



NON-FINANCIAL
INFORMATION
STATEMENT
2022

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 and sustainability strategy. 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. [GRI Disclosure 2-5]

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, 2022. The information relating to 2021 is presented for comparison purposes with that of 2022. It includes the entire Group, unless otherwise specified for certain indicators where the specific scope will be explained.



Statement from the Chairman and CEO

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Chairman's and CEO's Statement

[GRI Disclosure 2-22]

In recent years, we have witnessed a market transformation, which has been intensified by the drive for energy and climate change policies, within the framework of the energy transition. At TUBACEX, we have proven our ability to rise to the challenges facing our business and, especially, those facing our planet. For this reason, we have implemented a strategic plan with a firm purpose: to rise to the new challenges for human progress by providing advanced industrial products and services.

The target sectors for our products are in the midst of a transformation towards an emission-neutral Europe by 2050. The energy sector is migrating towards a low carbon emission or net-zero emissions system. On the other hand, the mobility sector also presents great opportunities for decarbonization, as it is the main energy-consuming sector and the leading emitter of greenhouse gases. Our role is to accompany our customers by supporting their environmental objectives and reducing their carbon footprint. This is a firm commitment.

Although we have faced other energy transition processes in the past, none has been as urgent as the one we are now facing. We need to protect our planet with real and shared commitments. At TUBACEX, we are committed to making our products and services available to our customers and the planet.

In 2022, we obtained a leading position in the world's most prestigious climate change index drawn up by the Carbon Disclosure Project (CDP), having obtained a score of 'A-' for our environmental disclosure, awareness, management and leadership. This score is above the European average, which is 'B', and above the average for the sector, which is 'C'. This is a reflection of the direction in which we want to move our organization.

However, beyond our environmental commitment lies our commitment to people and communities, as well as our approach to business. This report is a true reflection of this ambition.

Francisco Javier García, Chairman

Jesús Esmorís, CEO



1 ORGANIZATIONAL PROFILE



Organizational Profile

Group Presentation and Companies

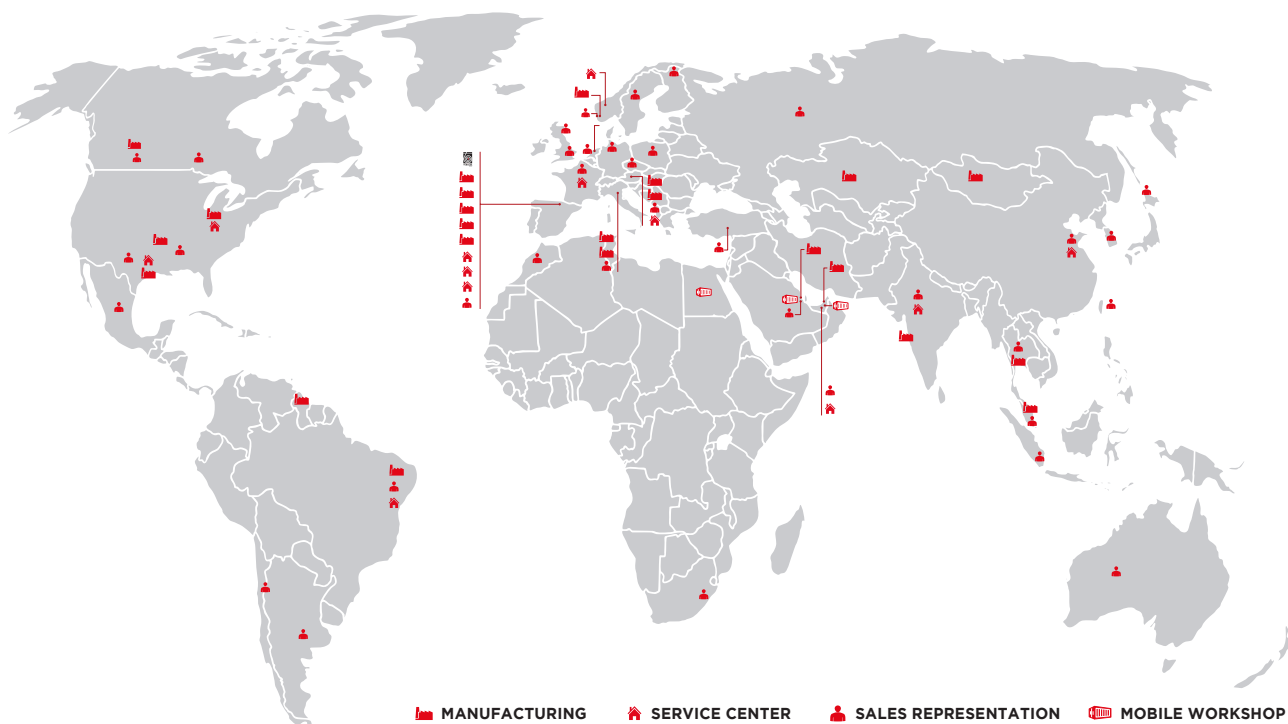
[GRI Disclosure 2-1, GRI Disclosure 2-2, GRI Disclosure 2-6]

1.1

TUBACEX is a company specialized in the manufacture and supply of high value-added technological solutions 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.

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





Sectors of activity (and sales percentages)

- 1) Oil Extraction and Production (14%)
- 2) Gas Extraction and Production (18%)
- 3) Power Generation (5%)
- 4) Precision and Transport (17%)
- 5) Industrial Applications (47%)



E&P Oil 14%



E&P Gas 18%



Powergen 5%



Precisión y transporte 17%



Industrial 47%

MANUFACTURING

SERVICE



Bars and billets

ACERALAVA
TUBACEX GROUP



Seamless Stainless Steel Tubes up to 72"

TTI
TUBACEX GROUP

SCHOELLER BLECKMANN
TUBACEX GROUP

TTP
TUBACEX GROUP

SALEM TUBE
TUBACEX GROUP

IBF
TUBACEX GROUP

TUBACEX DURANT
TUBACEX GROUP



Accessories and Special Components up to 72"

AWA JI STAINLESS
TUBACEX GROUP

TTA
TUBACEX GROUP

IBF
TUBACEX GROUP



Stainless steel mechanized components

NTS
A M E G A
GLOBAL



High added value operations and services: design, simulation, ceramic coatings, repair...

TUBACEX UPSTREAM TECHNOLOGIES
TUBACEX GROUP

TUBACEX LOGISTICS
TUBACEX GROUP

TUBACOAT
TUBACEX GROUP

NTS
A M E G A
GLOBAL

TUBACEX SERVICES
TUBACEX GROUP



Stock and service

TSS
TUBACEX GROUP

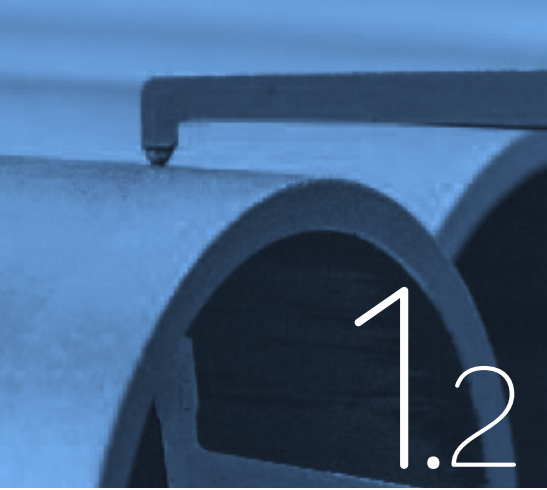
Companies that form part of the Tubacex Group

This report does not incorporate information related to Tubos Mecánicos, which ceased to form part of the Group in December 2021, so the indicators presented in 2022 do not include this company in their perimeter, which would be included in the 2021 indicators that are presented for comparative purposes.

For detailed information on the companies included, please see FY 2022 Consolidated Financial Statements.



For further information, visit www.tubacex.com

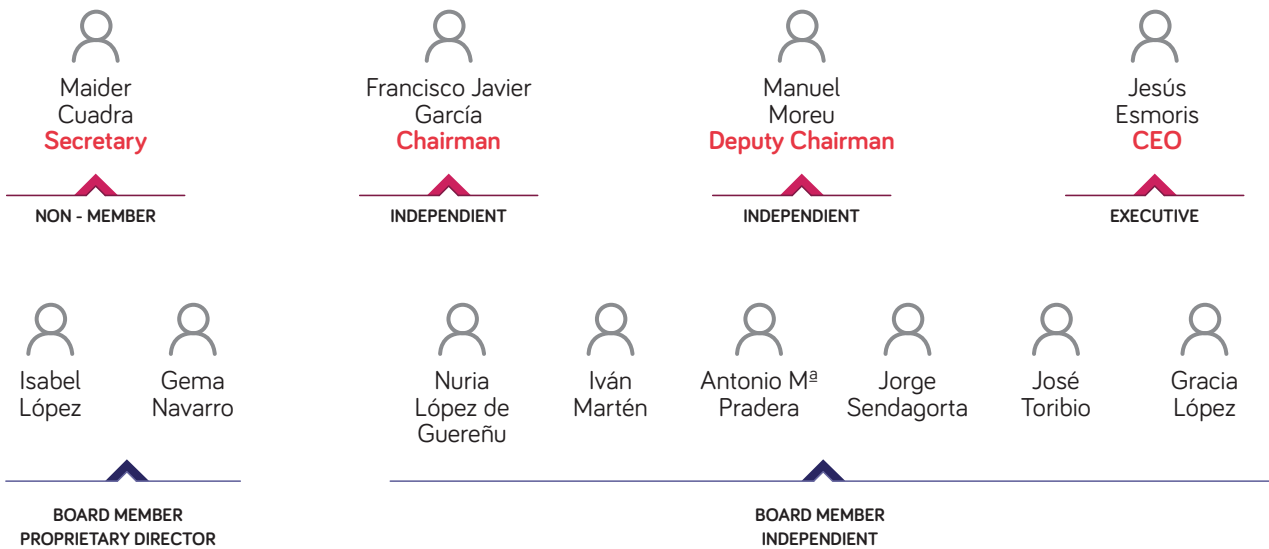


Organizational Profile Corporate Governance

[GRI Disclosure 2-9]

1.2.1

Board of Directors Composition of the Board of Directors at 31st December 2022.



In 2022, TUBACEX agreed to appoint Mr. Manuel Moreu as Deputy Chairman of the Board of Directors, as well as the appointment through co-option of Ms. Gracia López Granados as Independent Board Member and her designation as President of the Audit and Compliance Committee.

It must also be pointed out that 2022 was the first full financial year of the new Chairman of the Board of Directors. Having been an Independent Board Member, in 2021, he took over from Alvaro Videgain, with a long record as chief executive of the company and who the Board of Directors named Honorary President in May 2022.





Sustainability and Good Governance Committee

[GRI Disclosure 2-12, GRI Disclosure 2-14]

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 in 2021. 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		TYPE
Chairwoman		Ms. Lopez de Guereñu		External Independent
Board Member		Mr. Martén Ms. Navarro Mr. Sendagorta		External Independent External Proprietary External Independent

Audit and Compliance Committee

As with the other committees, the Board of Directors approved the Audit and Compliance Committee's own regulation in 2021, which until then had been regulated by the Board of Directors Regulations. This regulation incorporates all of the responsibilities attributed to this body derived from the Corporations Act, the good practices of listed companies and the recommendations

of the Good Governance Code of Listed Companies approved in 2020. 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
Chairwoman		Ms. López Granados		External Independent
Board Member		Ms. López de Guereñu Mr. Toribio		External Independent External Independent

Appointments and Remunerations Committee

[GRI Disclosure 2-10]

In line with the above, 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 both before the Board and 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

In 2022, the Board of Directors also approved the Strategy and Follow-up Committee's own Regulation, extracting and transferring this content from the Regulations of the Board of Directors.

This committee is chaired by the Chairman of the Board himself, as has been customary.

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

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

By the end of 2022, and following the Board's annual evaluation exercise, each and every one of the committees had planned its work for 2023 and defined its provisional calendar for the whole year, in line with that of the Board of Directors. This annual evaluation has been carried out in the Administrative Body since 2022 for the continuous improvement of the functioning of the board and its delegate bodies and its main statutory roles, i.e. Chairman, CEO and Secretary of the Board. In 2022, this evaluation was carried out by a specialized external firm to obtain greater objectivity and comparison with the best corporate governance practices in the listed companies' market.

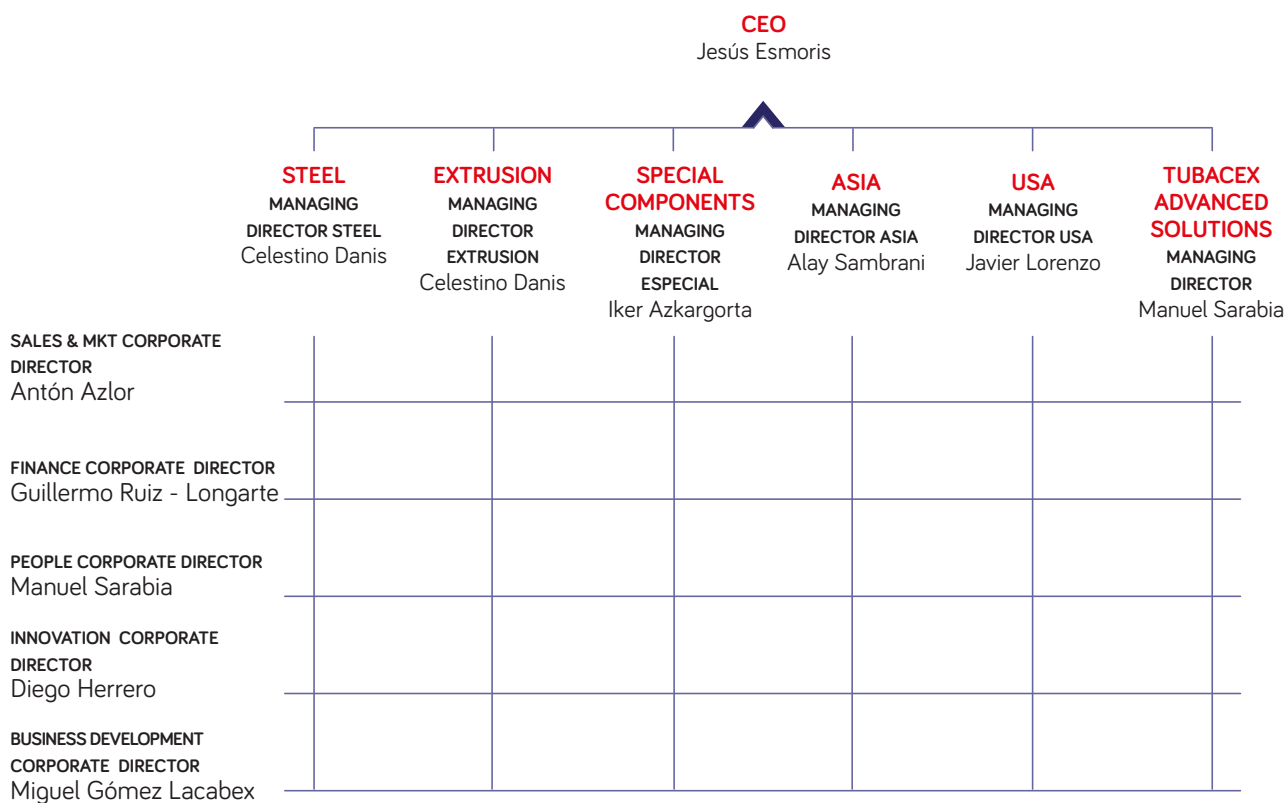


Organizational Profile Management Committee

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 2022:





Organizational Profile

1.3. Purpose, ESG Ambition, Mission, Vision and Values

[GRI Disclosure 2-23, GRI Disclosure 3-3]

1.3

Purpose

Face the new challenges for human progress, providing advanced industrial products and services.

ESG Ambition

Foster the decarbonization and circularity of our business and contribute to the development of innovative solutions for the transition, taking care of our people and environment and fostering a culture of transparency and integrity.

Mission

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

Vision

In 2021 TUBACEX redefined its vision in line with the Strategic Plan 2022-2025 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.



Organizational Profile

Memberships and Associations

[GRI Disclosure 2-28]

1.4

In 2022 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 MAR Alliance
- H2Basque





Organizational Profile

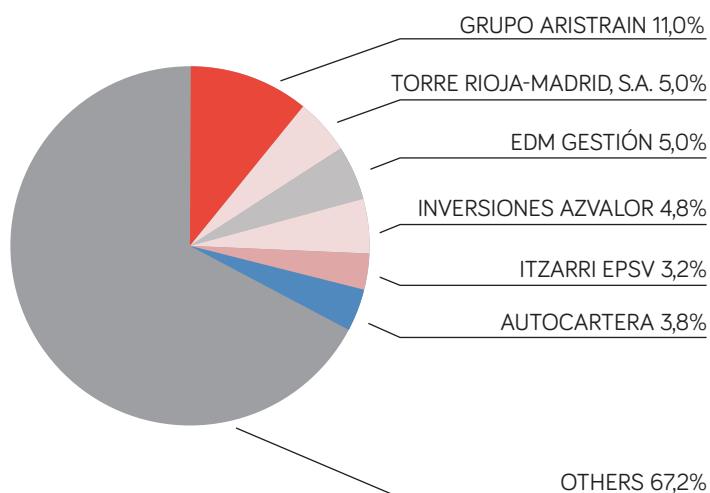
TUBACEX

Key Figures

[GRI Disclosure 2-6]

1.5

- Sales: €714.7 million
- EBITDA: €92.4 million
- Net profit or loss: €20.2 million
- Number of plants: 20
- Number of warehouses: 12
- Number of employees as of December 2022: 2,488 people
- Shareholding as of December 2022 (source Spanish Securities Exchange Commission):





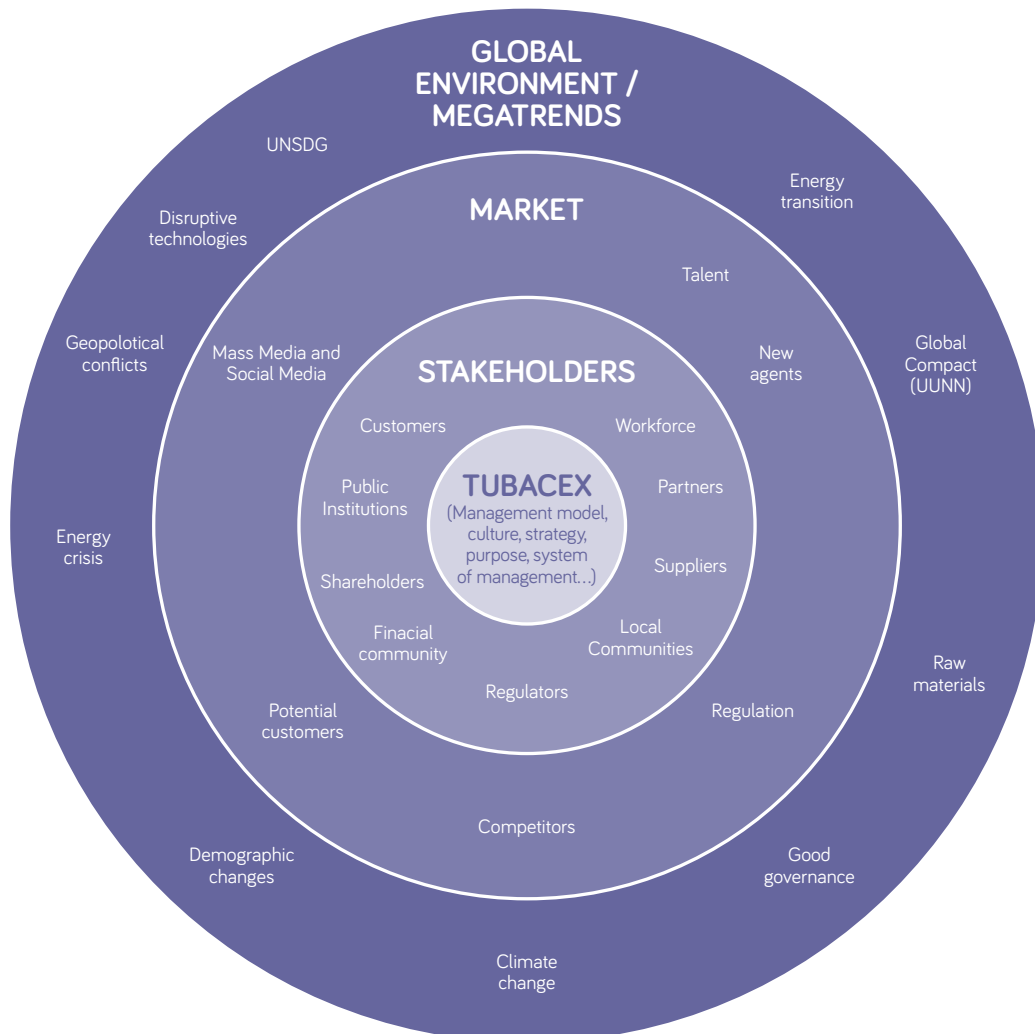
2 OUR ENVIRONMENT



Our Environment

TUBACEX has defined the set of internal and external elements carried out in its own environment and that affect the development of its activity, taking into account political, social, environmental, technological, legal and economic aspects, as well as the mega trends of the global environment in which the organization operates.

Understanding these aspects enables the organization's current context to be appreciated and to be better prepared to manage change.



Our Environment Factors and Trends

2.1

In 2021, the market started a recovery, which has accelerated throughout 2022, returning to pre-COVID-19 levels

Market Recovery

The volume of projects awarded in the industries and sectors in which TUBACEX is present shrank by 40% in 2020, in all sectors, particularly in those aimed at the offshore oil and gas extraction and aeronautical markets. This was due to the impact of the COVID-19 pandemic in addition to the trends of decarbonization and migration to cleaner energy sources. These trends had already affected the energy sector since reaching peak investment volumes in 2014. **In 2021, the market started a recovery, which has accelerated throughout 2022, returning to pre-COVID-19 levels.** This positive trend is expected to continue in 2023, even if forecasts of an economic slowdown in 2023 are confirmed or if geopolitical tensions in relation to global energy supply evolve unfavorably.

The recovery has been clearly led by the Oil & Gas exploration and production sector (known as Upstream in the sector). Oil prices dropped to under \$40 a barrel in 2020 but recovered to over \$100 a barrel throughout 2022. The Russian invasion of Ukraine and associated international sanctions have had a strong influence on its evolution. Growing fears of an economic recession put it at levels of \$80 at the end of the year. In any case, and apart from the price fluctuations caused in many cases by the economic and geopolitical situation, the energy companies are in a good financial situation, with ambitious public expansion plans after years of reduced investment volumes, and with solid medium and long-term viability prospects in the projects presented. This has led to a strong increase in the OCTG and umbilicals backlog in 2022, further supported by long-term supply contracts.

TUBACEX sales grew significantly in 2022, almost doubling those reached in 2021, with increasing profitability levels. This trend intensified in the second half of the year, with 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 around €1,500 million, which will be reflected in the results for the coming quarters. **This high volume is the result of a strategy of getting closer to the end customer with long-term supply contracts** to ensure greater stability in the cycle and avoid the ups and downs of the value chain in such a complex and capital-intensive sector as the energy sector.





Regarding the situation by region, **the North American market can be highlighted**. TUBACEX has consolidated its new production capacity there (Tubacex Durant, Amega West), both of which focus on the precision industry and were incorporated in 2020. At a geographical level, the north of Europe also stands out with the development of 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. Finally, the Group has started the process for the construction of an **OCTG manufacturing plant in the United Arab Emirates**, within the framework of the major contract signed with ADNOC.

Energy Transition and Decarbonization

Regardless of the good prospects of the major operators, **the Tubacex Group is positioning itself to become a key player in the energy transition to foster decarbonization, accompanying its customers in their search for solutions with less environmental impact**. Its evolution in the nuclear industry (with significant orders in 2022) stands out, as well as in industries with a high technological content (with record orders for the aerospace industry in the last financial year) and in new solutions, such as hydrogen, where the company is present both commercially and in new initiatives for the industrial use of this energy source. Despite the fact that a significant volume of its business is focused on the more conventional energy sectors, which are currently recovering, the company is also accompanying its customers in their decarbonization processes and positioning itself in low-emission sectors.





Regulation

[GRI Disclosure 2-27]

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. At the same time, the European Commission also has an import safeguard system that benefits our production centers in Europe. 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.

Raw Materials

The trading price of the main raw materials used by the Tubacex Group (Nickel, Chromium, Molybdenum and scrap) continued to grow, with very high peaks due to geopolitical tensions, ending the year at high levels. **The sales segment aimed at standard product distribution, managed by the Tubacex Service Solutions subsidiary has performed excellently in this field, achieving a record volume of orders.**

In conclusion, although 2022 presented many economic and geopolitical uncertainties, the Tubacex Group has clearly improved its backlog, sales, margins and overall market positioning.

Sustainable Financing

Financial agents and institutional investors are paying more attention to companies that focus their growth strategies and actions on sustainable practices, triggering a global shift towards sustainable financing.



Reporting Frameworks

New sustainability and corporate governance reporting regulations have been appearing that require entities to report ESG policies, practices and targets in line with international standards, making companies comparable within each sector. These regulations require companies to disclose greenhouse gas emissions, TCFD recommendations, dual materiality, the new directive on non-financial reporting (CSRD), or the taxonomy of sustainable activities, among others.

To meet the new requirements, companies have relied on digital tools to keep their ESG performance data organized and traceable, which has also enabled them to address the requirement for transparency, coherence and consistency.

Shared commitment to limit global warming

To enable companies to align their short and long-term climate action with global warming limits of 1.5 °C, TUBACEX joined the Science Based Targets (SBTi) initiative, which will guide and certify our corporate objectives for net zero emissions in line with the Paris Agreement.





3 OUR STRATEGY



Our Strategy

Business Strategy

3.1

In 2022 TUBACEX presented its new strategic plan which focuses on driving its vision of becoming a supplier of sophisticated industrial products and high value-added services for the energy and mobility sectors.

Over the past two years, the company has boosted its competitiveness, ensured its liquidity and solvency, and improved its market positioning. The purpose of all this was to start off from an advantageous position in a recovering market. In parallel, TUBACEX defined its new Strategic Plan 2022-2025, with sustainability, profitability and competitiveness as its driving force. This Strategic Plan was presented at the Shareholders' General Meeting held on 26th May 2022.

TUBACEX will approach the market in three phases: In the first phase, it will boost its presence in terms of its traditional products, focusing on accompanying existing customers in their decarbonization processes through products and services that minimize their environmental impact and improve the efficiency of their processes. The company will continue to consolidate its position as a leader in highly profitable segments. The second phase, which will overlap with the first phase, will focus on low-emission energies, with the development of new innovative solutions for the generation, storage and transportation of energy for developing markets, such as hydrogen or CCS. Lastly, opportunities for organic or inorganic growth will be analyzed in the energy and mobility sectors, with the promotion of new businesses.



1. Sustainability Plan

Fostering an environmentally friendly company committed to people and society, and extending its commitment to the supply chain, with an action plan aligned with the UN Sustainability Development Goals.



2. Stability of the Current Business

Un posicionamiento centrado en conseguir unos resultados más estables apoyados tanto en la mejora del mix de producto, la apuesta por productos premium con perspectivas positivas en el corto y medio plazo; y el posicionamiento comercial con la consecución de contratos a largo plazo.

3. Diversification

Acceleration of its diversification plan in line with decarbonization requirements. In spite of its good positioning in other industries, such as aeronautics or instrumentation, TUBACEX is pushing its diversification strategy in order to achieve a more balanced business mix, focusing on gas, which facilitates the transition to green energy and an alternative to coal.

4. Reduction of Net Debt

This is achieved by taking advantage of the positive cycle in the sector and focusing on generating results and cash flow, while continuing to work on ways to reduce working capital needs, by maintaining optimal inventory levels for each plant based on its business.

5. Competitiveness

To achieve this debt reduction and maintain the traditional business stability, it is necessary to be competitive. In 2020 and 2021, the company restructured in order to be ready for this strategic plan and adapted to the new market situation. The focus is on maximizing competitiveness through clear diligence in operating costs, management of raw materials and scrap, and operating excellence, based on digitalization.



Compañía global



Especialistas en aplicaciones
de máxima exigencia



Comprometidos
con la sostenibilidad



Our Strategy Sustainability Plan

3.2

TUBACEX contributes to human progress by promoting responsible business

In recent years, TUBACEX has taken an active part in driving the 2030 agenda. We have paved the way for more responsible business through various initiatives. Now, with the new strategy 2022-2025, TUBACEX has taken a step further in defining its ambition in terms of sustainability and, along with it, a set of actions that address its commitment to people, the planet and transparency.

Therefore, the company has defined a roadmap that sets out the main lines of action, objectives, commitments and actions on environmental, social and governance issues. The strategy seeks:

- First of all, to **move towards carbon neutrality and foster business circularity**. It seeks to reduce its environmental footprint, as an active player in decarbonization, efficiency and circularity. Its targets are:
 - Reduction of 60% (Scope 1 and 2) and 30% (Scope 3) by 2030
 - >40% green energy by 2030
 - Net Zero by 2050
 - >95% of waste recycled by 2030
 - 100% of suppliers assessed in terms of ESG
- Secondly, to **contribute towards developing innovative solutions for the energy transition**. To do this, we are taking part in innovative initiatives that are leading the energy transition, by making our technological capacity available to our customers and diversifying our business. Its targets are:
 - Reach invoicing of €50 million from new energy sources by 2025
 - Devote 1-2% of sales to R&D by 2025





- Thirdly, **to take care of people and our surrounding environment**: developing a safe, inclusive and equitable environment, and contributing to social development wherever the company is present.
 - Reduce the accident rate by 75% by 2030. Its targets are:
 - Certify 100% of plants in accordance with ISO 45000
 - Train 100% of the workforce in ESG by 2025
 - Increase the diversity of the workforce and reduce the pay gap
- Finally, **to do the right thing and encourage transparency**. Foster a culture of transparency and integrity, based on ethical principles and compliance, by incorporating the best good governance practices. Its targets are:
 - Develop and disseminate the corporate policies
 - Remuneration scheme linked to ESG
 - Have a sustainable financing framework
 - Apply due diligence processes in all corporate operations

In this way, the bases for its management are laid, steering its strategy to add value, contributing to society's progress at an unprecedented social and environmental moment, putting the focus on a responsible business.

STRATEGIC AXES ESG

1.

Move towards neutrality and foster business circularity

Reduce our environmental footprint, acting as an active player in decarbonization, efficiency and circularity.

3.

Take care of our people and our communities

Develop a safe, inclusive and equitable environment, contributing to social development wherever we operate.



2.

Contribute to the development of innovative solutions for the energy transition

Participate in innovative initiatives that lead the energy transition and offer our technological capability to our customers and to business diversification.

4.

Do the right thing and encourage transparency

Foster a culture of transparency and integrity, based on ethical principles and fulfillment, incorporating the best good governance practices.



4 RISK MANAGEMENT



Risk Management

[GRI 2-25, GRI 3-3]

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.

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.





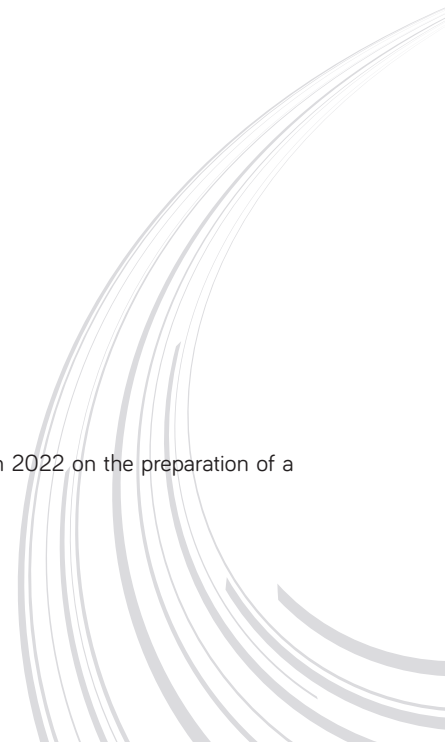
Risks are identified through questionnaires and face-to-face interviews with the heads of the different business units and relevant corporate areas. Once the risks have been identified, they are evaluated based on the likelihood of them occurring and impact on the strategic objectives. The projects defined by Management within the framework of the Strategic Plan mitigate the risks identified and enable them to be monitored. The process is coordinated by the Internal Audit area, which presents the map to the Audit and Compliance Committee, which subsequently reports to the Board of Directors.

Furthermore, using the same methodology as that used in the strategic reflection process framework, the risk map was updated in December 2022 with a short-term vision in order to include the potential risks that could affect the objectives set by the organization in 2023. A total of 13 people participated in drawing up this risk map, identifying 29 key risks. The risks identified are included the following categories:

- a) Business Risks
- b) Market Risks
- c) Operational, Technological, Environmental, Social and Legal Risks
- e) Credit Risk
- f) Strategy and Innovation Risks
- g) Regulatory and Political Risks
- h) Reputational Risk
- i) Corporate Governance, Ethics and Compliance Risks
- j) Climate Change Risk
- k) ESG Risks



As well as the corporate risk map, progress was made in 2022 on the preparation of a





specific ESG risk map. This map incorporates some of the risks and sub-risks that have already been identified in previous years, as well as new aspects in the environmental and social area. Among them, the risks derived from climate impact and our biodiversity operations stand out, as well as water management, or aspects related to human rights or diversity, equity and inclusion. The main risks identified in this area are listed below:





5 SUSTAINABILITY



Sustainability Materiality Assessment. Relationship with Interest Groups

[GRI 2-26, GRI 3-1, GRI 3-2]

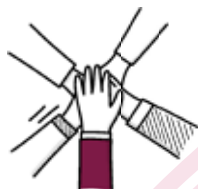
5.1

TUBACEX has defined five primary stakeholders which include shareholders and the financial community, employees, customers and society; and over 50 secondary stakeholders which are more indirectly involved.

The different representatives establish regular communication channels to find out their expectations and interests and to draw up specific action plans.

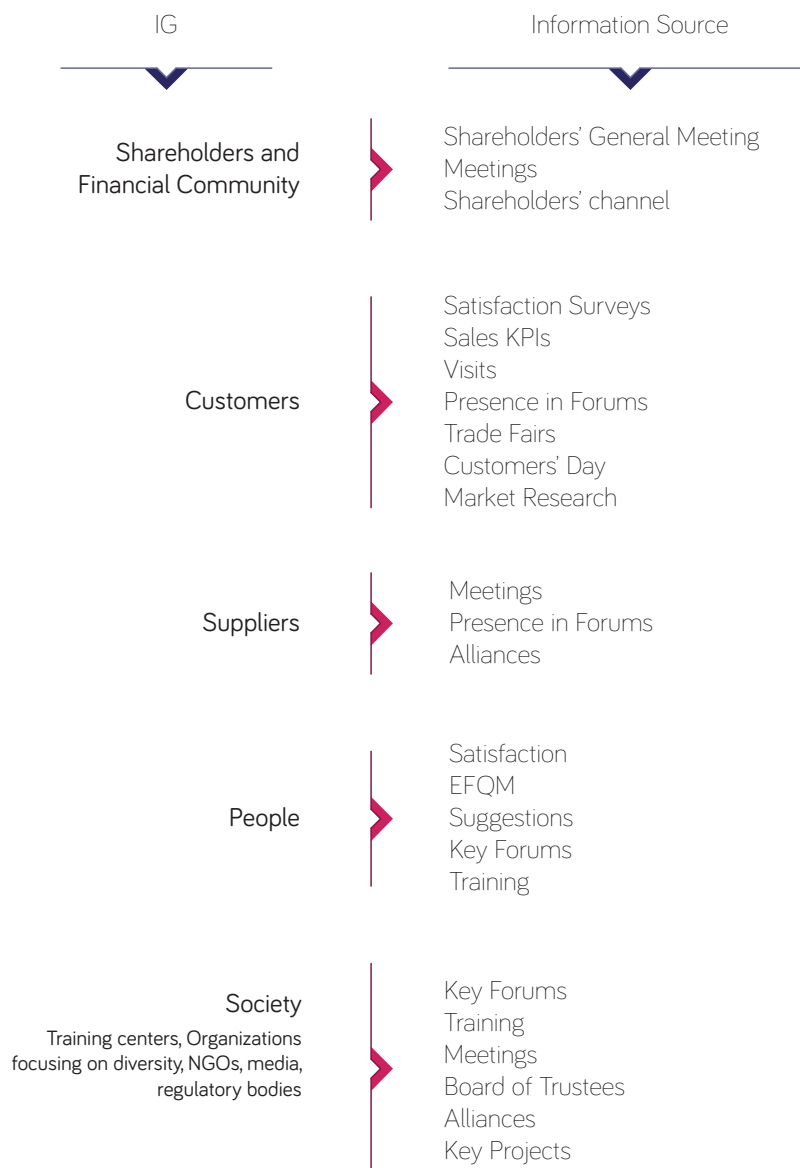
Such needs and expectations are considered throughout the year: on the one hand, forming part of the strategic reflection process through the heads and members of the Management Committee; and on the other hand, they have been key to identifying the components of the materiality assessment that is shown below.

Stakeholder relations aim to continue promoting their engagement with the business project, involving the communities where they operate in the creation of sustainable and shared value. Likewise, these relations are based on transparency and trust, as stated in its Communication Policy. The most relevant specific objectives include:





- **Shareholders and Financial Community** Shareholders support TUBACEX's business project and their trust is key. Addressing their interests and generating trust through long-lasting and stable relations is TUBACEX's priority within this group. Furthermore, the financial team maintains ongoing, transparent and stable relations with other groups such as banks, investors and analysts who provide access to sources of financing.
- **Customers** The TUBACEX strategy is based on offering comprehensive value propositions which are adapted to customers' needs. Its strategy is defined to understand and be able to deliver a complete solution with the highest quality standards. All areas, according to their respective activity, are fully customer oriented.
- **Suppliers** Suppliers are part of TUBACEX's business success. TUBACEX has a panel of stable, sustainable and ethical suppliers, which are monitored by the company to identify any potential risk during the purchasing process.
- **People.** First of all, this group represents the people who drive the business project in all categories, as well as their representatives, and is extended to their families and other groups. They are a strategic asset, who contribute their work and talent to create sustainable value. TUBACEX has a multicultural team of professionals with very different affinities, but with a common goal: make the company grow and satisfy the needs of our customers, shareholders and society as a whole.
- **Society.** This group includes regulatory bodies, educational institutions and civil society. This is a key group in consultation processes as well as in the day-to-day operation of plants, and especially, new development centers.



Stakeholders and main sources of feedback



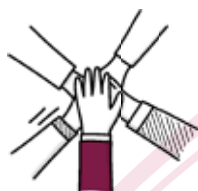
Sustainability Materiality Assessment

[GRI 2-29, GRI 3-1, GRI 3-2]

Generating value for the stakeholders

At TUBACEX, we consider what can have a positive or negative impact on its capacity to create value for its stakeholders to be a material aspect. Through the materiality assessment, we identify material aspects to be reported based on their level of economic, environmental and social impact on the Group's strategy. In this way, the strategy is aligned with the expectations of our stakeholders, who take an active part in this identification process.

TUBACEX uses the guidelines for determining material topics in the consolidated GRI Standards in the preparation of its materiality analysis, applying the principles of stakeholder participation, sustainability context and completeness and integrating the concept of dual materiality. Therefore, the impact of these aspects is analyzed for each stakeholder group, along with their impact on the business through the assessments of the members of the Executive Committee. The time frame incorporates three terms: short-term (in the coming 5 years); medium-term (between the next 5 and 10 years); and long-term (more than 10 years).





The following steps were taken during the process:

1. Impact materiality and prioritization.

A sustainability issue is material from an impact perspective when it refers to the company's material, real or potential, positive or negative impact on people or the environment in the short, medium and long term.

For the identification of material aspects, a benchmarking analysis with other companies has been used as a reference, along with an analysis of the most relevant aspects within the framework of the 2030 agenda, as well as the SASB standards of the International Sustainability Standards Board (ISSB), which have been considered for the first time.

2. Financial materiality

Identification of those material issues that trigger financial effects for the company, generating or potentially generating risks or opportunities. In this case, the importance (prioritization) of the relevant issues has been assessed considering their impact on the business and on each stakeholder.



The previous phases led to the definition of the materiality matrix. To encourage stakeholder participation, a consultation process was launched through surveys to enable representatives from each group (suppliers, society, employees, customers and the financial community) to assess the impact of each factor. This process means a step forward in the company's effort to promote participatory listening models.

3. Validation of results.

In addition to the Stakeholders' assessment, the company has reviewed different impacts through the assessment of management team members, whose responses have been validated by the most senior executive and by the sustainability management. This validation ensures a balance of relevant issues based on their scope is guaranteed.

4. Analysis of SDG compliance.

As in previous years, the relationship and interdependence with the SDGs has been analyzed and is reflected throughout the document, including a final summary on "Contribution to SDGs".



IMPACT OF THE COMPANY'S ACTIVITY ON ITS SOCIAL AND ENVIRONMENTAL SURROUNDINGS

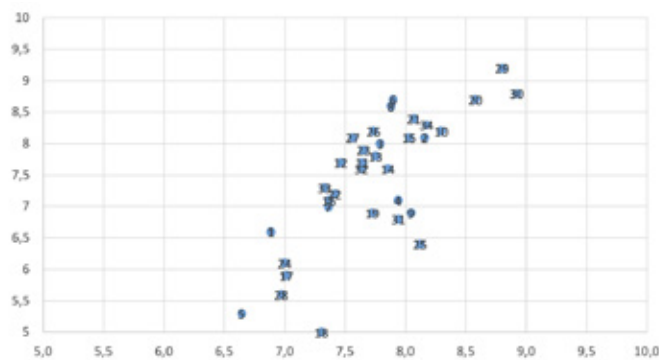


Severity * occurrence of impact on the social and environmental setting

MATERIALITY OF IMPACT

External stakeholders

SHORT TERM



FINANCIAL MATERIALITY

Internal stakeholders



A sustainability topic or aspect therefore meets the criteria of:

DUAL MATERIALITY if it is material from:

1. The impact perspective.
2. The financial perspective.
3. OR from both perspectives.

Severity * occurrence of the impact on the economic value company



ENVIRONMENTAL IMPACT ON ECONOMIC VALUE OF THE COMPANY

IMPACT OF THE COMPANY'S ACTIVITY ON ITS SOCIAL AND ENVIRONMENTAL SURROUNDINGS

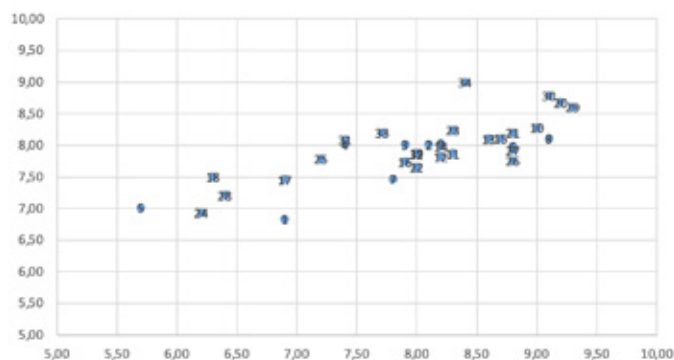


Severity * occurrence of impact on the social and environmental setting

MATERIALITY OF IMPACT

External stakeholders

MID TERM



FINANCIAL MATERIALITY

Internal stakeholders



A sustainability topic or aspect therefore meets the criteria of:

DUAL MATERIALITY if it is material from:

1. The impact perspective.
2. The financial perspective.
3. OR from both perspectives.

Severity * occurrence of the impact on the economic value company



ENVIRONMENTAL IMPACT ON ECONOMIC VALUE OF THE COMPANY



IMPACT OF THE COMPANY'S ACTIVITY ON ITS SOCIAL AND ENVIRONMENTAL SURROUNDINGS



Severity * occurrence of impact on the social and environmental setting

MATERIALITY OF IMPACT

External stakeholders



Un tema o aspecto de sostenibilidad cumple, por tanto, los criterios de

DUAL MATERIALITY if it is material from:

1. The impact perspective.
2. The financial perspective.
3. OR from both perspectives.

Severity * occurrence of the impact on the economic value company



ENVIRONMENTAL IMPACT ON ECONOMIC VALUE OF THE COMPANY

CAPTION

1	Presence of corruption cases
2	Ethics and compliance
3	Good governance
4	Human rights
5	Rights of indigenous peoples
6	Risk management
7	Tax transparency
8	Energy transition
9	Mitigation and adaptation to climate change
10	Environmental compliance
11	Sustainable suppliers management
12	Sustainable water management
13	Sustainable energy management
14	Waste management
15	Environmental management
16	Circular economy
17	Effects on Biodiversity
18	Employment creation

CAPTION

19	Sustainable innovation
20	Health & Safety
21	Attraction and retention of talent
22	Equality and Diversity
23	Employee training
24	Child labor
25	Respecting Labour rights
26	Customer health and safety
27	Sustainability Performance
28	Development of local communities
29	Quality of the products and services provided
30	Customer satisfaction
31	Information privacy
32	Establish responsible and transparent labour relations
33	Align the activity with the Sustainable Development Goals (SDG) of the UN 2030 Agenda
34	Cybersecurity



	Suppliers	People	Customers	Financial	Society	TUBACEX	
ESG priorities for Stakeholders	Health and Safety	Health and Safety	Health and Safety	Good Governance	Human Rights	Health and Safety	Impact on the business
	Quality of the products and services	Talent attraction and retention	Quality of the products and services	Energy Transition	Health and Safety	Product Quality	
	Ethics and Compliance	Customer Satisfaction	Ethics and Compliance	Customer Satisfaction	Training	Energy Transition	
			Human Rights		Customer Satisfaction		

Priority matters for stakeholders and business.



Ethics and Integrity

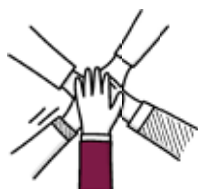
[GRI 2-23, GRI 2-26, GRI 3-3]

5.2

Code of ethics:
our principles
of action and
reference.

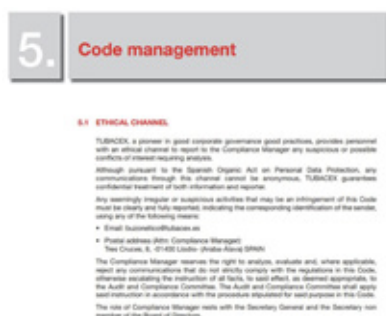
TUBACEX has its own Code of Conduct, approved by the Board of Directors in 2013, which sets out the actions of all members of the Company, extending its principles of behavior to all of the people and organizations related to the Company.

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.





Corporate intranet and ethical channel in the right bottom corner



Code of conduct with the explanation of the ethical channel

Ethical Channel:

TUBACEX offers collaborators an ethics channel to report any suspicious or possible conflict of interest requiring analysis, to the Compliance Manager. This channel is deployed through the Code of Conduct and is accessible to all stakeholders via the website. Furthermore, employees can access it via the Corporate Intranet, whereby it occupies a prime position on the Home page and can be found in other sections of the portal.

Although any communication through this channel cannot be anonymous pursuant to the LOPD, TUBACEX will guarantee the confidentiality of the information disclosed and the reporter's own data. All suspicious or apparently irregular actions that may constitute a breach of the Code of Conduct must be reported clearly and sufficiently, with the corresponding identification of the sender, by any of the following means of communication:

En la actualidad, Todas aquellas actuaciones sospechosas o aparentemente irregulares que puedan revestir una falta contra el Código de Conducta deben ser comunicadas de forma clara y suficiente, con la correspondiente identificación del remitente, a través de cualquiera de los medios de comunicación que se indican a continuación:

- Email address: buzonetico@tubacex.es
- Postal address (Att. Compliance Manager): Tres Cruces, 8, -01400 Llodio- (Araba-Alava)

The Compliance Manager reserves the right to analyze, assess and, if applicable, dismiss any communication not strictly compliant with the 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 and the Board of Directors. During 2022, no claim has been made through this channel.



Environment

5.3.1

Explanation of the Material Topic and its Boundary

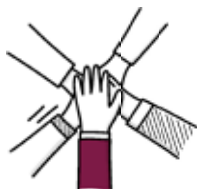
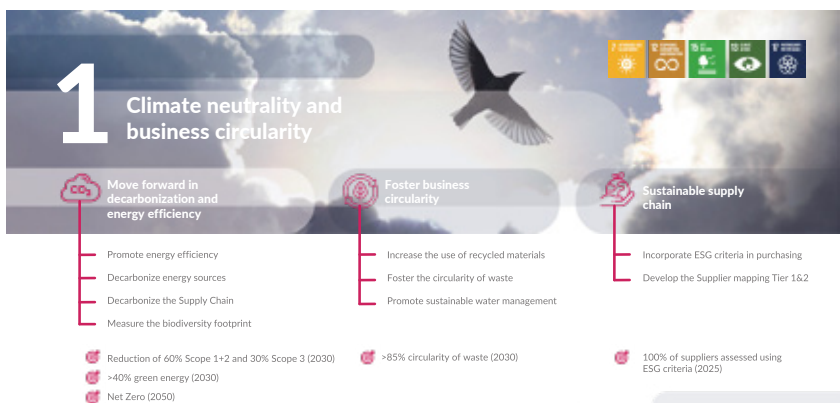
[GRI 3-3]

Emissions reduction goal of 60% (Scope 1 and 2)* by 2030 and net zero by 2050

*Taking 2019 as a reference.

TUBACEX is aware of the nature of its activity and the associated environmental impact, mainly in the field of emissions and waste generation. For this reason, it has devised a roadmap that enables it to mitigate its environmental impact with actions that directly result in more efficient and responsible management. It is a public commitment, aligned with the Paris Agreement, with the aim of becoming carbon neutral by 2050.

In 2022, TUBACEX has incorporated its environmental strategy into its sustainability strategy, becoming one of its main lines. Therefore, it maintains its priorities in terms of the decarbonization of its industrial processes, fostering waste management and recycling, and driving suppliers in relation to ESG, with specific action and goals.





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. TUBACEX aims to exceed 1% of sales in R&D with growth expected in solutions for decarbonization.

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.

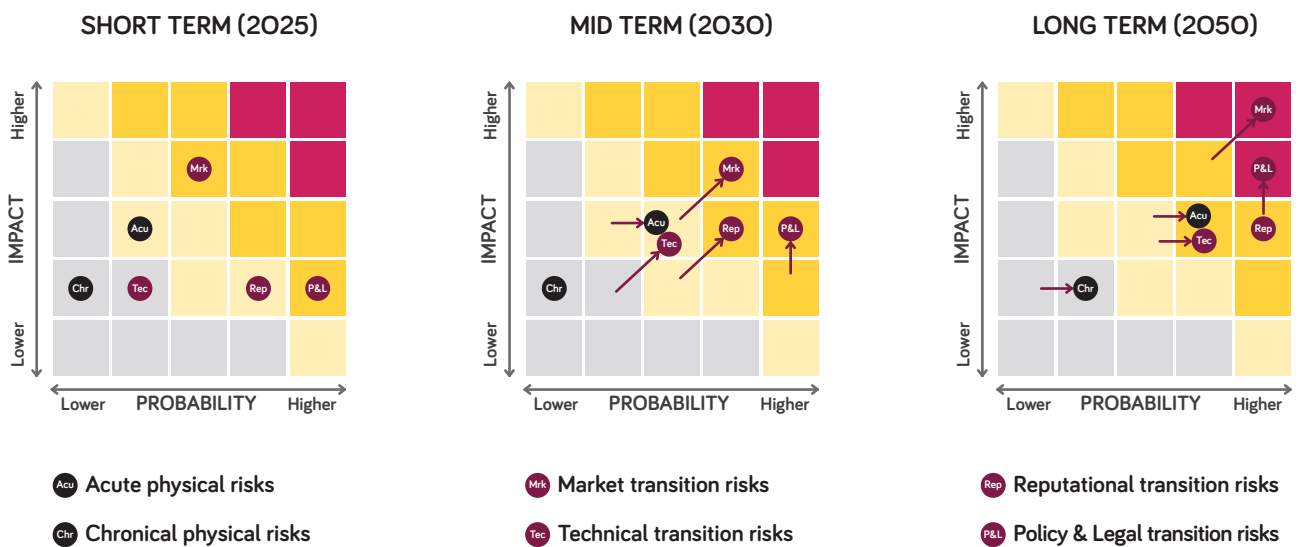
Sustainable Environmental Management. Though sustainable responsible use of resources required for production activity (mainly water and energy), as well as optimum management of resources. A commitment that is extended to the value chain.



Main Risks:

In 2021, TUBACEX incorporated climate and transition risks into its global risk model. Climate risks are qualitatively 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, arising 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.





Handling of physical risks:

- **Acute Risks.** Risks arising from increased severity of extreme weather events could affect our direct operations by damaging our facilities or harming our people or disrupting the transport of goods and products throughout our supply chain. Meteorological risks form part of our risk management program.
- **Chronic Risks.** Chronic physical risks are driven by long-term changes in weather patterns, such as rising sea levels and increased average temperatures. When considering these risks, it is important to take into account the non-linear nature of the risks and the cascade effect. Long-term changes in climate may be manifested as hazards in any of these categories: rainfall patterns, droughts, heat waves, wildfires, storms and cyclones, or river and coastal flooding.

Handling of transition risks:

- **Market Risks.** TUBACEX offers products and services in various sectors that may be affected by the energy transition. To study the net impact of the transition, we have used an approach to project the evolution of the Group's sales under other constant conditions, and before considering the impact of the Group's Diversification Strategy.
- **Technology Risks.** We consider changes associated with technology improvements or innovations that support the transition to a low-carbon and energy-efficient economic system as opportunities.
- **Regulatory and Legal Risks.** Risks related to the prevailing regulations are included in risk management and are continuously assessed by each business unit and operating site. Emerging regulations, in particular those related to greenhouse gases may affect our activities in the future and are therefore always included in our risk assessment process.



- **Reputational Risks.** The opinions of our stakeholders regarding our response to the climate challenge affect the ratings we receive from investors and customers. Stakeholders are increasingly using these ratings as a substitute for climate change performance. They can influence the purchasing decisions of our tubular solutions and services customers and the investment decisions of our investors.

Evolution of the analysis model in 2022

In 2022, the company moved from a qualitative to a quantitative approach for both transition risks (market and regulatory) and physical risks.

In the case of transition risks, IEA scenarios (APS, STEPS, SDS and NZE) as well as own models and estimates were used as a reference for the evolution of non-energy sectors, and RCP 4.5 and 8.5 were used for physical risks.

The objective of the quantitative models was to address the following questions.

- Impact of the energy transition on our existing market segments in terms of the reduction of sales related to fossil fuels (Upstream oil and gas, mid/downstream oil and gas, coal) and the increase of renewable energy sectors (H2, biogas, etc.) or other sectors (nuclear, precision components, aerospace, etc.).
- Impact of existing and new regulations related to the taxation of CO2 emissions, not limited to scope 1 and 2, but also to upstream and downstream scope 3 emissions.
- Impact of regulatory changes related to waste management.
- Acute and chronic physical risks affecting the facilities and operations.



Market Risks

Market risks have been analyzed in 4 publicly available scenarios:

- IEA announced policy scenario (APS): a scenario that assumes that all commitments made by governments worldwide, including those determined at a national level, contributions and longer-term net zero targets will be met in full and on time.
- IEA Stated Policy Scenario (STEPS): a scenario that reflects the existing policy configuration in a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments worldwide.
- IEA Sustainable Development Scenario (SDS): an integrated scenario that specifies a path in order to: ensure universal access to affordable, reliable, sustainable and modern energy services by 2030 (SDG 7); substantially reduce air pollution (SDG 3.9); and take effective action to combat climate change (SDG 13).
- Net Zero Emissions Scenario (NZE): A scenario that sets out a tight but achievable path for the global energy sector to reach net zero CO₂ emissions by 2050. It is not based on emission reductions from outside the energy sector to achieve its objectives.



Three horizons are considered for each scenario: short-term (up to 2030), medium-term (2031-2040) and long-term (2041-2050).

The calculation of the scenarios is based on the following logic:

- Current sales are broken down by representative sectors, considering the average of 2016-2020.
- For sectors directly related to any of the energies included in the scenario (oil, natural gas, coal, nuclear, H2 and biogas), the average annual investment figures provided in the IEA scenario are used as a proxy for the evolution of sales, compared with the average of the 2016-2020 values.
- For other sectors that are not set out in the IEA scenarios, the projected GDP is used as a proxy.
- Projected sales by sector, scenario and time horizon are aggregated and the value is compared with the baseline.

In the short-term (2021-2030), without considering the impact of the Group's diversification strategy, sales would vary by 17% in the STEPS scenario, by 10% in the APS, by 2% in the SDS and by -15% for the NZE.

In the medium-term (2031-2040), without considering the impact of the Group's diversification strategy, sales would increase by 23% in the STEPS scenario, by 3% in the APS, by -10% in the SDS and by -20% for NZE.

The response to these risks is structured around 3 of the Company's 5 strategic pillars approved by the Board and shared with our stakeholders.



1. Innovation in the new technologies required by new energy sources, positioning the Group as a key partner to enable the energy transition.

- Supporting our customers in their decarbonization processes (new materials, improved processes).
- Customized solutions and materials for hydrogen applications.
- Projects focusing on energy storage and transportation.
- CC (Carbon Capture) and CCS (Carbon Capture and Storage) Solutions

2. Sustainability strategy to decarbonize our operations, reduce our emissions and increase circularity

- TUBACEX recognized the importance of reducing its emissions footprint and joined the Science-Based Targets (SBTi) initiative in 2020 with the aim of reducing its direct and indirect emissions by 2030 in order to contribute to limiting global warming to less than 1.5 °C. It has a target of 59% of emissions intensity for Scope 1+2 by 2030 and 30% for Scope 3 with respect to 2019.
- TUBACEX is also pursuing the initiatives mentioned throughout the document to increase the use of renewable materials in production, reduce water and waste intensity and monitor our impact on the biodiversity.

3. Diversification: Identification and search for new opportunities in energy and mobility unrelated to fossil fuel energy, through organic or inorganic growth.



Regulatory Risks

We have identified several regulatory risks related to environmental performance and management.

- **Scope 1 emissions:** One of the TUBACEX plants (Acería de Álava) is currently exposed to regulatory risks related primarily to Directive 2003/87/CE of the European Parliament and the Council, of 31st October 2003, establishing a Community emissions trading scheme. It is assumed that this mechanism will increase costs due to mandatory carbon reduction commitments (EU targets for 2030 and 2050) and due to the electricity costs that the electricity sector passes on to customers' bills.

In the near future, other places in Europe and other geographies could be exposed to similar risks as new public policies will drive the decarbonization agenda to address the climate crisis.

- **Scope 2 emissions:** TUBACEX started to switch electricity supply to renewable sources in 2020, whereby 33% of supply is now from renewable sources, and it plans to reach 40% by 2030. However, an increase in the cost of CO₂ under the ETS system, or similar schemes in other geographies, would result in an increase in the price paid for electricity, due to the marginal price model used in most markets.
- **Scope 3 emissions:** Emissions in this scope are not included in fiscal policies at present, but it is reasonable to expect costs to be passed on from suppliers to TUBACEX as new emissions are considered. The recent change in the ETS system to consider emissions from transport is a step in this direction.
- **Waste Management:** The shortage of landfill space, among other issues, is driving a major change in public policies related to waste management. One of the instruments used is landfill taxation, as well as general technical and volume restrictions.



To quantify the financial impact of these risks, a scenario approach is used, combining publicly available data and some internal estimates. As a basis for calculation, 4 IEA scenarios have been used, including CO2 prices.

- Announced Pledges Scenario (APS)
- Stated Policies Scenario (STEPS)
- Sustainable Development Scenario (SDS)
- Net Zero Emissions Scenario (NZE)

For taxes on waste and/or treatment cost, internal estimates were used:

- Cost of treatment or landfill per ton of non-hazardous waste (60-70 €/ton).
- Cost of treatment or landfill per ton of hazardous waste (70-90 €/ton).
- % of upstream emissions in scope 3 subject to CO2 duties (0% in the short-term, 50% in the medium-term, 100% in the long-term)

As a basis for calculation, our emissions and waste generation data from the last representative year (2019, as 2020/21 was severely influenced by COVID and a labor dispute at our steel mill) has been used and projected for each period against our SBT and NZ targets.

The calculated risk impact ranges from €7.4M in the stated policy scenario for the short-term (2021-2030) to €33.9M each year in the NZE in the medium-term (2031-2040).



Quantitative Assessment of Physical Risks

In 2022, the company moved from a qualitative to a quantitative approach based on reference models (CMIP5) and scenarios (RCP 4.5 and 8.5). 20 facilities, representing more than 98% of the activity, were analyzed to assess 18 different variables (temperature, wind, rainfall, etc.) and calculate physical hazard scores for each site, under a range of different scenarios and time horizons (short-term 2020-2039, medium-term 2040-2059 and long-term 2060-2099), with respect to an observed climate baseline (2000-2019).

In the new model, a web-based tool has been implemented to visualize the impact of climate change on operations. The tool includes detailed projections of 18 climate variables and indexes, for each site, with a granularity of 5x5Km, for different RCPs and time horizons, in a numerical, graphical and cartographic view.

This tool serves several purposes.

- 1) It raises awareness of the climate change reality and its implication for our entire organization.
- 2) It provides information in the selection and design of new facilities.
- 3) It is an input for the elaboration of specific risk management protocols for each facility to design a business continuity plan.
- 4) All of this contributes to managing our damages insurance costs.

Considering that our business is mostly conducted in enclosed facilities with sufficient measures to maintain compatible working temperatures, the impact of increased temperatures and more frequent heat waves is more related to the increased cost of energy to regulate internal temperature and, more importantly, to other socio-economic aspects that could affect the communities where we are present. As reflected in Point 7 of this report (Taxonomy), these risks are associated with management, maintenance and operational costs, with a non-material impact on any of the scenarios and horizons.



PHYSICAL RISK SCORE

The Physical Risk Score indicates how strong is the global warming induced change compared to past conditions, i.e., how future climate will differ from the currently experienced.

Five categories are defined associated to different ranges of changes:

- Similar compared to past conditions
- Unusual
- Unfamiliar
- Unknown
- Unthinkable

PHYSICAL HAZARD

The physical hazards included in the report are:

- THERMAL STRESS**
 - Average Daily Temperature
 - Maximum Daily Temperature
 - Heat Wave Index
- WATER STRESS**
 - Average Daily Precipitation
 - Pluvial Flooding - Extreme precipitation
 - Drought Severity Index
- OTHER HAZARDS**
 - Coastal flooding - Sea Level Rise (if applicable)
 - Maximum Daily Temperature
- ENERGY APPLICATIONS**
 - Average Annual Wind Speed at 100m above ground
 - Average Annual Solar GHI and DHI
 - Extreme Wind Speed conditions



Climate risks management platform



Environment Management Approach and Components

[GRI 3-3]

5.3.2

Decarbonization,
circularity and
responsible
supply chain

In 2022, 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 in the road map.

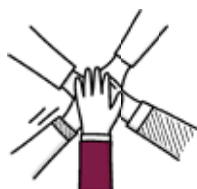
It has also established public objectives that are reported to the market quarterly.

CATEGORY: ENVIRONMENT

Subcategory	Indicator	Unit	2019*	2022	Goal 2030
Energy & Climate	Energy intensity ¹	Mwh/ GAV	2,58	1,71	2,07
Energy & Climate	Scope 1 + 2 Emissions intensity ²	tonCO2 / GAV	0,70	0,30	0,28
Energy & Climate	% Renewable Energy	% of total energy	0,0%	33,3%	40,0%
Circular Economy	Waste recycled	% total generated	60,5%	81,3%	95,0%

Decarbonization:

In 2022, TUBACEX obtained a leadership score of (A-) in corporate transparency and climate change performance from CDP, the world's leading non-profit environmental organization in climate disclosure programs. This sound performance is fully aligned with our climate road map for 2030 to reduce our GHG emissions (Scopes 1 and 2) by 60% by 2030 and reach “net zero emissions” by 2050.





Circularity:

In 2022, no claims or complaints related to the violation of these principles have been filed. The process of recovering all of the scrap generated at the steelworks has begun. This process is carried out at a European recovery plant specialized in the treatment of products from the stainless steel industry, with the objective of treating and recovering around 25,000 tons/year of slag and refractory materials and hence avoid sending them to landfill. During the year TUBACEX also continued to work on a project to improve the use of recycled material, with a 14% reduction in the use of materials with the highest environmental footprint (Ni, Cr, Mo), as well as other projects to improve waste management or water consumption diagnosis, among others.

Supply Chain:

TUBACEX has continued extending its assessment process to the supply chain, whereby 801 suppliers have been assessed in ESG through its pilot supplier risk management tool.

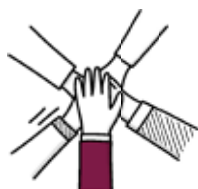
Reporting:

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, the system for the calculation of KPIs with EU taxonomy eligibility (Sales, CapEx, OpEx) was redefined in 2022. With a view to improving the reporting system, TUBACEX continued to develop its ESG Corporate Reporting tool in 2022, which is launching the block related to environmental indicators at the time of completion of this report. The first data will be collected using this tool in 2023.



Available policies and manuals:

- **Quality, Safety and Environment Policy.** In its Prevention, Quality and Environmental Policy, approved by the Board of Directors in its last review in 2018, TUBACEX set the objective of minimizing environmental impact caused by the Company's activity through the use of clean technologies, implementing the necessary measures to protect the environment and prevent contamination, as well as complying with/going beyond 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. It was approved by the Corporate Purchasing Director in 2019.
- **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

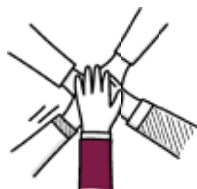
[GRI 3-3]

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 2022 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

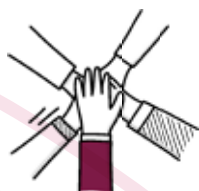
[GRI 2-12]

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.

The Group's operations are subject to laws relating to the protection of the environment ("environmental laws") and workers' health and safety ("occupational safety laws"). The Group considers that it significantly complies with these laws and has procedures designed to promote and ensure compliance with them.

As of December 31, 2022, the net investment spent by the Group amounted to approximately €1,319 thousand (€1,491 K in 2021); and environmental expenses related to the disposal of acids, repairs, preservation as well as professional fees corresponding to independent consultancy and audit services amounting to €1,637 thousand (€693 K in 2021).





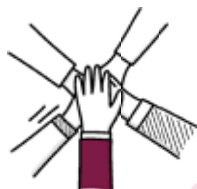
Environment

Application of the caution principle

[GRI 2-23]

5.3.5

Since 2000, TUBACEX has had an environmental liability insurance policy that comprehensively covers the possible risks of the industrial activity carried out at all of its plants, with coverage of up to €12 million.





Environment

Provisions and guarantees for environmental risks

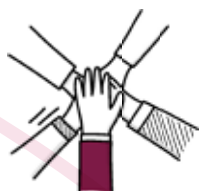
[307-1]

5.3.6

At 31st December 2022, apart from a provision of €1.393 million, recorded under “Non-current provisions” in the accompanying consolidated Balance Sheet (€921,000 in 2021) corresponding to one of its subsidiaries, registered in the United States of America, to cover a water pollution risk (Note 15), and one of the companies in Alava to cover an expense related to waste management, the Group has not recognized any further provisions for possible environmental risks as the Directors consider that there are no significant contingencies related to possible litigation, indemnities or any other items.

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

¹ Figure recalculated with respect to the information published in 2021. See Annex I: Recalculated Indicators





Environment Contamination

5.3.7

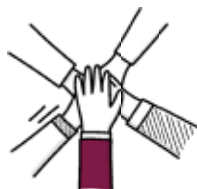
Measures to prevent, reduce or mitigate carbon emissions severely damaging the environment as well as other forms of waste recovery and disposal

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. On the other hand, regular checks are carried out to ensure that noise levels are within regulatory levels.

	2022	2021
NOx emissions (t)	130,95	73,43

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





Environment

Sustainable Use of Resources. Consumption of raw materials and measures adopted to improve the efficiency of their use

[GRI 301-1]

5.3.8

GROUP'S FLAGSHIP: STEEL MANUFACTURING

	2022	2021
3011. Materials used	86,579	24,575
3011b. Recycled input material used	66,42%	65,70%
3011a. Renewable materials used (tons)	57,510	16,145

TUBACEX GROUP: CONSOLIDATED DATA

	2022	2021
3011. Materials used	114,363	60,575
3011b. Recycled input material used	50,29%	26,65%
3011a. Renewable materials used (tons)	57,510	16,145

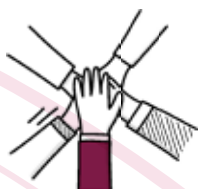
*100% of the Group's companies are included.

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 increase between 2022 and 2021 is due to the reactivation of activity following a period of low activity due to the strike at the Llodio and Amurrio plants (Alava). The consequent stoppage of activity at the steelworks led to an increase in the purchase of steel from third parties, which was not recorded as renewable but was mainly manufactured from recycled products (scrap).





Environment

Energy: Direct and indirect consumption

[GRI 3-3, 302-1, 302-3]

5.3.9

Energy: Direct and indirect consumption; measures implemented to improve energy efficiency. Use of renewable energies

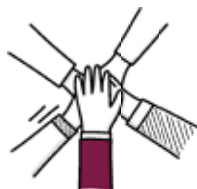
	2022	2021
Energy use (MWh)	408.173	228.246
Added Value	239.151	113.250
Energy Intensity (MWh/VAB)	1,71	2,01

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

With the incorporation of new companies into the Group (NTS Group) at the end of 2020 focusing on added value rather than tons, the calculation formula has been redefined, showing the data for 2021 in the comparison (energy use over added value instead of over tons). The reduction in energy intensity with respect to 2021 is due to a Premium products specialization strategy, which is general to the Group, and is particularly evident in business units where turnover has increased significantly.

	2022	2021
Energy use (MWh) from non-fossil fuel sources (%)	33,3%	22,5%

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





Environment

Water consumption and water supply according to local limitations

[GRI 301, GRI 303-5]

5.3.10

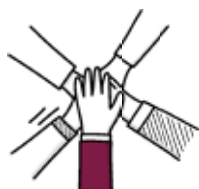
Water is a necessary natural resource for TUBACEX's manufacturing process. For example, the steel processing process requires cooling, inspection or cleaning operations which use water. Minimizing its consumption has become a global objective with measures aimed at its reuse in the different production processes. In 2022, the Group embarked on a project to ascertain the maturity of water management, firstly, by analyzing aspects more closely related to plant operations and, secondly, factors related to the geographical location in which they are located and any associated risks. This project has enabled opportunities in terms of water management to be visualized in order to optimize consumption.

	2022	2021
Water used. Municipal (103 m ³)	198,89	133,73
Water used. Surface water (103 m ³)	86,71	25,95
Water used. TOTAL (103 m ³)	285,60	159,69
Water intensity (103 m ³ / VAB)	1,19	1,41

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

The calculation of this indicator is based on consumption from the local supply network and river catchment, whereby groundwater is not included as there is no catchment. Throughout 2022, water consumption increased as a result of the increase in activity following strike action at the plants in Alava.

In 2022, the reporting criteria was modified to consider consumption over added value as the most representative means to measure water intensity.





Environment

Circular economy, prevention and waste management

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

5.3.11

[GRI 306-2, GRI 306-4, GRI 306-5]

	2022	2021
Waste by type (tons)		
Hazardous²	22.450	3.573
Non-hazardous	64.140	35.274
Waste by type (tons). TOTAL	86.591⁽¹⁾	38.847
Waste by disposal method (tons)		
Landfill	16.171	10.800
Treatment	-	-
Reuse	19.829	9.073
Recycling	50.591	18.958
Waste by disposal method (tons). TOTAL	86.591	38.831
Waste by disposal method (%)		
Landfill and Treatment	18,7%	28,6%
Recycling and Reuse	81,3%	71,40%

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

⁽¹⁾The sum of total waste by type (tons) incorporates the rounding of decimals not included in the figures for hazardous and non-hazardous waste.

⁽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.

The increase in absolute terms corresponds to the increase in activity following strike action at the plants in Alava.

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. In 2022, a project was launched to revalue the slag from the steelworks through a specialized supplier located in Germany (Remondis), which avoided 10,714 Tn of slag from being sent to landfill in 2022.



Environment

Climate change.

Greenhouse Gas Emissions

[305-1, 305-2, 305-3, 305-4]

5.3.12

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

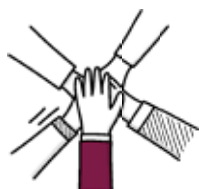
	2022	2021
Direct emissions (t COe)	54.811	28.157
Indirect emissions (t COe)	16.361	18.108
Other indirect emissions (t COe)	261.470	170.129
TOTAL	332.642	216.394
Emission intensity (t COe/added value) ⁶ On finished products sold		
Direct emissions	0,23	0,25
Indirect emissions	0,07	0,16
Other indirect emissions	1,09	1,50
TOTAL	1,39	1,91

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

The methodology applied in 2022 follows that established in the model revised in 2020 for the calculation of emissions in all of the Group's companies, including the three scopes, using real activity data in all cases:

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

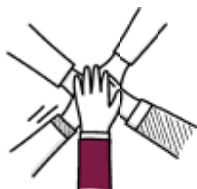
- CO2 emissions from purchased or acquired electricity generation, heating, cooling and steam used.

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. Therefore, TUBACEX had the technical support of an external consultant for the preparation of all the calculations. The reference standard used as a methodological reference was the GHG Protocol, and the global warming potentials for each GHG and the emission factors were taken from official databases published by the Spanish Climate Change Office (MITERD), DEFRA or Ecoinvent.

The increase in emissions is mainly due to the increase in Scope 3 emissions due to the inclusion of some materials at ACERÁLAVA in December and the purchase of materials for the whole year for the Durant plant. This increase in material consumption has affected scope 3 on upstream transport. Scope 3 emissions from business trips and Scope 3 emissions from downstream transport, which were not previously included, were also reported. On the other hand, the decrease in Scope 2 emissions is due to the supply of renewable electricity in SBER.





Environment

Measures adopted to adapt to the consequences of Climate Change

[GRI 3-3]

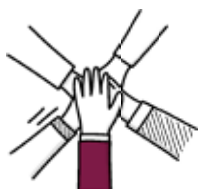
5.3.13

For TUBACEX, adaptation measures imply a reduction in its environmental impact to address transition risks.

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. In 2022, it is worth highlighting a project that has been recognized for its technological innovation applied to energy efficiency and sustainability at the ACERALAVA plant. It is a project that fosters the digitalization of the entire manufacturing process at the steelworks, transforming it into a smart plant, with major reductions in waste materials and optimization of the furnaces. It is also a commitment to a new vision of data monitoring and analysis, consolidating a data repository on which advanced analytical techniques (machine learning) are applied. In this way, “perfect” castings are obtained and presented in real time to the furnace operators in order to optimize the entire process. The business objectives are ambitious: reduce 6,000 tons of CO₂ emissions per year, based on savings in the plant’s energy consumption (around 3.5GWh per year).

On the other hand, as far as supplier assessments are concerned, they include key ESG aspects, including those related to climate change management.

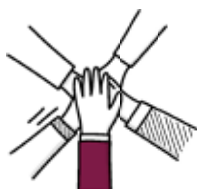
In terms of adaptation to physical risks, last year’s risk analysis has been improved and physical adaptation measures have been assessed.



Ejemplo de ficha de evaluación de proveedores.



Model supplier assessment sheet.





Environment

Eduction goals established voluntarily in the medium and long term to reduce GHG emissions and means implemented for that purpose

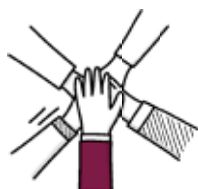
[GRI 3-3]

5.3.14

In 2022 TUBACEX reached a leading position in the world's most prestigious climate change index drawn up by the Carbon Disclosure Project (CDP), having obtained a score of "A-" for its environmental disclosure, awareness, management and leadership. The score obtained by TUBACEX is above the European average of "B" and the average for the sector, which stands at "C". The score obtained in 2021 was "B".

This recent milestone is added to other commitments made in recent years. 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 emission intensity reduction targets for 2030 (60% in Scope 1 and 2 with respect to 2019 and 30% in Scope 3) were set and validated by SBTi.

By supporting these initiatives along with its environmental sustainability plan, TUBACEX demonstrates its commitment to the environment and fight against climate change.



Science Based Targets Certification.



Environment Biodiversity

[GRI 3-3, GRI 304-1, GRI 304-2]

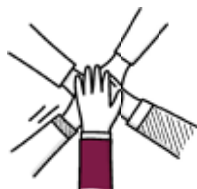
5.3.15

TUBACEX plants are not located in protected areas, nature reserves or parks or in their surroundings. Furthermore, none of the plants have been involved in disputes with serious or very serious negative repercussions for the environment. In 2022, the Company conducted an analysis to determine the degree of biodiversity management at the different plants. The plants that formed part of this analysis carry out environmental impact assessments that include an assessment of biodiversity and ecosystems.

- ACERÁLAVA and TTI have Environmental Risk Analysis Reports (ARA). The methodology applied corresponds to that established in the UNE 150008:2008 Standard on Environmental Risk Analysis and Assessment, with regard to the performance of risk analyses, in accordance with the provisions of Royal Decree 2090/2008 on Environmental Responsibility.
- IBF has an Environmental Impact Authorization in accordance with Directive 2000/60/EC, as well as environmental authorizations (AIA and AUA).
- SBER prepared a baseline report in accordance with Directive 2010/75/EU to assess the environmental impact in the period 2019-2020, which ended in 2021. A follow-up report was prepared in 2022. The “Austrian Agency for Health and Food Safety GmbH” (AGES) voluntarily carried out active biomonitoring with standardized cultures of ray-grass to observe the impact of their emissions on the surrounding environment. In the case of new projects or buildings, these issues (biodiversity and ecosystems) are also taken into account in official negotiations with local authorities.

TUBACEX is aware of the impact of its activity on the biodiversity from a more global perspective, encouraging it to be respected through more responsible environmental management, especially in the area of climate change and promoting the circularity of waste.

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

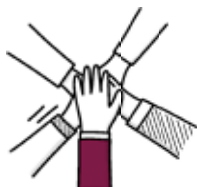
Explanation of the Material Topic and its Boundary

[GRI 3-3]

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.

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 plants that make up the Tubacex Group have Occupational Risk Prevention Programs certified under ISO 45001.



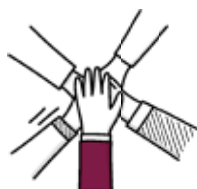


Talent attraction and retention:

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.

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.





People Management Approach and components

[GRI 3-3]

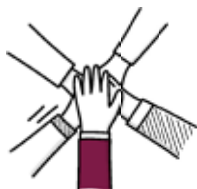
5.4.2

Through the organizational adjustment in previous years, the Company has fostered more efficient management, with a smaller corporation that offers services to plants, promotes strategic projects at a global level and consolidates reports; and plants where the management processes are deployed, but with autonomy in their implementation. Thus, 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.

Furthermore, public objectives have been established and are reported to the market quarterly, along with the Results Report:

Subcategory	Indicator	Unit	2019*	2022	Goal 2030
Diversity	Gender pay Gap	ratio	115%	12.04%	10.1%
Professional develop.	Training delivered per employee	Hours/fte	13.7	14.3	15.0
Health & Safety	Lost Time Injury Frequency Rate [LTIFR] Evolution	2019 basis	1000	42.40	25.0
Health & Safety	Severity rate Evolution	2019 basis	1000	50	25.0

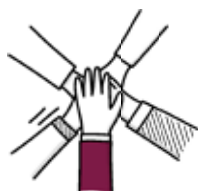
In the case of the evolution of the accident frequency and severity rate, an evolution of the indicators is shown based on 100, taking 2019 as the reference year. The current indicator of Frequency rate (10.89) and severity rate (0.32) represent an improvement of 57.6% and 50% with respect to the 2019 figures.





Available policies and manuals:

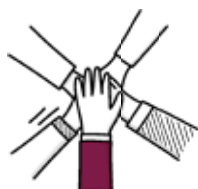
- **Quality, Safety and Environment Policy.** As part of its Prevention, Quality and Environmental policy, TUBACEX sets forth as their goal the management of operations under healthy and safe working conditions, undertaking to eliminate any hazards whenever possible, controlling and minimizing risks 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.).





The risk map and its 2022 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.
- **Talent Management and Recruitment.** 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.
- **Diversity, Equity and Inclusion.** Incorporated into the risk map in 2022 in recognition of the opportunity presented by the drive for diverse and inclusive talent and the internal drive for full integration.
- **Human Rights.** Incorporated into the risk map in 2022 to ensure full respect for human rights in all regions in which we operate. This is a priority management issue for the plants, all of which share this corporate commitment.
- **Management of the labor culture.** Incorporated into the risk map in 2022 to address a need found in some of the Group's plants in which there are higher levels of disengagement with the labor business project.





People

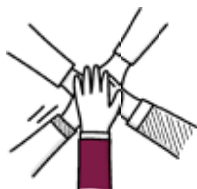
Assessment Procedures

[GRI 3-3]

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. In 2022, this questionnaire was relaunched, taking the most current version of the model as a reference. To this end, training was given to middle management and management staff to bring them closer to the focus and criteria of the new model, as well as the actions developed by the company on its path towards excellence. All materials were shared via the Corporate Intranet. It can be highlighted that a score of 507/1000 was obtained in the internal assessment, which would imply a level of management of an agile organization that is prepared for the future. Management recognition in the new EFQM model has six seals of excellence or recognition: Seal 200, Seal 300, Seal 400, Seal 500, Seal 600 and Seal 700.

On the other hand, as part of TUBACEX's objective to strengthen people's commitment to the business project, the Company carried out its first approach to measuring commitment in 2022 via a specific questionnaire conducted in October, with an overall result of 3.8/5. This questionnaire was launched within the framework of the EFQM survey to take advantage of the synergies of participation, and incorporated a series of metrics within more internationally recognized measurement standards.



Corporate intranet screenshot

People Employment

[GRI 401-1, GRI 401-2, GRI 401-3]

5.4.4

Evolution of the Group by company, taking the average workforces of all the TUBACEX companies in 2022 and 2021 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. It compares the company's evolution since the 2012 strategic reorganization, determining the evolution by strategic cycles.

AVERAGE WORKFORCE BY COMPANY

	2022	2021
Acería de Álava	198	171
Tubacex Tubos Inoxidables	409	423
Schoeller Bleckmann	364	327
Schoeller Bleckmann Technisches Service	43	44
Tubacex Taylor Accesorios	27	26
Salem Tube	97	95
Tubacex Service Solutions	64	60
Tubos Mecánicos	0	69
Tubacex S.A. Tubacex Servicios de Gestión.	42	41
Tubacex Innovación	15	15
Sales Offices	38	41
Previous perimeter	1297	1312
IBF	183	157
Tubacex Prakash	199	186
Tubacex Services	11	13
Tubacoat	3	2
Tubacex Logistics	2	3
Tubacex Awaji Thailand	91	68
Tubacex Upstream Technologies	8	6
Grupo NTS	290	256
TOTAL	2.084	2.003
Tubacex Durant	94	71
Amega West	167	106
TSS Norway	15	14
TOTAL	2.360	2.194

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



People

Total number and distribution of employees by gender, age, country and professional category

[GRI 2-6, GRI 2-7, GRI 405-1]

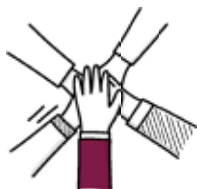
5.4.5

EMPLOYEES BY AGE AND GENDER

	2022			2021		
	Men	Women	Total	Men	Women	Total
Under 30	264	48	312	236	44	280
30 - 50	1333	229	1562	1246	216	1462
Over 50	433	52	486	395	57	452
TOTAL	2.030	330	2.360	1.877	317	2.194

*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.





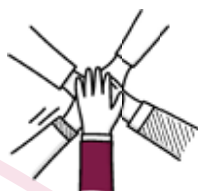
EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2022			2021		
	Men	Women	Total	Men	Women	Total
Management	161	42	203	166	43	209
Middle management and supervisors	157	12	168	167	15	182
Technicians and professionals	246	160	406	244	161	405
Operations personnel	1466	117	1583	1300	98	1398
TOTAL	2.030	330	2.360	1.877	317	2.194

*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

	2022			2021		
	Men	Women	Total	Men	Women	Total
Spain	612	130	742	656	144	800
Austria	368	44	412	337	39	376
Italy	169	17	186	144	16	160
INDIA	202	10	212	188	11	199
UAE	136	22	158	119	19	138
United States	267	51	317	215	38	253
Saudi Arabia	98	9	106	86	9	95
Thailand	70	21	91	48	20	68
Norway	40	8	47	36	7	43
France	7	1	8	6	1	7
China	3	3	6	3	3	6
Brazil	9	2	11	5	0	5
Germany	1	0	1	1	0	1
The Netherlands	3	2	5	4	2	6
Singapore	19	6	25	14	5	19
Korea	1	0	1	1	0	1
Canada	26	6	31	14	3	17
Total	2030	330	2360	1.877	317	2.194

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



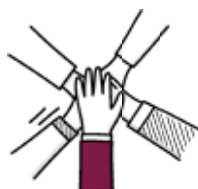
Employees of the Tubacex Group are spread around the seventeen countries where the Group is present.

The geographical distribution of TUBACEX changed significantly in 2022 compared with the previous year as a result of the increase in activity in the American and Asian plants, as well as the growth of the Amega West (USA, Canada and Singapore) acquisitions at the end of 2020.

In Europe, there was a 9% increase in the Austrian plant (SBER) after adjustments made in previous years as a result of a significant increase in activity in the manufacture of umbilical tubes.

In Spain, where the company has 31% of its workforce, the adjustment was consolidated both in the production units and in the distribution centers and corporate companies.

There was also an increase in the presence in Brazil due to the growth of the projects which kicked off in the middle of the year.





People

Total number and distribution of employment contract types

[GRI 2-7]

5.4.6

	2022	2021
Permanent contracts	2.451	2.329
Temporary contracts	37	17
Total	2.488	2.346

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

This distribution reflects the total labor contracts at the end of the year (December 2022). Temporary contracts represent 1.5% of the Company's total employment at the close of the year.



People

Annual average permanent, temporary and part-time contracts by gender, age and professional category

[GRI 2-7]

5.4.7

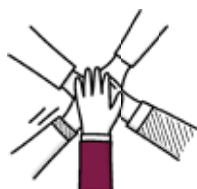
CONTRACT MODALITIES ACCORDING TO GENDER

	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent contracts	2.015	321	2.336	1.864	309	2.173
Temporary contracts	15	9	24	13	8	21
Total by type of contract	2.030	330	2.360	1.877	317	2.194
Part-time	23	36	59	29	39	68

CONTRACT TYPES BY AGE

	2022				2021			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Permanent contracts	302	1.551	483	2.336	270	1.458	445	2.173
Temporary contracts	10	11	3	24	10	4	7	21
TOTAL by contract type	312	1.562	486	2.360	280	1.462	452	2.194
Part-time labor schedule	2	39	18	59	3	44	21	68

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





CONTRACT TYPES BY PROFESSIONAL CATEGORY

	2022					2021				
	Management	Senior and mid management	Technicians and professionals	Op personnel	Total	Management	Senior and mid management	Technicians and professionals	Op personnel	Total
Permanent contracts	201	167	397	1571	2336	208	180	394	1391	2,173
Temporary contracts	2	1	9	12	24	1	2	11	7	21
TOTAL by contract type	203	168	406	1583	2360	209	182	405	1.398	2.194
Part-time labor schedule	4	2	19	34	59	4	5	23	36	68

*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

	2022	2021
Management	3	5
Middle management and supervisors	5	9
Technicians and professionals	22	24
Operations personnel	91	109
TOTAL	121	147*

NO. OF DISMISSALS ACCORDING TO AGE

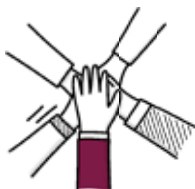
	2022	2021
Under 30	43	15
30 - 50	64	97
Over 50	14	35
TOTAL	121	147*

NO. OF DISMISSALS ACCORDING TO GENDER

	2022	2021
Men	102	117
Women	19	30
TOTAL	121	147*

*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.





People

5.4.9 Average compensation and evolution breakdown by age and professional category or equal value

5.4.9

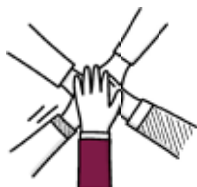
AVERAGE REMUNERATION (EURO) ACCORDING TO PROFESSIONAL POSITION

	2022	2021
Management	83.239	81.819
Middle management and supervisors	54.870	47.744
Technicians and professionals	39.926	39.440
Operations personnel	39.227	34.052

AVERAGE REMUNERATION (EURO) ACCORDING TO AGE

	2022	2021
Under 30	27.666	20.376
30 - 50	44.429	41.916
Over 50	54.117	49.596

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



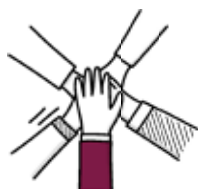


Following the adjustments made in previous years, remuneration increased as a result of the upgrades which were made possible thanks to the improved results for the year.

The incorporation of specialized profiles in environments with high remuneration levels in activities that are very different to those that were traditionally developed (Norway, Canada, Houston and Singapore) was also influential.

On the other hand, the increase in activity has greatly reduced the application of temporary measures to reduce activity (furlough schemes or ERTes), which has had an effect of 0.71%.

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 2022, 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

5.4.10 Pay Gap and Average Remuneration by Gender

[GRI Disclosure 405-2]

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. 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.

The pay gap at TUBACEX stood at **12.04% in 2022** (12.13 % in 2021), with average remuneration amounting to €44,454. More specifically, it was €45,215 for men (€44,129 in 2021) and €39,971 for women (€38,777 in 2021). This differential, which is slightly lower than in previous years, is thanks to various factors, including the historically low presence of women in some areas of activity, a determining factor in the current composition of the workforce, the different levels of specialization of jobs and their still incipient presence in some areas of work (especially 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.

The Company is currently developing the necessary systems to obtain a more detailed breakdown that will facilitate the analysis of this calculation according to different criteria (categories, age, region, etc.).



People

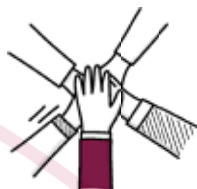
Average compensation of Directors and Management

5.4.11

As of December 31, 2022 the Board of Directors consists of seven men and four women. The average remuneration for Board members in 2022 was €178,400 and €77,700, for men and women respectively, compared with €145,000 for men and €75,000 for women in 2021. 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).

The average remuneration for Senior Management, all of whom are men, was €281,000* in 2022 compared with €193,000 in 2021.

*The calculation of average remuneration for Senior Management considered fixed and variable remuneration accrued for the 2022 financial year. No variable remuneration was paid in 2021.



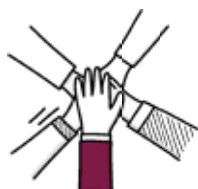


People

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.

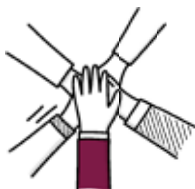




People Employees with disabilities

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 20 people (compared to 19 people with disabilities in 2021).

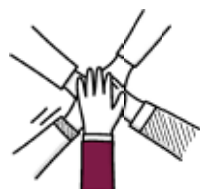




People Working time organization

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

[GRI Disclosure 403-9]

5.4.15

HORAS PERDIDAS

	2022	2021
Hours lost due to accident	15,014	12,342
Hours lost due to illness	181,074	165,443
Hours lost, other ^[1]	77,154	53,139
Total number of hours	273,242	230,924
% of absenteeism ^[2]	273,242	7,35%

^[1]Mainly including paid leave and union hours.

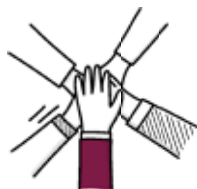
^[2]Total number of hours lost out of theoretical hours worked.

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

The main causes of absenteeism in the Group are common illnesses and authorized paid leave.

In 2022, COVID-19 still had a major impact on activity, whereby a total of 32,693 hours were lost, which accounts for 0.68% of the total absenteeism.

The calculation of this index takes into account the number of hours lost due to accidents at work, hours not worked due to common illness and COVID-19, statutory paid leave and hours spent by trade union representatives in their representative functions.





People

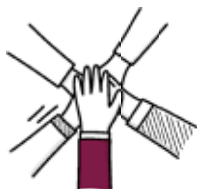
Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both parents

[GRI Disclosure 3-3, GRI Disclosure 403-6]

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 production 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

[GRI Disclosure 3-3, GRI Disclosure 403-1, GRI Disclosure 403-2]

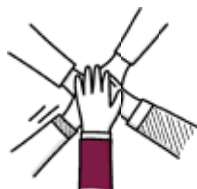
5.4.17

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 and 2021, 2022 was a particularly challenging year regarding safety management due to the impact of COVID-19. Safety protocols have been adapted in line with the recommendations and guidelines set by public bodies, which have been strictly followed.

There were 634 positive cases in the Group, well above the 259 cases recorded during the worst period of the pandemic, when the strict safety measures adopted enabled the number of infections to be contained. With the return to social normality, the number of cases increased but, fortunately, they were not as severe. During this year, the home working measures implemented cushioned the impact on activity as they 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. 10 accidents were investigated in 2022, of which 2 led to minor sick leave.



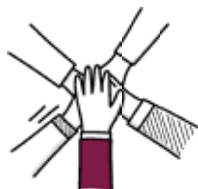


People Health & Safety at work

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.





People

Work accidents (frequency and severity) broken down by gender

[GRI Disclosure 403-9]

5.4.19

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2022			2021		
	Men	Women	Total	Men	Women	Total
Accidents with sick leave	51	2	53	36	3	39
Accidents without sick leave	78	4	82	52	3	55
Total number of accidents	129	6	135	88	6	94
Frequency ⁽¹⁾	11,99	3,27	10,89	13,39	6,61	12,41
Severity ⁽²⁾	0,34	0,17	0,32	0,51	0,05	0,44

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

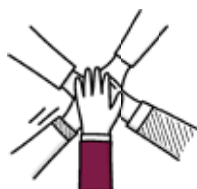
⁽¹⁾ Number of accidents with leave per million hours.

⁽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 2022, 96% involved men, corresponding mainly to plant personnel; while 4% involved women. A slight increase in accidents among men has been observed with respect to 94% in 2021, in spite of the fact that the proportion of male and female employees has remained the same in 2022.

The gradual reduction in the Frequency and Severity indexes is consolidated. The reduction in activity due to the effects of the pandemic and the subsequent economic situation had a direct impact on the occurrence of accidents, which has continued after resuming activity.

The number of hours worked in 2022 exceeded those worked in 2021 by 53%, reaching levels comparable to those prior to the pandemic (2019), so the improvement has been consolidated in this scenario of high activity.



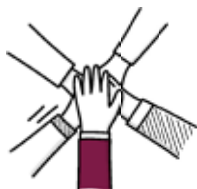


People Work-related ill health

[GRI Disclosure 403-10]

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. 11 work-related illnesses were detected in 2022 compared with 3 detected in 2021, all of which affected men. The figure for 2021 has been modified with respect to that presented in the 2021 report and the data can be found in “Annex I: Recalculated Indicators”





People Social relations

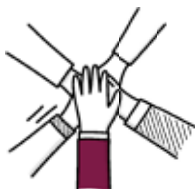
5.4.21

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
TTI	Own bargaining agreement
ACERÁLAVA	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 Bizkaia office employees Convenio General de la Industria Química
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 (USA)	Own bargaining agreement



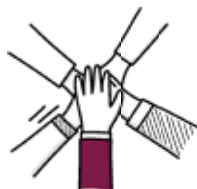
People

Organization of social dialog, including procedures for informing and consulting staff and negotiating with them

[GRI Disclosure 2-29]

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

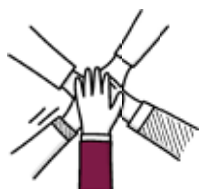
Percentage of employees covered by collective bargaining agreements by country

5.4.23

% OF WORKERS COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY

	2022	2021
Spain	100%	100%
Austria	100%	100%
Italy	100%	100%
INDIA	0%	0%
UAE	0%	0%
United States	21%	21%
Saudi Arabia	0%	0%
Thailand	100%	100%
Norway	65%	70%
France	82%	82%
China	0%	0%
Brazil	60%	60%
Germany	0%	0%
The Netherlands	0%	0%
Singapore	0%	0%
Korea	0%	0%
Canada	0%	0%
Total	64%	67%

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



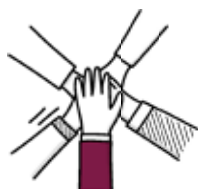


Labor relationships in the Group companies are determined by the different environments where it operates.

64% 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.



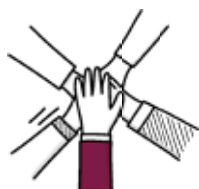


People

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.





People

Policies implemented in the field of training

[GRI Disclosure 3-3, GRI Disclosure 404-1, GRI Disclosure 404-2]

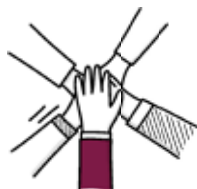
5.4.25

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. During 2022, key training actions have been boosted in the areas of Health and Safety or technical skills (especially in companies in growth and diversification), as well as digital training with the deepening of aspects related to the product area, region or commercial positioning.

In 2022, 33,722 hours of training were given, up 43% on 2021, recovering 2019 levels in this development activity.

- Occupational Health and Safety
- Quality and Environment
- Maintenance
- Operations
- Digitalization and Systems





People

The total amount of training hours by professional category

5.4.26

Training hours are detailed below according to professional category in 2021:

TRAINING HOURS

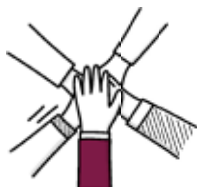
	2022	2021
Management	1718	999
Middle management and supervisors	1522	1674
Technicians and professionals	4455	2463
Operations personnel	26027	18455
Total Number of training hours	33.722	23.591
Average number of training hours per employee	14,3	10,7

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

Having overcome the situation derived from COVID-19, training actions have also been resumed. Training actions intensified in the different Group companies in accordance with the needs identified.

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 the year, internal on-line training continued. Under the "Training Pills" format, training sessions are 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.





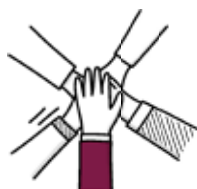
People

Universal accessibility for people with disabilities

[GRI Disclosure 3-3]

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

[GRI Disclosure 3-3, GRI Disclosure 405-1]

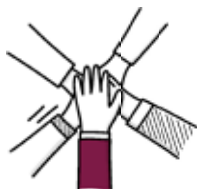
5.4.28

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 39% in Professionals and Technicians and 21% in Management.

In its People Management Policy, the organization 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 2022 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

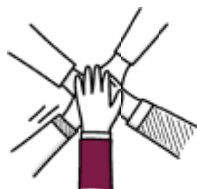
[GRI Disclosure 3-3]

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 relaunched their Equality Plan in 2022, after being frozen for two years due to external factors, leading to a new plan for 2023-2026. 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.).





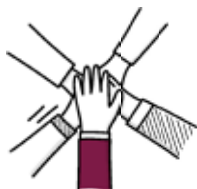
People

Measures implemented to promote employment

[GRI Disclosure 3-3]

5.4.30

In 2022, the focus on the People area was on stabilization following the global restructuring processes carried out in order to adjust the size of the Company to the new market and strategic positioning. In this way, TUBACEX lays the bases for job consolidation and the generation of an industrial Group with development and career opportunities.





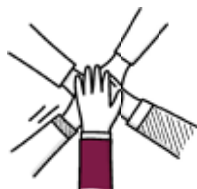
People

Protocols against sexual and gender-based harassment

[GRI Disclosure 3-3]

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 2022 and 2021, 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.





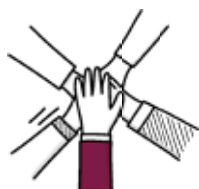
People

Integration and universal accessibility for people with disabilities

[GRI Disclosure 3-3]

5.4.32

It must be pointed out that the plants that form part of the Tubacex Group comply with the different legislation related to the hiring of people with disabilities, although it is fulfilled through alternative measures in Spain. The commitment to diverse talent forms part of one of the main lines of action of the Tubacex Foundation, which has been in regular contact with a wide range of organizations that work to promote the social and labor integration of groups with disabilities in recent years in order to assess different forms of collaboration and analyze job opportunities.





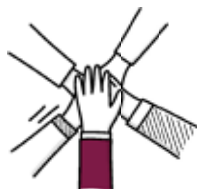
People


Policy against all types of discrimination and, where appropriate, management of diversity

[GRI Disclosure 3-3]

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

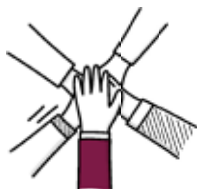
[GRI Disclosure 3-3]

TUBACEX is fully committed to the protection of Human Rights, guided by the fundamental principles that are set out in the Universal Declaration of Human Rights, as expressed in its Code of Conduct, whereby they are the basis of the legislation applicable to all the business units in which each business unit carries out its activity.

It recognizes its role and that of the stakeholders that form part of its ecosystem in the protection of people's rights and freedoms, respecting the international regulatory framework in all cases.

To endorse its commitment to the defense of Human Rights, TUBACEX launched its responsible statement in 2022, incorporating its commitments in this area. More specifically, the Company is committed to:

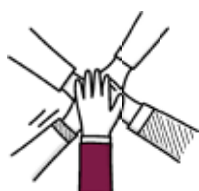
- Abolishing Child Labor. Complying with all laws regulating the minimum age for employment in each individual position, including any laws related to employment, apprenticeships and traineeships for young people and students. The Group's standards will prevail over local laws regarding the minimum age for employment;
- Prohibiting the use of forced labor and exploitative working conditions;
- Avoiding causing or contributing to an adverse impact on human rights through its own activities;





- Avoiding causing or contributing to an adverse impact on human rights through its own activities and addressing such impacts when they arise;
- Seeking to prevent or mitigate adverse impact on human rights directly related to its operations, products or services through its business activities.
- Seeking to prevent or mitigate adverse repercussions on human rights directly related to its operations, products or services through its commercial relations;
- Eliminating discrimination in employment and professions, and promoting health and safety in the workplace; and
- Upholding the freedom of association and the effective recognition of the right to collective bargaining.
- Guaranteeing the right to equal pay for work of equal value.

In relation to risks, a new risk has been added to the corporate risk map in terms of human rights to ensure full respect for human rights in all of the regions in which we operate.



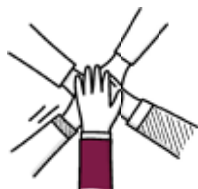


Human Rights Management Approach and Components

[GRI Disclosure 3-3]

5.5.2

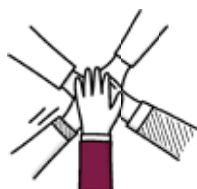
Ámbito de aplicación	Tipos de derechos	Enfoque de gestión	Indicators de seguimiento
Civil and political rights	Ideological freedom	International treaties Bargaining agreement for the metal sector or equivalent Own bargaining agreements Code of Conduct HR Policy	x
Civil and political rights	Strike	International treaties Bargaining agreement for the metal sector or equivalent Own bargaining agreements Code of Conduct	x
Civil and political rights	Free Association	Bargaining agreement for the metal sector or equivalent Own bargaining agreements Code of Conduct	% of workers covered by collective agreement
Economic, social and cultural rights	Education	Foundation Training Programs	Program Beneficiaries
Economic, social and cultural rights	Health	Legal Compliance Management Process ISO 45001/ OSHA 18001 Code of Conduct	LTFR FR
Economic, social and cultural rights	Work	Legal compliance Management process Own collective bargaining agreements or those of the sector Minimum age for access to work Code of Conduct	ESG Plan Indicators (Line 3) GRI 3 Indicators
Solidarity rights	Peace	Legal compliance Compliance with international treaties No relations with warring countries Economic development of regions Code of Conduct	ESG Plan Indicators (Line 3)
Solidarity rights	Development	Legal Compliance Management Process HR Policy Training Plans Code of Conduct	Training hours
Solidarity rights	Quality of Life	Legal Compliance Management Process HR Policy Code of Conduct	Salary conditions Gender GAP/divide
Solidarity rights	Environment	Legal Compliance Management Process HSEQ Policy ISO 14001 /50001 Code of Conduct	ESG Plan Indicators (Line 1)
Solidarity rights	Decent life	Legal compliance Compliance with international treaties Management processes Specific policies Code of Conduct	GRI Disclosure 3





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

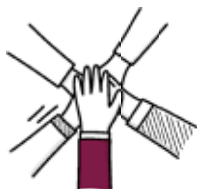
[GRI Disclosure 3-3]

5.5.3

In its internal assessment processes, the Company carries out an assessment of the human rights in which it may have a stake. These rights are of a civil, political, economic and social nature, among others, and are related to its business activity.

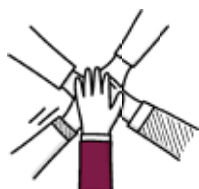
In its assessment process, it has carried out a risk assessment based on the location of its operations, considering different sources of consultation in terms of human rights (third sector organizations and the Global Peace Index), whereby no potential risks were identified in an initial analysis that may arise due to the nature and situation of the countries analyzed, on the one hand, and the degree of management, on the other. In this second point, the Company has a management approach that incorporates the necessary tools for full compliance with these rights.

Throughout 2022, no complaint or report was received through any channel related to the breach of any rights in this area. The main entry channels for this type of complaints or claims are: regulatory bodies, ethics channel, management department (mainly human resources team), customer complaints channels, internal supervision tools (supplier monitoring tools), among others. On the other hand, the Audit and Compliance Committee is expressly entrusted with the responsibility of ensuring compliance before the Board of Directors and monitoring issues related to business ethics; while the Sustainability Committee's functions include fostering compliance with the most demanding regulations and policies in the field of human rights by the Group and its subsidiaries, both internally and throughout the entire value chain.





As far as relations with third parties are concerned, TUBACEX has a supplier assessment model that incorporates ESG aspects and establishes meetings and regular contact with critical suppliers. The assessment process was launched in 2020 and incorporates the validation of more than 100 ESG assessment points and adherence to the Corporate Code of Conduct. Recognizing the nature of critical suppliers has led to a process of continuous monitoring of their risks, watching out for any compliance, ESG or reputational breaches through an active surveillance tool (Go Supply). This monitoring system is scheduled to be extended in 2023 with the development of specific reporting channels and on-site audits of a selection of critical suppliers. In the two years in which this assessment system has been in operation, no deviations or critical risks have been identified.



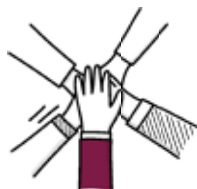


Human Rights Claims on cases of violation of human rights

[GRI Disclosure 2-26, GRI Disclosure 3-3]

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 2021 and 2022 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. Similarly, no complaint or report has been received through any channel related to the breach of any rights in this area in the past two years. The main entry channels for this type of complaints or claims, beyond the Ethical Code, are: management department (mainly human resources team), customer complaints channels, internal supervision tools (supplier monitoring tools), among others.



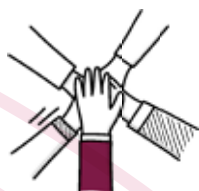


Human Rights Promotion and Compliance with fundamental IOL conventions related to the human rights of freedom of association and collective bargaining

5.5.5

[GRI Disclosure 407-1]

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.



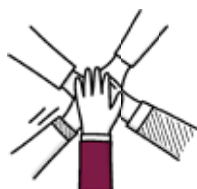


Human Rights Elimination of forced or compulsory labor

[GRI 409-1]

5.5.6

TUBACEX guarantees its workforce will be guaranteed the rights foreseen in the applicable law. In countries where collective 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.



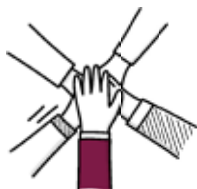


Human Rights Effective abolition of child labor

[GRI 408-1]

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 (International Labor Organization), 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

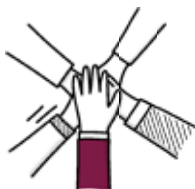
[GRI 3-3]

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.



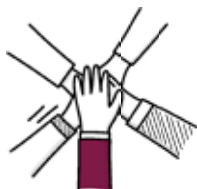


Fight against Bribery and Corruption Management Approach and Components

[GRI 3-3, GRI 205-2]

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.



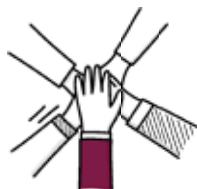


Fight against Bribery and Corruption

Available policies and manuals

5.6.3

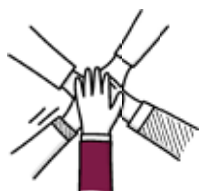
- **Code of Conduct.** Each and every collaborator, including TUBACEX's suppliers and customers, will refrain from promoting, facilitating, participating or concealing any type of money laundering, and will denounce any money laundering operation which may come to their attention. TUBACEX stands expressly 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.



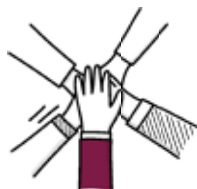


Fight against Bribery and Corruption Assessment Procedures

[GRI 3-3]

5.6.4

Como mecanismo para el seguimiento de políticas con respecto a la Fight against Bribery and Corruption, y entendiendo el modelo de prevención de delitos como un vehículo de salvaguarda, la Comisión de Auditoría y Cumplimiento, que tiene expresamente atribuida la competencia de velar por el cumplimiento de la legislación aplicable, así como la autoimpuesta ante el Consejo de Administración y de vigilar los asuntos relacionados con la ética de los negocios dentro del Grupo. Para ello cuenta con un Código de Conducta para recibir y gestionar en su caso por el Responsable de Cumplimiento cualquier denuncia o consulta de actuaciones sospechosas o dudosas relacionadas con el contenido del mismo. Durante los ejercicios 2021 y 2022 no se ha recibido ninguna denuncia por este canal ni por ningún otro medio. Asimismo, no se ha recibido ninguna denuncia por parte de terceros o hacia proveedores.





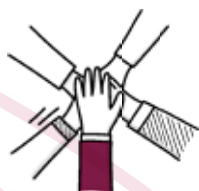
Fight against Bribery and Corruption Contributions to Foundations and non-for-profit organizations


5.6.5

Estas han sido las aportaciones realizadas a fundaciones y entidades sin ánimo de lucro en los ejercicios 2021 y 2022:

	2022	2021
Organization /Foundation		
Colabora Birmania	51.000€	51.000€
Iniciativa Ucrania*	69.808€	X

*As a result of the Russian invasion of Ukraine, TUBACEX set up an aid program for refugees. (See Society section)





5.7



Society

5.7.1

Explanation of the Material Topic and its Boundary

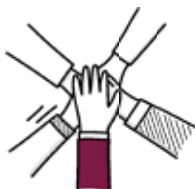
[GRI 3-3]

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 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.

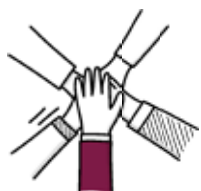
Development of local communities. Supporting the development of communities where TUBACEX is present through direct and indirect employment or the promotion of collaboration projects with NGOs are part of its commitment to local communities.





In 2022, the lines related to employment (training and corporate diversity) were affected by the situation at the plants, after the completion of a global restructuring process and a crisis triggered by the pandemic. However, support for social action programs in developing countries was maintained. Likewise, following the Russian invasion of Ukraine, TUBACEX activated an aid program for Ukrainian refugee families.

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.





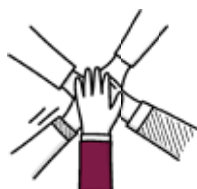
Society

Management Approach and Components

[GRI 3-3]

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.





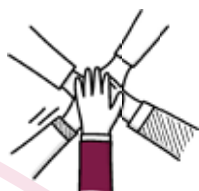
Society

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

Activities carried out in 2022

[GRI 203-1, GRI 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.

Heavenly Home Orphanage



80 children
4 caregivers and 7 volunteers
Maintenance expenses

Chicken School Nursery

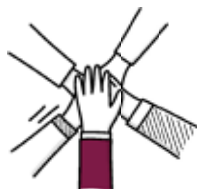


123 children
5 teachers
Floor and wall repairs
School fees of 83 children

SAW School



180 children
12 teachers
Maintenance expenses

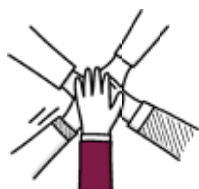




Training. TUBACEX has implemented dual training programs, promoted in collaboration with the Basque and Austrian Governments as well as different training centers. These programs are four years long and 75% of their contents are carried out at the work center while the other 25% are taught in the classrooms. 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 2022, 27 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.

Emergency Aid SOS UKRAINE. In the context of a humanitarian crisis as a result of the Russian invasion of Ukraine, TUBACEX launched an aid program aimed primarily at workers and families of a collaborating company, which is located in a war-torn region and has a close commercial relationship with TUBACEX.

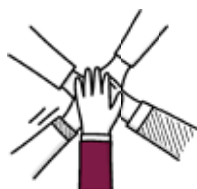




A total of five families, women and children were taken from the border with Ukraine into Hungary and then to the Basque Country. Thanks to the support and collaboration of SOS Ukraine, the Ukrainian families were placed with host families who supported them during their stay in the Basque Country. The Tubacex Foundation has kept up its close support to facilitate the integration of these families and ensure their wellbeing. At the year-end, two of the families remained in the Basque Country, continuing their integration process in rented housing and they are closely monitored by TUBACEX. These two families were joined by a third, consisting of two women and a child, who arrived in the Basque Country by their own means and have been supported by TUBACEX. A total of 20 people (6 families) have benefited from this aid program.

Beyond this program, TUBACEX has joined third party initiatives to help displaced Ukrainian citizens. The first of these took place just days after the war began, when an opportunity arose to collaborate with a local cab driver in covering the costs of a trip across Europe to bring back a Ukrainian family. Following the same philosophy, a trip was organized at the end of March, financed by companies, to take humanitarian aid to Poland and bring Ukrainian refugee families back to the Basque Country. On that occasion, TUBACEX financed one of the three buses that went to the Ukrainian border. Finally, it is worth mentioning the case of one of the TUBACEX workers in Llodio, whose personal commitment and courage have made it possible for a score of Ukrainians to resume their lives in the Ayala Valley. On that occasion, TUBACEX supported this worker to help ease her personal and altruistic work with these families.

This is added to other actions developed in 2022 to promote culture and art, supporting projects underway in the Guggenheim and Artium museums.

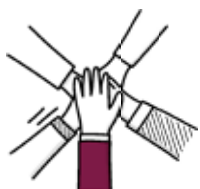




FUNDACIÓN TUBACEX

ADMINISTRATION	
Administration	5810 €
Collaboration with art (museums in the Basque Country)	13.426 €
Global Compact	4.700 €
COLABORA BIRMANIA NGO	
Study program for refugee children	51.000 €
SOS UKRAINE	
Ukrainian families expenses	69.808 €
TOTAL	144.744 €

The expenses derived from the study programs in Spain and Austria have been assumed by the business units.





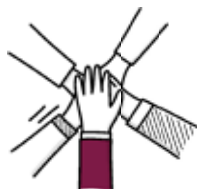
Society

Assessment Procedures

[GRI 3-3]

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.



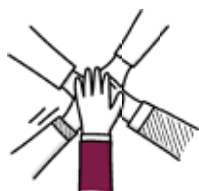


Society

Internal participation in social action programs (% employees)

5.7.6

The Foundation's various initiatives have fostered the collection of donations from employees since 2017. In 2022, and within the framework of the Colabora Birmania program, internal funds were obtained, through voluntary payroll deductions, equivalent to 11.5% of the total funding for the project.



5.8



Supply Chain

5.8.1

Explanation of the Material Topic and its Boundary

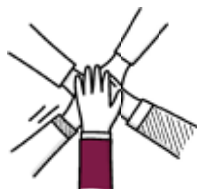
[GRI 3-3]

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 supplier management has been identified as a material aspect in the materiality assessment carried out in 2022. 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 will terminate commercial activity with the supplier as soon as possible.

The risk of supply chain disruption has been identified within the risk map. 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.





Supply Chain Management Approach and Components

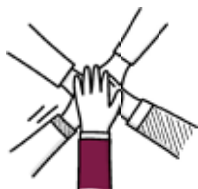
[GRI 3-3]

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 the TUBACEX Code of Conduct has been reported until now. Work on this platform continued throughout 2022.

In 2022, the following public objective was established, which is reported quarterly to the market, along with the Results Report:

Subindicador	Indicador	Ud.	2019	2022	Obj. 2030
Supply Chain	% proveedores evaluados con criterios ESG	%	00%	90%	990%





Available policies and manuals:

- **General Purchasing Terms and Conditions.** Contractual relationships with TUBACEX are defined in the “General Purchasing Terms and Conditions”, document which governs the relations between the Company and teams of professionals with the suppliers, and 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 its 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. This Supplier Code of Conduct was approved in 2019 by the Corporate Purchasing Director.
- **Code of Conduct for Buyers.** The Code covers TUBACEX's commitment to maintain the highest levels of integrity in all business relations. These requirements are set out in the document. It was approved in 2019 by the Corporate Purchasing Director.



Supply Chain Assessment Procedures

[GRI 3-3, GRI 414-1, GRI 414-2]

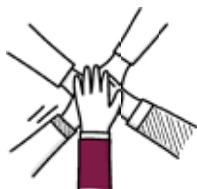
5.8.3

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.

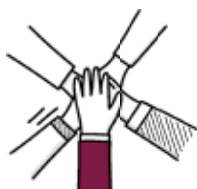




Model supplier assessment sheet.

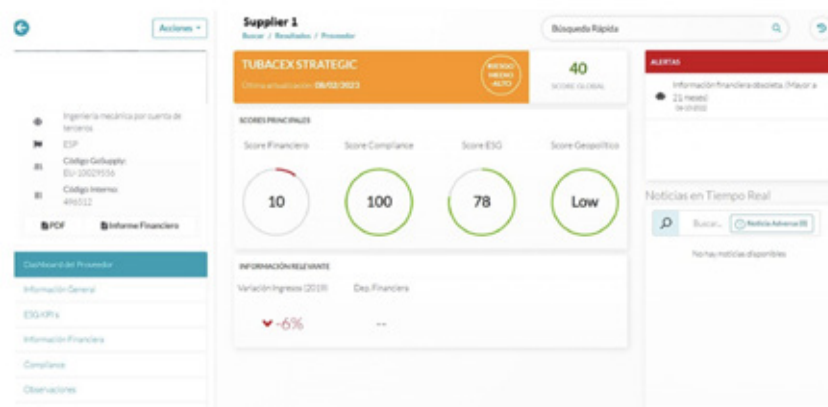
Any amendment to the supplier data sheet details, either in the questionnaire or the quality certificate repository, will activate the review and approval flow and notification will be sent to the managers of each business unit. This ensures assessment and checking not only at the time of registration 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 implementation of a system monitoring suppliers' risks has been launched. This project enables early detection of any risk in the supply chain. The application is deployed to integrate with the suppliers' platform, adding value to the suppliers' management and assessment process.



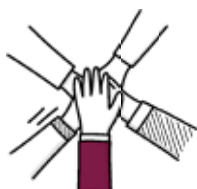


Example of a supplier risk dashboard sheet.



Example of a supplier risk sheet.

On the other hand, and from the dimension of supplier delivery compliance, OTIF (On Time In Full: the basic concept is the delivery of the correct product on time) reports have been drawn up in the TUBACEX ERP, which provides information on 100% supplier compliance in terms of deliveries on time and quantity. This indicator facilitates classification of suppliers according to deliveries, with a negative impact on the supply chain and TUBACEX operating system.



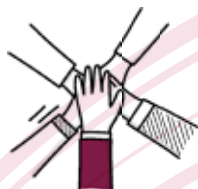


Supply Chain Indicators

5.8.4

TUBACEX focuses on developing long-term relationships and collaboration with its suppliers, which was endorsed by a volume of recurring suppliers of 60% in 2022, accounting for more than 99% of purchases.

As a group with an eminently international character, TUBACEX maintains its commitment to the business sector in the Basque Country, where it focuses approximately 58% of its expenditure. This figure is slightly lower than in previous years (60% in 2021 and 63% in 2020) but is justified by the Group's increased international presence.





Supply Chain

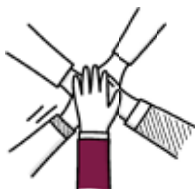
Percentage of suppliers assessed according to environmental criteria

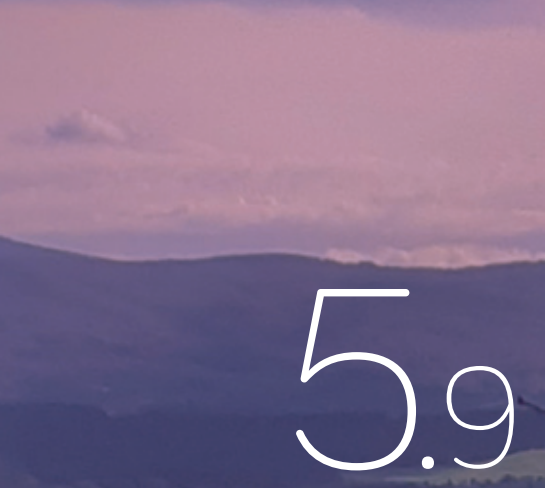
[GRI 308-1, GRI 308-2]

5.8.5

In 2022, 801 suppliers were registered and evaluated on the purchasing platform (774 in 2021), representing on aggregate 90% of TUBACEX's expenditure. 100% of those suppliers completed the questionnaire with questions related to their environmental management model, which was used to create a specific rating. Thanks to this, supplier assessment parameters were extended to include sustainability aspects (environmental, human rights, child labor, health and safety, etc.), making them aware of the importance of their development in this area. This questionnaire enables alerts to be sent in those cases in which a critical question has received an inadequate response, ensuring that all the suppliers on the panel to have ESG standards in accordance with the company's needs.

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

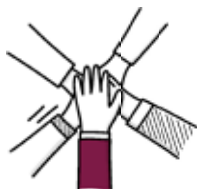
Explanation of the Material Topic and its Boundary

[GRI 3-3]

The TUBACEX strategy is based on offering comprehensive value propositions 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 information collection channel was resumed with positive results despite the disruptions caused by the pandemic. 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 2022, the handling of complaints by our business units was standardized in the corporate CRM system.

In 2022, sectoral trade fairs were resumed, as well as visits to customer sites and visits to customers by our commercial network, which were significantly reduced in 2020-21 and had to be maintained via telematic channels due to safety protocols and travel restrictions.

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 2022 the main focus has been placed on companies recently incorporated to the Group.

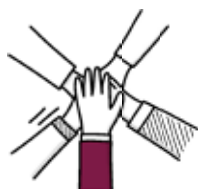


Management Approach and Components

[GRI 3-3]

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 Industry Manager (IM) 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. Since 2022, all of the commercial information from the different business units is structured in a unified database which is exploited through a common analytical tool.



Customers

Assessment Procedures

[GRI 3-3]

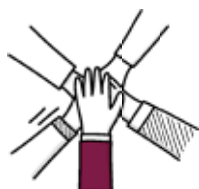
5.9.3

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

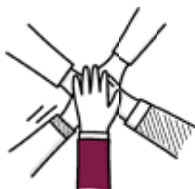
Indicators

[GRI 416-1, GRI 417-1]

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.



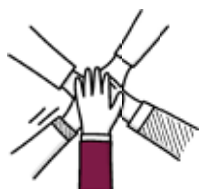


Indicators

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

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.



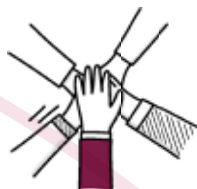


Indicators

Incidents of non-compliance concerning the health and safety impacts of products and services

5.9.4.3

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.





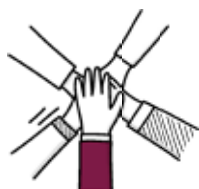
Indicators

Requirements for product and service information and labeling

5.9.4.4

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.





Indicators

Substantiated complaints concerning breaches of customer privacy and losses of customer data

[GRI 418-1]

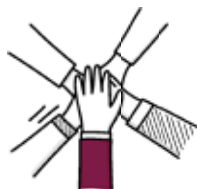
5.9.4.5

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. Since October 2022, a tracking system has been implemented in the Salesforce tool which enables the handling of complaints to be consolidated and systematized, having collected 33 complaints up to 31st December.

As for the privacy of the customers, no specific complaints were received in this respect in 2019-2022. TUBACEX has adopted the European data protection regulations.

In the field of information security, the Tubacex Group implemented many initiatives throughout 2022. These projects raise the level of maturity in terms of cybersecurity and are aimed at improving the level of attack prevention, developing reaction and defense procedures, as well as training and raising awareness among our users. The implementation of the following cybersecurity defense, prevention and training capabilities can be highlighted:

- [DEFENCE] Implementation of a NEW automatic and unattended system for the analysis of alerts and warnings of external attacks, with the ability to detect a security incident in advance and take early defensive measures (system called SIEM Security Information and Event Management).
- [DEFENCE] Connection of the SIEM system to the Firewalls with the ability to stop an attack in real time and unattended.
- [PREVENTION] Implementation of a dual authentication system for access to systems.
- [PREVENTION] Implementation of an automatic and unattended system of continuous detection of vulnerabilities within our network, in order to identify any weaknesses in our system as soon as possible.
- [DEFENCE] Implementation of an automatic and unattended system of continuous detection of intrusions within our network, in order to identify any successful attacks to our systems as soon as possible.
- [TRAINING] Employee training and awareness-raising actions on cybersecurity issues.





5.10

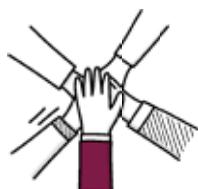
Contribution to the 2030 Agenda

initiative on human rights, labor, environment and anti-corruption 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. Furthermore, TUBACEX shapes its commitment to promoting the main sustainable development challenges, in line with the Sustainable Development Goals (SDG) 2030 Agenda. The SDGs and priority targets in the management of the materiality assessment are detailed below.



1. MOVE TOWARDS NEUTRALITY AND FOSTER BUSINESS CIRCULARITY

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. 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 energy management	Environment	7,8	7, 12, 13
Waste Management	Environment	7,8	12, 13, 17
Environmental Management	Environment	7,8	12, 15, 17
Circular Economy	Environment	7,8	12, 13, 17
Mitigation and adaptation to climate change	Environment	7,8,9	13, 17
Environmental Compliance	Environment	7,8,9	13, 17
Sustainable management of suppliers	Environment	8	12, 17

Targets associated with the SDGs

- 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
- 13.2 Integrate climate change measures into policies and strategies

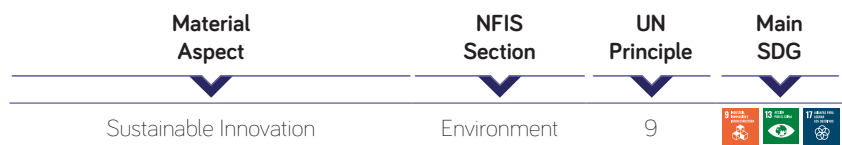


2. CONTRIBUTE TO THE DEVELOPMENT OF INNOVATIVE SOLUTIONS FOR THE ENERGY TRANSITION

TUBACEX is taking part in innovative initiatives that are leading the energy transition, by making its technological capacity available to customers and diversifying the business.

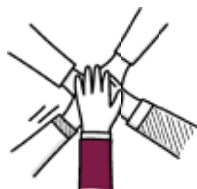
2 Contribute to the development of innovative solutions for the energy transition

- Participate in leading initiatives for the transition
- Facilitate the industrialization of high impact, innovative technological solutions, moving towards business diversification
- Work with our customers on the development of innovative solutions that facilitate their transition



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



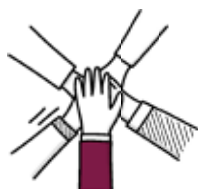


3. TAKE CARE OF OUR PEOPLE AND THE IMMEDIATE ENVIRONMENT

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.

3 Take care of our people and the immediate environment

- Foster a preventive culture and wellbeing
- Strengthen the link between our people and the business project
- Foster an inclusive, diverse and equitable culture
- Foster social development and respect for human rights

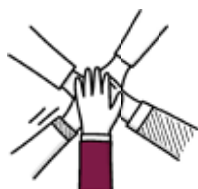




Aspecto Material	Apartado EINF	Principio NNUU	ODS principales
Health and Safety	People	1	
Talent Attraction and Retention	People	6	
Equality and Diversity	People	6	
Employee training	People		
Child Labor	Human rights	5	
Development of local communities (Foundation)	Company	5,6	
Human rights	Ethics and Integrity	1,2	
Health and Safety of customers	Customers		
Quality of the products and services supplied	Customers		
Customer Satisfaction	Customers		

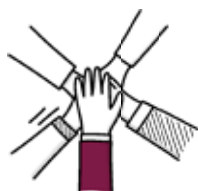
Targets associated with the SDGs

- 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



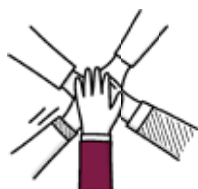


4. DO THE RIGHT THING AND ENCOURAGE TRANSPARENCY

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.



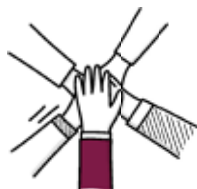
Material Aspect	NFIS Section	UN Principle	Main SDG
Presence of corruption cases	Fight against Bribery and Corruption	10	15, 17
Ethics and Compliance	Human Rights	10	15, 17
Good Governance	Ethics and Integrity	10	15, 17
Risk Management	Ethics and Integrity	10	15, 17
Cybersecurity	Customers		8, 9, 11





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
- 12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles
- 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

[GRI 207-4]

The Tubacex Group's Board of Directors approved the corporate fiscal policy in 2016. This policy sets out the Company's fiscal strategy and that of other companies within the Group whose controlling entity, within the meaning established by law, is the Company (the "Group") and the overall commitment to compliance, development and implementation of good practices in tax matters.

The fundamental objective of the Company's tax strategy is to ensure compliance with the tax regulations applicable in all the territories in which it operates in line with the activity carried out in each of them, all within the framework of the fulfillment of the corporate interest and long-term business support, avoiding tax risks and inefficiencies in the execution of business decisions.

In this context, the Company advocates responsible tax behavior by taking into consideration the interests and the sustainable economic development of the communities in which it operates and by ensuring the proper application of good tax practices.



The basic principles of action for the different Group companies in relation to their tax obligations and relations with the Tax Authorities are:

- Fulfillment of tax obligations in accordance with prevailing tax regulations, as well as relevant international guidelines and standards.
- Prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources and the Group's business risks.
- Study of the financial, legal, accounting and business consequences of any operation, establishing appropriate channels of communication between the different departments of the company.
- Establishment of an action protocol for transactions with special tax repercussions, whereby a specific and individualized level of requirements, formality and documentary registration is required given their complexity and possible tax consequences.
- Definition of the principles of action for the pricing of products and services between associated companies and control mechanisms, as well as establishing the terms for intra-group loans and subsequent control mechanisms.
- Informing the Board of Directors of the major tax implications of the transactions or matters submitted for its approval, when they constitute relevant factors in formulating its opinion.



Fiscal Information

Benefits obtained by country

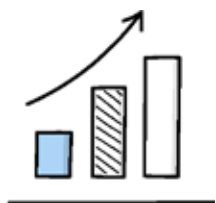
[GRI 207-4]

6.1

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

	2022	2021
AUSTRIA	775	441
BRAZIL	87	-114
CHINA	-	94
UAE	-4.298	-3.830
FRANCE	2.426	850
INDIA	8.492	5.976
ITALY	320	-7.906
NORWAY	1.861	240
SPAIN	-1.459	-40.577
USA	17.883	7.660
Others	780	-1.329
Consolidated profit before tax	26.866	-38.495

The sum of "Others" corresponds to sales representation companies and others with less activity over total volume.





Fiscal Information

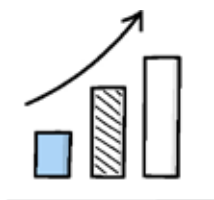
Tax on Benefits Paid

[GRI 207-4]

6.2

Amounts paid as corporate tax in 2021 (in thousands of Euros) are included:

	2022	2021
AUSTRIA	- 6	-
DUBAI		61
INDIA	-213	332
SPAIN	159	1710
THAILAND	-	-
USA		-
Others		-
Total	-60	2.103





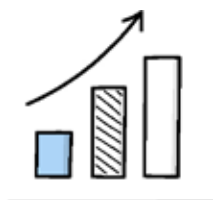
Fiscal Information

Financial assistance received from government

[GRI 201-4]

6.3

As the “Other operating income” heading of the consolidated profit and loss account indicates, operating subsidies in 2022 amounted to €5,952 k (€10,751 k in 2021).



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7 TAXONOMY



1. Introduction

a. Regulatory framework

b. Definitions

2. Scope of the assessment:

a. Eligibility criterion

b. Alignment criterion

(1) Alignment assessment

3. Key performance indicators:

a. Calculation methodology

b. Table of results

c. Comments





1. INTRODUCTION:

The Commission Delegated Regulation (EU) 2021/2139 of 4th June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation has been analyzed to check that this Regulation contemplates the activities carried out by TUBACEX.

Section 3.9 of Annex I “Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives” includes the “manufacture of iron and steel” as eligible activities in relation to the mitigation of Climate Change. An economic activity within this category is a transitional economic activity as referred to in Article 10 (2) of Regulation (EU) 2020/852.

As mentioned in the section above, in addition to the verification that the production of steel is duly covered by the Delegated Regulation (EU) 2021/2139, a detailed analysis of the technical criteria included in Sections 3.9 of Annex I (CC mitigation) has been carried out. In addition, the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation have also been analyzed.

The Commission Delegated Regulation (EU) 2021/2178 of 6th July 2021 completing Regulation (EU) 2020/852 of the European Parliament and of the Council has been analyzed through the specification of content and presentation of the information that companies must disclose.





TAXONOMY-ELIGIBLE ACTIVITIES

An economic activity eligible for Taxonomy is an economic activity described in the Delegated Act, regardless of whether this economic activity complies with any or all of the technical screening criteria.

TAXONOMY-ALIGNED ACTIVITIES

An economic activity aligned with Taxonomy is an economic activity that meets all of the requirements set out in the Taxonomy Regulation:

- Make a substantial contribution to one of the environmental objectives: climate change mitigation, climate change adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of the biodiversity and ecosystems.
- Do no significant harm (DNSH) analysis: The assessment aims to ensure that the Taxonomy itself does not include economic activities that harm any of the other five environmental objectives.
- Comply with minimum social safeguards: OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights must be complied with.

2. SCOPE OF THE ASSESSMENT:

2.1. Eligibility criteria:

In 2021, TUBACEX carried out an analysis of the NACE codes under which each of the companies operate and which are recorded in the mercantile registry in the case of Spanish companies or in the equivalent in each country, classifying each of these activities as eligible or ineligible, depending on its inclusion in Annex I of the Delegated Regulation (EU) 2021/2139 . Therefore, companies dedicated to steel manufacturing and, by extension, all those dedicated to steel tube manufacturing were included in the eligibility analysis.

However, considering the implications of the description of the activity (3.9 iron and steel manufacturing) for determining eligibility, TUBACEX has recalculated these figures by considering steel manufacturing activities (ACERÁLAVA) as eligible, excluding the process of manufacturing tubes and other tubular products included in the 2021 analysis, hence responding to a more precise interpretation of the Directive.





- Question 6 of the first set published by the EC: clarifies that the description of the activity prevails over the NACE, whereby the description of “Manufacture of iron and steel” is what should be considered.
- The parameters for the assessment of the technical criteria are aimed only at the steel manufacturing process.
- Question 48 of the set of specific questions on Delegated Regulation 2021/2139 specifies that: the processes to be considered in the calculation of emissions are defined independently by the regulation for each manufacturing step. Therefore, tubes are not included.
- Question 8 of the first set published by the EC specifies that the information on eligible activities according to the taxonomy does not imply an assessment of a company’s value chain, as, in most cases, the descriptions of the activities in the climate delegated act do not contain references to it

It is therefore necessary to reinterpret eligibility by considering only ACERÁLAVA’s activity (sales to third parties) and, by extension, sales through TSS, which acts as a trader.

The inclusion of TSS sales of ACERÁLAVA products also forms part of this recalculation process, as they were not considered eligible in 2021.



The reclassification of the activity codes for 2022 is as follows:

• **Eligible activities:** The activity of iron and steel manufacturing and sales of these products through the trading unit would be included. It would correspond to the following NACE codes:

- NACE 24.10 – “Manufacture of basic iron and steel and of ferro-alloys”. Activity carried out in Acería de Álava S.A.U. (ACERÁLAVA). This activity is explicitly included in activity 3.9 “Manufacture of Iron and Steel” in Annex I of the regulation.
- NACE 46.77 “Wholesale of waste and scrap”. Secondary activity carried out through the Tubacex Service Solutions (TSS) unit, incorporating only the sales of products from ACERÁLAVA in the eligibility for the year.
- In this way, sales to third parties from ACERÁLAVA through the manufacturing plant or through the TSS, corresponding to the TUBACEX Group, are included in the year.

• **Main non-eligible activities.** These are activities focusing on the manufacture of tubular products (tubes, pipes, components, etc.), as well as complementary services (transport, storage and distribution, coatings, etc.). The corresponding NACE codes would be:

- 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.
 - 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 equivalences • Main activity of Salem Tube Inc. and Durant Tube Inc.



- NACE 46.77 “Wholesale of waste and scrap”, with the exception of the traded products originating from ACERÁLAVA.
 - Secondary activity at all of the Group's production plants
- 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.



2.2. Alignment criteria 2022:

In line with the criteria defined for the eligibility analysis, the scope of the alignment assessment focuses on the activity related to the manufacture of long stainless steel products developed by the Group's steelworks, ACERÁLAVA (NACE 24.10) and the products originating from this plant and sold through TSS. Compliance in this case is due to the consumption of scrap in EAF furnaces, as it exceeds 70% of high-alloy steel production*.

*This indicator is calculated with the % of internal and external scrap of the final product manufactured (ingot).





2.2.1. Do no significant harm (DNSH):

A) TO CLIMATE CHANGE ADAPTATION:	
<p>The assessment (identification, classification and assessment) of the physical risks related to CC has been carried out, identifying and materializing the vulnerabilities, as well as the solutions for the adaptation of the activities under analysis to them.</p>	<p>As mentioned in the 5.3 Environment section of this report (p. XX), TUBACEX has carried out an analysis to determine the climate risks to which the company is exposed and its vulnerability to these risks. This analysis has resulted in an impact matrix in which the following stand out:</p> <p>Climate risks:</p> <ul style="list-style-type: none"> • A medium or low impact in the RCP 4.5 scenario in the short, medium and long term of the identified risks: thermal stress (human), storms, water scarcity (agriculture), water scarcity (hydrological). • Low and medium-low or medium impact in the RCP 8.5 scenario in the main elements of analysis: extreme fire conditions, water scarcity. • Medium-high impact on the RCP 8.5 scenario in the main elements of analysis: extreme rainfall (floods), in the short term (until 2039) and long term (2080-2099), and thermal stress (human) in the long term (2060-2099). <p>Impact on the business:</p> <p>An analysis of the impact on the business was carried out by assessing the impact on operations, on the one hand, and the impact on the management of human resources, on the other. The result of this analysis indicated a low or medium impact on the marketing units in the aspects analyzed (increase in temperature, heat waves, restrictions on water consumption, extreme rainfall, extreme winds); and a medium-low impact in the case of ACERÁLAVA in the aspects analyzed, with the exception of restrictions on water consumption, which was rated as medium-high (6/10). Considering the climate risk analysis, this is a risk that would be included in the short-term (2020-2039) and long-term (2060-2099) projections in an RCP 8.5 scenario.</p>
<p>The risk assessment includes climate projections adapted to the characteristics of the activities under analysis.</p>	<p>The aforementioned analysis includes climate projections. For this purpose, we have analyzed the location of 20 of our sites, representing more than 98% of our activity, to assess 18 different variables (temperature, wind, rainfall, etc.) and calculate climate risks for each site, under a range of different scenarios (RCP 4.5, RCP 8.5) and time horizons (short-term 2020-2039, medium-term 2040-2059 and long-term 2060-2099), with respect to an observed climate baseline (2000-2019). To visualize the impact of climate change on our operations, we have implemented a tool that includes detailed projections of 18 climate variables and indexes, for each site, with a granularity of 5x5Km, for different RCPs and time horizons, in a numerical, graphical and cartographic view.</p>
<p>There is an implementation plan for the planned solutions.</p>	<p>At the plants covered by this analysis, an assessment of the impact of these projections has been carried out, analyzing the risk assessment based on the aforementioned projections, on the one hand, and the impact on the business by assessing the impact on operations, on the one hand; as well as the impact on the management of human resources.</p> <ul style="list-style-type: none"> • In the case of the material risks identified (extreme rainfall or water supply cuts), the solution plan involves more efficient management of resources (water recovery processes, etc.) and a responsible consumption culture. • At storage centers, water does not represent a material asset as it is not part of the production process. However, potential damage caused by flooding due to extreme rainfall has been quantified and a series of mitigation actions have been identified, focusing on maintenance or investment in equipment.



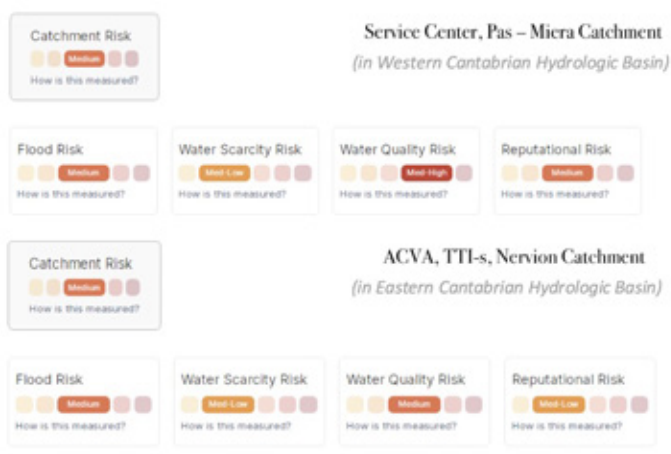
B) TO THE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES::

The plant under analysis has carried out the environmental impact assessments that include an assessment of water risks. ACERÁLAVA has Environmental Risk Analysis Reports (ARA). The methodology applied corresponds to that established in the UNE 150008:2008 Standard on Environmental Risk Analysis and Assessment, with regard to the performance of risk analyses, in accordance with the provisions of Royal Decree 2090/2008 on Environmental Responsibility. Furthermore, a diagnosis of the maturity of water management has been carried out with a specialized consultancy firm (Waterplan) to analyze the risks and opportunities and to foster a water sustainability strategy that favors the use of water resources (see page 65 of this report). The following risks were analyzed: water scarcity, water quality, flood risk, reputational risk. The main conclusions drawn were:

- Risk of water scarcity - The medium-low risk rating for local basins reflects the fact that water resources are generally abundant throughout the region.
- Risk to water quality - The basin risk rating is medium
- for the Nervión. These results reflect the fact that water quality is a problem in some areas.
- Flood risk - The medium risk ratings reflect the fact that flooding occurs periodically in some areas, although TUBACEX sites are located in low-risk areas
- Reputational risk - Medium and medium-low risk ratings reflect the fact that media coverage increases with water-related events and problems, such as droughts or floods, although Waterplan did not identify any critical issues with TUBACEX in this regard.

An assessment of water risks has been carried out (both as a resource and as a recipient).

Yes



Water risks framework. Waterplan platform for ACERÁLAVA

In the case of TSS, water is not considered to be a material aspect of water management as no production process is carried out. However, as for ACERÁLAVA, an impact analysis has been carried out with the identification of adaptation measures for different scenarios.

A management plan for water use and protection has been drawn up.

Sí

The Environmental Risk Analysis (ARA) report incorporates management plans for water use and protection, among other material aspects.



C) TO POLLUTION PREVENTION AND CONTROL:

<p>Justification that the plant does not manufacture, place on the market or use any of the substances listed in sections a-g of Appendix c to Annex I of the Delegated Regulation (EU) 2021/2139.</p>	<p>Si</p>	<p>ACERÁLAVA uses Nickel in its manufacturing process; a substance included in Annex XVII of Regulation (EC) No 1907/2006, complying with the requirements established for its use.</p> <p>The activity is carried out in accordance with the best available technologies (BAT) in steel production in accordance with Directive 2010/75/EU of the European Parliament and of the Council, on industrial emissions. More specifically, in accordance with the BATs related to the management of atmospheric emissions for steel manufacturing and casting processes in basic oxygen converters and/or electric arc furnace casting processes. Emissions are below the legal emission limits set by Directive (EU) 2015/2193 for the steel industry¹</p>
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D) TO THE PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS:

<p>An Environmental Impact Assessment (Directive 2011/92/EU) has been carried out.</p>	<p>Yes</p>	<p>ACERÁLAVA has carried out environmental impact assessments that include an assessment of the biodiversity and ecosystems.</p> <p>The methodology applied in the Environmental Risk Analysis corresponds to that established in the UNE 150008:2008 Standard on Environmental Risk Analysis and Assessment, with regard to the performance of risk analysis, in accordance with the provisions of Royal Decree 2090/2008 on Environmental Responsibility.</p> <p>In the case of warehouses that form part of TSS, there is no significant impact on the environment as a result of the activity developed. In the case of impact on the biodiversity, they are located in industrial areas that carry out their corresponding environmental impact analysis and are therefore, outside of any area considered protected.</p>
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⁽¹⁾Source:

- Commission Implementing Decision 2012/135/EU of 28th February 2012, establishing conclusions on the best available technology (BAT) for steel production under Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions (OJ L 70, 8.3.2012, p. 63).
- Conclusiones Mejores Técnicas Disponibles (MTD) para industria siderúrgica: https://www.miteco.gob.es/es/calidad-y-evaluacion-ambiental/temas/medio-ambiente-industrial/isbatconclusions_tcm30-191333.pdf
- Best Available Techniques (BAT) Reference Document for Iron and Steel Production: <https://prtr-es.es/Data/images/IronandSteelBREFDEI.pdf>





2.2.2. Compliance with minimum occupational safety and human rights requirements (social safeguards)

TUBACEX carries out its activity based on the fundamental principles of the Universal Declaration of Human Rights, the International Labor Organization, the OECD for multinational enterprises, and the principles of the United Nations Global Compact. 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.

The organization is managed by business processes, consisting of 15 processes that include strategic processes, central processes and support processes, each with corporate and local owners, deployment procedures and a set of indicators and Control Standards.

In terms of health and safety, the company is aware of the impact and risks arising from its activity and prioritizes working in a safe environment. It has specific management processes (Health and Safety process), corporate policies (prevention policy, environmental quality, CSR policy) and action plans to minimize the impact of its activity on human resources. The plants under analysis have an Occupational Risk Prevention Program certified under Standard ISO 45001.

On the other hand, due to its international nature, TUBACEX is fully committed to respecting Human Rights and is always guided by the fundamental principles set out in the Universal Declaration of Human Rights, as expressed in its Code of Conduct. It recognizes its role and that of the stakeholders that form part of its ecosystem in the protection of people's rights and freedoms, respecting the international regulatory framework in all cases. In 2022, the company published its stand in this field, incorporating those it had been carrying out (Code of Conduct, policies and other types of reports) in a single document.

On the other hand, the Audit and Compliance Committee is expressly entrusted with the responsibility of ensuring compliance before the Board of Directors and monitoring issues





related to business ethics; while the Sustainability Committee's functions include fostering compliance with the most demanding regulations and policies in the field of human rights by the Group and its subsidiaries, both internally and throughout the entire value chain.

Human Rights. Internal assessment:

In its internal assessment processes, the Company carries out an assessment of the human rights in which it may have a stake. These rights are of a civil, political, economic and social nature, among others, and are related to its business activity.

In its assessment process, it has carried out a risk assessment based on the location of its operations, considering different sources of consultation in terms of human rights (third sector organizations and the Global Peace Index), whereby no potential risks were identified in an initial analysis that may arise due to the nature and situation of the countries analyzed, on the one hand, and the degree of management, on the other. In this second point, the Company has a management approach that incorporates the necessary tools for full compliance with these rights.

Throughout 2022, no complaint or report was received through any channel related to the breach of any rights in this area. The main entry channels for this type of complaints or claims are: regulatory bodies, ethics channel, management department (mainly human resources team), customer complaints channels, internal supervision tools (supplier monitoring tools), among others.





Regarding the implementation of TUBACEX in new regions, it is worth highlighting the future construction of a manufacturing plant in the United Arab Emirates, which is currently in the consultation and administrative phase. A sustainability study will be carried out for this new plant by a certified consultant, whereby stakeholder contact and assessment will be part of the overall competences of the industrial park operator.

Human Rights. External assessment:

As far as relations with third parties are concerned, TUBACEX has a supplier assessment model that incorporates ESG aspects and establishes regular meetings and contact with critical suppliers. The assessment process was launched in 2020 and incorporates the validation of more than 100 ESG assessment points and adherence to the Corporate Code of Conduct. Recognizing the nature of critical suppliers has led to a process of continuous monitoring of their risks, watching out for any compliance, ESG or reputational breaches through an active surveillance tool (Go Supply). This monitoring system is scheduled to be extended in 2023 with the development of specific reporting channels and on-site audits of a selection of critical suppliers.

In the two years in which this assessment system has been in operation, no deviations or critical risks have been identified.





3. KEY PERFORMANCE INDICATORS

3.1. Calculation methodology:

The scope of the alignment assessment focuses on “iron and steel manufacturing” corresponding to the activity developed by the Group’s steelworks, ACERÁLAVA (NACE 24.10) and the products originating from this plant and sold through TSS. This change in criteria with respect to that of 2021 corresponds to a more reliable interpretation of the legislation.

For the calculation of the indicators, ACERÁLAVA’s sales to third parties will be considered eligible, as will sales of the steel trading companies (TSS) (eligible activity) in accordance with the aligned analysis carried out, as opposed to other products (non-eligible activity), having considered TSS sales “by origin of the material” (ACERÁLAVA) for this purpose. Items corresponding to ACERÁLAVA and the proportion of TSS used for the related activity are considered for CapEx and OpEx. In the case of denominators, the calculation will be carried out in accordance with the following criteria:



Sales:

- **Denominator:** Sum of all sales, excluding inter-company sales within the Group.

Opex:

- **Denominator:** Aggregation of non-capitalized direct costs related to activities and R&D, short-term leases, maintenance and repair costs, and environmental management expenses, required to guarantee the continued and efficient operation of the assets, which is why they are considered material, without considering their eligibility.

Capex:

- **Denominator:** 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, without considering the eligibility of the activities.

The eligibility and alignment percentages for revenue, OPEX and CAPEX are detailed below for the two environmental objectives of taxonomy that are currently available, mitigation and adaptation.



3.2. Table of results

3.2.1. Main results

VENTAS:

2022		Ventas (%)	Ventas (miles de €)
Eligible	Aligned ⁽¹⁾	11,2	8.0195
	Non-aligned ⁽²⁾		
	Non-eligible ⁽³⁾	88,8	634.520
Total		100	714.714
2021*		Ventas (%)	Ventas (miles de €)
	Eligible	0,97	3.546
	Non-eligible ⁽³⁾	99,03	361.472
Total		100	365.018

*Figures for 2021 correspond to a recalculation of the eligibility figure considering the criteria applied in the 2022 analysis.

⁽¹⁾ Turnover of environmentally sustainable activities (taxonomy-aligned)

⁽²⁾ Turnover of taxonomy-eligible activities but not environmentally sustainable activities (not taxonomy-aligned activities).

⁽³⁾ Turnover associated with taxonomy non-eligible activities

The criteria selected to determine the eligibility of the activity only considers ACERÁLAVA's sales to third parties, which represent 27.3% of its total sales. The remaining 72.7% corresponds to inter-company sales, which use ACERÁLAVA's raw material, and therefore aligned raw material, in their tube manufacturing processes (TTI and SBER mainly in 2022).

The increase in the eligibility figures with respect to 2021 corresponds to a reactivation of demand and activity at the plants, and the subsequent impact on the activity under analysis. Therefore, ACERÁLAVA sales increased by 76% in 2022 compared with the same period in 2021; a year dominated by the exceptional strike situation at the plant coupled with a weakened market situation.



CAPEX:

2022		CAPEX (%)	CAPEX (k€)
Eligible	Aligned ⁽¹⁾	10,7	2.902,2
	Non-aligned ⁽²⁾		
	Non-eligible ⁽³⁾	89,3	24.289,8
Total		100	27.192
2021*		OPEX (%)	OPEX (k€)
	Eligible	4,08	1.091,01
	Non-eligible ⁽³⁾	95,92	25.642,99
Total		100	26.734

*The figures for 2021 correspond to a recalculation of the eligibility figure considering the criteria applied in the 2022 analysis.

⁽¹⁾ CapEx of environmentally sustainable activities (taxonomy-aligned)

⁽²⁾ CapEx of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned activities).

⁽³⁾ CapEx of taxonomy- non-eligible activities

The increase in CapEx figures with respect to 2021 corresponds to a reactivation of activity at the plant under analysis, following an exceptional period downtime due to a strike.

OPEX:

2022		OPEX (%)	OPEX (k€)
Eligible	Aligned ⁽¹⁾	25,3	6.713,8
	Non-aligned ⁽²⁾		
	Non-eligible ⁽³⁾	74,7	19.826,2
Total		100	26.540
2021*		OPEX (%)	OPEX (k€)
	Eligible	9,63	1.190
	Non-eligible ⁽³⁾	90,37	11.171
Total		100	12.361

*The figures for 2021 correspond to a recalculation of the eligibility figure considering the criteria applied in the 2022 analysis.

⁽¹⁾ OpEx of environmentally sustainable activities (taxonomy-aligned)

⁽²⁾ OpEx of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned activities).

⁽³⁾ OpEx of taxonomy-non-eligible activities

The increase in the OpEx figures follows the same rationale as the indicators above. On the one hand, the reactivation of the activity and the business, on the other hand, have contributed to a significant increase in the OpEx figures; a particularly relevant figure at the steelworks given the high energy consumption required in the manufacturing processes.

The figures corresponding to 2021 which are presented for comparative purposes have been calculated using the same eligibility criteria as for 2022. The indicators presented in 2021 and their recalculation based on 2022 criteria can be seen in Annex I of recalculated indicators.

Delegated Regulation (EU) 2021/2178 of 6th July 2021

ANNEX II - Templates for the kpis of non-financial undertakings

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022.

Economic activities (1)	Codes (2)	Net turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH Criteria						Minimum guarantees (17)	Taxonomy-aligned proportion of turnover, 2022	Taxonomy-aligned proportion of turnover, 2021	Category (enabling activity) (29)	Category (transition activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																				
Manufacture of iron and steel	3,9	80.195	11,2	100,0	0,0						Y	Y	N/A*	Y	Y	Y	11,2			T
Turnover of environmentally sustainable economic activities (taxonomy-aligned) (A.1)		80.195	11,2	100,0	0,0						Y	Y	N/A	Y	Y	Y	11,2			
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0,00																	
Total (A.1 + A.2)		80.195	11,2																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover associated with taxonomy non-eligible activities (B)		634.520	88,8																	
TOTAL (A + B)		714.714	100,0																	

*The DNSH criterion for this objective is not applicable for the activity identified in accordance with Annex I to the Delegated Climate Regulation.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Economic activities (1)	Codes (2)	Net CAPEX (3)	Proportion of CAPEX (4)	Substantial contribution criteria						DNSH absence criteria						Minimum guarantees (17)	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity) (29)	Category (transition activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																				
Manufacture of iron and steel	3,9	2.902,2	10,7	100	0						Y	Y	N/A*	Y	Y	Y	10,7			T
CapEx of environmentally sustainable economic activities (taxonomy-aligned) (A.1)		2.902,2	10,7	100	0						Y	Y	N/A	Y	Y	Y	10,7			
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
CapEx of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned activities) (A.2).		0	0,00																	
Total (A.1 + A.2)		2.902,2	10,7																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover associated with taxonomy non-eligible activities (B)		24.289,8	89,3																	
TOTAL (A + B)		27.192	100																	

Allocation of CAPEX from TSS SAU to eligible in proportion to ACERÇALAVA's product sales (3,152 thousand euros) and subtracted from TSS SAU.

*The DNSH criterion for this objective is not applicable for the activity identified in accordance with Annex I to the Delegated Climate Regulation.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Economic activities (1)	Codes (2)	Net OPEX (3)	Proportion of OpEx (4)	Criterios de contribución sustancial						Criterios de ausencia DNSH						Minimum guarantees (17)	Taxonomy-aligned proportion of OpEx, 2022	Taxonomy-aligned proportion of OpEx, 2021	Category (enabling activity) (29)	Category (transition activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																				
Manufacture of iron and steel	3,9	6713,8	25,3	100	0						Y	Y	N/A*	Y	Y	Y	25,3			T
OpEx of environmentally sustainable economic activities (taxonomy-aligned) (A.1)		6713,8	25,3	100	0						Y	Y	N/A	Y	Y	Y	25,3			
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
OpEx of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned activities) (A.2).		0	0,00																	
Total (A.1 + A.2)		6713,8	25,3																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover associated with taxonomy non-eligible activities (B)		19826,2	74,7																	
TOTAL (A + B)		26540	100																	

Allocation of CAPEX from TSS SAU to eligible in proportion to ACERÇALAVA's product sales (3,152 thousand euros) and subtracted from TSS SAU.

Allocation of OPEX from TSS SAU to eligible in proportion to ACERÇALAVA's product sales (3,152 thousand euros) and subtracted from TSS SAU.

*The DNSH criterion for this objective is not applicable for the activity identified in accordance with Annex I to the Delegated Climate Regulation.

Annex I

Recalculated Indicators

Indicators shown as follows were included in the non-financial information statement released in 2021, as well as information facilitated in 2022, also including data related to 2021 which have been reviewed.

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

GROUP'S FLAGSHIP: STEEL MANUFACTURING

	2021	Recalculated figure for 2021, presented in 2022
3011 Materials used	24.401	24.575
301b Recycled input material used	66,24%	65.70%
3011a. Renewable materials used (tons)	16.162	16.145

TUBACEX GROUP: CONSOLIDATED DATA

	2021	Recalculated figure for 2021, presented in 2022
3011 Materials used	65.458	60.575
301b Recycled input material used	24.69%	26.65%
3011a. Renewable materials used (tons)	16.162	16.145

The figure for materials used in 2021 has been corrected due to the revision of the activity levels used in the calculations affecting ACERÁLAVA.



5.3.12 Greenhouse Gas Emissions

[305-1, 305-2, 305-3, 305-4]

	2021	Recalculated figure for 2021, presented in 2022
Direct emissions (t COe)	28.157	28.157
Indirect emissions (t COe)	17.897	18.108
Other indirect emissions (t COe)	170.064	170.129
TOTAL	216.118	216.394
Emission intensity (t COe/VAB) ⁶		
Direct emissions	0,43	0,25
Indirect emissions	0,28	0,16
Other indirect emissions	2,56	1,50
TOTAL	3,27	1,91

With the incorporation of new companies into the Group (NTS Group) at the end of 2020 focusing on added value rather than tons, the calculation formula has been redefined, showing the data for 2021 in the comparison (emissions over added value instead of over tons).





5.4.20 Work-related ill health

[GRI 403-10]

The Company has recalculated the figure for work-related illnesses in 2021 on detecting 3 illnesses in the 2022 calculation that were not quantified in 2021.

	2021	Recalculated figure for 2021, presented in 2022
Occupational diseases	0	3

5.3.6. Provisions and guarantees for environmental risks

[307-1]

The figure for provisions for 2021 has been recalculated as an additional provision corresponding to one of the companies in Alava to cover an expense related to waste management was not been included in the calculations.

	2021	Recalculated figure for 2021, presented in 2022
Provisions and Guarantees for Environmental Risks	671 in thousands of Euros	921,000€



7. Taxonomy

This change in criteria with respect to 2021 in the assessment of alignment corresponds to a more reliable interpretation of the legislation. As for the CapEx figure, the recalculated indicator incorporates the additions to the intangible assets that were not incorporated in 2021.

SALES:

	2021		Recalculated figure for 2021, presented in 2022	
	%	k€	%	k€
Eligible	42,74	155.996	0,97	3.546
Non-eligible	57,26	209.022	99,03	36.1472

OPEX:

	2021		Recalculated figure for 2021, presented in 2022	
	%	k€	%	k€
Eligible	61,27	7.573	9,63	1.190
Non-eligible	38,73	4.788	90,37	11.171

CAPEX:

	2021		Recalculated figure for 2021, presented in 2022	
	%	k€	%	k€
Eligible	58,99	10.868	4,08	1.091
Non-eligible	41,01	7.557	95,92	25.643

Annex II

Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents Indicators GRI

GENERAL MATTERS

Scope	GRI Universal Standards	Sections	Section reference
Business model	GRI Disclosure 2-1 Organizational details	Organizational Profile	11.
	GRI Disclosure 2-2 Entities included in the organization's sustainability reporting	Organizational Profile	11.
	GRI Disclosure 2-6 Activities, value chain and other business relationships	Organizational Profile	11.
	GRI Disclosure 2-9 Governance structure and composition	Organizational Profile	12.
	GRI Disclosure 2-23 Policy commitments	Organizational Profile	13.
Policies and their results	GRI Disclosure 2-23 Policy commitments	Organizational Profile	13. 52.
	GRI Disclosure 2-24 Embedding policy commitments	Organizational Profile	13.
Main risks and impact identified	GRI Disclosure 3-3 Management of material topics	Organizational Profile	13
	GRI Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	Organizational Profile	11.1



ENVIRONMENT

	Scope	Reporting framework	Section	Section reference
Environmental management	Existing and foreseeable impact of the company's activities	GRI Disclosure 3-3 Management of material topics	Environment	5.31
	Environmental assessment or certification procedures	GRI Disclosure 3-3 Management of material topics	Environment	5.3.3
	Resources allocated to environmental risk prevention	Internal standard/GRI Disclosure 201-1 Financial implications and other risks and opportunities due to climate change (accounting criterion).	Environment	5.3.4.
	Precautionary principle application	GRI Disclosure 2-23 Policy commitments	Environment	5.3.5
	Amount of provisions and guarantees for environmental risks	Law 26/2007 on Environmental Responsibility (if applicable)	Environment	5.3.6
Contamination	Measures to prevent, reduce or mitigate carbon emissions (including noise and light pollution)	GRI Disclosure 3-3 Management of material topics	Environment	5.3.7
Circular economy and waste prevention and management	Measures to prevent, recycle, reuse, recover and eliminate waste	GRI Disclosure 3-3 Management of material topics	Environment	5.3.7
		GRI Disclosure 306-3 (2020) Waste generated	Environment	5.3.11
	Actions to combat food waste	GRI Disclosure 3-3 Management of material topics	Environment	NA
Sustainable use of resources	Water consumption and water supply according to local limitations	GRI Disclosure 3-3 Management of material topics	Environment	5.3.10.
		GRI Disclosure 303-3 Water withdrawal	Environment	5.3.10.
	Consumption of raw materials	GRI Disclosure 3-3 Management of material topics	Environment	5.3.8.
		GRI Disclosure 301-1 Materials used by weight or volume	Environment	5.3.8.
	Direct and indirect energy consumption	GRI Disclosure 302-1 Energy consumption within the organization	Environment	5.3.9
	Measures implemented to improve energy efficiency	GRI Disclosure 3-3 Management of material topics	Environment	5.3.9
	Use of renewable energy	GRI Disclosure 302-1 Energy consumption within the organization	Environment	5.3.9
Climate change	Key elements of the greenhouse gas emissions generated	GRI Disclosure 305-1 Direct (Scope 1) GHG emissions	Environment	5.3.12.
		GRI Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Environment	5.3.12.
		If applicable: GRI Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Environment	5.3.12.
	Measures adopted to adapt to the consequences of climate change	GRI Disclosure 3-3 Management of material topics	Environment	5.3.13.
Reduction goals established voluntarily	GRI Disclosure 3-3 Management of material topics	Environment	5.4.14	
Biodiversity protection	Measures to protect or restore biodiversity.	GRI Disclosure 3-3 Management of material topics	Environment	5.4.15.
	Impact caused by activities or operations in protected areas		Environment	5.4.15.



SOCIAL AND PERSONNEL-RELATED MATTERS

	Scope	Reporting framework	Sections	Section reference
Employment	Total number and distribution of employees by gender, age, country and professional category	GRI Disclosure 2-7 Employees	People	
		GRI Disclosure 405-1 Diversity of governance bodies and employees	People	5.4.5
	Total number and distribution of employment contract types	GRI Disclosure 2-7 Employees	People	5.4.6
	Annual average permanent, temporary and part-time contracts by gender, age and professional category	GRI Disclosure 2-7 Employees	People	
	Number of dismissals by gender, age and professional category	GRI Disclosure 401-1 New employee hires and employee turnover	People	5.4.7
	Pay gap	Internal framework: the calculation has been made using the following formula: (Average Sal. Women - Average Sal. Men) / Average Sal. Men	People	
	Average compensation by gender, age and professional category	Internal framework: Average remuneration (including total remuneration for the year, fixed salary and all variable remuneration (food allowances, compensation, payment to long-term savings systems, etc.) obtained during the year.	People	5.4.8
	Average compensation of Directors by gender	GRI Disclosure 2-19 Remuneration policies	People	5.4.10
	Average compensation of Directors by gender	GRI Disclosure 2-20 Process to determine remuneration	People	5.4.9
	Implementation of right-to-disconnect policies	GRI Disclosure 3-3 Management of material topics	People	5.4.11
Work organization	Employees with disabilities	GRI Disclosure 405-1 Diversity of governance bodies and employees	People	5.4.11
	Working time organization	GRI Disclosure 3-3 Management of material topics	People	5.4.14
	Number of hours lost due to absenteeism	Internal framework: absenteeism rate	People	5.4.15
	Measures designed to facilitate the enjoyment of work/life balance and encourage joint responsibility of these by both parents	GRI Disclosure 3-3 Management of material topics	People	5.4.16
Health and Safety	Health and safety working conditions	GRI Disclosure 403- 11 Occupational health and safety management system	People	5.4.17
		GRI Disclosure 403-9 Work-related injuries	People	5.4.19
	Number of work-related accidents and illnesses by gender, frequency rate and severity by gender.	Frequency rate=No. of accidents with sick leave x 1,000,000/ No. of hours worked (excluding accidents en route to and from work)	People	5.4.19
		Severity rate=No. of days missed x 1,000,000/ No. of hours worked (excluding accidents en route to and from work)	People	5.4.19



SOCIAL AND PERSONNEL-RELATED MATTERS

	Ámbitos	Marco de reporting	Apartado	Referencia de apartado
Social relations	Organization of social dialog	GRI Disclosure 3-3 Management of material topics	People	5.4.21 5.4.22
	Percentage of employees covered by collective bargaining agreements by country	GRI Disclosure 2-30 Collective bargaining agreements	People	5.4.21 5.4.22
	Balance of collective agreements, particularly in the field of health and safety at work.	GRI Disclosure 3-3 Management of material topics	People	5.4.24
	Mechanisms and procedures available to the company to boost worker involvement in the management of the company, in terms of information, consultation and participation.	GRI Disclosure 3-3 Management of material topics	People	5.4.3
Training	Policies implemented in the field of training	GRI Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	People	5.4.25
	Total amount of training hours by professional category.	Internal framework	People	5.4.26
Universal accessibility for people with disabilities		GRI Disclosure 3-3 Management of material topics	People	5.4.27
Equality	Measures implemented to promote equal treatment and opportunities between men and women	GRI Disclosure 3-3 Management of material topics	People	5.4.28
	Equality Plans measures adopted to boost employment, protocols against sexual and gender-based harassment	GRI Disclosure 3-3 Management of material topics	People	5.4.29
		GRI Disclosure 2-23 Policy commitments	People	5.4.29 5.4.30 5.4.31
	Integration and universal accessibility for people with disabilities	GRI Disclosure 3-3 Management of material topics	People	5.3.32
	Policy against all types of discrimination and, where appropriate, management of diversity	GRI Disclosure 3-3 Management of material topics	People	5.4.33
GRI Disclosure 2-23 Policy commitments		People	5.4.33	



HUMAN RIGHTS

Scope	Reporting framework	Sections	Section reference	
Application of due diligence procedures in the field of human rights	GRI Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Human rights	55.1	
	GRI Disclosure 3-3 Management of material topics	Human rights	55.1 55.2	
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses.	GRI Disclosure 3-3 Management of material topics	Human rights	55.2 55.3	
	GRI Disclosure 2-23 Policy commitments	Human rights	55.4	
	GRI Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Human rights	55.3	
Human rights	Claims on cases of violation of human rights	Internal framework: quantitative information on the number of claims.	Human rights	55.4
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 Disclosure 3-3 Management of material topics	Human Rights	55.5 55.6 55.7	
	GRI Disclosure 2-23 Policy commitments	Human Rights	55.5 55.6 55.7	

BRIBERY AND CORRUPTION

Scope	Reporting framework	Sections	Section reference
Measures implemented to prevent corruption and bribery	GRI Disclosure 2-25 Processes to remediate negative impacts	Fight against bribery and corruption	56.4
	GRI Disclosure 2-23 Policy commitments	Fight against bribery and corruption	56.1 56.2
	GRI Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Fight against bribery and corruption	56.4
BRIBERY AND CORRUPTION	GRI Disclosure 2-25 Processes to remediate negative impacts	Fight against bribery and corruption	56.2
	Measures to combat money laundering	GRI Disclosure 2-23 Policy commitments	Fight against bribery and corruption
Contributions to foundations and non-profit organizations	GRI Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Fight against bribery and corruption	56.4
	GRI Disclosure 201-1 Direct economic value generated and distributed	Fight against bribery and corruption	56.5



INFORMATION ABOUT THE COMPANY

	Scope	Reporting framework	Sections	Section reference	
Corporate commitment to sustainable development	Impact of corporate activity on employment and local development	GRI Disclosure 3-3 Management of material topics	Society	571 572	
	Impact of corporate activity on local communities and territories	GRI Disclosure 3-3 Management of material topics	Company	574	
	Relationships with stakeholders at local community level and modalities of dialog with them	GRI Disclosure 3-3 Management of material topics	Society	574	
	Partnership and sponsoring activities		GRI Disclosure 3-3 Management of material topics	Society	574
			GRI Disclosure 2-28 Membership of associations	Society	14 574.
		Internal framework: description of association or sponsorship actions.	Society	574 575 576	
Subcontracting and suppliers	Inclusion in the purchasing policy of social issues, gender equality and environmental issues	GRI Disclosure 3-3 Management of material topics	Supply chain	581	
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI Disclosure 2-6 Activities, value chain and other business relationships	Supply chain	582	
		GRI Disclosure 2-24 Embedding policy commitments	Supply chain	582	
	Supervision systems and audits and their results	GRI Disclosure 2-25 Processes to remediate negative impacts	Supply chain	583	
Consumers	Measures for consumer health and safety	GRI Disclosure 3-3 Management of material topics	Customers	591 592	
		GRI Disclosure 2-16 Communication of critical concerns	Customers	593	
	Claim systems	GRI Disclosure 2-25 Processes to remediate negative impacts	Customers		
		GRI Disclosure 2-25 Processes to remediate negative impacts	Customers	54.91	
Complaints received and their resolution	Internal framework: information on complaints and opportunities for improvement.	Customers	59.45		
Fiscal information	Benefits obtained by country	GRI Disclosure 207-4 Country-by-country reporting	Fiscal information	61	
	Tax on benefits paid	GRI Disclosure 207-4 Country-by-country reporting	Fiscal information	62	
	Public subsidies received	GRI Disclosure 201-4 Financial assistance received from government	Fiscal information	63	

EU TAXONOMY

	Scope	Reporting framework	Sections	Section reference
EU Taxonomy Requirements	Methodology	Taxonomy	7	7.
	Indicators	Taxonomy	7	7



TUBACEX
GROUP

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2022

Tubacex, S.A and SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the Shareholders of 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 Information Statement (hereinafter NFS) for the year ended December 31, 2022, of Tubacex, S.A and subsidiaries (hereinafter, the Group), which is part of the accompanying Consolidated Management Report of 2022.

The content of the NFS/Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in Annex II "Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of Tubacex, S.A and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in Annex II "Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents" from the accompanying NFS.

The Board of Directors is also responsible for the design, implementation and maintenance of such internal control as it determines as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and legal provisions and applicable regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2022 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2022 based on the materiality analysis made by the Group and described in section 5, "Sustainability", considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2022 Non-Financial Statement.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.
- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2022 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

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 aligned in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2022, additionally to the information related to eligible activities required in financial year 2021. Consequently, comparative information about alignment has not been included in the accompanying Consolidated Management Report.. Additionally, information has been included, for which the Board of Directors of Tubacex, S.A. has chosen to apply the criteria that, in its opinion, best enables compliance with the new obligation and which are defined within section 7 "Taxonomy" chapter of the accompanying NFS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2022 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the table "Reference table of Law 11/2018 on Non-Financial Information requirements and Global Reporting Initiative contents " of the NFS.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 23rd, 2023