Audit report on the Consolidated Financial Statements
issued by an Independent Auditor

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

Building a better
working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of TUBACEX, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TUBACEX, S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and accompanying the notes, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group's equity and financial position at 31 December 2021, and its financial performance and cash flows, all of which consolidated, for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other financial reporting standards applicable to the Group in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Measurement of intangible assets and PP&E

Description	As indicated in notes 7 and 8 of the accompanying consolidated financial statements, the Group carries its "Intangible assets" and its "Property plant and equipment" at 114,098 and 278,131 thousand euros, respectively, at 31 December 2021. The Group's management tests its goodwill and intangible assets with indefinite useful lives for impairment annually, and checks for indications of impairment for the rest of its non-financial assets at least at every year-end. If there are indications of impairment, it estimates the recoverable amounts of those assets based on the present value of the future cash flows estimated for the cash-generating units to which the potentially-impaired assets have been allocated. Calculation of the recoverable amount involves making complex estimates, including the use of judgements by Group management to determine the key underlying assumptions. We considered this to be a key audit matter due to the materiality of the amounts involved and the complexity of the process of estimating the recoverable amounts of the assets in question. The disclosures regarding the measurement rules and key assumptions used to test the Group's non-current, non-financial assets for impairment are provided in notes 3.1, 3.2 and 3.3 of the accompanying consolidated financial statements.
Our response	In relation to this matter, our audit procedures included the following: ▶ Understanding the process followed by Group management to check for indications of impairment and determine the recoverable amounts of its intangible assets and property, plant and equipment and evaluating the design and implementation of the relevant controls. ▶ Analysing the reasonableness of the allocation of the various assets to the different cash-generating units. ▶ Revising the model used by Group management to determine the recoverable amounts, in collaboration with our valuation specialists, addressing specifically the mathematical consistency of the model and the reasonableness of the cash flows projections and the discount and long-term growth rates modelled. In performing our review we interviewed the people in charge of running the model and used vouch-worthy external sources and other information to cross-check the inputs used. ▶ Performing a sensitivity analysis with respect to the key inputs used to determine the assets' recoverable amount. ▶ Checking that the disclosures made in the consolidated financial statement notes comply with the applicable financial reporting framework.

Recoverability of deferred tax assets

Description	As indicated in note 21 of the accompanying consolidated financial statements, at 31 December 2021, the Group recognised 85,644 thousand euros of deferred tax assets corresponding mainly to unused tax losses and unused tax credits. In keeping with the Group's accounting policy, as outlined in note 3.14 of the accompanying consolidated financial statements, deferred tax assets are recognised to the extent that it is deemed probable that future taxable profit will be available against which the assets may be utilised. The assessment performed by the Group's management to determine the recoverable amount of its deferred tax assets involves the use of complex judgement in relation to estimated future taxable profit, in turn derived from the Group's financial projections and business plans, factoring in prevailing applicable tax and accounting regulations. We considered this to be a key audit matter because of the complexity of the judgements involved in projecting the future taxable income of the companies comprising the tax group and due to the materiality of the amount involved.
Our response	In relation to this matter, our audit procedures included the following: ▶ Understanding the process followed by Group management to analyse the recoverability of its deferred tax assets and evaluating the design and implementation of the relevant controls. ▶ Assessing the reasonableness of the key assumptions used by Group management to estimate the timeframe over which it expects to be able to utilise its deferred tax assets, focusing on the financial and tax assumptions used to estimate the tax group's future taxable income on the basis of budgets, business performance and historical experience. ▶ Assessing, in collaboration with our tax experts, the main assumptions made by Group management in relation to applicable tax regulations. ▶ Testing how sensitive the results are to reasonably possible changes in the key assumptions made. ▶ Checking that the disclosures made in the consolidated financial statement notes comply with the applicable financial reporting framework.

Other matters

On 25 February 2021 another auditor issued an audit report in respect of the 2020 consolidated financial statements with no qualifications.

Other information: Consolidated management report

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

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with the standards on auditing prevailing in Spain, our responsibility in terms of the consolidated management report is to:

a) Check simply that the consolidated non-financial statement and certain information included in the annual corporate governance and annual director remuneration reports, as itemised in Spain's Audit Act, have been furnished as stipulated in applicable regulations and if not, disclose this fact.

b) Assess and report on the consistency of the rest of the information included in the consolidated management report with the consolidated financial statements based on the knowledge of the Group we obtained while auditing the aforementioned financial statements and evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

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

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

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

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

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

Auditor's responsibility in relation to the audit of the consolidated financial statements

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

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

As part of an audit in conformity with financial statement auditing standards prevailing in Spain, we use our professional judgement and maintain professional scepticism throughout the audit. In addition:

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

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

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

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

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

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

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

We also provided the Parent's audit committee with a statement of compliance with applicable ethical requirements, including those related to our independence, and we communicated with the committee to apprise its members of those matters that could reasonably pose a threat to our independence and of any safeguards required.

Among the matters communicated to the Parent's audit committee, we determined those that were of greatest significance in the audit of the consolidated financial statements of the current period and therefore constitute the key audit matters.

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

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Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of TUBACEX, S.A. and its subsidiaries for the year ended 31 December 2021 comprising the XHTML file which includes the consolidated financial statements for the year then ended and the XBRL files with the marking-up carried out by the entity, which will form part of the annual financial report (the "digital files").

The Board of Directors of TUBACEX S.A. is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2021 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the "ESEF Regulation")

Our responsibility is to examine the digital files prepared by the Board of Directors of the TUBACEX, S.A. in accordance with the financial statement auditing standards prevailing in Spain. According to those standards, we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files corresponds to the consolidated financial statements we have audited, and whether the format and marking-up included in the digital files have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial

statements, and the consolidated financial statements included in the digital files, are

presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional report to the Parent's audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the Parent's audit committee on 23 February 2022.

Term of engagement

We were appointed as the Group's auditor for three years, commencing from the year ended 31 December 2021, at the Annual General Meeting held on 24 June 2021.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Alberto Peña Martínez
(Registered in the Official Register of Auditors under entry no. 15290)

23 February 2022

Tubacex, S.A. and subsidiaries

Consolidated financial statements for the year ended 31 December 2021 and accompanying Group Management Report

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020
(Thousands of euros)

ASSETS	Note	31/12/2021	31/12/2020	EQUITY AND LIABILITIES	Note	31/12/2021	31/12/2020
NON-CURRENT ASSETS				EQUITY			
Intangible assets	Note 7	114,098	115,571	Capital and reserves			
Goodwill		8,329	10,108	Issued capital	Note 14.1	58,040	59,840
Other intangible assets		105,769	105,463	Share premium	Note 14.2	17,108	17,108
Property, plant and equipment	Note 8	278,131	308,526	Revaluation reserve	Note 14.3	3,763	3,763
Investments accounted for using the equity method		4	6	Other reserves of the parent and entities accounted			
Derivative financial instruments	Note 10	184	13	for using the full consolidation and equity methods	Note 14.4	166,401	205,977
Non-current financial assets	Note 9	4,766	4,657	Own shares	Note 14.5	(10,424)	(13,530)
Deferred tax assets	Note 21	85,644	75,618	Profit/(loss) for the year attributable to equity holders of the parent		(32,212)	(25,303)
Total non-current assets		482,827	504,391	Other equity instruments	Note 14.6	1,862	1,390
						204,538	249,245
				Valuation adjustments			
				Translation differences		(6,282)	(7,556)
				Hedging transactions		(842)	(827)
					Note 14.7	(7,124)	(8,383)
				Equity attributable to equity holders of the parent		197,414	240,862
				Non-controlling interests	Note 14.9	51,775	57,582
				Total equity		249,189	298,444
				NON-CURRENT LIABILITIES			
				Non-current provisions	Note 15	2,961	2,820
				Deferred income	Note 16	9,408	13,596
				Non-current financial liabilities		274,024	253,170
				Bank borrowings	Note 17	245,259	234,820
				Notes and other marketable securities		28,755	17,702
				Derivative financial instruments	Note 10	10	648
				Employee benefits	Note 20	9,588	7,655
				Deferred tax liabilities	Note 21	23,710	20,636
				Other non-current financial liabilities	Note 18	18,846	20,502
				Total non-current liabilities		338,537	318,379
				CURRENT LIABILITIES			
CURRENT ASSETS				Current provisions	Note 15	8,165	16,268
Inventories	Note 11	313,508	263,496	Current financial liabilities		239,131	247,898
Trade and other receivables	Note 12	84,883	79,431	Notes and other marketable securities	Note 17	159,974	178,959
Trade receivables		60,164	57,404	Bank borrowings	Note 17	60,218	52,586
Other receivables		24,719	21,416	Derivative financial instruments	Note 10	1,555	955
Current tax assets	Note 21	-	611	Other financial liabilities	Note 18	17,384	15,398
Derivative financial instruments	Note 10	183	695	Trade and other payables	Note 19	206,770	157,938
Current financial assets	Note 9	17,500	26,677	Trade payables		151,221	114,137
Other current assets		2,402	4,992	Other accounts payable		54,358	42,317
Cash and cash equivalents	Note 13	140,489	159,245	Current tax liabilities	Note 21	1,191	1,484
Total current assets		558,965	534,536	Total current liabilities		454,066	422,104
TOTAL ASSETS		1,041,792	1,038,927	TOTAL EQUITY AND LIABILITIES		1,041,792	1,038,927

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2021 AND 2020
(Thousands of euros)

	Note	2021	2020 (*)
Continuing operations:			
Revenue	Note 6	341,861	460,530
Changes in inventories of finished goods and work in progress	Note 11	(7,045)	(20,172)
Self-constructed assets	Note 3.2	1,681	2,744
Cost of sales	Note 11	(141,830)	(212,796)
Other operating income	Note 23	13,284	10,969
Employee benefits expense	Note 24	(101,444)	(130,201)
Other operating expenses	Note 23	(93,101)	(84,770)
Asset depreciation, amortisation and impairment	Notes 7 & 8	(44,525)	(49,812)
Gain on a bargain purchase	Note 2.6	-	10,141
Operating profit/(loss)		(31,119)	(13,367)
Finance income	Note 9	2,341	1,572
Finance costs	Note 17	(14,571)	(14,279)
Exchange gains/(losses)		927	(1,842)
Net finance income/(cost)		(11,303)	(14,549)
Profit/(loss) before tax		(42,422)	(27,916)
Income tax	Note 21	3,488	1,532
Profit/(loss) for the year from continuing operations		(38,934)	(26,384)
Profit after tax from discontinued operations	Note 2.6	3,733	1,203
Profit/(loss) for the year		(35,201)	(25,181)
Attributable to:			
Equity holders of the parent		(32,212)	(25,303)
Non-controlling interests	Note 14.9	(2,989)	122
Earnings/(loss) per share (€)			
- Basic	Note 22.1	(0.26)	(0.20)
- Diluted	Note 22.2	(0.25)	(0.19)
Earnings/(loss) per share from continuing operations (€)			
- Basic	Note 22.1	(0.29)	(0.21)
- Diluted	Note 22.2	(0.28)	(0.20)

(*) Restated (note 2.6)

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020
(Thousands of euros)

	Note	2021	2020
Profit/(loss) for the year		(35,201)	(25,181)
Items that may be reclassified to profit or loss in subsequent years:			
Profit/(loss) recognised directly in equity			
Cash flow hedging instruments	Notes 10 & 14.7	762	(627)
Tax effect	Notes 10, 14.7 & 21	(183)	150
Translation differences	Note 14.7	1,274	(14,068)
Amounts reclassified to profit or loss for the year			
Cash flow hedging instruments	Notes 10 & 14.7	(781)	(1,170)
Tax effect	Notes 10, 14.7 & 21	187	281
Other comprehensive income		1,259	(15,434)
Total comprehensive income for the year		(33,942)	(40,615)
Attributable to:			
Equity holders of the parent		(30,953)	(40,737)
Non-controlling interests		(2,989)	122

TUBACEX, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021 AND 2020

(Thousands of euros)

	Equity attributable to equity holders of the parent										
	Capital and reserves										
	Issued capital	Share premium	Revaluation reserve	Other reserves	Own shares	Profit/(loss) for the year	Other equity instruments	Translation differences	Cash-flow hedges	Non-controlling interests	Total equity
Balance at 31 December 2019	59,840	17,108	3,763	196,159	(8,502)	11,149	917	6,512	539	48,156	335,641
Total recognised income/(expense)	-	-	-	-	-	(25,303)	-	(14,068)	(1,366)	122	(40,615)
Other changes in equity											
Transfers between equity items	-	-	-	11,149	-	(11,149)	-	-	-	-	-
Business combinations during the year (note 2.6)	-	-	-	-	-	-	-	-	-	9,301	9,301
Purchase-sale of own shares (note 14.5)	-	-	-	(299)	(5,028)	-	-	-	-	-	(5,327)
Other changes	-	-	-	(559)	-	-	-	-	-	3	(556)
Long-term incentive plan (notes 3.12 & 14.6)	-	-	-	(473)	-	-	473	-	-	-	-
Balance at 31 December 2020	59,840	17,108	3,763	205,977	(13,530)	(25,303)	1,390	(7,556)	(827)	57,582	298,444
Total recognised income/(expense)	-	-	-	-	-	(32,212)	-	1,274	(15)	(2,989)	(33,942)
Other changes in equity											
Transfers between equity items	-	-	-	(25,303)	-	25,303	-	-	-	-	-
Acquisition of NCI in Tubacex Pipes (note 14.9)	-	-	-	(7,592)	-	-	-	-	-	(2,818)	(10,410)
Purchase-sale of own shares (note 14.5)	-	-	-	(176)	(3,861)	-	-	-	-	-	(4,037)
Cancellation of shares	(1,800)	-	-	(5,167)	6,967	-	-	-	-	-	-
Other changes	-	-	-	(866)	-	-	-	-	-	-	(866)
Long-term incentive plan (notes 3.12 & 14.6)	-	-	-	(472)	-	-	472	-	-	-	-
Balance at 31 December 2021	58,040	17,108	3,763	166,401	(10,424)	(32,212)	1,862	(6,282)	(842)	51,775	249,189

TUBACEX, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2021 AND 2020
(Thousands of euros)

	Note	2021	2020 (*)
Operating activities			
Profit/(loss) before tax from discontinued operations	Note 2.6	3,928	1,558
Profit/(loss) before tax from continuing operations	Note 2.6	(38,494)	(26,358)
Profit/(loss) before tax		(42,422)	(27,916)
Adjustments for:			
Asset depreciation and amortisation	Notes 7 & 8	44,525	50,049
Net foreign exchange differences		(927)	1,842
Movements in provisions	Notes 11, 12, 15 & 20	(7,962)	5,698
Gain on bargain purchase	Note 2.6	-	(10,141)
Finance income	Note 9	(2,341)	(1,712)
Finance costs	Note 17	14,571	14,279
Self-constructed assets	Note 3.2	-	(2,744)
		5,444	29,355
Working capital changes			
Inventories	Note 11	(66,646)	46,931
Trade and other receivables	Note 12	(10,807)	25,542
Other current assets		13,072	(2,986)
Trade and other payables	Note 19	55,264	(99,728)
Other non-current assets and liabilities		(5,914)	3,841
		(15,031)	(26,400)
Other cash flows from operating activities			
Interest paid		(14,571)	(14,279)
Income tax collected/(paid)	Note 21	233	2,496
Net cash used in operating activities (I)		(23,925)	(8,828)
Investing activities			
Proceeds from sale of non-current assets	Notes 7 & 8	-	7,324
Interest received	Note 9	2,341	1,712
Purchase of property, plant, and equipment	Note 8	(18,425)	(19,548)
Purchase of intangible assets	Note 7	(8,309)	(5,115)
Acquisition of non-controlling interests	Note 2.6	(8,472)	-
Business combinations	Note 2.6	26,229	(9,385)
Net cash used in investing activities (II)		(6,636)	(25,012)
Financing activities			
Purchase/sale of own shares	Note 14.5	(4,037)	(5,327)
Proceeds from bank borrowings	Note 17	47,963	91,252
Proceeds from other borrowings	Notes 17 & 18	319,186	196,661
Repayment of bank borrowings	Note 17	(29,892)	(93,044)
Repayment of other borrowings	Note 17	(322,170)	(134,728)
Net cash from financing activities (III)		11,050	54,814
Net foreign exchange difference (IV)		755	(4,340)
Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)		(18,756)	16,634
Cash and cash equivalents at 1 January	Note 13	159,245	142,611
Cash and cash equivalents at 31 December	Note 13	140,489	159,245

(*) Restated (note 2.6)

Tubacex, S.A. and subsidiaries
comprising the TUBACEX Group

Notes to the consolidated financial statements for the year ended 31 December 2021

1. Parent company information

Tubacex, S.A. (hereinafter, the Parent or the Company) was incorporated as an open-ended public limited company (*sociedad anónima*) on 6 June 1963. Its registered office is located in Llodio (Álava, Spain).

Its core business includes the manufacture and sale of seamless steel tubing solutions, essentially made from stainless steel, and any other type of tube or pipe in demand in the steel-metalworking industry. Nevertheless, on 1 January 1994, the Parent became the holding company for and head of the Tubacex Group; since then it has had no productive activity, which is rather carried on by its subsidiaries.

Tubacex, S.A.'s main activity is now therefore to hold equity interests (Appendix) and to provide the Group companies certain centralised corporate and lease services for which it charges them.

Tubacex, S.A. is the Parent of the Group made up of the subsidiaries itemised in the accompanying Appendix, which is an integral part of this note. Tubacex, S.A. and subsidiaries (hereinafter, the TUBACEX Group or the Group) are devoted to manufacture and sale of seamless steel tubing solutions, mainly made from stainless steel.

Tubacex, S.A.'s share are traded on the Spanish stock exchange.

Financial statement authorisation

The accompanying consolidated annual financial statements were authorised for issue by the Board of Directors on 23 February 2022. The Group's 2020 consolidated financial statements were approved at the Parent's Annual General Meeting on 24 June 2021. The Group's annual consolidated financial statements and the separate financial statements of the entities comprising it for 2021 are all pending approval by their respective shareholders. However, the Parent's Board of Directors expects all those annual financial statements to be approved without modification.

For ESMA European Single Electronic Format purposes, we hereby itemise the elements of the core taxonomy to be marked up:

- Name of the reporting entity: Tubacex, S.A.
- Domicile of entity Llodio (Álava).
- Legal form of entity: Public limited company (*sociedad anónima*).
- Country of incorporation: Spain
- Address of entity's registered office: Llodio (Álava).
- Principal place of business: Several.
- Description of nature of entity's operations and principal activities: the manufacture and sale of seamless steel tubing solutions, mainly made from stainless steel.
- Name of parent entity: Tubacex, S.A.
- Name of ultimate parent of group: Tubacex, S.A.
- There has been no change in the name of reporting entity since end of preceding reporting period.

2. Basis of presentation of the annual consolidated financial statements

The main accounting policies used to prepare these financial statements are set out below. The accounting policies have been applied uniformly for all reporting periods presented.

2.1 Basis of preparation

The Group's consolidated financial statements for 2021 have been prepared and authorised for issue by the Parent's directors:

- In keeping with the International Financial Reporting Standards (hereinafter, IFRS) adopted by the European Union in keeping with European Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, specifically including the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). Note 3 summarises the most significant accounting policies and measurement criteria used to prepare the accompanying consolidated financial statements.

- These annual consolidated financial statements were prepared taking into consideration all the mandatory accounting principles and standards and measurement criteria which have a material impact thereon, including permitted alternatives, as specified in note 3.

- As a result, these consolidated financial statements present fairly the Group's equity and financial position at 31 December 2021 and its financial performance, the changes in its equity and cash flows, all on a consolidated basis, for the year then ended.

- The accounting records kept by the Parent and the rest of the entities comprising the Group. However, given that the accounting principles and measurement criteria used to prepare the Group's annual consolidated financial statements may differ from those used by the Group entities (local GAAP), the appropriate adjustments and reclassifications have been made upon consolidation in order to ensure the application of uniform principles and criteria and bring them in line with IFRS.

The Parent's directors have prepared these annual consolidated financial statements on a going concern basis (note 2.8).

2.2 Adoption of International Financial Reporting Standards (IFRS)

The following mandatory standards and interpretations took effect in 2021, having been adopted by the European Union and, to the extent applicable, have been used by the Group in drawing up these annual consolidated financial statements:

(1) *New standards, amendments and interpretations mandatorily applicable during the year*

New or amended standard or interpretation	Date of application in the EU
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Extension of the Covid-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)	1 April 2021

Although the directors considered the new standards in drawing up these annual financial statements, they did not have a significant impact on them.

(2) *New standards, amendments and interpretations mandatorily applicable in annual periods subsequent to the annual period that began on 1 January 2021*

The Group intends to apply the new standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union when they are effective, to the extent applicable to the Group. The Group is in the process of analysing their impact but estimates that their first-time application will not have a significant impact on its consolidated financial statements.

The standards due to take effect in the coming years include:

New or amended standard or interpretation	Date of adoption by the EU	Date of application in the EU	Date of application by the IASB
Amendments to: - IFRS 3 Business Combinations - IAS 16 Property, Plant and Equipment - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements to IFRS, 2018-2020 Cycle	2 July 2021	1 January 2022	1 January 2022
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	Pending	Pending	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and the IFRS Practice Statement 2)	Pending	Pending	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	Pending	Pending	1 January 2023
Deferred Tax Related with Assets and Liabilities that Arise in a Single Transaction (Amendments to IAS 12)	Pending	Pending	1 January 2023

2.3 Functional currency

The accompanying consolidated financial statements are presented in euros, which is the currency of the primary economic environment in which the Group operates. The financial statements of foreign operations are translated following the accounting policies outlined in note 2.6.

The equivalent amount in thousands of euros of the assets and liabilities of subsidiaries whose functional currency is not the euro at year-end 2021 and 2020, including group balances that are eliminated in the consolidated statement of financial position, break down as follows:

	Equivalent in thousands of euros			
	31 December 2021		31 December 2020	
Currency	Assets	Liabilities	Assets	Liabilities
BRL	1,191	1,818	1,171	1,255
THB	13,200	8,803	13,915	8,833
USD	232,351	126,543	254,890	128,913
INR	46,491	10,089	54,378	16,151
NOK	11,561	7,379	11,023	8,504
AED	5,267	1,992	5,265	1,993
SGD	700	-	-	-
RUB	38	255	-	-
Total	310,799	156,879	340,642	165,649

The breakdown of the main subsidiary balances in foreign currencies by heading:

	Equivalent in thousands of euros			
	31 December 2021		31 December 2020	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Intangible assets	79,461	-	96,461	-
Property, plant and equipment	110,123	-	115,052	-
Financial investments and deferred tax assets	4,880	-	5,532	-
Inventories	55,489	-	50,490	-
Trade and other receivables	38,801	-	38,584	-
Other current financial assets	244	-	2,527	-
Cash and cash equivalents	21,801	-	31,996	-
Non-current liabilities	-	89,448	-	97,520
Current liabilities	-	67,431	-	68,129
Total	310,799	156,879	340,642	165,649

2.4 Responsibility for the information presented and significant estimates made

The Parent's Board of Directors is responsible for the information included in these consolidated financial statements.

The Group's 2021 consolidated financial statements make use of estimates. The most significant estimates relate to:

- The assumptions used to measure the Group's goodwill and its intangible assets with indefinite useful lives (notes 2.6 and 7).
- The assumptions used to assess the recoverability of deferred tax assets (note 21).
- The useful lives of intangible assets and property, plant and equipment (notes 7 and 8).
- The assessment of possible asset impairment (notes 7, 8, 9 and 12).

- The analysis of the net realisable value of inventories, assessment of inventory impairment on account of slow turnover and assessment of possible onerous contracts within the orderbook (notes 3.7 and 11).

- The measurement of provisions for liabilities and charges and the probability of occurrence and amount of liabilities of uncertain amounts and/or contingent liabilities (notes 3.15 and 15).

- The actuarial assumptions used to calculate pension liabilities and other employee commitments (notes 3.11 and 20)

- The fair value of certain equity instruments (notes 3.12 and 14.6)

- Delivery of the conditions for derecognising certain financial assets (note 3.5).

- Compliance with the covenants attached to some of the Group's borrowings (note 17).

- Aspects related with the environment and climate change (note 28).

Although these estimates were made on the basis of the best information available regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with IAS 8, recognising the effects of the change in estimates in the related consolidated statement of profit or loss. Given the uncertainty implicit in any forward-looking estimate in the current economic environment, actual performance may differ from that projected. The reader should take the significance of those estimates into account when interpreting the accompanying consolidated financial statements, most particularly in relation to the recoverable amounts of goodwill, intangible assets, property, plant and equipment and recognised deferred tax assets.

On 24 May 2017, the Group entered into an agreement with the National Iranian Oil Company (NIOC) for the supply of 600km of corrosion-resistant stainless steel tubing. A number of socio-political developments occurring in 2018 prompted the Group to pause the supply of that tubing, as disclosed in the Group's annual financial statements authorised for issue on 25 February 2020. As at the date of these consolidated financial statements, that contract had been *de facto* terminated on account of the impossibility of executing it, although steps are being taken to terminate it officially. At 31 December 2021, the Group had provided NIOC sureties totalling 49,707 thousand euros (year-end 2020: 51,920 thousand euros) to guarantee performance of that contract; in light of the sanctions imposed by the United States, those sureties are not enforceable (note 15). The accompanying consolidated financial statements do not recognise any assets or liabilities derived under that contract.

At 31 December 2021, the Parent's directors estimate that the Group does not have any contingent liabilities that are not duly disclosed in these consolidated financial statements (nor did it have any at year-end 2020).

Situation derived from the Covid-19 pandemic

The global pandemic, declared as such by the World Health Organisation on 11 March 2020, has caused an unprecedented health crisis that has impacted the macroeconomic environment and the Group's business performance.

The consequences of that situation have included supply chain disruption, raw material and energy price increases and contraction in the supply of certain components. The pandemic is having consequences for the economy in general and for the Group's operations in particular. The Group expects the effects of the pandemic to be minimal in 2022.

Operating risk

The Group has taken steps on the sales and cost fronts to minimise the impacts of the pandemic.

The Group secured significant binding contracts in both 2021 and 2020. Although the start of execution of some orders has been delayed, no major contracts have been cancelled. The Parent's directors believe that the delays being experienced are temporary and attributable to the pandemic and other Group circumstances and that its operations will return to normal over the course of 2022.

Elsewhere, in 2020, the Group began to implement a cost-cutting programme that implies a recurring positive annual impact on its fixed costs of 20 million euros. Among other measures, that plan has implied the need to reduce the Group's headcount in order to ensure its profitability. At the date of authorising these financial statements for issue, that restructuring work was complete.

Liquidity risk

The drop in business volumes in 2021 as a result of the situation facing two of the Group's main companies has had an impact on its ability to generate cash. As indicated in notes 5 and 12, the Group monitors its liquidity requirements to ensure it has the financial resources needed to cover its operating needs. Under the scope of the restructuring work already carried out in response to the COVID-19 crisis, the Group has arranged 60.5 million euros of long-term loans, transformed 78 million euros of short-term credit facilities into non-current loans that mature in two to five years' time (both transactions executed with the support of Spain's official credit institute, ICO) and obtained additional financing from a range of sources in the amount of approximately 100 million euros. Thanks to those measures, at year-end 2021 the Group presented solid liquidity and solvency: 158 million euros of cash and short-term financial assets and undrawn credit facilities put the Group's liquidity at over 240 million euros; over 50% all borrowings are non-current, up from approximately 40% at year-end 2020.

Asset and liability valuation risk

None of the significant projects included in the Group's orderbook has been cancelled, while framework agreements have been entered into with customers.

Credit risk has not increased significantly due to the impairment of customer creditworthiness; nor has the expected loss assessment changed significantly on account of the quality or solvency of the customer portfolio.

The Group has tested the recoverability of its non-current assets (intangible assets, property, plant and equipment and deferred tax assets) based on its expectations for its business performance in the medium and long term, which are not significantly affected by the COVID-19 situation, based on the Group's expectation that the effects of the pandemic will be minimal in 2022, such that the directors have not identified the need to reduce the carrying amount of any of those assets.

2.5 Comparison of information

As required under IAS 1, these financial statements and notes provide comparative information in respect of the previous period.

In order to compare the consolidated financial statements for 2021 with those of 2020, the reader should consider the impact of the discontinued operations and the other changes in the consolidation scope outlined in note 2.6.

2.6 Basis of consolidation

Consolidation scope

The accompanying annual consolidated financial statements comprise the Parent and the investees controlled by the latter. Control is defined as having power over an investee, exposure or rights to variable returns from its involvement with that investee and the ability to use its power to affect the investor's returns from its involvement with the investee.

The accompanying consolidated financial statements for the year ended 31 December 2021 were prepared from the separate accounting records as of the reporting date of Tubacex, S.A. (the Parent; note 1) and the subsidiaries itemised in the Appendix accompanying these notes. All of the Parent's subsidiaries have the same year-end except for Tubacex Tubes and Pipes Pvt Ltd (formerly, Tubacex Prakash India Pvt Ltd) and Tubacex India Pvt Ltd, whose year-end is 31 March. The appropriate adjustments have been made for uniform reporting purposes as of 31 December.

The Group also has investments in associates that are scantly material in respect of these annual consolidated financial statements; those investments are recognised at cost within "Other financial assets" in the amount of 39 thousand euros.

Discontinued operations

Tubos Mecánicos Group

On 23 December 2021, the TUBACEX Group agreed the sale of its subsidiary, TUBOS MECÁNICOS, S.A., and the latter's investee, TUBOS MECÁNICOS NORTE, S.A., for 26.2 million euros; it owned 100% of that subgroup indirectly through Tubacex Services Solutions Holding, S.L.U.

That agreement includes contingent consideration whereby the Group stands to collect up to 1.5 million euros depending on the delivery of certain ratios over the next three years; the Group had not recognised an asset in that respect at 31 December 2021.

The companies sold comprised the Tubos Mecánicos subgroup and the "carbon segment" in its entirety (note 6).

As a result, the earnings of the carbon segment were reclassified as discontinued operations. That subgroup's earnings performance in 2021 and 2020 was as follows:

(Thousands of euros)	2021	2020
Revenue	23,129	19,092
Other operating income	-	61
Operating expenses	(19,290)	(17,735)
Finance income	89	140
Profit/(loss) before tax	3,928	1,559
Income tax	(195)	(355)
Profit/(loss) after tax for the year from discontinued operations	3,733	1,203

The net cash flows attributable to discontinued operations:

(Thousands of euros)	2021	2020
Operating activities	8,381	4,805
Investing activities	(1,445)	(1,691)
Financing activities	(3,460)	(1,942)
Net increase in cash and cash equivalents	3,476	1,172

Lastly, the breakdown of the related assets and liabilities:

(Thousands of euros)	2021
Assets	
Property, plant and equipment (note 8)	12,010
Financial investments	2
Inventories	16,634
Trade and other receivables	6,511
Cash and cash equivalents	1,000
Assets sold	36,157
Liabilities	
Provisions	24
Bank borrowings	29
Trade and other payables	3,260
Other liabilities	3,181
Liabilities disposed of	6,494
Net assets corresponding to the subgroup disposed of	29,663

Other changes in the consolidation scope

The most significant changes to the consolidation scope in 2021 were as follows:

Tubacex Tubes and Pipes Pvt Ltd (formerly Tubacex Prakash India Pvt Ltd.)

During the first half of 2021, the TUBACEX Group acquired the non-controlling interests in Tubacex Prakash India, Pvt Ltd., thereby increasing its ownership interest from 67.53% to 100%. The cost of that acquisition amounted to approximately 10.5 million euros, of which 2,054 thousand euros was pending payment at 31 December 2021; that sum was settled in January 2022.

Having obtained outright ownership of that investee, the Group decided to change its name to Tubacex Tubes and Pipes Pvt Ltd.

Hyvalue Tubacex IET, S.L.

On 21 December 2021, the TUBACEX Group, together with another partner, incorporated Hyvalue Tubacex IET, S.L. with initial capital of 4 thousand euros. That company, with registered office at Parque Científico y Tecnológico de Bizkaia, Ibaizabal Bidea, Edificio 702 - 1ª planta (Derio, Bizkaia), has been created to develop and sell waste recovery projects.

Tubacex Desarrollos, S.L.U.

On 21 December 2021, the TUBACEX Group incorporated Tubacex Desarrollos, S.L.U. with initial capital of 3 thousand euros. That company, with registered office at Parque Científico y Tecnológico de Bizkaia, Ibaizabal Bidea, Edificio 702 - 1ª planta (Derio, Bizkaia), has been created to conduct R&D projects.

Tubacex IBF Kazajistán S.R.L.

On 4 October 2021, the Group incorporated Tubacex IBF Kazajistán S.R.L., in Atyrau City, whose core business is to manufacture, distribute and sell tubes and pipes and other customised tubing solutions, including the research and development of new business and partnership opportunities.

The contribution made by that investee to the Group amounted to 10 thousand euros and was paid in by year-end.

The most significant changes to the consolidation scope in 2020 were as follows:

Amega West

On 22 August 2020, through NTS Middle East FZCO, and together with the non-controlling shareholder in that investee, Senaat, the Group agreed to acquire certain assets from Amega West Services LLC, Amega West Canada Ltd. and Amega West PTE. Ltd., entities specialised in the manufacture, repair and lease of traditional and specialist drilling equipment used in on- and off-shore oil and gas extraction, so reinforcing the Group's positioning in that segment in the US, Canada and Singapore. That agreement also led the Group to take on certain employees that until then had been in the employment of those companies. Having performed the corresponding analysis, the Group concluded that the transaction gave it control over the businesses of the above-listed companies and therefore constituted a business combination.

The acquisition price for the Group amounted to 9,105 thousand euros, all of which was paid for on the date on which it obtained control, namely 30 September 2020.

The identifiable assets acquired and liabilities assumed as of the acquisition date were as follows:

Nature of the balances	€ 000
Total identifiable net assets at fair value	21,424
Non-current assets (fixed assets) (note 8)	22,060
Current assets	5,596
Non-current liabilities (note 18)	(6,232)
Other identifiable assets and liabilities	5,678
Customer relationships (note 7)	7,863
Trademarks (note 7)	8,767
Provisions (note 15)	(8,541)
Deferred tax assets and liabilities (note 21)	(2,411)
Non-controlling interests (note 14.9)	(9,301)
Consideration delivered	9,105
Gain on bargain purchase	8,696

The net assets acquired were valued by an independent expert in order to provide a fairness opinion on the value of certain identified intangible assets in keeping with the criteria stipulated in IAS 38 and IFRS 3. In order to verify the reasonableness of the gain recognised on the purchase, the Group analysed the nature of the assets acquired and liabilities assumed with the aim of determining whether the fair values of any of those assets or liabilities warranted further adjustment in addition to the adjustments already made upon first-time consolidation.

The gain on the purchase - in the amount of 8,696 thousand euros - was associated primarily with the characteristics of the business acquired, active in a highly specialised and value-adding sector, with a very well-known brand, high entry barriers for new players on account of the conservative nature of the sector, and a very stable customer base with equally stable business volumes.

From the date of the business combination, the acquiree contributed 3,093 thousand euros of revenue and a loss before tax of 981 thousand euros. If the combination had taken place at the beginning of the year, revenue from would have been approximately 11,271 thousand euros higher and the loss before tax, 8,033 thousand euros higher.

The non-controlling interests in the acquiree were recognised at fair value.

TSS Norway

In October 2020, the Group completed the acquisition of 100% of the equity of More Bildco, AS (whose name was later changed to TSS Norway), a Norwegian company specialised in tubes and pipes for the oil and gas business, for 1,116 thousand euros. That acquisition, which reinforced the Group's position in the North Sea, bringing on board the know-how of Norwegian Piping, was accounted for as a business combination.

The identifiable assets acquired and liabilities assumed as of the acquisition date were as follows:

Nature of the balances	€ 000
Total identifiable net assets at fair value	150
Fixed assets (note 8)	19
Current assets	3,436
Current liabilities	(3,305)
Other identifiable assets and liabilities	2,411
Trademarks (note 7)	5,063
Deferred tax liabilities (note 21)	(575)
Provisions (note 15)	(2,077)
Consideration delivered	1,116
Gain on bargain purchase	1,445

The Group estimated the fair value of certain identified intangible assets in keeping with the criteria stipulated in IAS 38 and IFRS 3. In order to verify the reasonableness of the bargain purchase gains recognised, the Group analysed the nature of the assets acquired and liabilities comprising the acquiree's statement of financial position with the aim of determining whether the fair values of any of those assets or liabilities warranted further adjustment in addition to the adjustments already made upon first-time consolidation.

As a result of that business combination, the Group recognised a gain of 1,445 thousand euros, which is substantiated by the acquiree's proven and extensive track record supplying tubing solutions for the oil and gas sector in the Norwegian market in particular and the North Sea region in general, boosting the Group's penetration of that market.

The acquiree did not contribute significantly to the Group's revenue from the date of the acquisition. If the business combination had taken place at the beginning of the year, the revenue contribution would have been approximately 701 thousand euros and the pre-tax loss, 2,712 thousand euros.

Consolidation methods

a) Subsidiaries

Subsidiaries are all entities over which the Group has control.

The Group has control when it has:

- Power over an investee;

- Exposure, or rights, to variable returns from its involvement with the investee; and

- The ability to use its power over the investee to affect the amount of its returns.

The Group re-assesses whether or not it controls an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements of control itemised above.

When the Group holds less than the majority of voting rights in an investee, it still has power over that investee if the voting rights it holds are sufficient to give it the practical ability to direct its relevant activities unilaterally. The Group considers whether its voting rights are sufficient to give it power considering all of the relevant facts and circumstances, including:

- The size of the Group's vote holding in relation to the size and dispersion of other vote holders;

- The potential voting rights held by the Group, other vote holders and other parties;

- Rights arising from other contractual arrangements;

- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities when decisions need to be made, specifically including voting patterns at previous shareholders' meetings.

The Group consolidates a subsidiary from when it obtains control and deconsolidates it when it ceases to have such control.

Profit or loss for the year and each component of other comprehensive income is attributed to the owners of the Parent and any non-controlling interests. The Group also attributes total comprehensive income to the owners of the Parent and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, appropriate adjustments are made to the subsidiaries’ financial statements to ensure conformity with the Group’s accounting policies.

All of the assets, liabilities, equity, income, expenses and cash flows related with transactions among Group companies are fully eliminated upon consolidation.

b) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture (as opposed to a joint operation, as described in section c) below) is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are recognised in these consolidated financial statements using the equity method of consolidation. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which it becomes an associate or a joint venture.

Gains and losses resulting from upstream and downstream transactions between the Parent and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the unrelated investors' interests in the associate or joint venture.

c) Joint operations and consortia

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When a Group company carries out its operations as part of a joint operation, the Group, as joint operator, recognises the following in relation to its interest in the joint operation:

- Its assets, including its share of any assets held jointly;

- Its liabilities, including its share of any liabilities incurred jointly;

- Its share of the revenue from the sale of the output by the joint operation; and

- Its expenses, including its share of any expenses incurred jointly.

When a Group company enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The TUBACEX Group did not have any interests in joint operations at 31 December 2021 or 2020.

Business combinations

A transaction or other event is a business combination when the assets acquired and liabilities assumed constitute a business. The Group recognises each business combination using the acquisition method, which implies identifying the acquiror, determining the acquisition date, which is the date it obtains control over the acquiree, and the acquisition cost and recognising and measuring the identifiable assets acquired, liabilities assumed and any non-controlling interests in the acquiree and, lastly, recognising and measuring any goodwill or gain on a bargain purchase.

Acquisition costs are expensed in the year they are accrued and are not capitalised as part of the business acquisition.

Identifiable assets acquired and liabilities assumed are measured initially at their acquisition-date fair values. Non-controlling interests in the acquiree are measured transaction by transaction either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value.

In the case of business combinations achieved in stages, the acquirer remeasures its previously held investment to fair value on the date it obtains control, recognising the corresponding gain or loss in profit or loss.

Once control has been achieved, transactions whereby the Parent acquires further equity interests from non-controlling interests, or disposes of equity interests without losing control, are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

The Group recognises goodwill at the acquisition date at the positive difference between:

- The sum of: (i) the acquisition-date fair value of the consideration transferred; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and

- The net value of the identifiable assets acquired and liabilities assumed.

If that difference is negative, the Group proceeds to re-analyse all of the assets and liabilities to substantiate the existence of a bargain purchase, in which case the difference is recognised as a "Gain on a bargain purchase" in the consolidated statement of profit or loss.

Translation of the financial statements of foreign operations

The financial statements of foreign operations are translated into euros using the closing rate method, which consists of translating all assets, rights and obligations into euros using the exchange rate prevailing at the reporting date and the statement of profit or loss headings at the average rate for the year.

The difference between the amount of the foreign operation's equity translated at the historical exchange rate (except for profit or loss for the year, due to the method described above) and the equity value resulting from the translation of the assets, rights and obligations at the closing exchange rate is recognised in equity in the consolidated statement of financial position under "Translation differences", net of the differences attributable to non-controlling shareholders, which is recognised under "Equity - Non-controlling interests".

2.7 Restatement for errors

No material errors have been identified warranting the restatement of the amounts presented in the 2020 consolidated financial statements.

2.8 Going concern

At 31 December 2021, the Group had 104,899 thousand euros of positive working capital (year-end 2020: 112,432 thousand euros). In 2021 it reported a loss of 32,212 thousand euros (2020: a loss of 25,303 thousand euros) attributable, mainly, to external factors, such as the global pandemic and its impact on business volumes, as well as internal factors related with the restructuring work undertaken (note 24) across the Group's subsidiaries. The Group has locked in the ability to cover its liquidity requirements by means of credit facilities and the cash generated by the business itself. At 31 December 2021, the TUBACEX Group had undrawn credit facilities totalling 23,595 thousand euros, which is equivalent to 23% of its total credit limit (71,559 thousand euros at year-end 2020; 67% of the total credit limit). In addition, the Group had 135 million euros available under the Notes Programme outlined in note 17 and cash and current financial assets of 140,489 thousand euros and 17,500 thousand euros, respectively.

In light of the financing available to the Group, in addition to other considerations made in these consolidated financial statements (notes 2.4, 5 and 17), the Parent's directors have prepared these consolidated financial statements on a going concern basis, underpinned by the belief that the Group's business prospects will lead to profits and net cash generation in the years to come.

3. Accounting policies and measurement standards

The main measurement standards used by the Group to prepare the consolidated financial statements at 31 December 2021 and 2020 are as follows:

3.1 Intangible assets

Goodwill

Goodwill is calculated using the criteria outlined in note 2.6.

Goodwill is recognised when triggered by a business combination. Goodwill is allocated to each cash-generating unit (CGU) expected to benefit from the synergies generated by the business combination and is not amortised. The CGUs to which goodwill has been assigned are tested for impairment at least annually, using the methodology outlined in note 3.3, and are written down for impairment as required.

Goodwill impairment losses cannot be reversed in subsequent reporting periods.

Greenhouse gas emission allowances

Greenhouse gas emission allowances are recognised when the Group becomes entitled to receive them and are measured at cost when they are purchased from third parties, less accumulated impairment losses, if any. Allowances acquired free of charge or for substantially less than their fair value are recognised at fair value. The difference between that value and the amount of consideration delivered, if any, is recognised with a credit to government grants and included under "Deferred income".

That asset is recycled to profit or loss, specifically through "Other operating expenses", as a function of the allowances used as a percentage of total allowances contemplated for the entire period for which they've been allocated (note 23).

Emission allowances are not amortised. The Group derecognises emission allowances using the weighted average cost method.

Other intangible assets

The remaining intangible assets (mainly software and software developments) acquired by the Group are recognised in the statement of financial position at cost less amortisation and any accumulated impairment losses.

The Group has recognised one trademark and an agreement with a strategic customer of one of its subsidiaries, IBF SpA, at fair value. Those intangible assets were recognised in the context of the business combination completed in 2016 (note 7). The Parent's directors estimate that the trademark has an indefinite useful life. The trademark's carrying amount is tested for impairment at every year-end. The Group likewise assesses the status of the customer agreement at each reporting date.

Lastly, in the context of the business combinations completed in 2020 and 2019, the Group has recognised trademarks and intangible assets that are identified with the "customer relationships" recognised at fair value (notes 2.6 and 7). The Parent's directors believe those trademarks and intangible assets have indefinite useful lives and will test them for impairment at each year-end or whenever it detects indications of impairment. The intangible assets associated with the "customer relationships" are amortised over the course of their useful lives which have been estimated at an average of 14 years for those recognised in 2019 and 10 years for those recognised in 2020.

Research and development expenses

The Group recognises any research costs incurred during the year in profit and loss. It only capitalises development costs when the following criteria are met:

- They are separately identifiable by project and their costs can be measured reliably.

- The Group can demonstrate the technical feasibility of completing the intangible asset and how it will generate probable future economic benefits.

- Capitalised development costs are amortised on a straight-line basis over their useful life.

Useful lives and amortisation

Intangible assets with finite useful lives are amortised by allocating their depreciable amount on a systematic basis over their estimated useful lives, of between five and 10 years, using the straight-line method.

"Depreciable amount" is the cost of an asset, or other amount substituted for cost, less its residual value.

The Group reviews its intangible assets' residual values, useful lives and amortisation methods at each year-end.

3.2 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, adjusted, as warranted, for legally permitted asset revaluations, which, in keeping with IFRS are considered part of the cost of such assets; they are subsequently deducted for accumulated depreciation and impairment losses, if any.

Cost likewise includes expenditure that is directly attributable to the acquisition of the items. The work needed to ready an asset for use that the Group performs on its own assets is recognised at cost (self-constructed assets), which is external costs plus internal costs, determined on the basis of in-house consumption of warehouse materials, direct labour costs incurred and general manufacturing costs allocated based on throughput rates similar to those used to value inventories.

In 2021, the Group capitalised staff costs totalling 1,681 thousand euros, related mainly to hours worked by its engineers; that balance was recognised under "Self-constructed assets" (2020: 2,744 thousand euros). Of that sum, 1,378 thousand euros is recognised under "Intangible assets" (2020: 2,359 thousand euros) (note

7), and 303 thousand euros is recognised under "Property plant and equipment"(2020: 385 thousand euros) (note 8).

The cost of maintaining and repairing the various items of property, plant and equipment is expensed in the consolidated statement of profit or loss in the year incurred. On the other hand, amounts spent to upgrade these assets that increase their capacity or efficiency or lengthen their useful lives are capitalised.

Items of property, plant and equipment are depreciated by systematically allocating their depreciable amount over the course of their useful lives. "Depreciable amount" is the cost of an asset, or other amount substituted for cost, less its residual value. The Group depreciates each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item separately.

The depreciation charges for the items comprising the Group's property, plant and equipment are determined on a straight-line basis over their estimated useful lives, as follows:

	Estimated years of useful life
Buildings	25 - 48
Plant and machinery	5 - 20
Other fixtures, tools and furniture and other PP&E	5 - 10

The Parent's directors review the residual values and useful lives of the Group's various fixed assets periodically. Any changes in the initially established parameters are recognised as a change in accounting estimate. The Group did not re-estimate the useful lives of any of its assets in either 2021 or 2020.

In general, capitalised costs for items of property, plant and equipment that require more than one year to get ready for use - qualifying assets - include borrowing costs accrued prior to getting the assets ready for use when such expenses have been invoiced by the supplier or correspond to specific or generic loans or other external financing directly allocable to the acquisition or manufacture of the asset. The Group did not capitalise any borrowing costs within property, plant or equipment in 2021 or 2020.

The Group tests its property, plant and equipment for impairment and recognises any impairment losses (or reversals thereof) in accordance with the criteria outlined in note 3.3.

Works of art

The Group recognises the artwork it owns under this sub-heading; it values works of art at cost less any impairment losses determined on the basis of periodic appraisals performed by an independent expert.

Works of art are not depreciated as their useful lives are deemed unlimited and they do not lose value with the passage of time. Under applicable accounting rules, artwork with such characteristics only fits into the property, plant and equipment category.

3.3 Impairment of Assets

At each reporting date, the TUBACEX Group tests its non-current assets for indications of impairment. In the event it detects an indication of impairment, it estimates the recoverable amount of the asset to determine the amount of the required impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use, the latter defined as the present value of the estimated future cash flows.

If the recoverable amount is lower than the asset's carrying amount, the Group recognises the corresponding impairment loss at the difference under "Asset depreciation, amortisation and impairment" in the accompanying consolidated statement of profit or loss, writing down the amount of "Property plant and equipment" or "Intangible assets", as appropriate, in the consolidated statement of financial position.

Impairment losses recognised on an asset in prior years are reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, increasing the carrying amount of the asset to its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised. Goodwill impairment losses cannot be reversed.

3.4 Leases

The Group assesses its lease agreements and recognises a right-of-use asset and associated lease liability for all lease agreements in which it acts as lessee, except for short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (less than 5,000 dollars).

Right-of-use assets are initially recognised at cost, calculated as the outstanding lease payments discounted at a rate that reflects the lessee's incremental borrowing cost, plus initial direct costs incurred and any asset dismantling or restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses. Right-of-use assets are depreciated over the short of the useful life of the underlying asset or the lease term. If ownership is transferred to the lessee or it is virtually certain that the lessee will exercise a purchase option, the asset is depreciated over its useful life. The useful life of leasehold improvements that cannot be passed on may not exceed the remaining term of the lease. The weighted average term of the Group's leases is four years in the case of *Buildings and properties* and three years in the case of *Plant*.

Lease liabilities are initially recognised at the present value of the outstanding lease payments at the commencement date. Those payments are discounted using the lessee's incremental borrowing cost. Subsequently, the financial liability is restated by increasing its carrying amount on the basis of the finance cost recognised in "Finance costs" in the consolidated statement of profit or loss and reducing it by the amount of lease payments made.

Contingent rents subject to the occurrence of a specific event and variable payments that depend on the use of the underlying asset are recognised when incurred within external services in the consolidated statement of profit or loss and are not included as part of the lease liability.

3.5 Financial instruments

Financial assets

The Group's financial assets are classified into the following categories on the basis of the contractual cash flow characteristics of the financial asset and the entity's business model for managing the financial assets:

a) Assets at amortised cost: financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes the Group's "Trade and other receivables", which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method. The Group recognises impairment losses at the amount of any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amount in accordance with the above measurement criteria. More specifically, the Group recognises provisions for these accounts receivable using the expected credit loss model (note 12).

b) Assets at fair value through other comprehensive income: financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income, impairment losses and exchange differences are recognised in profit or loss in the same way as for financial assets measured at amortised cost. All other changes in fair value are recognised in other comprehensive income and can be reclassified to profit or loss when the assets are sold.

   The Group may irrevocably designate equity instruments that are not held for trading as financial assets at fair value through other comprehensive income. In such instances, amounts presented in other comprehensive income are not subsequently reclassified to profit or loss when the instruments are sold; only dividends are recognised in profit or loss.

c) Financial assets at fair value through profit or loss: all remaining financial assets are included in this category. They are initially recognised in the consolidated statement of financial position at the fair value of the consideration delivered plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

   The Group recognises impairment losses at the amount of any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amount in accordance with the above measurement criteria.

The Group recognises impairment losses on receivables when the debtor is in arrears on its payments or ceases to be creditworthy following individual analysis of their collectible amounts. In 2021, the Group recognised impairment allowances against account receivable in the amount of 3,245 thousand euros and used 300 thousand euros of existing provisions (2020: additional allowances of 987 thousand euros; reversal of 111 thousand euros and utilisation of 1,510 thousand euros) (notes 12 and 23).

The Group derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred, which implies transferring substantially all the risks and rewards of ownership of the financial asset; this is the case with firm asset sales; trade receivable factoring transactions in which it retains neither credit risk nor interest rate risk; sales of financial assets with an agreement to repurchase them at their fair value; and securitisations in which the transferring entity neither retains subordinated liability, grants any form of guarantee nor assumes any other type of risk.

At 31 December 2021, the Group had derecognised 56,502 thousand euros of trade receivables on that basis (year-end 2020: 38,551 thousand euros). At 31 December 2021, the Group had 36,878 thousand euros of receivables discounting facilities available for drawdown (year-end 2020: 64,540 thousand euros).

In contrast, the Group does not derecognise financial assets, but rather recognises a financial liability at an amount equal to the consideration received, in the transfer of financial assets in which it retains substantially all the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitisations of financial assets in which the transferor retains subordinated liability or grants other types of guarantees which would substantially absorb all possible losses. At 31 December 2021, the Group had transferred assets yet retained substantially all the risks and rewards of their ownership in the amount of 4,807 thousand euros (year-end 2020: 3,450 thousand euros) (note 17).

The Parent's directors determine the most appropriate classification for each asset upon acquisition.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly-liquid short-term investments whose value is not subject to significant risks. More specifically, cash equivalents include investments with original maturities of three months or less.

Trade and other payables

Accounts payable are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

Bank borrowings and other financial liabilities

Bank borrowings and other financial liabilities are initially recognised at the amount received, net of incurred transaction costs, i.e., the equivalent of subsequent application of the amortised cost model using the effective interest rate. Finance costs are recognised on an accrual basis in the consolidated statement of profit or loss using the effective interest rate method and are added to the carrying amount of the financial instrument to the extent they are not settled in the year in which they accrue (note 17).

Derivative financial instruments

The Group uses derivatives to hedge the risks to which its activities, operations and projected cash flows expose it. The main risk derives from exposure to changes in exchange rates and interest rates.

For those instruments to qualify for hedge accounting they have to be designated as hedges from the outset and the hedging relationship must be documented in detail. Hedge effectiveness must be verified initially and regularly over the life of the hedging relationship.

The fair values of certain derivative instruments used for hedging purposes are disclosed in note 10. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities, as appropriate.

The Group arranges cash-flow hedges.

At the inception of the hedge the Group formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. Hedge accounting is only used if at the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective testing) and those expectations are realised within a certain range (retrospective testing).

For cash flow hedges of forecast transactions, the Group evaluates whether those transactions are highly probable and present an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group only designates assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to the Group as hedged items.

It defers the fair value measurement gains or losses on hedging instruments corresponding the portion of the hedge determined to be effective in equity. The ineffective portion of the hedging relationship, and the specific component of the gain or loss or related cash flows on the hedging instrument that is excluded from the assessment of the hedging relationship (excluded components), are recognised with a charge or credit to finance costs and finance income in profit and loss.

When hedge accounting is discontinued, any cumulative loss or gain existing at that time in “Valuation adjustments - Hedging transactions” is kept in equity until the hedged transaction occurs, at which time the loss or gain on the transaction will be recycled. If a forecast transaction is no longer expected to occur, the gain or loss that was recognised in equity is transferred immediately to the consolidated statement of profit or loss.

3.6 Own shares held as treasury stock

The own shares held by the Group at year-end 2021 are recognised at cost and are presented as a reduction in equity under “Equity - Capital and reserves” in the consolidated statement of financial position balance in the amount of 10,424 thousand euros (year-end 2020: 13,530 thousand euros) (note 14.5).

3.7 Inventories

Inventories are carried at the lower of cost, which comprises all costs of purchase, costs of conversion and other direct and indirect costs incurred in bringing the inventories to their present location and condition, and their net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group uses the following criteria to determine cost for each class of inventories:

a. Goods for resale: At cost of purchase, determined using the weighted average cost method.

b. Raw materials and goods held for conversion: At weighted average cost.

c. Work in progress and finished goods: At the weighted average cost of the raw materials and other consumables used, including costs directly related with the units produced and a portion of the fixed and variable production overheads incurred during the conversion period, calculated on a systematic basis.

The costs of underutilisation are not included in the measurement of inventories.

The carrying amount of inventories is written down for impairment when their cost exceeds their net realisable value. For impairment testing purposes, net realisable value is:

- Raw materials and goods held for conversion: replacement price. Notwithstanding the foregoing, the Group does not recognise an impairment allowance if it expects the finished products in which the impaired raw materials and other supplies will be sold at an amount equivalent to or higher than its production costs;

- Goods held for resale and finished products: the estimated sale price less the costs necessary to make the sale;

- Work in progress: the estimated sale price of the corresponding finished products, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory impairment losses and the reversal thereof are recognised in the consolidated statement of profit or loss under "Changes in inventories of finished goods and work in progress" and "Cost of sales".

3.8 Foreign currency transactions and other commitments

The assets and liabilities of foreign operations have been translated into euros following the procedure outlined in note 2.6. All other non-monetary assets and liabilities denominated in foreign currency have been translated at the exchange rates prevailing at each reporting date, with the differences between the amounts translated at the exchange rate used for accounting purposes and the closing rates recognised as exchange gains or losses, as appropriate. Foreign currency transactions in which the TUBACEX Group has decided to mitigate the foreign currency risk through the use of derivatives are accounted for using the criteria outlined in note 3.5.

3.9 Distinction between current and non-current liabilities

Liabilities are classified in accordance with their maturities as at year-end in the accompanying consolidated statement of financial position. Current liabilities are those maturing within 12 months of the reporting date; all other liabilities are classified as non-current.

3.10 Government grants

The grants received by the Group companies are accounted for as follows:

1) Non-repayable grants, donations and bequests received: Grants are measured at the fair value of the amount or asset awarded, depending on whether or not the grant is a monetary grant, and are recognised in profit or loss over the periods and in the proportions in which depreciation expense on the related depreciable assets is recognised or, when applicable, when the asset is derecognised or written down for impairment.

2) Repayable grants: They are accounted for as liabilities as long as they qualify for repayment.

3) Grants related to income: These grants are credited to income when awarded unless they are earmarked to offset future operating losses, in which case they are recognised in the years the losses are realised. If they are granted to finance specific expenses, they are recognised in profit or loss in the same period as the related expenses.

Elsewhere, grants, donations and bequests received from shareholders or owners do not constitute income and must be recognised directly in equity, regardless of the type of grant extended, so long as it is not repayable.

3.11 Employee commitments

Pension obligations

The Group has assumed certain commitments to its employees which qualify for classification as defined benefit plans. A portion of those commitments was covered in prior years by taking out an insurance policy with a single premium. At 31 December 2021, those commitments were measured at 4,823 thousand euros (year-end 2020: 5,390 thousand euros) and are recognised under “Non-current liabilities - Employee benefits” in the accompanying statement of financial position (note 20).

Other long-term employee benefits

In May 2019, the Parent’s shareholders agreed, in general meeting, a long-term incentive plan (in addition to the share-based payments outlined in notes 3.12 and 26) for the members of the TUBACEX Group’s senior management team, payment of which will depend on value generation measured as a function of certain metrics including EBITDA, net debt and dividend payments. The Group did not recognise any liability in that respect at either 31 December 2021 or 2020 on the basis of the directors’ best estimates.

In addition, due to the commitments assumed by certain subsidiaries with their employees, the Group has to pay long-service bonuses upon retirement and other benefits agreed with those employees whose disbursement takes place more than 12 months from the end of the year in which they accrue.

3.12 Share-based payments

The Group recognises, on the one hand, the goods and services received as an asset or expense, depending on their nature, at the time they are received and, the corresponding increase in equity, if the transaction is settled using equity instruments, or the corresponding liability, if it is settled in an amount that is based on the value of the equity instruments, on the other.

In the case of equity-settled share-based transactions, both the services provided and the related increase in equity are measured at the fair value of the equity instruments granted with reference to the date of their grant. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the latter, with reference to the date on which the vesting conditions are met.

In the case of equity-settled share-based payments, the fair value is charged equally over the vesting period to “Employee benefits expense” in the consolidated statement of profit or loss and credited to “Other equity instruments” in the consolidated statement of financial position (note 14.6) as a function of the Group’s best estimate of how many shares will ultimately vest.

Fair value is based on market prices available at the measurement date, taking into account the characteristics of the instrument. In the absence of market prices, generally accepted valuation techniques are used to measure financial instruments of this kind (note 14.6).

3.13 Termination benefits

Under prevailing labour law, the Group is obliged to pay severance to employees who are discontinued under certain circumstances. Termination benefits that can be reasonably estimated are recognised as an expense in the year in which the redundancy decision is taken.

3.14 Income tax

On 26 December 2013, the tax authorities of Álava, Spain acknowledged the plans of the Parent and certain subsidiaries located in the Basque region and subject to that region's corporate income tax regulations to avail of the consolidated tax regime from the year started 1 January 2014 (as provided for in Basque Regional Regulation 37/2013). Tubacex, S.A. is the parent of the resulting Tax Group, which has also included Tubacex Servicios de Gestión S.L. since 2018 and Tubacex Advance Solutions S.L.U., Tubacex Services Solutions Holding S.L.U. and Tubacex Upstream Technologies S.A. since 2016.

The companies included in that tax regime apply the accounting criteria contemplated in the Resolution published by Spain's Institute of Accounting and Auditors of Accounts - ICAC in Spanish - on 9 February 2016 addressing how to treat tax consolidation for accounting purposes (note 21).

The rest of the Group's subsidiaries file their corporate income tax on an individual basis in keeping with the regimes applicable in their respective jurisdictions.

The income tax expense of Spanish companies and consolidated foreign entities is recognised in the consolidated statement of profit or loss, except when it relates to transactions recognised directly in equity, in which case the related tax expense is likewise recognised in equity.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any eligible tax credits, plus any changes during the year in recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities include taxable and deductible temporary differences between the carrying amount of an asset or liability and its tax base, and the carry-forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are recognised for all temporary differences except, in general, if the temporary difference derives from the initial recognition of goodwill. Deferred tax assets are recognised for unused tax losses, unused tax credits and temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As prescribed in IFRS, deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

3.15 Provisions and contingencies

In drawing up the annual consolidated financial statements, the Parent's directors distinguish between:

- Provisions: liabilities recognised to cover a present obligation arising from past events, of uncertain timing and/or amount, settlement of which is expected to result in an outflow of resources embodying economic benefits.

- Contingent liabilities: a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

The consolidated financial statements recognise all provisions in respect of which it is considered more likely than not that a present obligation exists. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the accompanying notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

The compensation to be received from a third party when an obligation is settled is recognised as a separate asset so long as it is virtually certain that the reimbursement will be received, unless the risk has been contractually externalised so that the Group is legally exempt from having to settle, in which case the reimbursement is taken into consideration in estimating the amount of the provision, if any.

Provision for GHG emission allowances

Expenses derived from greenhouse gas emissions are recognised on a systematic basis by crediting the provision for emission allowances, which is reversed when the corresponding allowances (awarded free of charge by the authorities or purchased in the market) are delivered.

The provision is estimated assuming that the obligation will be cancelled:

- Firstly using the allowances assigned to the Group in the national allowances registry as per a national allocation plan. The expense corresponding to this portion of the liability is determined as a function of the carrying amount of the allowances transferred.

- Subsequently, by using the rest of the allowances on record. The expense corresponding to this portion of the liability is determined using the average price or weighted average cost of those allowances.

- Given that the Group has sufficient allowances, it has not had to recognise any additional provisions to reflect the need to acquire further allowances.

3.16 Revenue recognition

Revenue from sales and the performance of services is measured at the fair value of the assets or rights received as consideration for the goods and services provided in the normal course of the Group companies' business, net of discounts and applicable taxes.

Sale of goods

The Group recognises revenue from sales when it has transferred the significant risks and rewards of ownership of the goods to the buyer. The Group believes it retains control over the goods it sells until they are delivered, at which point it deems it probable that it will receive the corresponding revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The transaction price

The objective when allocating the transaction price is to allocate it to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services.

Subsequent to identification of the performance obligations in the contract with the customer, the Group allocates the price to the respective obligations. In general, the Group's contracts with customers contain a single performance obligation. As a result, the contract price is generally allocated to a single performance obligation.

Variable consideration

The Group's contracts with customers do not contain significant amounts of variable consideration (other than possible payments under contract penalty clauses).

Warranties

Warranties in relation to the Group's sales cannot be purchased separately. Accordingly, the Group recognises sales warranties as prescribed in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group does not give warranties additional to the assurance warranties it is legally required to offer that, under IFRS 15 could constitute service-type warranties that would have to be treated as a separate performance obligation.

Collection period

The Group's sales do not contain a significant financing component. Customers are generally required to pay, on average, 30 to 90 days after invoicing, as set down in the contract terms and conditions. In general, invoices are issued shortly after the goods are delivered.

3.17 Environmental matters

The Group recognises capital expenditure of an environmental nature at acquisition or production cost net of accumulated depreciation, classifying such assets in the corresponding heading of property, plant and equipment (notes 8 and 28).

Expenses incurred to comply with applicable environmental legislation are classified by their nature under "Other operating expenses" in the accompanying consolidated statement of profit or loss (note 28).

Expenses incurred with respect to greenhouse gas emissions (Law 1/2005 of 9 March 2005) are recognised at their fair value or at the cost of the allowances allocated or purchased as those gases are emitted in the course of the productive process with a credit to the corresponding provision account.

3.18 Consolidated statement of cash flows

The consolidated statement of cash flows was prepared using the indirect method and the following definitions:

- Cash flows. Inflows and outflows of cash and cash equivalents, the latter understood as short-term, highly liquid investments which are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash equivalents.

- Financing activities. Activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

The Group classifies cash flows corresponding to interest received within investing activities and those corresponding to interest paid within financing activities. Dividends paid are classified within financing activities.

3.19 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year (not including the average number of Parent shares held as treasury stock).

Diluted earnings per share, meanwhile, is calculated by dividing the net profit attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

3.20 Related-party transactions

The Group carries out all transactions with related parties at transfer prices that meet the OECD's rules governing transactions with group companies and associates. As a result, the Parent’s directors do not believe there is a significant risk of material related liabilities not provided for.

4. Appropriation of the Parent's profit/(loss)

The Parent’s directors have resolved to submit the following appropriation of the Parent’s profit/(loss) for the year for approval at the upcoming Annual General Meeting (thousands of euros):

	Year-end 2021
Offset of prior-year losses	12,104
Total	12,104

5. <u>Financial risk management policy</u>

The TUBACEX Group's activities expose it to various types of financial risk: market risk (including foreign currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's risk management effort focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivatives to hedge certain exposures.

Risk management is carried out by the Group's finance department in keeping with policies approved by the Board of Directors. That department identifies, evaluates and hedges financial risks in close cooperation with the Group's financial administration and procurement departments. The Board of Directors sets overall risk management policies, as well as policies for specific matters such as foreign currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative instruments and the investment of surplus liquidity.

5.1 Market risk

a.1) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk on transactions denominated in foreign currency, especially in US dollars and Indian rupees. Foreign exchange risk arises from future commercial transactions (purchases of commodities and sales of products in foreign currencies), recognised assets and liabilities and net investments in foreign operations.

At 31 December 2021, had the euro been 10% weaker against the US dollar, all other variables remaining constant, the Group's after-tax loss would have been 4,609 thousand euros narrower (2020: narrower by 4,868 thousand euros), without considering the impact of the Group's hedging policy.

To manage the foreign currency risk deriving from future commodity purchases and product sales and recognised assets and liabilities, the Group companies use forward currency sale and purchase contracts with matching maturities, which it negotiates with its banks. Foreign exchange risk arises when future transactions and recognised assets and liabilities are denominated in a currency other than the functional currency of the relevant group entity. The Group's finance department is responsible for managing the net position in each foreign currency using external foreign exchange forward contracts. Note 10 itemises the forward currency purchase and sale agreements outstanding at 31 December 2021 and 2020.

For financial reporting purposes, the Group's management designates external foreign currency hedges as foreign currency risk hedges on certain assets, liabilities or future transactions.

The Group has several investments in foreign operations whose net assets are exposed to foreign currency translation risk, mainly in US dollars and Indian rupees. At 31 December 2021, the Group had 232,350 euros of net assets denominated in dollars and 48,270 thousand euros of net asset denominated in Indian rupees (note 2.3).

a.2) Commodity price risk

One of the key aims of the Group's business plan is to reduce the impact of commodity price volatility on its consolidated earnings; to minimise that exposure, the Group's management meticulously monitors working capital positions as a function of timing milestones in the productive and invoicing processes.

In the event sales orders are negotiated at variable prices, the commodity price risk factor is significantly offset by the implicit hedge implied by the application of the alloy surcharge which the Group passes on to its customers in its sales prices, so achieving a highly efficient natural hedge.

In the case of sales orders negotiated at fixed prices, the Group relies on commodity price futures contracts with maturities selected to match the scheduled start of production of each order with the aim of locking in the margins targeted at the time of agreeing the sale.

At 31 December 2021, had nickel prices been 10% higher or lower, the Group's cost of sales would have been approximately 1,039 thousand higher or lower, respectively (2020: approximately 1,873 thousand euros), albeit mitigated by the impact of the alloy surcharge added to sales prices.

Moreover, if the prices of commodities as a whole had been 10% higher or lower, the Group's cost of sales would have been approximately 3,090 thousand euros higher or lower, respectively (2020: approximately 5,573 thousand euros).

Elsewhere, oil prices have an indirect effect on the Group's earnings which is not possible to quantify. The reason for that effect is the correlation between crude prices and a reduction in orders in the Oil & Gas segment, to which the Group sells its highest value-added products. The Group's business plan specifically pursues strategic objectives such as increased value chain reach and product and geographic diversification with the aim of mitigating exposure to oil prices and *ad-hoc* macroeconomic situations in different markets.

a.3) Investments in works of art

The Group is likewise exposed to market risks through its investments in works of art which are recognised within property plant and equipment (note 8). It is Group policy to obtain regular appraisals from independent third parties in order to identify potential unrealised losses.

5.2 Credit risk

The Group's exposure to credit risk is not significantly concentrated. To address credit risk on its accounts receivable, the Group takes a conservative approach, arranging credit insurance to cover sales to customers with lower credit ratings.

It only arranges derivatives and spot transactions with financial institutions with high credit ratings. The Group's risk management policies limit exposure to individual financial institutions.

At 31 December 2021, the Group's exposure to credit risk was limited mainly to the credit presented under *"Trade and other receivables*", with a gross carrying amount at year-end 2021 of 67,272 thousand euros (year-end 2020: 62,332 thousand euros). The Group has written 7,873 thousand euros of those receivables down for impairment (year-end 2020: 4,928 thousand euros) (note 12). The balance of receivables that were past due at 31 December 2021 amounted to approximately 17,253 thousand euros (year-end 2020: 14,618 thousand euros). Most of those receivables are past due by less than two months and the Group does not consider them non-performing as ordinary business developments can sometimes cause collection days that are not attributable to borrower solvency risk.

5.3 Liquidity risk

The Group takes a prudent approach to liquidity risk management, securing funding with long-term maturities on attractive terms and conditions, credit facilities with generous limits, some of which are not drawn down, for short-term funding purposes, receivables discounting facilities to front-load customer collections and reverse factoring agreements to facilitate supplier payments, all of which framed by a strategy of diversifying the Group's sources of financing, which include a variety of financial institutions, public institutions, the European Investment Bank, Spain's official credit institute (ICO) and the capital markets (the alternative fixed-income exchange, known as MARF) (notes 17 and 18). The combination of all these mechanisms provide the TUBACEX Group with a good liquidity buffer.

The Parent's directors do not expect to encounter liquidity tensions in the short term (note 2.8).

Note that the Group will settle its corporate income tax bill approximately six months from the reporting date.

The maturity profile of the Group's trade and other accounts payable is provided below:

	€ 000	
	2021	2020
Within 3 months	156,386	135,375
Between 3 and 12 months	50,384	22,563
Over 12 months	-	-
	206,770	157,938

5.4 Cash flow and fair value interest rate risk

The Group's interest rate risk stems from its current and non-current borrowings. Borrowings issued at floating rates of interest expose the Group to cash flow interest rate risk. The Group hedges its exposure to this risk factor mainly by arranging interest rate swaps (note 10). The Group's fixed-rate borrowings expose it to fair value interest rate risk.

The Group's current and non-current interest-bearing loans and other liabilities stood at 494,206 thousand euros at 31 December 2021 (year-end 2020: 484,067 thousand euros). In 2021 short-term bank financing averaged approximately 21 million euros (2020: approximately 88 million euros). Considering the balance drawn down, an increase or decrease of 5% in market interest rates would have decreased or increased profit before tax by 607 thousand euros, respectively (2020: 628 thousand euros). The Group also has other financial liabilities totalling 36,230 thousand euros (year-end 2020: 35,900 thousand euros).

Since the Group does not hold significant amounts of interest-earning assets, the income and cash flows generated by its operating activities are mostly protected from fluctuations in market interest rates.

The fair values of the various balances recognised on the consolidated statement of financial position do not differ significant from their carrying amounts at 31 December 2021 or 2020.

Fair value hierarchy disclosures

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Upon initial recognition, the fair value of the derivatives arranged by the Group is equivalent to their transaction price in the principal market (retail market).

For financial reporting purposes, the Group classifies its fair value measurements into levels 1, 2 or 3 depending on the extent to which the inputs used are observable and the significance of the various inputs to the overall fair value measurement, as outlined next:

- Level 1 – The inputs are based on quoted prices (unadjusted) in active markets for an identical instrument.

- Level 2 – The inputs are based on quoted prices in active markets for a similar instrument (other than level 1), quoted prices for identical or similar instruments in markets that are not active and valuation techniques for which all the significant inputs are observable in the market or can be corroborated using market-observable data.

- Level 3 – The inputs are not generally observable and reflect, in general, assumptions and estimates to determine the price of an asset or liability. The non-observable data used in the valuation models are significant with respect to the fair values of the assets and liabilities.

The Group believes that most of the inputs used to determine the fair value of its derivative financial instruments are level 2 inputs, including the data used to calculate the own and counterparty credit risk adjustments. Although the Group has made that determination, the credit risk adjustments use level 3 inputs, namely direct or comparable company credit ratings, to determine own credit risk and counterparty credit risk, which in turn determine the probability of default.

6. Segment reporting

6.1 Segment reporting criteria

The Group is internally organised around operating segments, as detailed below, which coincide with its core business units. The core business units sell different products and services and are managed separately since they rely on different technology and market strategies.

For more information about the Group's product portfolio, business markets and general sales terms and conditions, please refer to its corporate website.

6.2 Segment reporting – basis and methodology

Segment performance is measured on the basis of earnings before tax. Segment profit is the metric used as the key performance measure as the Group believes it is the most relevant to assessing certain segments' performance in relation to other players operating in the same businesses.

In keeping with the segment reporting rules prescribed in IFRS 8 Operating Segments, the TUBACEX Group has defined two business units as operating segments, based on the conclusion that their organisational and management structures and their internal reporting systems (to the board and executive teams) are such that their risks and performance are predominantly influenced by the fact of operating in one or other business area, the latter understood as the universe of related products and services. The segment criteria applied pinpoint the identifiable components of the TUBACEX Group that are characterised as being exposed to risk factors and performance drivers that are unique with respect to those of other business units which operate in different environments.

Against that backdrop, underpinned by its historical experience, the Group has identified the following segments:

- Seamless stainless steel tubing
- Carbon steel tubing

The attendant operating segment disclosures are provided below:

	€ 000					
	Stainless steel tubing		Carbon steel tubing		Consolidated total	
	2021	2020	2021 (*)	2020	2021 (*)(**)	2020 (**)
Total segment revenue	341,861	460,530	23,129	19,092	364,990	479,622
Depreciation, amortisation and impairment	(44,525)	(49,812)	(295)	(237)	(44,820)	(50,049)
Changes in inventories (note 11)	(7,045)	(20,172)	-	-	(7,045)	(20,172)
Finance income	2,341	1,572	146	140	2,487	1,712
Finance costs	(14,571)	(14,279)	(57)	-	(14,628)	(14,279)
Exchange gains/(losses)	927	(1,842)	-	-	927	(1,842)
Gain on bargain purchase	-	10,141	-	-	-	10,141
Cost of sales and other expenses	(321,410)	(414,054)	(18,995)	(17,437)	(340,405)	(431,491)
Segment profit/(loss) before tax	(42,422)	(27,916)	3,928	1,558	(38,494)	(26,358)
Income tax expense	3,488	1,532	(195)	(355)	3,293	1,177
Profit/(loss) for the year	(38,934)	(26,384)	3,733	1,203	(35,201)	(25,181)
Segment assets	1,041,788	993,934	-	44,987	1,041,788	1,038,921
Investments accounted for using the equity method	4	6	-	-	4	6
Total segment assets	1,041,792	993,940	-	44,987	1,041,792	1,038,927
Capital expenditure	18,425	17,465	-	1,742	18,425	19,207
Total segment liabilities	792,603	732,385	-	8,098	792,603	740,483

(*) As a result of the transaction outlined in note 2.6, the Company classified the carbon steel piping segment as a discontinued operation in 2021. Income and expenses from this business activity are present in a single line item, net of the tax effect, within "Profit/(loss) after tax for the year from discontinued operations." This heading also includes the after-tax gain or loss recognised upon measuring the assets or disposal groups constituting the discontinued operation at fair value less costs to sell.
(**) Prior to reclassification as a discontinued operation, as disclosed in note 2.6.

The operating segments are managed globally, as the Group does business worldwide; its main markets are Europe, the US and India. Within Europe it most important markets are Spain, Germany, Austria, France, Italy, Netherlands and the UK (note 2.6).

For geographical segment disclosure purposes, revenue is based on the geographical location of the customer, while the segment asset breakdown is based on the physical location of the assets.

The geographical segment disclosures are provided below:

a) The breakdown of revenue by geographical area in 2021 and 2020 (€ 000):

Geographical area	2021	%	2020	%
Spain	17,344	5%	26,271	6%
Germany	31,485	9%	52,929	11%
Italy	23,595	7%	35,338	8%
Norway	46,040	13%	43,921	10%
UK	13,294	4%	27,086	6%
France	26,464	8%	20,819	5%
Netherlands	11,240	3%	16,069	3%
Russia	8,158	2%	7,364	2%
Austria	20,067	6%	13,938	3%
Rest of Europe	38,832	11%	67,304	15%
Arab Emirates	10,097	3%	17,131	4%
US	52,069	15%	50,022	11%
Other	43,176	13%	82,338	18%
Total revenue	341,861	100%	460,530	100%

b) The breakdown of net investments in non-current assets by geographical area at year-end 2021 and 2020 (€ 000):

Geographical area	2021	%	2020	%
Spain	161,550	33%	170,796	34%
Rest of Europe	131,784	27%	126,997	25%
India	25,710	5%	27,552	5%
US	76,899	16%	84,316	17%
Thailand	4,136	1%	4,508	1%
Brazil	229	0%	229	0%
Dubai	57,533	12%	62,817	12%
Saudi Arabia	3,955	1%	5,945	1%
Singapore	4,095	1%	4,391	1%
Canada	8,376	2%	7,944	2%
Norway	8,560	2%	8,896	2%
Total non-current assets	482,827	100%	504,391	100%

7. Intangible assets

The reconciliation of the carrying amounts of the various items comprising intangible assets at the beginning and end of 2021 and 2020 (€ 000):

	Goodwill	Other intangible assets	Greenhouse gas emission allowances	Total
Cost:				
Cost at 1 January 2020	28,283	134,537	825	163,645
Additions	-	7,753	106	7,859
Additions to consolidation scope (note 2.6)	-	21,693	-	21,693
Derecognitions	-	(2,598)	-	(2,598)
Cost at 31 December 2020	28,283	161,385	931	190,599
Additions	-	8,182	127	8,309
Additions to consolidation scope (note 2.6)	-	-	-	-
Subsidiaries deconsolidated (note 2.6)	-	(312)	-	(312)
Derecognitions	-	(3,648)	-	(3,648)
Translation differences	(1,779)	-	-	(1,779)
Cost at 31 December 2021	26,504	165,607	1,058	193,169
Accumulated amortisation:				
Accumulated amortisation at 1 January 2020	(1,900)	(40,669)	-	(42,569)
Charges	-	(9,159)	-	(9,159)
Derecognitions	-	175	-	175
Accumulated amortisation at 31 December 2020	(1,900)	(49,653)	-	(51,553)
Charges	-	(7,263)	-	(7,263)
Subsidiaries deconsolidated (note 2.6)	-	312	-	312
Derecognitions	-	2,908	-	2,908
Accumulated amortisation at 31 December 2021	(1,900)	(53,696)	-	(55,596)
Accumulated impairment at 31 December 2020	(16,275)	(7,200)	-	(23,475)
Charges	-	-	-	-
Accumulated impairment at 31 December 2021	(16,275)	(7,200)	-	(23,475)
Carrying amount 31/12/2020	10,108	104,532	931	115,571
Carrying amount 31/12/2021	8,329	104,711	1,058	114,098

The most significant additions recognised in 2021 and 2020 related to the development of new products and more efficient working methods, as well as software developments related with information processing at the factory level.

The Group was not contractually committed to the purchase of any intangible assets at either year-end.

At year-end 2021, the original cost of fully-amortised intangible assets still in use, mainly software, was 22,034 euros (year-end 2020: 16,879 euros).

7.1 Goodwill

Goodwill breaks down as follows:

2021:

	31/12/2020	Translation differences	31/12/2021
Tubacex Tubes and Pipes Pvt Ltd	10,008	(1,779)	8,229
MIS	100	-	100
Total	10,108	(1,779)	8,329

2020:

	31/12/2019	31/12/2020
Tubacex Tubes and Pipes Pvt Ltd	10,008	10,008
MIS	100	100
Total	10,108	10,108

Goodwill allocated to Tubacex Tubes and Pipes Pvt Ltd

In the wake of the acquisition by Indian subsidiary Tubacex Tubes and Pipes Pvt Ltd of the production line of Prakash Steelage Pvt Ltd for 2,091 million rupees, the Group recognised the difference between the price paid and the net assets acquired - 708 million rupees (10,008 thousand euros) - as goodwill.

The recoverable amount of this CGU was determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The budgeted gross margin at the Indian subsidiary is based on management's expectations for the market's development. More specifically, the main valuation assumptions made by management include significant annual sales growth, an after-tax discount rate of 8.1% (2020: 8.1%) and a growth rate in perpetuity of 1.75% (2020: 1.75%), which is in line with the long-run growth rate observed in similar markets and geographies to those in which the CGU in question operates.

Based on the Group's estimates and projections, the projected net cash flows attributable to this CGU substantiate the carrying amount of the associated goodwill, which was accordingly not deemed impaired at 31 December 2021.

7.2 Other intangible assets

Intangible assets related with IBF

In 2015, the Group recognised the fair value of assets derived from the acquisition of IBF, S.p.A. under "Other intangible assets", specifically a trademark with an indefinite useful life and an agreement with a strategic customer, which the Group carried at 11.7 million euros at 31 December 2021 (year-end 2020: 2.2 million euros). Recognition of those assets triggered the recognition of a deferred tax liability in order to account for the transaction net of the corresponding tax effect (note 21) in the accompanying consolidated financial statements.

At year-end 2021, the Parent's directors tested the intangible asset corresponding to the IBF trademark for impairment. To measure its recoverable amount, they used the royalty-relief method, which consists of valuing the asset at the present value of the royalty income that could be generated by the trademark. The royalty income is discounted using a discount rate plus a premium to reflect the fact that the cash flows from the asset are subject to a higher degree of risk.

The main assumptions used to test the trademark for impairment:

- Sales projections based on financial budgets approved by management covering a four-year period.

- The directors estimated sales for 2022-2025 based on their outlook for the market, assuming that the current highly adverse situation in the commodities market is unsustainable in the long run.

- They believe that in the long term the assumptions used when purchasing IBF, S.p.A. regarding the company's market potential have not changed.

- The royalty rate modelled was 0.89%, which is similar to that used by the independent expert when it conducted the purchase price allocation procedure (2020: 0.89%).
- The projected cash flows were discounted at a rate of 10.10% (a weighted average cost of capital of 8.10% plus a risk premium of 2%) (2020: 9.68%).

Based on those tests, the Parent's directors concluded that at 31 December 2021, the IBF trademark was not impaired. However, it will continue to test this intangible asset at least annually.

As for the intangible asset related with the agreement with the strategic customer, as noted above, that asset was recognised at the time of the business combination and is associated with four orders that management expected to receive before 31 December 2021, which the Group has recognised at 2.2 million euros at year-end 2021. In 2021 the Group did not recognise any additional impairment losses against this intangible asset; in 2020 it recognised 4.8 million euros of impairment losses under "Asset depreciation, amortisation and impairment" in the consolidated statement of profit or loss.

The NTS trademark

In 2019 (note 2.6), following the acquisition of the NTS Group, the Group recognised trademarks and intangible assets associated with "Customer relationships" under "Other intangible assets" in the amounts of 41,799 and 10,617 thousand euros, respectively; the fair value of those assets was determined by an independent expert as part of the purchase price allocation process. Recognition of those assets triggered the recognition of a deferred tax liability in order to account for the transaction net of its tax effects.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Sales projections for the next four years.

- The royalty rate modelled was 3.5%, which is similar to that used by the independent expert when it conducted the purchase price allocation procedure (2020: 3.5%).

- The cash flows were discounted at rates of between 15.4% and 16% (unchanged from 2020).

Amega West trademarks and customer relationships

As a result of the business combination completed in 2020 (note 2.6), the Group recognised trademarks and intangible assets associated with "customer relationships" within "Other intangible assets" in the amounts of 8,767 and 7,683 thousand euros at 31 December 2020, respectively; the fair value of those assets was determined by an independent expert as part of the purchase price allocation process. It also recognised the corresponding deferred tax liability in order to account for the transaction net of its tax effects. The preliminary accounting of that business combination finished in 2021 without resulting in any changes in the conclusions reached at year-end 2020.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Sales projections for the next three years.

- The royalty rate modelled was 3%, which is similar to that used by the independent expert when it conducted the purchase price allocation procedure (2020: 3%).

- The cash flows were discounted at rates of between 17.2% and 18.4% (unchanged from 2020).

Norwegian Piping (TSS Norway) trademark

As a result of the business combination completed in 2020 (note 2.6), specifically the acquisition of TSS Norway (formerly, More Holdco AS), the Group recognised an intangible asset associated with the Norwegian Piping trademark in the amount of 5,063 thousand euros, along with the corresponding deferred tax liability in order to account for the transaction net of its tax effects. The preliminary accounting of that business combination finished in 2021 without resulting in any changes in the conclusions reached at year-end 2020.

As required under applicable accounting standards, the Group has tested the NTS trademark for impairment. The main assumptions used to test the trademarks for impairment:

- Five-year sales projections.

- The royalty rate modelled was 3%, which is similar to that used by the independent expert when it conducted the purchase price allocation procedure (2020: 3%).

- The cash flows were discounted at 17.3% (unchanged from 2020).

8. <u>Property, plant and equipment</u>

The reconciliation of the carrying amounts of the various items comprising property, plant and equipment at the beginning and end of 2021 and 2020:

	€ 000								
	Land	Buildings	Right-of-use assets - Buildings (note 3.4)	Plant and machinery	Right-of-use assets - Plant and machinery (note 3.4)	Other fixtures, tools, furniture and other PP&E:	Works of art (note 7)	Prepayments and PP&E in progress	Total
Cost:									
Cost at 1 January 2020	29,071	130,669	2,767	656,630	7,885	61,806	4,388	21,855	915,071
Additions	-	1,059	-	6,761	-	4,534	-	6,736	19,090
Additions to consolidation scope (note 2.6)	-	8,300	-	13,610	-	157	-	12	22,079
Derecognitions	-	(24)	-	(1,399)	-	(3,095)	-	(172)	(4,690)
Transfers	-	41	-	5,174	-	1,642	-	(6,993)	(136)
Translation differences	(867)	(1,469)	-	(4,116)	-	(357)	-	(310)	(7,119)
Cost at 31 December 2020	28,204	138,576	2,767	676,660	7,885	64,687	4,388	21,128	944,295
Additions	3	899	-	3,423	-	6,624	-	7,476	18,425
Subsidiaries deconsolidated (note 2.6)	(7,197)	(8,803)	-	(4,244)	-	(344)	-	(2,107)	(22,695)
Derecognitions	-	(184)	-	(3,087)	-	(3,200)	-	(37)	(6,508)
Transfers	-	-	-	5,873	-	2,149	-	(8,024)	(2)
Translation differences	-	168	-	(2,802)	-	(256)	-	(11)	(2,901)
Cost at 31 December 2021	21,010	130,656	2,767	675,823	7,885	69,660	4,388	18,425	930,614
Accumulated depreciation:									
Accumulated depreciation at 1 January 2020	-	(79,820)	(529)	(480,009)	(1,740)	(44,515)	-	-	(606,613)
Charges	-	(3,288)	-	(24,652)	-	(8,150)	-	-	(36,090)
Derecognitions	-	12	-	315	-	2,230	-	-	2,557
Translation differences	-	1,527	-	2,562	-	619	-	-	4,708
Accumulated depreciation at 31 December 2020	-	(81,569)	(529)	(501,784)	(1,740)	(49,816)	-	-	(635,438)
Charges	-	(3,002)	(152)	(16,995)	(3,058)	(14,055)	-	-	(37,262)
Subsidiaries deconsolidated (note 2.6)	-	6,434	-	3,933	-	318	-	-	10,685
Derecognitions	-	634	-	2,864	-	2,653	-	-	6,151
Translation differences	-	1,376	-	2,102	-	234	-	-	3,712
Accumulated depreciation at 31 December 2021	-	(76,127)	(681)	(509,880)	(4,798)	(60,666)	-	-	(652,152)
Accumulated impairment at 31 December 2020	-	-	-	-	-	-	(331)	-	(331)
(Impairment)/reversal during the year	-	-	-	-	-	-	-	-	-
Derecognitions	-	-	-	-	-	-	-	-	-
Accumulated impairment at 31 December 2021	-	-	-	-	-	-	(331)	-	(331)
Carrying amount at 31 December 2020	28,204	57,007	2,238	174,876	6,145	14,871	4,057	21,128	308,526
Carrying amount at 31 December 2021	21,010	54,529	2,086	165,943	3,087	8,994	4,057	18,425	278,131

The capital expenditure undertaken by the Group in 2021 was focused on driving growth in value-added products and services. More specifically, it invested in a new finishing facility in the factory in Austria which will enable growth in production of very high value-added products such as umbilical tubing solutions and extra-long, premium-quality tubes. The Group also continued to invest in a new factory in the US in order to consolidate its industrial facilities in that market. It also invested in new machinery and equipment at recent acquiree, NTS, with the aim of facilitating expansion of that investee’s customer base and geographic footprint.

The main additions recognised in 2020, meanwhile, related to investments to install a new warehouse in Galicia, complete investment in a new factory in the US and buy new machinery for the NTS Group.

The Group's property, plant and equipment located outside of Spain at year-end (€ 000):

2021:

Description	Carrying amount (gross)	Accumulated depreciation	Accumulated impairment losses
Land and buildings	94,356	(33,582)	-
Plant and machinery	376,719	(253,557)	-
Other PP&E	33,884	(2,392)	-
PP&E in progress	12,062	-	-
Total	517,020	(289,531)	-

2020:

Description	Carrying amount (gross)	Accumulated depreciation	Accumulated impairment losses
Land and buildings	94,002	(32,749)	-
Plant and machinery	369,258	(247,270)	-
Other PP&E	29,468	(2,333)	-
PP&E in progress	11,472	-	-
Total	504,199	(282,351)	-

The breakdown at year-end of the original cost of fully-depreciated items of property, plant and equipment still in use (€ 000):

Description	Gross carrying amount	
	Year-end 2021	Year-end 2020
Buildings	54,064	54,064
Plant and machinery	326,872	323,856
Other fixtures, tools and furniture	15,969	13,643
Other PP&E	26,697	26,595
Total	423,602	418,158

Works of art

This heading includes artwork owned by the Parent. The TUBACEX Group engages an independent expert to appraise its artwork periodically. Those appraisal values are in line with the amounts at which the artwork was carried at year-end 2021 and 2020 (the last such appraisal was conducted in 2020). Works of art are not depreciated as they do not lose value with the passage of time. Under applicable accounting rules, artwork with such characteristics only fits into the property, plant and equipment category.

The following assets presented within property, plant and equipment (notes 3.1 and 8) are not used directly in the Group's business operations (€ 000):

Description	2021			2020		
	Cost	Impairment	Total	Cost	Impairment	Total
Works of art	4,388	(331)	4,057	4,388	(331)	4,057

There were no movements under these assets in 2021 or 2020.

Asset impairment

In the context of its business plan, the Group tested each of its cash-generating units for impairment. The Group's management determined the recoverable amounts of its CGUs based on value-in-use calculations. Those calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Management determined budgeted gross margins based on past performance and its market development expectations. Cash flows beyond the four-year period were extrapolated using growth in perpetuity rates of between 1.5% and 2%. The cash flow projections were discounted at an after-tax rate of 8.1% which reflects the risks specific to the businesses carried on by the investees, underpinned by the understanding that the market is global in nature, so permitting the use of similar assumptions to discount different assets.

The Group conducted impairment tests for Tubacex Tubos Inoxidables, S.A.U. and Acería de Álava, S.A., where the terminal value represents 0% of the total recoverable amount; for IBF SpA., where the terminal value represents 10% of the total recoverable amount; and for Tubacex Tubes and Pipes Pvt Ltd, where the terminal value represents 49% of the total recoverable amount.

An increase/decrease in the discount rate of 0.5% would not result in any impairment losses.

Other information

The directors believe there were no indications that the rest of the Group's assets were impaired at either 31 December 2021 or 2020.

At 31 December 2021, none of the amounts recognised under "Trade and other accounts payable" in the accompanying consolidated statement of financial position was pending payment to fixed asset suppliers (966 thousand euros at year-end 2020)(note 19).

Capital expenditure contracted for the end of the reporting period amounted to 4,400 thousand euros (372 thousand euros at year-end 2020).

The Group had not mortgaged any items of its property, plant or equipment at either year-end.

It is Group policy to take out the insurance policies necessary to cover the potential risks to which the various items of its property, plant, and equipment are exposed. The coverage existing at both year-ends is deemed sufficient to cover these risks.

The Group did not carry any material assets at fair value at either year-end.

9. Financial assets

This consolidated statement of financial position heading breaks down as follows:

2021:

	€ 000			
	31 December 2021			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total
Equity instruments	3,917	-	-	3,917
Other financial assets	-	48	801	849
Non-current	3,917	48	801	4,766
Other financial assets	16,855	-	645	17,500
Current	16,855	-	645	17,500
Total	20,772	48	1,446	22,266

2020:

	€ 000			
	31 December 2020			
	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Total
Equity instruments	3,811	-	-	3,811
Other financial assets	-	48	798	846
Non-current	3,811	48	798	4,657
Other financial assets	25,769	-	908	26,677
Current	25,769	-	908	26,677
Total	29,580	48	1,706	31,334

In the wake of the business combination completed in Italy in 2015, the Tubacex Group acquired (unlisted) shares in certain companies through IBF SpA. The main balances at year-end:

Company name	%	Carrying amount 2021	Carrying amount 2020	Capital	Profit/(loss)	Capital and reserves
COPROSIDER Srl (*)	39%	39	39	100	120	4,333
Total		39	39			

(*) Figures as per the financial statements at 31 December 2021.

“Other financial assets” includes a loan extended to Coprosider Srl in the amount of 644 thousand euros (year-end 2020: 644 thousand euros) (note 25).

The Company has invested some of its surplus cash in investment funds, in the amount of 16,855 thousand euros at 31 December 2021 (25,754 thousand euros at year-end 2020), which are recognised under "Current financial assets"; those assets generated net finance income as a result of movements in their fair value of 433 thousand euros in 2021; that income is recognised within "Finance income" in the accompanying consolidated statement of profit or loss in 2021 (2020: 110 thousand euros).

10. Derivative financial instruments

The breakdown of the Group's derivative financial instruments at year-end:

2021:

	Notional amount		€ 000			
			Assets		Liabilities	
	Amount in '000	Unit	Non-current	Current	Non-current	Current
Derivatives held for trading						
Forward sale of USD	6,003	USD	-	-	-	(157)
Forward sale of GBP	2,470	GBP	-	-	-	(49)
Forward purchase of USD	19,440	USD	-	132	-	-
			-	132	-	(206)
Hedging derivatives						
Cash flow hedges						
Interest-rate swaps	76,875	EUR	184	6	(10)	(206)
Forward sale of USD	11,956	USD	-	-	-	(232)
Forward sale of GBP	3,385	GBP	-	-	-	(2)
Forward sale of SEK	6,700	SEK	-	-	-	(13)
Purchase/sale of commodities		EUR	-	45	-	(896)
			184	51	(10)	(1,348)
			184	183	(10)	(1,555)

2020:

	Notional amount		€ 000			
			Assets		Liabilities	
	Amount in '000	Unit	Non-current	Current	Non-current	Current
Derivatives held for trading						
Forward sale of USD	5,159	USD	-	268	-	-
Forward sale of GBP	1,162	GBP	-	13	-	-
Forward purchase of USD	12,033	USD	-	-	-	(511)
			-	281	-	(511)
Hedging derivatives						
Cash flow hedges						
Interest-rate swaps	76,875	EUR	13	-	(648)	(199)
Forward sale of USD	11,956	USD	-	414	-	-
Forward sale of GBP	15	GBP	-	-	-	-
Purchase/sale of commodities		EUR	-	-	-	(245)
			13	414	(648)	(444)
			13	695	(648)	(955)

These financial instruments are classified into the categories stipulated in IFRS 9; for fair value hierarchy purposes, note that the valuation method used relies on unquoted prices obtained from observable markets.

10.1 Foreign currency forward contracts

As indicated in note 2.3, the Group's functional currency is the euro. To manage its foreign currency risk, mainly its exposure to the US dollar, the Group has forward agreements for the purchase and sale of currencies to cover its import and export activities, respectively.

At 31 December 2021, the Group had forward currency sale contracts not accounted for as hedges in the amount of 8,013 thousand euros (year-end 2020: 5,770 thousand euros). The notional amount of forward currency contracts held for trading stood at 6,003 thousand US dollars (year-end 2020: 5,159 thousand US dollars) and 2,470 thousand pounds sterling (year-end 2020: 1,162 thousand pounds sterling). Despite not being designated as hedges, in all instances, however, those derivatives were arranged to hedge currency sales.

The breakdown by currency of the notional amounts of the forward currency sales contracts at year-end:

	€ 000			
	2021		2020	
	USD	GBP	USD	GBP
Within one year	5,129	2,884	4,468	1,302

Elsewhere, at year-end 2021, the Group had written forward currency purchase contracts held for trading over a notional amount of 17,005 thousand euros (year-end 2020: 10,302 thousand euros). Those contracts were written over a notional amount of 19,440 thousand US dollars (year-end 2020: 12,033 thousand US dollars). Despite not being designated as hedges, in all instances, however, those derivatives were arranged to hedge currency purchases.

The breakdown by currency of the notional amounts of the forward currency purchase contracts at year-end:

	€ 000	
	USD	
	2021	2020
Within one year	17,005	10,302

The fair values of these foreign currency contracts were estimated by discounting their cash flows using forward exchange rates gleaned from public sources.

10.2 Futures contracts written over commodities

To hedge the risk of volatile nickel prices, the Group arranges futures contacts over that commodity.

Specifically, at year-end, the Group had several unexpired nickel sale and purchase futures. At 31 December 2021, the Group recognised a derivative on the asset side of its consolidated statement of financial position of 45 thousand euros under "Derivative financial instruments" (a liability position of 245 thousand euros at year-end 2020), the associated deferred tax liability of 11 thousand euros under "Deferred tax liabilities" (a deferred tax asset of 59 thousand euros at year-end 2020) and the corresponding positive impact on equity of 34 thousand, which was recognised within "Valuation adjustments – Hedging transaction" (negative impact of 186 thousand euros at year-end 2020).

In parallel, the Group also recognised a derivative on the liability side of 896 thousand euros under "Derivative financial instruments", the associated deferred asset of 215 thousand euros under "Deferred tax assets" and the corresponding negative impact on equity of 681 thousand, under "Valuation adjustments - Hedging transactions ".

The fair values of the contracts over nickel prices are estimated using discounted cash flow methodology based on the difference between market nickel prices gleaned from public sources of information at year-end and the fixed prices locked in under the various futures contracts.

10. Interest-rate swaps

The Group writes interest rate swaps to hedge its exposure to floating rates of interest. The breakdown of the interest rate swaps outstanding at year-end:

2021:

Notional amount € 000	Start date	End date	Interest rate
1,875	4 June 2019	29 May 2024	0.09%
26,000	20 June 2022	20 June 2027	-0.03%
30,000	20 January 2020	20 January 2028	0.30%
7,500	5 June 2020	21 April 2025	0.00%
3,000	21 October 2020	21 October 2026	0.00%
2,000	4 January 2021	30 November 2026	0.25%

2020:

Notional amount € 000	Start date	End date	Interest rate
1,500	1 November 2017	1 May 2021	0.45%
2,500	20 February 2017	20 May 2021	0.946%
1,250	31 March 2017	31 March 2021	0.995%
2,625	4 June 2019	29 May 2024	0.09%
26,000	20 June 2022	20 June 2027	-0.027%
30,000	20 January 2020	20 January 2028	0.295%
2,500	16 July 2017	16 July 2021	0.9142%
7,500	5 June 2020	21 April 2025	0%
3,000	21 October 2020	21 October 2026	0%

10.4 Cash flow hedges

The amount of cash flow hedges reclassified from equity to profit or loss and the breakdown of the headings of the consolidated statement of profit where they've been recognised:

	€ 000	
	Profit/(loss)	
	2021	2020
Interest-rate swaps:		
- Finance income/(cost)	(190)	(230)
Foreign currency hedges:		
- Exchange gains/(losses)	971	1,400
	781	1,170

The interest expense generated by the interest rate swaps that expired in 2021 were recognised under "Finance costs" in the accompanying consolidated statement of profit or loss.

The Group layers adjustments for credit risk in order to reflect own credit risk and counterparty credit risk into its fair value estimates using generally accepted valuation models.

Specifically, to determine those credit risk adjustments, the Group uses a technique based on the calculation, using simulations, of the total expected exposure (which therefore includes current and potential exposure), adjusted for the probability of default over time and the loss given default assigned to the Group and each of its counterparties. The total expected exposure of derivatives is obtained using observable market inputs such as yield, currency and volatility curves, factoring in market conditions at the measurement date.

11. Inventories

The breakdown of this consolidated statement of financial position heading at the end of 2021 and 2020 is as follows:

	€ 000	
	2021	2020
Goods for resale	-	13,816
Raw materials and other consumables	137,106	114,170
Work in progress and semi-finished goods	76,989	55,315
Finished goods	126,214	109,468
Prepayments to suppliers	4,263	1,225
Impairment	(31,064)	(30,498)
	313,508	263,496

The raw materials, other consumables and goods for resale recognised as an expense in 2021 and 2020:

	€ 000	
	2021	2020
Raw materials, other consumables and goods for resale used		
Net purchases	154,425	192,338
Change in inventories	(12,595)	20,458
	141,830	212,796

The movement in the allowance for impairment of inventories in 2021 and 2020 is shown below (€ 000):

2021:

	Opening balance	Additions	Unused amounts reversed	Closing balance
Goods for resale, raw materials and goods held for conversion	18,092	-	(3,475)	14,617
Work in progress	3,111	-	(1,793)	1,318
Finished goods	9,295	5,835	-	15,130
Impairment of inventories	30,498	5,835	(5,268)	31,065

2020:

	Opening balance	Additions	Unused amounts reversed	Closing balance
Goods for resale, raw materials and goods held for conversion	16,322	1,964	(194)	18,092
Work in progress	2,917	252	(58)	3,111
Finished goods	11,802	24	(2,531)	9,295
Impairment of inventories	31,041	2,240	(2,783)	30,498

Net purchases included the purchase of the following inventories in currencies other than the euro:

Currency	€ 000	
	2021	2020
USD	75,725	80,338
INR	28,531	19,456
THB	1,703	2,863

12. Trade and other receivables

The breakdown of this consolidated statement of financial position heading at year-end is as follows:

	€ 000	
	2021	2020
Trade receivables	67,262	62,332
Trade receivables, related parties (note 25)	765	554
Miscellaneous receivables	9,816	6,926
Taxes receivable (note 21)	14,903	13,936
Current tax assets (note 21)	-	611
	92,756	84,359
Less: impairment	(7,873)	(4,928)
Total trade and other receivables	84,883	79,431

The impairment allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	€ 000	
	2021	2020
Opening balance	4,928	5,562
Additions (notes 3.5 and 23)	3,245	987
Unused amounts reversed (notes 3.5 and 23)	-	(111)
Receivables written off during the year as uncollectable	(300)	(1,510)
Closing balance	7,873	4,928

The year-end balances receivable from the tax authorities break down as follows:

	€ 000	
	2021	2020
Taxes receivable from the authorities:		
VAT	13,475	13,361
Other items	1,428	575
	14,903	13,936

13. Cash and cash equivalents

This consolidated statement of financial position heading breaks down as follows:

	€ 000	
	2021	2020
Cash at bank and in hand	140,489	159,245
	140,489	159,245

This heading essentially includes cash, short-term bank deposits and commercial paper with an original maturity of three months or less. The amounts on deposit at banks are remunerated at market rates of interest. There are no restrictions on these balances.

14. Equity

14.1 Capital

On 24 June 2021, the Parent's shareholders agreed in general meeting to reduce the Company's share capital by 1,800,000 euros by means of the cancellation of the 4,000,000 own shares held as treasury stock at the time (equivalent to 3% of share capital), delegating execution of the resolution in the Board of Directors. The Board approved the transaction on 22 July 2021.

At year-end 2021, the Parent's share capital was made up of 128,978,782 ordinary shares, represented by book entries, each with a par value of 0.45 euros, all fully paid. All of the shares carry identical voting and dividend rights except for the own shares held as treasury stock: voting rights on those shares are suspended and dividend entitlements are divided proportionately among the rest of the Company's shares.

The Company's shares are traded on the Spanish stock exchange.

There are no restrictions on the transfer of the shares.

At both year-ends, Mr. Jose María Aristrain de la Cruz held an 11% interest; no other shareholders held stakes of more than 10%.

14.2 Share premium

This reserve is freely distributable.

14.3 Revaluation reserves

The breakdown of the revaluation reserves legally endowed:

	€ 000	
	2021	2020
Revaluation reserve as per Regional Law 4/1997	3,763	3,763

The Group revalued its property, plant and equipment on 31 December 1996 as permitted under applicable company law.

The period for inspection by the tax authorities having duly prescribed, this reserve can be earmarked, without becoming taxable, to:

- Offsetting prior-year losses.

- Increasing capital, having first offset any accumulated losses recognised on the statement of financial position and duly endowed the legal reserve.

- Restricted reserves in respect of any balance pending utilisation.

14.4 Other reserves

The breakdown of "Other reserves" at year-end:

	€ 000	
	2021	2020
Reserves in the parent company	22,050	22,050
Reserves in fully-consolidated companies	144,351	183,927
Total	166,401	205,977

Legal reserve:

The Spanish Corporate Enterprises Act stipulates that 10% of profit for each year be transferred to the legal reserve until it represents at least 20% of share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

That reserve was fully endowed at both year-ends.

Other parent company reserves:

These are voluntary, unrestricted reserves.

14.5 Own shares

At year-end the Parent and other members of the consolidated group held the following shares of the Parent as treasury shares:

2021:

	No. of shares	Par value (€ 000)	Average purchase price (€)	Total purchase cost (€ 000)
Own shares at year-end 2021	5,801,630	2,611	1.80	10,424

2020:

	No. of shares	Par value (€ 000)	Average purchase price (€)	Total purchase cost (€ 000)
Own shares at year-end 2020	7,378,668	3,320	2.43	13,530

In 2019, the Board of Directors approved a new incentive plan that partially affected own shares (notes 3.13 and 14.6).

Also in 2019, the Company entered into a liquidity agreement with JB Capital Markets, Sociedad de Valores, S.A., which was duly notified to the securities market regulator. Under the scope of that agreement, the Company acquired 3,616,717 own shares at an average price of 1.65 euros per share and sold 1,193,755 shares at an average price of 1.60 euros per share between 1 January 2021 and 31 December 2021.

The reconciliation of the opening and year-end own share balances in 2021 and 2020:

2021:

	31/12/2020	Purchases	(Sales)	Shares cancelled	31/12/2021
Own shares	13,530	5,864	(2,003)	(6,967)	10,424

2020:

	31/12/2019	Purchases	(Sales)	31/12/2020
Own shares	8,502	6,641	(1,613)	13,530

The Group recognised the consideration received on the sale of own shares, in the amount of 176 thousand euros (2020: 299 thousand euros), directly in equity, against “Voluntary reserves”.

14.6 Other equity instruments

On 25 May 2016, the Board of Directors and the Company's shareholders approved the following transactions under the scope of a long-term incentive plan (note 3.11):

- The grant of options to the CEO to purchase up to 500,000 shares for 2 euros each with an initial exercise date of 31 March 2018.

- The grant of loans to nine senior executives for the acquisition of 1,200,000 shares for 2 euros with a limit per person of 120,000 shares. Those loans were initially due on 31 March 2018, which is when they were due to be settled in full either in cash or by delivering the Parent all of the shares acquired in 2016. During the term of the loans, the Company would hold a pledge right over the shares and the borrowers would not be allowed to avail of, transfer, dispose of or encumber the shares acquired pursuant to the loans without the prior written consent of the Parent. Termination of the employment relationship with the borrower at the behest of the latter would trigger the requirement to prepay the loan.

At the Parent's Annual General Meeting of May 2018, it was agreed to extend the entire plan to 31 March 2019.

Subsequently, at the Annual General Meeting held in May 2019, it was agreed to extend the period for exercising the options until 31 March 2023 or 31 March 2024, at the choice of the beneficiary.

Those share option plans materialised in the execution of a contract with the CEO and a series of contracts with identical terms with each of the 10 members of the senior management team.

It was agreed at that same Annual General Meeting in May 2019 to award new long-term incentive plans to both the CEO and the members of the senior executive team in the same amounts and with the same maturities as the previous plan.

To measure those stock option plans, the Parent - with the help of an independent expert - used the binomial trees (the Cox, Ross and Rubinstein model), a method that assumes that share price movements are made up of a high number of small binomial movements. That method is widely used in the financial community to value options in order to include the impact of market conditions on the value of equity instrument grants. The main assumptions used were as follows:

- The 5-year interest rate at the measurement date was 0.031%.

- To determine the dividend per share, it was assumed that the dividend yield would hold steady in the coming years.

- To determine share price volatility, the historical volatility for the last 260 sessions was used.

To determine the total cost of the plan and the cost to be recognised in 2021, the Parent's directors assumed:

- That all of the beneficiaries would meet the requirements for entitlement to the shares.

- A vesting period until 31 March 2023/2024.

Based on those assumptions, the directors estimated the value of the total amount accrued under those plans as at year-end at 1,862 thousand euros (year-end 2020: 1,390 thousand euros). As outlined in note 3.11, the Parent recognises the services provided by the plan beneficiaries on an accrual basis, allocating the fair value of the equity instruments granted over the plan vesting period, a treatment that implied the recognition of a charge of 472 thousand under “Other reserves of the parent and entities accounted for using the full consolidation and equity methods” in the consolidated statement of financial position at year-end 2021 and a credit to “Other equity instruments” in equity, likewise at 31 December 2021 (charge of 473 thousand euros under “Other reserves of the parent and entities accounted for using the full consolidation and equity methods” in the consolidated statement of financial position at year-end 2020 and a credit to “Other equity instruments” in equity, likewise at 31 December 2020).

14.7 Valuation adjustments

Breakdown and reconciliation

The breakdown and reconciliation of the carrying amounts of the various items comprising other comprehensive income at the beginning and end of 2021 and 2020:

	€ 000			
	Translation differences	Cash flow hedges	Tax effect	Net
Balance at 31 December 2019	6,512	578	(39)	7,051
Income and expense generated during the year	(14,068)	(627)	150	(14,545)
Amounts reclassified to profit or loss	-	(1,170)	281	(889)
Balance at 31 December 2020	(7,556)	(1,219)	392	(8,383)
Income and expense generated during the year	1,274	762	(183)	1,853
Amounts reclassified to profit or loss	-	(781)	187	(594)
Balance at 31 December 2021	(6,282)	(1,238)	396	(7,124)

Translation differences:

Devaluation of the US dollar and Indian rupee in 2020 had the effect of eroding the value of the net assets denominated in those currencies with an impact on equity of 14,068 thousand euros. The tax effect corresponds to the Group’s cash flow hedges.

14.8 Capital management policies

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate further returns for its shareholders and benefits for all its stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In line with other players in its sector, the TUBACEX Group monitors its capital structure on the basis of its leverage ratio. It calculates leverage by dividing net debt by total equity. Net debt is the sum of the Group’s current and non-current loans and other interest-bearing liabilities, less cash, cash equivalents and current financial assets.

The leverage ratios so calculated by management for year-end 2021 and 2020:

	€ 000	
	2021	2020
Total bank borrowings (note 17)	494,206	484,067
Less: cash, cash equivalents and current financial assets (notes 9 & 13)	(157,989)	(185,922)
Net debt	336,217	298,145
Equity	249,189	298,444
Leverage ratio	135%	100%

14.9 Non-controlling interests

The reconciliation of non-controlling interests in the equity of the following Group companies at the beginning and end of 2021 and 2021 by component of equity:

	€ 000
Balance at 31 December 2019	48,156
Recognised income and expense	
Profit/(loss) for the year	122
Additions to consolidation scope (note 2.6)	9,301
Other changes	3
Balance at 31 December 2020	57,582
Recognised income and expense	
Loss for the year	(2,989)
Additions to consolidation scope (note 2.6)	-
Acquisition of non-controlling interests (note 2.6)	(2,818)
Balance at 31 December 2021	51,775

The most significant movement in 2021 was the acquisition of the non-controlling interests in Tubacex Tubes and Pipes Pvt Ltd, so increasing the Group's ownership interest in that subsidiary from 67.53% to 100% (note 2.6).

In 2020 the most significant changes were attributable to the business combinations completed that year, as outlined in note 2.6.

15. Provisions

Non-current provisions

The Group has recognised provisions at the estimated amount of its probable and certain tax debts and other liabilities as a result of litigation in progress and in respect of termination benefits or outstanding obligations of uncertain amount and sureties and other similar guarantees for which the exact amount of the corresponding payment either cannot be determined or for which the actual settlement date depends on the delivery of certain terms and conditions. The amount provided in 2021 and 2020 amounted to 1,650 thousand euros, a figure the directors deem adequate.

This heading likewise includes provisions for potential environmental damages in the amount of 671 thousand euros (1,170 thousand euros at year-end 2020) (note 28).

Current provisions

The reconciliation of current provisions at the beginning and end of 2021 and 2020 (€ 000):

	Current provisions
Balance at 31 December 2019	6,229
Charges	1,324
Additions to consolidation scope (note 2.6)	10,618
Amounts utilised	(1,830)
Unused amounts reversed	(73)
Balance at 31 December 2020	16,268
Charges	-
Subsidiaries deconsolidated (note 2.6)	(24)
Amounts utilised	(8,079)
Unused amounts reversed	-
Balance at 31 December 2021	8,165

"Current provisions" include provisions recognised to cover possible contingencies derived from commercial relationships in the amount of 5,373 thousand euros (year-end 2020: 3,307 thousand euros). The definitive amounts payable will depend on the final outcome of the negotiations ongoing with the corresponding customers; they have been quantified on the basis of the best information available at the end of the reporting period.

Guarantees extended

The Group has extended bank sureties to guarantee its performance under certain contracts obtained in the ordinary course of business totalling 87,185 thousand euros (year-end 2020: 72,211 thousand euros). Of the total extended at 31 December 2021, 49,707 thousand euros corresponded to the contract in Iran (year-end 2021: 51,920 thousand euros) (note 2.4). The Parent's directors believe that the probability of a significant liability materialising as a result of these sureties is remote.

16. Deferred income

In December 2018, Tubacex Durant, Inc. entered into an agreement with US Bancorp Community Development Corporation ("USBCDC"), a corporation based in Minnesota, covering the development, construction and fit-out of a facility in Durant (Oklahoma). Under the scope of that agreement, USBCDC made a capital contribution to USBCDC Investment Fund 272, LLC, a limited-liability company in Missouri (the "Fund") in the amount of 10.9 million dollars (equivalent to 9.5 million euros).

The agreement is part of a tax incentive scheme (the NMTC Program) contemplated in the Community Renewal Tax Relief Act of 2000, which is designed to foster investment in qualifying low-income communities in the United States. That Act gives qualifying tax payers credit (the new markets tax credit or "NMTC") against Federal income tax of up to 39% of the cost of investments made in designated Community Development Entities ("CDEs"). CDEs are privately managed entities that are certified to invest in the qualifying low-income communities. As a result of the funds contributed by USBCD, totalling 10.9 million dollars, USBCDC will be entitled to claim 13.3 million dollars (equivalent to 11.6 million euros) of tax credit during the seven-year period contemplated in the above Act (the "recapture period").

As a result, having recognised the sum of 1,248 thousand euros in profit or loss, the Group continued to recognise 5,945 thousand corresponding to the contribution made by USBCDC to the Fund, net of fees, at 31 December 2021 (year-end 2020: 7,193 thousand euros), this being the main component of this heading. The remaining balance corresponds to a number of grants for assets received by members of the consolidated group.

17. Current and non-current bank borrowings

The breakdown of this consolidated statement of financial position heading at the end of 2021 and 2020 is as follows:

	€ 000	
	2021	2020
Non-current:		
Bank borrowings	175,331	205,015
Notes and other marketable securities	28,755	17,702
Non-current credit facilities	69,928	29,805
	274,014	252,522
Current:		
Notes and other marketable securities	159,974	178,959
European Investment Bank	8,125	8,125
Current credit facilities	4,978	2,317
Current portion of non-current loans	40,158	36,561
Discounted bills (note 3.5)	-	208
Trade finance (note 3.5)	4,807	3,242
Interest	2,150	2,133
	220,192	231,545

As in prior years, the TUBACEX Group, through its Parent, renewed its 200-million-euro commercial paper programme, which is listed on Spain's alternative fixed-income market - MARF. In connection with that programme, on 8 September 2020, the Company entered into a contract under the scope of the state loan guarantee scheme rolled out in response to the economic crisis induced by the pandemic with the aim of issuing commercial paper secured 70% by Spain's official credit institute, Instituto de Crédito Oficial, E.P.E. ("ICO"). At 31 December 2021 the Group had 159,974 thousand euros of commercial paper due within less than one year from the reporting date and 13,755 euros due in 2023. The average interest rate on the commercial paper outstanding at 31 December 2021 was 1.08% (0.63% at year-end 2020). All of the Group's commercial paper is recognised under "Notes and other marketable securities" within non-current and current liabilities on the accompanying consolidated statement of financial position.

In addition, in 2019, the TUBACEX Group registered its "EUR 100,000,000 Senior Unsecured Notes Programme Tubacex, S.A. 2019" on MARF. Under that notes programme, in March 2020 the Group issued 15,000 thousand euros of notes which remained outstanding at 31 December 2021. In July 2020 the Group increased the size of the notes programme to 150 million euros.

In 2015 and 2016 the Group received financing from the European Investment Bank (EIB). The balance outstanding under that loan stood at 32.5 million euros at 31 December 2021 (52 million euros at year-end 2020).

In addition, in December 2018, the Group secured 30 million euros of investment financing from "Compañía Española de Financiación del Desarrollo" ("COFIDES") for financing investment projects. The balance outstanding under that loan stood at 30 million euros at 31 December 2021 (30 million euros at year-end 2020).

Lastly, the Group has 30 million euros of borrowings from Instituto de Crédito Oficial "ICO". The balance outstanding under that loan stood at 30 million euros at 31 December 2021 (30 million euros at year-end 2020).

The Group is bound by a series of financial covenants as a result of the above borrowing agreements. At the date of authorising these consolidated financial statements for issue, faced by the likelihood of breaching some of those covenants, the Parent had obtained (prior to year-end) waivers from the EIB, COFIDES and ICO.

In 2020, the TUBACEX Group, through its Parent, arranged bilateral loans under a framework agreement with a number of financial institutions totalling 60,500 thousand euros, of which 70% is guaranteed by ICO, as contemplated in Royal Decree-Law 8/2020 (of 17 March 2020) on urgent measures designed to mitigate the economic and social fallout from COVID-19. In December 2020 it arranged a new bilateral loan of 2,700 thousand euros, this time availing of ICO's Covid-19 Investment Surety Facility. The grace period on those loans was extended in 2021 from 12 to 24 months.

In 2021, Tubacex, S.A. also arranged a new loan in the amount of 20 million euros.

Lastly, the Group has additional loans, arranged in prior years with a number of banks, totalling 48 million euros.

The carrying amount of those loans and other interest-bearing liabilities is a good proxy for their fair value.

The maturity analysis for the Group's loans and other interest-bearing liabilities showing the remaining contractual maturities at year-end is provided below:

	€ 000	
Maturity	2021	2020
One year	220,192	231,545
Two years	107,309	57,469
Three years	66,428	61,137
Four years	73,975	41,559
Five years	12,802	54,849
Beyond	13,500	37,508
	494,206	484,067

The weighted average interest rate on bank borrowings was approximately EURIBOR + 2% in 2021 (2020: EURIBOR + 1.76%).

In 2020 the Group also renewed previously arranged credit facilities with a limit of 71,260 thousand euros that are 60% secured by ICO. Those refinancings included term extensions from one year to maturities of between two and five years.

Under the Extraordinary Covid-19 Working Capital Facility, in 2020, the Group refinanced a 6,500-thousand-euro credit facility featuring a guarantee from insurer CESCE over 70% of the balance outstanding, extending its maturity from one to three years. Tubacex also arranged a new 5,000-thousand-euro two-year credit facility.

At year-end 2021, the Group had drawn down 69,928 thousand euros under its non-current credit facilities.

It had also drawn down 4,978 thousand euros under current credit facilities.

At 31 December 2021, the Group had undrawn foreign trade finance and credit facilities totalling 9,993 thousand euros and 13,602 thousand euros, respectively (year-end 2020: 12,058 thousand euros and 59,501 thousand euros).

The weighted average interest rate on the Group's credit facilities was approximately EURIBOR + 1.74% in 2021 (2020: EURIBOR + 1.1%).

18. Other financial liabilities

The breakdown of "Other financial liabilities" at year-end:

	€ 000	
	2021	2020
Non-current:		
Repayable long-term loans	232	1,878
Loan from IVF (Basque finance institute)	2,385	3,407
Lease liabilities (IFRS 16)	8,264	7,427
Other (note 14.9)	7,965	7,790
	18,846	20,502
Current:		
Loans other than from banks	16,986	15,000
Other	398	398
	17,384	15,398
	36,230	35,900

The loan extended by Instituto Vasco de Finanzas ("IVF")matures in 2028.

19. Trade and other payables

Trade and other payables break down as follows at year-end:

	€ 000	
	2021	2020
Trade payables	151,221	114,137
Other accounts payable:		
Employee benefits payable	10,301	17,284
Taxes payable (note 21)	11,741	10,464
Other liabilities	32,316	14,569
	54,358	42,317
Current tax liabilities (note 21)	1,191	1,484
	206,770	157,938

The Group has a series of reverse factoring agreements in place with a number of financial institutions. The trade payables whose settlement is managed by those financial institutions are recognised under "Trade and other accounts payable" on the consolidated statement of financial position insofar as the Group has only transferred payment management to those entities, while the Group remains the primary obligor for payment of the debts assumed vis-a-vis its suppliers. At 31 December 2021 the Group had an outstanding balance of 71.8 thousand euros of this form of supply chain financing compared to a limit of 96.5 thousand euros (year-end 2020: drawdown of 56.3 thousand euros and limit of 99.5 thousand euros).

"Other liabilities" mainly includes down payments received from customers at year-end.

Information on late payments to suppliers. Additional Provision Three - "Disclosure requirements" of Law 31/2014

Below are the disclosures required under final provision two of Law 31/2014, of 3 December 2014, prepared in accordance with the related Resolution issued by the Spanish Audit and Accounting Institute (ICAC) on 29 January 2016:

	2021	2020
Average supplier payment term	83	105
Paid transactions ratio	79	119
Outstanding transactions ratio	189	43
Total payments made	34,694	100,220
Total payments outstanding	1,799	23,135

The data provided in the table above regarding payments to suppliers made by the Parent and its Spanish subsidiaries refer to suppliers which qualify as trade creditors in respect of amounts due in exchange for goods and services supplied, to which end it includes the amounts presented under “Trade and other payables - Trade payables" within current liabilities on the accompanying consolidated statement of financial position.

"Average supplier payment term" is the time taken to pay or the delay in settling trade debt. That term is calculated by dividing the sum of the paid transactions ratio times total payments made plus the outstanding transactions ratio times total payments outstanding by the sum of total payments made and total payments outstanding.

The paid transactions ratio is calculated by dividing the sum of the payments made times the days of payment (the number of calendar days elapsing between the end of the legal deadline for making payment until effective payment for the transactions) by the total amount of payments made.

Lastly, the outstanding transactions ratio is calculated by dividing the sum of the payments outstanding times the days payable outstanding (the number of calendar days elapsing between the end of the legal deadline for making payment until the reporting date) by the total amount of payments outstanding.

The legally stipulated payment term applicable to companies domiciled in Spain according to Law 11/2013, of 26 July 2013, establishing measures to tackle trade supplier non-payment and the transitory provisions stipulated in Law 15/2010, of 5 July 2010, is 30 days (unless the terms in that legislation are met for extending that payment term to 60 days). The Group has rolled out measures with a view to continuing to bring its average payment period within the limits stipulated in applicable legislation.

20. Employee benefits

The reconciliation of the liability recognised for commitments to employees at the beginning and end of 2021 and 2020 is as follows (€ 000):

	Long-term defined benefit remuneration (note 3.11)	Other long-term employee benefits (note 3.11)	Other	Total
Balance at 31 December 2019	6,844	1,965	648	9,457
Unused amounts reversed	-	-	(30)	(30)
Amount recognised as expense during the year (note 24)	812	36	-	848
Benefits paid	(2,266)	(128)	(226)	(2,620)
Balance at 31 December 2020	5,390	1,873	392	7,655
Unused amounts reversed	(15)	-	-	(15)
Amount recognised as expense during the year (note 24)	912	2,604	-	3,516
Benefits paid	(1,464)	(26)	(78)	(1,568)
Balance at 31 December 2021	4,823	4,451	314	9,588

Long-term defined benefit remuneration

This heading includes certain legal obligations to employees of the SBER subgroup that joined that company after 1 January 2003 which will materialise when they retire or leave the company for other reasons contemplated in prevailing labour legislation in Austria.

The total obligation accrued under this defined benefit plan was calculated using accepted actuarial methods and factoring in Austria's most recent mortality assumptions and tables at 3,710 thousand euros at 31 December 2021 (year-end 2020: 4,275 thousand euros).

The discount rate used was 0.95% (2020: 0.7%) and the wage growth assumption was 2.6% (2020: 2.6%).

Other long-term employee benefits

1,624 thousand euros at year-end 2021 and 1,638 thousand euros at year-end 2020 recognised under this heading reflects the estimate of the amounts accrued and payable in the future for a series of long-service awards to employees of the SBER subgroup, payable after 25, 30 and 40 years of service at the firm and consisting of one, two and three months' pay, respectively.

Under certain circumstances it is permitted in Austria for employees who meet a series of requirements to avail of an early retirement scheme. Employees who avail of that scheme work 50% of their working hours until retirement age and receive 75% of the wages corresponding to a full working day, with the additional 25% borne by the Austrian social security authorities.

Lastly, this heading also includes other commitments assumed in keeping with local labour regulations related with employees belonging to the NTS subgroup in the amount of 980 thousand euros.

21. Taxes payable and receivable and tax matters

The Parent's shareholders, at the Annual General Meeting held on 29 May 2013, agreed that it and certain subsidiaries located in the Basque region and subject to that region's corporate income tax regulations would avail of the consolidated tax regime from the year started 1 January 2014 (as provided for in Chapter VI, Title VI of Basque Regional Regulation 37/2013 of 13 December 2013).

The resulting tax group, with number 01/14/A for consolidated filing purposes, is made up of Tubacex, S.A., as tax group parent, and the following Group subsidiaries: Acería de Álava, S.A.U., Tubacex Tubos Inoxidables, S.A.U., Tubacex Taylor Accesorios, S.A.U., Tubacex Service Solutions, S.A.U., Tubacoat, S.L., RTA Red Distribuidora de Tubos y Accesorios, S.A.U., CFT Servicios Inmobiliarios, S.A.U., , Tubacex Advanced Solutions, S.L.U., Tubacex Service Solutions Holding, S.L.U., Tubacex Upstream Technologies, S.A., Tubacex Servicios de Gestión, S.L.U., Tubacex Logistics, S.A. and Tubacex Desarrollos, S.L., the last two having joined the tax group in 2021. Note that Tubos Mecánicos Norte, S.A.U. left the tax group in 2021.

21.1 Current tax receivable from | payable to the authorities

The breakdown of current tax receivable from and payable to the tax authorities at year-end:

	€ 000	
	2021	2020
VAT receivable (note 12)	7,114	7,699
Other receivables (note 12)	7,789	6,237
Current tax assets	-	611
Total tax receivable	14,903	14,547
VAT payable	8,257	5,208
Social security payable	1,231	2,325
Personal income tax payable	1,848	2,000
Other accounts payable	405	931
Corporate income tax payable	1,191	1,484
Total tax payable (note 19)	12,932	11,948

21.2 ***Reconciliation of accounting profit/(loss) to taxable income (tax loss)***

The breakdown of the Group's tax income/(tax expense) in 2021 and 2020:

	€ 000	
	2021	2020 (*)
Current tax	(1,682)	747
Deferred tax:		
Creation and reversal of temporary differences	5,116	785
	3,488	1,532

(*) Restated (note 2.6)

Accounting profit/(loss) (before tax) reconciles to tax expense/(income) as follows:

	€ 000	
	2021	2020 (*)
Profit/(loss) before tax	(42,422)	(27,916)
Income tax at average tax rate	(10,181)	(6,700)
Permanent differences and consolidation adjustments	7,900	(2,515)
Effect of different tax rates levied on certain subsidiaries	7,415	7,093
Recognition of deferred tax assets in respect of unused tax credits and restatement of deductions	(16,303)	-
Reversal of temporary differences	9,209	-
Tax credits and relief in the current year	-	(506)
Restatements	(1,528)	1,096
Total consolidated tax expense/(income) recognised	(3,488)	(1,532)

(*) Restated (note 2.6)

The nature of the tax credits recognised in 2020:

	€ 000	
	2021	2020
Investment in new fixed assets and R&D activities	-	506
	-	506

21.3 Deferred tax assets and liabilities

The breakdown of the Group's deferred tax assets and liabilities at year-end:

	€ 000			
	Assets		Liabilities	
	2021	2020	2021	2020
Provisions and other items	8,458	14,593	(17,402)	(12,140)
Unused tax losses	59,622	34,285	-	(554)
Unused tax credits	17,515	26,649	-	-
Asset revaluations (note 2.6)	-	-	(6,308)	(7,942)
	85,596	75,527	(23,710)	(20,636)
Derivative financial instruments	48	91	-	-
	85,644	75,618	(23,710)	(20,636)

The Group considered the following matters when recognising deferred tax assets:

- The Group believes it is highly probably that in the future it will generate sufficient profits to enable it to utilise the unused tax losses recognised as tax assets, underpinned by its business plan, which calls for growth in productivity, sales volumes and, by extension, core business profitability. The Group plans to continue to execute the strategic investments contemplated in its 2022-2025 Strategic Plan and consolidate its positioning in new, high value-added products in the oil, gas, power generation and nuclear power sectors, guaranteeing a reinforced competitive positioning in the wake of the international crisis.

- The business plans and projections used by the Group to substantiate the recoverability of the deferred tax assets recognised is aligned with the market reality and the Group's specific circumstances. The outlook by business unit for tax purposes is as follows:

    - There is no time limit for utilising the tax credits generated in Austria - in the amount of 25 million euros (17 million euros at year-end 2020); their recoverability is associated with execution of the Industrial Plan.

    - Nor is there a time limit for utilising the tax credits generated in Italy - in the amount of 5 million euros at both year-ends: the Group expects to be able to utilise these credits in the near term in light of the Italian business's track record generating taxable income and the Group's outlook for that business.

    - In 2021, the Group reassessed the tax credits and tax losses of the Alavés group (note 3.14) as a result of which it transferred 9 million euros of unused tax credits to unused tax losses; that transfer did not have any impact on profit or loss.

    - Elsewhere, in keeping with the tax legislation prevailing in the various jurisdictions, following the corporate restructuring of the Austrian subgroup, the Group recognised temporary differences recognised in prior years in the amount of 6 million euros as unused tax losses.

  Based on the above, the Group's management believes the tax assets recognised for unused tax credits can be substantiated and that it will be able to utilise those assets within no more than 10 years and in any event within the stipulated deadlines. The Parent's directors agree with this criterion.

The breakdown of the changes in deferred taxes by class of assets and liabilities which have been recognised against tax income / (expense) in the consolidated statement of profit or loss is as follows:

	€ 000			
	Assets		Liabilities	
	2021	2020	2021	2020
Provisions and other items	(6,135)	(1,878)	(5,262)	(3,536)
Other items	-	27	-	-
Unused tax losses	25,337	1,395	554	(554)
Unused tax credits	(9,134)	864	-	-
Asset revaluations (note 2.6)	-	-	1,634	2,798
Total	10,068	408	(3,074)	1,292

Unused tax losses

Of total unused tax losses, approximately 4 million euros was generated by investees located in Alava, Spain before joining the tax consolidation group and the deadline for the offset is 2040 and 2041. There are also 25 million euros of unused losses at the Austrian subsidiary and 5 million euros at the Italian subsidiary for which there is no deadline for their utilisation under local tax regulations.

Unused tax credits

Of total deferred tax assets for unused tax credits (17,515 thousand euros at year-end 2021):

- 4,174 thousand euros relates to relief from double taxation, of which 555 thousand euros prescribe in 2036.

- 3,017 thousand euros are subject to limits, of which 280 thousand euros prescribe in 2034.
- 9,750 thousand euros are not subject to limits, of which 665 thousand euros prescribe in 2034.

The tax credits generated prior to creation of the tax consolidation group (1 January 2014), which total 3,293 thousand euros, must be utilised individually by each company that generated them.

The total amount of current and deferred taxes recognised directly in other comprehensive income in 2021 and 2020 is shown below:

	€ 000	
	2021	2020
Cash-flow hedges (note 10)	4	431

21.4 Deferred tax assets not recognised

Taking a conservative approach, considering applicable accounting rules and the significant volume of tax assets capitalised in prior years, the Group has not recognised certain deferred tax assets on the accompanying consolidated statement of financial position.

21.5 Years open to inspection and tax inspections

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities, or until the four-year inspection period has elapsed. At year-end 2021, part of the Group had its returns for 2016 on open to inspection, specifically its corporate income tax, VAT and resident income tax withholding returns, along with its returns for the last four years for all other applicable taxes. In addition, the tax authorities are entitled to inspect any tax credits and tax losses generate in prior years - up to a limit of 10 years - when they are utilised in any of the year open to inspection.

The Parent’s directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying consolidated financial statements.

The Parent's directors don't anticipate the accrual of material additional liabilities other than those already provided for as a result of any review by the tax authorities of the years open to inspection. As prescribed in additional provision nine of Royal Decree-Law 11/2020 (of 31 March 2020) and additional provision one of Royal Decree-Law 15/2020 (of 21 April 2020) , the period elapsing between 14 March and 30 May 2021 will not compute for the purposes of the prescription deadlines stipulated in Spain's General Tax Act (Law 58/2003, of 17 December 2003), so that the usual prescription periods will be extended by 78 additional days.

22. Earnings per share

22.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent by the weighted average number of shares in issue, excluding treasury shares, during the period.

	2021	2020
Profit/(loss) attributable to equity holders of the Parent	(32,212)	(25,303)
Average number of shares outstanding	123,177,152	127,608,589
Basic earnings per share (€)	(0.2615)	(0.1982)

The average number of ordinary shares was calculated as follows:

	2021	2020
Ordinary shares outstanding (note 14.1)	128,978,782	132,978,782
Average own shares (note 14.5)	(5,801,630)	(5,370,193)
Average number of shares outstanding	123,177,152	127,608,589

22.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2021	2020
Profit/(loss) attributable to equity holders of the Parent	(32,212)	(25,303)
Average number of shares outstanding	126,577,152	131,008,589
Diluted earnings per share (€)	(0.2545)	(0.1931)

The average number of ordinary shares was calculated as follows:

	2021	2020
Ordinary shares outstanding (note 14.1)	128,978,782	132,978,782
Average own shares (note 14.5)	(5,801,630)	(5,370,193)
Effect of stock option plans (note 14.6)	3,400,000	3,400,000
Average number of shares outstanding	126,577,152	131,008,589

23. Other operating income and other operating expenses

"Other operating income" in the consolidated statement of profit or loss breaks down as follows in 2021 and 2020:

	€ 000	
	2021	2020
Grants related to income	10,750	6,937
Other income	2,534	4,032
	13,284	10,969

"Other operating expenses" breaks down as follows in 2021 and 2020:

	€ 000	
	2021	2020
Operating lease expense	2,579	1,828
Repairs and upkeep	24,496	27,052
Independent professional services	5,589	6,825
Transportation	9,588	10,794
Insurance premiums	2,238	2,509
Utilities	27,743	14,353
Other expenses	16,921	20,085
Taxes other than income tax	702	448
Change in impairment allowance for trade receivables (note 3.5)	3,245	876
	93,101	84,770

24. Employee benefits expense

The breakdown of this heading in 2021 and 2020:

	€ 000	
	2021	2020
Salaries, wages and similar	75,778	93,104
Contributions to pension plans	1,060	2,736
Social Security	19,161	30,437
Other benefit expense	5,445	3,924
	101,444	130,201

The Group's average headcount by job category in 2021 and 2020 was as follows:

Categories	2021	2020
Senior management	10	10
Middle managers and supervisors	381	362
Experts and professionals	405	446
Operations staff	1,398	1,562
Total	2,194	2,380

The average headcount in 2021, without including the effect of the furlough scheme, was 2,346 employees. A number of workforce restructuring plans that were pending execution at year-end 2020 were completed in 2021.

The above average headcounts factor in everyone who has or had an employment relationship with the Group during the year weighted for the length of time for which they provided their services. The employees affected by the furlough scheme were weighted for the effective length of time worked.

The breakdown of the year-end headcount by job category and gender:

	2021		2020	
Categories	Men	Women	Men	Women
Senior management	10	-	10	-
Middle managers and supervisors	328	62	353	63
Experts and professionals	229	149	263	187
Operations staff	1,446	122	1,565	109
Total	2,013	333	2,191	359

The Parent's Board of Directors was made up of three women and eight men at 31 December 2021 (four women and eight men at year-end 2020).

The TUBACEX Group employed a total of 19 people with disabilities in 2021 (2020: 20).

25. Related-party transactions and balances

Related-party transactions

The transactions performed with related parties in 2021 and 2020, the effects of which have been eliminated upon consolidation:

2021:

€ 000	Revenue	Cost of sales	Other income	Other operating expenses	Finance costs
Coprosider	16	20	-	-	3
	16	20	-	-	3

2020:

€ 000	Revenue	Cost of sales	Other income	Other operating expenses	Finance costs
CFF SRL	20	56	-	-	-
Coprosider	365	3	2	1	5
	385	59	2	1	5

Related-party balances

The breakdown of balances outstanding with related parties at year-end 2021 and 2020 (€ 000):

2021:

	Receivable			Payable
	Current loans (note 9)	Other non-current financial assets (note 9)	Trade and other receivables (note 12)	Trade and other payables (note 19)
Coprosider	-	644	-	-
SBTechnisches	-	-	-	(12)
Awaji Materia	-	70	260	-
Fundación Tubacex	645	-	-	-
Other	-	-	123	
	645	714	383	(12)

2020:

	Receivable			Payable
	Current loans (note 9)	Other non-current financial assets (note 9)	Trade and other receivables (note 12)	Trade and other payables (note 19)
CFF SRL	-	-	-	(8)
Coprosider	-	644	3	(11)
SBTechnisches	-	70	260	-
Awaji Materia	908	-	-	-
Fundación Tubacex	-	-	196	-
Other	-	-	95	-
	908	714	554	(19)

Related-party transactions

In 2021, transactions with related parties totalled 439 thousand euros (2020: 248 thousand euros).

26. Key management personnel remuneration

The remuneration accrued by key management personnel in 2021 and 2020 is shown below:

	€ 000	
	2021	2020
Short-term employee benefits - KMP	1,859	1,763
Post-employment benefits	111	111
	1,970	1,874

The Group had not extended any loans or advances to any of its key management personnel at either year-end. "Post-employment benefits" in the table above corresponds basically to contributions made to a defined benefit plan.

27. Disclosures relating to the Parent's directors

27.1 Parent directors - Remuneration and year-end balances

The members of the Board of Directors received 838 thousand euros of fixed fees for attending its meetings in 2021 (2021: 837 thousand euros).

Those amounts do not include the additional remuneration accrued by the directors who discharge executive duties: in 2021 that remuneration amounted to 518 thousand euros (2020: 624 thousand euros) plus 37 thousand euros of post-employment benefits (mainly contributions to a defined benefit plan) (2020: 42 thousand euros) and 55 thousand euros in relation to other items.

Lastly, in 2021, as was the case in 2020, the members of the Board of Directors did not accrue any remuneration for sitting on or attending the meetings of the boards of other members of the consolidated group.

The Group had not extended any loans or advances to any of the Parent's directors at either year-end.

The Group had no pension plan or life insurance commitments to former or serving members of the Parent's Board of Directors nor had it given any guarantees on their behalf at either reporting date.

In 2021 the Group accrued 59 thousand euros of director and officer liability insurance premiums (2020: 31 thousand euros).

27.2 Transactions outside the ordinary course of business or on terms other than on arm's length performed between the Group and the Parent's directors

None of the directors of the Parent transacted with the Parent or any of its Group companies outside the ordinary course of business or other than on an arm's length basis in 2021.

27.3 Shareholdings and positions held by directors of the Parent and their related parties at other companies

At year-end 2021, none of the members of the Parent's Board of Directors nor any of their related parties, as defined in Spain's Corporate Enterprises Act, had relationships with other companies whose business activities could imply a conflict of interest for them or for Tubacex, given that none of the notices required under article 229 of that Act have been provided to the Board of Directors or the rest of its members, which is why there are no related disclosures in these consolidated financial statements.

28. Environmental disclosures

The Group's operations are governed by environmental protection and occupational health and safety regulations. The Group believes that it complies substantially with these laws, to which end it has designed and implemented procedures for encouraging and guaranteeing due compliance.

In 2021, the Group incurred capital expenditure of an environmental nature of approximately 1,491 thousand euros (2020: 1,598 thousand euros) and expenses of an environmental nature of 693 thousand euros (2020: 999 thousand euros), which was mainly spent on the removal of acids and on repair and conservation work and advisory and audit services provided by independent professionals.

The Group did not receive any grants of an environmental nature in 2021 or 2020.

At 31 December 2021, except for a provision of 671 thousand euros recognised under "Non-current provisions" in the accompanying statement of financial position (year-end 2020: 574 thousand euros) related to a subsidiary domiciled in the US to cover water pollution exposure (note 17), which was measured by an independent expert, the Group has not recognised any provisions for environmental risks as the Parent's directors believe there are no material contingencies related to possible lawsuits, damages or other claims.

29. Audit fees

The fees accrued (irrespective of when they were invoiced) for financial statement audit services and other services by the auditor of the Group's consolidated financial statements and the fees for services invoiced by the auditors of the separate financial statements of the entities included in the consolidation group and by entities related to them by means of control, common ownership or management (again, irrespective of when they were invoiced) in 2021 and 2020 were as follows (€ 000):

	2021	2020
Audit services	397	526
Other assurance services	39	69
Total audit and related services	436	595
Tax advisory services	18	248
Other services	61	4
Total other services	79	252

In addition, other auditors invoiced the Group 385 thousand euros (2020: 168 thousand euros) for audit services, 50 thousand euros for tax advisory services (2020: 39 thousand euros) and 101 thousand euros for other services (2020: 79 thousand euros).

30. Events after the reporting date

There have been no developments since 31 December 2021 with a significant impact on the annual consolidated financial statements of the TUBACEX Group.

31. Explanation added for translation to English

These Financial Statements are presented on IFRS, as adopted by the European Union basis. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

TUBACEX, S.A. AND SUBSIDIARIES

INFORMATION REGARDING GROUP SUBSIDIARIES DURING THE YEAR ENDED 31 DECEMBER 2021

Company	Registered office	Business activity	Auditor	Shareholding, %			€ 000					
				Direct	Indirect	Total	Capital (*)	Reserves and other items of equity (*)	Profit/(loss) (*)	Interim dividend (*)	Operating profit/(loss) (*)	Total equity (*)
Acería de Alava, S.A.U.	Álava (Spain)	Steel manufacturing	EY	100	-	100	7,300	52,627	(6,240)	-	(8,568)	53,687
Tubacex Services Solutions Holding S.L.U.	Álava (Spain)	Sale of tubing		100	-	100	31,183	(4,870)	23,664	-	(13)	49,977
Tubacex Services Solutions, S.A.U.	Álava (Spain)	Sale of tubing	EY	-	100	100	1,142	8,635	1,159	-	1,870	10,936
Tubacex Services Solutions France, S.A.S.	Soissons (France)	Sale of tubing	EY	-	100	100	500	4,320	848	-	879	5,668
Tubacex India Pvt Ltd	India	Sales	N/A	-	100	100	564	(44)	68	-	391	588
Tubacex Services Solutions Do Brasil Participacoes Ltda	Sao Paulo (Brazil)	Sale of tubing	N/A	-	100	100	2,083	(1,032)	(430)	-	(107)	621
Tubacex Services Solutions Austria Gmbh	Ternitz (Austria)	Sale of tubing	N/A	-	100	100	35	3,313	502	-	715	3,850
Tubacex Service Solutions Middel East, FZCO	Dubai (United Arab Emirates)	Sale of tubing	N/A	-	51	100	2,948	607	202	-	219	3,757
CFT Servicios Inmobiliarios, S.A.U.	Álava (Spain)	Sale of tubing	N/A	100	-	100	60	1,099	-	-	-	1,159
Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.)	Álava (Spain)	Sale of tubing	N/A	100	-	100	76	5,123	57	-	12	5,256
Schoeller – Bleckmann Edelstahlrohr Inmobilien, AG	Ternitz (Austria)	Real estate	EY	100	-	100	70	4,666	63	-	49	4,799
Schoeller – Bleckmann Edelstahlrohr GmbH (Subgroup)	Ternitz (Austria)	Manufacture and sale of tubing	EY	100	-	100	3,500	43,703	(306)	-	2,222	46,897
Schoeller – Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical assistance services	EY	-	100	100	Included in the “Schoeller-Bleckmann Edelstahlhohr GmbH” Subgroup					
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical assistance services	EY	-	100	100						
Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH	Düsseldorf (Germany)	Sale of tubing	EY	100	-	100	26	153	74	-	88	253
Schoeller – Bleckmann Tube France	Paris (France)	Sale of tubing	EY	100	-	100	38	100	-	-	3	138
Tubacex Taylor Accesorios, S.A.U.	Álava (Spain)	Manufacture of fittings	EY	100	-	100	8,891	1,428	(155)	-	(209)	10,164
Tubacex Tubos Inoxidables, S.A.U.	Álava (Spain)	Manufacture and sale of tubing	EY	100	-	100	15,028	27,109	(28,981)	-	(24,659)	13156
Tubacex Innovación AIE	Vizcaya (Spain)	Innovation	N/A	92	8	100	6	473	284	-	372	763
Tubacoat, S.L.	Vizcaya (Spain)	Industrial development and sale of long steel products	N/A	100	-	100	60	1,377	(429)	-	(538)	1,008
Tubacex Services, S.L.	Cantabria (Spain)	Manufacture and sale of special size steel tubing	EY	81	-	81	3,704	1,313	(1,038)	-	(946)	3,979
Tubacex Middle East Holding, S.L.	Cantabria (Spain)	Holding company	N/A	100	-	100	3	-	.	-	(5,851)	9,549
IBF SpA (Subgroup)	Italy	Manufacture of high-end fittings	EY	100	-	100	15,000	15,176	(7,127)	-	(5,851)	23,049
Tubacex Awaji Thailand, LTD	Thailand	Manufacture of fittings	Audit House corp., Ltd.	-	60	60	Included in the “IBF SpA” Subgroup					
Tubacex Tubes and Pipes Pvt Ltd (*formerly Tubacex Prakash India Pvt Ltd*)	India	Manufacture and sale of special size steel tubing	Deloitte	100	-	100	1,413	37,450	3,320	-	4,880	42,183
Fundación Tubacex	Vizcaya (Spain)	Philanthropy	N/A	100	-	100	500	3,987	600	-	623	4,997
Tubacex Upstream Techonologies S.A.	Vizcaya (Spain)	Manufacture and sale of special size steel tubing	Deloitte	100	-	100	1,000	14,536	(512)	-	299	15,024
NTS Middle East, FZCO	Dubai (United Arab Emirates)	Mechanical repair of drilling tools	Grant Thornton LLp	-	51	51	142	47,890	(948)	-	(723)	47084
Promet As	Tananger (Norway)	Precision engineering	Grant Thornton LLp	-	34	34	Included in the “NTS Middle East FZCO” Subgroup					
NTS Saudi Company LTD	Al Khobar (Saudi Arabia)	Mechanical repair of drilling tools	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Amega West USA, INC	Delaware (US)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Rocket Canada, LTD	Singapore (Singapore)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Rocket Pte, Ltd	Alberta (Canada)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
Tubacex Advance Solutions S.L.	Vizcaya (Spain)	Sale of tubing	N/A	100	-	100	3	500	(1)	-	(3)	502
Tubacex Norway	Norway	Sale of tubing	N/A	-	100	100	22	2,812	92	-	154	2,926
Tubacex Europe, B.V	Netherlands	Sale of tubing		100	-	100	16	269	5	-	(5)	290
Tubacex Logistics, S.A.	Leioa (Vizcaya)	Transport and logistics	N/A	75	-	75	72	707	(68)	-	(85)	711
Tubacex Italy	Milan (Italy)	Sale of tubing	N/A	100	-	100	-	215	16	-	16	231
Tubacex Servicios de Gestión S.L.U.	Vizcaya (Spain)	Advisory and consultancy	N/A	100	-	100	3	1,541	(481)	-	(639)	1,063
Fundación EIC Energy Advanced Engineering	Vizcaya (Spain)	Technology project development	N/A	25	-	25	30	-	40	-	40	70
Tubacex US Holding, Inc	Delaware (US)	Holding company	N/A	100	-	100	0	49,609	(163)	-	(163)	49,446
Salem Tube, Inc	Pennsylvania (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	18,092	20,031	3,881	-	4,669	42,004
Tubacex America Inc	Houston (US)	Sale of tubing	Grossman Yanak & Ford	-	100	100	0	6,688	3,445	-	4,299	10,133
Tubacex Durant, Inc	Delaware (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	-	8,316	(1,166)	-	(1,419)	7150
Tubacex CIS Limited Liability Company	Moscow (Russia)	Sale of tubing	N/A	100	-	100	127	(65)	(24)	-	(30)	38
Hyvalue Tubacex IET, S.L.	Vizcaya (Spain)	Project development and sale	N/A	100	-	100	4	-	-	-	-	4
Tubacex Desarrollos, S.L.U.	Vizcaya (Spain)	R&D	N/A	100	-	100	3	-	-	-	-	3
Tubacex IBF Kazajistan, S.R.L.	Atyrau (Kazakhstan)	Manufacture and distribution of tubing	N/A	100	-	100	10	-	-	-	-	10

This Appendix is an integral part of note 1 of the accompanying financial statements and should be read in conjunction with them.
(*) The data included in this Appendix were taken from the separate financial statements of the consolidated entities prepared in accordance with the Group’s accounting policies.

TUBACEX, S.A. AND SUBSIDIARIES

INFORMATION REGARDING GROUP SUBSIDIARIES DURING THE YEAR ENDED 31 December 2020

				Shareholding, %			€ 000					
Company	Registered office	Business activity	Auditor	Direct	Indirect	Total	Capital (*)	Reserves and other items of equity (*)	Profit/(loss) (*)	Interim dividend (*)	Operating profit/(loss) (*)	Total equity (*)
Acería de Alava, S.A.U.	Álava (Spain)	Steel manufacturing	Deloitte	100	-	100	7,300	55,186	(1,417)	-	(1424)	61,069
Tubacex Services Solutions Holding S.L.U.	Álava (Spain)	Sale of tubing		100	-	100	31,183	4,460	1,242	-	11	36,885
Tubacex Services Solutions, S.A.U.	Álava (Spain)	Sale of tubing	Deloitte	-	100	100	1,142	9,090	6	-	494	10,238
Tubos Mecánicos, S.A.U. (Subgroup)	Barcelona (Spain)	Manufacture and sale of carbon steel tubing	Deloitte		100	100	5,437	29,983	1,559	-	1,418	36,979
Tubos Mecánicos Norte, S.A.U.	Álava (Spain)	Sale of carbon steel tubing	Deloitte	-	100	100	Included in the “Tubos Mecánicos” Subgroup					
Tubacex Services Solutions France, S.A.S.	Soissons (France)	Sale of tubing	Deloitte	-	100	100	500	3,897	600	-	623	4,997
Tubacex India Pvt Ltd	India	Sales	N/A	-	100	100	550	(104)	50	-	593	496
Tubacex Services Solutions Do Brasil Participacoes Ltda	Sao Paulo (Brazil)	Sale of tubing	N/A	-	100	100	1,068	(911)	(241)	-	(238)	(84)
Tubacex Services Solutions Austria Gmbh	Ternitz (Austria)	Sale of tubing	N/A	-	100	100	35	3,114	231	-	446	3,380
Tubacex Service Solutions Middel East, FZCO	Dubai (United Arab Emirates)	Sale of tubing	N/A	-	51	100	2,930	67	276	-	280	3,273
CFT Servicios Inmobiliarios, S.A.U.	Álava (Spain)	Sale of tubing	N/A	100	-	100	60	1,099	-	-	-	1,159
Red Distribuidora de Tubos y Accesorios, S.A.U. (R.T.A.)	Álava (Spain)	Sale of tubing	N/A	100	-	100	76	5,016	107	-	71	5,199
Schoeller – Bleckmann Edelstahlrohr Inmobilien, AG	Ternitz (Austria)	Real estate	Deloitte	100	-	100	70	4,632	33	-	35	4,735
Schoeller – Bleckmann Edelstahlrohr GmbH (Subgroup)	Ternitz (Austria)	Manufacture and sale of tubing	Deloitte	100	-	100	3,500	43,703	(306)	-	2,222	46,897
Schoeller – Bleckmann Technisches Service GmbH	Ternitz (Austria)	Technical assistance services	Deloitte	-	100	100	Included in the “Schoeller-Bleckmann Edelstahlhohr GmbH” Subgroup					
Schoeller – Bleckmann Technisches Service GmbH & Co. KG	Ternitz (Austria)	Technical assistance services	Deloitte	-	100	100						
Schoeller – Bleckmann Edelstahlrohr Deutschland GmbH	Düsseldorf (Germany)	Sale of tubing	Deloitte	100	-	100	26	287	(134)	-	(158)	179
Schoeller – Bleckmann Tube France	Paris (France)	Sale of tubing	Deloitte	100	-	100	36	100	-	-	-	138
Tubacex Taylor Accesorios, S.A.U.	Álava (Spain)	Manufacture of fittings	Deloitte	100	-	100	8,891	1,523	(95)	-	(220)	(10,319)
Tubacex Tubos Inoxidables, S.A.U.	Álava (Spain)	Manufacture and sale of tubing	Deloitte	100	-	100	15,028	39,844	(19,697)	-	(18,408)	35,176
Tubacex Innovación AIE	Vizcaya (Spain)	Innovation	N/A	92	8	100	6	219	254	-	294	479
Tubacoat, S.L.	Vizcaya (Spain)	Industrial development and sale of long steel products	N/A	100	-	100	60	293	(417)	-	(578)	(64)
Tubacex Services, S.L.	Cantabria (Spain)	Manufacture and sale of special size steel tubing	Deloitte	81	-	81	3,704	1,361	(55)	-	45	5,010
Tubacex Middle East Holding, S.L.	Cantabria (Spain)	Holding company	N/A	100	-	100	3	-	-	-	-	3
IBF SpA (Subgroup)	Italy	Manufacture of high-end fittings	Deloitte	100	-	100	15,000	23,262	(8,129)	-	(7,086)	30,133
Tubacex Awaji Thailand, LTD	Thailand	Manufacture of fittings	Audit House corp., Ltd.	-	60	60	Included in the “IBF SpA” Subgroup					
Tubacex Prakash India Pvt Ltd	India	Manufacture and sale of special size steel tubing	Deloitte	68	-	68	1,413	34,704	3,264	-	2,164	39,381
Fundación Tubacex	Vizcaya (Spain)	Philanthropy	N/A	100	-	100	500	3,987	600	-	623	4,997
Tubacex Upstream Techonologies S.A.	Vizcaya (Spain)	Manufacture and sale of special size steel tubing	Deloitte	100	-	100	1,000	7,045	8,295	-	12,093	16,340
NTS Middle East, FZCO	Dubai (United Arab Emirates)	Mechanical repair of drilling tools	Grant Thornton LLp	-	51	51	783	60,959	9,279	-	2,798	71,021
Promet As	Tananger (Norway)	Precision engineering	Grant Thornton LLp	-	34	34	Included in the “NTS Middle East FZCO” Subgroup					
NTS Saudi Company LTD	Al Khobar (Saudi Arabia)	Mechanical repair of drilling tools	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Amega West USA, INC	Delaware (US)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Rocket Canada, LTD	Singapore (Singapore)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
NTS Rocket Pte, Ltd	Alberta (Canada)	Manufacture and rental of tubing industry equipment	Grant Thornton LLp	-	49	49	Included in the “NTS Middle East FZCO” Subgroup					
Tubacex Advance Solutions S.L.	Vizcaya (Spain)	Sale of tubing	N/A	100	-	100	3	1	(11)	-	(5)	(7)
Tubacex Norway	Norway	Sale of tubing	N/A	-	100	100	10	1,075	1,445	-	1,445	2,530
Tubacex Europe, B.V	Netherlands	Sale of tubing		100	-	100	16	182	40	-	38	238
Tubacex Logistics, S.A.	Leioa (Vizcaya)	Transport and logistics	N/A	75	-	75	72	571	136	-	195	779
Tubacex Italy	Milan (Italy)	Sale of tubing	N/A	100	-	100	-	193	22	-	22	215
Tubacex Servicios de Gestión S.L.U.	Vizcaya (Spain)	Advisory and consultancy	N/A	100	-	100	3	226	185	-	(290)	44
Fundación EIC Energy Advanced Engineering	Vizcaya (Spain)	Technology project development	N/A	25	-	25	30	-	40	-	40	70
Tubacex US Holding, Inc	Delaware (US)	Holding company	N/A	100	-	100				-		
Salem Tube, Inc	Pennsylvania (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	18,093	21,887	1,346	-	1,799	41,316
Tubacex America Inc	Houston (US)	Sale of tubing	Grossman Yanak & Ford	-	100	100	1	4,720	978	-	1,257	5,699
Tubacex Durant, Inc	Delaware (US)	Tube manufacturing	Grossman Yanak & Ford	-	100	100	-	4,844	(1,951)	-	(1760)	2,893
Tubacex CIS Limited Liability Company	Moscow (Russia)	Sale of tubing	N/A	100	-	100	84	(27)	(37)	-	(46)	20

Tubacex, S.A. and subsidiaries
that comprise the TUBACEX Group

Consolidated management report corresponding to the fiscal year ended on December 31, 2021

In recent years, the TUBACEX Group has faced a long crisis in its main destination sectors, exacerbated since 2020 by the pandemic caused by COVID-19, which caused an unprecedented drop in global economic activity.

After this crisis stage, 2021 has been the year in which the recovery began, still uneven between countries, and led by China, the US and the euro zone. The IMF maintains its global growth forecast for 2022, although highlighting as main risks the possible appearance of another variant of the virus, as well as the evolution of inflationary tensions. Both the prices of raw materials and energy have experienced significant increases during 2021. The oil price increased during the year by more than 50%, with 77.78 dollars per Brent barrel at yearend. The nickel price also followed an upward trend, standing at 20,750 dollars per tonne in December, 24.9% above the beginning of the year.

The growing demand for energy that supports global growth has caused a general recovery in the main markets that TUBACEX is focused on. The Group begins the year with an order backlog of more than 500 million euros, so the outlook is optimistic, although, in the current context of great raw material and energy price volatility, inflation is presents as the main uncertainty factor.

1. GROUP'S 2021 BUSINESS PERFORMANCE

To carry out a detailed analysis of the evolution of the main business variables during the year 2021, the main items variation of the consolidated profit and loss account will be analysed, together with the most significant events derived from the financial, commercial and industrial activity of the Group.

1.1 Analytical movements of the Group's profit and loss account.
1.2 Financial activity.
1.3 Commercial activity.
1.4 Industrial activity.

1.1 Analytical movements of the Group's profit and loss account.

Below, and for comparative purposes, the main chapters of the consolidated profit and loss accounts corresponding to the years 2021 and 2020 are presented in millions of euros.

	2021	%	2020	%
Net sales	*341.86*	*100.00*	*460.53*	*100.00*
Other income	*14.97*	*4.38*	*13.71*	*2.98*
Variation in stocks	*-7.05*	*-2.06*	*-20.17*	*-4.38*
Total operation value	***349.78***	***102.32***	***454.07***	***98.60***
Supplies and purchases	*-141.83*	*-41.49*	*-212.80*	*-46.21*
Personal expenses	*-101.44*	*-29.67*	*-130.20*	*-28.27*
External and operating expenses	*-93.10*	*-27.23*	*-84.77*	*-18.41*
Negative difference in business combination	*0.00*	*0.00*	*10.14*	*2.20*
Gross operating profit	***13.41***	***3.92***	***36.45***	***7.91***
Amortization and impairment expenses	*-44.53*	*-13.02*	*-49.81*	*-10.82*

Net operating profit	***-31.12***	***-9.10***	***-13.37***	***-2.90***
Financial results	***-12.23***	***-3.58***	***-12.71***	***-2.76***
Exchange rate difference	***0.93***	***0.27***	***-1.84***	***-0.40***
Profit from ordinary activities	***-42.42***	***-12.41***	***-27.92***	***-6.06***
Corporate Income Tax	*3.49*	*1.02*	*1.53*	*0.33*
Profit for the year from continuing operations	***-38.93***	***-11.39***	***-26.38***	***-5.73***
Result from discontinued activities	*3.73*	*1.09*	*1.20*	*0.26*
Consolidated result for the year	*-35.20*	*-10.30*	*-25.18*	*-5.47*
Non-controlling interests	*2.99*	*0.87*	*-0.12*	*-0.03*
Profit attributed to the parent company	***-32.21***	***-9.42***	***-25.30***	***-5.49***

In terms of trend, the most important elements in the evolution recorded in the consolidated profit and loss account are analyzed:

- Sales have decreased by 25.8% compared to 2020 as a result of the low portfolio with which the Group began the year after the minimum levels of entries during the previous year and the unemployment situation experienced in the Spanish plants

- The ratio representing the supplier costs over the revenue figure (net sales + variation in inventories) stands at 42.4% compared to 48.3% in 2020 as a result of improvements in efficiency and lower levels of activity at the holding company.

- The number of people employed by the Group has gone from 2,550 in 2020 to 2,346 in 2021, which represents a net reduction of 204 people, as a result of the effort made to adjust to the current market situation.

- The heading "Other operating expenses" has increased by 9.8% compared to 2020 as a result of inflationary tensions in the value chain, especially in Group energy costs

- The Group's financial debt has increased by 38.07 million euros, standing at 336.22 million euros, as a result of the low results generated.

1.2 Financial activity

Total equity stood at 249.2 million euros at the end of 2021, which represents 23.9% of total liabilities (28.7% in 2020). The reduction in equity attributable to the parent company of 43.4 million euros compared to 2020 is the result of three main effects: (i) the negative net profit generated; (ii) the redemption of four million shares carried out under the 2020 share repurchase program; and (iii) the acquisition of the Group's minority stake in India.

As usual, once again, the Group's solid financial position should be highlighted. Since the beginning of the pandemic, TUBACEX's financial strategy has focused on two aspects to face this uncertain scenario. On one hand, the cash situation has been strengthened. As of December 31, cash amounted to 158.0 million euros. If we add to this figure the amount of authorized and undrawn credit lines, the Group's global liquidity position is over 170 million euros. This structure makes possible to give comfort over the financial solvency of the Group in the medium and long term. On the other hand, efforts in recent years have focused on increasing the length of the debt maturity. Thus, long-term financial debt represents 55.4% of total financial debt at the end of the year, compared to 52.5% in December 2020. With these actions, liquidity is ensured, complete operation of the company in extraordinary circumstances that condition business activity at a global level, but above all ensure its immediate recovery capacity as soon as global market circumstances allow it.

Regarding the stock market, the share capital of TUBACEX as of December 31, 2021 is made up of 128,9782,782 shares, after the redemption of 4 million shares in the last quarter of the year carried out within the framework of the share buyback program carried out in 2020 as a way of remunerating the shareholder as an alternative to the dividend after a year in which the company's net profit was negative.

The TUBACEX share has experienced a positive behavior during 2021, closing the year at €1.502 per share, which represents a market capitalization of 193.7 million euros, 6.3% above the 182.2 million euros year-end 2020. As regards the liquidity of the stock, during the year 78.4 million shares were traded on the regulated market, compared to 88.4 million traded in 2020.

TUBACEX has been part of the “IBEX SMALL CAP” index since June 2015, made up of the 30 stocks with the highest corrected free float, excluding the 35 stocks of the “IBEX 35” and the 20 stocks of the “IBEX Medium Cap”.

1.3 Commercial activity

The Group's consolidated sales in 2021 stood at 341.86 million euros, which represented a decrease of 25.8% compared to the previous year. The main causes of this movement have been explained in point 1.1 above.

The distribution by geographical area of the Group's sales in the last two years has been as follows (in millions of euros):

	2021	2020	2021/2020
Spain	17.34	26.27	-34.0%
Rest of Europe	197.72	250.32	-21.0%
U.S.A.	52.07	50.02	4.1%
Other countries	74.73	133.91	-44.2%
Total sales	341.86	460.53	-25.8%

These figures represent a distribution by markets with 63% of sales destined for the European market, 15% to the US and 22% to countries in the rest of the world. In the year 2020 the distribution was 60%, 11% and 29% respectively.

The high weight of Europe in the revenue figure is explained by the fact that in the sales the Group makes to new installations in the oil, gas and energy sectors, it is common that the Group's engineering or customer equipment manufacturer comes from Europe, but the final destination is a different geographical area.

1.4 Industrial activity

The investments made in property, plant and equipment in the 2021 fiscal year amounts to approximately 18.4 million euros, compared to the 19.2 million euros that were invested in 2020.

The investments made in the 2021 fiscal year have been focused in increasing in high-value products and services: on one hand, the Austrian plant has invested in a new finishing facility that will allow to increase the production of very high-value products, such as tubes for umbilicals or tubes of great length and high-quality requirements. On the other hand, investment has continued in the new plant in Oklahoma (USA), recently built, to consolidate its industrial facilities. Finally, new machinery and equipment has also been invested in the recently acquired company NTS, in order to expand its customer base and geographic presence.

The rest of the investments correspond to the normal business operations of the different Group companies.

2. GROUP SITUATION

With the 2021 results we close a stage of two very complicated years for our Group, both due to external and internal factors. The Covid-19 pandemic caused a global paralysis and a sharp drop in activity in all sectors, especially in those to which our products and services are directed. Thus, in 2020 we began a tough process of adjustment and restructuring, not only to adapt to the current crisis that we have gone through, but also to position ourselves in the face of the structural change in the market that the energy transition entails.

In these last two years we have reinforced our commercial position as a supplier of advanced solutions. We have continued to get closer to our final customers by signing more than 20 framework agreements. And we have strengthened our position as a key supplier in the gas segment. But we have also made adjustments on the cost side. We have rationalized the size of the Group and the workforce, adapting it to the new reality of the market. We have partially limited the inflation effect on energy and salary costs with the signing of a PPA and collective agreement. With all this, we have achieved savings of more than 35 million euros.

We start 2022 with an expanding market and a portfolio of 500 million euros. The biggest uncertainty at this start of the year is the high inflation rates, but if we are able to transfer it and convert it into higher sales prices, the results for 2022 should be above those achieved in 2018 and 2019.

We are beginning a new stage of growth, but also of change in our market. Therefore, in the coming weeks we will share our Strategic Plan. There is no doubt that society is moving towards decarbonization, but let's not forget that the world is growing and demands energy to sustain that growth. The energy transition is a process and during it conventional energy sources must coexist with cleaner energies. From TUBACEX we are going to play a decisive role in this new scenario. In conventional energy sources, our knowledge of the most advanced materials allows us to collaborate with our clients to reduce their environmental impact. In addition, the categorization of gas and nuclear energy as transitional energy sources allows us to move ahead an expansionary cycle in these sectors in the short term. In parallel, and with a medium-term vision, we are participating in various technology clusters for the development of new solutions in the energy sector with fewer emissions. Regardless of their origin, all energy generation, transport or storage processes require materials with high resistance to corrosion, temperature and pressure. And this is where we, with our continuous commitment to R&D and with our experience and knowledge of the most advanced materials, will continue to play a key role.

3. FUTURE OUTLOOK OF THE GROUP'S BUSINESS

As for the future, the Group begins the year with a more solid situation than in 2021. The global restructuring already completed in 2021 has made possible to increase in competitiveness, obtaining cost savings of more than 35 million euros. In addition, the market to which TUBACEX products are directed is clearly expanding and the order book is over 500 million euros, which allows us to face the new year with optimism. The greatest uncertainty at the beginning of the year is high inflation and the volatility of raw material prices, but if the Group is able to convert this into higher sales prices, the results for 2022 should be above those achieved in 2018 and 2019.

4. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At the end of 2021, the number of treasury shares amounts to 5,801,630.

5. PROPOSAL FOR RESULTS DISTRIBUTION

The proposal for the distribution of the results of Tubacex, S.A., which the Board of Directors will submit to the General Shareholders' Meeting, is as follows:

	Euro
Negative results from previous years	12,103,760
Total	12,103,760

6. FINANCIAL INSTRUMENTS INFORMATION

Note 10 of the consolidated annual accounts provides detailed information in relation to forward purchase-sale contracts on foreign currency, raw materials and interest rate swaps held by the TUBACEX Group as of December 31, 2021.

7. OTHER

7.1 Audit fees

The audit fees for the professional work carried out in the TUBACEX Group in the 2021 financial year amounted to 397 thousand euros.

8. ANNUAL CORPORATE GOVERNANCE REPORT

Below are the literal texts of the Annual Corporate Governance Report. This text has been approved by the Board of Directors of Tubacex S.A. and is part of the Consolidated Management Report for the year 2021.

9. Non-Financial Information report

Below are the literal texts of the Non-Financial Information report. This text has been approved by the Board of Directors of Tubacex S.A. and is part of the Consolidated Management Report for the year 2021.

NON-FINANCIAL INFORMATION STATEMENT 2021

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

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 used as a reference, having been prepared in accordance with the selected GRI disclosures indicated in the Appendices to share information on indicators and relevant issues in the materiality assessment conducted by the Group.

This non-financial information statement covers the period from January 1st to December 31st, 2021. The information relating to 2020 is presented for comparison purposes with that of 2021.

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. It is also worth mentioning that since the Annual Report 2021 will have the same contents as this NFIS, it will be uploaded to the platform following the issuance of the former.

UN GLOBAL COMPACT
APOYAMOS
AL PACTO MUNDIAL

Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas.**

Agradecemos cualquier comentario sobre su contenido.

Chairman's and CEO's Statement

[102-14]

We have been through two particularly complex years. The outbreak of COVID-19 has affected our business from a dual perspective. In the short term, our customers' investments have come to halt, accelerating a global movement in favor of decarbonization and a strong push for clean energies, the effects of which will be seen in the medium and long term.

We are ready to take on this challenge. We have reinforced the Company with a clear intention of becoming a key player in this energy transition process. To do so, we have been forced to make difficult decisions with commitment and responsibility, and face an ambitious and much-needed global restructuring plan that we completed in 2021. Thanks to this, we have made the Group competitive so as to be able to make the most of market opportunities; a market that no longer competes in terms of volume, but rather in value. This value is understood from a global dimension. We are talking about sophisticated products and services that are highly demanding in terms of quality, management that accompanies and boosts the transformation contemplating environmental, social and governance aspects, which previously went beyond the business, but are now closely related to it, because they form part of the management and our philosophy.

We are facing the future with optimism. We know that we are taking the right steps. We are a major industrial Group with 20 plants worldwide, which has known how to transform ourselves to accompany our customers in an ever more demanding and competitive market.

Francisco Javier García, Chairman

Jesús Esmorís, CEO

1 ORGANIZATIONAL PROFILE

Organizational Profile

Group Presentation and Companies

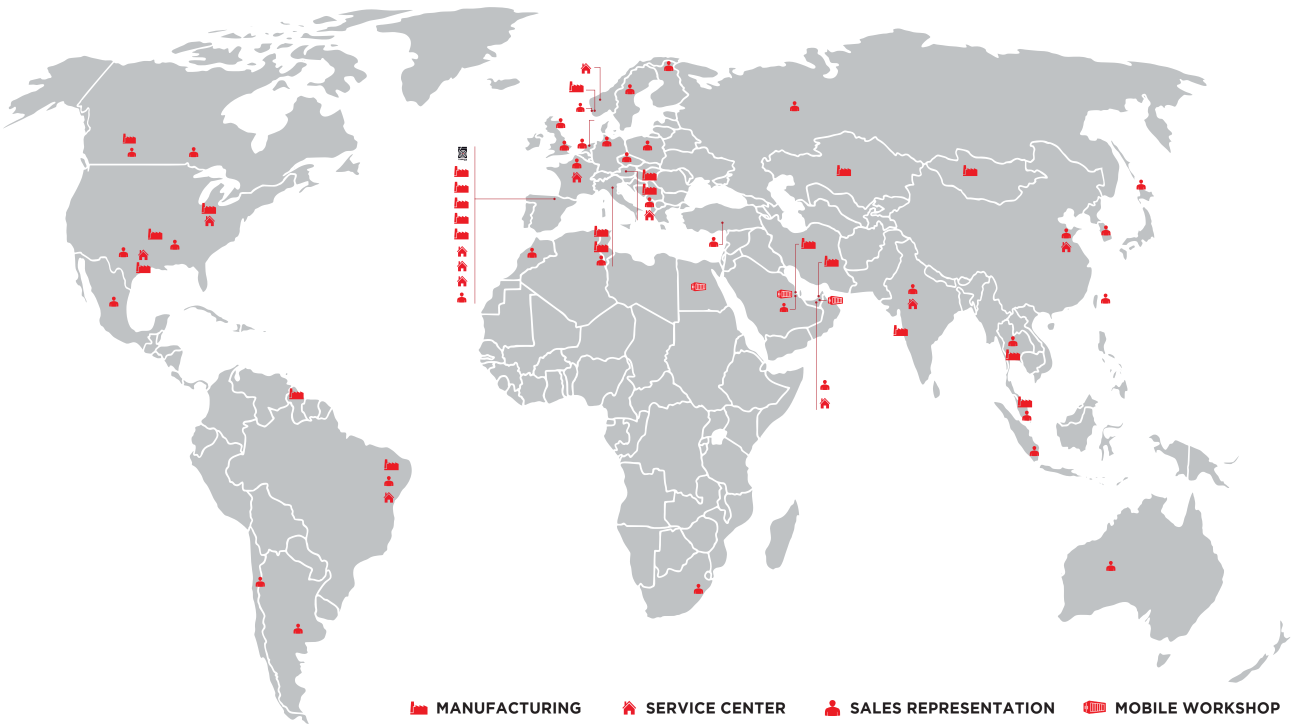
[102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 102-10]

1.1 Global and integrated group

TUBACEX a global supplier of high technological value products and services for the energy and mobility sectors.

Founded in 1963, it boasts a fully integrated production model, with total control of all stages, ranging from the design of the solution to manufacturing and subsequent repair and maintenance services.

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 12 service centers worldwide, plus sales offices in 38 countries.



The main demand sectors for the tubes manufactured by TUBACEX are the Oil &Gas, petrochemical, chemical and power generation. It also devotes part of its production to the mechanical, aerospace, food, water desalination, electronics, capital goods and new technologies industries.

In terms of channels, TUBACEX is oriented to the project market. It also has a unit specialized in the distribution market (Tubacex Service Solutions, TSS).

MANUFACTURING

SERVICE

Bars, billets and ingots

ACERALAVA

Seamless stainless steel tubes up to 72”

TTI, SCHOELLER BLECKMANN, TUBACEX INDIA, SALEM TUBE, IBF, TUBACEX DURANT

Fittings and special parts up to 72”

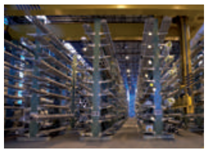
AWAJI STAINLESS, TTA, IBF

Stainless steel machined parts

NTS Group

Value - added operations and services: desing / simulation, ceramic coating, repairs, etc.

TUBACEX UPSTREAM TECHNOLOGIES, NTS Group, TUBACEX LOGISTICS, TUBACEX SERVICES, TUBACOAT



Stock and service

TSS

Companies that form part of the Tubacex Group

Variation in the perimeter in 2021

- In December 2021, TUBACEX sold Tubos Mecánicos as it was not a strategic asset and to steer the Company towards its new growth cycle. Tubos Mecánicos is a distributor of bars and tubes purchased from third parties for industrial sectors, with six warehouses in Barcelona, Zaragoza, Alava, Galicia, Madrid and Valencia.
- In addition to this divestment, TUBACEX continued its growth throughout the year with new centers that are added to its perimeter. More specifically, it has added a new company in Kazakhstan (Tubacex IBF Kazakhstan, TIK) and two new companies to house new product development projects.

For detailed information on the companies included, please see FY 2021 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

Organizational Profile

Corporate Governance

[102-10]

1.21

Board of Directors

Composition of the Board of Directors at 31st December 2021.

Maider Cuadra
Secretary
NON MEMBER

Francisco Javier García (1)
Chairman
INDEPENDENT

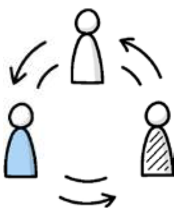
Antonio González-Adalid
Vicepresident
INDEPENDENT

Jesús Esmoris
CEO
EXECUTIVE

Isabel López
Gema Navarro
PROPIETARIES

José (2) Toribio
Nuria López de Guereñu
Iván Martén
Manuel Moreu
Antonio Mª Pradera
Jorge Sendagorta
INDEPENDENTS

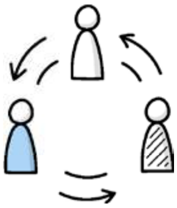
(1). Since 24th June 2021, taking over from Álvaro Videgain.
(2). Since 23rd September 2021, by co-option.



Sustainability and Good Governance Committee

With the aim of strengthening the TUBACEX Governance structure, and in line with existing recommendations and good practices, the TUBACEX Board of Directors approved the setting up of a new Sustainability and Good Governance Committee at its meeting on 22nd July. This Committee's functions are set out in the "Regulations of the Sustainability and Good Governance Committee", approved by the Board of Directors at its meeting held on 16th December 2021. In this respect, the following basic duties have been identified:

1. Foster the Company's ESG policies in order to steer them towards the creation of value through sustainable conduct.
2. Guarantee that the Group's Strategic Plan integrates and develops the ESG policies.
3. Understand, oversee and assess relations with the different stakeholders.
4. Guarantee that ESG risks are properly integrated in the Group's risk management and control models.
5. Determine the guidelines, criteria and general principles that must prevail in the content of Non-Financial Information, as well as any other equivalent reporting system.
6. Work with the TUBACEX Foundation in the identification of the elements of the Group's Strategy that may be implemented through specific ESG projects, so that it becomes an instrument of the sustainability policy.
7. Foster the Group's fulfillment of the 17 Sustainable Development Goals approved by the UN ("SDG").



At the date of issue of this report, the composition of this committee was:

POSITION	NAME	CARÁCTER
Chairman	Ms. Lopez de Guereñu	External Independent
Board Member	Mr. Martén Ms. Navarro Mr. Sendagorta	External Independent External Proprietary External Independent

Audit and Compliance Committee

Furthermore, at the meeting held on 16th December 2021, the Board of Directors approved the Regulations of the Audit and Compliance Committee (to date this Committee's functions were included in the Regulations of the TUBACEX Board of Directors). The functions assigned to this Committee have been updated in line with the financial reform that took place in 2021, and in particular, with the new features incorporated in the Corporations Act, which defines the responsibilities to be carried out by the audit committees.

Those functions derived from the recommendations of the Good Governance Code of Listed Companies, approved in 2020, have also been incorporated into the functions of the Audit and Compliance Committee. In this context, it is worth highlighting that the Audit and Compliance Committee assumes the function of overseeing the process of preparing and presenting not only financial information, but also non-financial information, as well as overseeing non-financial risks.

At the date of issue of this report, the composition of this committee was:

POSITION	NAME	TYPE
Chairman	Mr. Gonzalez- Adalid	External Independent
Board Member	Ms. López de Guereñu Mr. Toribio	External Independent External Independent

Appointments and Remunerations Committee

In January 2022, the Board of Directors approved the new Regulation for the Appointments and Remunerations Committee, including the content set out in the Corporations Act and in the CNMV Technical Guide.

By doing so, the Committee adopts the best practices in this area, reinforcing the role this Committee plays before the Board and respect for the executive team, for which it establishes its appointment, remuneration and termination policies. Similarly, it maintains a key role in the handling of conflicts of interest.

At the date of issue of this report, the composition of this committee was:

POSITION	NAME	TYPE
Chairman	Mr. Pradera	External Independent
Board Member	Ms. López Mr. Sendagorta	External Proprietary External Independent

Strategy and Follow-up Committee

On one hand, in July 2021, the Board of Directors renamed this body, which had been called Strategy and Investments until then, and on the other hand, it significantly increased its composition. Without altering its powers, at the date of issue of this report, this committee, presided by the current Chairman, also has its own regulation that regulates its powers and functioning.

At the date of issue of this report, the composition of this committee was:

POSITION	NAME	TYPE
Chairman	Mr. García	Independent
Board Member	Mr. Esmorís Mr. González-Adalid Ms. Navarro Mr. Marten Mr. Moreu Mr. Pradera	Executive External Independent External Proprietary External Independent External Independent External Independent

By the end of 2021, each and every one of the committees had planned its work for 2022 and defined its provisional calendar for the whole year, in line with that of the Board of Directors.

Organizational Profile

Management Committee

1.2.2

TUBACEX is made up of a set of companies, whose coordination is carried out at group level through the management team that represents the different units and functional areas.

Composition of the Management Committee at 31st December 2021:

CEO
Jesús Esmoris

STEEL
MANAGING DIRECTOR STEEL
Celestino Danis

EXTRUSION
MANAGING DIRECTOR EXTRUSION
Celestino Danis

SPECIAL COMPONENTS
MANAGING DIRECTOR ESPECIAL
Iker Azkargorta

ASIA
MANAGING DIRECTOR ASIA
Alay Sambrani

USA
MANAGING DIRECTOR USA
Javier Lorenzo

TUBACEX ADVANCED SOLUTIONS
MANAGING DIRECTOR
Manuel Sarabia

SALES & MKT CORPORATE DIRECTOR
Antón Azior

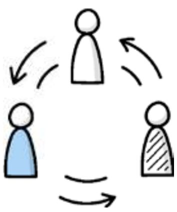
FINANCE CORPORATE DIRECTOR
Guillermo Ruiz - Longarte

PEOPLE CORPORATE DIRECTOR
Manuel Sarabia

INNOVATION CORPORATE DIRECTOR
Diego Herrero

SUPPLY CHAIN AND SUSTAINABILITY CORPORATE DIRECTOR
Charles Kirby

BUSINESS DEVELOPMENT CORPORATE DIRECTOR
Miguel Gómez Lacabex



Organizational Profile

Mission, Vision and Values

[102-16, 103-2]

1.3

Mission

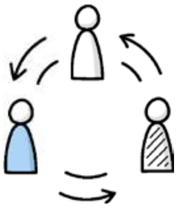
- We are an innovative, leading, multi-national industrial group in the global market of seamless stainless steel tubes.
- We seek customer satisfaction through a portfolio of products and services that are constantly being developed. We are a reliable company that fulfills its obligations with internal 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.

Visión

In 2021 TUBACEX redefined its vision in line with the Strategic Plan 2021-2025 to become a supplier of sophisticated solutions for the energy and mobility sectors.

Values

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



Purpose

In its 2021 strategic reflection process, TUBACEX defined its corporate purpose: Face the new challenges for human progress, providing advanced industrial products and services.

Organizational Profile

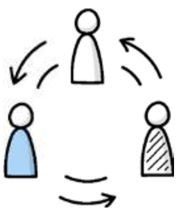
Memberships and Associations

[102-13]

1.4

In 2021 TUBACEX collaborated with the following associations and work groups:

- European Steel Tube Association (ESTA)
- The Cluster Association of the Steel Industry (SIDEREX)
- The Spanish Association of Fluid Handling Equipment Exporters (FLUIDEX)
- International Umbilical Manufacturer´s Federation (UMF)
- Innobasque
- Basque Energy Cluster
- API (American Petroleum Institute)
- The Steel Manufacturers Association (UNESID)
- International Energy Forum IEF
- International Gas Union IGU
- Stainless Steel Tube Trade Advancement Committee SSTTAC
- Asociación de Emisores Españoles
- SEA Empresas Alavesas
- NACE
- H2IT- Italian Association of Hydrogen and Fuel Cells
- Spanish-Norwegian Chamber of Commerce
- Institute of Internal Auditors
- Basque Business Circle
- APD
- AERCE
- AMODIL
- Basque Hydrogen Corridor
- SHYNE (Spanish Hydrogen Network):
- Net-Zero Sea Alliance
- H2 IT (Italian Association of Hydrogen)

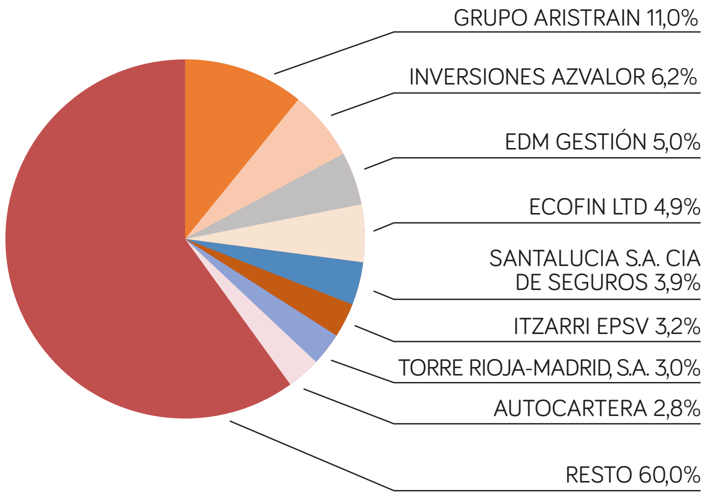


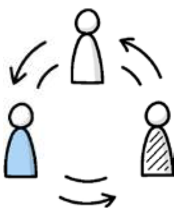
Organizational Profile
TUBACEX
Key Figures

[102-7]

1.5

- Sales: € 342 million*
- EBITDA: -€5 million*
- Net profit or loss: -€32.2 million
- Number of plants: 20
- Number of warehouses: 12
- Number of employees as of December 2021: 2,346 personas
- Shareholding as of December 2021 (source Spanish Securities Exchange Commission):





(*) The figures included coincide with those indicated in the Financial Statements and exclude the operations of Tubos Mecánicos, as the operation has been registered as discontinued in accordance with the accounting standards (for further information, see Note 6. Segmentation, of the Consolidated Financial Statements for the year ended 31st December 2021). Without taking into account this accounting classification, total sales amounted to € 365 million, and the EBITDA to € 17.5 million.

2 OUR ENVIRONMENT

Our Environment
Factors and Trends

[102-15]

2.1

2021, year for recovery

In 2021, the market began to recover, wihich has accelerated throughout the year, with the signing of important deals, wihich will be reflected in the results as of 2022.

After the sharp decline in 2015-2017, followed by stabilization and slight improvement in 2018-2019, the volume of projects awarded shrank by 4% in 2020 in all sectors, particularly in those aimed at the subsea and offshore oil extraction and aeronautical sectors, due to the impact of the COVID-19 pandemic. In 2021, the market began to recover, which has accelerated throughout the year, clearly exceeding levels for 2020.

This global crisis has affected transport in particular and energy in general. Oil prices dropped to under $40 a barrel in 2020, but prices have recovered to $80 a barrel throughout 2021. The pressure of cancellations and delays in numerous projects delays are improving positively, particularly in exploration and production, the most sensitive activity to the price per barrel with a view to positive investment return. This has resulted in an increase in the backlog for OCTG and umbilicals in 2021.

Although future investment plans for the large operators are positive, a degree of caution prevails due to decarbonization, a trend in which the Tubacex Group is positioning itself to align its product portfolio with lower emissions. This allows for optimism in the medium term, although the macroeconomic situation points towards a particularly challenging environment in the short-term, as the project market as a whole remains at around 60% in terms of volumes registered in 2013 and 2014, when oil prices stood firmly above $100 a barrel.

TUBACEX sales experienced low volumes in 2021 due to the low order intake in 2020. However, a change in tendency was observed in the second half of the year and a gradual improvement in the market, marked by the acceleration of investment projects in the energy market. This market improvement together with the strategic positioning of TUBACEX, focusing on value and end-users, has enabled it to close the year with an order backlog of €500 million, which will be reflected in the results for the coming quarters.

It must be highlighted that TUBACEX's situation in the value chain of such a complex and capital intensive sector as that of energy, means that improvements in investment levels of the main operators and engineering firms take a long time to materialize in orders

Strengthening of the markets with new

The acquisition of Amega West and TSS Norway, and the commercial consolidation in Kazakhstan boosted the positioning of TUBACEX

for the Group, although the Group is developing an increasing volume of long-term supply contracts with some of its main customers in order to guarantee greater stability in the cycle. In regional terms, it is worth highlighting the North American market where TUBACEX's positioning improved in 2021 with the consolidation of new production capacity through the new Tubacex Durant factory and the acquisition of Amega West (with facilities also in Canada and Singapore), both of which focus on the precision industry. As for the legal and customs scenario currently in place in the USA, the review of Section 232 and its replacement with a system of quotas, are beneficial for the Tubacex Group. In all these high level legal and customs issues, TUBACEX maintains institutional communication channels open 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 affected markets.

At a geographical level, the north of Europe also stands out with the development of the new TSS Norway subsidiary and long-term contracts with manufacturers of umbilicals, as well as rapid growth markets, such as Kazakhstan, where the Group has consolidated its direct commercial presence, having significantly increased its business volume in the area.

Trading of the main raw materials used by the Tubacex Group (Nickel, Chromium, Molybdenum and scrap) has also undergone steady growth. The sales segment for the distribution of standard products managed through the Tubacex Service Solutions subsidiary has performed better than other segments more affected by the crisis.

In conclusion, although 2021 was a complex year for TUBACEX due to extraordinary market and internal factors, its backlog volume, which saw a strong increase in the second half of the year, enables 2022 to be faced with optimism.

3 OUR STRATEGY

Our Strategy

Global Restructuring Plan

3.1

Consolidated cost structure reduced by more than €35 million

With the outbreak of COVID-19 in 2020, TUBACEX considered some objectives that enabled the organization to get ready for a new cycle. To do so, it introduced an emergency plan, which ended in 2021, enabling it to save more than €30 million each year. This Action Plan was based on three work lines: financial, costs and commercial.

Adaptation of costs sought savings in the consolidated costs structure of more than €30 million through a rigorous adjustment plan at all levels, increasing the Group's structural competitiveness, which is essential in a market environment dominated by the energy transition. The measures adopted included the restructuring plan that affected the whole of the workforce. This plan was swiftly implemented in all of the Group's plants, with the exception of the plants in Alava (Amurrio and Llodio), where the process ended with an agreement for the reduction of costs and stability until 2025, following a lengthy labor dispute.

Guarantee the Grou´s liquidity and solvency

Financial strengthening sought to ensure the Group's liquidity and solvency. This approach was successfully completed in 2020 and enabled financial debt to be completely restructured, diversifying it, extending maturity dates and ensuring the Company's liquidity in the short and medium term.

Closing of major multi-an nual contracts

The sales positioning line aimed to maintain and reinforce the Group's sales positioning to take advantage of the return to the market when it happens. This recovery would enable major multi-annual term agreements aligned with the latest deals entered into by the Group to be formalized An example of this is the portfolio of more than €500 million at the close of 2021, with which TUBACEX faces the coming quarters.

Strategy

[102-15]

3.2

TUBACEX UNTIL 2030:

Supplier of high added-value sophisticated solutions for the energy and mobility sectors

2021 marked a turning point in the energy market. The outbreak of COVID-19 led to the acceleration of a global movement in favor of clean energies, which has led the companies to implement their decarbonization plans. TUBACEX has been aware of this transition moment, preparing the Company for a more sustainable future, focusing its efforts on three main lines:

Focus on Continuous Improvement: to develop new high added value solutions that cover the existing needs of customers and anticipate their future needs. This effort has enabled totally innovative solutions to be launched in recent years, such as Tubacoat, specialized in ceramic coatings, or the incorporation of services that add value to the customer, such as premium connections, new and more sophisticated grades of steel, new manufacturing technologies that are more efficient, etc.

Sales Positioning: TUBACEX has evolved its sales positioning, in order to accompany the end-user of its products. With a sales team made up of specialized technicians who are involved from the initial project phases in order to offer a complete solution.

Focus on Profitability. With a major cost adjustment program at all plants, achieving savings in excess of €30 million at a consolidated level, increasing the Company's competitiveness whilst enabling it to face the potential cycle changes.

All of the work carried out to date enables the energy transition to be faced from an unbeatable position, with the capacity to boost results in the short term and, in parallel, move forward in the diversification and decarbonization objective.

Strategic Plan 2021-2025

In the first quarter of 2022, TUBACEX will present its new Strategic Plan, aimed at its transformation towards a supplier of sophisticated industrial products and high added value services for the energy and mobility sectors without losing their main characteristics:

- **Global Company** with plants and distribution centers in the leading markets worldwide.
- **Specialists in high demand applications** where only the most sophisticated solutions can offer the best performance.
- **Committed to sustainability** and particularly to environmental sustainability, in order to reach carbon neutrality by 2050.

The TUBACEX will be divided into three main lines by 2030:

- **The traditional business,** focusing on high value-added products and services (OCTG, umbilicals, H&I) and profitability. This line will be maintained over the coming years and will represent a major source of order intake.
- **Low emission energies business,** which will be based on the development of innovative solutions that support customers' decarbonization processes, or entry into developing markets, such as hydrogen or carbon capture and storage.
- **New businesses** with the entry of TUBACEX into new sectors that will enable it to diversify beyond the traditional businesses.

4 RISK MANAGEMENT

4

Risk Management

[102-15]

In 2016, the Board of Directors approved the "Risk Control and Management Policy" with the aim of establishing the basic principles and general framework for the control and management of all kinds of risks facing the Company and the Group.

Generally speaking, a risk is considered to be any threat that an event, action, or omission may prevent the company from reaching its objectives and successfully carrying out its strategies. In this respect, the following risks were identified:

a) Business Risks

b) Market Risks

c) Operational, Technological, Environmental, Social and Legal Risks

d) Corporate Governance, Ethics and Compliance Risks

e) Credit Risk

f) Strategy and Innovation Risks

g) Regulatory and Political Risks

h) Climate Change Risks

The Risk Control and Management Policy and the basic principles underpinning it are implemented by means of a comprehensive risk control and management system, supported by the proper definition and assignment of functions and responsibilities at the operating level and in procedures, methodologies, support tools and information systems appropriate for the different stages and activities of the system:

- The Management Committee is responsible for undertaking the integrated risk control and management in the business and decision-making processes.
- The Internal Audit Department informs, advises and reports to the Committee on the risks associated with the balance sheet and the functional activity areas with the existing identification, measurement and control thereof.
- 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.

Within the framework of the strategic reflection process, the corporate risk map is updated annually to identify and measure any risks the Company may be exposed to, providing an analytical view of the underlying causality and offering a wide view of the Company's global exposure. The map shows where the risk lies and the ways through which this risk may be manifested. It links business processes with their corresponding risks and helps to assess their impact throughout the Company.

Risks are identified through questionnaires and face-to-face interviews with the heads of the different business units and relevant corporate areas. Once the risks have been identified, they are evaluated based on the likelihood of them occurring and impact on the strategic objectives. The projects defined by Management within the framework of the Strategic Plan mitigate the risks identified and enable them to be monitored.

5 SUSTAINABILITY

Sustainability

Materiality Assessment. Relationship with Stakeholder Groups

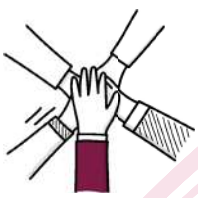
[102-40, 102-42, 102-43, 102-44, 102-47]

5.1

TUBACEX has defined five main stakeholders (shareholders and the financial community; employees, customers and society) at an initial level; which are extended to a second level, leading to more than 50 sub-stakeholders.

The different representatives establish regular communication channels to find out their expectations and interests and to draw up specific action plans. As in 2020, these channels were affected by COVID-19, making use of new technologies to keep dialog channels open. A clear example of this was the TUBACEX Shareholders' General Meeting being held on-line for the second consecutive year, as well as another series of key meetings.

Therefore, their needs and expectations were considered throughout the year, on the one hand, forming part of the strategic reflection process through the heads and members of the Management Committee and, on the other hand, they have been key to identifying the aspects that make up the materiality assessment that is shown below.



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

Sustainability

Materiality Assessment

[102-44, 102-47]

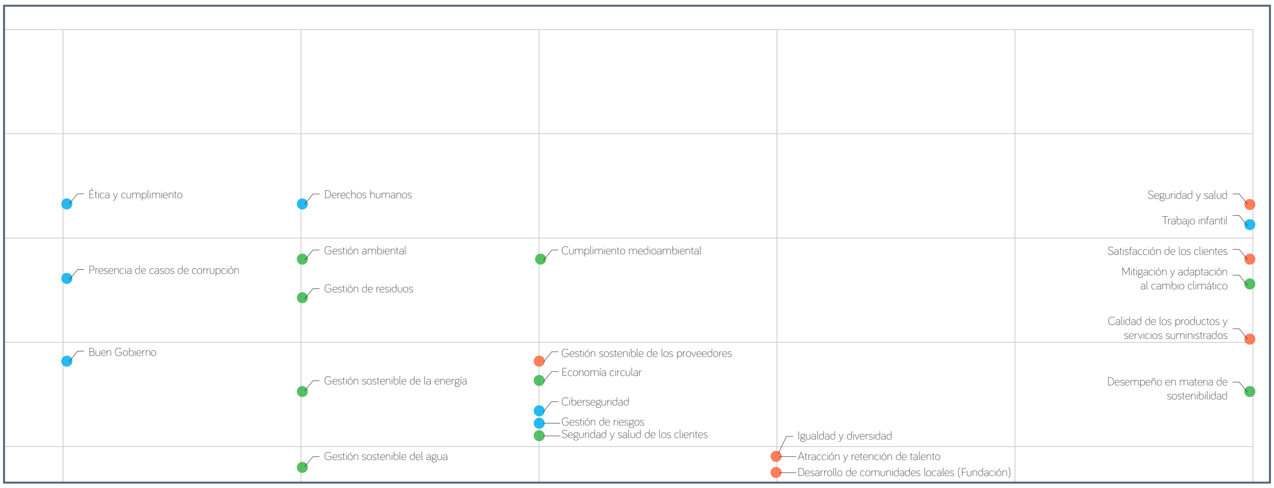
Generating value for the stakeholders

TUBACEX draws up a list of material aspects that may pose challenges and opportunities for the Company. To do so, it analyzes internal and external sources, including the materiality benchmarking of other companies, in order to draw up a list of 31 potentially material issues, grouped by their impact on the ESG strategy. These material aspects may be modified with the incorporation of new current aspects.

Once identified, the Company prioritizes them, based on the importance of these aspects for each stakeholder and their impact on the business. In the first case, the direct head or heads of the stakeholder to be analyzed assesses the importance of the impact on a scale from 1 to 10, where 10 is the highest score. In 2021, this evaluation was complemented with the Senior Management assessment, evaluating each material aspect in the same way and its importance for each stakeholder. On the other hand, the impact on the business is evaluated by Senior Management, taking into consideration the evaluation by the Company's most senior executive.

Once the assessment is completed, the material aspects are represented on a matrix, establishing the threshold beyond which the aspect is considered to be significant.

2



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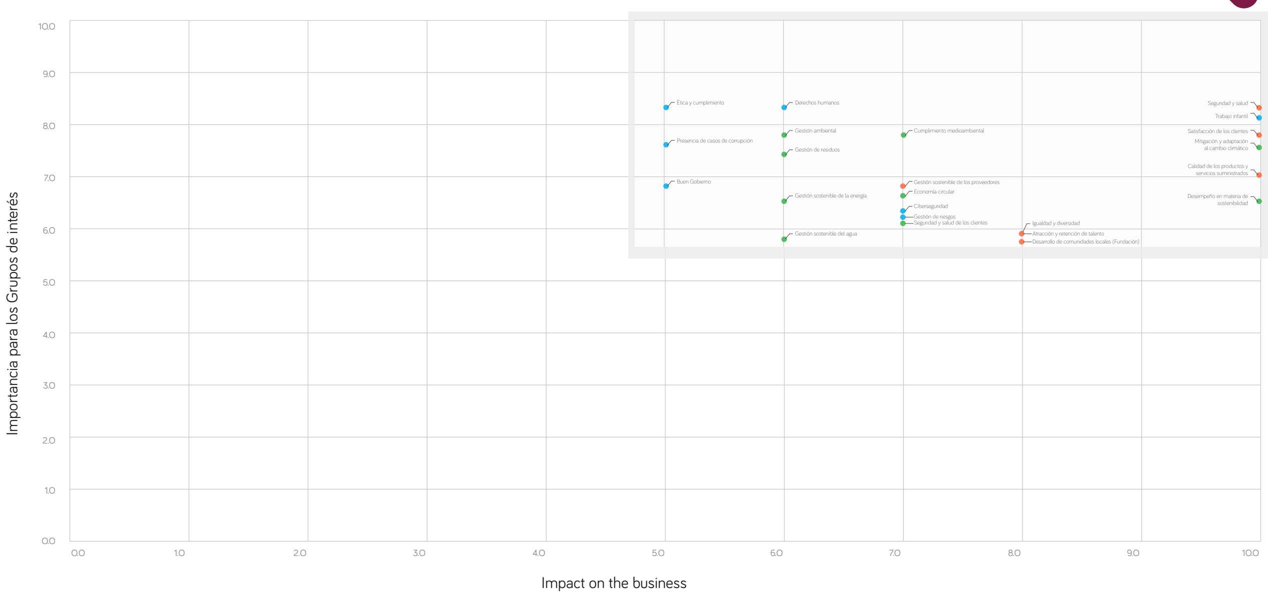


● Enviroment ● Social ● Governance

Chart 1.

Global outlook of all the material aspects identified and their weight in the materiality matrix.

Chart 2.

VPartial view with a selection of impacts considered relevant for the Company and Stakeholders.

Ethics and Integrity

[102-16, 102-17]

5.2 Code of ethics: our principles of action and reference.

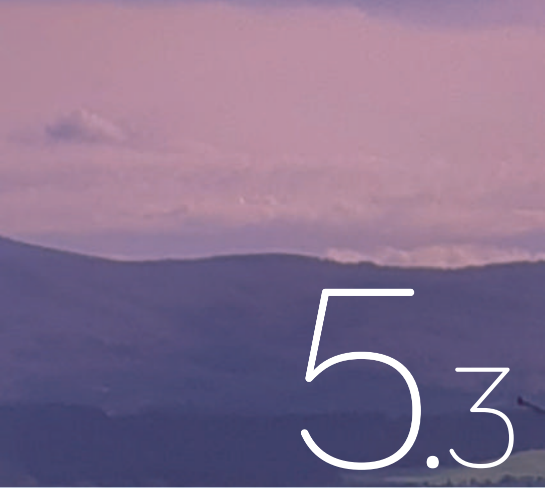
TUBACEX has its own Code of Conduct, which sets out the actions of all members of the Company, extending its principles of behavior to all of the people and organizations related to the Company.

This Code of Conduct, publicly available on its website, 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. Beyond legal compliance in countries where the Company is present, TUBACEX also complies with a series 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 in aspects such as money laundering, conflicts of interest or any other form of bribery and corruption, among others. Regarding the latter, it is established that TUBACEX will always act respectfully and in accordance with the applicable law in all its relations before authorities and public representatives, rejecting any form of bribery and corruption, and any offering and/or favor directly or indirectly issued by a public or private third party to win business or gain advantage is expressly forbidden.

Ethical Channel:

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.



5.3 Environment

5.3.1 Explanation of the Material Topic and its Boundary

[102-15, 103-1]

Emissions reduction goal of 60% by 2030 and net zero by 2050

In 2021, TUBACEX continued advancing firmly on the 2020-2023 road map for environmental sustainability defined in 2019. This road map included specific actions to foster decarbonization in manufacturing processes in order to reduce greenhouse gas emissions; a production process aimed at resource efficiency, fostering circularity; and a purchasing policy based on sustainable criteria. All of this in order to reach the goal of a 60% reduction by 2030 and net zero emissions by 2050 (scopes 1 and 2) as reflected in the public commitments acquired by TUBACEX and validated by the Science Base Targets in 2020.

It is worth highlighting that the majority of products manufactured and marketed by TUBACEX are almost fully recyclable, returning to the life cycle as source material for the production of new steel.

Main material aspects:

Mitigation and adaptation to climate change, through operational improvements and fostering sustainable purchases; development of new materials or diversification towards clean energy sectors. It must be highlighted that 80% of TUBACEX's innovation efforts will be focused on the development of solutions that reduce its customers' emissions, promote the circular economy or improve their environmental performance, by 2030.

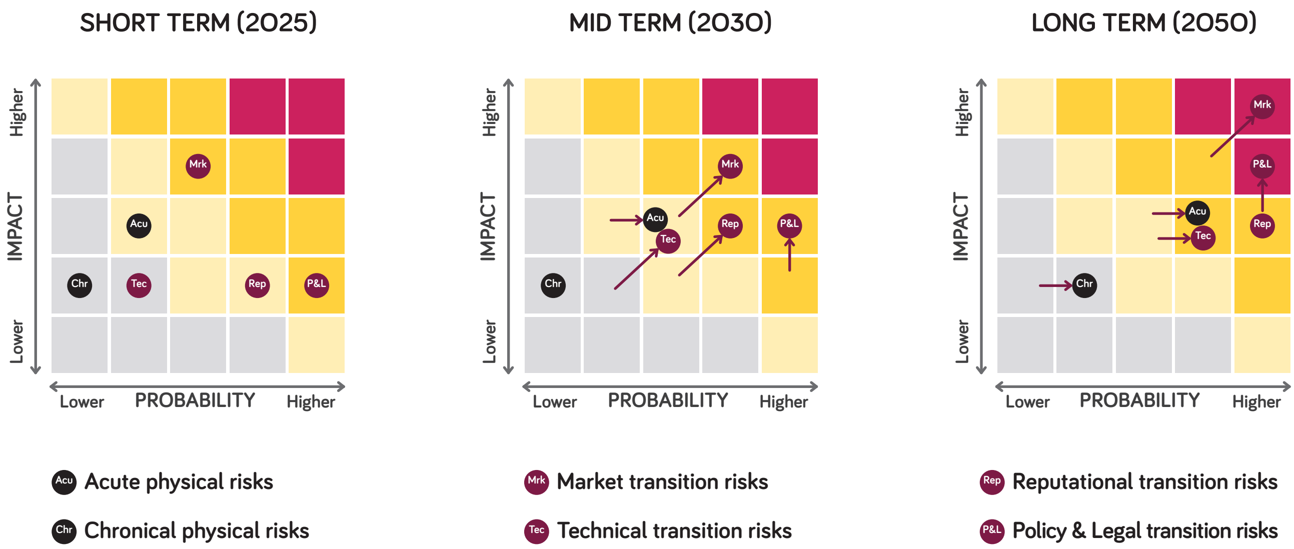
Beyond the development of new solutions, it must be taken into consideration that all of the products manufactured by TUBACEX are 100% recyclable, aimed at highly demanding environments in terms of pressure, temperature and corrosion, presenting the highest resistance to extend their useful life.

Sustainable Environmental Management. Though sustainable responsible use of resources required for production activity (mainly water and energy), as well as optimum management of resources. A commitment that is extended to the value chain.

Main Risks:

In 2021, TUBACEX incorporated climate and transition risks into its global risk model. Climate risks are assessed in accordance with TCFD criteria, evaluating the physical risks as a result of the effects of climate change on the activity, and the transition risks, resulting from the impact of a transition towards a low carbon economy.

The risks were analyzed on three different horizons: short-term (2025), medium-term (2030) and long-term (2050). For each type of risk, their potential sources were identified, evaluating the probability of their occurrence in a secondary scenario, the possible impact on the business and the time frame for their occurrence. For the financial impact assessment, revenue, expenses, assets, liabilities, capital and financing were all taken into account.



Environment

Management Approach and Components

[102-11, 103--2]

5.3.2

Descarbonization, circularity, responsible supply chain and reporting

In 2021, TUBACEX pursued its energy transition and climate change strategy as one of its main priorities, establishing a work plan for each of the lines defined on the road map:

Decarbonization:

In addition to its public objectives for emissions reduction (SBT), TUBACEX participated in the prestigious CDP classification for the first time, with a score of "B", indicating its firm commitment to the climate. This disclosure and scoring system is recognized as the leading standard of corporate environmental transparency.

As a major milestone during the year, TUBACEX began the process of analysis and negotiation in order to extend the long-term agreement in terms of electricity supply (PPA) with renewable sources of energy, currently active in the Spanish plants (TTI and ACERÁLAVA), to the rest of the business units. Along with this, there is an agreement for non-fossil supply in the American plants. In this way, the Company has taken another step in its emissions reduction strategy by reducing its dependence on energy from fossil fuels.

Circularity:

In 2021, public commitments were established to reduce waste and improve the water intensity at production plants. Progress was also made on the project for the construction of a waste recovery plant to avoid its dumping, and extending the scrap recovery model to other plants in the Group (Austria). In 2021, TUBACEX also worked on a project to improve the use of recycled material with a reduction of 14% in the use of materials with a higher environmental footprint (Ni, Cr, Mo).

Supply Chain:

TUBACEX extended its corporate purchasing policy to include ESG aspects, continuing its assessment processes until reaching 700 suppliers through its pilot risk management tool for suppliers.

Reporting:

In terms of reporting, TUBACEX has defined a qualitative model based on three risk assessment horizons: climate and transition aligned with TFCD recommendations. Climate and transition risks have been included in the aforementioned global risk model. On the other hand, an integrated system for the calculation of KPIs with EU taxonomy eligibility (Sales, CAPEX, OPEX) has been established during 2021.

With a view to improving the reporting system, TUBACEX developed a process to evaluate ESG corporate reporting tools in 2021, selecting the Intelex solution, which is considered to be one of the leading tools in its category by the main analysts. It will be implemented in the first half of 2022.

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.

Environment

Environmental Assessment or Certification Procedures

[103-3]

5.3.3

TUBACEX has implemented a certified ISO 14001 system at its main production plants. The latest plants to join the Group's perimeter (Awaji Thailand, NTS Group and DURANT) have not yet obtained this certification, although they are currently in the process of defining the lines of work necessary for their accreditation. In spite of this, they have a voluntary ISO 14001 system, aimed at controlling processes to prevent and minimize the environmental impact caused by our activity. Thus, virtually the entire company production process is endorsed by an accredited environmental management body.

No disciplinary procedures were filed in 2021 within the integrated environmental authorization certification process and proactive fluid communications are ongoing 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.

Environment

Resources allocated to Environmental Risk Prevention

[102-29]

5.3.4

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 31st December, 2021, the Group held net investments in excess of €1,491 K (€1,598 K in 2020), 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 €693 K (€999 K in 2020).

Environment

Application of the caution principle

[102-11]

5.3.5

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.

Environment

Provisions and guarantees for environmental risks

[307-1]

5.3.6

Except for a total provision amounting to €671 K (€574 K in 2020)* corresponding to one of the subsidiaries registered in the USA to cover a water contamination risk, the Tubacex Group did not register any more provisions for potential environmental risks, given that the Company Administrators estimate there are no significant contingencies related to possible lawsuits, indemnities or any other items.

** amount valued by an independent expert and registered as a "non-current provision" in the Consolidated Balance Sheet.*

Environment

Contamination

5.3.7

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 implemented different measures to manage waste in a more sustainable manner, ranging from efficient management of hazardous waste to more specific measures associated with the different plants.

Plants in the Basque Country (TTI and ACERÁLAVA) are equipped with purification and/or process control systems for all sources of atmospheric emissions, to ensure processes are subject to environmental control. Furthermore, regular 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.

Environment

Consumption of raw materials and measures adopted to improve the efficiency of their use

[301-1]

5.3.8

GROUP HEAD COMPANY. STEEL MANUFACTURING

	2021	2020
301.1 Materials used (tn)	24,401	63,253
301.1b Recycled input material used	66.24%	68.76%
301.1a Recycled materials used (tn)	16,162	43,493

TUBACEX GROUP. CONSOLIDATED INFORMATION

	2021	2020
301.1 Materials used (tn)	65,458	86,374
301.1b Recycled input material used	24.69%	50.35%
301.1a Recycled materials used (tn)	16,162	43,493

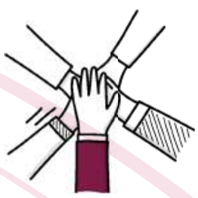
*100% of the Group's companies are included.

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

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 variation from 2020 to 2021 at a Group level is due to the strike at the Acería de Álava plant, which led to an increase in the purchase of steel from third parties, which are not recorded as renewable products, although they are mainly manufactured from recycled products (scrap). In relation to the Acería plant, the reduction was also affected by the reduction in activity and a mix of steel grades that were not representative of the average for other years, with technical conditions that limited the use of scrap.



Environment

Energy: Direct and indirect consumption

[103-2, 302-1, 302-3]

5.3.9

Measures implemented to improve energy efficiency. Use of renewable energies

	2021	2020
Energy Use (MWh)	228,246	381,696
Energy Intensity (MWh/t)	3,49	3,32

*100% of the Group's companies are included.

The increase in energy intensity in relation to 2021 is due to a combination of factors.

- The reduction in activity in 2021 due to the strike at Acería de Alava (ACERÁLAVA) and Tubacex Tubos Inoxidables has changed the global mix, increasing the weight on the tube production plants, which consume less than the steelworks in absolute value in relation to MWh per ton of steel sold but have higher ratios.
- The Group's new perimeter, including the companies in the NTS Group, is aimed at added value activities where the ton of steel sold is not an appropriate factor for the activity. In this respect, the Tubacex Group is studying another type of relative indicators that can be used in the future.
- The specialization strategy in Premium products, which is general to the Group, is particularly evident in business units like Schoeller Bleckmann Edelstahlrohr GmbH (SBER), where even significantly increasing the business volume, the tons produced fall with similar energy consumption.

TUBACEX began the implementation of an advanced energy management system (EMS) in the TTI and ACERALAVA plants, which based on a digital twin and monitoring in real time of energy consumption in each process that will allow a reduction of the energy intensity. The savings identified in a first diagnosis phase in the Spanish plants amounts to 40 GWh per year.

Environment

Water consumption and water supply according to local limitations

[303-5a]

5.3.10

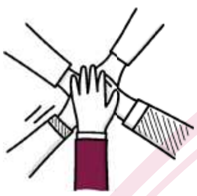
Water is a necessary natural resource for TUBACEX's manufacturing process. For example, the steel processing process requires cooling, inspection or cleaning operations which use water. Minimizing its consumption has become a global objective with measures aimed at its reuse in the different production processes.

	2021	2020
Water used. Municipal (103 m3)	133.73	172.55
Water used. Surface water (103 m3)	25.95	140.74
Water used. TOTAL (103 m3)	159.69	313.29
Water intensity (103 m3/t)	2.42	2.72

*100% of the Group's companies are included.

At the end of 2021, the Group initiated a project for the digitalization of the water meters, and their link to a comprehensive management system, based on a digital twin of the production, which will enable actions to improve water consumption to be identified and fostered

Consumption from the local supply network and river water are considered in the calculation of this indicator, but groundwater is not included. The Company is currently working to obtain water consumption from other sources for future financial years, whereby water re-use is not significant today.



Environment

Circular economy, prevention and waste management

[306-2]

5.3.11

Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste

	2021	2020
Waste by type (tons)		
Hazardous [2]	3,573	8,227
Non-hazardous	35,274	51,171
Waste by type (tons). TOTAL	**38,847**	**59,399**
Waste by disposal method (tons)		
Landfill	10,800	23,700
Treatment	-	860
Reuse	9,073	13,147
Recycling	18,958	21,691
Waste by disposal method (tons). TOTAL	**38,831**	**59,398**

*100% of the Group's companies are included.

	2021	2020
Waste by disposal method (%)		
Landfill and Treatment	28.6%	43.57%
Recycling and Reuse	71.40%	56.43%

*100% of the Group's companies are included.

Falls in absolute terms are the result of the drop in activity as a result of the strike at the Acería de Álava and Tubacex Tubos Inoxidables plants.

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.

The Tubacex Group has been developing a project to identify options for the recovery of the main type of non-hazardous waste that is currently generated in the Group, namely steel slag. This waste led to 11,739 tons being sent to landfill in 2020 and 43,012 tons in 2021. In 2021, a pilot test was carried out with 300 tons of this type of waste, and the objective is to start operating in 2022 with a solution that will enable more than 90% of discharges of this category to be eliminated.

[2] The definition of hazardous waste will follow the local regulations where the business unit reports from..

*As per Materiality Analysis, food waste was not considered material in the Group..

Environment

Greenhouse Gas Emissions

[305-1, 305-2, 305-3, 305-4]

5.3.12

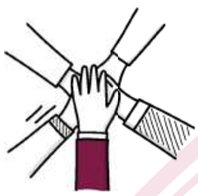
	2021	2020
Direct emissions (t COe)	28,157	49,445
Indirect emissions (t COe)	17,897	21,401
Other indirect emissions (t COe)	170,064	179,568
TOTAL	**216,118**	**250,414**
Emission intensity (t COe/t)6. On finished products sold		
Direct emissions	0.43	0.43
Indirect emissions	0.28	0.19
Other indirect emissions	2.56	1.50
TOTAL	**3.27**	**2.12**

*100% of the Group's companies are included.

[6]Scopes 1 and 2 emissions per raw steel tons at steelworks and sold/processed tons in the other business units.

	2021	2020
NOx emissions (t)	73,43	128,31

*100% of the Group's companies are included.



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 of these emissions are the result of the manufacturing or processing of ferro-alloys at the steelworks.

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
- Investments in products and services (Capex)
- 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 trips.

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

Compared with 2020, the main changes are:

Scope 1

- The low work levels at the plants in Spain limited the implementation of energy efficiency improvements. These actions are planned for 2022.

Scope 2

- The strike at the Spanish plant changed the electricity consumption mix at plants with higher emissions ratios, as the plants in Spain have had a PPA of 80Gwh since 2020.
- In spite of everything, an agreement was signed for the supply of non-fossil energy at the Salem plant from July 2021 onwards.
- The Tubacex Group was in an advanced process to close a PPA for the rest of the plants in Europe at the end of Q3 in 2021, but the instability arising from the crisis in the supply of gas led to the completion of this operation being delayed. It is due to be resumed in 2022 when advised to do so by the market conditions. The start of the supply shall be in 2023 or 2024 depending on the availability of generation projects.

Scope 3

- The main change that has adversely affected the relative intensity in Scope 3 this year is the strike that affected the Spanish plants. In light of the situation, the Group significantly increased its purchases of steel from third parties. This steel from third parties was assigned emissions of 3.99 tons COe/t of steel, far higher than those generated in the internal route within the Tubacex Group.

Environment

Measures adopted to adapt to the consequences of Climate Change

[103-2]

5.3.13

The main measures adopted by TUBACEX to reduce its environmental impact include improving its facilities from the energy-efficiency perspective and paying special attention to environmental criteria in purchase processes. Examples of this are a reduction in energy consumption resulting from lamp replacement with LED technology, which was extended to other Group plants in 2021; optimization of the sealing of facilities at the Austrian plant to reduce energy waste; the replacement of heat generators in Italy to optimize energy use; or the change in the supply of carbon-free energy sources in America.

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.

Supplier assessments include key ESG aspects, including those related to climate change management.

Ejemplo de evaluación de proveedores

Environment

Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose

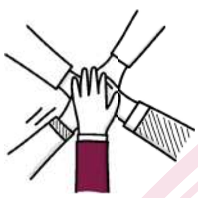
[103-2]

5.3.14

In December 2020, TUBACEX signed the Science Based Targets Initiative (SBTi) commitment letter with an ambition level of 1.5º and a Net Zero commitment by 2050. In 2020, the reduction objectives by 2030 (60% in Scope 1 and 2 with respect to 2019 and 30% in Scope 3) were established and validated by SBTi.

In 2021, TUBACEX participated in CDP Climate for the first time, obtaining a score of “B”, which is above the sectoral average.

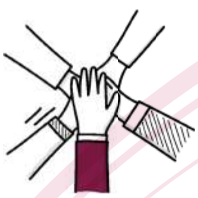
By supporting these initiatives along with its environmental sustainability plan, TUBACEX demonstrates its commitment to the environment and fight against climate change.



Sustainability
Biodiversity

5.3.15

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.



People

5.4.1

Explanation of the Material Topic and its Boundary

Safe environments and diverse talent, priority lines in management

[102-15, 103-1]

TUBACEX is a global group made up of professionals from more than 17 countries, who drive the business project from their different levels of responsibility. They represent a key asset in order to achieve the strategic objectives and the generation of value for the stakeholders. Offering safe and pleasant work places and having the best talent and developing it are the priority lines in the management of the area, fostering the principles of equality and respect for diversity.

Material aspects in 2021:

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. It has specific management processes, corporate policies and action plans to minimize the impact of its activity on the human resources. The plant that make up the Tubacex Group have an Occupational Risk Prevention Program certified under ISO 45001.

Equality and Diversity:

TUBACEX is committed to the promotion of equal opportunities and diversity. Its multi-national and multi-cultural nature represents a rewarding aspect that is preserved and promoted in the units. Therefore, the Company creates and promotes diverse and inclusive work environments that contribute to fulfilling its corporate and business objectives, avoiding situations of labor and remuneration discrimination.

Talent attraction and retention:

TUBACEX is a flexible company that adapts to and anticipates new tendencies in terms of talent attraction and retention. It is fully aware of the need to attract and retain talent, as well as gaining the loyalty of professionals who are actively seeking employment and that of its own employees. Therefore, it encourages professional development, communication and participation, which affects the satisfaction level and commitment to the business project.

The risk map and its 2021 update incorporate the following potential risks that affect people:

- **Occupational Prevention and Safety.** The Company is aware of the mature of its activity and the risk involved, so its efforts are aimed at promoting a preventive culture on one hand, and reducing any operational risk at its facilities through investment in new technologies and fostering the digitalization of production processes.
- **Shortage of key personnel.** The lack of key personnel represents a risk for project implementation and the fulfillment of the strategic objectives. For this reason, efforts are focused on attracting and retaining key talent, as well as developing the profiles with the highest impact in the roll-out of the plan.

People

Management Approach and Components

[103-2]

5.4.2

Restructuring plan with cost savings of more than €30 million

In 2021, the Company completed a restructuring plan, saving more than €30 million a year in costs. Adjusting the Company to the new market reality, dominated by the energy transition and the presence of low cost manufacturers, was a priority line in 2021. Through the organizational adjustment of the Company, more efficient management has been fostered, with a corporation that has been reduced in size that offers services to plants, promotes strategic projects at a global level and consolidates the reports; and plants where the management processes are deployed, but with autonomy in their implementation. Therefore, the principles of the people management area within the management processes are focused on talent management, communication and training; as well as boasting a specific Health and Safety process, whose objective is to advance in a Safety integrated culture model.

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. At other plants where such plans do not exist, there are action protocols against psychological or sexual harassment or on grounds of gender and/or physical violence (TSS), specific manuals with specific sections focusing on non-discrimination (NTS Group), specific non-discrimination policies (Tubacex India), or it is the federal and state laws that uphold the prevention of any type of discrimination (USA, Saudi Arabia, Singapore, etc.).

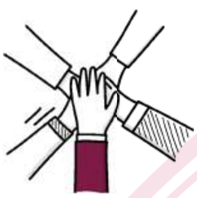
People

Assessment Procedures

[103-3]

5.4.3

TUBACEX annually conducts an EFQM (European Foundation for Quality Management) feedback survey to assess the efficiency of its management approach. The situation experienced throughout 2021 led to the postponement of the launch of this survey, in order to focus efforts on the restructuring process in which the Company was immersed, on one hand, and the adaptation of this survey to the new standards set out in the new EFQM model.



People

Employment

5.4.4

Evolution of the Group by company, taking the average workforces of all the TUBACEX companies in 2021 and 2020 as a reference. This information is not subject to external verification as it is not compulsory to report on. It is used at Management level of the Tubacex Group to measure the impact of the Company's different perimeters on the volume as the Strategic Plan is implemented.

For the preparation of this report, the average workforce has been considered as it is information that reflects more accurately the Company's labor situation in a year marked by a restructuring process.

AVERAGE WORKFORCE BY COMPANY

	2021	2020
Acería de Álava	171	180
Tubacex Tubos Inoxidables	423	431
Schoeller Bleckmann	327	489
Schoeller Bleckmann Technisches Service	44	41
Tubacex Taylor Accesories	26	26
Salem Tube	95	104
Tubacex Service Solutions	60	66
Tubos Mecánicos	69	71
Tubacex S.A. Tubacex Servicios de Gestión.	41	48
Tubacex Innovación	15	15
Oficinas Comerciales	41	49
Previous perimeter	**1,312**	**1,520**
IBF	157	225
Tubacex Prakash	186	199
Tubacex Services	13	12
Tubacoat	2	3
Tubacex Logistics	3	3
Tubacex Awaji Thailand	68	71
Tubacex Upstream Technologies	6	8
Grupo NTS	256	283
TOTAL	**2,003**	**2,324**
Tubacex Durant	71	39
Amega West	106	16
TSS Norway	14	1
TOTAL	**2,194**	**2,380**

*100% of the Group's companies are included.

People

Total number and distribution of employees by gender, age, country and professional category

[102-7, 102-8, 405-1b]

5.4.5

EMPLOYEES BY AGE AND

	2021			2020		
	Men	Women	Total	Men	Women	Total
Under 30	236	44	280	310	51	361
30 - 50	1,246	216	1,462	1,328	215	1,543
Over 50	395	57	452	422	54	476
TOTAL	**1,877**	**317**	**2,194**	**2,060**	**320**	**2,380**

*100% of the Group's companies are included.

The workforce information shown in these tables include the average workforces reported, taking into account all people who have or have 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.

For the calculation of the number of people in the case of TTI and ACERALAVA, the number of people contracted has been taken into account with the level of activity foreseen due to the furlough schemes (ERTE), making an average of the impact furlough has had on each employee throughout the year and bearing in mind the days working at the company. Without a reduction in the number of people due to the strike at these plants from February to September.

The average number of employees excluding activity adjustments due to furlough schemes (ERTE) amounted to 2,340 (2,010 men and 330 women) in 2021.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2021			2020		
	Men	Women	Total	Men	Women	Total
Management	166	43	209	155	42	197
Middle management and supervisors	167	15	182	168	7	175
Technicians and professionals	244	161	405	265	181	446
Operations personnel	1,300	98	1,398	1.472	90	1,562
TOTAL	**1,877**	**317**	**2,194**	**2,060**	**320**	**2,380**

*100% of the Group's companies are included.

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 at production centers; and heads of teams or technical areas.
- Management: heads of areas or functions, management teams of the plants and business units, including Senior Management.

EMPLOYEES BY COUNTRY AND GENDER

	2021			2020		
	Men	Women	Total	Men	Women	Total
Spain	656	144	800	683	147	830
Austria	337	39	376	485	51	536
Italy	144	16	160	209	19	228
India	188	11	199	202	10	212
UAE	119	19	138	120	18	138
United States	215	38	253	143	26	169
Saudí Arabia	86	9	95	110	14	124
Thailand	48	20	68	47	24	71
Norway	36	7	43	28	2	30
France	6	1	7	7	2	9
China	3	3	6	3	3	6
Brazil	5	0	5	6	0	6
Germany	1	0	1	4	1	5
The Netherlands	4	2	6	5	1	6
Singapore	14	5	19	5	1	6
Korea	1	0	1	1	0	1
Canada	14	3	17	2	1	3
TOTAL	**1,877**	**317**	**2,194**	**2,060**	**320**	**2,380**

*100% of the Group's companies are included.

Employees of the Tubacex Group are spread around the seventeen countries where the Group is present.

The geographical distribution of TUBACEX has changed significantly in 2021 in relation to the previous year due to adjustments made at its main European production plants, the increase in activity at the American plants and the consolidation of the acquisition of Amega West (USA, Canada and Singapore) and TSS Norway in Norway at the end of 2020.

In Spain, where the Company has 36% 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 30% to adapt to the drop in production activity.

The United States grew in workforce volume, with an increase of 49%, mainly due to the growth of the Durant plant in Oklahoma.

People

Total number and distribution of employment contract types

[102-8]

5.4.6

	2021	2020
Permanent contracts	2,329	2,489
Temporary contracts	17	61
Total type of contract:	**2,346**	**2,550**

100% of the Group's companies are included.

This distribution reflects the total labor contracts at the end of the year (December 2021). It does not include Tubos Mecánicos as the company was not part of the Group on 31st December 2021.

Temporary contracts represent 1% of the Company's total employment at the close of the year. Almost 64% of the workforce is related to production and 18% to technicians or professionals.

People

Annual average permanent, temporary and part-time contracts by gender, age and professional category

[102-8]

5.47

CONTRACT MODALITIES ACCORDING TO GENDER

	2021			2020		
	Men	Women	Total	Men	Women	Total
Permanent contracts	1,864	309	2,173	2,012	305	2,317
Temporary contracts	13	8	21	48	15	63
Total by type of contract	**1,877**	**317**	**2,194**	**2,060**	**320**	**2,380**
Part-time	29	39	**68**	41	46	**87**

CONTRACT TYPES BY AGE

	2021				2020			
	< 30 años	30 - 50 años	> 50 años	Total	< 30 años	30 - 50 años	> 50 años	Total
Permanent contracts	270	1,458	445	2,173	336	1.512	469	2,317
Temporary contracts	10	4	7	21	26	31	6	63
TOTAL by contract type	**280**	**1,462**	**452**	**2,194**	**362**	**1,543**	**475**	**2,380**
Part-time labor schedule	3	44	21	**68**	3	58	26	**87**

*100% of the Group's companies are included.

CONTRACT TYPES BY PROFESSIONAL CATEGORY

	2021					2020				
	Management	Senior and mid management	Technicians and professionals	Op. personnel	Total	Management	Senior and mid management	Technicians and professionals	Op. personnel	Total
Permanent contracts	208	180	394	1,391	2,173	194	173	422	1,528	2,317
Temporary contracts	1	2	11	7	21	2	1	25	35	63
TOTAL by contract type	**209**	**182**	**405**	**1,398**	**2,194**	**196**	**174**	**447**	**1,563**	**2,380**
Part-time labor schedule	4	5	23	36	**68**	3	4	31	49	**87**

*100% of the Group's companies are included.

People

Number of dismissals by gender, age, country and professional category

5.4.8

Nº OF DISMISSALS ACCORDING TO PROFESSIONAL CATEGORY

	2021	2020
Management	5	6
Middle management and supervisors	9	9
Technicians and professionals	24	46
Operations personnel	109	142
TOTAL	147*	203*

Nº OF DISMISSALS ACCORDING TO AGE

	2021	2020
Under 30	15	53
30 - 50	97	117
Over 50	35	33
TOTAL	147*	203*

Nº OF DISMISSALS ACCORDING TO GENDER

	2021	2020
Men	117	177
Women	30	26
TOTAL	147*	203*

*100% of the Group's companies are included.

- *This table only reflects non-voluntary contract terminations. It does not include termination of temporary contracts, voluntary leave, unpaid leave, retirement, etc.
- Dismissals during 2021 were mainly due to organizational adjustments and reduced activity resulting from the global restructuring plan.

People

Average compensation and evolution breakdown by age and professional category or equal value

5.4.9

AVERAGE COMPENSATION AND EVOLUTION BREAKDOWN BY AGE AND PROFESSIONAL CATEGORY OR EQUAL VALUE

	2021	2020
Management	81,819	83,659
Middle management and supervisors	47,744	45,055
Technicians and professionals	39,440	37,355
Operations personnel	34,052	33,827

AVERAGE REMUNERATION (EURO) ACCORDING TO AGE

	2021	2020
Under 30	20,376	24,458
30 - 50	41,916	39,470
Over 50	49,596	50,696

*100% of the Group's companies are included.

The categories that have undergone a slight rise are mainly due to the incorporation of more specialized profiles at high remuneration levels in activities that are very different to those that were traditionally developed (Norway, Canada, Houston and Singapore). However, the Management category has seen its remuneration level fall as a result of the adjustments and the cost containment throughout the year.

The reduction in the average remuneration in the youngest age group has been significantly reduced due to the entry of young people to positions of responsibility in Asian countries (India and Thailand).

This year, due to the exceptional situation experienced at the TTI and ACVA plants, their average remuneration has been estimated using a theoretical calculation, hence avoiding the Group's figures from being undermined. A detailed explanation of this calculation is provided below:

A theoretical calculation of remuneration has been made, for which a theoretical salary has been estimated for each employee based on the concepts that are paid monthly (salary level according to the position held, bonuses for 5 years service, years of service, distance pluses, etc.) in the payroll, bearing in mind other variable concepts that are usually paid, such as shift bonuses based on the schedules prior to the furlough scheme (ERTE) (also altered as a result of the strike and ERTE in 2021).

Using the above, the calculation of theoretical remuneration affected by ERTE was made: bearing in mind the first data and making an average of the effects of ERTE on each employee throughout the year and the days working at the company throughout 2021, the theoretical salary that an employee would have received if there had only been an ERTE has been estimated.

As already mentioned throughout the report, TTI and ACVA have been on strike for a period of around 8 months (February to September), which has led to a reduction of 46% in annual remuneration with respect to what would have been paid in a furlough situation (ERTE).

Except in this exceptional case, 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 2021, the Group information has been taken into account, excluding Senior Management from the calculation as their average remuneration is specifically dealt with in Section 5.4.11.

People

Pay Gap and Average Remuneration by Gender

5.4.10

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.

As for the calculation of the pay gap at the TTI and ACVA plants for consolidation at Group level, the same logic used for the calculation of average remuneration has been used.

The TUBACEX pay gap was 12.1% in 2021 (11.6% in 2020) and average male and female remuneration was €44,129 (€42,246 in 2020) and €38,777 (€37,357 in 2020), 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.

People

Average compensation of Directors and Management

5.4.11

As of December 31, 2021 the Board of Directors consists of eight men and three women. The average remuneration for Board members in 2021 was €145,000 and €75,000, for men and women respectively. This difference is due to statutory roles held by men, including the Chairman and CEO, which have different remuneration supplements or due to a higher amount than other Board members, in order to pay for 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).

In relation to the average remuneration for Senior Management, which is made up solely of men, the average remuneration for 2021 amounted to €193 K, against €174 K in 2020, when a reduction of 30% was applied during the first quarter in order to mitigate the impact of COVID-19.

People

Implementation of right-to-disconnect measures

5.4.12

TUBACEX is aware of the importance of adapting timetables to strike a balance between professional and private life. Respecting rest times, avoiding sending communication out of hours as far as possible or in the event of different time zones, endeavoring to make contact during the overlap of working hours are some of the measures in use in the Company.

People

Employees with disabilities

5.4.13

TUBACEX is committed to integrating people with Diverse Talent in the Group. All of the plants comply with the prevailing legislation in each country in terms of disability (hiring, alternative measures and/or accessibility). In the case of the Spanish plants, they comply with the General Disability Act through alternative measures based on the contracting of products and services from Special Employment Centers, although they are working actively to promote their commitment to labor integration. Other plants in the United States or Italy, are also required by law to hire people with disabilities. At other plants, such as NTS, there is a social responsibility program with priority treatment for people with disabilities. In 2021 he total number of employees with disabilities in the Group amounted to 19 people (compared to 20 people with disabilities in 2020).

People

Working time organization

[103-2]

5.4.14

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.

People

Number of hours lost to absenteeism

[403-9a]

5.4.15

HOURS LOST

	2021	2020
Hours lost due to accident	12,342	18,240
Hours lost due to illness	165,443	188,464
Hours lost, other[1]	53,139	62,338
Total number of hours	**230,924**	**269,042**
% of absenteeism[2]	**7.35%**	**6.09%**

[1] Mainly including paid leave and union hours
[2] Total number of hours lost out of theoretical hours worked

*100% of the Group's companies are included.

The main causes of absenteeism in the Group are common illnesses and authorized paid leave.

During this year, COVID-19 has had a special impact on activity, whereby a total of 21,246 hours were lost, 0.68% of the total absenteeism.

Following the consolidation of the number of hours lost due to labor accidents in previous years, the number of hours not worked due to common illnesses and COVID-19, paid leave and hours used by union representatives during their representative duties have been added to this figure.

To calculate the different causes of absenteeism at TTI-ACVA, the hours worked have been adjusted to the impact of the halt in activity between February and September.

People

Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both parents

[403-9a]

5.4.16

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. 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.

Some of the Group's collective bargaining agreements expressly include measures that facilitate joint responsibility and there are some Equality Plans in accordance with legal requirements (In Spain: TTI and ACERÁLAVA). Beyond the collective agreements that govern each plant, TUBACEX analyzes each case so as to provide the flexibility required to favor conciliation for those employees who so require it.

People

Health and Safety

[103-2]

5.4.17

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 5.4.2.

Following on from 2020, 2021 has been a particularly challenging year regarding safety management due to the impact of COVID-19. 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 254 positive cases, which in addition to quarantines and preventive isolations amounted to 0.68% of the total company absenteeism. Home-working measures implemented have cushioned the impact on the activity as they have enabled asymptomatic employees to continue with their activity in a significant number of cases.

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 11 relevant incidents were investigated in 2021.

People

Health & Safety at work

[103-2]

5.4.18

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 ISO 45001, one of the most demanding in terms of health and safety. TTI & ACERALAVA were the last ones to become certified in 2021.

ISO 45001

TUBACEX INDIA – TUBACEX GROUP

IBF – TUBACEX GROUP

TUBACEX SERVICES – TUBACEX GROUP

SCHOELLER BLECKMANN – TUBACEX GROUP

ACERALAVA – TUBACEX GROUP

TTI – TUBACEX GROUP

SALEM TUBE – TUBACEX GROUP

Work accidents (frequency and severity) broken down by gender

[403.9a]

5.4.19

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2021			2020		
	Men	Women	Total	Men	Women	Total
Accidents with sick leave	36	3	39	53	5	58
Accidents with sick leave	52	3	55	81	9	90
Total number of accidents	88	6	94	134	14	148
Frequency [1]	13.37	6.58	12.38	13.86	8.41	13.12
Severity [2]	0.50	0.05	0.44	0.54	0.33	0.52

*100% of the Group's companies are included.

(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

Of the total number of accidents occurred in 2021, 94% involved men, corresponding mainly to plant personnel; while 6% involved women. An increase in accidents among men has been observed with respect to 91% in 2020, in spite of the fact that the proportion of male and female employees has remained the same in 2021.

To calculate the Frequency and Severity Indicators at TTI-ACVA, the hours worked have been adjusted to those really worked, bearing in mind the halt in activity between February and September.

The gradual reduction in the Frequency and Severity indexes is consolidated in total and by gender. Although it is true that the reduction in activity due to the effects of the Pandemic and the subsequent economic situation has a direct impact on the occurrence of accidents, the improvement obtained over the two years is significantly higher than the reduction in activity proportionality.

People

Occupational diseases

5.4.20

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. In 2021, no professional illnesses were detected compared with two cases in 2020 (both men).

People

Social relations

5.4.21

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.

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

Company	Type of collective bargaining agreement
ACERALAVA	Own bargaining agreement
TTI	Own bargaining agreement
TTA	Own bargaining agreement
TSS	Metal Álava
TX SERVICES	Siderometalúrgica de Cantabria
TUBACOAT	Collective bargaining agreement for the chemical industry
TUBACEX SERVICIOS DE GESTIÓN	Collective bargaining agreement for Bizkaia office employees
TUBACEX, S.A.	Collective bargaining agreement for Bizkaia office employees
TUBACEX INNOVACIÓN, IAE	Collective bargaining agreement for the chemical industry
TAT (THAILAND)	Own bargaining agreement
IBF (ITALY)	Sector Bargaining Agreement (metal-mechanical industry)
SBER (AUSTRIA)	Sector Bargaining Agreement (Industry)
PROMET (NORWAY)	Sector Bargaining Agreement (Industry)
SALEM TUBE (UNITED STATES)	Own bargaining agreement

People

Organization of social dialog, including procedures for informing and consulting staff and negotiating with them.

[102-43]

5.4.22

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.

5.4.23

People

Percentage of employees covered by collective bargaining agreements by country

% OF WORKERS COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY

	2021	2020
Spain	100%	89%
Austria	100%	92%
Italy	100%	98%
India	0%	0%
UAE	0%	0%
United States	21%	56%
Saudi Arabia	0%	0%
Thailand	100%	0%
Norway	70%	71%
France	82%	0%
China	0%	0%
Brazil	60%	60%
Germany	0%	0%
The Netherlands	0%	0%
Singapore	0%	0%
Korea	0%	0%
Canada	0%	0
Total	**67%**	**69%**

*100% of the Group's companies are included.

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

67% of the workforce is regulated by their own, sector or geographical bargaining agreements. These agreements are standard in Europe, where companies with more employees have their own Agreement.

Other 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 and improve on their reference environments in all cases without exception.

People

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

5.4.24

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.

Training

In 2021, the training programs were affected by the market environment and the situation faced by the plants, immersed in a global Restructuring Plan In spite of this, key training actions were maintained in the field of Health and Safety or technical skills, as well as the promotion of digital training, delving in deeper in aspects related to the product, region or sales positioning.

People

Policies implemented in the field of training

[103-2, 404-2]

5.4.25

Training at TUBACEX is part of the growth lever for those who are part of the organization and with them, of the Company itself. Therefore, the people management process incorporates a specific training and development line, which fosters the development of professional skills amongst employees.

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 2021, 23,591 hours of training were given, up 33% on 2020 in spite of the persistent economic and health difficulties. Training has mainly involved the following areas:

- Occupational Health and Safety
- Quality and Environment
- Maintenance
- Operations
- Digitalization and Systems

People

The total amount of training hours by professional category.

[404-1]

5.4.26

Training hours are detailed below according to professional category in 2021:

TRAINING HOURS

	2021	2020
Management	1,019	2,451
Middle management and supervisors	1,599	1,725
Technicians and professionals	3,867	2,881
Operations personnel	15,964	8,739
Total Number of training hours	**22,449**	**15,796**
Average number of training hours per employee	**10.2**	**6.6**

*100% of the Group's companies are included.

The situation derived from COVID-19 and the subsequent reduction in activity has also affected training activity. Training actions are being reestablished in the different Group companies depending on their individual situation.

In the case of the USA (more specifically at the plant in Durant, Oklahoma), training has been intensive, particularly with the new recruits, focusing on Operations, Health and Safety and Maintenance.

During this year the, internal on-line 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.

People

Universal accessibility for people with disabilities

[103-2]

5.4.27

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

People

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

[103-2]

5.4.28

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

Due to the industrial nature of the plants, women make up 14% of the Company's workforce. Despite this, the gradual incorporation of female professionals has reached a representation level of 40% in Professionals and Technicians and 21% in Management.

As indicated in the People Management Policy, which has a specific positioning in terms of equality, selection and recruitment processes for TUBACEX personnel, which is 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 2020 and 2021, 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.

People

Equality Plan

[103-2]

5.4.29

TUBACEX promotes 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. The plants in the Basque Country are currently relaunching the Equality Plan, following two years in which other aspects related to the outbreak of COVID-19 and the 8-month strike have stopped their updating. This Equality Plan has an Equality Committee, made up of the Company and the employees' representatives, who are responsible for the implementation, monitoring and assessment of the Plan.

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.

At other plants where such plans do not exist, there are action protocols against psychological or sexual harassment or on grounds of gender and/or physical violence (TSS), specific manuals with specific sections focusing on non-discrimination (NTS Group), specific non-discrimination policies (Tubacex India), or it is the federal and state laws that uphold the prevention of any type of discrimination (USA, Saudi Arabia, Singapore, etc.).

People

Measures implemented to promote employment

[103-2]

5.4.30

In 2021, the focus in the People area has been on the global restructuring processes, with the need to adjust the size of the Company to the new market and strategic positioning. In this way, TUBACEX has prioritized the promotion of exits that are not traumatic on one hand, and supporting the teams to lay the bases of an Industrial Group with development and career opportunities.

People

Protocols against sexual and gender-based harassment

[103-2]

5.4.31

In its Code of Conduct, TUBACEX establishes an action framework under the fundamental principles of the International Labor Organization, rejecting any form of physical, psychological or moral harassment or the abuse of authority. 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 2021 and 2020, no claims or complaints related to the violation of these principles have been filed. In addition to this code, which must be followed by all of the Group companies, local legislation or the action plans at the different plants (Point 5.10.2) incorporate protocols against sexual harassment or on grounds of gender.

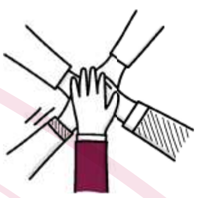
People

Integration and universal accessibility for people with disabilities.

[103-2]

5.4.32

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.



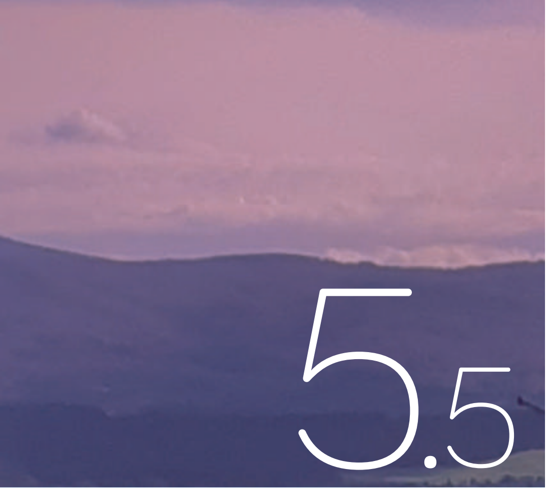
People

Policy against all types of discrimination and, where appropriate, management of diversity

[103-2]

5.4.33

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 5.4.2 TUBACEX intends to prevent any type of discrimination.



5.5 Human Rights

5.5.1 Explanation of the Material Topic and its Boundary

[102-15, 103-1]

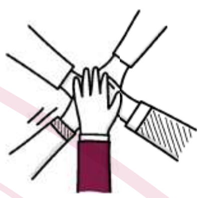
TUBACEX is fully committed to the protection of Human Rights as they underpin the laws applicable to all the business units upon which each business unit conducts its activity. The following material aspects were identified in this area:

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.



Human Rights

Management Approach and Components

[103-2]

5.5.2

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.

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.

Human Rights Assessment Procedures

[103-3]

5.5.3

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 2020 and 2021, no claim was made through this channel or by any other means.

Human Rights

Claims on cases of violation of human rights

[102-17, 103-2]

5.5.4

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 2020 and 2021 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.

Human Rights

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

[103-2]

5.5.5

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.

Human Rights

Elimination of forced or compulsory labor

5.5.6

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 or 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.

Human Rights

Effective abolition of child labor

5.5.7

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.

5.6 Fight against Bribery and Corruption

5.6.1 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 aspects:

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.** Therefore, compliance with the Company's Corporate Governance Standards, inspired by the good governance recommendations widely recognized in the domestic and international markets where the Tubacex Group undertakes its activity is essential, along with the fulfillment of the Code of Conduct and the applicable legal requirements, as well as controlling the risk of committing an offense, such as fraud, bribery and corruption, among others.

Fight against Bribery and Corruption

Management Approach and Components

[103-2]

5.6.2

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.

Fight against Bribery and Corruption

Available policies and manuals:

5.6.3

- **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 co-rruption. 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, TU-BACEX does not accept any advantage of these characteristics in exchange for prefe-rential 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 complian-ce requirements enforced by the applicable local law in the places where TUBACEX carries out production and/or commercial activity.

- **Statutes of the Compliance Function.** 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 with 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 law in those countries where TUBACEX carries out production and/or commercial activities.
- **General Purchasing Terms and Conditions.** Through the Group's general purchasing terms and conditions, TUBACEX sets forth that suppliers must guarantee that they have plans or measures related to prevention and regulatory compliance in terms of money laundering and corruption between private individuals or in their relations with any public administration. 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.

Fight against Bribery and Corruption

Assessment Procedures

[103-2]

5.6.4

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 2021 and 2020, no claim was made through this channel or by any other means.

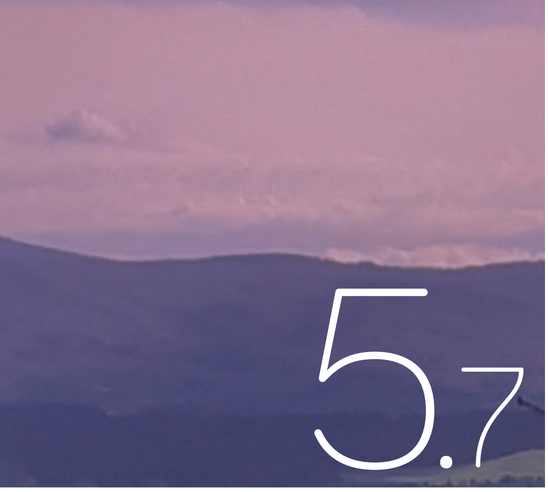
Fight against Bribery and Corruption

Contributions to Foundations and non-for-profit organizations

5.6.5

Figures represent contributions made to foundations and non-for-profit organizations in 2020 and 2021.

Entity / Foundation	2020	2021
Colabora Birmania	51,000€	51,000€



5.7 Society

5.7.1 Explanation of the Material Topic and its Boundary

[102-15, 103-1]

In February 2016, TUBACEX set up its own Foundation; an entity closely related to the business strategy and the UN 2030 Agenda, which has become the main vehicle for promoting projects in the three most relevant areas of action: quality training, corporate diversity and social action. Through its Foundation, it has defined society support programs and established common lines of work for the rest of the Group's business units, aligned with the material aspects identified:

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 TUBACEX is present through direct and indirect employment or the promotion of collaboration projects with NGOs are part of its commitment to local communities.

In 2021, the lines related to employment (training and corporate diversity) were stopped as the Company was immersed in global restructuring. However, its efforts in the development of local communities was maintained.

Potential 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 **Incorporation of talent in the workforce and youth unemployment,** with the 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.

Society

Management Approach and Components

[103-2]

5.7.2

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.

Society

Available policies and manuals

[103-2]

5.7.3

- **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.

Society

Actions carried out in 2021

[204-1]

5.7.4

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 in 2020, and due to the situation caused by COVID-19, the schools supported within the framework of this program had to close their doors temporarily and the program's objective was to keep up with lessons from home. In 2021, some programs have gradually recommenced with the return of students to the classrooms.

Heavenly Home Orphanage >

80 children
4 caregivers and 7 volunteers
Maintenance expenses

Chicken School Nursery >

123 children
5 teachers
Floor and wall repairs
School fees of 83 children

SAW School >

180 children
12 teachers
Maintenance expenses

KM 42 School >

350 children
16 teachers
Water system and toilet doors repair

Total expenses:; 51.000 euros /year

Training. 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 2021, 15 students were enrolled in these specialized training programs in Austria. In the case of the plants in Alava (TTI and ACERÁLAVA), this training had to be stopped in 2021 due to the labor context, as a result of the impossibility for students to combine theoretical training with training in the plants. On the other hand, TUBACEX is committed to the internationalization of education processes, offering international scholarships. They had to be stopped in 2020 and 2021 due to COVID-19.

This is added to other actions developed in 2021 to promote culture and art, supporting projects underway in the Guggenheim and Artium museums.

Society

Assessment Procedures

[103-3]

5.7.5

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.

Society

Internal participation in social action programs (% employees)

5.7.6

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 2021, there was no fund raising campaign due to the situation at the plants. However, a group of workers continued to support the project.

Supply Chain

5.8.1

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 2021 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, they must do so by linking their activity to their efforts in terms of sustainability.

All Tubacex Group 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.

The following potential 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.

Supply Chain

Management Approach and Components

[103-2]

5.8.2

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 2021.

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.

Supply Chain Assessment Procedures

[103-2]

5.8.3

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.

Model supplier assessment sheet

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.

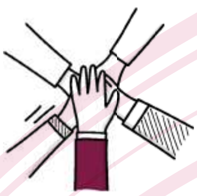
Furthermore, from the scope of suppliers' compliance with deliveries, OTIF reports have been prepared in TUBACEX ERP providing information related to suppliers' 100% compliance with deliveries in terms of deadline and quantity. This indicator facilitates classification of suppliers according to deliveries,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

Supply Chain
Indicators

[103-2]

5.8.4

65% of TUBACEX suppliers are recurring, representing almost 99% of purchasing volume. Furthermore, 60% (63% in 2020) of expenditure goes to suppliers based in the Basque Country, demonstrating the Company's commitment to the region development, generating wealth and indirect employment.



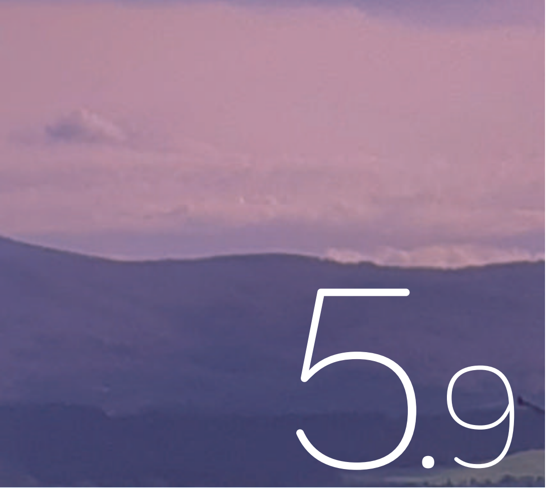
Supply Chain

Percentage of suppliers assessed according to environmental criteria

5.8.5

In 2021, the purchasing platform recorded and assessed 774 suppliers, representing on aggregate 95% 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.



Customers

5.9.1 Explanation of the Material Topic and its Boundary

[102-15, 103-1]

The TUBACEX strategy is based on offering comprehensive value proposals which are adapted to customers' needs. Its strategy has been defined to understand and facilitate the supply of the complete solution, from the design concept to manufacturing and any additional services required to the highest quality standards. All areas, according to their respective activity, are fully customer oriented. The main material aspect in this field is:

Customer satisfaction. TUBACEX has oriented its organization to satisfying the needs of its customers. Therefore, it has defined a product strategy based on a comprehensive offer, a regional strategy focused on being close to the main business centers, and an operational strategy based on quality and service, thanks to its own operational excellence system (Tubacex Production System). At management level, it has a Customer Satisfaction process led by the Sales Department, which enables it to measure customer satisfaction, analyze results and launch the relevant action plans in order to reach the targets set in this field.

One of the tools that is used is the customer satisfaction survey which was launched in 1996 to obtain feedback on global assessment, as well as different aspects related to service (quality, communication, deliveries, etc.) which are part of the Sales Department's follow-up indicators. Exceptionally in 2021, the launch of the 2020 satisfaction questionnaire was proposed in order to prioritize personalized service that was required during the restructuring at the production plants and the halts in production, mainly due to the pandemic. In 2022, this channel of obtaining information has been resumed, the results of which will be collected after the close of this report. In addition to the satisfaction questionnaires, the Company has other sources of information, such as: claims, complaints and suggestions, records of visits to customers or meetings with customers regarding the lessons learned.

In 2020 and 2021, one of the main channels of dialog and analysis of competitors, international fairs, could not be held due to the outbreak of COVID-19, with just a few exceptions. For the same reason, visits to customers' facilities have been drastically reduced because of their internal protocols, so the sales team has had to opt for maintaining a close relationship with customers via on-line channels.

Potential risks identified and included in the risk map are:

- **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. The introduction of the direct supply of parts and maintenance services to end users in the value chain was an additional milestone in the Tubacex Group strategy.
- **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.

Management approach and components

[103-2]

5.9.2

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 (Key Account Tubacex System). This sales re-organization defined 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 figure of Key Account Manager was created for a specific selection of 40 customers who fulfilled the condition of having a global presence and with whom regional coordination is essential. In addition, the Product manager (PM) has the best knowledge of products, market opportunities, competitors or market prices among other matters. Finally, there is the figure of the Business Unit Sales Director, who optimizes the margins and remains in constant contact with the sales network due to his/her knowledge of the plants.

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.** Based on standard CRM software, the Company has developed Salesforce, a solution so that the entire sales network is spread out regionally and can manage and follow market opportunities with diverse responsibilities. It has also developed a specific portal for TSS customers, which started to be shared in 2020 as part of a gradual roll-out.

Customers

Assessment Procedures

[103-3]

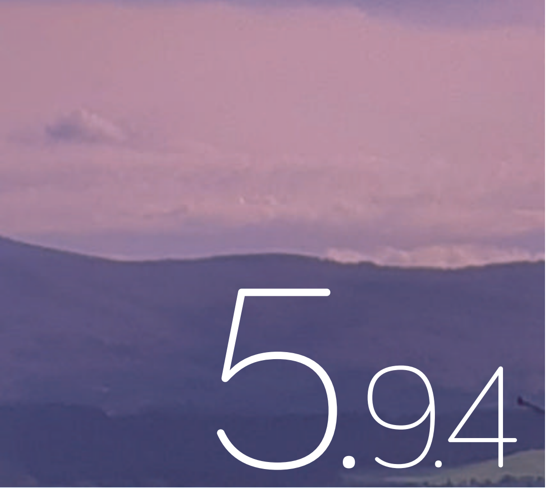
5.9.3

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 (the Association of Basque Entrepreneurs), SEA, API, Basque Energy Cluster, ESTA, IEF, etc.). This market analysis is completed thanks to different tools and sector reports, whereby there is a specific Business Intelligence department, which is supported on an Intranet. 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).



5.9.4 Customers | Indicators

5.9.4.1 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.

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

5.9.4.2

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 of the products are manufactured in accordance with international standards, and production is specifically monitored by external inspectors in those cases in which customers so require it and directly by end users in an increasing volume. 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.

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

5.9.4.5

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.

Customers | Indicators

Requirements of Information and labeling of products and services

5.9.4.6

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.

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

[418-1]

5.9.4.7

At the Management Committees, which are held monthly, claims and complaints received in each Business Unit are monitored, focusing mainly on the volume (number of claims and value of them), as well as deliveries after the deadline, in order to establish the corrective measures that enable customer service and quality to be improved.

As for the privacy of the customers, no specific complaints were received in this respect in 2019-2021. TUBACEX has adopted the European data protection regulations.

The customer channel for raising claims is normally via the sales offices, which compile the necessary information so that the Business Unit involved in the claim can evaluate whether it is valid and, where appropriate, its cost.

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). The SDGs and priority targets in the management of the materiality assessment are detailed below.

ENVIRONMENTAL CRITERIA

TUBACEX has maintained the promotion of its energy transition and climate change strategy as one of its main priorities, establishing a work plan for each of the lines defined on the road map: decarbonization, circular economy, extension of commitment to the supply chain and reporting information. The final objective of all this is to reach its goal of zero emissions by 2050.

Material aspect	NFIS section	UN principle	Main SDG
Sustainable Innovation	Environment	9	9, 17
Sustainable management of suppliers	Environment	8	12, 17
Sustainable energy management	Environment	7,8	12, 17
Waste Management	Environment	7,8	12, 17
Environmental Management	Environment	7,8	12, 17
Circular Economy	Environment	7,8	12, 17
Mitigation and adaptation to climate change	Environment	7,8,9	13, 17
Environmental Compliance	Environment	7,8,9	13, 17

Targets associated with the SDGs:

9.2 Promote inclusive and sustainable industrialization

9.4 Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

9.5 Upgrade the technological capabilities of industrial sectors, encouraging innovation

12.2 Achieve the sustainable management and efficient use of natural resources

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles

13.2 Integrate climate change measures into policies and strategies

SOCIAL CRITERIA

TUBACEX is made up of a global team that drives the business project from the different levels of responsibility. People represent a key asset in order to achieve the strategic objectives and the generation of value for the stakeholders. Offering safe and pleasant work places and having the best talent and developing it are the priority lines in the management of the area, fostering the principles of equality and respect for diversity. Principles that are fostered in the communities where it is present.

United Nations Global Compact

SUSTAINABLE DEVELOPMENT GOALS

Material aspect	NFIS section	UN principle	Main SDG
Health and Safety	People	1	8, 17
Talent Attraction and Retention	People	6	8, 17
Equality and Diversity	People	6	5, 8, 10, 17
Employee training	People		8, 4, 17
Child Labor	Human Rights	5	1, 16, 17
Development of local communities (Foundation)	Society	5,6	4, 8, 10, 17
Health and Safety of customers	Customers		9, 17
Quality of the products and services supplied	Customers		9, 17
Customer Satisfaction	Customers		9, 17

Targets associated with the SDGs:

1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

4.1 Ensure that all girls and boys complete primary and secondary education

4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills

5.1 End all forms of discrimination against all women and girls everywhere

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

8.6 Substantially reduce the proportion of youth not in employment, education or training

8.7 Take immediate and effective measures to eradicate forced labor and secure the prohibition and elimination of child labor.

8.8 Protect labor rights and promote safe and secure working environments for all workers

9.4 Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

10.2 Empower and promote social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children

GOOD GOVERNANCE CRITERIA

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.

Material aspect	NFIS section	UN principle	Main SDG
Cybersecurity	Customers		
Presence of corruption cases	Fight against Bribery and Corruption	10	
Ethics and Compliance	Human Rights	10	
Good Governance	Ethics and Integrity	10	
Human Rights	Ethics and Integrity Human Rights	1,2	
Risk Management	Ethics and Integrity	10	

Targets associated with the SDGs:

8.8 Protect labor rights and promote safe and secure working environments for all workers

9.1 Develop quality, reliable, sustainable and resilient infrastructures

16.5 Substantially reduce corruption and bribery in all their forms

16.6 Create effective and transparent institutions at all levels that are accountable

6 FISCAL INFORMATION

Fiscal Information

Benefits obtained by country

[207-4b.vi]

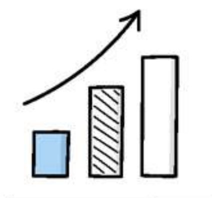
6.1

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

	2021	2020
AUSTRIA	441	417
BRAZIL	-114	-241
CHINA	94	207
UAE	-3,830	6,776
FRANCE	850	598
INDIA	5,976	2,616
ITALY	-7,906	-14,352
NORWAY	240	1,445
SPAIN	-40,577	-25,176
USA	7,660	1,512
Others	-1,329	-160
Consolidated profit before tax	**-38,495**	**-26,358**

The sum of “Others” corresponds to sales representation companies and others with less activity over total volume.

* Sales for Tubos Mecánicos are included, an operation that was discontinued in 2021.



Fiscal Information

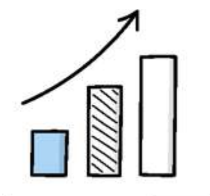
Tax on Benefits Paid

[207-4b.viii]

6.2

Amounts paid as corporate tax in 2021 (in thousands of Euros) are included:

	2021	2020
AUSTRIA	-	365
DUBAI	61	696
INDIA	332	628
SPAIN	1.710	-
THAILAND	-	76
USA	-	105
Others	-	-
Total	**2,103**	**1,870**



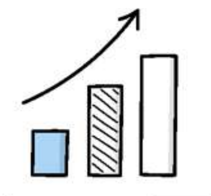
Fiscal Information

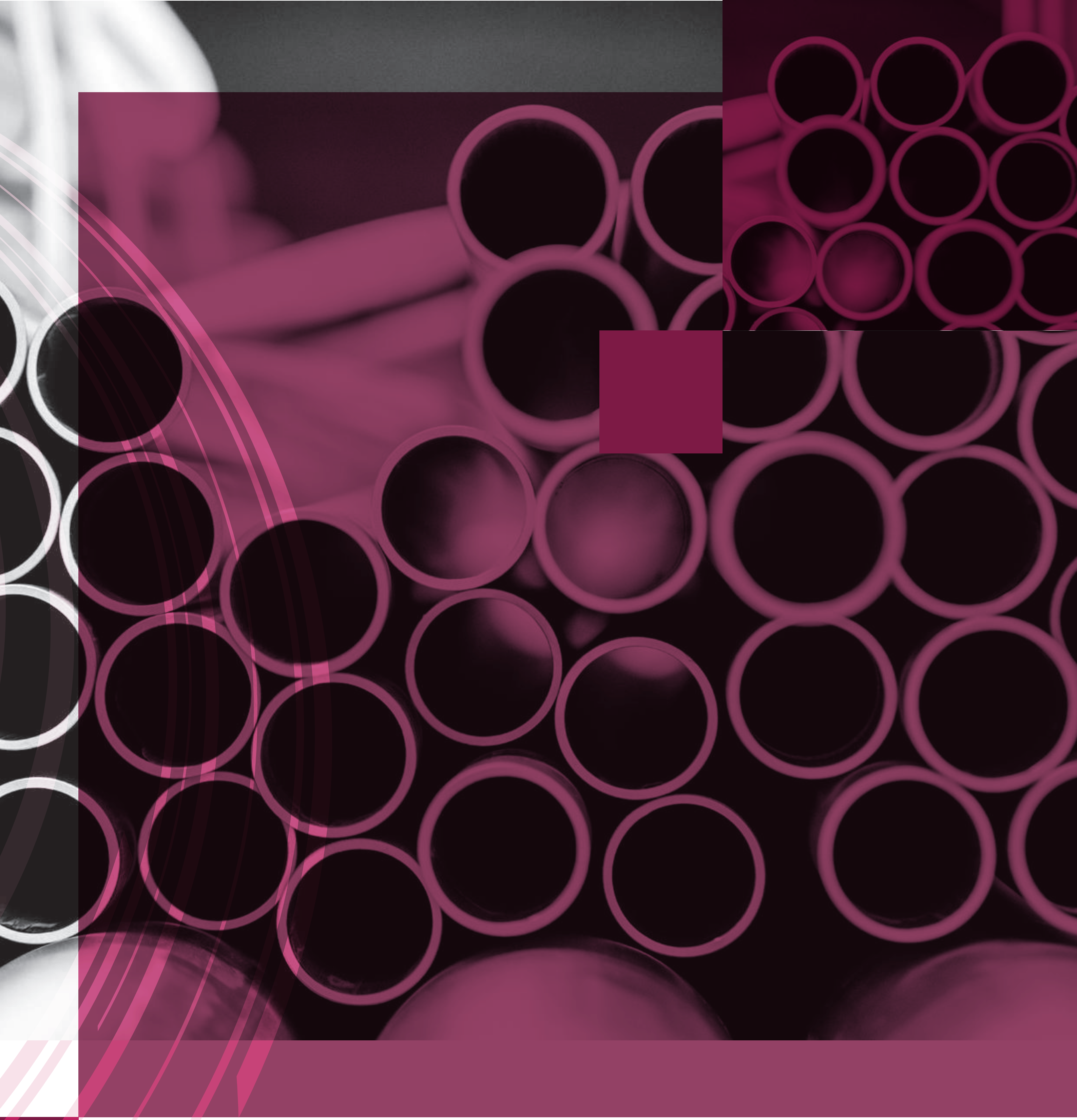
Public Subsidies Received

[201-4]

6.3

As the "Other operating income" heading of the consolidated profit and loss account indicates, operating subsidies in 2021 amounted to €10,751 k (€6,937 k in 2020). This increase mainly corresponds to aid related to mitigate COVID-19 impact.





7 TAXONOMY

In response to the reporting obligations established in the EU delegated regulation of 6 July 2021, which develop those set out in Article 8 of the Regulation on Taxonomy

(EU 2020/852), TUBACEX has analyzed its activities in 2021 to identify the proportion of them that are considered to be eligible in accordance with Article 1 of the delegated regulation, in sales, capital ('CAPEX') and operating expenses ('OPEX').

Within the Tubacex Group, an analysis of the NACE codes used by each of the companies and which appear in the trade registry in the case of Spanish companies or in the equivalent of each country has been mad, classifying each of these activities as eligible or otherwise, depending on its inclusion in Appendix I of the EU 2020/852 regulation.

• Eligible:

NACE 24.10 – "Manufacture of basic iron and steel and of ferro-alloys"

- It is carried out at Acería de Álava S.A.U.
- NACE 24.10 is explicitly included in activity 3.9 "Manufacture of Steel and Iron" in Annex I of the regulation.

NACE 24.20 – "Manufacture of tubes, pipes, hollow profiles and related fittings, of steel"

- Main activity at the following plants: Tubacex Tubos Inoxidables S.A.U. , Schoeller Bleckmann Edelstahlrohr GmbH, IBF S.p.A., Tubacex Tubes & Pipes Private Limited, Tubacex Taylor Accesorios, S.A.U , Tubacex Awaji Thailand , Tubacoat S.L, Tubacex Services S.L

- NACE 24.20 is explicitly included in activity 3.9 "Manufacture of Steel and Iron" in Annex I of the regulation.

NAICS 331210 “Iron and Steel Pipe and Tube Manufacturing from Purchased Steel”, equivalent to NACE 24.51 “Casting of Iron” according to the United Nations equivalences4

- Main activity of Salem Tube Inc.and Durant Tube Inc.
- NACE 24.51 is explicitly included in activity 3.9 “Manufacture of Steel and Iron” in Annex I of the regulation.

• Ineligible main activities

NACE 46.77 “Wholesale of waste and scrap”

- Secondary activity at all of the Group’s production plants

NACE 77.39 “Rental and leasing of other machinery, equipment and tangible goods n.e.c.”

- NTS Group activities

NACE 70.10 “Activities of head offices”

- Tubacex Servicios de Gestión and Tubacex SA

NACE 52.2 “Support activities for transportation”

- Tubacex Logistics

NACE 28.99 “Manufacture of other special-purpose machinery n.e.c.”

- NTS Group activities

NACE 46.72 “Wholesale of metals and metal ores”

- Activities of Tubacex Service Solutions, Tubos Mecánicos

The sales, OPEX and CAPEX indicators were calculated in accordance with the following criteria:

Sales:

- **Numerator:** Sum of all sales related to eligible activities, eliminating inter-company sales within the Group so as to avoid double accounting. More specifically, sales from the production units to the marketing units are totally excluded. Data has been consolidated based on the financial statements of each of the companies.
- **Denominator:** Sum of all sales, excluding inter-company sales within the Group.

Opex:

- **Numerator:** Aggregation of uncapitalized direct costs related to the eligible activities and R&D, renovation of buildings, short-term leasing, maintenance and repair and any other direct cost related to the daily service of property, plant and equipment assets made by the Company or a third party (outsourcing) which are necessary for the effective and continued functioning of these assets, related to eligible activities.
- **Denominator:** Total sum of the direct costs in these activities in all companies, without considering their eligibility.

Capex:

- **Numerator:** Sum of all additions to tangible and intangible assets prior to depreciation, amortization and any revaluation, including those additions that are the result of business combinations, associated with eligible activities.
- **Denominator:** The same sum, but without considering additions to assets related to ineligible activities.

The eligibility percentages for revenue, OPEX and CAPEX are detailed below for the two environmental objectives of taxonomy that are currently available, mitigation and adaptation. To calculate these indicators, Tubos Mecánicos, an operation discontinued in 2021, has been considered.

TAXONOMY SALES

	Revenue (%)	Revenue (M€)
Eligible	42.74%	155,996
Non - Eligible	57.26%	209,022

TAXONOMY OPEX

	OPEX (%)	OPEX (M€)
Eligible	61.27%	7,573
Non - Eligible	38.73%	4,788
Grand Total	**100.00%**	**12,361**

TAXONOMY CAPEX

	CAPEX (%)	CAPEX (M€)
Eligible	58.99%	10,868
Non - Eligible	41.01%	7,557
Total	**100.00%**	**18,425**

In accordance with Regulation 2020/852 and in consideration of the accounting criteria, sales from production units to the Group's distributors (TSS) have been included. However, sales from distributors to their end-users have not been included in the calculations. In this respect, it is important to highlight the apparent contradiction that this entails. A same product, manufactured and sold by the production unit to the end user is considered eligible, whilst this same product with the same environmental footprint in terms of mitigation and adaptation is stored by the sales unit, to give added value to the customer, is not considered to be eligible. Similarly, sales of scrap have not been considered eligible according to the interpretation of the provisions set out in the delegated taxonomy regulation.

Annex I

Recalculated Indicators

Indicators shown as follows were included in the non-financial information statement released in 2020, as well as information facilitated in 2021, also including data related to 2020 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

5.3.8. Consumption of raw materials and measures adopted to improve the efficiency of their use

[301-1]

TUBACEX GROUP CONSOLIDATED INFORMATION:

	2020 data	Recalculated 2020 data presented in 2021
301.1. Materials used (t)	85,759	86,374
301.1b Recycled input material used	50.71%	50.35%

The figure related to the consumption of used materials and recycled input material used provided in 2020 as part of the review process and improvement of the categorization of materials has been corrected, with the incorporation of volumes that were beyond control due to their low level.

5.3.9 Energy: Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies

[103-2, 302-1, 302-3]

	2020 data	Recalculated 2020 data presented in 2021
Energy use (MWh)	381,696	381,696
Energy intensity (MWh/t)	3.40*	3.32

*The energy intensity figure for 2020 has been corrected as a result of an adjustment in the level of sales activity for ACERÁLAVA and Tubos Mecánicos, in order to count only tons of steel, excluding scrap sales.

5.3.10 Water consumption and water supply according to local limitations

[303-5a]

	2020 data	Recalculated 2020 data presented in 2021
Water used. Municipal (103 m3	172.55	172.55
Water used. Surface water (103 m3)	140.74	140.74
Water used. TOTAL (103 m3)	313.29	313.29
Water intensity (103 m3/t)	2.78*	2.72

*The water intensity figure for 2020 has been corrected due to the review of the levels of activity used in the calculations affecting the ACERÁLAVA and Tubos Mecánicos plants.

5.3.12 Greenhouse Gas Emissions

[305-1, 305-2, 305-3, 305-4]

	2020 data	Recalculated 2020 data presented in 2021
Direct emissions (t COe)	42,334*	49,445
Indirect emissions (t COe)	14,118*	21,401
Other indirect emissions (t COe)	148,885*	179,568
TOTAL	**205,337***	**250,414**
Emission intensity (t COe/t)6. On finished products sold		
Direct emissions	-	0.43
Indirect emissions	-	0.19
Other indirect emissions	-	1.50
TOTAL	**2.43***	**2.12**

*The variation in the figure for direct and indirect emissions, other emissions and intensity for 2020 is due to the rectification of the values reported by two production units.

PEOPLE INDICATORS

5.4.7 Annual average fixed-term, temporary and part-time contracts by gender, age and professional category

[102-8]

CONTRACT MODALITIES ACCORDING TO GENDER

	2021			2020		
	Men	Women	Total	Men	Women	Total
Permanent contracts	1,864	309	2,173	2,012	305	2,317
Temporary contracts	13	8	21	48	15	63
Total by type of contract	**1,877**	**317**	**2,194**	**2,060**	**320**	**2,380**
Part-time	29	39	**68**	41	46	**87**

CONTRACT TYPES BY AGE

	2021				2020			
	< 30 años	30 - 50 años	> 50 años	Total	< 30 años	30 - 50 años	> 50 años	Total
Permanent contracts	270	1,458	445	2,173	336	1,512	469	2,317
Temporary contracts	10	4	7	21	26	31	6	63
TOTAL by contract type	**280**	**1,462**	**452**	**2,194**	**362**	**1,543**	**475**	**2,380**
Part-time labor schedule	3	44	21	**68**	3	58	26	**87**

CONTRACT TYPES BY PROFESSIONAL CATEGORY

	2021					2020				
	Management	Senior and mid management	Technicians and professionals	Op. personnel	Total	Management	Senior and mid management	Technicians and professionals	Op. personnel	Total
Permanent contracts	208	180	394	1,391	2,173	194	173	422	1,528	2,317
Temporary contracts	1	2	11	7	21	2	1	25	35	63
TOTAL by contract type	**209**	**182**	**405**	**1,398**	**2,194**	**196**	**174**	**447**	**1,563**	**2,380**
Part-time labor schedule	4	5	23	36	**68**	3	4	31	49	**87**

*The figure for 2020 has been corrected as a result of the rectification of a transcription error in the number of part-time contracts. In 2020, 2 part-time contracts were reported (men; >50 years old and in the categories of Technicians and Professionals -1-; Operations Personnel: -1).

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 NFIS	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 1.2 Corporate Governance 1.5 TUBACEX Key Figures	
	GRI Disclosure 102-10 Significant changes to the organization and its supply chain		
	GRI Disclosure 102-13 Membership of associations	1.4 Memberships and Associations	
	GRI Disclosure 102-15 Key impacts, risks, and opportunities	2.1 Factors and Trends 04. 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 5.2 Ethics and Integrity	

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
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	5.3.1. Explanation of the Material Topic and its Boundary	
		5.4.1. Explanation of the Material Topic and its Boundary	
		5.5.1. Explanation of the Material Topic and its Boundary	
		5.6.1. Explanation of the Material Topic and its Boundary	
		5.7.1. Explanation of the Material Topic and its Boundary	
		5.8.1. Explanation of the Material Topic and its Boundary	
		5.9.1. Explanation of the Material Topic and its Boundary	
	GRI Disclosure 103-2 The management approach and its components	5.3.2 Management Approach and Components	
		5.4.2 Management Approach and Components	
		5.5.2 Management Approach and Components	
		5.6.2 Management Approach and Components	
		5.7.2 Management Approach and Components	
		5.8.2 Management Approach and Components	
		5.9.2 Management Approach and Components	
	GRI Disclosure 103-3 Evaluation of the management approach	5.3.3. Assessment Procedures	
		5.4.3. Assessment Procedures	
		5.5.3. Assessment Procedures	
		5.7.3. Assessment Procedures	
		5.7.3. Assessment Procedures	
		5.8.3. Assessment Procedures	
		5.9.3. Assessment 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	5.3.5. Precautionary Principle Application	
		03. Our Strategy	
		04. Risk Management	
		5.3.1. Explanation of the Material Topic and its Boundary	
		5.4.1. Explanation of the Material Topic and its Boundary	
		5.5.1. Explanation of the Material Topic and its Boundary	
		5.6.1. Explanation of the Material Topic and its Boundary	
		5.7.1. Explanation of the Material Topic and its Boundary	
		5.8.1. Explanation of the Material Topic and its Boundary	
		5.9.1. Explanation of the Material Topic and its Boundary	
		2.2. Factors and Trends	

ENVIRONMENTAL INFORMATION

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
GENERAL			
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 GRI Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	0.4 Risk Management 5.3.1. Explanation of the Material Topic and its Boundary 5.3.4 Resources allocated to environmental risk prevention	
Environmental Assessment or Certification Procedures	GRI Disclosure 102-11 Precautionary Principle or approach	5.3.5. Precautionary Principle Application	
	GRI Disclosure 103-3 Evaluation of the management approach	5.3.3. Assessment Procedures	
Resources allocated to environmental risk prevention	GRI Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	5.3.4 Resources allocated to environmental risk prevention	
Precautionary Principle application	GRI Disclosure 102-11 Precautionary Principle or approach	5.3.2 Management Approach and Components 5.3.5. Precautionary Principle Application	
Provisions and guarantees for environmental risks	GRI Disclosure 307-1 Non-compliance with environmental laws and regulations	5.3.6 Provisions and guarantees for environmental risks	
CONTAMINATION			
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)	5.3.7 Measures to prevent, reduce or mitigate carbon emissions severely damaging the environment as well as other forms of waste recovery and disposal	
CIRCULAR ECONOMY, PREVENTION AND WASTE MANAGEMENT			
Measures to prevent, recycle, reuse, recover and eliminate waste. Actions to combat food waste.	GRI 306-2 Waste by type and treatment method	5.3.11 Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste.	As derived from Section 5.1. Materiality analysis, food waste was not considered material in the Group.

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
SUSTAINABLE USE OF RESOURCES			
Water consumption and water supply according to local limitations.	GRI Disclosure 303-5a Water consumption	5.3.10 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	5.3.8 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	5.3.9. Energy. Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies.	
CLIMATE CHANGE			
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	5.3.12. 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)	5.3.13 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)	5.3.14 Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose	
BIODIVERSITY PROTECTION			
Measures to protect or restore biodiversity. Impact caused by activities or operations in protected areas.		5.3.15 Biodiversity	As per Section 3.2 Materiality Analysis, this issue was not considered material in the Group.

SOCIAL AND PERSONNEL RELATED MATTERS

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
EMPLOYMENT			
Total number and distribution of employees by gender, age, country and professional category	GRI Disclosure 102-7 Scale of the organization GRI Disclosure 102-8 Information on employees and other workers GRI Disclosure 405-1 Diversity of governance bodies and employees	5.4.5. Total number and distribution of employees by gender, age, country and professional category	
Total number and distribution of employment contract types	GRI Disclosure 102-8 Information on employees and other workers	5.4.6. Total number and distribution of employment contract types	
Annual average permanent, temporary and part-time contracts by gender, age and professional category	GRI Disclosure 102-8 Information on employees and other workers	5.4.7. Annual average permanent, temporary and part-time contracts by gender, age and professional category	
Number of dismissals by gender, age, country and professional categories		5.4.8. Number of dismissals by gender, age, country and professional categories	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020.
Average compensation and evolution breakdown by gender, age and professional categories or equal value.		5.4.9. Average compensation and evolution breakdown by gender, age and professional categories or equal value. 5.4.6. Pay gap	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020.
Pay gap		5.4.10. Pay gap	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020.
Compensation of equal or average jobs in the Company		5.4.10. 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		5.4.11. Average compensation of Directors and Management	
Implementation of right-to-disconnect measures		5.4.12 Implementation of right-to-disconnect measures	Although there are no disconnection policies, there is a series of extended measures in the Company.
Employees with disabilities		5.4.13. Employees with disabilities	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020.

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
WORKING TIME ORGANIZATION			
Working time organization	GRI Disclosure 103-2 The management approach and its components (work organization)	5.4.14 Work Organization	
Number of hours lost to absenteeism	GRI Disclosure 403-9a Work-related injuries	5.4.15 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	5.4.16. Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both	
HEALTH AND SAFETY			
Health & Safety at work	GRI Disclosure 103-2 The management approach and its components (GRI 403 Health & Safety)	5.4.18. Health & Safety at work	
Work accidents (frequency and severity) broken down by gender	403.9a Work-related injuries	5.4.19. Work accidents (frequency and severity) broken down by gender	
Occupational diseases according to gender		5.4.20. Occupational diseases	
SOCIAL RELATIONS			
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)	5.4.22 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	5.4.23 Percentage of employees covered by collective bargaining agreements by country	
Balance of collective agreements, particularly in the field of health and safety at work.			
TRAINING			
Policies implemented in the field of training	GRI Disclosure 103-2 The management approach and its components (see GRI 404-Training and Education)	5.4.25 Policies implemented in the field of training	
	GRI Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs		
The total amount of training hours by professional category.	GRI Disclosure 404-1 Average hours of training per year per employee	5.4.26 The total amount of training hours by professional category.	
ACCESSIBILITY			
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)	5.4.27 Universal accessibility for people with disabilities	

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
EQUALITY			
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)	5.4.28 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)	5.4.29 Equality plans	
Measures implemented to promote employment	GRI Disclosure 103-2 The management approach and its components (GRI 401 Employment)	5.4.30. 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)	5.4.31 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)	5.4.32 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)	5.3.33 Policy against all types of discrimination and, where appropriate, management of diversity	

HUMAN RIGHTS INFORMATION

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
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)	5.4. 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)	5.5 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) GRI Disclosure 103-2 The management approach and its components (GRI 412 Human Rights Assessment)	5.2. Ethics and Integrity 5.5.4. Claims on cases of violation of human rights	

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
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).	5.5.5 Promotion and Compliance with fundamental IOL conventions related to the human rights of freedom of association and collective bargaining	

INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY

Contents of Law 11/2018 on NFIS	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)	5.3. Fight against Bribery and Corruption	
Measures to combat money laundering	GRI Disclosure 103-2 The management approach and its components (GRI 205: Anti-corruption)	5.6 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)	5.6.5 Contributions to foundations and non-profit organizations	

INFORMATION ABOUT THE COMPANY

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
CORPORATE COMMITMENT TO SUSTAINABLE DEVELOPMENT			
Impact of corporate activity on local communities and territories	GRI Disclosure 204-1 Proportion of spending on local suppliers	5.7.4. Acciones desarrolladas durante 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	5.7.4 Acciones desarrolladas durante 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	5.1.1. Identificación de Grupos de interés 5.1.2. Análisis de materialidad	
Partnership and sponsoring activities	GRI Disclosure 102-13 Membership of associations	1.4 Memberships and Associations	

Contents of Law 11/2018 on NFIS	Standard used	Report section	Comments
SUBCONTRACTING AND SUPPLIERS			
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)	5.8.2 Management Approach and Components 5.8.3 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)	5.8.2 Management Approach and Components 5.8.3 Assessment Procedures 5.8.4 Indicators	
Supervision systems and audits and their results		5.8.3 Assessment Procedures	
CONSUMERS			
Measures for consumer health and safety	GRI Disclosure 103-2 The management approach and its components (GRI 416: Customer Health and Safety)	5.9. Customers	
Claims systems, complaints received and their resolution	GRI Disclosure 103-2 The management approach and its components (GRI 416: Customer Health and Safety)	5.9. Customers	
	GRI Disclosure 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	5.9.5.5 Number of complaints related to breaches of customers' privacy and loss of data received	
FISCAL INFORMATION			
Benefits obtained by country	GRI Disclosure 207-4b.vi Country-by-country reporting	6.1. Benefits obtained by country	
Tax on benefits paid	GRI Disclosure 207-4b.viii Country-by-country reporting	6.2 Tax on Benefits Paid	
Public subsidies received	GRI Disclosure 201-4 Financial assistance received from government	6.3 Public subsidies received	
TAXONOMY			
Taxonomy		6. Taxonomy	

TUBACEX
GROUP

Independent Limited Assurance report on the Consolidated Non-Financial Statement for the year ended December 31, 2021

TUBACEX, S.A. AND ITS SUBSIDIARIES

Ernst & Young, S.L.
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28003 Madrid

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INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the shareholders of TUBACEX, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021, of TUBACEX, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section “Annex II: Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents” included in the accompanying NFS.

Directors’ Responsibility

The Board of Directors of TUBACEX, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* selected criteria of the *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in “Annex II: Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents” included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

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

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the NFS for the year ended December 31, 2021 based on the materiality analysis made by the Group and described in section "5.1 Materiality Assessment" considering the content required by prevailing mercantile regulations.
- Analysing the processes for gathering and validating the data included in the NFS for the year ended December 31, 2021.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended December 31, 2021.
- Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended December 31, 2021 and its correct compilation from the data sources.
- Obtaining a representation letter from the Board of Directors and Management.

Paragraph of emphasis

Regulation (EU) 2020/852 of the European Parliament and the Council, June 18 2020, on the establishment of a framework to facilitate sustainable investments settles the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2021, provided that the Non-Financial Statement is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the accompanying NSF. Additionally, information has been included, for which the Board of Directors of TUBACEX, S.A. have chosen to apply the criteria that, in their opinion, best enable compliance with the new obligation and which are defined within the "7. Taxonomy" chapter of the accompanying NFS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Annex II: Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents", included in the NFS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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Alberto Castilla Vida

February 23rd, 2022

THE ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE 2021

TAX ID (CIF) A01003946

Company name: TUBACEX S.A.

Registered office: Tres Cruces, 8 Llodio (Alava)

This english version is a translation of the original in spanish for information purposes only. In case of a discrepancy, the spanish original will prevail.

A OWNERSHIP STRUCTURE

A1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No X
Yes ☐

Indicate whether the company has awarded votes for loyalty:

No X
Yes ☐

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Total number of voting rights, including additional loyalty-attributed votes
30/11/2022	58.040.451,9	128. 978.782	128.978.782	128.978.782

Indicate whether there are different classes of shares with different associated rights:

Yes ☐ **No X**

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACION ARISTRAIN		11,30			11.30
DIMENSIONAL FUNDS ADVISORS LP		5.10			5.10

EDM GESTION SA SGIIC		5.10			5.10
MR. ALVARO GUZMAN		6.17			6.17
ITZARRI EPSV	3.30				3.30
SANTALUCIA SA	4.00				4.00
MR. ANGEL SORIA	3.03				3.03

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights
No data				

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements
Do not have produced

A3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MR. FRANCISCO JAVIER GARCIA	0.04				0.04
MR. JESUS ESMORIS	0.14				0.14
MR. ANTONIO GONZALEZ-ADALID	0.12				0.12
MR. JORGE SENDAGORTA		0.87			0.87
MR. IVAN MARTEN	0.11				0.11
MR. MANUEL MOREU	0.01				0.01
MRS. MURIA LOPEZ DE GUEREÑU	0.00				0.00

Total percentage of voting rights held by the Board of Directors	1,31

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	11,30

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description
No data		

A5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description
No data		

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post

MRS. GEMA NAVARRO	MR. JOSE MARIA ARISTRAIN	INVERSIONS FINANCIERAS TXINDOKI SL	VICEPRESIDENT
MRS. GEMA NAVARRO	MR. JOSE MARIA ARISTRAIN	CORPORACIÓN ARISTRAIN SL	VICEPRESIDENT
MRS. ISABEL LOPEZ	MR. JOSE MARIA ARISTRAIN	INVERSIONS FINANCIERAS TXINDOKI SL	SECRETARY
MRS. ISABEL LOPEZ	MR. JOSE MARIA ARISTRAIN	CORPORACIÓN ARISTRAIN SL	SECRETARY

A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐ **No X**

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐ **No X**

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

Yes ☐ **No X**

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
3,671,316		2.84

(*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	
Total:	

Explain the significant variations

On 14th January 2021 was implemented Discretionary treasury stock purchase program up to 3%.

A.10. Detail the conditions and term of the current mandate of the shareholders' meeting to the board of directors to issue, repurchase or transfer own shares:

The General Shareholders' Meeting at its meeting on June 24, 2021, approved authorizing, all in accordance with article 146 and provisions of the Capital Companies Law, to the Board of Directors so that it can proceed with the derivative acquisition of shares of "TUBACEX, S.A." by "TUBACEX, S.A." itself. and its investees for a maximum period of five years, rendering the resolution adopted null and void. in the General Meeting of May 24, 2017 in what was not executed.

Such acquisitions must be made under the following conditions:

a) Modality: sale, exchange, loan or dation in payment or any other means admitted in Law.

b) Maximum number of shares to be acquired, added to those already held by TUBACEX, S.A. and its subsidiaries: up to 10% of the subscribed capital.

c) Maximum and minimum prices: the closing rate of the last session on the Stock Exchange, with a margin of 15% upwards or downwards, adjusting in any case to the rules and practices of the securities markets.

d) Duration of the authorization: five (5) years from the date of this agreement.

Authorize the Board of Directors so that it can carry out the derivative acquisition of shares of TUBACEX, S.A. in terms exposed and so that it can allocate, totally or partially, the own shares already acquired and those that are acquired by virtue of the previous authorization for the execution of remuneration systems that consist of or have as their purpose the delivery of shares or stock option rights of TUBACEX, S.A to the workers, Senior Management and directors who exercise executive functions in accordance with the provisions of section 1.a) of the Article 146 of the Consolidated Text of the Capital Companies Law.

A.11Estimated float:

	%
Estimated float	**59.50**

A.12 Indicate if there is any restriction (statutory, legislative or of any kind) to the transferability of securities and/or any restrictions on voting rights. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those regimes of authorization or prior communication that, on the acquisitions or transfers of financial instruments of the company, applicable by regulations sectorial.

Yes ☐ No X

A.13 Indicate whether the general meeting has agreed to adopt neutralization measures against a public offering of acquisition under the provisions of Law 6/2007.

Yes ☐ No X

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

Yes No X

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

Yes No X

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes No X

B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

The Articles of Association of TUBACEX, S.A. strictly adhere to the provisions of the Capital Companies Law regarding the requirement of the favorable vote of the majority of the capital with the right to vote present or represented at the Meeting, without prejudice to the reinforced quorums that lay down the law.

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data				
Date of general meeting	% physical presence	% present by proxy	% distance voting		Total
			Electronic voting	Other	
22/05/2019	20.20	36.33			56.53
Of which Float		36.33			36.33
25/06/2020		53.63			53.63
Of which Float		53.63			53.63
24/06/2021	20.24	34.13			54.37
Of which Float		34.13			34.13

B.5 Indicate whether there has been any item on the agenda at the general meetings held during the year that has not been approved by the shareholders.

Yes ☐ **No X**

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐ **No X**

B.7 Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, contribution to another company of essential assets or other operations similar corporate entities, must be submitted for the approval of the general meeting of shareholders:

Yes ☐ **No X**

B.8 Indicate the address and mode of access to the company's website for government information corporate information and other information on general meetings that must be made available to shareholders through through the Company's website:

All the documentation related to the last General Shareholders' Meeting is available on the company website www.tubacex.com in the Shareholders and Investments/ General Shareholders' Meeting section and is complemented by everything related to Corporate Governance in the Tubacex Group/ Governance Corporate.

https://www.tubacex.com/investors-shareholders/annual-shareholders-meeting/

STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation:

Maximum number of directors	5
Minimum number of directors	12
Number of directors set by the general meeting	12

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure
MR. ANTONIO		INDEPENDENT	VICEPRESIDENT	28/05/2009	23/05/2013	AGM AGREEMENT

GONZALEZ-ADALID						
MR. JORGE SENDAGORTA		INDEPENDENT	DIRECTOR	23/05/2018	23/05/2018	AGM AGREEMENT
MRS. ISABEL LOPEZ		PROPIETARY	DIRECTOR	23/05/2018	23/05/2018	AGM AGREEMENT
MRS GEMA NAVARRO		PROPIETARY	DIRECTOR	22/05/2019	22/05/2019	AGM AGREEMENT
MR. ANTONIO MARIA PRADERA		INDEPENDENT	DIRECTOR	27/05/2015	22/05/2019	AGM AGREEMENT
MRS. NURIA LÓPEZ DE GUEREÑU		INDEPENDENT	DIRECTOR	27/05/2015	22/05/2019	AGM AGREEMENT
MR. JESUS ESMORIS		EXECUTIVE	CEO	28/05/2013	22/05/2019	AGM AGREEMENT
MR. IVAN MARTEN		INDEPENDENT	DIRECTOR	23/05/2018	23/05/2018	AGM AGREEMENT
MR. FRANCISCO JAVIER GARCIA		INDEPENDENT	PRESIDENT	22/05/2019	22/05/2019	AGM AGREEMENT
MR. MANUEL MOREU		INDEPENDENT	DIRECTOR	27/05/2015	22/05/2019	AGM AGREEMENT
MR. JOSE TORIBIO		INDEPENDENT	DIRECTOR	23/09/2021	23/09/2021	COOPTATION

Total number of directors	11

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	**Category of the director at the time of cessation**	**Date of last appointment**	**Date of cessation**	**Specialised committees of which he/she was a member**	**Indicate whether the director left before the end of his or her term of office**
MR. ALVARO VIDEGAIN	OTHERS EXTERNAL	24/05/2019	24/06/2021	ESTRATEGY AND INVESTMENTS COMMITTEE	YES
MRS. ROSA GARCÍA	INDEPENDENT	24/05/2019	23/09/2021	APPOINTMENT AND REMUNERATIONS COMMITTEE SINCE JUNE 2919 / AUDIT AND COMPLIANCE COMMITTEE SINCE JUNE 2021	YES

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
MR. JESUS ESMORIS	CEO	Industrial Engineer. He began his professional activity in Germany, as project director and commercial director in several companies industrial. In 1991 he created the company Autokomp GmbH, which is dedicated to the development in the German automotive sector of the business of various companies in the Basque Country. In 1996 he joined the newly created Egaña Industrial Corporation (currently CIE Automotive), where occupies the Strategic and Commercial Direction. In 2002 he assumes the Direction General of the Metal business unit and in 2005 he was appointed Group CEO. He is a Geomanagement advisor, APD North Zone and Vicinay Marine as well as director and vice president Executive of UNESID.

Total number of executive directors	1
Percentage of Board	9.09

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
MRS. ISABEL LOPEZ	Mr. Jose Maria Aristrain	Degree in law and lawyer of the Illustrious Bar Association of Madrid. She has a degree in Bankruptcy Studies from the ICAM and is a Counselor of Hernández-Echevarría Lawyers. He began his professional career in the Law Firm of Federico Puig, advising the Governing Boards of various cooperative societies.

		Accumulate extensive experience as a procedural lawyer in the civil and commercial field. Have a long professional career advising high net worth individuals family offices ("family-offices") and risk investment funds, both in the ordinary operations of business traffic, such as acquisitions extraordinary. He has provided services in material transactions premiums ("commodities"), as well as in the industrial and real estate sectors. He holds the position of Secretary of the Board of Directors of Differents companies.
MR. GEMA NAVARRO	Mr. Jose Maria Aristrain	Spent more than fifteen years developing her professional activity as a consultant for asset management of real estate and financial assets from your organization in Luxembourg. She has been a Director of several national companies and foreign companies, currently being Vice President of Investments industrial Txindoki and Aristrain Corporation. apply your profile entrepreneur to sustainable projects in the energy sector, such as instruments to promote development in the rural environment, promoting reconversion programs in areas with little projection, to provide economic viability through new management models. In this scenario, performances also stand out real estate, both in urban and rural settings, contemplating best practices in sustainability requirements and prioritizing the use of the most favorable enclave for the Company

Total number of proprietary directors	2
Percentage of Board	18,18

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
MR. ANTONIO GONZALEZ- ADALID	Naval Engineer from the Polytechnic University (Madrid) and master's degree in Economics and Management of
MR. JORGE SENDAGORTA	Honorary President of the SENER Engineering and Technology Group (3 companies). Vocal independent of the Board of Directors of the CELSA Group (5 companies). Administrator Unique to SENTEC, S.L.. Doctor in Naval Engineering from the Polytechnic University of Madrid. Master in Ocean Engineering from the M.I.T. IESE Senior Business Management Program Business School. Honorary Member of the Engineering Institute of Spain. Collegiate of Honor by the College of Naval and Oceanic Engineers. Member of the Royal Academy of the Sea. Consul of Bilbao. He has been president of the Circle of Basque Entrepreneurs and the Association of IESE Alumni.
MR. ANTONIO MARIA PRADERA	Civil engineer. He currently holds the position of Chairman of the Board of Administration of CIE Automotive and Global Dominion Access as well as director of Alba Corporation. He began his professional career as Director at Banco Bilbao between the years 1979 and 1985. After a short period as a freelance engineer, he was appointed General Manager of Nerisa in 1988 where he remained until 1993 when he joined SEAT as Director of Strategy. In 1995 he played a relevant role in the creation of INSSEC, becoming its CEO and holding this position until 2010. As non-executive Chairman of CIE AUTOMOTIVE is heavily involved in the strategic management and financial aspects.

MRS. NURIA LÓPEZ DE GUEREÑU	Telecommunications Engineer from the Polytechnic University of Catalonia; master in Business Management-MBA from ESIC-Business&Marketing School; Erasmus European Master Mundus in Design and Management of Lifelong Learning Policies from University College of London and PhD in Sociology of Education from the UPV-EHU. is in possession of Certificate of the IC-A (Institute of Directors and Administrators) in Good Governance of the Societies. In the technological field, he has been a systems technician at Osakidetza-Basque Service of Health and head of IT at the Mendaro Regional Hospital. He has participated in research projects in digital technology at Vicomtech (specialized technology center in Artificial Intelligence, Visual Computing and Interaction). In the field of management, held the position of Minister of Transport and Public Works of the Basque Government and that of General Secretary of Confebask (Basque business organization). She is currently Director Executive of the EKI Foundation (supply of photovoltaic installations in sub-Saharan Africa) She has taught at the Deusto Business School and at the Basque Public University (UPV-EHU), and is currently a member of the Governing Board of the University of Deusto and the Governing Board of Unesco-Etxea (Association of the Basque Country for UNESCO).
MR. IVAN MARTEN	President of Orkestra Basque Institute of Competitiveness and advisor to EVE, Enso and member of the Tecnalia Board of Trustees. He is also a member of the international advisory Board of Denmark. Innovation Fund. He has been Vicechairman Energy of BCG from July 2016 to December 2018, was previously the global leader of the energy practice from January 2008 to July of 2016 and leader of EMEA (Europe, Middle East and Africa) between the years 2004 and 2007. With more thirty years of experience in the energy and environment sector, has helped companies in the energy sector to develop their strategic visions and implement them in their organizations. He has advised

	governments and regulators around the world on matters relating to energy regulation and sustainable development. In 2013 it was included in the Top 25 of the most influential consultants by Consulting magazine. He is a regular speaker on energy, environment and geopolitical issues in forums such as IEF (International Energy Forum), WPC (World Petroleum Board), IEF-IEA-OPEC dialogue, GECF (Gas Exporting Countries Forum), IGU (International Gas Union), ESADE Geo, Aspen Institute, AMER (Asian Ministerial Energy round table). He is a member of the Executive Committee of EAP (Energy Access Platform). It is Chairman of the International Advisory Board of T2 Energy Transition Fund, Member of the Board of government of the University of Deusto and the Board of Trustees of the ESADE Foundation. is a member of the Institute of Managing Directors of Spain and the United Kingdom. He is doctor cum laude in Economic and Business Sciences from th Autonomous University of Madrid and was awarded Extraordinary Degree.
MR. FRANCISCO JAVIER GARCIA	Economic Sciences. Doctor honoris causa from the University of Stuttgart (2008) began his professional career as purchasing manager at Adam Opel AG in Rüsselsheim in 1979. From 1980 to 1993, he carried out various functions at Opel and GM Europe and in the USA, becoming Executive Director of Worldwide Purchasing at GM Corporation in Detroit (USA). in 1993 went on to work at Volkswagen as head of the purchasing area of ´Electrics/ Electronics´ of the group. From 1997 to 2007 he was a member of the Executive Committee of the Volkswagen brand, passing to be Vice President of the Volkswagen Group since 2001. On the other hand, in 1995 he was appointed Executive Vice President of SEAT, S.A., becoming Director in 1997 and Chairman of the Board from 2007. He was also Chairman of Volkswagen Navarra and of VGED (Volkswagen Group España Distribution) and member of the Board of Directors of Audi AG, FAW Volkswagen (China), Shanghai Volkswagen and Scania

	AB as well as the Supervisory Board of PorscheAG. He was also Chairman of the Board of Directors of Volkswagen Brazil. and Volkswagen Argentina. Between June 2009 and July 2012 he was president of ANFAC and then a member of it. He also held a prominent position in the employer's association of German automotive manufacturers (VDA). In 2009 he was appointed President of the team of football Wolfsburg, a position in which he remained until 2018. Francisco Javier García Sanz left all his responsibilities in the VW Group on April 12, 2018. He has been a director of Criteria Caixa and It is currently owned by Fersa Zaragoza, Hochtief AG, Acerinox and Vida Caixa.
MR. MANUEL MOREU	Doctor of Naval Engineering from the Higher Technical School of Naval Engineers (ETSIN) of the Polytechnic University of Madrid and Master in Ocean Engineering from Massachusetts Institute of Technology (MIT). He is currently a director and member of the Executive Committees Delegate and Remuneration and President of Seaplace S.L., H.I. Engineering and Projects S.L. and Howard Engineering and Development S.L. He has been a member of the Board of Directors of Iberdrola Renewables S.A. (2007-2011) and director and member of the Audit and Compliance Committee of Gamesa Technological Cor oration, S.A. (2013-2015) He has served as head of the Department Technician of the Spanish Society for Classification and Registration of Ships, Floating Artifacts and Ingenios Oceánicos, S.A. (Fidenavis) and in the Seaplace Technical Department. On the teaching level he is a professor in the Master of Maritime Law of the Spanish Maritime Institute and the University Comillas Pontifical University and the Oil Master of the Higher Technical School of the School of Mines of the UPM and was a professor at the Higher Technical School of Naval and Oceanic Engineers from UPM and Repsol's Oil Master. He presided over the Institute of Engineering of Spain from 2012 to 2016 and was Dean of the Official College of Naval and Oceanic Engineers of Spain from

	2006 to 2010.
Mr. Jose Toribio	Degree in Economic and Business Sciences from the University of Navarra and with a MBA from IESE began his professional career at Banco Santander, later passing to CITIGROUP as Vice President of Corporate & Investment Bank. Between the years 2001 and in 2005 he held various positions of responsibility at Atkearney Consulting and La Caixa for subsequently joining Merrill Lynch as Senior Vice President of the Global area Wealth Management. From 2010 to 2021 he has held the position of Director of Banking Private Global in CITIGROUP, combining his professional activity with teaching in subject of finance and financial markets at CUNEF and at the University of Navarra.

Total number of independent directors	8
Percentage of Board	72,73

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
Mr. Ivan Marten	Mr. Marten receives compensation additional and different from those of counselor by the company strategic advice	The Board of Directors considers that remuneration for advice strategic does not call into question compromises the independence of the board due to its amount and the impact that said amount has in the director's remuneration

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile

Total number of other external directors	Does not apply
Percentage of Board	

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
Executive					0	0	0	0
Proprietary	2	2	2	1	100.00	100.00	100.00	50.00
Independent	1	2	2	2	7.87	25.00	25.00	25.00
Other External					0	0	0	0
Total:	3	4	4	3	27.27	33.33	33.33	25.00

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes X **No ☐** **Partial policies ☐**

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved
The Director Candidate Selection Policy approved by the Board of Directors at its April 2016 meeting states expressly that the composition of the Board be analyzed

at all times and people who meet the necessary conditions will be sought and whose appointment favors the diversity of knowledge, experiences, origins, nationalities and gender within the Board of
Management. The Director Candidate Selection Policy will ensure that the number of independent directors continues to represent at least the fifty percent of the total number of members of the Board of Directors and will continue promoting the progressive inclusion of women. It is under this guideline that the Appointments and Remuneration Committee has since been assessing the inclusion of candidates for the selection processes for directors to fill vacancies, which will always meet the same requirements as the Board of Directors demanded or required at each moment.

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
The Appointments and Remuneration Committee has been applying measures in each selection of director candidates to incorporate women who met the professional profiles required at all times. As of December 31, 2021 in the Senior Management of the company there is no woman.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons
Last September 2021, with the early departure from the Board of Mrs. Rosa García García, the percentage of female directors fell from 33%. As of December 31, 2021 and the issuance of this report, with a ratio of 27%, it is a primary issue to be taken into account by the administrative body in its search for candidates to cover vacancies.

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The results of the different actions carried out by the Appointments and

Remuneration Committee in each selection process are the evidence that the policy is followed.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
No data	

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ☐ **No X**

C1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
Jesus Esmoris	All powers except those that cannot be delegated by the Capital Companies Act.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
MR. JESÚS ESMORIS	ACERIA DE ALAVA SAU	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	CFT SERVICIOS INMOBILIARIOS SAU	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX TUBOS INOXIDABLES S.A.U	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX TAYLOR ACCESORIOS SAU	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	IBF SPA	BOARD MEMBER	YES

MR. JESÚS ESMORIS	FUNDACIÓN EIC	CHAIRMAN	NO
MR. JESÚS ESMORIS	TUBACEX SERVICE SOLUTIONS SA	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX UPSTREAM TECHNOLOGIES SAU	CHAIRMAN	YES
MR. JESÚS ESMORIS	SBER GMBH	BOARD MEMBER	NO
MR. JESÚS ESMORIS	TUBACEX MIDDLE EAST HOLDING SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX SERVICES SL	CHAIRMAN	NO
MR. JESÚS ESMORIS	KERACOAT SL	BOARD MEMBER	NO
MR. JESÚS ESMORIS	TUBACOAT SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX ADVANCED SOLUTIONS SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX SERVICE SOLUTIONS HOLDING SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	TUBACEX SERVICIOS DE GESTION SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	FUNDACION TUBACEX	MEMBER	NO
MR. JESÚS ESMORIS	NTS EUROPE HOLDING SL	SOLE DIRECTOR	YES
MR. JESÚS ESMORIS	HYVALE TUBACEX IET SL	BOARD MEMBER	NO
MR. JESÚS ESMORIS	TUBACEX DESARROLLOS SL	SOLE DIRECTOR	YES

C1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	**Company name of the listed or non-listed entity**	**Position**
MR. FRANCISCO JAVIER GARCÍA	ACERINOX SA	BOARD MEMBER
MR. FRANCISCO JAVIER GARCÍA	FERSA BEARINGS	CHAIRMAN

MR. FRANCISCO JAVIER GARCÍA	HOCHTIEF AG	BOARD MEMBER
MR. FRANCISCO JAVIER GARCÍA	VIDA CAIXA	BOARD MEMBER
MR. JESUS ESMORIS	GEOMANAGEMENT SL	DIRECTOR
MR. JESUS ESMORIS	UNESID	DIRECTOR PROXY
MR. JESUS ESMORIS	VICINAY MARINE SL	BOARD MEMBER
MR. JESUS ESMORIS	APD ZONA NORTE	BOARD MEMBER
MR. MANUEL MOREU	SEAPLACE SL	CHAIRMAN
MR. MANUEL MOREU	H.I. IBERIA INGENIERIA PROYECTOS SL	SOLE DIRECTOR
MR. MANUEL MOREU	AOWARD INGENIERIA DESARROLLO SL	SOLE DIRECTOR
MR. MANUEL MOREU	IBERDROLA SA.	BOARD MEMBER
MR. JORGE SENDAGORTA	SENER GRUPO DE INGENIERÍA S.A	CHAIRMAN
MR. JORGE SENDAGORTA	SENER INGENIERÍA Y SISTEMAS SA	CHAIRMAN
MR. JORGE SENDAGORTA	SENER AERONÁUTICA SA	CHAIRMAN
MR. JORGE SENDAGORTA	BARNA STEEL SA (CELSA GROUP)	BOARD MEMBER
MR. JORGE SENDAGORTA	IPO WIRE HOLDINGS SA (CELSA GROUP)	BOARD MEMBER
MR. JORGE SENDAGORTA	INVERSIONES PICO ANAYET SA (CELSA GROUP)	BOARD MEMBER
MR. JORGE SENDAGORTA	INVERSIONES PICOS ESPADAS SA (CELSA GROUP)	BOARD MEMBER
MR. ANTONIO MARIA PRADERA	CIE AUTOMOTIVE SA	CHAIRMAN
MR. ANTONIO MARIA PRADERA	GLOBAL ACCESS DOMINION SA	CHAIRMAN
MR. ANTONIO MARIA PRADERA	CORPRACION FINANCIERA ALBA SA	BOARD MEMBER
MRS. GEMA NAVARRO	INVERSIONES FINANCIERAS TXINDOKI SL	VICEPRESIDENT
MRS. GEMA NAVARRO	CORPORACION ARISTRAIN SL	VICEPRESIDENT
MRS. ISABEL LÓPEZ	INVERSIONES FINANCIERAS TXINDOKI SL	MEMBER SECRETARY
MRS. ISABEL LÓPEZ	CORPORACION ARISTRAIN SL	MEMBER SECRETARY

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
MR. MANUEL MOREU	Professor of the Master of Maritime Law IME of the Pontifical University of Comillas Professor ofthe Master of the Petroleum from the Polytechnic University of Madrid.

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes X **No**

Article 26.4 of the Regulations of the Board of Directors establishes a maximum limit of five boards, not applicable to companies subsidiaries of a group of companies. This limit could be waived by the Board of Directors following a report from the Commission of Appointments and Remuneration.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	1443
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	103
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	258

Observations

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
MR. MANUEL SARABIA	HR CORPORATE DIRECTOR AND TRADE&SERVICES md
MR. ANTON AZLOR	COMMERCIAL CORPORATE DIRECTOR
MR. IKER AZKARGORTA	MD BIG PIPES&FITTINGS

MR. DIEGO HERRERO	INNOVATION CORPORATE MD
MR. GUILLERMO RUIZ-LONGARTE	CHIEF CORPORATE OFFICER
MR. CHARLES KIRBY	SUPLLY CHAIN CORPORATE DIRECTOR
MR. JAVIER LORENZO	TUBACEX AMERICAS MD
MR- CELESTINO DANIS	MANAGING DIRECTOR STEEL &ESTRUSION
MR. MIGUEL GOMEZ	OIM and M&A DIRECTOR
MR. AJAY SAMBRANI	ASIA& MIDDLE EAST MD

Number of women in senior management	0
Percentage of total senior management	

Total remuneration of senior management (thousands of euros)	1970

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes ☐ **No X**

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

Chapter VI.- APPOINTMENT AND REMOVAL OF DIRECTORS.-

ARTICLE 17.- Appointment of Directors.-
1.- The directors will be appointed by the General Meeting or by the Board of Directors in accordance with the provisions contained in the Capital Companies Law.
2.- The proposals for the appointment of directors submitted by the Board of Directors for the consideration of the General Meeting and the Appointment decisions adopted by said body by virtue of the powers of cooption that it has legally attributed must be preceded by the corresponding proposal from the Appointments and Remuneration Committee proceed and record their reasons in the minutes.

ARTICLE 20.- Appointment of external directors.-
1.- The Board of Directors and the Appointments and Remuneration Committee, within the scope of their powers, will ensure that the election of candidates falls on people of recognized solvency, competence and experience, and extreme rigor must be exercised in relation to those called to fill the positions of independent director provided for in article 8 of these Regulations.
2.- The Board of Directors may not propose or appoint persons who have any related to the management of the company or are linked for family, professional or commercial reasons with the executive directors or with other senior managers of the company.
a) people who have been employees or executive directors in group companies unless 3 or 5 years have elapsed since the cessation of said relationship
b) those who are or have been during the last three years, partners of the external auditor of the company or of any of the group companies;
c) the effective directors or senior managers of another company in which an executive director or senior manager of the company is a director external.

d) from the company or its group any amount or benefit other than the director's remuneration, unless it is not significant.

e) persons who maintain or have maintained in the last year an important business relationship with the company in their own name or on behalf of as a significant shareholder, director, senior manager or through a company in which they have a significant interest;

f) persons who, directly or indirectly, through companies in which they have a significant stake, have received payments or donations from the company during the last three years that could compromise its independence;

g) people who have other relationships with the company that, in the opinion of the Appointments and Remuneration Committee, may reduce their independence;

h) The spouses or persons linked by a similar emotional relationship or relatives up to a second degree of an executive or senior director director of the company.

i) Those who have not been proposed either for appointment or renewal by the Appointments and Remuneration Committee.

Independent directors may no longer be considered as such when they have been so for a continuous period of more than 12 years.

1.- The directors will hold office for a maximum period of four years, and may be re-elected. May not be appointed or re-elected no director once they have reached the age of 70, 65 in the case of executive directors, although they may end the mandate for which they were named. This limitation will not apply to proprietary directors.

2.- The directors appointed by co-option will hold office until the date of the meeting of the first General Meeting.

3.- The Director who ends his mandate or for any other reason ceases in the performance of his position may not provide services in another entity that has a corporate purpose similar to that of the Company for a period of two years.

The Board of Directors, if it deems it appropriate, may exempt the outgoing director from this obligation or shorten the period of his or her duration.

ARTICLE 23.- Termination of directors.-

1.- Directors will cease to hold office when the period for which they were appointed has elapsed and when so decided by the General Meeting or the Board of Directors in use of the powers conferred legally or statutorily.

The appointment of directors will expire when, after the term has expired, the following General Meeting has been held or the date has elapsed.

the legal term for holding the Meeting that must decide on the approval of accounts for the previous year.

2.- The directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions to which their appointment as director was associated.

b) When they are involved in any of the cases of incompatibility or prohibition provided by law.

c) When they are convicted of a criminal act or are responsible for serious or very serious misconduct by firm resolution of the authorities supervisors.

d) When they are seriously reprimanded by the Audit and Compliance Committee for having breached their obligations as counselors.

e) When their permanence on the Board may put the interests of the company at risk or when the reasons for which they were appointed.

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

Description of amendment(s)
Tubacex has been carrying out its self-assessment as a performance analysis measure of its Board of Directors since 2002. Including in said practice, the evaluation of the activity carried out by the different existing commissions as well as those of the role of Presidency and CEO. Every year since then, the Board has been carrying out an analysis exercise in the first quarter of the year for its shared in the plenary session of the Board. With the conclusions of said evaluation, an action plan was established to be carried out during the exercise, incorporating organizational measures, topics to intensify as well as other good practices at the corporate governance level. Following the recommendation that every three years the evaluation be carried out with the help of an external party, in 2019 it was done for the first time with the collaboration of this modality. The evaluation relating to the 2021 financial year will be done internally, as occurred in 2020, the year in which the financial year was led by Mrs. Videgain and García in their capacity at that time as outgoing and incoming presidents, to delve into the improvement of functioning of the organ. The 2021 evaluation will be carried out in the first months of 2022.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated
The evaluation in any case, regardless of the exercise modality, analyzes the composition, functioning, competences of the delegated bodies as well as the management body itself. In the same way, the statutory roles are evaluated and indirectly the committee chairmen.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

The first time that an external collaborator is evaluated is in 2019 and the company has not had any business relationship with the consultant selected. By 2020 the evaluation will be internal again.

C.1.19 Indicate the cases in which directors are obliged to resign.

1.- Directors will cease to hold office when the period for which they were appointed has elapsed and when so decided by the General Meeting or the Board of Directors in use of the powers conferred legally or statutorily. The appointment of directors will expire when, after the term has expired, the following General Meeting has been held or the date has elapsed the legal term for holding the Meeting that must decide on the approval of accounts for the previous year. 2.- The directors must place their position at the disposal of the Board of Directors

C.1.20

and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions to which their appointment as director was associated.

b) When they are involved in any of the cases of incompatibility or prohibition provided by law.

c) When they are convicted of a criminal act or are responsible for serious or very serious misconduct by firm resolution of the authorities supervisors.

d) When they are seriously reprimanded by the Audit and Compliance Committee for having breached their obligations as counselors.

e) When their permanence on the Board may put the interests of the company at risk or when the reasons for which they were appointed.

Are q
ualified majorities other than those established by law required for any particular kind of decision?:

Yes ☐ **No X**

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes ☐ **No X**

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes X **No ☐**

	Age limit
Chairman	70
Managing director	65
Director	70

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes ☐ **No X**

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

The Articles of Association as well as the Board Regulations do not establish additional limitations to the normal established voting delegation by the Capital Companies Law.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	11
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director.

Number of meetings	0

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the executive committee	0
Number of meetings held by the audit committee	11
Number of meetings held by the nomination and remuneration committee	6
Number of meetings held by the strategy and follow up committee	2
Number of meetings held by the Sustaintability and good governance	2

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings at which at least 80% of the directors were present in person	11
Attendance in person as a % of total votes during the year	98.00
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	11
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	98.00

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes ☐ **No X**

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Board of Directors has established all the internal mechanisms so that the accounts are drawn up in accordance with the regulations applicable accounting.

C.1.29 Is the secretary of the Board also a director?

Yes □ **No X**

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mrs. Maider Cuadra	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The Board of Directors has delegated to its Audit and Compliance Committee to guarantee the independence of the external auditors and take the appropriate measures in the proposal for the appointment of auditors that the Board subsequently submits to the General Meeting of Shareholders. It also has full observance of the legal provisions in each case regarding its relations with financial analysis, collaborations with investment banks and rating agencies.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes X **No** □

Outgoing auditor	Incoming auditor
DELOITTE SL	ERNST&YOUNG SL

If there were any disagreements with the outgoing auditor, explain their content:

Yes □ **No X**

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes X **No □**

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	32	47	79
Amount invoiced for non-audit work/Amount for audit work (in %)	25.00	15.26	18.11

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes □ **No X**

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	2.38	2.44

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes X **No □**

Details of the procedure
The members of the Board of Directors have the widest powers of information in accordance with the provisions of the Regulations. The documentation of the meetings is sent in advance through a tool to share documentation through which is kept up to date at all times. Additionally, the directors can address their information requirements through of the Chairman or the Secretary.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes X **No **

Explain the rules
2.- Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases: a) When they have reached the age of 70 and have completed their mandate. b) When they cease to hold the executive positions to which their appointment as director was associated. c) When they are involved in any of the cases of incompatibility or prohibition provided by law. d) When they are convicted of a criminal act or are responsible for serious or very serious misconduct by firm resolution of the authorities supervisors. e) When they are seriously reprimanded by the Audit and Compliance Committee for having breached their obligations as counselors. f) When their permanence on the Board could put the interests of the company at risk or when the reasons for which they were appointed dissapeared.

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes ** **No X

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Does not apply

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	1
Type of beneficiary	**Description of the agreement**
CEO	The CEO's contract has a severance clause applicable in the event of involuntary and unjustified termination by the Board of Administration or the General Meeting

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of directors	General shareholders' meeting
Body authorising the clauses	X	

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?		X

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

STRATEGY AND FOLLOW UP COMMITTEE

Name	Position	Current
Mr. Francisco Javier García	Chairman	Independent
Mr. Antonio Gonzalez-Adalid	Member	Independent
Mr. Jesus Esmoris	Member	Executive
Mr. Antonio Maria Pradera	Member	Independent
Mr. Ivan Marten	Member	Independent
Mr. Manuel Moreu	Member	Independent
Mrs. Gema Navarro	Member	Propietary

% of executive directors	14.29
% of proprietary directors	14.29
% of independent directors	71.43
% of other external directors	0

Explain the functions, including, where appropriate, those in addition to those provided by law, that it has attributed this commission, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate your most important performances during the exercise and
how each of the functions attributed to it has been exercised in practice, either by law or in the statutes or in other social agreements.

The Strategy and Investment Committee has no additional functions to those provided in the Regulations of the Board. His main performances throughout 2020 they have been the analysis and monitoring of investments to adequately inform the Board of Directors. Likewise the monitoring of the update of the Strategic Plan of the group. During 2020 it has met three times.
1.- The Strategy and Investment Committee will be made up of at least three Group Directors. He will act as Chairman of the Commission of Strategy and Investments will be the Chairman of the Board of Directors and its secretary will be the Secretary of the Board or the person who committee itself appoints.
2.- Without prejudice to other tasks assigned by the Board, the Strategy and Investment Committee will have the following responsibilities basic:
a) propose to the Board of Directors the Company's medium- and long-term strategic plans.
b) Propose the annual investment budget of the companies that make up the TUBACEX, S.A. group.
c) Propose the divestment of substantial assets of the Company.
d) Propose major corporate operations to the Board of Directors.
3.- The Strategy and Investment Committee will meet periodically depending on the needs and at least four times a year.
4.- Any member of the management team or staff of the Company may attend the sessions of the Committee and lend their collaboration. that was required for this purpose.

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Current
Mr. Antonio Gonzalez-Adalid	Chairman	Independent
Mrs. Nuria López de Guereñu	Member	Independent
Mr. Jose Toribio	Member	Independent

% of executive directors	0
% of proprietary directors	0
% of independent directors	100.00
% of other external directors	0

Explain the functions, including, where appropriate, those in addition to those provided by law, that it has attributed this commission, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate your most important performances during the exercise and how each of the functions attributed to it has been exercised in practice, either by law or in the statutes or in other social agreements.

1. The Commission has the function of assisting the Board of Directors of the Company in the supervision of the matters established in the Law, in the Articles of Association and in these Regulations, without prejudice to the other duties assigned by the Board of Directors.

2. Without prejudice to any other duties that may be assigned at any time by the Board of Directors and that may be attributed by the applicable regulations, the Committee shall exercise, at a minimum, the following basic functions:

a) Inform the General Meeting of Shareholders about the questions that arise in relation to those matters of its competence, and, in particular, on the result of the audit explaining how it has contributed to the integrity of the financial information and the function that the commission has played in that process.

b) Supervise the effectiveness of the Company's internal control, internal audit and risk management systems, as well as discuss with the auditor of accounts the significant weaknesses of the internal control system detected in the development of the audit, all without breaking its independence. For such purposes, and where appropriate, they may present recommendations or proposals to the administrative body and the corresponding deadline for follow-up.

c) Supervise the process of preparation and presentation of the mandatory financial information and present recommendations or proposals to the management body, aimed at safeguarding its integrity.

d) Submit to the Board of Directors the proposals for the selection, appointment, re-election and substitution of the accounts auditor, taking responsibility for the selection process, in accordance with the applicable regulations, as well as the conditions of their hiring and collecting regularly provide him with information on the audit plan and its execution, in addition to preserving his independence in the exercise of his functions.

e) Establish the appropriate relationships with the external auditor to receive information on those issues that may pose a threat for its independence, for examination by the committee, and any others related to the process of carrying out the audit of accounts, and, when appropriate, the authorization of services other than those prohibited, in the terms contemplated in the auditing legislation and in auditing standards.

In any case, they must receive annually from the external auditors the declaration of their independence in relation to the entity or entities linked to it directly or indirectly, as well as detailed and individualized information on additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it in accordance with the provisions of the regulations governing the activity of account auditing.

f) Issue annually, prior to the issuance of the accounts audit report, a report expressing an opinion on if the independence of the account auditors or audit firms is compromised. This report must contain, in any case, the reasoned assessment of the provision of each and every one of the additional services referred to in the previous letter, individually considered and as a whole, other than the statutory audit and in relation to the regime of independence or the regulations governing the account audit activity.

g) Report on related-party transactions that must be approved by the general meeting or the board of directors and supervise the procedure that the company has established for those whose approval has been delegated.

h) Report, in advance, to the board of directors on all matters provided for in the law, the bylaws and in the regulation of the board and in particular, on: 1. The financial information and the management report, which will include, where appropriate, non-financial information mandatory that the company must publish periodically; and 2nd the creation or acquisition of shares in entities of purpose special or domiciled in countries or

territories that are considered tax havens. The audit committee will not exercise the functions provided for in this letter h) or in the previous one when they are statutorily attributed to another commission.
i) Supervise the activity of the Internal Audit and the Compliance Function, which depend functionally on the Commission.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Mr. Antonio Gonzalez Adalid
Date of appointment of the chairperson	27/06/2018

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Current
Mr. Antonio Pradera	Chairman	Independent
Mrs. Isabel Lopez	Member	Propietary
Mr. Jorge Sendagorta	Member	Independent

% of executive directors	0
% of proprietary directors	33.33
% of independent directors	66,67
% of other external directors	0

Explain the functions, including, where appropriate, those in addition to those provided by law, that it has attributed this commission, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate your most important performances during the exercise and how each of the functions attributed to it has been exercised in practice, either by law or in the statutes or in other social agreements.

Without prejudice to other tasks assigned by the Board, the Appointments and Remuneration Committee will have the following responsibilities basic:
a) Assess the necessary skills, knowledge and experience on the board of directors. For these purposes, it will define the functions and necessary skills in the candidates who must cover each vacancy and will evaluate the time and dedication necessary for them to perform its mission effectively.
b) Establish a representation goal for the underrepresented sex on the board of directors and develop guidelines on how achieve that goal.
c) Submit to the board of directors the proposals for the appointment of independent directors for their appointment by co-option or for his submission to the decision of the general meeting of shareholders, as well as the proposals for the re-election or removal of said directors by the general meeting of shareholders.

d) Inform the appointment proposals of the remaining directors for their appointment by co-option or for their submission to the decision of the general meeting of shareholders, as well as the proposals for their re-election or removal by the general meeting of shareholders.
e) Inform the proposals for the appointment and removal of senior managers and the basic conditions of their contracts.
f) Examine and organize the succession of the chairman of the board of directors and the chief executive of the company and, where appropriate, formulate proposals to the Board management so that said succession occurs in an orderly and planned manner.
g) Propose to the board of directors the remuneration policy for directors and general managers or those who carry out their duties. top management functions under
direct dependence on the board, executive committees or CEOs, as well as individual remuneration and other conditions contractual agreements of the executive directors, ensuring their observance.
h) report in relation to the transactions that imply or may imply conflicts of interest and, in general, on the matters contemplated in chapter IX of Board Regulations.
i) ensure that gender diversity is not hindered in the selection procedures and seek to include among the potential candidates
women who meet the appropriate professional profile in each case;
j) Guarantee that the evaluation of the Board of Directors is carried out annually The Committee must consider the suggestions that send the President, the members of the Board, the directors or the shareholders of the company.

SUSTAINTABILITY AND GOOD GOVERNANCE COMMITTEE

Name	Position	Current
Mrs. Nuria Lopez De Guereñu	Chairwoman	Independent
Mrs. Gema Navarro	Member	Propietary
Mr. Jorge Sendagorta	Member	Independent
Mr. Ivan Marten	Member	Independent

% of executive directors	0
% of proprietary directors	25.00
% of independent directors	75.00
% of other external directors	0

Explain the functions, including, where appropriate, those in addition to those provided by law, that it has attributed this commission, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate your most important performances during the exercise and how each of the functions attributed to it has been exercised in practice, either by law or in the statutes or in other social agreements.

1. The Commission has the function of assisting the Board of Directors of the Company in the supervision of ESG matters (Environment, Social, Governance) established in the Law, in the Bylaws and in these Regulations, without prejudice to the other tasks assigned by the Board of directors.
2. Without prejudice to any other duties that may be assigned at any time by the Board of Directors and that may be attributed by the applicable regulations, the Committee shall exercise, at a minimum, the following basic functions:

a) Promote the Company's ESG policies, so that they are aimed at creating value through sustainable behaviour. Periodically analyze the recommendations and best business practices in terms of Sustainability, in order to review the adaptation of the Group's policies and possibly propose the necessary adaptations.
b) Ensure that the Group's Strategic Plan integrates and develops ESG policies in a coherent manner, in accordance with the approved guidelines
by the Board of Directors. Periodically monitor and assess the level of compliance with the Group's actions in ESG matters
c) Know, supervise and evaluate the relationship processes with the different interest groups, as well as the communication strategy and positioning in relation to them, taking into account the attention of their legitimate interests.
d) Ensure that ESG risks are properly integrated into the Group's risk management and control models, and are considered in the decision processes about potential investments/divestments. Ensure that the Internal Audit function includes these risks in its review of the effectiveness and adequacy of the Group's risk control processes and systems.
e) Determine the guidelines, criteria and general principles that must govern the content of the Non-Financial Information Statement, as well as any other equivalent reporting system required by the legislation of other countries in which the Group operates. Same with those international reporting systems that have been considered of interest to the Group. Promote the implementation of indicators and Frameworks.
f) Collaborate with the TUBACEX Foundation in the identification of the elements of the Group's Strategy that can be promoted from it to through specific ESG projects, so that it becomes an instrument of sustainability policy.
g) Promote compliance by the Group with the 17 Sustainable Development Goals approved by the United Nations (“SDGs”).

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year n		Year n-1		Year n-2		Year n-3	
	Number	%	Number	%	Number	%	Number	%
Strategy and follow up committee	1	14.28	0		0		0	
Audit and compliance committee	1	33.33	1	33.33	1	25.00	1	25.00
Nomination and Remuneration committee	1	33.33	2	50.00	1	33.33	1	25.00
Sustainability and Good Governance committee	1	50.00	0		0		0	

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

As of the date of issuance of this report, the board committees have approved their own Regulations separate from those of the Board of Administration and is available on the company's website at https://www.tubacex.com/es/tubacex-group/corporate-governance.
Annually, each committee issues a report on activities related to the closed financial year, which is made available to the General Board of Directors.

D RELATED PARTY AND INTRAGROUP TRANSACTIONS

D1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Any operation that may be considered as related must be notified to the Audit and Compliance Committee for its analysis through the Secretary as soon as possible.
At least every six months, and coinciding with the obligation to disclose information about related-party transactions, the Audit and Compliance will review all the operations that have been communicated to it.
Depending on the nature and amount of these operations, the process to follow for review and approval will be different:

1. Transactions whose approval has been delegated by the Board of Directors to the Audit and Compliance Committee:
a) operations between companies that are part of the same group that are carried out in the field of ordinary management and under conditions of market;
b) operations concluded under contracts whose standardized conditions are applied en masse to a large number of clients, are carried out at prices or rates generally established by whoever acts as the supplier of the good or service in question, and whose amount does not exceed 0.5 percent of the net amount of the Company's turnover.
The Audit and Compliance Committee will verify the fairness and transparency of these operations. In the event that it is concluded that the above assumptions are met, no additional approval will be required.

2. Operations whose approval corresponds to the General Meeting of Shareholders are related operations whose amount or value is equal or greater than 10% of the total asset items according to the last annual balance sheet. In any case, prior to the approval of the operation, the Audit and Compliance Committee will prepare a report analyzing the operation.
In its report, the Audit and Compliance Committee must assess whether the operation is fair and reasonable from the point of view of the Company and, where appropriate, of the shareholders other than the related party, and give an account of the budgets on which the

evaluation is based and of the methods used. The directors affected may not participate in the preparation of the report.

3. Operations whose approval corresponds to the Board of Directors:

All operations that are not included in the assumptions included in sections 1 and 2 above, will be approved by the Board of Directors. Management. In any case, prior to the approval of the operation, the Audit and Compliance Committee will prepare a report analyzing the operation. In its report, the Audit and Compliance Committee must assess whether the operation is fair and reasonable from the point of view of the Company and, where appropriate, of the shareholders other than the related party, and give an account of the budgets on which the evaluation is based and of the method used. The directors affected may not participate in the preparation of the report.

5. INFORMATION OBLIGATIONS

The Company must release, and never later than the time of its realization, the related operations carried out by this or companies of its group and that reach or exceed:

a) 5% of the total items of assets or

b) 2.5%of the annual amount of the annual turnover.

The announcement must be inserted in an easily accessible place on the Company's website and will be communicated to the National Commission of Stock Market for public dissemination. The announcement must be accompanied by the mandatory report of the Audit and Compliance Committee and must include, at a minimum, the following information:

a) information on the nature of the transaction and the relationship with the related party,

b) the identity of the related party,

c) the date and the value or amount of the consideration of the operation and

d) any other information necessary to assess whether it is fair and reasonable from the point of view of the Company and the shareholders that are related parties. Regardless of what above, in accordance with the provisions of the applicable regulations, the Company must disseminate information about of related-party transactions carried out during the year, at least through the following means:

a) The Company's annual report must include information on all related-party transactions carried out.

b) The half-yearly reports must include quantified information on all the operations carried out by the Company with parties related parties, under the terms provided in the applicable regulations and without prejudice to the information to be included on related operations in other documents in accordance with the regulations in force at any given time.

c) The Company's annual corporate governance report (IAGC) must include information about the related-party transactions of the Company. Company with its shareholders, its Directors and management positions, as well as intra-group operations.

d) In the Report on related-party transactions that, if applicable, is issued by the Company's Audit and Compliance Committee, and which will be object of publication on the corporate website on the occasion of the holding of the Ordinary General Shareholders' Meeting. approved by the Company will correspond to the general meeting of shareholders.

When the Annual General Meeting is called to rule on a related operation, the affected shareholder will not have the right to vote, except in those cases in which the resolution proposal has been approved by the Board of Directors without the vote against by the majority of the independent advisers.

D2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	**Shareholding**	**Name or company name of the company or entity within its group**	**Nature of the relationship**	**Type of operation and other information required for its evaluation**	**Amount (thousands of euros)**	**Approving body**	**Identity of the significant shareholder or director who has abstained**	**The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents**
No data								

D3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	**Name or company name of the company or entity within its group**	**Relationship**	**Nature of the operation and other information necessary for its evaluation**	**Amount (thousands of euros)**	**Approving body**	**Identity of the shareholder or director who has abstained**	**The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents**
JESUS ESMORIS	TTA	DIRECTOR		264	BOD		NO
JESUS ESMORIS	TUBACEX SERVICES	DIRECTOR		175	BOD		NO

Tubacex Services SL has entered into a service provision contract Navacel Dulantzi Offshore SLU, sole proprietorship of Navacel SA, where the administrator has a 20% stake.

Tubacex Taylor Accesorios SA has carried out a commercial transaction with Navacel Dulantzi Offshore SLU sole proprietorship of Navacel SA, where the administrator has a share of the 20%.

Observations

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
COPROSIDER	Commercial relationship	16

D5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

D6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

The Board of Directors has delegated to the Appointments and Remuneration Committee the treatment of any possible conflict of interest. Likewise, the Internal Regulations of the Securities Market attribute to its control body the management and timely transfer of the conflicts of interest.
Specifically, the current article 29 of the Regulations of the Board of Directors establishes the following:

ARTICLE 29.- Conflicts of interest.-

1.- The director must refrain from attending and intervening in the deliberations that affect matters in which he or she is interested personally.
It will be considered that there is also a personal interest of the director when the matter affects his/her spouse, relatives of the first degree of affinity or consanguinity, or to a company in which the director or those referred hold a management position or have a significant stake members of your family.

2.- The director may not directly or indirectly carry out professional or commercial transactions with the company unless he informs in advance of the situation of conflict of interest, and the Board, following a report from the Appointments and Remuneration Committee, approve the transaction.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes □ **No X**

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes □ **No X**

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

In 2016 the Board of Directors of Tubacex S.A. approved, in accordance with the provisions of its Regulations, the "General Policy Risk Management and Control”. The purpose of this policy is to establish the basic principles and the general framework of action for the control and management of risks faced by the Group.
The basic principles of action are the following:
- Integrate the risk/opportunity vision in the management of the Company
- Create value for the different interest groups

- Dealing with uncertainty with continuous, dynamic and iterative risk management.
- Segregate at the operational level the risk-taking functions and those responsible for their analysis, control and supervision, guaranteeing an adequate level of independence.
- Report transparently on the risks of the Group
- Guarantee the correct use of the instruments for hedging risks and their registration
- Act at all times in accordance with the law and the Company's Corporate Governance Rules

These basic principles materialize through a comprehensive risk control and management system that includes:
- The continuous identification of risks and threats
- The evaluation of the impact and probability, establishing a risk map that is reviewed annually
- Analysis of the risks associated with new investments
- Periodic monitoring and control of risks in the income statement
- Maintaining an internal control system

Additionally, in the same fiscal year, the Board of Directors of Tubacex S.A. approved the corporate tax policy in order to expressly formulate the tax strategy of the Company and the general commitment to compliance, development and implementation of good tax practices.

E2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

The responsibility for determining the risk control and management policy, including tax risks, is of the Board of Directors, which is specifically supported by the Audit and Compliance Committee for its supervision and correct operation. In this context it should be noted that the Regulations of the Audit and Compliance Committee, approved by the Board of Directors in December 2021, reinforces the supervisory role of the Audit and Compliance Committee, expanding its scope to non-financial information.
On the other hand, the Management Committee is responsible for carrying out integrated risk management and control in the business processes and the decision making.

E3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

The categories of risks faced by the Tubacex Group are included below:
a) Business Risks: Those derived from the uncertainty regarding the behavior of the key variables intrinsic to the business (demand and strategies of the different agents).
b) Market Risks: These refer to the exposure of the results and equity of the Group to the volatility of prices and other variables such as exchange rate, interest rate and raw material prices, among others.
c) Operational, technological, environmental, social and legal risks: referring to direct or indirect economic losses caused due to inadequate internal processes, technological failures, human errors or as a consequence of certain external events, including their impact economic, social, environmental and reputational risk, as well as legal and fraud risk. Within these risks, obsolescence is considered.
technology or those associated with information technology.
d) Corporate governance, ethics and compliance risks: To guarantee the social interest of the Tubacex Group, understood as the common interest of its shareholders in the creation of value for the Company, compliance with the Company's corporate governance rules is essential, inspired by the good governance recommendations of general recognition in the national and international markets in which the Tubacex Group carries out its activity, compliance with the code of conduct and compliance with applicable legal requirements, as well as the control of risks of committing crimes, including among others those of fraud, bribery and corruption.

e) Credit risks: defined as the possibility that a counterparty does not comply with its contractual obligations and produces, in the Group, an economic or financial loss.
f) Strategy and innovation risks: Risks of defining the strategic positioning of the company, its communication and alignment, as well such as the lack of innovation, its realization at an inappropriate pace, or the late entry of such innovations into the market.
g) Regulatory and political risks: Those arising from regulatory changes established by the different regulators (environmental, taxes, competition, etc.), as well as those associated with the nationalization or expropriation of assets.
h) Climate change risk

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

TUBACEX has its updated risk map. These risks have been evaluated based on their impact on the strategic results and degree of probability and occurrence, breaking down, whenever necessary those with a higher degree of probability of occurrence and impact on strategic results. In addition to the corporate risk map, the Internal Audit function carries out a specific risk map for those projects that are considered strategic for specific risk assessment purposes.

E5 Indicate which risks, including tax risks, have materialised during the year.

During the year, no risk has materialized that affects the company and/or its group that has caused material impacts.

E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

Within the category of market risks, monitoring of the following sub-risks stands out:
Exchange rate risk: For currency risk hedging, dynamic (daily) analysis is performed of all real and forecast flows of currency inflows and outflows, including both balance positions (customers and suppliers) and the expected future flows derived from both of the portfolio of orders as well as of the expected future payments for the purchase of raw material; calculation of the net exposure in each of the terms and exchange insurance contracting in the remaining positions. From then on, all operations are quoted in different entities
First-line financial companies contracting directly at the corresponding treasury desks at the best possible market price. The general rule is the maintenance of the commercial margin expected and generated in each operation and no speculative action is carried out within the field of currency management. In addition, since there are companies in the Group outside the euro area, mainly in the United States and India, makes that by applying the closing exchange rate consolidation method, fluctuations in the euro/dollar and euro/rupee exchange rate translate into a potential risk in the result to integrate of said subsidiaries, being able to vary the consolidated result.
Interest rate risk: Regarding the financing obtained, it is mainly maintained at a fixed rate, using IRS coverage at a fixed rate.
These hedges are mainly used for long-term financing positions. The coverage policies used are; exhibition fixed variable in long-term financing approximately 20/80; dynamic monitoring of both the volume of long-term financing term as well as the levels of working capital financing through credit accounts or other financial instruments; use of instruments financial hedges always listed on organized markets (no OTC operations); no contracting of operations speculative derivatives and contracting in the market with financial entities of recognized prestige and solvency.
Raw material price volatility: Within the conservative policies applied to mitigate this risk, the Group signs annual contracts carried out with the main suppliers at a global and national level to guarantee the supply in tons. An analysis is carried out of the exposure to risk for tube or steel orders contracted at a fixed price and the supply needs are determined of raw material at the Group's head steelworks at all times, where both actual and provisional data are entered, taking into account

account the manufacturing periods both in the steelworks and in the tube factories and therefore the exhibition periods; hedging mechanism implicit derived from the application of the mechanism of the alloy surcharge for a very significant part of the sales of steel and tube in Europe, which adjusts the price of an order or an invoice to the formulated average value of the raw material components calculated as average of the first two months of the quarter prior to the date of the order or invoice, and establishment of correction mechanisms for validity of offers in all those orders quoted at a fixed price, mainly in the United States and Asian countries.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 The entity's control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors is the responsible, among other aspects, for determining the corporate governance policy of the company, society and the group; its organization and operation. Within these functions is considered included its responsibility for the existence and maintenance of the Financial Information Internal Control System (SCIIF).

In order to strengthen the control environment of the entity, as far as governance is concerned, during the 2021 financial year the Board of Directors approved the constitution of the Sustainability and Good Governance Commission. Among the functions of this Commission, and in relation to the environment of control of the entity, are the following:

- Promote the Group's Corporate Governance strategy. Supervise compliance with the legal requirements applicable to any a subsidiary or investee company of the group, the codes of conduct and the internal regulations.
- Periodically assess the adequacy of the Corporate Governance System. Propose to the Board of Directors, for its approval or submission to the General Shareholders' Meeting, as appropriate, of the modifications and updates that contribute to its development and improvement keep going.
- Inform, prior to its approval, the Annual Corporate Governance Report of the Company, obtaining for this the reports of the Appointments and Remuneration Committee in relation to the sections of said report that are specific to its powers.

The Audit and Compliance Committee is the body responsible for supervising the effectiveness of the SCIIF, the internal audit and the management systems of risks, as well as discussing with the accounts auditor the significant weaknesses of the internal control system detected in the development of the audit, all without compromising its independence. The Audit and Compliance Committee is supported by the Internal Audit Department to carry out these functions, constituting for it a fundamental axis of the Annual Plan of Activities approved annually.

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The Group has a single organizational structure, approved and disclosed on the Group's website. Each business unit has its own organizational structure duly documented, formalized and disclosed by each Human Resources department and approved for each General Manager that is included in the Welcome Pack for new hires. It reflects, in a generic way, the scope of action and responsibility of each department and its members.

With regard to the preparation of financial information, the responsibility lies with the Administration and Control Department, which reports to the corporate finance director.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

In 2013, the Board of Directors approved a Code of Conduct that included the standards of behavior required of all employees, internal and external collaborators of the Tubacex Group. During 2014, the Code of Conduct was released internally throughout the organization, remaining In recent years, different initiatives have been carried out with this aim, such as audiovisual training, internal communication and inclusion in the welcome pack of new additions.

Additionally, and in view of its status as a listed company, the Group has an "Internal Code of Conduct in the field of Securities Markets” (hereinafter, the Regulations), approved by the Board of Directors in 2004, which establishes the principles of action that must govern the behavior of the members of the Board of Directors and Senior Management of Tubacex, S.A. of the companies of its Group. These Regulations are published on the CNMV website. In order to demonstrate adherence to the same by the subject persons, the Control and Monitoring Body maintains an updated list of these persons.

In this sense, and among other matters, the Regulation establishes that “the content of the communication [of the relevant information to the Commission National Securities Market] must be truthful, clear, complete and, when required by the nature of the information, quantified, in a that does not lead to confusion or deception”. The Regulation defines as relevant information "all that whose knowledge may affect a investor reasonably to acquire or transfer the Securities and Instruments affected by the Regulation [the negotiable securities issued by the Company and/or any of the companies in its group that are traded in a market or organized trading system, as well as the financial instruments and contracts of any kind that grant the right to acquire the aforementioned securities] and, therefore, could significantly influence its price on a secondary market.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

The approved Code of Conduct has an ethical channel located on the Group's intranet, to report irregular behavior and regulated in the Code of Conduct. The communication is made via email and is managed by the Compliance Officer and ultimately by the Audit and Compliance Committee by express delegation of the Board of Directors according to the Regulations of the Board.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

Each company has defined and formalized training programs. The Human Resources areas prepare annual plans in which that anticipate the specialization needs and degrees of training of the different levels of their corresponding templates. These plans are submitted for approval to the General Management of each company. Throughout the year, the Human Resources area of each Company monitors the degree of compliance with the Training Plan.

Specifically, the areas most linked to the preparation and review of financial information and the evaluation of the SCIIF, participate periodically in different training programs, with the aim of complying with training requirements for the maintenance of accreditations in the matter, such as the ROAC (official registry of account auditors), CIA (“Certification in Internal audit”) and CRMA (“Certification in Risk management Assurance”). Additionally, there are other ways of continuous training, among which the following stand out:

-Permanent contact with its external auditors and other auditing firms in order to be up to date with new regulations that in accounting matters and risk management and internal control of financial information could affect them and provide them with material and support for updating.

-Regular distribution of the news that apply to the different subsidiaries of the Group.

F.2 **Assessment of risks in financial reporting**

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

The Group has a documented and formalized Financial Information Risk Map, which is updated annually.

In relation to the SCIIF, the Group has identified, for the most relevant companies, the main risks and controls to manage timely and mitigate to a reasonable level the main risks related to the process of generating and issuing financial information, as well as those responsible for the effective execution of these controls.

The risk identification process starts from the consolidated annual accounts, from which the headings of the statements are identified. financial statements and relevant disclosures. On the basis of this information, those processes and controls from which they are processed are identified. The transactions that are finally reflected in the aforementioned headings and relevant breakdowns. Finally, identify and prioritize the relevant risks that, for each of the aforementioned processes, may lead to errors in the process of generating and issuing the financial information.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

During the identification and analysis of the risks, all the objectives of the financial information are covered. In this sense, each risk identified is related to one or several of the potential errors in the process of generating and issuing financial information, such as the of Integrity, Accuracy, Existence and Occurrence, Court, Valuation and Presentation.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

Within the SCIIF there are controls over the Group's corporate perimeter that are intended to ensure that all corporate operations are formalized and communicated in accordance with current processes.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The currently developed model identifies different risks that, regardless of their nature, may affect the information financial.

- The governing body within the company that supervises the process.

The Audit and Compliance Committee supervises the process, supported by the Internal Audit function.

F.3 **Control activities**

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

The regulations of the Audit and Compliance Committee in section 3.1.e expressly state that it must "Monitor compliance with the legal requirements, the adequacy of the scope of consolidation and proper application of generally accepted accounting principles and reporting standards that are applicable to the Company. In particular, it will review: judgements, criteria, valuations and estimates; significant criteria changes applied; significant internal control weaknesses and audit adjustments."

The process of preparing and reviewing the financial information to be published in the securities markets is structured on the basis of the calendar closing and publication of the annual accounts prepared, for each publication period, by the Corporate Finance Department. According to this calendar:

• The annual accounts of Tubacex, S.A. as well as the consolidated annual accounts of Tubacex, S.A. and subsidiaries are prepared by the Corporate Finance Department based on the reports of each of the subsidiary companies.

• The annual accounts prepared in this way, and after supervision by the internal audit area, are sent to the CEO, who proceeds to review prior to sending it to the Audit and Compliance Committee and the Board of Directors. Once reviewed by the CEO, the annual accounts are sent to the Audit and Compliance Committee and the Board of Directors. Administration a few days before the Board meeting in order to proceed to review it prior to its formulation.

All this is coordinated in the first instance by the Corporate Finance Department, and subsequently by the Secretary of the Board, through a IT platform that guarantees accessibility and prior delivery of the necessary supporting documentation for the meetings of the Board and its Commissions.

Once the annual accounts have been prepared by the Board of Directors, the Secretary of the Board of Directors sends the financial information to the CNMV, whose telematic procedure varied for the 2020 financial year in accordance with the provisions of the guideline of said organism.

Regarding the publication of relevant facts, and as described above, the "Internal Code of Conduct in the field of the Securities Markets” of the Group defines what must be understood by relevant information as well as the guidelines that must be followed for its diffusion. In particular, it establishes that "the communication to the National Securities Market Commission must be made prior to its diffusion by any other means and as soon as the fact is known, the decision has been adopted or the agreement or contract signed with third parties in question", as well as that "the Company will also disseminate this information on its website. Monitoring of compliance with these obligations are the responsibility of the Control and Monitoring Body which, together with the Corporate Finance Department, drafts the relevant fact for its communication to the CNMV.

Tubacex Group, and for the most relevant companies located in the Basque Country, Austria, Italy, India and the United States, have identified the main controls that allow adequate management and mitigation of the impact, if any, of each of the risks in relation to the process of generation and issuance of financial information identified and documented in the Financial Information Risk Matrix of the group. For each of these controls, the Group has identified the person responsible for its execution as well as the evidence that allows support its operation, and which will be the basis for the review of internal control to be carried out annually. This information has been documented and structured through the corresponding Risk-Control Matrices, which will be reviewed annually within the process review of the aforementioned internal control as well as those subject to internal audits to be carried out by the corporate internal audit function.

The accounting closing process is found through an accounting closing checklist, which includes the main tasks to be carried out in the process as well as those responsible for the execution of each of them. This checklist is duly completed by each of the people involved in each accounting closing process (monthly) and is part of the controls identified in the aforementioned matrix previously.

In regard to the procedures and controls established in relation to relevant judgements, estimates and projections, the Group, at through its Risk-Control Matrix, it maintains the identification of the main risks related to these aspects, as well as the controls established to ensure its proper management. In particular, the main areas exposed to judgments and estimates have been related with:

• The estimate of the recoverable value of inventories and accounts receivable,

• The valuation of inventories of product in progress and finished as well as derivative financial instruments, and

• The recording of provisions of any nature, with special attention to the provisions derived from long-term obligations with personnel.

In summary, the controls established in this regard can be summed up in the clear identification of responsibilities in terms of the identification of possible liabilities, the realization of the corresponding estimates and their review. The report of these controls is supervised by the Internal Audit Function, and presented to the Audit and Compliance Committee.

F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The Group has formally approved and formalized procedures in matters of Information Technology, which include analysis periodic evolution of all systems as a whole.

In 2016, the Audit and Compliance Committee approved a plan to update and improve the systems. The lines of work that have been continued have allowed the Company to adapt its procedures to the new dimension of the scope of consolidation.

During the 2018, the corporate information and reporting systems were reinforced with a new manager. Throughout the 2019 a security master plan was defined and various actions were taken in terms of access security and cybersecurity.

This plan will continue to be developed in 2022, which has been approved by the Audit and Compliance Committee, reinforcing in this way the importance from the first level of the organization that is being given to this area and its associated risks.

F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

In the process of identifying the processes from which the transactions are processed that are finally reflected in the mentioned headings and relevant breakdowns, as well as the relevant risks that may arise for each of the aforementioned processes in errors in the process of generating and issuing financial information, no activities subcontracted to third parties that could have a material impact on the financial statements, except for those corresponding to acquisition exercises of holdings (in accordance with IFRS 3) and which is described in the consolidated Group's 2021 and 2022 financial statements.

Additionally, and with regard to the valuations of derivative financial instruments, a review process has been established. of the quality and independence of the works. The Corporate Finance Department obtains the corresponding valuations of the different

financial entities with which these products have been contracted, as well as support from external advisors. These ratings are subject to review by you, making your own estimates using a financial model developed internally and compares with those obtained from financial entities. In case of discrepancy, the financial entities are contacted to clarify them and, in your case, get new valuations. The aforementioned financial model for the valuation of derivative financial instruments is reviewed periodically by an independent third party to adapt it to changes in regulations. Likewise, and in relation to the estimation of actuarial liabilities arising from commitments of this nature assumed by the Group, the Corporate Finance Department obtains the corresponding actuarial report carried out by an independent expert third party. This report is subject to review by the Management Corporate Finance, who also submits it to the appropriate review by the external auditor, prior to the registration of the corresponding accounting entries.

F.4 **Information and communication**

Report on whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The responsibility for defining and updating the Group's accounting policies is attributed to the Administration and Control Department who, for this purpose, performs, among others, the following activities:

• Constant communication with the external auditors to update accounting news and new breakdowns of information in accounts. annual, as well as any other fiscal or regulatory aspect that applies both to the Financial area and to Internal Audit.

• Periodic referral to the financial and administration managers of the subsidiaries to convey to them the main developments in accounting and regulatory matters that apply to them.

• Resolution of any accounting questions that may arise from the different companies of the Group.

The Corporate Administration and Control Department is supported by the Internal Audit function and the Corporate Financial Department in the development of the aforementioned activities.

F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Group's reporting and consolidation process is the responsibility of the Corporate Administration and Control Department and, in particular of the Head of Consolidation. In this way, and on an annual basis, the Head of Consolidation sends a reporting calendar to the financial and administrative managers of the various Group companies, in order to ensure timely receipt of information sufficient to allow the preparation of the consolidated financial statements in accordance with the established schedule.

The information on the subsidiaries is reported by them using a "Consolidation Reporting Package" standardized in Excel format, which is sent by the Head of Consolidation. Annually and prior to sending the instructions for reporting to the subsidiaries for the annual closing, the Head of Consolidation meets with the external auditors so that they review the content of the "Consolidation Reporting Package" and it is, where appropriate, subject to updating, in accordance with the new information requirements in the annual accounts.

The reporting packages received from the subsidiaries for the preparation of the Group's consolidated annual accounts corresponding to the closing of the year, are audited by the external auditors of each subsidiary. Likewise, these consolidation packages are reviewed by the Head of Consolidation.

Throughout 2021, the group has been working on automation tools for the consolidation and extraction process of the accounting information that will streamline the consolidation and reporting process for 2022.

F.5 **Supervision of the functioning of the system**

Report on at least the following, describing their principal features:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

Among the functions assumed by the Audit and Compliance Committee is periodically supervising the control systems internal and risk management, so that the main risks are properly identified, managed and disclosed.

Likewise, among its powers is supervising the preparation process and the integrity of the financial information, having to ensure that semi-annual financial reports and quarterly management statements are formulated using the same accounting criteria than the annual reports and, to this end, consider the appropriateness of a limited review of the semi-annual financial reports by the auditor external. Additionally, the specific Regulations of the Audit and Compliance Committee reinforce the role of the Committee, including as a function of the same, monitor compliance with legal requirements, the adequacy of the consolidation perimeter and the adequate application of the generally accepted accounting principles and the information standards that are applicable to the Company.

In particular, the Commission will review: judgments, criteria, valuations and estimates; changes in the significant criteria applied; weaknesses significant internal control and audit adjustments.

To perform these functions, the Audit and Compliance Committee relies on the Internal Audit Function, formally established and approved in 2007 and directly dependent on it.

The Internal Audit Department is defined in the Group as an objective and independent function from the rest of the areas, which depends functionally from the Audit and Compliance Committee and hierarchically from the CEO.

Internal Audit develops its activities around an Annual Plan approved by the Audit and Compliance Committee. The main tasks of Internal Audit, in line with those of the Audit and Compliance Committee, are the supervision of financial information and internal control and risk management systems. In this sense, the Annual Plan for the 2021 financial year included different projects: supervision quarterly financial information, SCIIF supervision, monitoring of internal control weaknesses identified by the auditor, review of policies and monitoring non-financial risks (particularly fiscal and technological risk) among others. The results of the reviews, as well as the plans for action agreed, are presented to the Audit and Compliance Committee, which continuously monitors the Activity Plan.

F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

The Audit and Compliance Committee, through the Internal Audit Department, maintains a constant relationship with the external auditor, who appears in the Audit Committee to present the conclusions of his work. In this regard, during the 2021 the external auditor participated in 5 sessions of the Audit and Compliance Committee. The auditor of 2020 presented in one of these appearances the report of internal control weaknesses, weaknesses on which Internal Audit carries out a periodic follow-up.

Additionally, Internal Audit presents to the Committee the conclusions of the different works carried out, as well as the action plans signed with the objective of mitigating or correcting the weaknesses that have been observed.

F.6 Other relevant information

There is no additional relevant information.

F.7 External auditor's report

Report:

F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

It has been duly verified by the external auditor.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies X Explain ☐

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

   a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

   a) Changes that have occurred since the last General Shareholders' Meeting.

   b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies ☐ Complies partially X Explain ☐

Until the last Annual General Shareholders' Meeting is held, the Chairman of the Board of Directors did not usually explain verbally at the General Meeting the reasons why it does not comply with any of the recommendations of the Corporate Governance Code, since this is included in the documentation that is submitted for formal approval by the General Meeting.

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has

been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X Complies partially ☐ Explain ☐

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

   And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies ☐ Complies partially X Explain ☐

There is an authorization approved by the General Meeting of May 2017 which has not been used at any time.

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit and nomination and remuneration committees.

c) Report by the audit committee on related party transactions.

Complies X Complies partially ☐ Explain ☐

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

   And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies X Complies partially ☐ Explain ☐

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general

meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and

Complies X Complies partially ☐ Explain ☐

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X Complies partially ☐ Explain ☐

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

    a) Should immediately distribute such complementary points and new proposals for resolutions.

    b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

    c) Should submits all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

    d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies X Complies partially ☐ Explain ☐

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies X Explain ☐

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

    a) Is concrete and verifiable;

    b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

    c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

    That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

    The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X Complies partially ☐ Explain ☐

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors..

    And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies X Complies partially ☐ Explain ☐

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

    This criterion may be relaxed:

    a) In large-cap companies where very few shareholdings are legally considered significant.

    b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X Explain ☐

17. That the number of independent directors should represent at least half of the total number of directors.

    That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies X Explain ☐

18. That companies should publish the following information on its directors on their website, and keep it up to date:

    a) Professional profile and biography.

    b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

    c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

    d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

    e) Company shares and share options that they own.

Complies X Complies partially ☐ Explain ☐

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

This has not happened since 2018, when the corresponding resignation of the proprietary director took place.

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies X Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

    And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented

    Complies X Complies partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

    Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

    This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

    Complies X Complies partially Explain Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

    And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

    Complies X Complies partially Explain Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

    And that the Board regulations establish the maximum number of company Boards on which directors may sit.

    Complies X Complies partially ☐ Explain ☐

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

    Complies X Complies partially ☐ Explain ☐

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

    Complies X Complies partially ☐ Explain ☐

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

    Complies X Complies partially ☐ Explain ☐ Not applicable ☐

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

    Complies X Complies partially ☐ Explain ☐

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

    Complies X Explain ☐ Not applicable ☐

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

    When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

    Complies X Complies partially ☐ Explain ☐

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

    Complies X Complies partially ☐ Explain ☐

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates

and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies X Complies partially ☐ Explain ☐

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies X Explain ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

    a) The quality and efficiency of the Board of Directors' work.

    b) The workings and composition of its committees.

    c) Diversity in the composition and skills of the Board of Directors.

    d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.

    e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

    In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

    Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

    Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

    The process and the areas evaluated must be described in the annual corporate governance report.

Complies X Complies partially ☐ Explain ☐

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies X Complies partially ☐ Explain ☐

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X Complies partially ☐ Explain ☐

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies X Complies partially □ Explain □

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies X Complies partially □ Explain □

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies □ Complies partially □ Explain □ Not applicable X

They have not been produced in 2021

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage he aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies X   Complies partially   Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

    a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

    b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

    c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies X   Complies partially   Explain

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies X   Complies partially   Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies   Explain   Not applicable X

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

    And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies X   Complies partially   Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

    a) Proposing the basic conditions of employment for senior management to the Board of Directors.

    b) Verifying compliance with the company's remuneration policy.

    c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

    d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies X Complies partially ☐ Explain ☐

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies X Complies partially ☐ Explain ☐

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors.

b) That their chairpersons be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies X Complies partially ☐ Explain ☐

54. The minimum functions referred to in the foregoing recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company’s corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies X Complies partially ☐ Explain ☐

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies ☐ Complies partially X Explain ☐

In July 2021, the Board of Directors decided to set up a Sustainability and Good Governance Committee which to the date of issuance of this report is in full reflection and analysis of its sustainability policies.

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies X Explain ☐

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies X Complies partially ☐ Explain ☐

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

    And, in particular, that variable remuneration components:

    a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.

    b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

    c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

    That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies ☐ Complies partially X Explain ☐ Not applicable ☐

The deferral is tacit because the calculation of the accrual is made with the fiscal year fully closed and audited.

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies Complies partially X Explain Not applicable

The conditions of the stock option plan were approved at the General Meeting in full compliance with the Capital Companies Law as well like the Stock Market, but without additional conditions.

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies Complies partially X Explain Not applicable

The variable components are not paid until the end of the audit of the corresponding year. There is no formal clause reimbursement but it is understood to be claimable in the event that irregularities are detected in the audited annual accounts on which the accrual.

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies X Complies partially Explain Not applicable

H FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

There is no additional information on corporate governance.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on 23th February 2022

Indicate whether any director voted against or abstained from approving this report.

Yes ☐ No X

Audit report on the “Disclosures regarding the internal control over financial reporting (ICFR) system” of TUBACEX, S.A. for 2021

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AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

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

To the directors of TUBACEX, S.A.,

As per the request made by the Board of Directors of TUBACEX, S.A. (hereinafter, the Company) and our proposal letter of 22 October 2021, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of TUBACEX, S.A. for 2021, which summarise the Company's internal control procedures in respect of its annual reporting effort.

The directors are responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, improving it and preparing the contents of the accompanying ICFR disclosures.

It is important to note that, regardless of the quality of the design and effective functioning of the ICFR system adopted by the Company in respect of its annual financial reporting effort, the latter can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the Procedures for external audit reviews of an entity's ICFR disclosures contained in the Internal Control over Financial Reporting in Listed Companies report published by Spain's securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the product resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design or effective functioning in respect of the Company's 2021 financial reporting effort, as described in the accompanying ICFR disclosures. As a result, had we performed additional procedures to those stipulated in the above-mentioned CNMV report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
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that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to prevailing regulations on financial statement audits, we do not express an audit opinion in the terms provided for in that piece of legislation.

The procedures performed are itemised below:

1. Reading and understanding of the information prepared by the Company regarding ICFR – disclosures included in the management report – and an evaluation of whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR system in the Annual Corporate Governance Report template established by CNMV Circular 5/2013 of 12 June 2013, as subsequently amended, most recently by CNMV Circular 3/2021, of 28 September 2021 (the “CNMV Circulars”).

2. Questioning of personnel responsible for drawing up the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing ICFR systems. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external specialists.

4. Comparing the information detailed in point 1 above with their knowledge of the Company’s ICFR obtained through the external audit procedures applied during the annual audit.

5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any discrepancies or incidents that could affect the disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV Circulars with respect to ICFR-related descriptions in annual corporate governance reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Peña Martínez

23 February 2022

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE 2021

TAX ID (CIF) A01003946

Company name: TUBACEX, S.A.

Registered office: TRES CRUCES, 8 01400 LLODIO (ALAVA)

This english version is a translation of the original in spanish for information purposes only. In case of a discrepancy, the spanish original will prevail.

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A1.1. Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

c) Information on whether any external advisors took part in this process and, if so, their identity.

d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The Remuneration Policy of the Board of Directors applicable for the years 2021, 2022 and 2023 was approved by the Meeting of Shareholders on June 24, 2021 at the proposal of the Board of Directors as a separate item on the agenda and prior report favorable report from the Appointments and Remuneration Committee.

This policy did not include substantial modifications with respect to the previous one, maintaining concepts and amounts. For this update the Appointments Committee used the existing comparative indices as well as the public information available on comparable listed companies by sector, size and levels of capitalization. Because of this there was no reason for any direct participation of an external collaborator in its preparation.

A1.2. Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The Remuneration Policy of the Board of Directors contemplates different remuneration concepts,but reserves any type of variable remuneration exclusively for executive positions, with the understanding that the chief executive and his team must have an incentive plan to guide their activities to the achievement of the company's strategic plan at all times.

In the case of the executive director, the annual variable remuneration item represent up to 50% of the amount of the annual fixed remuneration, so that they represent a real incentive for the achievement of the objectives by the executive team. For its determination, having observed variable remuneration systems of comparable companies by sector and level of capitalization.

The company understands that its incentive system is demanding and restrictive in terms of activating variable remuneration The objective and auditable results of the business are established as a priority. At the moment the company has not established periods of deferrals different from those of the verification process of corporate results.

A1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The general remuneration system for the members of the Board of Directors includes the following concepts:

a) Fixed amount for membership of the Board of Directors, differentiated for the case of the Chairman (€40,000 and 2x for the Chairman)

b) Fee for effective attendance at meetings of the Board of Directors (€2,700 per meeting)

c) Fixed remuneration for belonging to its different Committees, and differentiated in the case of the Presidents (€10,000 or €15,000 respectively)

A1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The executive directors for their performance of senior management duties will additionally earn a fixed amount as a salary, which in the case of the chief executive, it amounts to €400,000 per year.

A1.5. Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

Regarding remuneration in kind, it refers to the directors who carry out executive or representative tasks of the company They have a company car and life insurance. Notwithstanding the foregoing, all directors are covered by an insurance policy of Civil liability of senior officers and directors in charge of the company, which in 2021 has involved a disbursement of 59 thousand euros.

A1.6. Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

There are two types of variable components: annual with a maximum amount of 50% of the annual fixed or long-term variable remuneration whose. The range goes from half annuity to annuity and a half based on the achievement of the company's value generation objectives. If of short-term variable remuneration, the financial parameters are EBITDA and net financial debt, while in the case of the multi-year remuneration will be determined by calculating the generation of Company Value, which is equal to (Ebitda x 7) – Net financial debt + Dividend distribution

A1.7. Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

Long-term savings systems are a benefit reserved for the role of CEO. They are contribution forecasting systems defined on annual salary, compatible with the rest of the existing remuneration concepts and that by tax regulations can be redeemed at the time of the retirement. Aofresaid annual contributions are cumulative and consolidatable but subject to the natural evolution and fluctuation of this type of investment. The long-term savings system covers the retirement contingency and entails the contribution of 5% of the annual fixed remuneration on a one-time basis and fully vested not subject to the achievement of any target or performance benchmark.

A1.8. Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

Termination compensation clauses are reserved for the CEO exclusively and as long as there is a termination involuntary and unjustified. Termination of office at the will of the company, except for serious breach of the rights inherent to their position shall accrue the right of the director to collect compensation consisting of an amount in cash in accordance with the corporate governance recommendations.

A1.9. Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Basic conditions of executive director contracts

The contracts of the directors who perform additional executive or representative functions must be granted in adequate time and form, always respecting the basic conditions detailed below:

a) Indefinite duration

The contracts of the executive directors of the Company are of indefinite duration and they provide economic compensation for the case termination of the contractual relationship with the Company, provided that this termination does not occur exclusively by the free will of the executive director or as a result of breach of their obligations.

b) Applicable regulations

The regulations applicable to the contracts of executive directors are those provided by the legal system in each case.

c) Internal compliance

The executive directors have the obligation to strictly observe all internal regulations to the extent applicable to them. The usual period of non-competition for executive director contracts is two years and their remuneration is understood to be included in the total agreed remuneration.

e) Confidentiality

Maximum duty of confidentiality during the term of the contracts as well as once the relationship has ended, with the return in such case of all the documentation in your possession.

A1.10. The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

During the 2021, one independent director has accrued additional remuneration for the provision of advisory services strategy that did not compromise its independence.
In 2021 , said remuneration has meant an additional amount to his ordinary emoluments as a director of €55 thousand.

A1.11. Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

There are no advances, credits or guarantees of any kind in favor of any of the directors of the company.

A1.12. The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

No supplementary remuneration other than that detailed in this report has existed or is planned.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or an amendment to a policy already approved by the General Meeting.

b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

During 2021 all the remuneration concepts of the members of the Board of Directors have been reduced by 30% voluntary for a period of three months in application of a plan of measures implemented after the start of the pandemic derived from COVID-19 in 2020.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

The current remuneration policy is available on the company's corporate website at the link https://www.tubacex.com/wp-content/ uploads/2022/02/210520_Remuneration-Policy-CAD-21-23.pdf.

A.4 Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

The consultative vote on the remuneration policy of the Board of Directors at the last General Shareholders' Meeting held in June 2021 was sufficiently favorable and therefore understood and accepted by the shareholders.

B OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B1.1. Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

The remuneration policy of the Board of Directors has been applied during 2021 exactly the same as in 2020, without modifications of any kind except the voluntary reduction of 30% of the amounts during a quarter. This decision was made by the Board of Directors in full as part of the palliative measures implemented in response to COVID-19.

B1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

During 2021, as it was done in 2020 to minimize the effects of the pandemic, the Board of Directors has voluntarily reduced 30% of the remuneration concepts of the board.

B1.3. Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

The remuneration accrued in 2021 complies with the provisions of the Remuneration Policy in force and the voluntary reduction of amounts for three months is the only temporary exception applied.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

The company's Board of Directors, through its Appointments and Remuneration Committee, evaluates annually the adequacy of the Remuneration Policy to the long-term objectives of the company, guaranteeing the appropriate balance between fixed and variable components of executive function. In his image and likeness, he annually reviews the remuneration system for Senior Management so that the effect sufficiently incentive of the same is aligned with the Strategic Plan of the company. The ambitious achievement of objectives is not at odds with a Rigorous control of conflicts of interest that may arise and their treatment is perfectly regulated.

B.3 Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued in 2021 complies with the provisions of the Remuneration Policy in force.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	64.670.682	89.44

	Number	% of votes cast
Votes against	486.788	0.75
Votes in favour	64.183.894	99.25
Blank ballots	0	0
Abstentions	0	0

B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year

There have been no variations in the fixed components as such, although the amounts have been voluntarily reduced by 30% during a period of three months.

B.6 Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

The salary of the Chief Executive Officer is determined by his conditions of incorporation and any update must be approved by the Board of Administration prior to a report from the Appointments and Remuneration Committee within the framework of the Remuneration Policy approved by the Meeting General of Shareholders.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.

In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.

c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).

d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Short-term variable remuneration systems establishes an annual remuneration calculated on the basis of the fixed annual remuneration and which can be up to 50% of the base amount. The system of objectives and activation of the accrual of said variable remuneration is approved annually by the Board of Directors at the proposal of the Appointments and Remuneration Committee. Only the Chief Executive Officer has variable remuneration in his remuneration scheme. During 2021 no variable remuneration has been accrued.

The long-term variable remuneration components are multi-year remuneration whose objectives are based on the generation of company value as explained in A) and delivery of stock options approved by the General Meeting of 2016 and 2019 by which they are delivered in each plan 500,000 option rights with exercise prices of 2 and 3 euros, respectively.

B.8 Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

The undue payment of variable components has not been reduced or claimed.

B.9 Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

Long-term savings plans are group plans with a single individual contribution financed entirely by the company. They are rights consolidable and compatible with any other concept.

B.10 Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

There has been no accrual of compensation during the year.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

There have been no contract modifications of any kind during the year.

B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During 2021 one independent director has received an additional and different remuneration derived from a provision of services of strategic advice.

Aforesaid remuneration was approved by the Board of Directors in February 2020 following a favorable report from the Appointments and Remuneration stating at all times that said remuneration does not under any circumstances compromise their independence.

B.13 Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

There are no advances, credits or guarantees.

B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

Exclusively the CEO enjoys the use of a company vehicle and life and accident insurance.

B.15 Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director’s services to the company.

There is no remuneration through legal entities.

B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

There are no remuneration concepts other than those detailed and explained in this report.

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2021
MR. FRANCISCO JAVIER GARCIA	INDEPENDENT	01/01/2021 - 31/12/2021
MR. JESUS ESMORIS	EXECUTIVE	01/01/2021 - 31/12/2021
MR. ANTONIO GONZALEZ-ADALID	INDEPENDENT	01/01/2021 - 31/12/2021
MR. ANTONIO Mª PRADERA	INDEPENDENT	01/01/2021 - 31/12/2021
MR. MANUEL MOREU	INDEPENDENT	01/01/2021 - 31/12/2021
MRS. NURIA LOPEZ DE GUEREÑU	INDEPENDENT	01/01/2021 - 31/12/2021
MR. JORGE SENDAGORTA	INDEPENDENT	01/01/2021 - 31/12/2021
MR. IVAN MARTEN	INDEPENDENT	01/01/2021 - 31/12/2021
MRS. ISABEL LOPEZ	PROPIETARY	01/01/2021 - 31/12/2021
MRS. GEMA NAVARRO	PROPIETARY	01/01/2021 - 31/12/2021
MR. JOSE TORIBIO	INDEPENDENT	01/01/2021 - 31/12/2021
MR. ALVARO VIDEGAIN	EXTERNAL OTHER	01/01/2021 - 24/06/2021
MRS. ROSA GARCÍA	INDEPENDENT	01/01/2021 - 23/09/2021

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2021	Total year 2020
MR. FRANCISCO JAVIER GARCIA	54	29	18						101	71
MR. JESUS ESMORIS	37	25	9	400				23	494	472
MR. ANTONIO GONZALEZ-ADALID	37	25	14						76	78
MR. ANTONIO Mª PRADERA	37	25	14						76	78
MR. MANUEL MOREU	37	23	9						69	73

MRS. NURIA LOPEZ DE GUEREÑU	37	25	11						73	73
MR. JORGE SENDAGORTA	37	25	9						71	73
MR. IVAN MARTEN	37	25	9					55	126	123
MRS. ISABEL LOPEZ	37	25	9						71	73
MRS. GEMA NAVARRO	37	25	9						71	73
MR. JOSE TORIBIO	10	6	3						19	
MR. ALVARO VIDEGAIN	118	16						13	147	242
MRS. ROSA GARCÍA	26	18	7						51	75

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
MR. FRANCISCO JAVIER GARCIA												
MR. JESUS ESMORIS	2016 y 2019	1.000.000	1.000.000							1.000.000	1.000.000	1.000.000
MR. ANTONIO GONZALEZ-ADALID												
MR. ANTONIO Mª PRADERA												
MR. MANUEL MOREU												
MRS. NURIA LOPEZ DE GUEREÑU												
MR. JORGE SENDAGORTA												
MR. IVAN MARTEN												
MRS. ISABEL LOPEZ												

MRS. GEMA NAVARRO												
MR. JOSE TORIBIO												
MR. ALVARO VIDEGAIN												
MRS. ROSA GARCÍA												

Observations

iii) Long-term savings schemes

	Remuneration from vesting of rights to savings schemes
Director 1	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2021		Year 2020	
	Year 2021	Year 2020	Year 2021	Year 2020	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
MR. FRANCISCO JAVIER GARCIA								
MR. JESUS ESMORIS								
MR. ANTONIO GONZALEZ-ADALID								
MR. ANTONIO Mª PRADERA								
MR. MANUEL MOREU								
MRS. NURIA LOPEZ DE GUEREÑU								
MR. JORGE SENDAGORTA								
MR. IVAN MARTEN								
MRS. ISABEL LOPEZ								

MRS. GEMA NAVARRO							
MR. JOSE TORIBIO							
MR. ALVARO VIDEGAIN							
MRS. ROSA GARCÍA							

Observations

iv) Details of other items

Name	Concept	Amount of remuneration
MR. FRANCISCO JAVIER GARCIA		
MR. JESUS ESMORIS		
MR. ANTONIO GONZALEZ-ADALID		
MR. ANTONIO Mª PRADERA		
MR. MANUEL MOREU		
MRS. NURIA LOPEZ DE GUEREÑU		
MR. JORGE SENDAGORTA		
MR. IVAN MARTEN		
MRS. ISABEL LOPEZ		
MRS. GEMA NAVARRO		
MR. JOSE TORIBIO		
MR. ALVARO VIDEGAIN		
MRS. ROSA GARCÍA		

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2021	Total year 2020
MR. FRANCISCO JAVIER GARCIA										
MR. JESUS ESMORIS										
MR. ANTONIO GONZALEZ-ADALID										
MR. ANTONIO Mª PRADERA										
MR. MANUEL MOREU										
MRS. NURIA LOPEZ DE GUEREÑU										
MR. JORGE SENDAGORTA										
MR. IVAN MARTEN										
MRS. ISABEL LOPEZ										
MRS. GEMA NAVARRO										
MR. JOSE TORIBIO										
MR. ALVARO VIDEGAIN										
MRS. ROSA GARCÍA										

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
MR. FRANCISCO JAVIER GARCIA												
MR. JESUS ESMORIS												
MR. ANTONIO GONZALEZ-ADALID												
MR. ANTONIO Mª PRADERA												
MR. MANUEL MOREU												
MRS. NURIA LOPEZ DE GUEREÑU												
MR. JORGE SENDAGORTA												
MR. IVAN MARTEN												
MRS. ISABEL LOPEZ												
MRS. GEMA NAVARRO												
MR. JOSE TORIBIO												
MR. ALVARO VIDEGAIN												
MRS. ROSA GARCÍA												

Observations

iii) Long-term savings schemes

	Remuneration from vesting of rights to savings schemes
MR. FRANCISCO JAVIER GARCIA	
MR. JESUS ESMORIS	
MR. ANTONIO GONZALEZ-ADALID	
MR. ANTONIO Mª PRADERA	
MR. MANUEL MOREU	
MRS. NURIA LOPEZ DE GUEREÑU	
MR. JORGE SENDAGORTA	
MR. IVAN MARTEN	
MRS. ISABEL LOPEZ	
MRS. GEMA NAVARRO	
MR. JOSE TORIBIO	
MR. ALVARO VIDEGAIN	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2021		Year 2020	
	Year 2021	Year 2020	Year 2021	Year 2020	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
MR. FRANCISCO JAVIER GARCIA								
MR. JESUS ESMORIS	23				103			
MR. ANTONIO GONZALEZ-ADALID								
MR. ANTONIO Mª PRADERA								
MR. MANUEL MOREU								
MRS. NURIA LOPEZ DE GUEREÑU								
MR. JORGE SENDAGORTA								
MR. IVAN MARTEN								
MRS. ISABEL LOPEZ								
MRS. GEMA NAVARRO								
MR. JOSE TORIBIO								
MR. ALVARO VIDEGAIN	13				258			
MRS .ROSA GARCIA								

Observations

iv) Details of other items

Name	Concept	Amount of remuneration
MR. FRANCISCO JAVIER GARCIA		
MR. JESUS ESMORIS		
MR. ANTONIO GONZALEZ-ADALID		
MR. ANTONIO Mª PRADERA		
MR. MANUEL MOREU		
MRS. NURIA LOPEZ DE GUEREÑU		
MR. JORGE SENDAGORTA		
MR. IVAN MARTEN		
MRS. ISABEL LOPEZ		
MRS. GEMA NAVARRO		
MR. JOSE TORIBIO		
MR. ALVARO VIDEGAIN		
MRS. ROSA GARCIA		

Observations

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

	Remuneration accruing in the Company					
Name	Total cash remune ration	EBITDA from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneratio n	Total in year 2021company	Total in year 2021, company + group
MR. FRANCISCO JAVIER GARCIA	101				101	101
MR. JESUS ESMORIS	494				494	494
MR. ANTONIO GONZALEZ-ADALID	76				76	76
MR. ANTONIO Mª PRADERA	76				76	76
MR. MANUEL MOREU	69				69	69
MRS. NURIA LOPEZ DE GUEREÑU	73				73	73
MR. JORGE SENDAGORTA	71				71	71
MR. IVAN MARTEN	126				126	126
MRS. ISABEL LOPEZ	71				71	71
MRS. GEMA NAVARRO	71				71	71
MR. JOSE TORIBIO	19				19	19
MR. ALVARO VIDEGAIN	147				147	147
MRS .ROSA GARCIA	51				51	51
Total:	1445				1445	1445

Observations

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

D OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This annual remuneration report was approved by the Board of Directors of the company in its meeting of 23rd February 2022.

Indicate whether any director voted against or abstained from approving this report.

Yes ☐ No X

Name or company name of any member of the Board of Directors not voting in favour of the approval of this report	Reasons (against, abstention, non attendance)	Explain the reasons

Consolidated Annual Accounts and Management report sign off

Ms. Maider Cuadra Etxebarrena, holder of Id nº 16.047.190-K, as Secretary of TUBACEX's Board of Directors with Id number A-01003946 and registered office in Llodio (Alava) Tres Cruces 8.

I CERTIFY:

That the Tubacex, S.A. Directors met, on February 23, 2022 and in compliance with the requirements established in article 253 of the Companies Act and in article 37 of the Code of Commerce, proceed to sign the consolidated annual accounts for the year between January 1, 2021 and December 31, 2021. The consolidated annual accounts are made up of all the documents attached that accompany this certification.

D. Francisco Javier García Sanz Id 46.672.425-C President	Antonio Gonzalez-Adalid García-Zozaya Id: 01.471.008-C Vicepresident	D. Jesús Esmorís Esmorís Id: 32.773.846-L CEO	D. Antonio Mª Pradera Jauregui Id: 14.925.125-B Director
D. Manuel Moreu Munaiz Id 50.281.741-S Director	Dña. Nuria López de Guereñu Ansola Id 15.385.698-D Director	Dña. Isabel López Paños Id: 02.537.430-R Director	D. Jorge Sendagorta Gomendio Id 01.485.954-Q Director
D. Ivan Marten Uliarte Id: 37.693.374-P Director	Doña Gema Navarro Mangado Id: 05.205.606-Q Director	Don Jose Toribio Gonzalez Id: 02.898.132-V Director	Dña. Maider Cuadra Etxebarrena Id: 16.047190-K Secretary, not Director

DIRECTORS STATEMENT OF RESPONSIBILITY

2021 Fiscal year

In compliance with R.D. 1362/2007, art. 8.1, b) of October 19, which develops Law 24/1988, of July 28, on the Securities Market, the Directors of TUBACEX, S.A.

STATE

That to the best of its knowledge, the annual accounts for the 2021 financial year, prepared in accordance with the applicable accounting principles, offer a true and fair view of the equity, financial situation and results of Tubacex, S.A. and its consolidated group. Likewise, the Management Report for the same period includes a faithful analysis of the performance and business results and of the position of Tubacex, S.A. and its consolidated group, together with a description of the main risks and uncertainties they face.

In Llodio, February 23, 2022

D. Francisco Javier García Sanz Id 46.672.425-C President	Antonio Gonzalez-Adalid García-Zozaya Id: 01.471.008-C Vicepresident	D. Jesús Esmorís Esmorís Id: 32.773.846-L CEO	D. Antonio Mª Pradera Jauregui Id: 14.925.125-B Director
D. Manuel Moreu Munaiz Id 50.281.741-S Director	Dña. Nuria López de Guereñu Ansola Id 15.385.698-D Director	Dña. Isabel López Paños Id: 02.537.430-R Director	D. Jorge Sendagorta Gomendio Id 01.485.954-Q Director
D. Ivan Marten Uliarte Id: 37.693.374-P Director	Doña Gema Navarro Mangado Id: 05.205.606-Q Director	Don Jose Toribio Gonzalez Id: 02.898.132-V Director	Dña. Maider Cuadra Etxebarrena Id: 16.047190-K Secretary, not Director