

Independent Limited Assurance report on the Consolidated Non-Financial Statement for the year ended December 31, 2021

TUBACEX, S.A. AND ITS SUBSIDIARIES

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)

Alberto Castilla Vida

February 23rd, 2022



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.



Chairman's and CEO's Statement

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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 Esmoris, CEO



1 ORGANIZATIONAL PROFILE



Organizational Profile Group Presentation and Companies

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

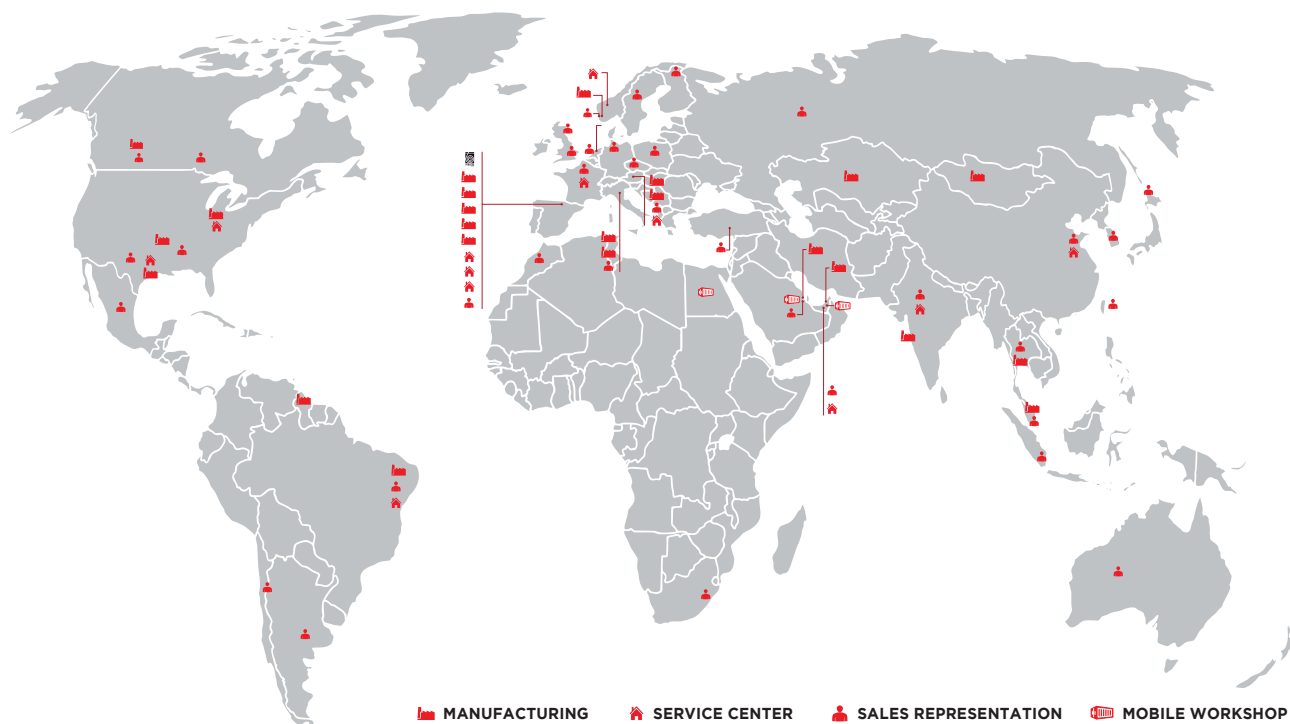
1.1

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.

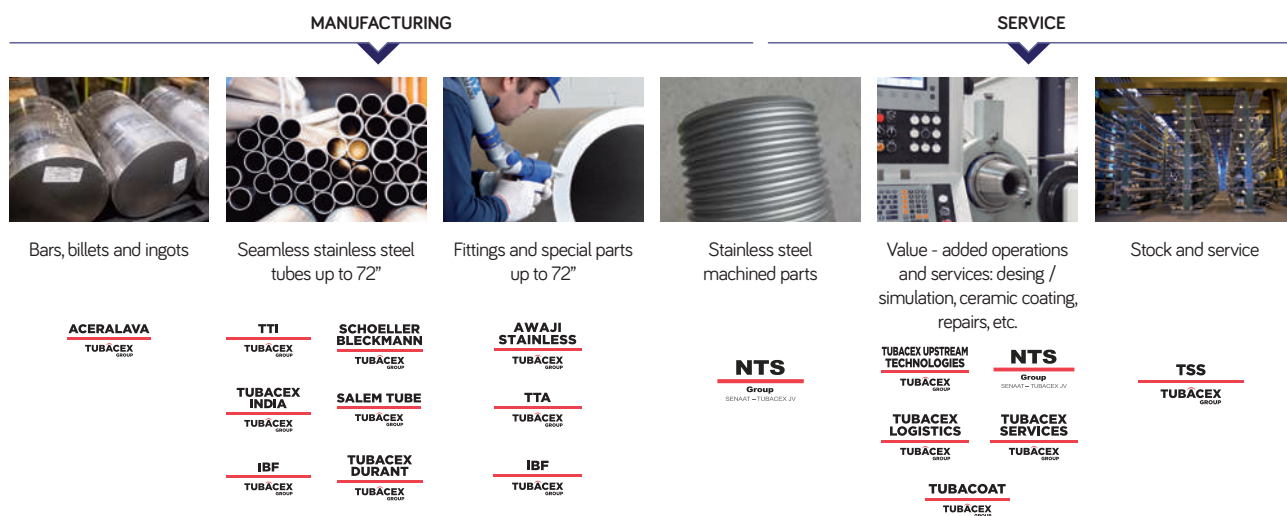
The Company has 20 production plants in Spain, Austria, Italy, the United States, India, Thailand, Saudi Arabia, Dubai, Norway, Canada and Singapore, in addition to 12 service centers worldwide, plus sales offices in 38 countries.





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).



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

1.2

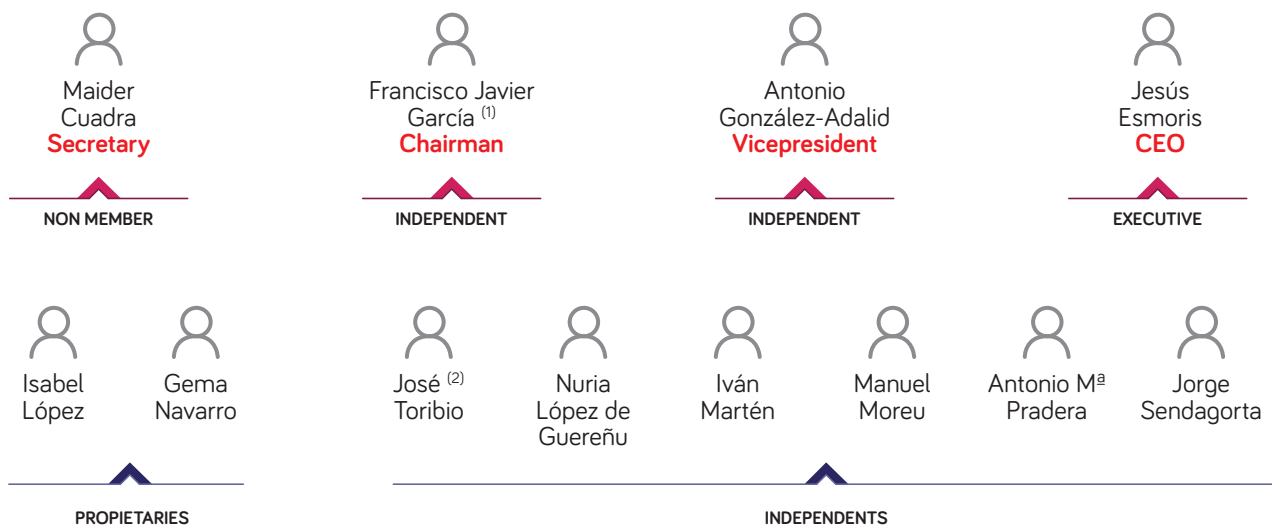
Organizational Profile Corporate Governance

[102-10]

1.2.1

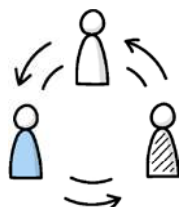
Board of Directors

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



(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. Martín 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. Esmoris 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.



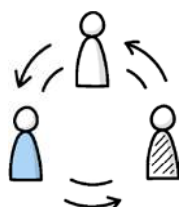
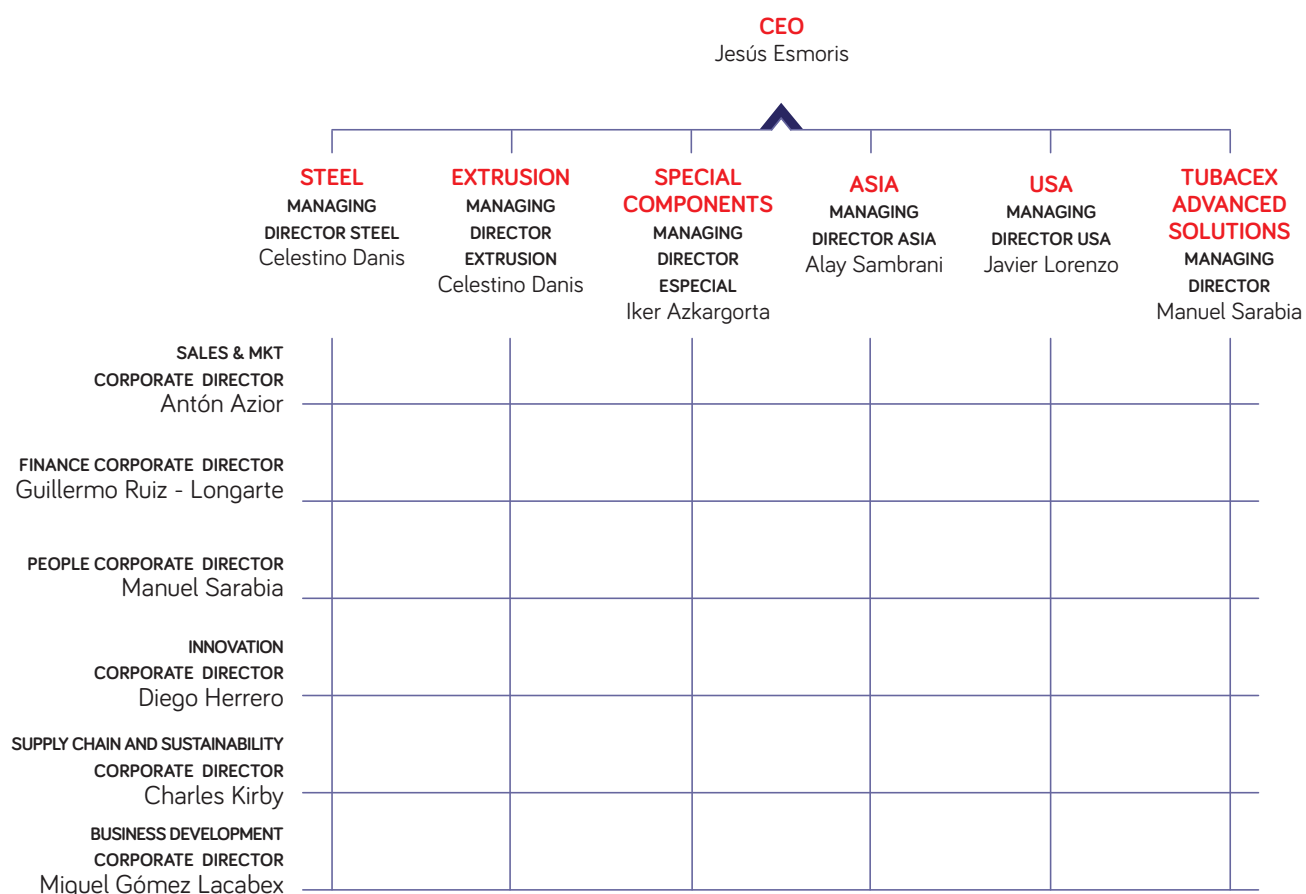
Organizational Profile

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:





Organizational Profile

Mission, Vision and Values

[102-16, 103-2]

1.3

Mission

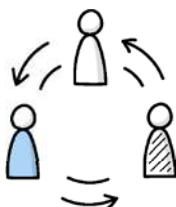
- We are an innovative, leading, multi-national industrial group in the global market of seamless stainless steel tubes.
- We seek customer satisfaction through a portfolio of products and services that are constantly being developed. We are a reliable company that fulfills its obligations with internal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

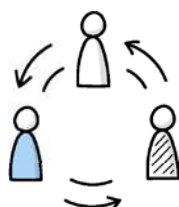
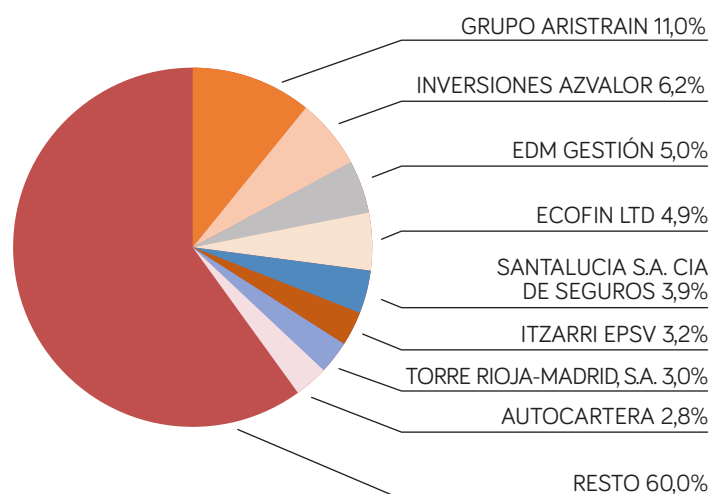
TUBACEX

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, which has accelerated throughout the year, with the signing of important deals, which will be reflected in the results as of 2022.

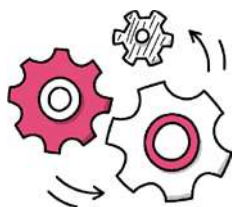
After the sharp decline in 2015-2017, followed by stabilization and slight improvement in 2018-2019, the volume of projects awarded shrank by 4% in 2020 in all sectors, particularly in those aimed at the subsea and offshore oil extraction and aeronautical sectors, due to the impact of the COVID-19 pandemic. 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

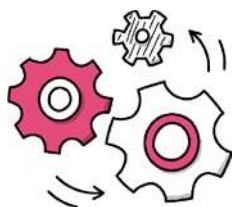
The acquisition of Amega West and TSS Norway, and the commercial consolidation in Kazakhstan boosted the positioning of TUBACEX

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

Guarantee the Group's
liquidity and solvency

Closing of major
multi-annual contracts

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.

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.

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.





Our Strategy 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



Risk Management

[102-15]

4

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

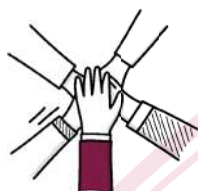
[102-44, 102-47]

Generating value for the stakeholders

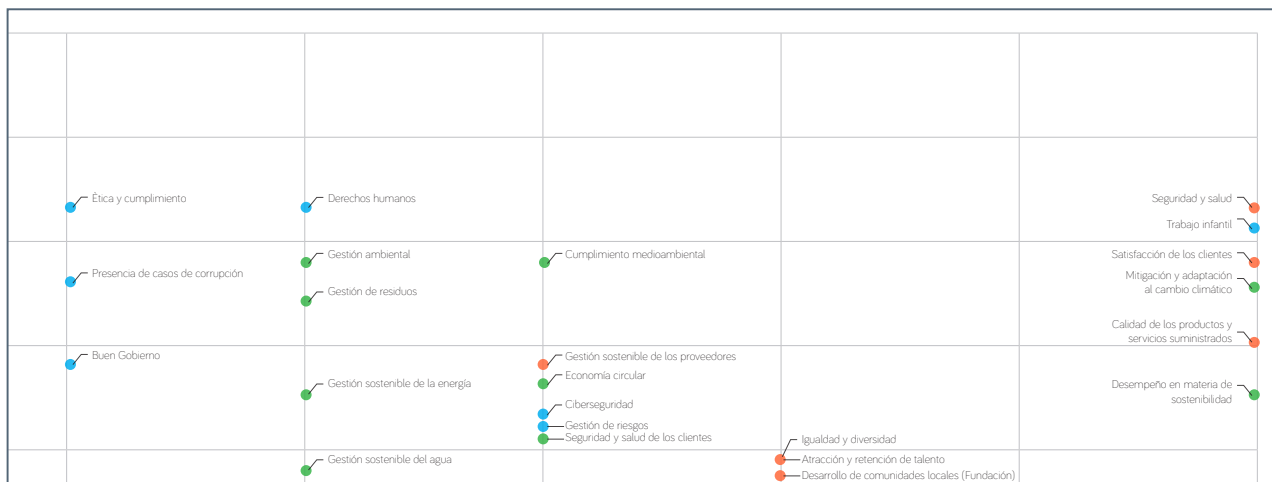
TUBACEX draws up a list of material aspects that may pose challenges and opportunities for the Company. To do so, it analyzes internal and external sources, including the materiality benchmarking of other companies, in order to draw up a list of 31 potentially material issues, grouped by their impact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

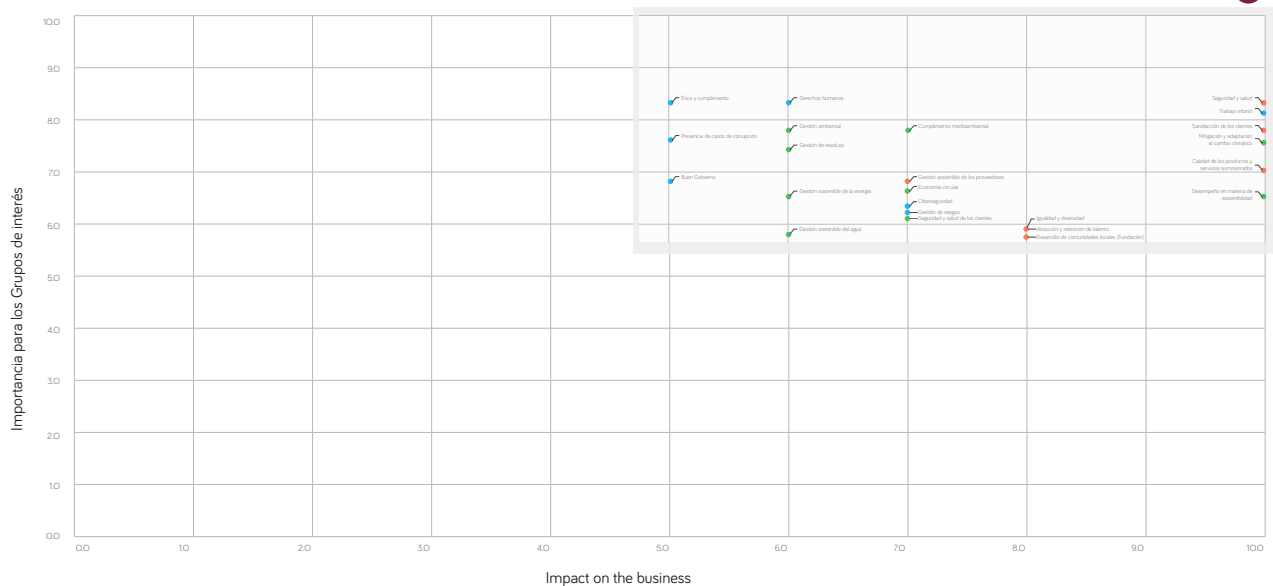
Once the assessment is completed, the material aspects are represented on a matrix, establishing the threshold beyond which the aspect is considered to be significant.



2



1



● Environment

● Social

● Governance



Chart 1.

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



Chart 2.

Partial 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.

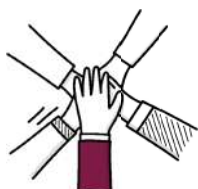
TUBACEX has its own Code of Conduct, which sets out the actions of all members of the Company, extending its principles of behavior to all of the people and organizations related to the Company.


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.

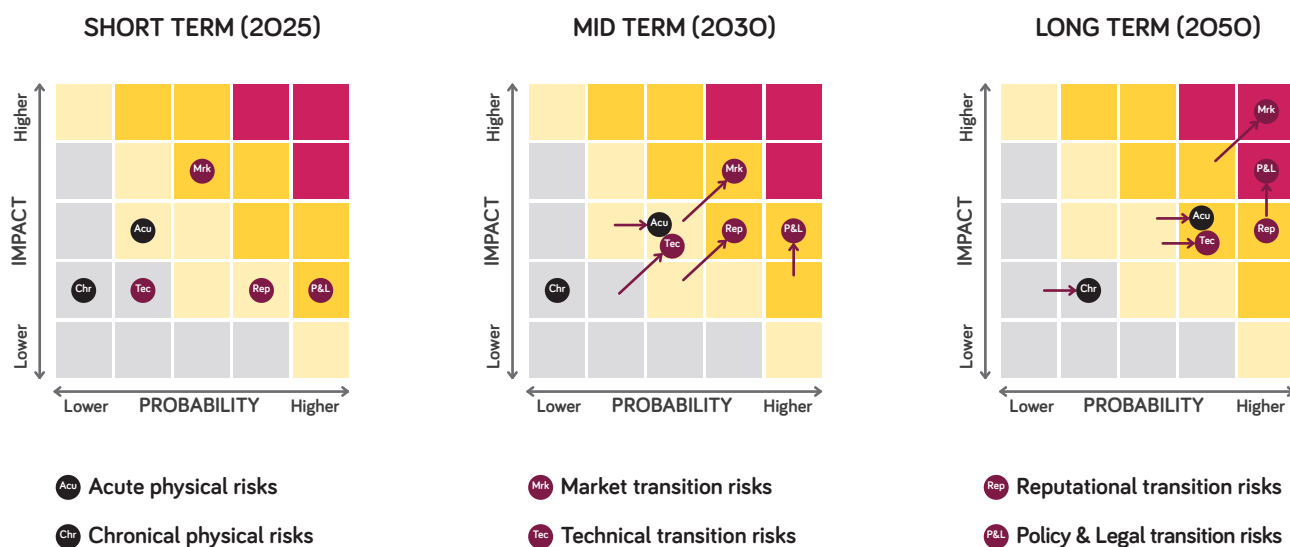
Sustainable Environmental Management. Though sustainable responsible use of resources required for production activity (mainly water and energy), as well as optimum management of resources. A commitment that is extended to the value chain.



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

Decarbonization,
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 TFCF 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 Intalex 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

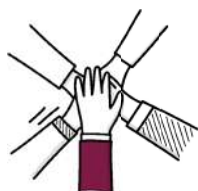
[103-3]

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

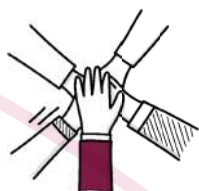
Resources allocated to Environmental Risk Prevention

[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.*





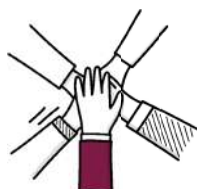
Environment Contamination

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 ACERÁLAVA. 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

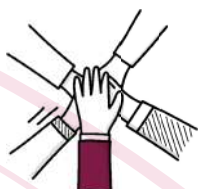
*100% of the Group's companies are included.

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 ACERÁLAVA 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

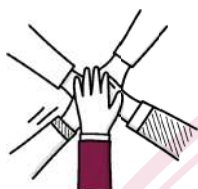
Water is a necessary natural resource for TUBACEX's manufacturing process. For example, the steel processing process requires cooling, inspection or cleaning operations which use water. Minimizing its consumption has become a global objective with measures aimed at its reuse in the different production 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]

Effluents and waste. Measures to prevent, recycle, reuse, recover and eliminate waste

5.3.11

	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

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

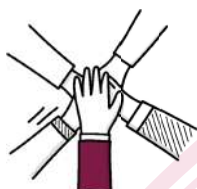
	2021	2020
Direct emissions (t COe)	28,157	49,445
Indirect emissions (t COe)	17,897	21,401
Other indirect emissions (t COe)	170,064	179,568
TOTAL	216,118	250,414

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.

	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 CO₂e/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 ACERA-LAVA) 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 1.5° 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.

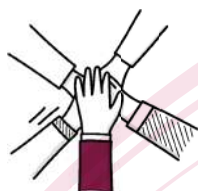




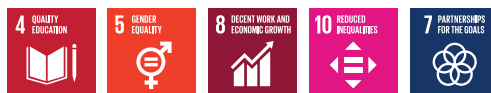
Sustainability Biodiversity

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.



5.4



People

5.4.1

Safe environments and diverse talent, priority lines in management

Explanation of the Material Topic and its Boundary

[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 nature 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.).





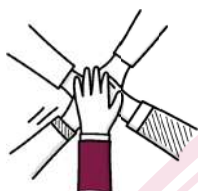
People

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 TUBA-CEX 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

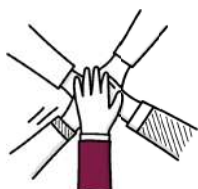
	2021			2020		
	Men	Women	Total	Men	Women	Total
Under 30	236	44	280	310	51	361
30 - 50	1,246	216	1,462	1,328	215	1,543
Over 50	395	57	452	422	54	476
TOTAL	1,877	317	2,194	2,060	320	2,380

*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
Saudi 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.



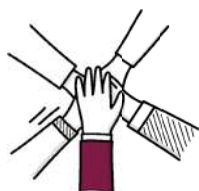
Employees of the Tubacex Group are spread around the seventeen countries where the Group is present.

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]

5.4.7

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 the 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]

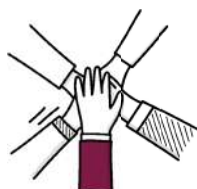
5.4.17

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.





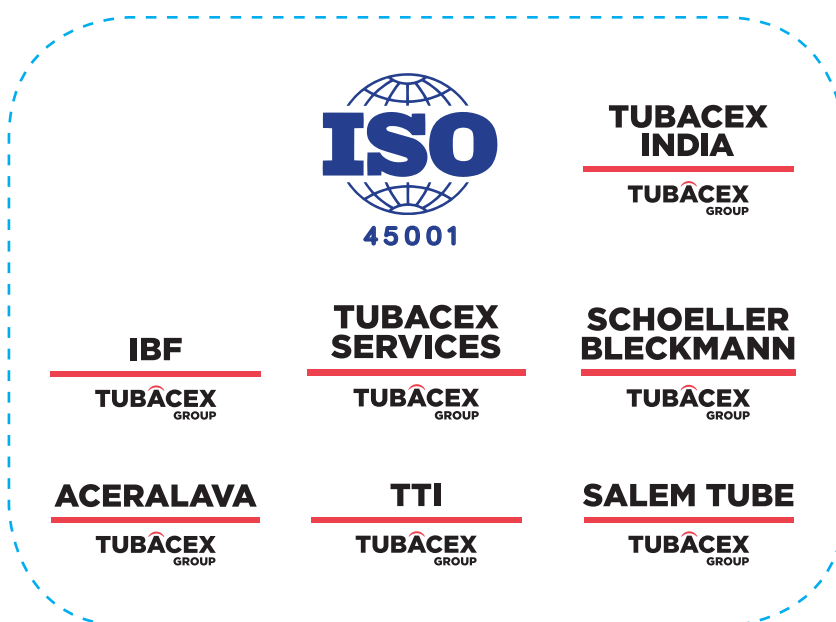
People Health & Safety at work

[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.





People

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.

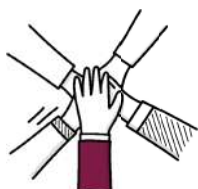




People Occupational diseases

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.





People

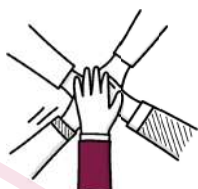
Percentage of employees covered by collective bargaining agreements by country

5.4.23

% 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

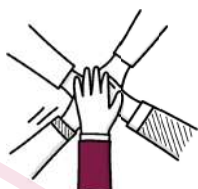
	2021	2020
Management	1,019	2,451
Middle management and supervisors	1,599	1,725
Technicians and professionals	3,867	2,881
Operations personnel	15,964	8,739
Total Number of training hours	22,449	15,796
Average number of training hours per employee	10.2	6.6

*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.





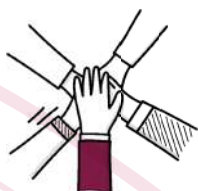
People

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]

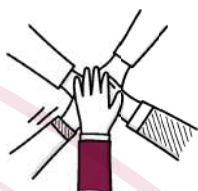
TUBACEX is fully committed to the protection of Human Rights as they underpin the laws applicable to all the business units upon which each business unit conducts its activity. The following material aspects were identified in this area:

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.





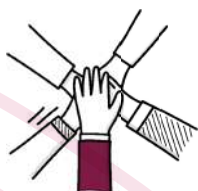
Human Rights

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 of forced or compulsory work in the Group suppliers. Finally, by signing the purchasing terms and conditions, the Supplier undertakes to comply with any applicable regulation in terms of forced labor, child labor and physical and psychological duress, threat, abuse and violence at the work place, and discrimination and inequality on grounds of race, color, gender, religion, political opinion, nationality, illness or any other physical or social condition.





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 corruption. In all its actions before authorities and public representatives in Spain, Europe and third countries, if any, TUBACEX always acts observing and in accordance with the applicable law to promote and defend our legitimate interests, while we fight any form of bribery and corruption. In this context, as the Company's Code of Conduct prescribes, any offering and/or favor directly or indirectly provided to obtain business or achieve any advantage by a public or private third party are expressly forbidden. Moreover, TUBACEX does not accept any advantage of these characteristics in exchange for preferential treatment requested by a third party. The offering or delivery of improper benefits to influence the decision of the recipient even if the recipient is not a government official, not only may lead to the application of disciplinary penalties, but also facing criminal charges. TUBACEX has extended the provisions included in its Code of Conduct to all its suppliers.
- **Compliance Plan.** The annual Compliance Plan verifies and standardizes the compliance requirements enforced by the applicable local law in the places where TUBACEX carries out production and/or commercial activity.





- **Statutes of the Compliance Function.** 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.

	2020	2021
Entity / Foundation		
Colabora Birmania	51,000€	51,000€



5.7



Society

5.7.1

Explanation of the Material Topic and its Boundary

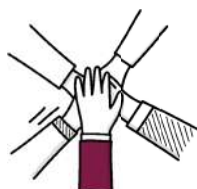
[102-15, 103-1]

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.



5.8



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.

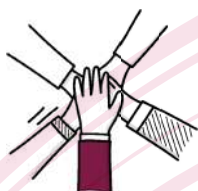


Supply Chain Indicators

[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.





5.9



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).





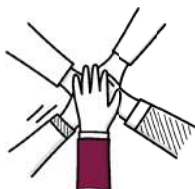
5.9.4

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.





Customers | Indicators

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.





Customers | Indicators

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.





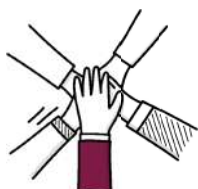
Customers | Indicators

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.





Customers | Indicators

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

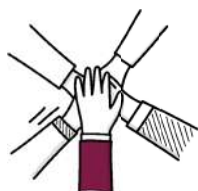
[418-1]

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.











5.10

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	
Sustainable management of suppliers	Environment	8	
Sustainable energy management	Environment	7,8	
Waste Management	Environment	7,8	
Environmental Management	Environment	7,8	
Circular Economy	Environment	7,8	
Mitigation and adaptation to climate change	Environment	7,8,9	
Environmental Compliance	Environment	7,8,9	





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



Material aspect	NFIS section	UN principle	Main SDG
Health and Safety	People	1	 
Talent Attraction and Retention	People	6	 
Equality and Diversity	People	6	   
Employee training	People		  
Child Labor	Human Rights	5	  
Development of local communities (Foundation)	Society	5,6	   
Health and Safety of customers	Customers		 
Quality of the products and services supplied	Customers		 
Customer Satisfaction	Customers		 
















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]

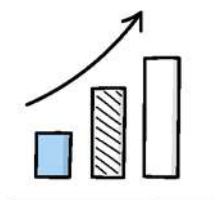
6.1

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

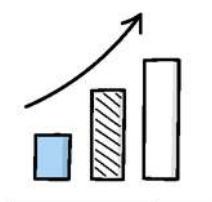
Tax on Benefits Paid

[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





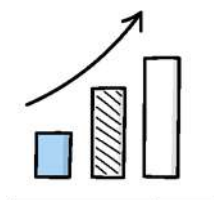
Fiscal Information

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.



The background of the slide is a dark maroon color. It features a pattern of numerous overlapping circles of varying sizes, some of which are lighter shades of maroon, creating a textured, cellular effect. A large, stylized number '7' is positioned on the left side of the slide, partially overlapping the circular pattern. The number is a dark grey or black color. To the right of the number, the word 'TAXONOMY' is written in a clean, sans-serif, uppercase font, also in a dark grey or black color. The overall design is modern and abstract.

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 made, 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 uncanceled 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		
	GRI Disclosure 102-2 Activities, brands, products, and services		
	GRI Disclosure 102-3 Location of headquarters	1.1 Group presentation and companies	
	GRI Disclosure 102-4 Location of operations		
	GRI Disclosure 102-6 Markets served		
	GRI Disclosure 102-7 Scale of the organization	1.1 Group presentation and companies	
	GRI Disclosure 102-10 Significant changes to the organization and its supply chain	1.2 Corporate Governance 1.5 TUBACEX Key Figures	
	GRI Disclosure 102-13 Membership of associations	1.4 Memberships and Associations	
	GRI Disclosure 102-15 Key impacts, risks, and opportunities	2.1 Factors and Trends 0.4. 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	
	GRI Disclosure 103-3 Evaluation of the management approach	5.9.2. Management Approach and Components	
		5.3.3. Assessment Procedures	
		5.4.3. Assessment Procedures	
		5.5.3. Assessment Procedures	
		5.7.3. Assessment Procedures	
		5.8.3. 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	5.9.3. Assessment Procedures	
		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.	<p>GRI Disclosure 102-15 Key impacts, risks, and opportunities</p> <p>GRI Disclosure 102-29 Identifying and managing economic, environmental, and social impacts</p>	<p>04 Risk Management</p> <p>5.3.1. Explanation of the Material Topic and its Boundary</p> <p>5.3.4 Resources allocated to environmental risk prevention</p>	
Environmental Assessment or Certification Procedures	<p>GRI Disclosure 102-11 Precautionary Principle or approach</p> <p>GRI Disclosure 103-3 Evaluation of the management approach</p>	<p>5.3.5. Precautionary Principle Application</p> <p>5.3.3. Assessment Procedures</p>	
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	<p>5.3.2 Management Approach and Components</p> <p>5.3.5. Precautionary Principle Application</p>	
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			
	GRI Disclosure 102-7 Scale of the organization		
Total number and distribution of employees by gender, age, country and professional category	GRI Disclosure 102-8 Information on employees and other workers	54.5. Total number and distribution of employees by gender, age, country and professional category	
	GRI Disclosure 405-1 Diversity of governance bodies and employees		
Total number and distribution of employment contract types	GRI Disclosure 102-8 Information on employees and other workers	54.6. 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	54.7. Annual average permanent, temporary and part-time contracts by gender, age and professional category	
Number of dismissals by gender, age, country and professional categories		54.8. 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.		54.9. Average compensation and evolution breakdown by gender, age and professional categories or equal value. 54.6. Pay gap	Information related to TSS and Amega West, acquired in 2020, has not been included in 2020.
Pay gap		54.10. 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		54.10. 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		54.11. Average compensation of Directors and Management	
Implementation of right-to-disconnect measures		54.12. 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		54.13. 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	4039a 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	5.11. Identificación de Grupos de interés 5.12. Análisis de materialidad	
Partnership and sponsoring activities	GRI Disclosure 102-13 Membership of associations	14 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	
	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 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	

