GRI Sustainability Reporting Standards have been taken for reference to share information on indicators and relevant issues in the materiality assessment conducted by the Group, provided that the information reported is of sufficient quality.

This non-financial information statement covers the period from January 1st to December 31st, 2020. The information relating to 2019 is presented for comparison purposes with that of 2020.

Some indicators on environmental issues from 2019 included in this report for comparative purposes are different from those reported in the NFIS for 2019, as explained in *Annex I*.

Finally, it is worth highlighting that TUBACEX has embraced the objective of ethical management based on the 10 Principles of the United Nations Global Compact (UNGP), the world's largest voluntary initiative on human rights, labor, environment and anti-corruption. Since 2004, the Company is a signatory of this global deal and thereby it agrees to upholding the values central to overcoming major challenges to sustainable development, promoting the 10 universal principles and reporting annually on progress made in these areas. All progress reports are available for download on the UN Global Compact website (<https://www.pactomundial.org/informes-de-progreso/>). It is also worth mentioning that since the Annual Report 2020 will have the same contents as this NFIS, it will be uploaded to the platform following the issuance of the former.



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## Letter from the Chief Executive Officer [102-14]

In recent years we have pursued our vision to become an integral supplier of stainless-steel tubular solutions, acquiring new capabilities to offer the widest product portfolio on the market. In addition to the foregoing, our position on markets with high growth potential in forthcoming years has intensified, along with our strategy to move closer to key players through our alliance network, or an increasingly marked ESG orientation. A clear example of this is our effort to achieve net-zero carbon emissions by 2050, having already cut our emissions by 36% in relation to 2017, which are clearly in line with the Paris Agreement to limit global warming emissions below 1.5 degrees.

We are in a time where deeper introspection is required. The Coronavirus crisis has tested many organizations and TUBACEX is not immune to its impact. We have handled uncertainty against an already weakened market background, staying focused on recovery scenarios, confident they will appear, and looking to our organization as the starting point.

We are aware of the importance of ensuring our facilities have options and our response is sustainable. Our sustainability approach unfolds as two interrelated directions, i.e. our business continuity; as well as the future of our environment, people and planet; since neither can survive without the other. For all the foregoing, we have made significant progress in terms of flexibility, improved competitiveness and cost optimization, among others, not only in recent years but particularly so in 2020. We are aware of their importance when facing new challenges heading our way. While we are a key supplier of advanced materials for the energy industry, we can also continue to meet our stakeholders' expectations in the realms of society, the environment or good governance.

Jesús Esmorís,

TUBACEX CEO



# 01. Organizational Profile

## 1.1. Group Presentation and Companies

[102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 102-10]

TUBACEX is a premium manufacturer of stainless steel tubular solutions for the energy sector. The Company, founded in 1963, is the largest producer of seamless tubes in stainless steel and high-nickel alloys worldwide. Its parent company in Spain, TUBACEX is one of a few companies with a fully integrated production model, and total control of all production stages, from steel manufacturing to tube and pipe production and subsequent distribution and sale.

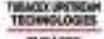
The Company has 20 production plants in Spain, Austria, Italy, the United States, India, Thailand, Saudi Arabia, Dubai, Norway, Canada and Singapore; in addition to 18 service centers worldwide, plus sales offices in 38 countries.



The main demand segments for the tubes manufactured by TUBACEX are the oil and gas, petrochemical, chemical and power generation industries. It also devotes part of its production to the mechanical industry, aerospace, food, water desalination, electronics, capital goods and new technologies, among other industries.

To boost its distribution channels, TUBACEX created Tubacex Service Solutions in 2015, with service centers located in the main business hubs. This unit was strongly reinforced in subsequent years. In 2020, the Company acquired new warehouses in Pennsylvania, USA (TSS PA) and Norway (TSS Norway), as well as logistics centers owned by Amega West, a company bought out by Grupo NTS in 2020.

Tubacex Group companies can be classified according to their nature, i.e.: those specialized in manufacturing and those rendering value-added services.

Manufacturing			Service		
					
Bars, billets and ingots	Seamless stainless steel tubes up to 72"	Fittings and special parts up to 72"	Stainless steel machined parts	Value-added operations and services: design / simulation, ceramic coating, repairs, etc.	Stock and service
	 	 		 	 
	 				
					
					

TUBACEX consists of the parent company, Tubacex, S.A., and its subsidiaries. For detailed information on the companies included, please see FY 2020 Consolidated Financial Statements. This report includes the entire Group, unless otherwise specified for certain indicators where the specific scope will be explained.

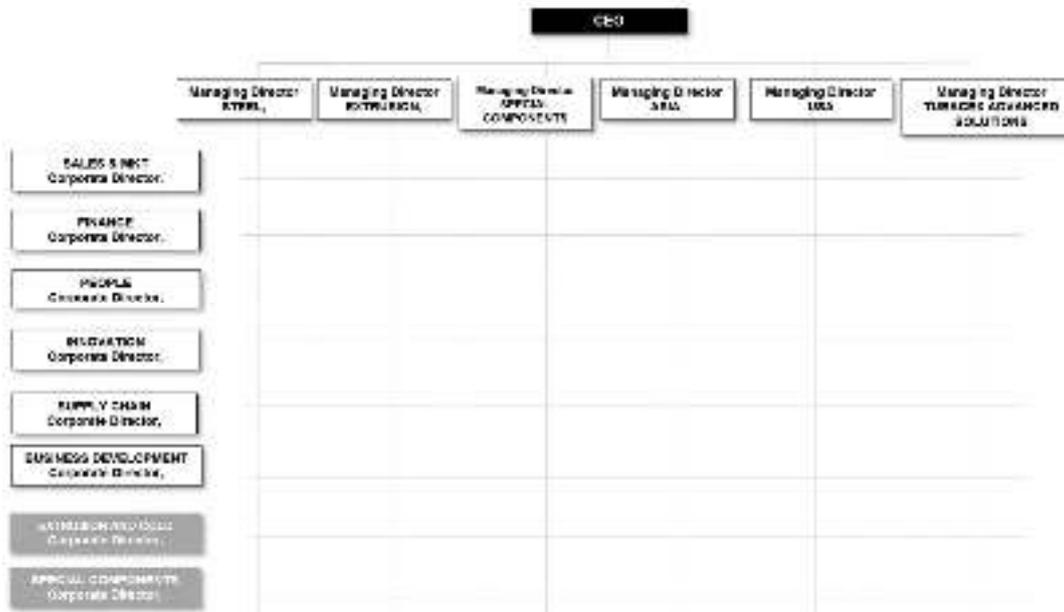


For further information, visit [www.tubacex.com](http://www.tubacex.com)

## 1.2. Organizational Model

[102-10]

With Grupo NTS acquisition of Amega West in 2020, TUBACEX continues to reinforce its special components and added-value services portfolio. These new acquisitions are part of the “Special Components” area along with companies dedicated to manufacturing fittings (TTA, IBF and Awaji) and special large components (IBF).



## 1.3. Mission, Vision and Values

[102-16, 103-2]

### Mission

- We are an innovative, leading, multi-national industrial group in the global market of seamless stainless steel tubes.
- We seek customer satisfaction through a portfolio of products and services that are constantly being developed.
- We are a reliable company that fulfills its obligations with internal and external customers.
- We grow in a profitable and sustainable way.
- We undertake to effectively manage the return on all of our investments and to reward shareholders.
- We rigorously manage our processes and systematically apply continuous improvement in search of excellence.
- We undertake to constantly foster a safe and pleasant workplace, whilst respecting the environment.

- We seek to contribute to the development of society and our suppliers, training our professionals and people, through teamwork and constantly measuring our results.

### **Vision**

- We aim to be a global supplier and a benchmark in innovative tubular solutions in advanced materials, management and service excellence. As well as meeting and exceeding our customers' expectations, our aim is to maintain sustainable profitability focused on personal development for our people.

### **Values**

- Leadership
- Focus on Results
- Customer Satisfaction
- Continuous Improvement
- Creativity and Innovation
- Teamwork
- Creation of Value and Profitability
- Diversity and Dignity in the Workplace
- Corporate Ethics

## 1.4 Memberships and Associations

[102-13]

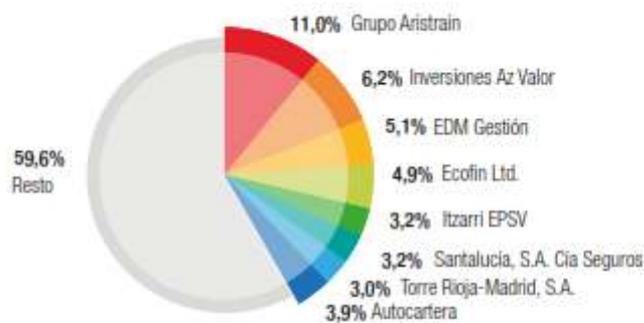
In 2020 TUBACEX collaborated with the following associations and work groups:

✚ European Steel Tube Association (ESTA)	✚ International Umbilical Manufacturer's Federation (UMF)	✚ International Gas Union IGU
✚ The Cluster Association of the Steel Industry (SIDEREX)	✚ Innobasque	✚ Stainless Steel Tube Trade Advancement Committee SSTTAC
✚ The Spanish Association of Fluid Handling Equipment Exporters (FLUIDEX)	✚ Basque Energy Cluster	✚ Asociación de Emisores Españoles
	✚ API (American Petroleum Institute)	✚ SEA Empresas Alavesas
	✚ The Steel Manufacturers Association (UNESID)	✚ NACE
	✚ International Energy Forum IEF	

## 1.5 TUBACEX Key Figures

[102-7]

- **Sales:** €479.6 million
- **EBITDA:** €38.1 million
- **Net profit or loss:** -€25.3 million
- **Number of plants:** 20
- **Number of warehouses:** 18
- **Number of employees as of December 2020:** 2,550 people
- **Shareholding as of December 2020:**



Fuente: CNMV

## 1.6 Factors and Trends

[102-15]

After the sharp decline in 2015-2017 followed by a stabilization of demand together with a slight improvement in 2018-2019, the volume of projects awarded started shrinking again in 2020 in all sectors; particularly, those aimed at the subsea and offshore oil extraction, and aeronautical sectors, due to the COVID-19 pandemic impact.

This global crisis has hit the transport sector in particular, as well as the oil & energy market indirectly. Oil prices have dropped to under \$40 a barrel leading to enormous cancellation pressures and numerous project delays; above all, in exploration and production, the most sensitive activity to the price per barrel with a view to positive investment return. The aeronautical sector has experienced strong growth in the last three years yet has sustained a major blow as commercial aviation is one of the sectors most affected by the crisis. Other sectors (refining and power generation) have remained more stable, although are also starting to show signs of the slowdown in global economy.

Undoubtedly the need to invest after years of supply contention, all the more so after this crisis, allows for more optimism in the medium term, despite the macroeconomic predictions of a particularly challenging environment in the short-term. Thus, the project market as a whole has dropped over 50% in terms of volumes registered in 2013 and 2014, when oil prices stood firmly above \$100 a barrel, and 30% below 2019, clearly reflecting the crisis impact. Although TUBACEX's sales will not fall drastically thanks to its existing portfolio volume at the beginning of the year, unless economic conditions improve, they will be affected in 2021. Even though all financial indicators suggest an improvement for the forthcoming financial year, the extent and rate of such recovery remains unknown. It is worth highlighting that TUBACEX's situation in the value chain of a sector as complex and capital intensive such as the energy sector delays the transformation of improved investment from large operators and engineering firms into orders for the Group.

In regional terms, it is worth noting the North American market situation where TUBACEX positioning improved in 2020 with a new increase in production capacity. TUBACEX has successfully adapted to the new legal and customs scenario currently in place in the USA, with section 232 coming to force, which has also triggered protectionist measures in the form of import quotas for the UE.

The steel and energy sectors are both particularly sensitive to the application of this type of measures. In all these high level legal and customs issues, TUBACEX maintains institutional communication channels opened through sectoral, national, European and international associations, to gain clear and early knowledge and be able to influence the measures applied or their impact as much as possible, to ultimately implement specific strategies to improve the Company's positioning on the markets affected.





Trading of the main raw materials used by Tubacex Group (Nickel, Chromium, Molybdenum and scrap) has also maintained a steady overall pace, although volatility increased sharply in the last months of the year. Performance of the standard product distribution oriented sales segment managed by the subsidiary Tubacex Service Solutions has improved compared to other segments more affected by the crisis.

The market crash is leading to downward pressure in sale prices, bringing the bullish trend experienced in recent years to a halt. The overall trend is marked by very strong competitive pressure maintained by some competitors with capacity excess issues, which has led to a fierce fight to secure each order.

In sum, it is worth highlighting that 2020, and possibly 2021, will be challenging in terms of external pressures impacting TUBACEX business.

The background of the slide features a series of wind turbines silhouetted against a sunset sky. The sky transitions from a deep purple at the top to a bright orange near the horizon. The turbines are positioned at various heights and angles, creating a sense of depth and scale. A semi-transparent dark grey rectangle is overlaid on the center of the image, containing the text.

## **02. Strategy and Risk Management**

## 2.1 Strategy

[102-15]

In recent years, TUBACEX has significantly moved forward with its strategy to become a global supplier of stainless steel tubular solutions, developing new capacities, which have led to it holding the largest portfolio on the market. Furthermore, the Company has strengthened its presence on markets with high growth potential in the coming years, developing more efficient solutions, with its commitment to sustainable value generation, while focusing its R&D and Innovation on the development of new solutions for energy transition towards sustainable sources.

The Coronavirus crisis has put many organizations to the test. TUBACEX has embraced this uncertainty staying true to its strategy. In 2020, the Company has remained focused on growth, geographic and product diversification, besides being committed to value-added services, highly relevant factors in the current context on a market where investments have come to halt. As a result, TUBACEX has improved its leading position in the integral design and supply of critical components for the most demanding sectors in terms of quality, safety, delivery and environmental standards.

### ***Sustainable growth through diversification***

The main drivers of growth are geographic expansion and diversification of products and services, likewise, exploring new applications. Thanks to this, TUBACEX can offer its customers the largest portfolio on the market, while expanding its presence to key markets.

In terms of organic growth, TUBACEX launched Tubacex Durant in southern Oklahoma. Its production is aimed at hydraulic, instrumentation and heat exchanging segments, including seamless tubes with outer diameters ranging from 0.250" (6.35 mm) to 1.660" (42.164 mm), and rolled lengths of over 2,260 feet (689 m). Target applications include: aerospace, automotive, refining, chemical, bioscience and semi-conductor industries.

### ***Innovation beyond the product***

TUBACEX value proposal consists of providing integral high technological value solutions for the most demanding markets. This strategy requires the development of products, technology and know-how to provide solutions optimizing customers' processes, while boosting the efficiency of their projects. The Company has done this thanks to its network of customers, partners, suppliers, technology centers and universities, facing the challenges of the industry together.

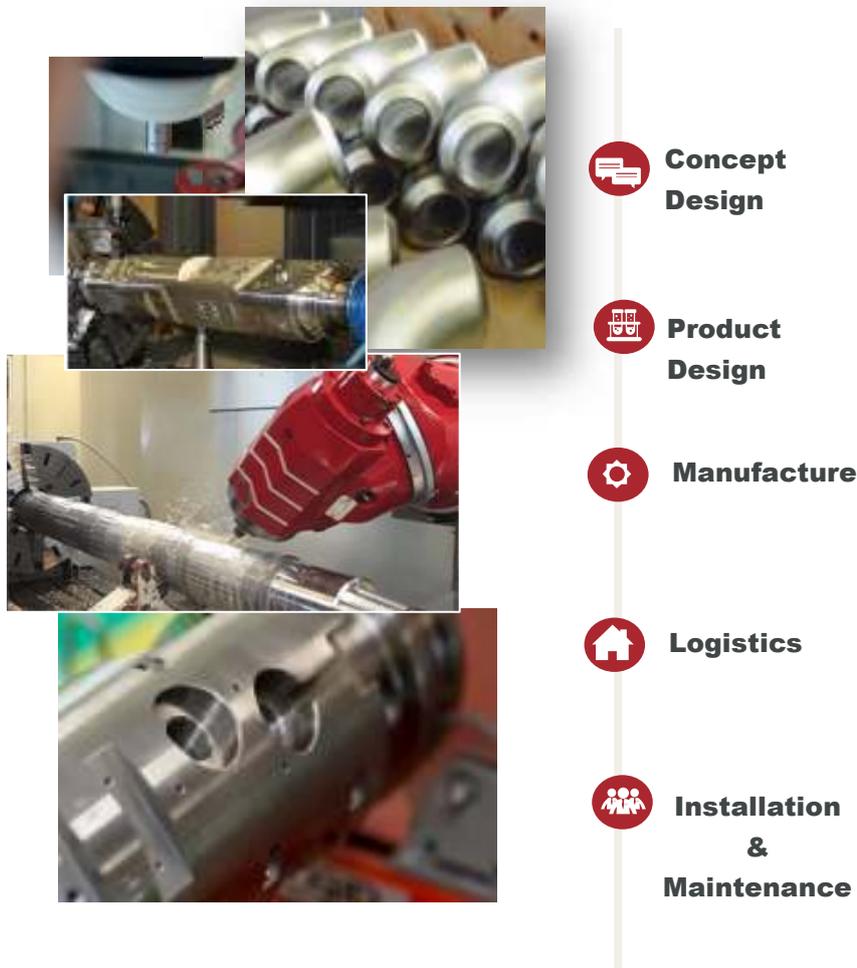
One of the main challenges is to find advanced materials capable of yielding significant energy efficiency increase, leading to reduced CO2 emissions as a result. An example of this is the Company positioning as a supplier of high nickel alloy tubular products for Ultra Super-Critical (USC) and Advanced Ultra Super Critical (AUSC) power plants. This type of material enables steam temperatures to reach up to 700 °C with subsequent improvement in equipment performance likewise a significant reduction in CO2 emissions. Another unique solution, TUBACOAT, is based on ceramic coatings which maintain their properties under the most demanding environments, resulting in longer maintenance cycles. Furthermore, the Company has recently developed the latest Hot Isostatic Pressing (HIP) technology of metal powders to manufacture super-duplex steel products for the Oil&Gas industry with up to 80% less waste.

## ***Next generation of materials***

According to TUBACEX CEO, Jesús Esmorís, “we are aware of the need to develop the next generation of materials and solutions, not only to comply with the toughest technical specifications but also provide the highest efficiency levels while minimizing environmental impact”.

In this context, the Company has been working on materials highly resistant to corrosion and pressure for the hydrogen production industry, a major energy source in the transition to cleaner energy.

In addition to increasing its manufacturing capacity, TUBACEX is involved in its customers' projects from early design phases. This enables an optimum selection of materials as well as solutions based on a complete overview of the end user project. Having greater capacity to manage projects, has advantages for customers like: framework agreements limiting their exposure to the price volatility of raw materials; improved delivery deadlines; as well as increased delivery and / or installation capacity regarding semi-finished products and subsystems.



## 2.2 Risk Management

[102-15]

The process-based management model implemented by TUBACEX is defined and deployed at Group level. Each process includes its mission, those responsible for performance, key indicators, control or assessment standards, as well as the description of the main applicable subprocesses and policies. All policies are periodically reviewed and updated to achieve the results envisaged in the implementation of these policies.

The managers in charge of each process are also responsible for promoting and reviewing the policies applicable to the Group in each scope of action, subject to further approval by the corporate department Director or by the company CEO, as applicable. Each policy includes the general objective, main principles and commitments undertaken, among others, as well as the review date. Any potential breach of the provisions set forth in these policies is reported through the different department Directors, supervisory bodies and if necessary, through the ethics channel available in the Code of Conduct and Intranet. Furthermore, there is also a control and management Policy which purpose is to set forth the main principles and action framework to control and manage all kinds of risks faced by the Company.

### Main Risks:

TUBACEX has established mechanisms to identify uncertainties affecting its different activities and processes analyze controls in place to reduce the possibility of a potential risk materializing. and adopt measures to reduce or control risk in areas where it is beyond tolerable limits. The Audit and Compliance Committee created in 1996, and reporting to the Board of Directors, is responsible, among other duties, for directing and supervising risk management whilst the Internal Audit department is in charge of preparing annual plans based on the map of identified risks.

The purpose of TUBACEX's risk map is to identify and measure any risks the organization may be exposed to, providing an analytical view of the underlying causality as well as offering a wide view of the organization's global exposure. The map shows the risk locations and the ways which may lead to risk manifestation and transmission. It links business processes with their corresponding risks while helping to assess their impact throughout the organization. The risk classification used by TUBACEX is the following:

- **Business Risks**
- **Market Risks**
- **Risks due to Climate Change**
- **Operational, Technological, Environmental, Social and Legal Risks**
- **Corporate Governance, Ethics and Compliance Risks**
- **Credit Risk**
- **Strategy and Innovation Risks**
- **Regulatory and Political Risks**

*(Each material aspect identified in the materiality assessment describes the most representative risks in detail).*

Once risks associated with the different processes have been identified, as defined in the Corporate Risk Map preparation manual, measurement and prioritization methodology is established based on a matrix of probabilities and impact on strategic goals.

TUBACEX keeps its corporate risk map assigning responsibilities and introducing new risks identified as a result of the Group growth at geographical, operational and product levels, besides additional sub-risks associated with them, thereby increasing the risk spectrum. These risks were assessed according to their impact on strategic results in addition to probability of occurrence, with a breakdown of those with the highest rates, where necessary. In addition to the corporate risk map, the Internal Audit department prepares separate risk maps for those projects considered strategic for specific risk assessment purposes.

**Liability:**

The systems are applied through an organization structured into the following three levels of protection and defense to face and manage significant risks:

- ✓ The Audit and Compliance Committee regularly reviews internal risk control and management systems, including financial and tax risks as well as those associated with non-financial information, to identify, analyze and report the main risks.
- ✓ The Internal Audit Department provides advice and reports to the Committee on risks associated with the balance, and the functional activity departments on existing risk identification, measurement and control.
- ✓ The Management Committee is responsible for undertaking integrated risk control and management in business and decision-making processes.

**2.2.1. Audit Plan 2020**

This Audit Plan is drawn up taking into consideration the main risks for the organization and its prioritization in relation to supervisory activities, as well as the internal audit department practices. In other words, this is an independent and objective advisory and consultancy department created to add, recover and improve the Organization operations and to help the Organization to meet its objectives through a systematic approach to assess and improve risk management, control and governance processes.

2020 was an exceptional year due to COVID-19; therefore, all risks and supervisory activities related to the Audit Plan 2020 were affected. Due to the onset of the pandemic, the Audit Plan required modification to refocus its areas of action chiefly on financing assurance, liquidity and cost control tasks to protect the Group against deceleration during its usual business operation.

Tubacex Group's Internal Audit Department strictly complies with the provisions of the International Standards listed in this section, such as the Institute of Internal Auditors (IIA), as well as the rules governing the Internal Audit Department. Tubacex Group Internal Audit Management obtained the Certified Internal Auditor accreditation (CIA issued by the Institute of Internal Auditors) in 2019.

## 2.3 Ethics and Integrity

[102-16, 102-17]

TUBACEX activity is based on the fundamental principles of the Universal Declaration of Human Rights, the International Labor Organization, the OECD Guidelines for Multinational Enterprises, and the United Nations Global Compact principles. In addition to legal and regulatory compliance in countries where the Company is present, TUBACEX also complies with the ethical standards and conduct laid down in its Code of Conduct.

This Code is applicable to any individual working with TUBACEX, as well as any individual or corporate / body associated with the Company.

The Code contributes to the implementation of non-negotiable standards previously identified, defined and developed by TUBACEX within its business Group. This Code serves as a benchmark to measure any activity. TUBACEX offers collaborators an ethics channel to report any suspicious or possible conflict of interest requiring analysis, to the Compliance Manager.

The Compliance Manager reserves the right to analyze, assess and, if applicable, dismiss any communication not strictly compliant with this Code standards. In this event, any non-compliant issue considered appropriate by the Compliance Manager may be reported to the Audit and Compliance Committee. Then the Audit and Compliance Committee will apply the procedure defined for that purpose in the Code to the particular event reported. The role of Compliance Manager is carried out by the Secretary General of the Board of Directors.

Furthermore, TUBACEX was one of the first Spanish companies to introduce good Governance Guidelines in its executive bodies. As early as 1994 it approved an Internal Stock Market Code of Conduct, and since 1995 it has been using the recommendations made in the Cadbury and Viennot reports to modify the way in which the board operates. These recommendations focus on reduced numbers of board members and executive board members, increased numbers of independent board members, the setting up of monitoring committees within the board, etc.

In 1998 TUBACEX approved the "Regulations of Tubacex S.A. Board of Directors" which set forth the basic guidelines regulating the Board organization and operation, as well as standards of conduct for its members. In the same year, it was one of the first Spanish companies to include in the Annual Report a comprehensive overview on Corporate Governance and the degree of compliance with the CNMV's Code of Good Governance. The Annual Report on Corporate Governance (available on the CNMV website) shows Tubacex Group complies with practically all recommendations in terms of good governance. It also lays out a commitment to continue incorporating any aspects promoting transparency in all its activities.

## 2.4 Response to COVID-19

Since the onset of the COVID-19 pandemic the crisis concept in business has taken on a new meaning. Its global expansion rate not to mention its impact on health, social and economic areas has forced governments, society and businesses to undertake their respective responsibilities. The pandemic in Italy came very close to the TUBACEX production plants, putting the organization on alert. A crisis committee was immediately set up to monitor the situation and implement action protocols in three main areas of work: Prevention, business continuity and social support.



### SAFETY

Firstly, strict safety protocols were defined and implemented in different plants to prevent risk by direct contact. Some of the most outstanding measures implemented included masks as part of personal protective equipment prior to their compulsory use; regular disinfection of premises; promotion of home working; or cancellation of trips, visits and face-to-face meetings in favor of video calls, among other measures.



### ACTIVITY

Secondly, a plan enabling **activity continuance at the plants** to respond to TUBACEX commitments with its customers. Regular direct communication with public bodies, customers and suppliers to analyze the situation at the different facilities; moreover, minimum shifts were established to ensure orders were supplied in the short-term



### SOCIETY

Finally, TUBACEX has drawn up a **social support plan** to offer society corporate resources like: logistics supply networks; healthcare facilities or dining areas; donation of materials to manufacture protective masks for healthcare teams; providing PPEs for public groups most exposed to the virus, with special emphasis on care homes for the elderly; or offering support and basic assistance to those collectives most vulnerable to infection. (See Section 8. Society).



## **3. Materiality Assessment**

### 3.1. Identifying Stakeholders

[102-40, 102-42, 102-43]

TUBACEX maintains regular contact with its stakeholders via employees designated for the purpose. The managers of each group make up the company Management Committee. In addition to its five main Stakeholders, (i.e.: shareholders and the financial community; employees, customers, suppliers and society), TUBACEX has identified over 50 more specific first-tier sub-stakeholders, thus expanding the contact network to all levels of responsibility.

The different correspondents establish regular communication channels to find put their expectations and interests and to draw up specific action plans. Since those channels were affected by COVID-19, the use of new technologies to replace face-to-face meetings has been encouraged. In this context, since March 2020 it is worth highlighting the use of online platforms to keep contact channels open with stakeholders has become standardized. In this sense, TUBACEX Shareholders' General Meeting was held online, as well as other meetings, such as seminars with key suppliers.

IG	Information Source
<b>Shareholders and Financial Community</b>	Shareholders' General Meeting Meetings Shareholders' channel
<b>Customers</b>	Satisfaction Surveys Sales KPIs Visits Presence in Forums Trade Fairs Customers' Day Market Research
<b>Suppliers</b>	Meetings Presence in Forums Alliances
<b>Employees</b>	Satisfaction EFQM Suggestions Key Forums Training
<b>Society (including training centers, young people and public institutions).</b>	Key Forums Training Meetings Board of Trustees Alliances Key Projects: Environmental Indicators

### 3.2. Materiality Assessment

[102-44, 102-47]

TUBACEX has identified the most relevant issues for its stakeholders through the different communication channels in place for the purpose. Those issues have also been assessed taking into consideration their impact on business using a materiality matrix reviewed annually by those responsible in each stakeholder group as well as Senior Management. Furthermore, issues included in this matrix are based on internal analysis and assessment of those issues mainly affecting competing sectors.

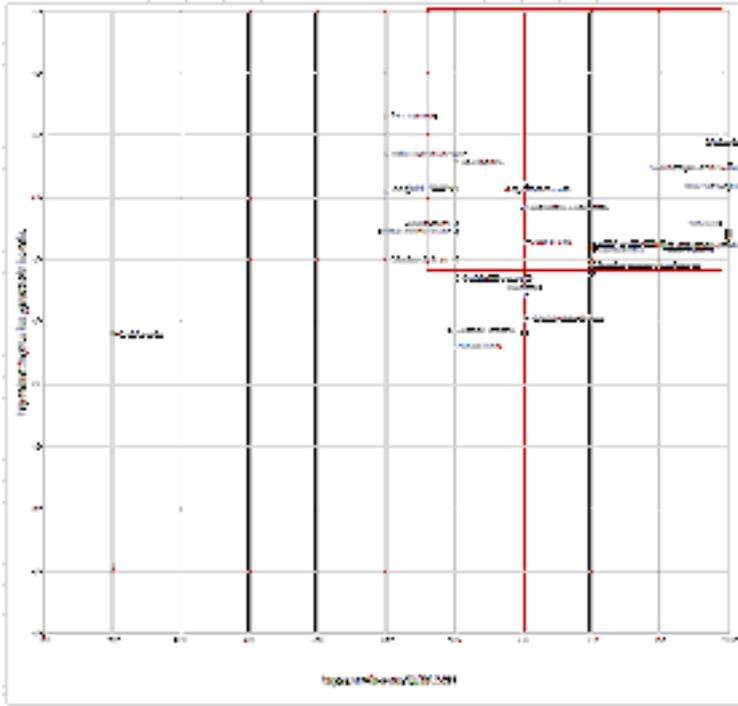
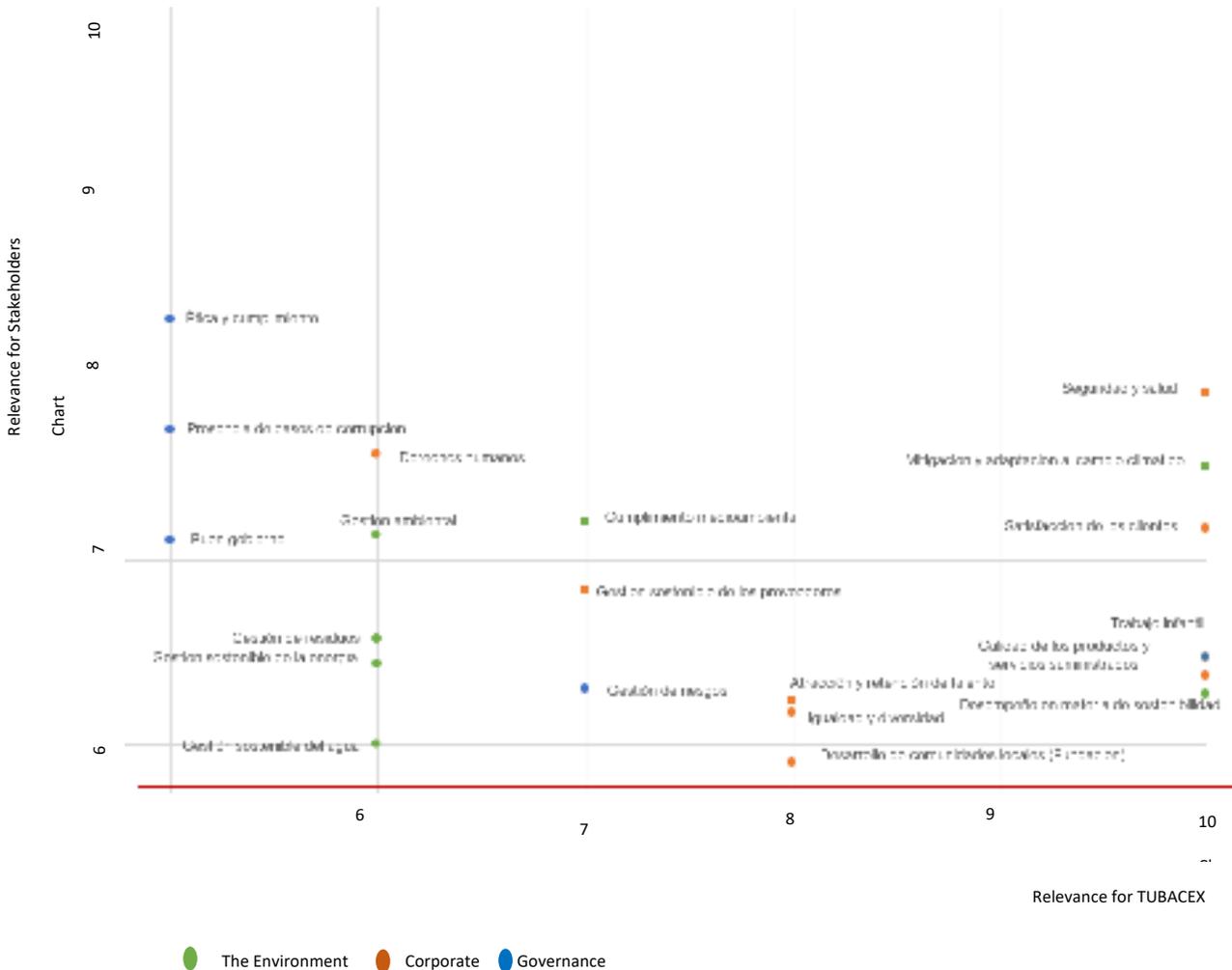


Chart 2: Partial view with a selection of impacts considered relevant for the Company and Stakeholders





## 4. Environment

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## 4.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

Pursuing its energy transition and climate change strategy is one of the main priorities of TUBACEX. To that end, the Company has promoted the development of: technologies aimed at reducing environmental impact derived from its activity; advanced materials leading to significantly improved energy efficiency; and reduction in CO<sub>2</sub> emissions, as a result. In addition, TUBACEX has remained firmly oriented towards sectors facilitating this positioning, such as gas and hydrogen, with the development of materials capable of operating under the most demanding corrosion and pressure environments. The following material issues have been identified in this area:



### Sustainability Performance.

Sustainability performance goes beyond environmental compliance and is specifically focused on mitigating climate change through sustainable management of resources, and the supply chain; as well as promoting R&D & Innovation to develop efficient solutions.



### Sustainable Environmental Management.

Though sustainable responsible use of resources required for production activity (mainly water and energy), as well as optimum management of resources.



### Sustainable Supply Chain Management

This commitment affects the entire supply chain by enforcing purchasing policies encouraging environmental protection while implementing environmental measures.

Environmental risks identified are associated with direct or indirect economic losses which may result from: inadequate internal processes; technological failures; human error; or external events, and include its economic, social and environmental impact and resulting loss of reputation.



## 4.2. Management Approach and Components

[102-11, 103-2]

The energy market is evolving and TUBACEX has the opportunity to play a key role in its transition towards cleaner energy. Regardless of their origin, all power generation, transport or storage processes require materials that are highly resistant to temperature, corrosion and pressure. This is where TUBACEX continues to play a key role.

TUBACEX has focused work along the following lines: developing products oriented to improving efficiency and reducing CO<sub>2</sub> emissions; optimizing internal processes to minimize environmental impact associated with the Company's activity; and redefining the approach to innovation embracing new challenges related to reducing CO<sub>2</sub> emissions whilst encouraging a circular economy.

It is worth highlighting the majority of products manufactured and marketed by TUBACEX are almost fully recyclable. Used products return to the beginning of their life cycle as source material for the production of new steel. The choice of stainless steel instead of other type of materials prevents the use of other compounds such as corrosion inhibitors, fluids, etc. Resource recycling enables reduction of raw material consumption, as part of its commitment to transition towards a circular economy.

In addition to the above, TUBACEX is also making concerted efforts to develop advanced materials capable of significantly improving energy efficiency and therefore, reducing CO<sub>2</sub> emissions. As well as the company's

efforts in developing new products, TUBACEX has pursued its diversification strategy towards new business lines such as hydrogen in recent years.

Finally, it is worth highlighting that The Company has systematically implemented actions to minimize environmental impact related to its activity in all of the Group business units and in all operational situations, including emergency situations.

Energy transition and the search for solutions minimizing environmental impact are some of the most urgent challenges currently facing companies. TUBACEX maintains its firm commitment to continue implementing plans and strategies in the global fight against climate change. As a result, a corporate action plan along those lines has been drawn up in 2020 as part of the Company's strategic projects.

Quantitative information detailed in chapter 4. Environment, includes information on all companies in the Tubacex Group except Holding companies and Group trading companies since they are not immaterial regarding environmental issues; and other companies (SBT, Tubacoat, TAT, Amega West) which are not material for the Group regarding environmental issues.

#### 4.2.1 Available policies and manuals:

- **Quality, Safety and Environment Policy.** The objective set by TUBACEX in the Prevention, Quality and Environmental Policy, aims at minimizing environmental damage caused by the Company's activity by using clean technologies, implementing any measures necessary to protect the environment and prevent contamination, as well as complying with/exceeding the applicable environmental regulations.
- **CSR Policy.** The CSR Policy sets to constantly foster a safe and pleasant workplace, whilst respecting the environment. Thus, environmental impact is an important part of the overall objective of this policy management.
- **Code of Conduct.** TUBACEX expresses respect and concern for environmental protection and sustainable development and embraces a commitment to carry out our activity using resources required to protect the environment.
- **Purchasing Policy.** Among other matters, the Purchasing Policy focuses on guaranteeing that the quality of the purchased products and hired services comply with technical, safety and environmental requirements, in addition to issues related to human and labor rights.
- **Supplier Quality Manual.** TUBACEX's Supplier Quality Manual sets compliance with international environmental protection standards as a requirement to be included in the Company's panel of approved suppliers. These protection standards include but are not limited to: ISO 9001 or QS-9000 alternatively, VDA, ISO / TS 16949 or EAQF or API Q1 certifications may also be accepted; ISO 14001 (in particular those suppliers included in the "Environmental Risk Suppliers" (ERS) list must have obtained this certification or alternatively submit a plan to obtain ISO 14001 standard certification within the 24 forthcoming months); as well as other occupational risk prevention certifications.
- **Quality & Environment Manual.** This manual systematically covers and organizes the policy, organization and directives applied by TUBACEX to its activity to ensure the requirements of ISO 9001 and ISO 14001 standards are met.



## 4.3. Environmental Assessment or Certification Procedures

[103-3]

TUBACEX has implemented a voluntary ISO 14001<sup>1</sup> certified system aimed at controlling processes to prevent and minimize the environmental impact caused by its activity. Thus, virtually the entire company production process is endorsed by an accredited environmental management body. It is worth highlighting that no disciplinary procedures were filed in 2020 while the integrated environmental authorization certification was in process; furthermore, proactive fluid communications are held with the competent administration.

Moreover, due to the nature of the activities carried out by TTI-ACERALAVA, the Integrated Pollution Prevention and Control Directive (known as IPPC Directive) transposed into the Spanish Royal Legislative Decree 1/2016 of December 16, is applicable. Therefore, the Company has obtained Integrated Environmental Authorizations implying the control of all environmental aspects of the activity through surveillance plans and periodical reporting to the Administration in a relationship based on transparency.



## 4.4. Resources Allocated to Environmental Risk Prevention

[102-29]

All plants with ISO 14001 certification have a quality and environmental manager, responsible for ensuring environmental management processes are implemented. These Directors guarantee activities conducted by the Company are followed up and controlled from an environmental perspective, ensuring regulatory compliance and the search for improvement opportunities.

In the financial year ending December 31, 2020, a net investment in excess of €1,598 K (€2,064 K in 2019) was maintained by the Group; along with environmental expenses related to the disposal of acids, repairs, preservation as well as professional fees corresponding to independent consultancy and audit services amounting to over €999 K (€1,550 K in 2019).



## 4.5. Precautionary Principle Application

[102-11]

Since 2000, TUBACEX has taken out an environmental liability insurance which provides ample coverage for eventual risks derived from the industrial activity carried out in our plants. Initially covering Spanish units, since 2017 the policy is an international program now covering all foreign production units. Moreover, the Group's CSR policy covers environmental impact as one of its general objectives as an important part of management.



## 4.6. Provisions and Guarantees for Environmental Risks

[307-1]

As of December 31, 2020, the only provision recorded by Tubacex Group as a "non-current provision" in the Consolidated Balance Sheet attached, amounts to €874 K (€626 K in 2019) to cover any possible environmental risks. €574 K of that figure was recorded by one of the subsidiaries with registered office in the United States, to cover a risk of water contamination, for an amount appraised by an independent expert. The

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<sup>1</sup> Las últimas plantas incorporadas en el perímetro del Grupo (Awaji Thailand, Grupo NTS y DURANT) no disponen de la certificación ISO 14001, aunque actualmente se encuentran en un proceso de definición de las líneas de trabajo necesarias para su acreditación.

Group has not recorded any other provision for possible environmental risks, since the company Directors consider there are no significant contingencies related to possible lawsuits, indemnities or any other items.

## 4.7. Contamination

### 4.7.1. Measures to prevent, reduce or mitigate carbon emissions severely damaging the environment as well as other forms of waste recovery and disposal.

TUBACEX has implemented a series of measures to prevent, recycle, reuse, recover and eliminate waste. The Company has launched different measures to manage waste in a more sustainable manner. Measures range from efficient management of hazardous waste to more specific measures associated with the different plants.

Plants in the Basque Country (TTI and ACERALAVA) are equipped with purification and/or process control systems for all sources of atmospheric emissions, to ensure processes are subject to environmental control. Furthermore, periodical inspections are conducted by official bodies as required by the corresponding IEA. These inspections include noise emissions and are used to draw up an external noise reduction plan which in 2020 led to the installation of a soundproofed chamber for pit furnaces in ACERALAVA. In Austria, they have changed external lighting on the one hand; replacing 20 mercury vapor lamps (400 W) with LED lamps (330 W). And on the other, they have launched a noise reduction project, currently in planning phase, to reduce noise in individual workstations and corridors. In this context, different tests have been carried out involving manual grinders, noise traffic-light systems and external noise measurements.

## 4.8 Sustainable Use of Resources

TUBACEX has worked to improve environmental activity and impact reporting models throughout 2020. The reporting system was built into the ERP system to provide more detailed and traceable consumption reporting. An emission calculation model was developed, including in-house operations as well as upstream and downstream transport, in addition to indirect emissions from our supply chain. Emission factors of key materials were revised using the latest available data from suppliers and LCA sector studies.

### 4.8.1 Consumption of raw materials and measures adopted to improve the efficiency of their use [301-1]

	2020	2019
<i>Materials used (tons)</i>	85759	134822
<i>Renewable materials used (tons)</i>	43493	74609
<i>Recycled input material used <sup>2</sup> (%)</i>	50.71%	55.34%
<i>Recycled input materials used <sup>3</sup> (%) (steelworks)</i>	68.69%	66.36%

Data representing raw material consumption at the Group plants (raw material input excluding internal flows).

<sup>2</sup> The calculation formula consists of adding recycled materials reported by the plants divided by the total amount of materials used reported. Including steelworks and other processing/finishing plants.

<sup>3</sup> The Group's steel production unit, Acería de Alava.

The term “raw material” refers to different types of products according to the Group plant:

These types of products can be mainly classified as ferroalloy (Ni, FeMo, FeCr...), stainless steel billets and bars, auxiliary gases (O2, N2, Ar), fats and oils, as well as other additives.

The measures implemented at the parent company (Acería de Álava), resulted in an increase in percentage - from 66.36% to 68.69% - of recycled raw material. However, at Group level, due to the industrial perimeter variation and rise in distribution and non-production operations, the global percentage dropped from 55.34% to 50.71%.

At this point it is worth highlighting that a major part of these “non-renewable” materials refer mainly to steel produced by third parties, which despite lacking the official renewable product status, are mainly based on renewable materials (scrap).

Values recorded in 2019 were revised to include scrap generated at steelworks (previously only scrap managed by outsourced agents was included since the reporting system did not monitor internally generated scrap), and later recycled. In addition, some corrections arising during the implementation of improvements aimed at directly connecting the reporting system to the operational system to enhance data traceability and quality were also implemented.

**4.8.2. Energy: Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies [103-2, 302-1, 302-3]**

	2020	2019
<i>Energy use (MWh)</i>	381696	512064
<i>Energy intensity (MWh/t)</i>	3.4	2.85

In 2020 activity reduction due to COVID-19 led to an energy intensity increase of 19%.

The calculation of intensity indicators were reviewed and improved to include the different natures of the Group activities. According to this new criterion, the modified values would be 2.85 MWh/t and 3.4 MWh/t for 2019 and 2020 respectively, due to growth, non-linear consumption drop along with reduced activity caused by COVID-19.

TUBACEX has launched a global energy efficiency project consisting of unfolding a management model pursuant to the ISO50001 standard, and leveraging the use of digital measurement and control processes. This global project will be progressively deployed in all the Group plants during 2021-2022.

**4.8.3. Water consumption and water supply according to local limitations [303-5a]**

Water is a necessary natural resource for TUBACEX's manufacturing process. For example, the steel processing process requires cooling, inspection or cleaning operations which use water.

	2020	2019
<i>Water used (10e3 m3)</i>	313	461
<i>Water intensity (10e3m3/t)</i>	2.78	2.55

The calculation of intensity indicators have been reviewed and improved to include the different natures of the Group activities. According to this new criterion, the modified values would be 2.55 and 2.78 10e3m3/t in 2019 and 2020 respectively, due to growth, non-linear consumption drop, along with activity drop caused by COVID-19.

Variation in geographical production mix and different intensity levels of water use among the different Group plants has limited the impact of improvement actions. However, intensity figures for 2020 are down by 4% in relation to the reference year 2017.

To calculate this indicator, consumption from the local supply network and river water are considered, but not including groundwater. The Company is currently working to obtain water consumption figures from other sources for forthcoming financial years.



## 4.9 Circular Economy and Waste Prevention and Management

### 4.9.1 Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste. [306-2]

	2020	2019
<i>Waste by type (tons)</i>		
<b>Hazardous<sup>4</sup></b>	8227	10168
<b>Non-hazardous</b>	51102	81585
<i>Waste by disposal method (tons)</i>		
<b>Landfill</b>	23626	37175
<b>Treatment</b>	860	1244
<b>Reuse</b>	13147	21011
<b>Recycling</b>	22693	29007

Falls in absolute terms are the result of the drop in activity due to COVID-19.

Non-hazardous values in 2019 have been revised to include scrap generated at steelworks which are later recycled, also referred to as “reused” at destination.

Data calculated by adding official waste management records at each plant.

The waste disposal method has been determined by local regulations applicable to each plant and nature of waste generated.



## 4.10 Climate Change

### 4.10.1. Greenhouse Gas Emissions [305-1, 305-2, 305-3, 305-4]

<sup>4</sup> The definition of hazardous waste will follow the local regulations where the business unit reports from.

	2020	2019
<i>Direct emissions (t COe)</i>	42344	67340
<i>Indirect emissions (t COe)</i>	14118	72790
<i>Other indirect emissions (t COe)</i>	148885	306409
<i>Emission intensity (t COe/t)<sup>6</sup>. On finished products sold</i>	2.43	1.88

<sup>6</sup> Scopes 1 and 2 emissions per raw steel tonnes at steelworks and sold/processed tonnes in the other business units.

The emission calculation model reviewed in 2020 has been applied to all the Group companies, including three scopes:

1-Direct emissions

- Electricity, heating, cooling and steam generation: emissions are the result of fuel combustion in stationary sources such as boilers, furnaces and turbines, as well as other combustion processes, including flame burning.
- Physical or chemical processing: most emissions are the result of manufacturing or processing chemicals and materials such as cement, steel, aluminum, ammonia and waste.

2-Indirect energy emissions

- CO2 emissions from purchased or acquired electricity generation, heating, cooling and steam used.

3-Indirect upstream emissions of the following categories:

- Acquired products and services
- Activities related to fuel and energy (not included in Scope 1 and Scope 2)
- Upstream distribution and transport.
- Downstream distribution and transport.
- Waste related
- Business travel.

Emission factors and Global Warming Potential (GWP) rates used to calculate greenhouse gas emissions are based on the carbon footprint methodology for emission trading verified by an independent expert.

Greenhouse Gas (GHG) emissions suffered a reduction in intensity of 28% (minus impact from reduced activity due to COVID-19) in scopes 1 and 2, mainly as a result of green electricity supply agreements for all plants in Spain.

Likewise, Scope 3 emissions fell by 23 % in terms of intensity mainly due to efforts focused on promoting circular economy while increasing the use of recycled materials as opposed to raw materials.

**4.10.2. Measures adopted to adapt to the consequences of Climate Change [103-2]**

In December 2020, TUBACEX signed up to the Science Based Target (SBT) initiative where the group ratifies its commitment to reduce greenhouse gas (GHG) emissions by 2030. Science Based Target is a joint initiative launched by the CDP, UN Global Compact, World Resources Institute (WRI) and WWF, which identifies and promotes innovative approaches to tackle climate change and towards the transition to a low-carbon economy. General more specific emission reduction targets presented by TUBACEX will be independently assessed and validated by SBT technical experts. By supporting this initiative along with its environmental sustainability plan, TUBACEX demonstrates its commitment to the environment and fight against climate change.

One of the main measures adopted by TUBACEX to reduce its environmental impact includes improving its facilities from an energy-efficiency perspective, as well as paying special attention to environmental criteria in purchase processes. Examples of this include: energy consumption reduction resulting from lamp replacement with LED technology; optimizing sealing to reduce energy waste at the Austrian plant; or replacing heat exchangers to optimize energy use in Italy.

Energy audits are carried out at plant level on the three production sites (TTI and ACERALAVA) to identify improvement actions to reduce energy consumption as well as setting medium and long-term GHG emissions reduction targets.

#### **4.10.3 Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose [103-2]**

TUBACEX has implemented indirect emission reduction plans by 2021 related to maintaining and extending to other regions buying renewable energy with guarantee of origin. In 2021, the Company intends to continue implementing an ambitious program to maximize the use of recycled materials as opposed to using ferroalloys and pure metals. Likewise, TUBACEX will launch a state-of-the-art facility along with a supplier specialized in steel dross treatment and recovery, which will allow increasing the degree of recycling of materials while reducing non-hazardous waste discharges.



## **4.11 Biodiversity**

As TUBACEX plants are not located in protected areas, nature reserves or parks or in their surroundings, biodiversity is not included in the Group material aspects. Regarding the supply chain, suppliers must comply with the environmental requirements established by Tubacex Group for official approval, confirming they have not had any significant impact on diversity.

# 5. People



## 5.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

TUBACEX is aware of the importance of its team in achieving strategic goals. Talent management has become a key issue, fostering employee development and leadership as well as stimulating motivation and engagement. The Company comprised a multicultural multidisciplinary team of 2,380 professionals on average in 2020, who have pursued the business project from different scopes of action. Employees are a strategic asset for generating value and bringing success to the organization. Offering a safe and pleasant work environment involving teams in the business project and fostering their personal and professional growth are some of the priorities for the organization's People Management Department . The following material aspects were identified in this area:



**Health & safety at work.** Health and safety at work is the main concern for TUBACEX. The Company is very aware of the impact and risks derived from its activity and it is its priority to work in a safe environment.



**Talent attraction and retention.** Training, motivation and satisfaction levers are priorities. TUBACEX is aware of the importance of people's development as an active asset and a driver for the business and to promote corporate strategy.



**Equality and Diversity.** As a company offering employment, TUBACEX is fully committed to quality employment, including launching measures to favor the recruitment of diverse talent.



The following risks have been identified in this area on the corporate risk map: **Health and Safety:** Providing safe work environments and a preventative culture in terms of safety is crucial for a company like TUBACEX, due to its strong industrial nature; **Talent Management.** TUBACEX'S people are a key asset and their training, satisfaction and commitment play a crucial role in driving the Company to its strategic position. Therefore, attracting, maintaining and capturing talent is one of the main priorities of the HR department; and **Operational, social and legal risks.** Risks are related to direct or indirect economic losses resulting from inadequate internal procedures or human errors, including economic, social, environmental, and reputational impact thereof, as well as legal and fraud risks.



## 5.2. Management Approach and Components

[103-2]

At management level, TUBACEX has included a specific HR process where the main action principles regarding talent management, communication and training are established. Furthermore, it has implemented an occupational risk prevention management process also led by its HR Corporate Management, which has been deployed to the different units by factory teams. The main components included in this process are:



- **Talent attraction.** Implement scouting and recruitment plans to attract the best talent available.
- **Training.** Align the development of employees with the growth and internationalization needs of the Organization.
- **Recognition and reward.** Motivate employees with systematic recognition and retribution.
- **Equal opportunities.** Consider diverse talent, supporting the integration of people with disabilities. Implement measures to guarantee equal opportunities.
- **H&S management based on employee habits and participation.** Improve the occupational risk management model by analyzing the existing culture and involving the workforce.

#### 5.2.1 Available policies and manuals:

- **Quality, Safety and Environment Policy.** As part of its Prevention, Quality and Environmental policy, TUBACEX sets forth as their goal the management of operations under healthy and safe working conditions, undertaking to eliminate any hazards whenever possible, controlling and minimizing risks and setting human life as a priority before any other financial, commercial or production consideration, in compliance with the applicable law and any other requirement undertaken by the Group.
- **Communication Policy.** Communication at Tubacex Group operates following the values of transparency, truthfulness, simplicity and dialog, and is aimed at building and consolidating relationships with its Stakeholders, in order to help achieve business objectives.
- **CSR Policy.** Through its CSR Policy TUBACEX undertakes to contribute to the development of professionals and people, by means of team work and ongoing measurement of results, fostering a safe working environment at all times.
- **Code of Conduct.** TUBACEX's Code of Conduct defines health and safety at work as the main concern for the Company. Thus, as the Company is very aware of the impact and risks derived from its activity, it is its priority to work in a safe environment.
- **Gender Equality Plan.** Equality plans are promoted at plant level. At Basque plants for example, a collective agreement regulates a certain percentage of jobs for the most underprivileged groups, and with explicit mention of hiring women. Thus, new female employees are screened by an Equality Committee. Furthermore, NTS plant in the Middle East also promotes equal opportunities in recruitment processes.

## 5.3. Assessment Procedures

[103-3]

TUBACEX annually conducts an EFQM (European Foundation for Quality Management) feedback survey to assess the efficiency of its management approach. Through this survey, employees in senior and middle management positions (315 people were invited in 2020) offer feedback related to each aspect of the model, including People management. In addition, culture and psychosocial surveys are also conducted periodically. Regarding prevention, TUBACEX's Occupational Risk Prevention Program is certified pursuant to ISO 45001 and OHSAS 18001.



## 5.4 Employment

In 2020 Tubacex Group's average workforce included all companies of the Group. The Group plant in Durant (Oklahoma) began operating in this financial year, joining the consolidated perimeter of the Group in the last quarter along with: Amega West and TSS Norway.

### **Workforce evolution analyzed by Company as of December 2020 and 2019**

The Group evolution is detailed below by company considering average workforce at December 2020 and 2019. This information is used at Tubacex Group management level and not subject to external verification since its reporting is not compulsory by law, pursuant to Law 11/2018.

Average workforce by Company in December	2020	2019
<i>Acería de Álava</i>	189	231
<i>Tubacex Tubos Inoxidables</i>	482	587
<i>Schoeller Bleckmann</i>	413	509
<i>Schoeller Bleckmann Technisches Service</i>	44	40
<i>Tubacex Taylor Accesories</i>	29	30
<i>Salem Tube</i>	89	102
<i>Tubacex Service Solutions</i>	63	66
<i>Tubos Mecánicos</i>	68	76
<i>Tubacex S.A. Tubacex Servicios de Gestión.</i>	44	53
<i>Tubacex Innovación</i>	13	19
<i>Sales Offices</i>	44	49
<b>Previous perimeter</b>	<b>1477</b>	<b>1762</b>
<i>IBF</i>	225	240
<i>Tubacex Prakash</i>	190	204
<i>Tubacex Services</i>	12	11
<i>Tubacoat</i>	3	3
<i>Tubacex Logistics</i>	3	3
<i>Tubacex Awaji Thailand</i>	66	69
<i>Tubacex Upstream Technologies</i>	6	9
<i>Grupo NTS</i>	252	285
<b>TOTAL</b>	<b>2234</b>	<b>2585</b>
<i>Tubacex Durant</i>	45	17
<i>Amega West</i>	83	0
<i>TSS Norway</i>	15	0
<b>TOTAL</b>	<b>2377</b>	<b>2602</b>

As shown, the workforce was reduced by 351 in the financial year prior to the Group consolidation perimeter extension throughout 2020.

**5.4.1. Total number and distribution of employees by gender, age, country and professional qualification [102-7, 102-8, 405-1b]**

In 2020 Tubacex Group's average workforce included all companies of the Group. The Group plant in Durant (Oklahoma) began operating in this financial year, joining the consolidated perimeter of the Group in the last quarter along with: Amega West and TSS Norway.

The following data shows average workforce figures reported, taking into account any person who has or had a labor relationship with the company during the financial year averaged to their period of service. Averages for employees furloughed (known as ERTE in Spain) were calculated according to the effective period of service.

The following table shows a breakdown of average workforce in 2020, compared to FY 2019:

<i>Employees by age and gender</i>	2020			2019		
	<b>Men</b>	<b>Women</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
<b>Under 30</b>	310	51	361	356	55	411
<b>30 - 50</b>	1328	215	1543	1439	223	1662
<b>Over 50</b>	422	54	476	435	45	480
<b>TOTAL</b>	<b>2060</b>	<b>320</b>	<b>2380</b>	<b>2230</b>	<b>323</b>	<b>2553</b>

<i>Employees by professional qualification and gender</i>	2020			2019		
	<b>Men</b>	<b>Women</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
<b>Management</b>	155	42	197	152	37	189
<b>Middle management and supervisors</b>	168	7	175	174	10	184
<b>Technicians and professionals</b>	265	181	446	271	177	448
<b>Operations personnel</b>	1472	90	1562	1633	99	1732
<b>TOTAL</b>	<b>2060</b>	<b>320</b>	<b>2380</b>	<b>2230</b>	<b>323</b>	<b>2553</b>

The average number of employees excluding activity adjustments due to furlough schemes (ERTE) amounted to 2,499 (2,164 men and 335 women) in 2020.

The Group's workforce is classified in different business units into four categories for standardization purposes:

- *Operations personnel*: any position related to production (operators, maintenance technicians and production support staff);
- *Technicians and professionals*: work positions with technical or management duties (Engineering, Finance, Purchasing, Human Resources, etc.).
- *Middle management and supervisors*: management employees at their different levels in production centers; and
- *Senior management*: area or function directors, management teams at plants and business units.

Tubacex Group employees are distributed over seventeen countries where the group is present, with the addition of Canada this year and no longer the Czech Republic. This environment is both a challenge and an opportunity for international development for all employees. The **average workforce breakdown by country** is as follows:

<i>Employees by country and gender</i>	2020	2019
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	Men	Women	Total	Men	Women	Total
<b>Spain</b>	683	147	830	926	177	1103
<b>Austria</b>	485	51	536	511	52	563
<b>Italy</b>	209	19	228	219	18	237
<b>India</b>	202	10	212	209	10	219
<b>UAE</b>	120	18	138	85	6	91
<b>United States</b>	143	26	169	115	15	130
<b>Saudi Arabia</b>	110	14	124	78	9	87
<b>Thailand</b>	47	24	71	46	25	71
<b>Norway</b>	28	2	30	18	1	19
<b>France</b>	7	2	9	6	3	9
<b>China</b>	3	3	6	3	3	6
<b>Brazil</b>	6	0	6	2	2	4
<b>Germany</b>	4	1	5	3	1	4
<b>The Netherlands</b>	5	1	6	3	1	4
<b>Singapore</b>	5	1	6	3	-	3
<b>Korea</b>	1	0	1	2	-	2
<b>Czech Republic</b>	0	0	0	1	-	1
<b>Canada</b>	2	1	3			
<b>Total</b>	<b>2060</b>	<b>320</b>	<b>2380</b>	<b>2230</b>	<b>323</b>	<b>2553</b>

- *Distribution in Grupo NTS work centers in Saudi Arabia, Dubai and Norway in 2019 was corrected.*

TUBACEX regional distribution has significantly changed in 2020 in relation to the previous year due to adjustments made at its main European production plants (particularly in Austria); plus the acquisition of Omega West (USA, Canada and Singapore) and TSS Norway in Norway.

In Spain, where the Company has 35% of its workforce, the reduction affected production units, distribution centers and corporations.

At its only work center in Austria (Ternitz), SBER cut down its workforce by 20% to adapt to the drop in production activity.

The highest number of jobs cut in the other countries took place in Saudi Arabia.

The workforce on the United States sites has grown with the commissioning of the Durant plant (Oklahoma) in 2020.

#### 5.4.2. Total number and distribution of employment contract types [102-8]

As an industrial group, 66% of Tubacex Group's workforce activity is related to production and 19% to technical or professional capacity. Tubacex Group is committed to providing stable employment and indefinite contracts amounting to 98% of the total number of employment contracts at the end of the year.

Below is a breakdown of the workforce according to the contract type at year end:

Type of contract:	2020	2019
<b>Indefinite contracts</b>	2489	2408
<b>Temporary contracts</b>	61	222
<b>Total contract type</b>	<b>2550</b>	<b>2630</b>

Activity reduction during the financial year has led to a 72% cutback in temporary jobs compared to last year's figure. However, the acquisition of Amega West and TSS Norway represents a 3% increase in indefinite employment in the Group.

#### 5.4.3. Annual average fixed-term, temporary and part-time contracts by gender, age and professional qualification [102 -8]

Annual average of indefinite, temporary and part-time contracts according to gender, age and professional category and their evolution are shown as follows:

Contract modalities according to gender	2020			2019		
	Men	Women	Total	Men	Women	Total
<b>Indefinite contracts</b>	2012	305	2317	2064	294	2358
<b>Temporary contracts</b>	48	15	63	166	29	195
<b>Total by type of contract</b>	<b>2060</b>	<b>320</b>	<b>2380</b>	<b>2230</b>	<b>323</b>	<b>2553</b>
<b>Part-time</b>	2		2	2		2

Contract types by age	2020				2019			
	Under 30	30 - 50	Over 50	Total	Under 30	30 - 50	Over 50	Total
<b>Indefinite contracts</b>	336	1512	469	2317	346	1549	463	2358
<b>Temporary contracts</b>	26	31	6	63	65	113	17	195
<b>TOTAL by contract type</b>	<b>362</b>	<b>1543</b>	<b>475</b>	<b>2380</b>	<b>411</b>	<b>1662</b>	<b>480</b>	<b>2553</b>
<b>Part-time labor schedule</b>			2	2			2	2

Contract types by professional qualification	2020					2019		
	Management	Senior and mid management	Technicians and professionals	Op. personnel	Total	Management	Senior and mid management	Technicians and professionals
<b>Indefinite contracts</b>	194	173	422	1528	2317	189	183	411
<b>Temporary contracts</b>	2	1	25	35	63	-	1	37
<b>TOTAL by contract type</b>	<b>196</b>	<b>174</b>	<b>447</b>	<b>1563</b>	<b>2380</b>	<b>189</b>	<b>184</b>	<b>448</b>
<b>Part-time labor schedule</b>			1	1	2*			1

In addition, in 2020: 88 employees were in partial retirement in 2020

#### 5.4.4. Number of dismissals by gender, age, country and professional qualifications

TUBACEX's growth based on developing its workforce skills and knowledge, is one of the main aims of the Group which is committed to retaining the best professionals. Dismissals during 2020 were mainly due to organizational adjustments and reduced activity resulting from the social and public health scenario. Dismissals for the financial year have been broken down and compared to 2019 figure as follows:

<i>No. of dismissals according to professional category</i>	<i>2020</i>	<i>2019</i>
<b>Management</b>	6	8
<b>Middle management and supervisors</b>	9	1
<b>Technicians and professionals</b>	46	12
<b>Operations personnel</b>	142	67
<b>TOTAL</b>	<b>203*</b>	<b>88</b>

<i>No. of dismissals according to age</i>	<i>2020</i>	<i>2019</i>
<b>Under 30</b>	53	36
<b>30 - 50</b>	117	49
<b>Over 50</b>	33	3
<b>TOTAL</b>	<b>203*</b>	<b>88</b>

<i>No. of dismissals according to gender</i>	<i>2020</i>	<i>2019</i>
<b>Men</b>	177	87
<b>Women</b>	26	1
<b>TOTAL</b>	<b>203*</b>	<b>88</b>

- Data related to Amega West and TSS Norway have not been included since they are immaterial.

\*This table only reflects non-voluntary contract terminations. It does not include termination of temporary contracts, voluntary leave, unpaid leave, retirement, etc.

#### **5.4.5. Average compensation and evolution breakdown by gender, age and professional qualifications or equal value.**

The average remuneration by professional category and age was as follows:

<i>Average remuneration (Euro) according to professional position</i>	<i>2020</i>	<i>2019</i>
<b>Management</b>	83659	87068
<b>Middle management and supervisors</b>	45055	43883
<b>Technicians and professionals</b>	37355	43065
<b>Operations personnel</b>	33827	39115

<i>Average remuneration (Euro) according to age</i>	<i>2020</i>	<i>2019</i>
<b>Under 30</b>	24458	29516
<b>30 - 50</b>	39470	43394
<b>Over 50</b>	50696	55225

Average remuneration at TUBACEX has shrunk in comparison to the previous financial year as a result of reduced labor activity and remuneration adjustments made. This has translated into a salary cut proportional to the time not worked, as well as an impact on the labor system payment bonuses (shifts, bank holidays, etc.) or eventual overtime.

Although this affects all salary groups, the incorporation of other companies into the Group has led to an uneven impact on those groups. In particular, average remuneration was raised for the supervision salary group increased due to the incorporation of companies where this post requires more specialized technicians in higher remuneration environments for specialists (such as Norway, Canada, Houston and Singapore).

Please note average remuneration is based on the gross remuneration received by Tubacex Group employees throughout the financial year, including all items. To calculate average remuneration and the pay gap for 2020, the Group information has been taken into account excluding Senior Management average remuneration which is specifically dealt with in section 5.4.7.

#### **5.4.6. Pay gap**

The annual gross remuneration has been taken into account to calculate the pay gap, without differentiating items such as overtime, extra payments, seniority or *bonuses*. This criterion guarantees a homogenized figure based on all reporting units which is easy to audit in all cases. In addition, the pay gap was calculated as the difference between average remuneration for men and that for women; and excluding from the calculation those categories not occupied by both genders in each individual company.

TUBACEXs pay gap was 11.6% in 2020 (11.5% in 2019) and average male and female remuneration were €42,246 (€46,794 in 2019) and €37,357 (€41,406 in 2019), respectively. This pay gap may be due to different reasons: historical low presence of female employees in some areas of activity, determining current workforce composition; different specialization of jobs; and still budding presence of women in some work areas (particularly in some countries).

The applicable collective agreements regulate the average remuneration for TUBACEX's employees, according to equality criteria among similar work positions regardless of gender. In this context, remuneration for employees protected by a bargaining agreement, as well as for those who did not sign it, have been equitably established.

#### **5.4.7. Average compensation of Directors and Management**

As of December 31, 2020 the Board of Directors consists of eight men and four women. The average remuneration for Board members in 2020 was €151,000 and €73,000, for men and women respectively. This difference is due to statutory roles being played by men, including the Chairperson and CEO, which have different remuneration supplements from other Board members, associated with compensating their representation and executive roles, respectively. For further details regarding Directors' remuneration, individual details and breakdown, see the Annual Report on Board Members' Remuneration (available on the CNMW webpage).

Regarding Senior Management, exclusively comprising men, the average remuneration for 2020 amounted to €174 K, against €270 K in 2019. This was mainly due to the cancellation of variable remuneration during the financial year, as well as a voluntary cut of 30% in April, May and June, to mitigate the impact of COVID-19.

#### **5.4.8. Implementation of right-to-disconnect measures**

TUBACEX is aware of the importance of adapting timetables to strike a balance between professional and private life. Reconciliation measures mainly based on extending the age to access parent leaves to look after children or flexible reduction of working hours, have been implemented at productions plants. On the other hand, a flexible start and finish timetable is in place at offices to allow personnel to successfully meet their work, personal and family responsibilities.

#### 5.4.9. Employees with disabilities

TUBACEX is committed to integrating people with Diverse Talent in the Group.

Plants in Spain comply with the Spanish General Law on Disability. However, this compliance is due to alternative measures to those envisaged by law and based on acquiring products and services from Special Employment Centers (centers which hire people with disabilities). Other plants in the United States or Italy, are also required by law to hire disabled workers.

In 2020, the total number of employees with disabilities working in Tubacex Group was 20 people (25 people in 2019).

## 5.5 Work Organization

[102-41]

### 5.5.1 Working time organization [103-2]

Tubacex Group complies with the stops and breaks set forth by law and by the applicable collective agreements. Thus, in those cases when employees are not covered by an agreement, the Group also guarantees the appropriate flexibility for each job. Working hours are calculated annually for all employees so that any employee regardless of the specificities of the job carried out will have the same annual hours allocated to work and enjoy the same stops and breaks.

### 5.5.2 Number of hours lost to absenteeism [403-9a]

The main causes of absenteeism in the Group are common illnesses and authorized paid leave. Once the number of consolidated hours lost due to labor accidents were consolidated, the number of hours not worked due to common illnesses, paid leaves and hours used by union representatives during their representative duties have been added.

<i>Hours lost</i>	<i>2020</i>	<i>2019</i>
<b><i>Hours lost due to accident</i></b>	18240	26400
<b><i>Hours lost due to illness</i></b>	188464	211592
<i>Hours lost, other[1]</i>	62338	91612
<b><i>Total number of hours</i></b>	<b>269042</b>	<b>329604</b>
<b><i>% of absenteeism[2]</i></b>	<b>6.09%</b>	<b>7.00%</b>

[1] Mainly including paid leave and union hours

[2] Total number of hours lost out of theoretical hours worked

- Data related to Amega West and TSS Norway have not been included since it is immaterial.

**5.5.3 Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both parents [103-2]**

TUBACEX ensures work/life balance rights and allowances can be exercised by all employees regardless of their gender and facilitates their enjoyment wherever they work. Some collective bargaining agreements in the Group expressly cover measures facilitating joint responsibility and some centers also have Equality Plans to cover them.

**5.6. Health and Safety**

[103-2]

TUBACEX’s Mission includes promoting a safe and pleasant work environment at all times, and sets health and quality of living at work as a priority. An example of this is the Group Quality, Safety and Environment Policy and CSR Policy, detailed in Section 5.2.1.

2020 was a particularly challenging year regarding safety management due to COVID-19 impact. Strict safety policies in line with the recommendations and guidelines issued by public bodies have been developed and implemented. Rigorous sustained application of those policies enabled employees to safely access their work stations throughout the pandemic. Those measures were announced in various formats (posters, videos, etc.) to ensure their effective implementation.

The Group registered 102 positive cases, which in addition to quarantines and preventive isolations amounted to 0.95% of the total company absenteeism.

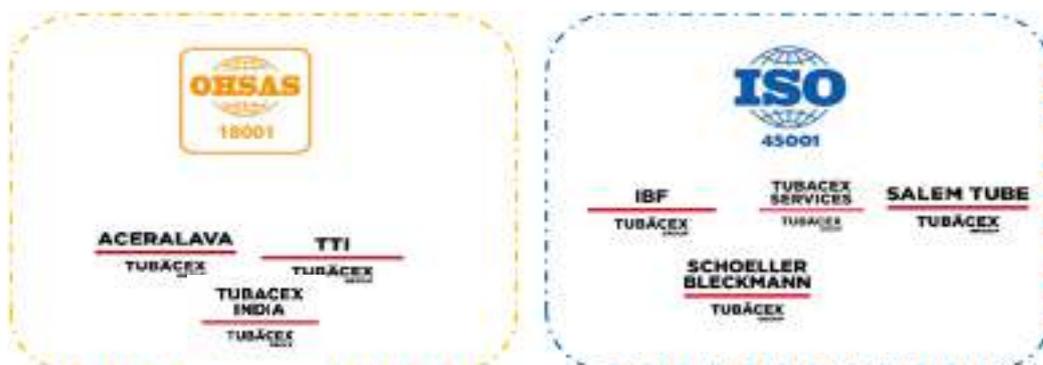
Under the coordination of business activities, any accident related to subcontractors’ employees is internally monitored, and the corresponding actions taken and recorded are being progressively implemented. 1 accident without sick leave and 2 relevant incidents were investigated in 2020.

In addition, action plans aimed at improving prevention at the plants have been maintained. Among them, it is worth highlighting DUPONT Consultancy’s Health & Safety Culture Transformation project to foster Health & Safety excellence on its TTI and ACERÁLAVA plants. The first diagnosis, thanks to people’s participation, was carried out at the year start, which facilitated the laying of knowledge foundations to develop the action plan.

**5.6.1. Health & Safety at work**

TUBACEX has added to its management processes, a specific Occupational Risk Prevention which establishes the drafting of an annual plan to comply with the current regulations, as well as an occupational risk assessment. TUBACEX fully complies with all the applicable Health & Safety legal regulations, with the utmost commitment from the Management, which translate into major investments dedicated to improving installations and processes to minimize any risk related to our production activity.

The main production business units in Tubacex Group are certified to OHSAS 18001, one of the most demanding standards in terms of health and safety; or have completed steps to achieve ISO 45001 certification in 2019 and 2020. In particular, Salem Tube was the latest plant to receive this certification. The following image shows companies together with their corresponding accreditations:



### 5.6.2. Work accidents (frequency and severity) broken down by gender [403-9a]

<i>Employees by professional qualification and gender</i>	2020			2019
	Men	Women	Total	Total
<b>Accidents with sick leave</b>	53	5	58	118
<b>Accidents without sick leave</b>	81	9	90	172
<i>Total number of accidents</i>	134	14	148	290
Frequency[1]	13.86	8.41	13.12	25.68
Severity[2]	0.54	0.33	0.52	0.64

(1) Number of accidents with leave per million hours

(2) Number of days lost per accident with leave divided by number of hours worked per thousand

91% of the total number of accidents occurred in 2020 involved men, mainly corresponding to plant personnel; while 9% involved women. Compared to 2019, when 89% were men and 11% women.

- Data related to Amega West and TSS Norway have not been included since they have no material impact.

### 5.6.3. Occupational diseases

The Company is working hard to foster a preventative culture in terms of occupational risks, providing the employees with the necessary means and measures to prevent any possible negative impact on their health. 2 cases of occupational illnesses (both men) were registered in 2020.



## 5.7. Social Relations

TUBACEX guarantees all collaborators will enjoy the rights pursuant to the legislation of those countries where the Company is present, including those related to freedom of association and the right to collective bargaining. Everything related to Union representation of the employees is regulated by their collective agreements. This chapter describes everything related to management of Trade Unions' activity, existing Works Committees and their competences as well as workers' rights and protections.

The Collective Bargaining Agreement text was agreed in good faith by the parties in relation to the matters included therein and specific agreements regarding them, with both parties being aware of the regulations in force at the time the agreement was signed as well as of the need to improve competitiveness.

For other employees at Tubacex Group, legal provisions are observed and exceeded in all work centers, adapting their conditions related to working hours, remuneration and organization in the environments where it operates.

Details of the reference bargaining agreement for European companies are listed as follows:

<i>Company</i>	<i>Type of collective bargaining agreement</i>
<b>TTI ACVA</b>	Own bargaining agreement
<b>TTA</b>	Own bargaining agreement
<b>TSS</b>	Metal Álava
<b>TX SERVICES</b>	Siderometalúrgica de Cantabria
<b>TUBACOAT</b>	Collective bargaining agreement for the chemical industry
<b>Tubacex Servicios de Gestión</b>	Collective bargaining agreement for Bizkaia office employees
<b>Tubacex, S.A.</b>	Collective bargaining agreement for Bizkaia office employees
<b>Tubacex Innovación, IAE</b>	Collective bargaining agreement for Bizkaia office employees
	Collective bargaining agreement for the chemical industry
<b>Tubos Mecánicos</b>	Collective bargaining agreement for Barcelona metal industry
	Collective bargaining agreement for Zaragoza metal industry
	Collective bargaining agreement for Madrid metal industry
	Collective bargaining agreement for Alava metal industry
	Collective bargaining agreement for Valencia metal industry
<b>IBF (Italy)</b>	Collective bargaining agreement for Pontevedra metal industry
	Sector Bargaining Agreement (metal-mechanical industry)
<b>SBER (Austria)</b>	Sector Bargaining Agreement (Industry)
<b>PROMET (Norway)</b>	Sector Bargaining Agreement (Industry)
<b>SALEM (USA)</b>	Own bargaining agreement

TUBACEX is present in regions where the labor system does not envisage labor adjustment plans, such as the UAE, Saudi Arabia and Thailand, and where labor issues are strictly observed and guaranteed above the minimum legal requirements.

#### 5.7.1. Organization of social dialog, including procedures for informing and consulting staff and negotiating with them [102-43]

TUBACEX is in constant communication with union representatives, meeting and exceeding legal requirements in all Group companies. The collective bargaining agreements and work interactions include general and specific follow-up committees regarding different social matters (equality, health & safety, etc.). Furthermore, communication and negotiation procedures and deadlines for change or modifications affecting the work organization of the employees are also described.

#### 5.7.2. Percentage of employees covered by collective bargaining agreements by country

<i>Country</i>	<i>Collective agreement %</i>	
	<b>2020</b>	<b>2019</b>
<i>Austria</i>	92%	95%
<i>Spain</i>	89%	98%
<i>Italy</i>	98%	100%
<i>United States</i>	56%	71%

Labor relationships in the Group companies are determined by the different environments where it operates.

69% of the workforce is regulated by the Company's own bargaining agreement and particularly in plants with the highest number of employees in Europe.

Some Group companies, due to their size or activity are subject to sector or geographical agreements guaranteeing the terms and conditions specified in all cases, and exceeding them in almost all companies.

Although bargaining agreements are not used in some geographical areas where the Group operates, remuneration and social policies exceed the minimum legal requirements either matching or improving their reference environments in all cases without exception.

### **5.7.3. Balance of collective agreements, particularly in the field of health and safety at work.**

Regarding collective bargaining agreements and in particular, in the field of occupational health and safety, a Safety Committee composed by a representation of the Works Council, is in place at each Spanish plant. Some collective bargaining agreements cover specific health & safety issues in their clauses. Regarding the rest of the Group, there are no Safety Committees in any other country. Collective bargaining agreements (almost all local) regulate labor relationship aspects as a result of local collective bargaining. They delve into all issues related to the employee-company relationship. Pursuant to the corresponding legislation, Health & Safety Committees allow TUBACEX employees to seek advice and participate in them.



## **5.8. Training**

The Company has highly skilled and qualified professional teams to carry out their functions who have access to ongoing training plans to adapt to the market demands and strategy.

TUBACEX has implemented dual training programs, promoted in collaboration with the Basque and Austrian Governments as well as different training centers. These programs are four years long and 75% of their contents are carried out at the work center while the other 25% are taught in the classrooms. They also include a year of international work experience at any of the Group plants in the USA, Italy, Austria or India, which completes and rounds off the training. By the end of 2020, 33 students were enrolled in these specialized training programs.

In addition, TUBACEX has made a commitment to internationalization of education processes offering international scholarships. In 2020, four trainees in work experience programs at Austrian and Italian plants had to be repatriated due to COVID-19. Due to this situation, no new placements are allocated for 2021.

### **5.8.1. Policies implemented in the field of training [103-2, 404-2]**

Training at TUBACEX is part of the growth lever for those who are part of the organization and with them, of the Company itself. Thus, the different processes involved in the People management department have been standardized, including training and development processes, and a training plan aiming to promote the development of professional competences among the employees is deployed annually.

The type of training scheme planned every year is associated with vertical competences to ensure people's technical skills match the position requirements; horizontal competences to ensure skills necessary to face the process of change; and competences at management level to develop the Directors' leadership style.

In 2020, 15,796 training hours were imparted in all courses, and the following courses can be highlighted:

- Prevention: employees covered by bargaining agreements for the metal sector, crane operators, occupational risk prevention, labor risks and proactive safety culture;

- Quality and the Environment: ultrasounds, ultrasound and induced current thickness measurement;
- Maintenance;
- Product and applications;
- Languages

### 5.8.2. Total amount of training hours by professional category [404 -1]

Training hours are detailed below according to professional category in 2020:

<i>Training hours</i>	<i>2020</i>	<i>2019</i>
<i>Management</i>	2451	1675
<i>Middle management and supervisors</i>	1725	3289
<i>Technicians and professionals</i>	2881	5405
<i>Operations personnel</i>	8739	24642
<b><i>Total Number of training hours</i></b>	<b>15796</b>	<b>35012</b>
<i>Average number of training hours per employee</i>	<b>6.6</b>	<b>13.7</b>

The impact of COVID-19 was also a determining factor in this area, and the main cause for reducing training hours by 55% in relation to the previous year.

During these months of pandemic, internal online training has intensified.

Under the “Training Pills” format, training sessions were held on: products, applications, materials, market strategies and diversification; imparted by in-house experts and aimed mostly at technical and sales teams, as well as area managers.

- Data related to Amega West and TSS Norway have not been included since they have no material impact.



## 5.9. Universal Accessibility for People with Disabilities

[103-2]

TUBACEX complies with accessibility regulations in every country where it is present. All TUBACEX facilities have been fully adapted for people with disabilities.



## 5.10. Equality

Regarding the promotion of equal opportunities, TUBACEX seeks diverse talent, promoting equal opportunities.

### 5.10.1. Measures implemented to promote equal treatment and opportunities between men and women

[103-2]

On the one hand, TUBACEX has implemented policies to encourage equal treatment and opportunities for men and women, with the preparation of gender equality plans in the most representative plants, where aims, strategies and best practices to be implemented are defined. These plants drive the highest volume of

contracts (located in the Basque Country) where the second gender equality plan was deployed in 2018, identifying improvement plans in collaboration with the employees' representatives.

Due to the industrial nature of the plants, women make up 13% of the Company's workforce. Despite this, the gradual incorporation of female professionals has reached a representation level of 41% in Professionals and Technicians and 21% in Management.

Selection and recruitment processes for TUBACEX's personnel are based on the suitability of candidates' professional and technical skills for the positions to be covered, endeavoring at all times to attract the best candidates, while retaining talent in an objective way.

During 2019 and 2020, no claims related to breaches of this policy and the principle of equality have been registered through the ethical channel, offered to the employees for that purpose.

#### **5.10.2. Equality Plans [103-2]**

In 2016 the diagnosis update and preparation of the Gender Equality Plan II was accomplished. The new plan covers challenges still pending set in Plan I and also new requirements to fight against discrimination, if any, and to foster gender equality in the Company. This plan was in force from 2017 to 2019 for Tubacex Tubos Inoxidables and Acería de Álava,

It is implemented, monitored and assessed by the Equality Committee, made up of the Company and the employees' representatives.

The Equality Plan II focuses on three main scopes detailed as follows:

- Assessment and lessons learned from Equality Plan I;
- Identification of expectations of the work team (Equality Committee) members who took part in the training program;
- Update of the diagnosis for critical areas with a view to identifying strengths and areas for improvement.

The Plan aims have been prioritized according to the following 5 criteria:

- 1) Intensifying awareness and communication regarding equality;
- 2) Incorporating women into positions where they are under-represented;
- 3) Guaranteeing training and promotion for men and women;
- 4) Improving the work/family/personal balance;
- 5) Setting up a scheme to monitor and assess the Equality Plan.

To ensure those aims are achieved, secondary goals, i.e. specific actions planned, people in charge, completion dates and follow-up, records and indicators have been defined for each target.

#### **5.10.3. Measures implemented to promote employment [103-2]**

TUBACEX promotes quality employment driving each of the levers involved in talent attraction and retention processes. These activities range from presence at specialist forums to capture talent and joint collaboration with public institutions, People Development and performance appraisal programs, for training and development. These programs are launched by the People Development department through Business Unit and Department Directors, and allow gearing professional development towards the compliance with the strategic objectives of the Company. Likewise, efforts are focused on creating work environments enabling employees to develop and make the most of their capabilities.

#### **5.10.4 Protocols against sexual and gender-based harassment [103-2]**

TUBACEX's collaborators shall always be guided by the fundamental conventions of the International Labor Organization (ILO) and repeal any form of physical, psychological, moral harassment or abuse of power.

TUBACEX's collaborators shall treat everyone within the work environment with respect - regardless of their position - fostering a pleasant, healthy and safe work environment. In 2020 and 2019, no claims or complaints related to the violation of these principles have been filed.

#### **5.10.5 Integration and universal accessibility for people with disabilities [103-2]**

It is worth highlighting that plants in Spain comply with the Spanish General Law on Disability. Although compliance is achieved by alternative measures, the Company is promoting its commitment to integration with the abovementioned integration plan developed under the framework agreement signed between Fundación ONCE and Fundación Tubacex. However, all opportunities scheduled have been postponed due to COVID-19.

#### **5.10.6 Policy against all types of discrimination and, where appropriate, management of diversity [103-2]**

TUBACEX is aware of existing cultural differences and different standards applicable to each country. Employment conditions should meet the individual profile to perform the job but never personal characteristics or beliefs. Thus, TUBACEX will not discriminate in recruitment processes, remuneration and benefits, promotion, disciplinary procedures and contract termination, due to race, religion, gender, marital status, age, political affinity, place of birth, sexual orientation or any other status forbidden by law. With the policies and manuals described in 5.2.1 TUBACEX intends to prevent any type of discrimination.

# 6. Human Rights





## 6.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

TUBACEX is fully committed to the protection of Human Rights as they underpin the laws applicable to all the business units upon which each business unit conducts its activity. The following material aspects were identified in this area:



**Ethics and compliance.** TUBACEX is committed to defending the fundamental principles of the Universal Declaration of Human Rights.



**Human Rights** Human Rights are fully protected by local legislation in each case and endorsed by all those who are part of the group.



**Child labor** Although the ILO sets the minimum age for entering the labor market at 15, TUBACEX has extended the minimum age established by Spanish law at all its plants.

**Corporate governance, ethics and compliance risks** have been identified in this field. To ensure the corporate interest of the Tubacex Group, understood as the common interest of its shareholders in creating value of the Company, compliance with the Company's Corporate Governance Standards, inspired by the good governance recommendations generally recognized in the domestic and international markets in which the Tubacex Group undertakes its activity, compliance with the Code of Conduct and compliance with the applicable legal requirements, as well as the control of risks associated with committing crimes, including fraud, bribery and corruption, among others is essential.



## 6.2. Management Approach and Components

[103-2]

The Company has several tools which demonstrate our full observance of Human Rights such as the corporate collective agreements or the Corporate Code of Conduct. In parallel, the main competence of the Audit and Compliance Committee is to ensure compliance before the Board of Directors and monitor issues related to business ethics, and in particular:

- Submit the issuance of the Code and its updates to the Board of Directors' approval;
- Establish procedures to enable optimal knowledge, understanding and observance of the Code of Conduct by all TUBACEX's collaborators;
- Provide advice in a situation of concern or related to any question asked by a TUBACEX Collaborator in relation to the Code application or observance, guaranteeing absolute secrecy;
- Keep abreast of any verbal or written communication related to TUBACEX Ethics, showing the highest interest in everything laid out by government and non-government, European and international, Organizations; and
- Update TUBACEX standards as may be necessary to reflect new regulations and laws or other provisions coming into force, as well as their lack of adaptation to the underlying reality.

### 6.2.1. Available policies and manuals:

- **Code of Conduct.** The code establishes that TUBACEX's Collaborators must always abide by the fundamental principles of the Universal Declaration of Human Rights.
- **Compliance Plan.** The annual Compliance Plan verifies and standardizes the local compliance requirements enforced by the applicable local law in the places where TUBACEX carries out production and/or commercial activity.
- **Purchasing Policy.** The Purchasing Policy along with our Mission, Vision and Values regulate TUBACEX's and the Supplier Market activity, focusing our efforts on ensuring that the quality of products and services purchased comply with the technical, safety, environmental, human and labor rights requirements, among others.
- **General Purchasing Terms and Conditions.** Tubacex Group's general purchasing terms and conditions establish that suppliers undertake to comply with any regulation applicable related to eliminating forced or compulsory labor, child labor, as well as any duress, threat, physical and psychological abuse and violence in the work environment, and discrimination and inequality on grounds of race, color, gender, religion, political opinion, nationality, illness or any other physical or social condition.



## 6.3 Assessment Procedures

[103-3]

As an instrument to follow-up policies related to Human Rights and understanding the Company's corporate collective agreement as a means to safeguard Human Rights, the Follow-up Committee has the duty of reporting any type of violation, among other functions; and the Audit and Compliance Committee has the express mandate of monitoring compliance with the applicable law as well as required by the Board of Directors as well as supervising any matters related to business ethics in the Group. To do so, there is an ethical channel used by the Compliance Director to receive and manage, if applicable, any claim or query regarding suspicious or questionable actions related to the Code of Conduct contents. During 2019 and 2020, no claim was made through this channel or by any other means.



## 6.4 Claims on cases of violation of human rights

[102-17, 103-2]

TUBACEX, a pioneer in corporate governance good practices, provides collaborators with an ethical channel to report to the Compliance Manager any suspicious or possible conflicts of interest requiring analysis. In 2019 and 2020 there were no claims related to possible violations of the Code of Conduct in this respect. Furthermore, no claim was filed by third parties or to suppliers.



## 6.5 Promotion and Compliance with fundamental IOL conventions related to the human rights of freedom of association and collective bargaining

[103-2]

TUBACEX Code of Conduct guarantees respect for labor rights of all collaborators as laid out by international bodies such as ILO as well as the laws of each country where the Company is present, which consider freedom of association a fundamental right. Likewise, TUBACEX extends this right to its suppliers through the Code of Conduct for suppliers whereby employees are guaranteed their right of association, union membership and collective bargaining, as well as an open collaborative attitude towards union activity.

### 6.5.1. Elimination of forced or compulsory labor

TUBACEX guarantees its workforce will be guaranteed the rights foreseen in the applicable law. In countries where bargaining agreements are recognized, its employment standards and rules will be applicable notwithstanding the applicable law (working hours, salaries, work/family life balance, corporate benefits, among others). In addition, TUBACEX guarantees that the quality of acquired products and services complies not only with technical, health and safety and environmental requirements, but also in relation to human and labor rights. The Code of Conduct for Suppliers establishes the prohibition of any form of forced or compulsory work in the Group suppliers. Finally, by signing the purchasing terms and conditions, the Supplier undertakes to comply with any applicable regulation in terms of forced labor, child labor and physical and psychological duress, threat, abuse and violence at the work place, and discrimination and inequality on grounds of race, color, gender, religion, political opinion, nationality, illness or any other physical or social condition.



### 6.5.2. Effective abolition of child labor

TUBACEX Code of Conduct establishes strict compliance with the applicable law. As a result, the Group's actions are guided by the principles of the Universal Declaration of Human Rights and fundamental principles of the ILO, and local law applicable in countries where it is present. In this context, although the ILO sets the minimum age for entering the labor market at 15, TUBACEX has extended the minimum age established by Spanish law at all its plants.



# 7. Fight against Bribery and Corruption



## 7.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

TUBACEX carries out activities which strictly comply with the applicable regulations related to prevention and fight against corruption, promoting the principles of our Code of Conduct and extending this commitment to all companies in the Group or any company we do business with. In this context, TUBACEX has identified the following material aspect:



**Corruption prevention.** The commercial activity carried out by TUBACEX is based on strict compliance with the current regulations, managing commercial and contractual activities in a transparent way and in compliance with the principles set forth in our Code of Conduct.



**Good Governance.** TUBACEX is one of the best positioned companies in terms of Corporate Governance and is a benchmark for Spanish companies regarding Good Governance ahead of other larger companies. It was one of the first Spanish companies to introduce good governance guidelines into its executive bodies. The Company complies with practically all the existing recommendations in terms of good governance. It also lays out a commitment to continue incorporating into its activities all aspects that facilitate transparency in its management processes.

The Group's risk map includes **corporate governance, ethics and compliance risk**. To ensure the corporate interest of the Tubacex Group, understood as the common interest of its shareholders in creating value of the Company, compliance with the Company's Corporate Governance Standards, inspired by the good governance recommendations generally recognized in the domestic and international markets in which the Tubacex Group undertakes its activity, compliance with the Code of Conduct and compliance with the applicable legal requirements, as well as the control of risks associated with committing crimes, including fraud, bribery and corruption, among others is essential.



## 7.2. Management Approach and Components

[103-2]

The same management systems described in the previous paragraph are also applicable. The Audit and Compliance Committee has the express competence to monitor compliance before the Board of Directors and supervise any matters related to business ethics, and in particular:

- Submit the issuance of the Code and its updates to the Board of Directors' approval;
- Establish procedures to enable optimal knowledge, understanding and observance of the Code of Conduct by all TUBACEX's collaborators;



- Provide advice in a situation of concern or related to any question asked by a TUBACEX Collaborator in relation to the Code application or observance, guaranteeing absolute secrecy;
- Keep abreast of any verbal or written communication related to TUBACEX Ethics, showing the highest interest in everything laid out by government and non-government, European and international, Organizations; and
- Update TUBACEX standards as may be necessary to reflect new regulations and laws or other provisions coming into force, as well as their lack of adaptation to the underlying reality.

#### 7.2.1. Available policies and manuals:

- **Code of Conduct.** Each and every collaborator, including TUBACEX's suppliers and customers, will refrain from promoting, facilitating, participating or concealing any type of money laundering, and will denounce any money laundering operation which may come to their attention. TUBACEX stands expressly against all forms of bribery and corruption. In all its actions before authorities and public representatives in Spain, Europe and third countries, if any, TUBACEX always acts observing and in accordance with the applicable law to promote and defend our legitimate interests, while we fight any form of bribery and corruption. In this context, as the Company's Code of Conduct prescribes, any offering and/or favor directly or indirectly provided to obtain business or achieve any advantage by a public or private third party are expressly forbidden. Moreover, TUBACEX does not accept any advantage of these characteristics in exchange for preferential treatment requested by a third party. The offering or delivery of improper benefits to influence the decision of the recipient even if the recipient is not a government official, not only may lead to the application of disciplinary penalties, but also facing criminal charges. TUBACEX has extended the provisions included in its Code of Conduct to all its suppliers.
- **Compliance Plan.** The annual Compliance Plan verifies and standardizes the local compliance requirements enforced by the applicable local law in the places where TUBACEX carries out production and/or commercial activity.
- **Statutes of the Compliance Function.** Under the framework of the preparation of the prevention of criminal offense protocol, TUBACEX implemented the Compliance Function, reporting to the Audit and Compliance Committee, who played the role of monitoring standard compliance through the organization. At the end of 2018, the Board of Directors approved the Statutes of the Compliance Function, which govern the internal relationships between this independent figure and the governing bodies, as well as with the rest of the organization. One of the main pillars supporting the annual compliance plan is the verification and standardization of local compliance requirements enforced by local law in those countries where TUBACEX carries out production and/or commercial activities.
- **General Purchasing Terms and Conditions.** Moreover, the Group's general purchasing terms and conditions sets forth that suppliers must guarantee that prevention and regulation compliance related to money laundering and bribery between private individuals or in their relations with any public administration are enforced in their organizations. In addition, the supplier should guarantee that no gift or commission has been paid, and no commission is paid, promised or will be promised to any employee or Customer's representative or agent when orders are placed. If the supplier, or anyone acting on its behalf, is in breach of the provisions set out in this paragraph, the Customer may terminate all Contracts with the supplier or its group companies.



## 7.3 Assessment Procedures

[103-3]

The same management systems described in the previous paragraph are also applicable.

As an instrument to follow-up policies related to the fight against corruption and bribery, and understanding the crime prevention model as a means of protection, one of the duties of the Follow-up Committee is to report any type of violation; likewise, the Audit and Compliance Committee has the express mandate of monitoring compliance with the applicable law as well as that required by the Board of Directors, and supervising any matters related to business ethics in the Group. To do so, there is a Code of Conduct used by the Compliance Director to receive and manage any claim or query regarding suspicious or questionable actions related to the Code of Conduct contents. During 2019 and 2020, no claim was made through this channel or by any other means.



## 7.4 Indicators

### 7.4.1. Contributions to Foundations and non-for-profit organizations

Figures represent contributions made to foundations and non-for-profit organizations in 2020 and 2019.

<i>Organization /Foundation</i>	<i>2020</i>	<i>2019</i>
<i>Colabora Birmania</i>	€51,000	€50,624
<i>UNICEF<sup>5</sup></i>		€100,000
<i>Bakuva</i>		€25,000

<sup>5</sup> UNICEF received €100,000 from 2018 budget, transferred in January 2019.

# 8. Society





## 8.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

Tubacex Group established its own Foundation to channel efforts to promote social development in the regions where they operate. As the Group grew and expanded internationally, so did the desire to merge forces through an institution more closely linked to the business strategy and the UN 2030 Agenda for Sustainable Development, emerged. This entity would become the Company's vehicle for promoting projects in the three most relevant areas of community-oriented activity: quality education, corporate diversity and social action.



**Quality Training. Talent attraction and retention.** One of the social objectives pursued by TUBACEX and is the main line of action of the Foundation is to foster talent, and promote youth work and employability. The Foundation drives action plans to invest in future generations and professionals.



**Corporate Diversity: Equality and Diversity.** In addition to promoting gender equality through different plans and policies, Tubacex Group fosters social-labor integration of persons with diverse talent through its Foundation. Thus, the Company keeps a space open for collaboration with specialized bodies for the hiring of persons with disabilities.



**Local community development** Supporting the development of communities where the company has a presence through employment; hiring local suppliers (62% of TUBACEX suppliers are based in the Basque Country; 61% in 2019); or promoting collaboration projects with NGOs are part of TUBACEX commitment to local communities.

Risks identified in this area include: Very serious and/or systematic **breach of basic social rights** (child labor, social discrimination, working conditions, etc.) in the supply chain and/or in the communities where the company is present; and **New talents joining the workforce and youth unemployment.**



There is a need to train young people to promote their employability on the market and therefore promote their access to the labor market. On the other hand, access to the labor market through TUBACEX would facilitate access to qualified personnel.



## 8.2. Management Approach and Components

[103-2]

Fundación TUBACEX prepares an action plan based on the lines of work defined by the Executive Committee and Foundation Board of Trustees, chaired by TUBACEX Board of Directors Chairperson. This year, and due to the exceptional COVID-19 situation, TUBACEX has defined a specific line of work aimed at mitigating the impact of the pandemic on society.

**8.2.1. Available policies and manuals:**

- **CSR Policy.** The aim of our CSR Policy is to set forth the main action principles and commitments undertaken by the Company in relation to Corporate Social Responsibility. These principles will be applicable to all the Group's companies.
- **Code of Conduct.** TUBACEX's Code of Conduct is a tool aimed at contributing to the implementation of ethical behavior and conduct standards as defined and developed by the organization. The Code provides a reference framework which should be used as a benchmark to measure the activity of any person in relation to the performance of TUBACEX business activity. Regarding the Group's customers, this Code reflects TUBACEX's continuous improvement vocation, seeking industrial and commercial excellence to supply quality products and services to our customers and always guaranteeing safety and innovation.

**8.2.2. Actions carried out in 2020 [204-1]**



**Our response to COVID-19**

TUBACEX fostered its social role in 2020 with emphasis on specific work in response to the Coronavirus pandemic. In this context, from the start of the pandemic, Fundación Tubacex has worked together with different organizations to identify their basic needs and facilitate resources such as:



**The donation of PPEs** (masks, gloves and gowns, etc.) to hospitals, care homes and health centers, as well as materials for the Comunidad Maker de Euskadi to manufacture masks and visors aimed mainly at health care personnel.



**Support and assistance for the vulnerable groups.** Home delivery service of essential items (food and medicines, etc.) for the elderly and other vulnerable groups, thus reducing their exposure to the virus.



**Lending plant canteens and dinners** to prepare menus for the underprivileged, likewise other types of premises for use as warehouses.

In addition to the first support plan to mitigate the impact of Coronavirus, TUBACEX has actively taken part in a Basque society support program led by ARAMCO, a world leader in energy and chemical products. This

program is part of the global response plan to COVID-19, which has been channeled through the Fundación Energy Advanced Engineering, and comprising TUBACEX, TUBOS REUNIDOS, AMPO and VICINAY MARINE, for their role in its supply chain. Funds raised in excess of €300,000 have been allocated to various social and assistance initiatives in the fields of health care, food and education.



In the health area, the donation of masks and other PPEs to old people's homes, day care centers or public in general was fostered to ensure access to protection against infection. Moreover, a project to be deployed by the Biocruces Bizkaia Health Research Institute has been funded to improve COVID-19 knowledge and prevention in care homes, analyzing how microbiota may play a major role in diagnosis, prognosis and treatment. Finally, another highlight in this field is the innovative project launched by Eversens based on measuring inflammatory reaction caused by airborne SARS-COV-2 by measuring Exhaled Nitric Oxide (eNO).



In addition to this, the program includes aid for financially vulnerable groups due to Coronavirus. These initiatives include a €30,000 donation to food banks in Bizkaia, Alava and Gipuzkoa which have experienced a 30% increase in demand for essential products during lockdown. That figure is estimated to cover the food needs of 50 people for one year. Other initiatives were also implemented in the Valle de Ayala area with the donation of daily menus for underprivileged families or promoting the Red Cross program "Responde" to cater to the basic needs of people at risk of poverty and exclusion. The homeless are one of these groups. Thanks to this global plan, twenty youngsters housed in sports centers and shelters in Bilbao during the pandemic, were relocated to the Begoñetxe shelter home belonging to the charity Cáritas to embark on an integral program to accompany them in the fields of education and labor.

Finally, the lockdown has increased the digital and educational gap among the youngest collective. To alleviate this, this program has been supported with Euskaltel and SD Eibar Fundazioa to facilitate internet access for families without resources. Thanks to this program, 81 computers and 98 wireless routers with data SIMs were permanently donated to the Spanish Red Cross, Cáritas and Agintzari, who detect families in need and beneficiaries for these devices so children can continue to receive online education at home.



With this program, ARAMCO has demonstrated its commitment to a key region, where the highest volume of companies linked to the Spanish energy sector is concentrated. For Talal Al-Marri, Chairman and CEO of Aramco Europa, this initiative "is a priority for ARAMCO, since we are committed to supporting the main suppliers of essential services during these hard times".

This program has attracted the participation of other companies who have joined efforts towards a common goal. Among them, the contribution of the companies which are members of the EIC Energy Advanced Engineering foundation, Fluidex, Euskaltel or SD Eibar Fundazioa was outstanding.



**Fundación Tubacex**

In addition to its COVID-19 response plan, TUBACEX has also continued to pursue the lines of work which are covered by the Foundation:



**Quality Training.** Dual training programs implemented by TUBACEX have been maintained in 2020 in spite of the situation caused by COVID-19. TTI and SBER plants have temporarily suspended the program which was reactivated in May. 33 trainees continued training at the Group plants in the fields of maintenance and production in particular. Furthermore, international programs were canceled and four trainees had to be repatriated due to the COVID-19 outbreak.

**Corporate Diversity:** The Foundation is committed to equal opportunities including the most vulnerable groups, with special focus on those with functional diversity. Fundación Tubacex supports the recruitment of persons with diverse talent, even though some contracts scheduled had to be postponed due to COVID-19.



**Social Action.** Tubacex Group has continued to support Colabora Birmania in Thailand, fostering the education of Burmese child refugees and illegal immigrants in Thailand. This is a partnership program focusing on promoting education through all stages of child development : orphanages, nursery, schools and support in finding work on reaching adulthood. As a result of the situation caused by COVID-19, schools supported by this program scheme have been temporarily closed. Nevertheless, TUBACEX continued to support the Organization which has redefined its schemes to guarantee educational programs are maintained from home. Teachers have moved to villages and hamlets to continue imparting classes. Furthermore, the pandemic has paralyzed the activity and cut the source of income of families who are in vulnerable situations. Thus, Colabora Birmania, has provided emergency support, supplying of food kits.



In addition to the above, in 2020 TUBACEX has continued to support culture and the Arts, with projects underway in the Guggenheim and Artium museums.



## 8.3 Assessment Procedures

[103-3]

Regular meetings are held with the members of the Board of Trustees and Executive Committee to measure the efficiency of the actions deployed, proving the plan evolution, areas for improvement and strengths, establishing priorities in the short and long term.



## 8.4 Indicators

#### 8.4.1. Number of young participants in training programs

Year	Dual Training	International scholarships
2020	33	4*
2019	31	3
2018	45	6
2017	41	5

\* students repatriated at the beginning of the COVID-19 pandemic

#### 8.4.2 Internal participation in social action programs (% employees)

The collection of donations from employees has been promoted since 2017, according to a participation target of 2%, based on the experience of other NGOs with other industrial companies. In 2019, there was no fund collection campaign since it was in its design phase. It was launched in 2020 coinciding with the start of COVID-19. In spite of this, 34 Group employees joined the project launched in collaboration with Colabora Birmania.

#### 8.4.3. Response against COVID-19

The results obtained from participation in the global program promoted by ARAMCO and launched in collaboration with the Fundación Energy Advanced Engineering were as follows:

Project*	Funds allocated	Beneficiaries
Social dinner/canteen	€10,000*	2,220 people
PPE donation (masks, gloves and coats)	€14,200* (Valle de Ayala)	14,200 people
	€16,200€ (Food Bank)	30,000 people
	€5,600* (Care homes)	10,000 people
	€6,400 (Hospital)	5,000 people
Food banks (Álava, Bizkaia and Gipuzkoa)	€37,480*	46 people / year (16,658 people a day)
Cáritas	€50,000	40 people
Red Cross	€50,000	200 people
Biocruces Bizkaia Resicor Project	€34,528	100 people
Eversens	€25,000	-
Education project	€73,225.94	100.families
TOTAL	€322,634.00	62,206 people

*\*Donations made by TUBACEX, included in the global program led by ARAMCO. €37,480 were allocated to food banks; and its direct contribution was the donation of 20,000 masks.*

# 9. Supply Chain





## 9.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

TUBACEX contemplates integral supply chain management, covering all purchase-sale relationships undertaken in the Company, focusing its efforts on improving supply and supplier development in terms of quality, service, corporate social responsibility and costs.

Sustainable management of suppliers has been identified in the analysis of Material Aspects carried out in 2020 as a material aspect. TUBACEX not only selects suppliers who prove the desired combination of quality, commercial competitiveness and innovation, but also, and even more importantly, those who do so in strict compliance with the applicable laws and fostering a positive, safe and ethical workplace.



**Create stable relationships with suppliers.** TUBACEX maintains long-term contractual relations with suppliers to develop capabilities and ensuring services are offered with the highest quality standards.



**Hire suppliers who respect Human Rights.** All Tubacex Group's suppliers are committed to the Purchasing Policy from the moment in which they receive an order or a framework agreement. Thus, the corporate function and the suppliers are aware of this policy and the principles included. If a supplier is deemed to have breached any of the applicable laws, Tubacex Group will terminate commercial activity with the supplier as soon as possible.



**Promoting product and service quality.** As well as offering competitive costs, to become a TUBACEX's supplier, compliance with the applicable Quality certifications (ISO 9000) as well as OHSAS (18000) and environmental standards (ISO 14000) is also required. Furthermore, suppliers must meet the technical standards more specific to the sector where the products they manufactured are marketed (API, Nuclear, etc.).

The following corporate risks have been identified: **Risk of incorrect supply of key materials.** The lack of supply in time and form may lead to the risk of being unable to meet deliveries agreed with the customers in terms of deadline or quality; and **Risk of dependency on key suppliers:** TUBACEX has prepared a Panel of suppliers which facilitates access to more than one supplier per category to prevent any risk generated by dependency on a single supplier.





## 9.2. Management Approach and Components

[103-2]

TUBACEX has a specific management process to manage its supply chain. As part of the company digitalization plan and search for tools to improve the level of service and internal control, TUBACEX launched a portal for supplier management in 2019, enabling greater knowledge of the situation in supplier companies regarding sustainability, prioritizing those with the best performance. Suppliers then sign our TUBACEX Suppliers' Code of Conduct, agreeing to enforce and undertake its compliance. No breach of TUBACEX Code of Conduct has been reported until now. Work on this platform continued throughout 2020.

### 9.2.1. Available policies and manuals:

- **General Purchasing Terms and Conditions.** Contractual relationships with TUBACEX are defined in the "General Purchasing Terms and Conditions", a reference document which governs the relations between the Company and teams of professionals with the suppliers, and is also included in the Purchasing process of its process map.
- **Purchasing Policy.** The Corporate Purchasing Policy establishes the regulations guaranteeing that suppliers comply with workers' rights and they are treated with respect and dignity, and that business relationships are also based on respect and ethical behavior, while being responsible both socially and environmentally.
- **Supplier Quality Manual.** Moreover, Tubacex Group collaborates with suppliers in the development of their capacities and continuous improvement in order to guarantee that the products manufactured for their customers comply with the technical and competitiveness requirements demanded by the market and regulating the relationship through the Supplier Quality Manual.
- **Code of Conduct.** Finally, this commitment is also extended through TUBACEX Code of Conduct which guarantees that TUBACEX relationships with suppliers and customers are conducted according to the guidelines.
- **Code of Conduct for Suppliers.** In addition to implementing the corporate Code of Conduct to extend TUBACEX's commitment to all Stakeholders, the Group has defined the minimum ethics and responsible behavior compliance standards, aligned with TUBACEX culture and values and related to human and labor rights.
- **Code of Conduct for Buyers.** The Code covers Tubacex Group's commitment to maintain the highest levels of integrity in all business relations.



## 9.3 Assessment Procedures

[103-3]

TUBACEX's suppliers are subject to different assessment procedures starting from the moment when they register as suppliers via the suppliers' platform and throughout the business relationship between the parties.

When they register with the Company, 100% of suppliers are asked to complete a questionnaire divided into the following sections: general information; financial information; quality management of products or services; management of relationships with suppliers; CSR (the environment, H&S, work conditions and human rights); compliance (control of exports, financial control, data protection, business integrity, intellectual property, commitment to suppliers and contractual obligation, reporting, monitoring and sanctions to suppliers); sales information; R&D and Innovation; adherence to corporate policies; codes of conduct and general terms.

Answers to the questionnaire are analyzed and classified into different compliance levels with TUBACEX requirements. In the event of a supplier being identified providing improper answers to critical questions, an email asking for correction and a general review of the questionnaire will be sent. The email will inform the

supplier that unless a modification / justification of the original answer is provided, TUBACEX will be forced to discontinue the business relationship.

Once the supplier registration process is completed, an official approval work flow is deployed by the business units of the purchasing and quality departments according to supply criticality. Approval from both departments is required to validate the supplier's registration.

Any amendment to the supplier data sheet details, either in the questionnaire or the quality certificate repository, will activate the review and approval flow and notification will be sent to the managers of each business unit. This ensures assessment and checking not only at the time of registration but also throughout the business relationship with each supplier.

In line with the suppliers' risk assessment based on their registration in the platform, a pilot project for continuous and active monitoring of suppliers' risks has been launched. This project enables early detection of any risk in the supply chain. An application is deployed to integrate with the suppliers' platform, adding value to the suppliers' management and assessment process.

Furthermore, from the scope of suppliers' compliance with deliveries, OTIF reports have been prepared in TUBACEX ERP providing information related to suppliers' 100% compliance with deliveries in terms of deadline and quantity. This indicator facilitates classification of suppliers according to deliveries, with a negative impact on the supply chain and TUBACEX operating system.



## 9.4 Indicators

65% of TUBACEX suppliers are recurring and representing almost 99% of purchasing volume. Furthermore, 63% (61% in 2019) of expenditure goes to suppliers based in the Basque Country, demonstrating the Company's commitment to the region development, generating wealth and indirect employment.

### 9.4.1. Percentage of suppliers assessed according to environmental criteria

In 2020, the purchasing platform recorded and assessed 574 suppliers, representing on aggregate 91% of TUBACEX expenses. 100% of those suppliers completed the questionnaire with questions related to their environmental management model, which was used to create a specific rating.

TUBACEX considers raw material suppliers are those with the most significant environmental impact since they contribute most to TUBACEX environmental impact results. These suppliers must submit proof of their environmental management model and are subject to audit plans. The supply environmental impact assessment model is mainly defined by two analysis variables: the management system implemented by the supplier, and proximity to the source of provisioning. Suppliers with the highest scores are defined as less harmful in terms of supply chain sustainability.

# 10. Customers



## 10.1. Explanation of the Material Topic and its Boundary

[102-15, 103-1]

TUBACEX strategy is based providing comprehensive value proposals which are the perfect fit for its customers' needs. Its strategy has been defined to comprehend and facilitate the supply of the complete solution, from the design concept to manufacturing and any additional services required. All areas, according to their respective activity, are fully customer oriented. Material aspects in this area include:



**Customer Satisfaction.** TUBACEX has in place a Customer Satisfaction process which enables us to measure customer satisfaction, analyze results and launch the relevant action plans to facilitate achieving the targets set in this field. One of these tools is our customer satisfaction survey which was launched in 1996, to gather feedback on global assessment, as well as different service related matters (quality, communication, deliveries, etc.) which are part of the Commercial department follow-up indicators. In 2020 the customer satisfaction survey returned very similar feedback to those obtained in 2019. In addition to satisfaction surveys, the Company has other sources of feedback such as: claims, complaints and suggestions; client visits records; Lessons Learned; Voice of Customer sessions, etc. One of the main forums of dialog and analysis of competitors were international exhibitions and fairs, which in 2020 could not be held due to COVID-19. Despite the foregoing, the sales team has kept close online contact with customers.



**Promoting product and service quality.** The Company has deployed its own operational excellence system, Tubacex Production System, TxPS, which has been instrumental in achieving significant improvements in each area of activity: gradual improvements, radical improvements and maintenance transformation. The aim of this system is to move towards excellence in all plants with a collaborative approach. On the other hand, the Company undergoes a EFQM excellence model based self-assessment process to identify its position regarding the fundamental principles of management excellence, detect strengths and define action plans to address any areas of improvement identified.

Risks identified included in the risk map are as follows: **Strategic (competitive) market positioning.** There are sub-risks associated with market positioning other than the one defined in the Group strategy. Those risks include: failing to understand customers' needs, being unable to offer them value proposals tailored to their needs, failing to offer competitive prices or delivery deadlines, or to foster satisfactory relations. However, an additional milestone achieved by Tubacex Group in its strategy to advance in the value chain, was the introduction of direct supply of parts and maintenance services to end users in the Oil&Gas sector; **Quality.** TUBACEX is dedicated to offering product and services with the highest quality standards. To achieve this, production systems based on operational excellence have been implemented at all plants. This system with key performance indicators and improvement projects is based on the participation of individuals dedicated to customer satisfaction in terms of quality and delivery deadlines. In 2020 the main focus has been placed on companies recently incorporated to the Group.



## 10.2. Management Approach and Components

[103-2]

TUBACEX has two specific processes to manage customer relationships and satisfaction (Marketing and Sales Process 3 and Customer Satisfaction Process 8). When TUBACEX expanded its geographical scope and range of products and services offered, it restructured its sales network and established an internal classification of customers to gear management towards their needs, based on an organizational model called KATS. This sales re-organization includes the Key Account Manager (KAM) who knows customers and their needs best as he/she is closest to the customer and knows the purchasing decision process. In 2019, the Strategic key Account Manager was created to serve 40 specially selected customers and end users with specific plans and a dedicated management focus. In addition, the Product manager (PM) has the best knowledge of products, market opportunities, competitors or market prices among other matters. Finally, there is an Order Intake Manager (OIM) who manages the capacity of plants, optimizing margins and maintaining contact with the sales network at all times.

#### 10.2.1. Policies manuals and systems available:

- **Commercial policy.** Tubacex Group's Commercial Policy includes the action guidelines to be followed in the commercial structure by the Marketing and Sales team in relation to the products supplied, sales channels, prices, promotion, contributions and legal matters.
- **Management Processes.** TUBACEX's process map is oriented to meet our customers' needs. Thus, two in five key processes are managed by the Marketing and Sales departments: i.e.: the corporate Sales process and Customer Satisfaction Process. The first process sets forth the department operation: from data collection to define product and market strategy, to the sales process closure. It also includes instructions for the corporate process deployment.
- **Special IT systems for the sales department.** An improved CRM software version is being developed by the Company to improve its adaptation to customers' needs. In addition, a specific customer gateway will be implemented in 2020.



## 10.3 Assessment Procedures

[103-3]

For customer information collection, there is a sales department divided into customer, products and regional knowledge levels, incorporated to the strategic reflection process with each manager's input. The most effective communication tools are meetings enabling acquisition of greater knowledge of the market generating more robust and longer relationships. Furthermore, an analysis of the main competitors is carried out to ascertain their sales evolution. In addition, the sales department analyzes satisfaction indicators through the global survey distributed annually among customers in all business units.

Based on the documentation submitted, an analysis to understand external indicators which affect or may affect the Group evolution, as well as economic, market and social trends is conducted.

In this context, TUBACEX regularly carries out learning activities with other companies (iron and steel industry, engineering and innovation, competitors, etc.) thanks to its participation in associations and different national and international work forums (UNSESID, NACE, Confebask, SEA, API, Energy Cluster, ESTA, IEF, etc.). This market analysis is complemented using different sector reports and tools, and there is also a specific Business Intelligence department. Finally, more operational forums with a specific commercial focus are used with other Basque companies offering products supplementary to Tubacex Group products.

An internal analysis is carried out to understand current and potential capabilities in terms of technology, product development or professional category. Such analysis accompanies the strategy to foresee and address future needs earlier and provide the best answer. New products and technologies are directly presented to customers during visits to the facilities, or more generally through direct presentations at fairs and exhibitions or specific communication campaigns (direct or specialized journals)



## 10.4 Indicators

### 10.4.1. Channels to report concerns regarding unethical behavior

The Company's global sales network is close to the customers and serves as a primary communication channel for any sales or corporate issue. In addition to this, the customer satisfaction procedure, through surveys, guarantees alternative communication channels where customers may express their concerns regarding different issues, which may include relations with unethical behavior. Finally, TUBACEX facilitates a claim channel for its collaborators to channel any potential non-compliance.

### 10.4.2 Percentage of products or product categories where health and safety impact is assessed

Given the growing specialization of Tubacex Group in products aimed at the energy field, certification to the main international standards (ASTM, ASME, Norsok, etc.) guarantees the high quality standards of our products. All products are manufactured in compliance with international standards, and production is increasingly and specifically monitored by external inspectors; and in growing volumes, directly by end users. As the main new feature to cover direct and indirect impact, TUBACEX has launched a project to measure the production carbon footprint, to carry out specific activities aimed at guaranteeing the sustainability of production processes.

### 10.4.3 Non-compliance cases related to health and safety impacts of the products and services categories

All plants are subject to audit according to the standards and official approvals described above. The Company has not only renewed official approvals obtained but also increased the volume of certifications year after year.

### 10.4.4 Requirements of Information and labeling of products and services

All products manufactured by TUBACEX are certified to international standards and include complete information on chemical composition. Regarding use, social and environmental impact, it should be taken into account that these products are aimed at very variable equipment, installations and systems, and therefore, impact is determined by the specific equipment use by the operators of these devices and facilities. From this point of view, TUBACEX certification procedures are oriented to the correct and responsible use of these products (i.e.: the use of a tube in a nuclear device demands nuclear certification, etc.) by intermediaries or users.

As part of the Marketing and Sales Process, TUBACEX offers a value proposal for its products and services which is best suited to meet the needs of the customer, including providing advice on the responsible use of products and services. TUBACEX's Premium product segment is oriented to high responsibility applications such as gas and oil extraction or power generation industries. As a result, the selection of materials and the solution design are key aspects to know the product limitations and make responsible use of them.

### 10.4.5 Number of complaints related to breaches of customers' privacy and loss of data received

[418-1]

No specific complaints were received in this respect in 2019-2020. TUBACEX has adopted the European data protection regulations.

A close-up photograph of a hand holding a white Tubacex ballpoint pen, writing on a ledger. The ledger is open to a page with a table. The table has several columns and rows, with some text and numbers visible. The background is blurred, showing a wooden desk and a person in a blue shirt. A dark grey semi-transparent box is overlaid on the right side of the image, containing the text '11. Fiscal Information' in white.

## 11. Fiscal Information

## 11.1 Benefits Obtained by Country

[207-4b.vi]

The main information on benefits obtained according to the main geographical locations where TUBACEX operates are shown as follows (in thousands of Euro):

	<b>2020</b>		<b>2019</b>
<i>AUSTRIA</i>	11		1115
<i>BRAZIL</i>	-	241	-
<i>CHINA</i>	207		4
<i>DUBAI</i>	6776		5108
<i>FRANCE</i>	598		923
<i>India</i>	2616		2786
<i>ITALY</i>	-	14,352	-
<i>NORWAY</i>	1445		-
<i>SBER</i>	406		
<i>SPAIN</i>	-	25,176	3692
<i>USA</i>	1512		3859
<i>Others</i>	-	160	413
<i>Consolidated profit before tax</i>	-	<b>26,358</b>	<b>11500</b>

The “Others” figure mainly corresponds to sales offices, the amount of which is not considered significant.

## 11.2. Tax on Benefits Paid

[207-4b.viii]

Amounts paid as corporate tax in 2020 (in thousands of Euros) are included:

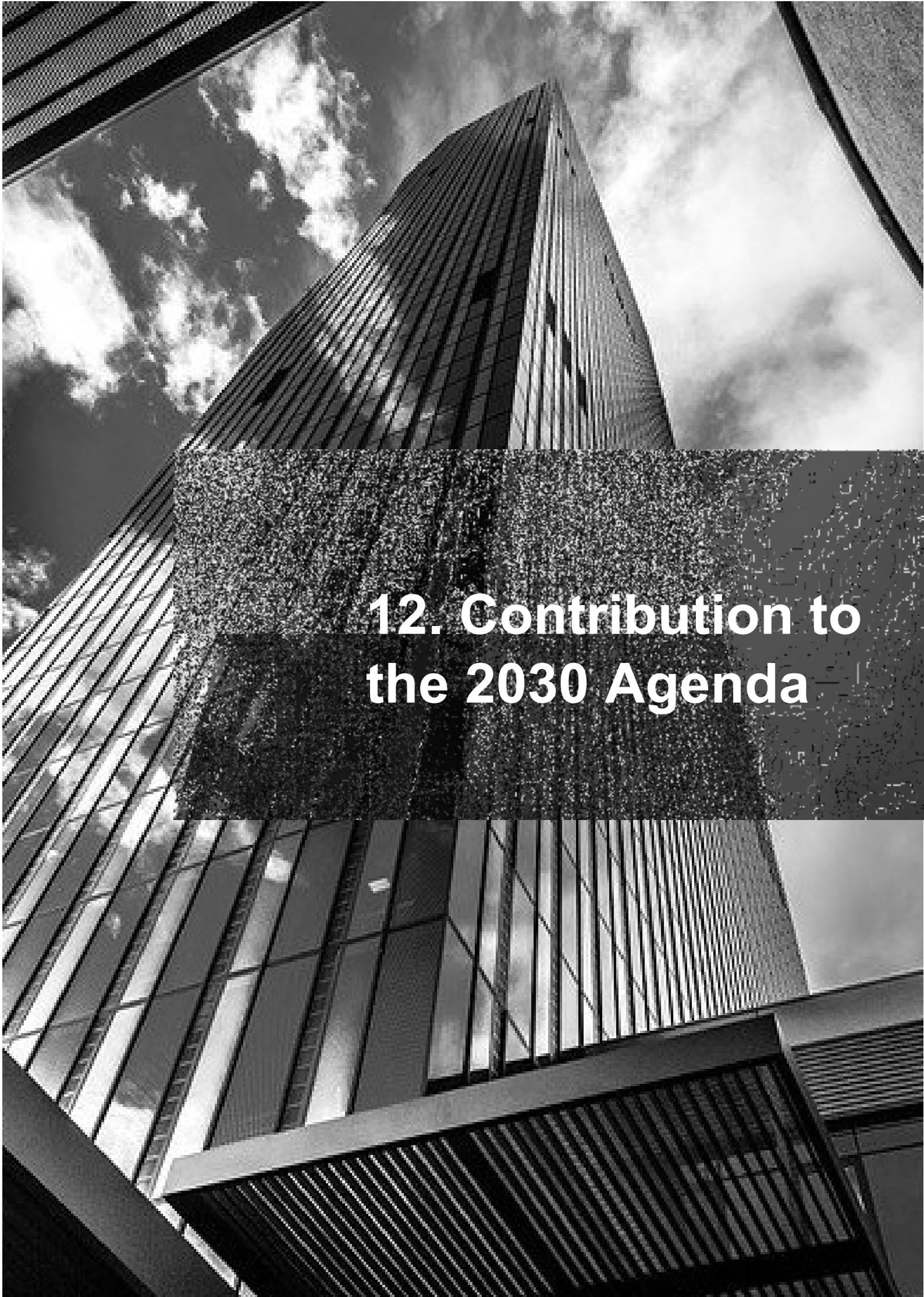
	<b>2020</b>	<b>2019</b>
<i>AUSTRIA</i>	365	-
<i>DUBAI</i>	696	-
<i>India</i>	628	422
<i>SPAIN</i>	-	1670
<i>THAILAND</i>	76	-
<i>USA</i>	105	695
<i>Others</i>	-	53
<i>Total</i>	<b>1870</b>	<b>2840</b>



## 11.3 Public Subsidies Received

[201-4]

As the “Other operating income” heading of the consolidated profit and loss account indicates, operating subsidies in 2020 amounted to €6,937 k (€6,937 k in 2019). This increase mainly corresponds to aid related to mitigate COVID-19 impact.



## **12. Contribution to the 2030 Agenda**

Since 2004, TUBACEX is a signatory of the United Nations Global Compact, the world's largest voluntary initiative on human rights, labor, environment and anti-corruption. By signing the Global Compact, TUBACEX has undertaken a commitment to promoting the main sustainable development challenges, channeled through the UN 2030 Agenda and Sustainable Development Goals (SDG).

Whilst in 2016 the Company prioritized SDGs to be implemented through the Fundación Tubacex, promoting sustainability goes beyond its social projects, establishing lines of work in those areas and key matters. The SDGs and management targets prioritized are detailed below.

<b>SDG</b>	<b>Targets</b>	<b>Material aspect</b>	<b>Focus</b>
	Improve health and well-being.	Society	Promote programs focused on improving prevention against COVID-19 to reduce the risk of infection through direct contact.
	<b>4.1</b> Free primary and secondary education for all	Society	One of the social objectives pursued by TUBACEX and is the main line of action of the Foundation is to foster talent, and promote youth work and employability. The Foundation drives action plans to invest in future generations and professionals.
	<b>8.5</b> Decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.	Human Rights Suppliers	TUBACEX is fully committed to the protection of Human Rights as they underpin the laws applicable to all the business units upon which each business unit conducts its activity.
	<b>8.7</b> Eradicate forced labor and end child labor in all its forms.	People-related Issues	Offering a safe and pleasant work environment involving teams in the business project and fostering their personal and professional growth are some of the priorities for the organization's People Management Department .
	<b>8.8</b> Protect labor rights and promote safe and secure working environments.	Society	Promoting equal opportunities through different plans and policies, fostering socio-occupational integration of diverse talented people. Thus, the Company keeps a space open for collaboration with specialized bodies for the hiring of persons with disabilities.
	<b>9.2</b> Promote inclusive and sustainable industrialization, contributing to employment.	Clients	TUBACEX generates employment in the regions where it is present, favoring local recruitment plans and extending this commitment to its stakeholders.
	<b>10.2</b> Empower and promote social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	Society	Supporting the development of communities where we have a presence through employment, hiring local suppliers and promoting collaboration projects with NGOs are part of TUBACEX's commitment to local communities. Furthermore, TUBACEX promotes social action programs in the regions where it is present, focusing on groups at risk of exclusion (children), facilitating education.
	<b>10.4</b> Adopt policies, especially fiscal, wage and social protection policies,		

	and progressively achieve greater equality	Human Rights	Human Rights are fully protected by local legislation in each case and endorsed by all those who are part of the group.
	<b>12.6</b> Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles.	Suppliers Clients	TUBACEX extend its sustainability principles to all the stakeholders within the Group.
	<b>13.2</b> Fight against climate change in strategies	Environmental issues	TUBACEX has focused work along the following lines: developing products oriented to improving efficiency and reducing CO2 emissions; optimizing internal processes to minimize environmental impact associated with the Company's activity; and redefining the approach to innovation embracing new challenges related to reducing CO2 emissions whilst encouraging a circular economy.
	<b>16.5</b> Substantially reduce corruption and bribery in all their forms	Bribery and corruption	TUBACEX carries out activities which strictly comply with the applicable regulations related to prevention and fight against corruption, promoting the principles of our Code of Conduct and extending this commitment to all companies in the Group or any company we do business with.
	<b>17.17</b> Promote partnerships <b>17.18</b> Facilitate reliable high-quality data collection to measure sustainable development	Environmental issues People Clients Suppliers Society	SDG 17 will be applied transversely to all scopes of action related to sustainability.  TUBACEX promotes principles of collaboration fostering partnerships in all our areas of activity resulting in benefits for the Stakeholders (solution development agreements, knowledge synergies, etc.).

## Annex I: Recalculated Indicators

Indicators shown as follows were included in the non-financial information statement released in 2019, as well as information facilitated in 2020, also including data related to 2019 which have been reviewed.

- Regarding environmental indicators, new tools and criteria have been included as new companies dedicated to sales, storage and special operations have joined the Group.

### Environmental indicators

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#### 4.8.1 Consumption of raw materials and measures adopted to improve the efficiency of their use [301-1]

	<i>2019 data</i>	<i>Recalculated 2019 data presented in 2020</i>
<i>Materials used (tons)</i>	117125	134822
<i>Renewable materials used (tons)</i>	57095	74609
<i>Recycled input materials used<sup>6</sup> (tons)</i>	48.75%	55.34%

Values recorded in 2019 were reviewed to include scrap generated at steelworks and later recycled (previously only scrap managed by outsourced agents had been included since the reporting system did not monitor internally generated scrap).

In addition, some corrections arising during the implementation of improvements aimed at directly connecting the reporting system to the operational system to enhance data traceability and quality were also included.

#### 4.8.2. Energy. Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies [103-2, 302-1, 302-3]

	<i>2019 data</i>	<i>Recalculated 2019 data presented in 2020</i>
<i>Energy use (MWh)</i>	509129	512064
<i>Energy intensity (MWh/t)</i>	7.57	2.85

The calculation of intensity indicators has been revised and improved to include the different natures of the Group activities. With this new criterion the 2019 value will be 2.85 MWh/t.

The variation in total consumption is due to improvements in the inventory of fuel use in mobile equipment.

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<sup>6</sup> The calculation formula consists of adding recycled materials reported by the plants divided by the total amount of materials used reported.

#### 4.8.3. Water consumption and water supply according to local limitations [303-1]

The calculation of intensity indicators has been revised and improved to include the different natures of the Group activities. With this new criterion the 2019 value will be 2.55 MWh/t.

#### 4.9.1 Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste. Actions to combat food waste [306 -2]

	<i>2019 data</i>	<i>Recalculated 2019 data presented in 2020</i>
<i>Waste by type (tons)</i>		
<b>Hazardous<sup>7</sup></b>	10219	10168
<b>Non-hazardous</b>	55830	81585
<i>Waste by disposal method (tons)</i>		
<b>Landfill</b>	30684	37175
<b>Treatment</b>	1244	1244
<b>Reuse</b>	4.74	21011
<b>Recycling</b>	32678	29007

Values recorded in 2019 have been revised to include scrap generated at steelworks and later recycled. In addition, some quantities were reclassified according to the final destination allocated by waste management companies, which at the time were wrongly classified as recycled. Implementation of improvements aimed at directly connecting the reporting system to the operational system to enhance data traceability and quality has also been included.

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<sup>7</sup> The definition of hazardous waste will follow the local regulations where the business unit reports from.

**4.10.1. Greenhouse Gas Emissions [305-1, 305-2, 305-3, 305-4]**

	<i>2019 data</i>	<i>Recalculated 2019 data presented in 2020</i>
<i>Direct emissions (t COe)</i>	67517	67340
<i>Indirect emissions (t COe)</i>	73100	72790
<i>Other indirect emissions (t COe)<sup>8</sup></i>	230258	306409
<i>Emission intensity (t COe/t). On finished products sold</i>	2.09	1.88

Changes to level 3 emissions in 2019 are due to emission factors updates for some key materials (FeCr, Ni, FeMo) with the latest data available from sector studies or supplier specific, and including more variables in the calculation of that scope, since the Group is working to achieve a more comprehensive calculation. Changes to scopes 1 and 2, below 0.5% are due to improvements in inventory and calculation processes.

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<sup>8</sup> The "Other indirect emissions (t COe)" figure in scope 3 includes all companies listed in section 4.8, excluding Salem.

**Annex II: Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents (GRI indicators)**

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
Business model description	GRI Disclosure 102-1 Name of the organization	1.1 Group presentation and companies	
	GRI Disclosure 102-2 Activities, brands, products, and services		
	GRI Disclosure 102-3 Location of headquarters		
	GRI Disclosure 102-4 Location of operations		
	GRI Disclosure 102-6 Markets served		
	GRI Disclosure 102-7 Scale of the organization	1.1 Group presentation and companies	
	GRI Disclosure 102-10 Significant changes to the organization and its supply chain	1.2 Organizational Model 1.5 TUBACEX Key Figures	
	GRI Disclosure 102-13 Membership of associations	1.4 Memberships and Associations	
	GRI Disclosure 102-15 Key impacts, risks, and opportunities	1.6 Factors and Trends 2.2 Risk Management	
	GRI Disclosure 102-14 Statement from senior decision-maker	Letter from the Chief Executive Officer	
	GRI Disclosure 102-16 Values, principles, standards, and norms of behavior	1.3 Mission, Vision and Values 2.3 Ethics and Integrity	
	Policies applied by the Group, including due diligence procedures used to identify, assess, prevent and mitigate significant risks and impacts, and for verification and control, as well as any measures adopted.	GRI Disclosure 103-1 Explanation of the material topic and its Boundary	4.1. Explanation of the Material Topic and its Boundary 5.1. Explanation of the Material Topic and its Boundary 6.1. Explanation of the Material Topic and its Boundary 7.1. Explanation of the Material Topic and its Boundary 8.1. Explanation of the Material Topic and its Boundary 9.1. Explanation of the Material Topic and its Boundary 10.1. Explanation of the Material Topic and its Boundary
GRI Disclosure 103-2 The management approach and its components		4.2. Management Approach and Components 5.2. Management Approach and Components 6.2. Management Approach and Components 7.2. Management Approach and Components 8.2. Management Approach and Components 9.2. Management Approach and Components 10.2. Management Approach and Components 1.3 Mission, Vision and Values	

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
	GRI Disclosure 103-3 Evaluation of the management approach	4.3. Assessment or Certification Procedures 5.3. Assessment or Certification Procedures 6.3. Assessment or Certification Procedures 7.3. Assessment or Certification Procedures 8.3. Assessment or Certification Procedures 9.3. Assessment or Certification Procedures 10.3. Environmental Assessment or Certification Procedures	
Main risks related to these issues associated with the Group's activities, and among them, as and when appropriate and proportionate, trade relations, products or services which have a negative impact on these fields, and how these risks are managed by the Group, explaining the procedures used to detect and assess such risks according to reference national, Spanish and international frameworks for each matter. This must include information on impacts identified along with an impact breakdown, and in particular providing an account of the short, medium and long term risks.	GRI Disclosure 102-11 Precautionary Principle or Approach	4.5. Precautionary Principle Application	
	GRI Disclosure 102-15 Key impacts, risks, and opportunities	2. Strategy and Risk Management 4.1. Explanation of the Material Topic and its Boundary 5.1. Explanation of the Material Topic and its Boundary 6.1. Explanation of the Material Topic and its Boundary 7.1. Explanation of the Material Topic and its Boundary 8.1. Explanation of the Material Topic and its Boundary 9.1. Explanation of the Material Topic and its Boundary 10.1. Explanation of the Material Topic and its Boundary 1.6 Factors and Trends	
<b>ENVIRONMENTAL INFORMATION</b>			
<b>General</b>			
Current and visible impact of corporate activities on the environment and on health and safety, if any.	GRI Disclosure 102-15 Key impacts, risks, and opportunities	2.2 Risk Management 4.1 Explanation of the Material Topic and its Boundary	
	GRI Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	4.4 Resources allocated to environmental risk prevention	
· <i>Environmental Assessment or Certification Procedures</i>	GRI Disclosure 102-11 Precautionary Principle or approach	4.5. Precautionary Principle Application	
	GRI Disclosure 103-3 Evaluation of the management approach	4.3 Environmental Assessment or Certification Procedures	
· <i>Resources allocated to environmental risk prevention</i>	GRI Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	4.4. Resources Allocated to Environmental Risk Prevention	
· <i>Precautionary Principle application</i>	GRI Disclosure 102-11 Precautionary Principle or approach	4.2.1 Available policies and manuals: 4.5. Precautionary Principle Application	

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
· Provisions and guarantees for environmental risks	GRI Disclosure 307-1 Non-compliance with environmental laws and regulations	4.6 Provisions and guarantees for environmental risks	
<b>Contamination.</b>			
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	GRI Disclosure 103-2 The management approach and its components (GRI 302 and 305)	4.7. Contamination	
<b>Circular economy, prevention and waste management</b>			
Measures to prevent, recycle, reuse, recover and eliminate waste. Actions to combat food waste.	GRI 306-2 Waste by type and treatment method	4.9 Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste. Actions to combat food waste.	As per Section 3.2 Materiality Analysis, food waste was not considered material in the Group.
<b>Sustainable use of resources</b>			
Water consumption and water supply according to local limitations.	GRI Disclosure 303-5a Water consumption	4.8.3. Water consumption and water supply according to local limitations.	
Consumption of raw materials and measures adopted to improve the efficiency of their use.	GRI Disclosure 103-2 The management approach and its components (GRI 301) GRI Disclosure 301-1 Materials used by weight or volume	4.8.1 Consumption of raw materials and measures adopted to improve the efficiency of their use.	
Energy. Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies.	GRI Disclosure 103-2 The management approach and its components (GRI 302 Energy) GRI Disclosure 302-1 Energy consumption within the organization GRI Disclosure 302-3 Energy intensity	4.8.2. Energy: Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies.	
<b>Climate change</b>			
Greenhouse gas (GHG) emissions.	GRI Disclosure 305-1 Direct (Scope 1) GHG emissions GRI Disclosure 305-2 Energy indirect (Scope 2) GHG emissions GRI Disclosure 305-3 Other indirect (Scope 3) GHG emissions GRI Disclosure 305-4 GHG emissions intensity	4.10.1. Greenhouse gas (GHG) emissions.	
Measures adopted to adapt to the consequences of Climate Change	GRI Disclosure 103-2 The management approach and its components (GRI 305)	4.10.2. Measures adopted to adapt to the consequences of Climate Change	
Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose	GRI Disclosure 103-2 The management approach and its components (GRI 305)	4.10.3 Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose	
<b>Biodiversity protection</b>			
Measures to protect or restore biodiversity. Impact caused by		4.11 Biodiversity	As per Section 3.2 Materiality Analysis, this

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
activities or operations in protected areas.			issue was not considered material in the Group.
<b>SOCIAL AND PERSONNEL RELATED MATTERS</b>			
<b>Employment</b>			
Total number and distribution of employees by gender, age, country and professional qualification	GRI Disclosure 102-7 Scale of the organization	5.4.1. Total number and distribution of employees by gender, age, country and professional qualification	
	GRI Disclosure 102-8 Information on employees and other workers		
	GRI Disclosure 405-1 Diversity of governance bodies and employees		
Total number and distribution of employment contract types	GRI Disclosure 102-8 Information on employees and other workers	5.4.2 Total number and distribution of employment contract types	
Annual average fixed-term, temporary and part-time contracts by gender, age and professional qualification	GRI Disclosure 102-8 Information on employees and other workers	5.4.3. Annual average fixed-term, temporary and part-time contracts by gender, age and professional qualification	
Number of dismissals by gender, age, country and professional qualifications		5.4.4. Number of dismissals by gender, age, country and professional qualifications	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020. Information related to Grupo NTS, acquired in 2019, has not been included in 2019.
Average compensation and evolution breakdown by gender, age and professional qualifications or equal value.		5.4.5. Average compensation and evolution breakdown by gender, age and professional qualifications or equal value. 5.4.6. Pay gap	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020. Information related to Grupo NTS, acquired in 2019, has not been included in 2019.
Pay gap		5.4.6. Pay gap	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020. Information related to Grupo NTS, acquired in 2019, has not been included in 2019.
Compensation of equal or average jobs in the Company		5.4.6. Pay gap	
The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings systems and any other perception disaggregated by gender		5.4.7. Average compensation of Directors and Management	
Implementation of right-to-disconnect measures		5.4.8 Implementation of right-to-disconnect measures	
Employees with disabilities		5.4.9. Employees with disabilities	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020. Information related to Grupo NTS, acquired in 2019, has not been included in 2019.
<b>Working time organization</b>			
Working time organization	GRI Disclosure 103-2 The management approach and its components (work organization)	5.5.1 Work Organization	

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
Number of hours lost to absenteeism	GRI Disclosure 403-9a Work-related injuries	5.5.2 Number of hours lost to absenteeism	
Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both parents.	GRI Disclosure 103-2 The management approach and its components	5.5.3. Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both	
<b>Health and Safety</b>			
Health & Safety at work	GRI Disclosure 103-2 The management approach and its components (GRI 403 Health & Safety)	5.6. Health and Safety	
Work accidents (frequency and severity) broken down by gender	403.9a Work-related injuries	5.6.2. Work accidents (frequency and severity) broken down by gender	
Occupational diseases according to gender		5.6.3. Occupational diseases	
<b>Social relations</b>			
Organization of social dialog, including procedures for informing and consulting staff and negotiating with them.	GRI Disclosure 102-43 Approach to stakeholder engagement (related to trade unions and collective bargaining)	5.7.1. Organization of social dialog, including procedures for informing and consulting staff and negotiating with them.	
Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	5.5. Work Organization	
Balance of collective agreements, particularly in the field of health and safety at work.			
<b>Training</b>			
Policies implemented in the field of training	GRI Disclosure 103-2 The management approach and its components (see GRI 404-Training and Education) GRI Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	5.8.1. Policies implemented in the field of training	
The total amount of training hours by professional category.	GRI Disclosure 404-1 Average hours of training per year per employee	5.8.2. The total amount of training hours by professional category.	
<b>Accessibility</b>			
Universal accessibility for people with disabilities	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity and GRI 406 Non-discrimination)	5.9 Accessibility	

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
<b>Equality</b>			
Measures implemented to promote equal treatment and opportunities between men and women.	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity)	5.10.1 Measures implemented to promote equal treatment and opportunities between men and women.	
Equality Plan	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity and GRI 406 Non-discrimination)	5.10.2. Equality Plan	
Measures implemented to promote employment	GRI Disclosure 103-2 The management approach and its components (GRI 401 Employment)	5.10.3. Measures implemented to promote employment	
Protocols against sexual and gender-based harassment	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity and GRI 406 Non-discrimination)	5.10.4. Protocols against sexual and gender-based harassment	
Integration and universal accessibility for people with disabilities.	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity and GRI 406 Non-discrimination)	5.10.5. Integration and universal accessibility for people with disabilities.	
Policy against all types of discrimination and, where appropriate, management of diversity	GRI Disclosure 103-2 The management approach and its components (GRI 405: Diversity and Equal Opportunity and GRI 406 Non-discrimination)	5.10.6. Policy against all types of discrimination and, where appropriate, management of diversity	
<b>HUMAN RIGHTS INFORMATION</b>			
Application of due diligence procedures in the field of human rights.	GRI Disclosure 103-2 The management approach and its components (GRI 412 Human Rights Assessment)	6. Human Rights	
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses.	GRI Disclosure 103-2 The management approach and its components (GRI 412 Human Rights Assessment)	6. Human Rights	
Claims on cases of violation of human rights	GRI Disclosure 102-17 Mechanisms for advice and concerns about ethics (claims and complaints received and solutions)	2.3 Ethics and Integrity	
	GRI Disclosure 103-2 The management approach and its components (GRI 412 Human Rights Assessment)	6.4. Claims on cases of violation of human rights	
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization (ILO) related 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 labor, and the effective abolition of child labor.	GRI 103-2 The management approach (no discrimination, freedom of association and collective bargaining, child labor, forced or compulsory work and human rights).	6.5. Promotion and Compliance with fundamental IOL conventions related to the human rights of freedom of association and collective bargaining	
<b>INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY</b>			

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
Measures implemented to prevent corruption and bribery	GRI Disclosure 103-2 The management approach and its components (GRI 205: Anti-corruption)	7. Fight against Bribery and Corruption	
Measures to combat money laundering	GRI Disclosure 103-2 The management approach and its components (GRI 205: Anti-corruption)	7. Fight against Bribery and Corruption	
Contributions to foundations and non-profit organizations	GRI Disclosure 103-2 The management approach and its components (GRI 205: Anti-corruption)	7.4.1. Contributions to foundations and non-profit organizations	
<b>INFORMATION ABOUT THE COMPANY</b>			
<b>Corporate commitment to Sustainable Development</b>			
Impact of corporate activity on local communities and territories	GRI Disclosure 204-1 Proportion of spending on local suppliers	8.2.2.Activities carried out in 2020	
Impact of Company's activity on local communities and territories	GRI Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	8.2.2.Activities carried out in 2020	
Relationships maintained with players at local community level and modalities of dialog with them	GRI Disclosure 102-43 Approach to stakeholder engagement (related to the community) GRI Disclosure 102-40 List of stakeholder groups GRI Disclosure 102-42 Identifying and selecting stakeholders GRI Disclosure 102-44 Key topics and concerns raised GRI Disclosure 102-47 List of material topics	3.1. Identifying Stakeholders 3.2 Materiality Assessment	
Partnership and sponsoring activities	GRI Disclosure 102-13 Membership of associations	1.4 Memberships and Associations	
<b>Subcontracting and Suppliers</b>			
Inclusion in the purchasing policy of social issues, gender equality and environmental issues	GRI Disclosure 103-2 The management approach and its components (GRI 308 and GRI 414)	9.2 Management Approach and Components 9.3 Assessment Procedures	
Consideration of suppliers' and subcontractors' social and environmental responsibility in relations with suppliers and subcontractors	GRI Disclosure 103-2 The management approach and its components (GRI 308 and GRI 414)	9.2. Management Approach and Components 9.3 Assessment Procedures 9.4 Indicators	
Supervision systems and audits and their results		9.3 Assessment Procedures	
<b>Consumers</b>			
Measures for consumer health and safety	GRI Disclosure 103-2 The management approach and its components (GRI 416: Customer Health and Safety)	10. Clients	

Contents of Law 11/2018 on Non-Financial Information Statement	Standard used	Report section	Comments
Claims systems, complaints received and their resolution	GRI Disclosure 103-2 The management approach and its components (GRI 416: Customer Health and Safety)	10. Clients	
	GRI Disclosure 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	10.4.5 Number of complaints related to breaches of customers' privacy and loss of data received	
<b>Fiscal information</b>			
Benefits obtained by country	GRI Disclosure 207-4b.vi Country-by-country reporting	11.1. Benefits obtained by country	
Tax on benefits paid	GRI Disclosure 207-4b.viii Country-by-country reporting	11.2 Tax on Benefits Paid	
Public subsidies received	GRI Disclosure 201-4 Financial assistance received from government	11.3 Public subsidies received	