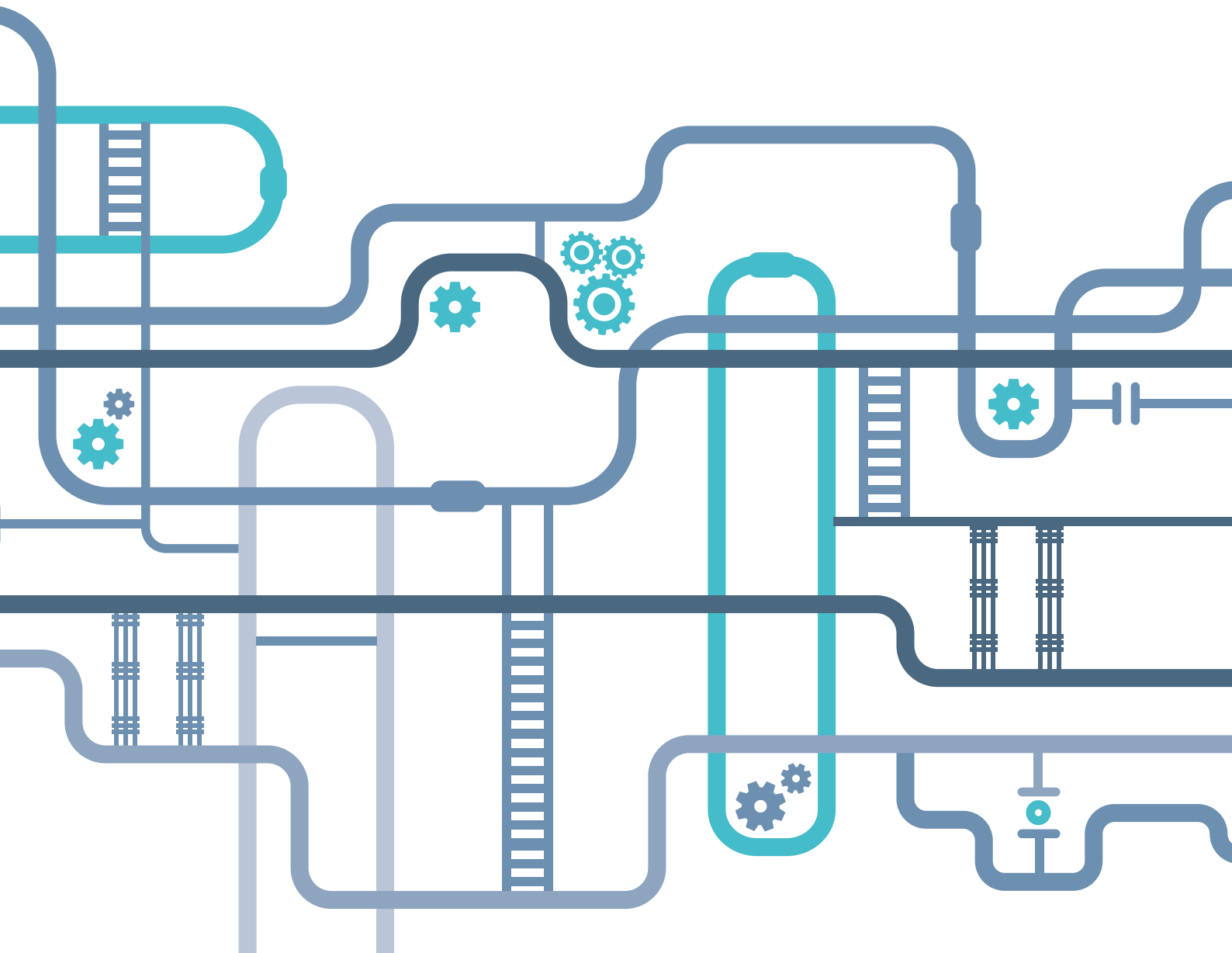




TECNICAS REUNIDAS

2013
SUSTAINABILITY REPORT
TÉCNICAS REUNIDAS

Sustainability as a matter of principle



Mission statement

"Our mission is to make a difference in our industry and to create value for society"



Our commitment to...

OUR TEAM

To maximize employee potential irrespective of country or region, to attract international talent and to provide a safe working environment.

OUR MANAGEMENT MODEL

To maximize quality and efficiency in project execution, to provide the best solutions for each client and to extend our commitment to the entire supply chain.

OUR ENVIRONMENT

To address the environmental management demands of our stakeholders that are key to making the transition to a low-carbon economy.

CORPORATE GOVERNANCE

Integrity, professionalism, respect for human rights, equal opportunities and ethical values: these are the principles underlying the corporate governance of Técnicas Reunidas.

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Letter from the Chairman

Integrity, professionalism, leadership by example, and our commitment to ethics are the principles underlying the activity of Técnicas Reunidas since its incorporation.

This annual report describes our activities and progress [over the past year] but it reflects the work carried out by the company and its professionals over more than 50 years. Técnicas Reunidas cannot be understood without understanding its history.

This document will describe the company's public commitment to its stakeholders, as embodied in its recently approved Corporate Social Responsibility policy.

**This document reflects
the Company's commitment
to its stakeholders.**

This report follows the recommendations established in Guide G4 of the Global Reporting Initiative. As a result, it addresses the social, environmental and ethical issues we consider most relevant to the context in which we operate.

In relation to corporate governance, our aim is to maintain the highest standards of ethical conduct and extend them to the supply chain. Consequently, in 2013 we have carried out many activities to reinforce our company's ethics. For example, 85% of our employees received training in this field.

With respect to human resources, we are working towards an inclusive and open talent management model that promotes professional development and rewards effort and skill within a framework where equality is a basic principle of action.

Safety and health also play a fundamental role in our management systems. We are therefore working towards a zero accident rate amongst our employees, suppliers and contractors. Our supplier accreditation system includes sustainability and health and safety criteria. We also make significant effort to provide training to both employees and suppliers/contractors.

In environmental matters, our goal is to contribute to sustainable development by making rational use of resources, achieving efficiency through our processes and minimizing any environmental impact. I would like to point out here that we take environmental considerations into account at all project stages.

We are also working towards establishing a dialogue with the communities involved, listening to their demands and needs in order to create value through educational, health and cultural projects, amongst others.

This annual report reflects our effort to gradually become a better company for our clients, our employees and the society we serve.

José Lladó Fernández-Urrutia
Chairman of Técnicas Reunidas

Sustainability at Técnicas Reunidas - an overview

Clients & innovation

In 2013...

+ 3 million Euros
invested in innovation.

Contracts awarded in 2013 for
+ 3,309 million Euros.

OUR APPROACH...

To develop our own innovation processes so as to offer maximum quality to clients.

To gain access to new markets thanks to our acknowledged reliability and quality.

Suppliers

In 2013...

1,770 million Euros
in purchases from suppliers.

85% of our critical suppliers are audited in HSE matters.

OUR APPROACH...

To integrate our own commitment to sustainability into third-party operations.

To guarantee the health and safety of third parties in their operations.

Environment and society

In 2013...

9.45% decrease

in greenhouse gas emissions per full-time employee.

Investment of 554,281 Euros

in social action projects

OUR APPROACH...

To continue integrating environmental practices into all projects and business processes.

To support innovative projects in education, health and entrepreneurial initiatives of a social nature.

Human Resources

In 2013...

99,986 hours

of completed training.

0.002 serious incident rate, the lowest amongst comparable companies.

OUR APPROACH...

To establish an inclusive, open talent management model.

To continue striving towards a "zero accident" corporate objective.

Corporate Governance

To maintain high corporate governance standards, entrusting the board of directors with the task of determining and supervising conduct and compliance standards.

Management Model

Corporate Responsibility as the key to generating long-term value in order to consolidate internal control of the company's operations and strengthen its reputation and its licence to operate.



Técnicas Reunidas

- ✓ Record backlog and an improved geographical position
- ✓ Innovation as a competitive advantage
- ✓ Formalization of corporate responsibility and sustainability policies

Present in more than
50 countries

2,846.1
million Euros in revenues

6,377
million Euros in backlog

7,885
employees

Energy is a sector for the present and the future...

All indicators point to the enormous opportunities that the energy sector will provide in the next few years. This is evidenced by the forecasts of international authorities regarding investment needs in energy infrastructures or demand estimates, partly dependent on the growth of emerging countries.

The investment plans of our main sector clients and foreseeable economic development in significant countries over the next few years also entail relevant opportunities for Técnicas Reunidas.

Global energy demand is marked by population growth and increased wealth in emerging markets. Energy is a determining factor in a country's economic and social development and its consumption is directly linked to improved quality of life.

In 2013, Técnicas Reunidas established a record for book orders and also improved its geographical positioning. This growth has been the result of our commercial strategy, seeking greater diversification internationally and in the client base.

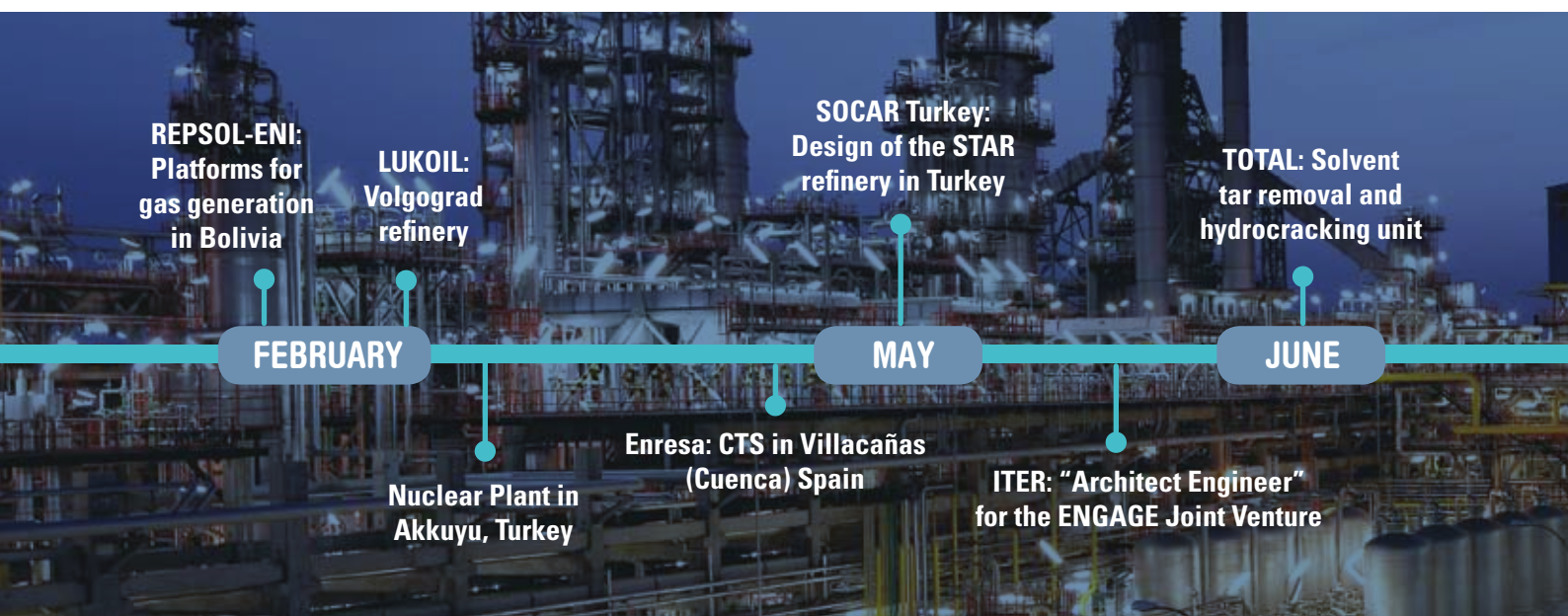
Oil & Gas:
2,614 million Euros

Infrastructures:
153 million Euros

Energy:
79 million Euros

The distribution of revenues by region indicates that Técnicas Reunidas' turnover is diversified and balanced between the various markets.

Revenues from our activity in Spain represented 3% of the total; 17% were generated in Europe; 34% in the Middle East; 17% in America; and, finally, 29% were generated in other parts of the world, including, amongst others, Australia and Northern Africa.



Técnicas Reunidas in 2013

2,846.1 million Euros in revenues
(+7,3%)

Projects in more than
50 countries

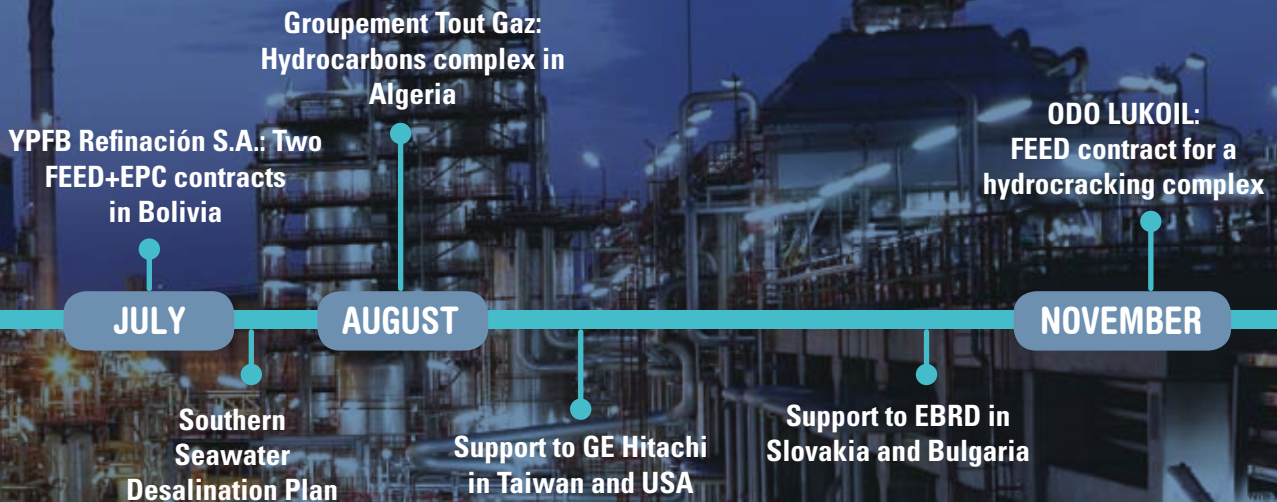
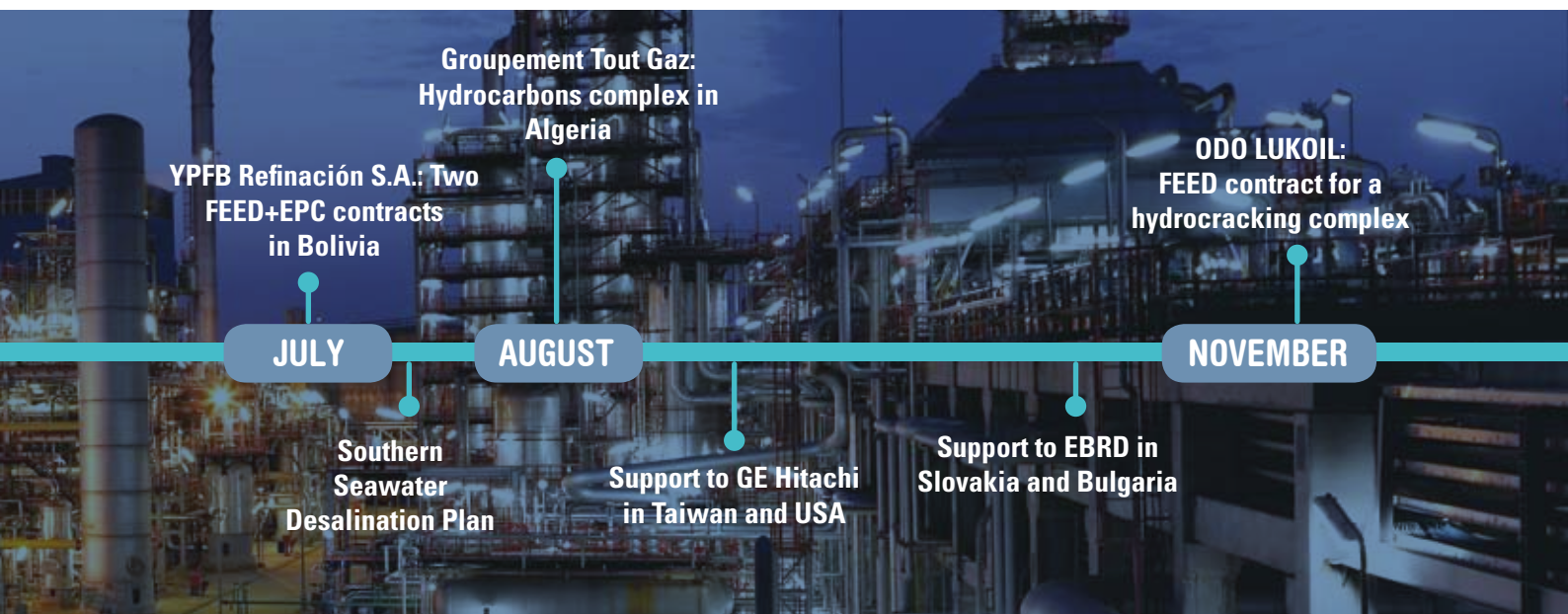
EBITDA increased by **0.2%**,
reaching
157.3 million Euros

7,885 professionals

A **solid client base**
amongst national and
international Oil & Gas
companies

Project backlog totalling
6,377 million Euros

R&D investment exceeding
3 million Euros, continuing with
average growth in investments of over
10% over the last 5 years



...with valuable opportunities for international growth...

Investment forecasts for the energy sector evidence valuable opportunities for growth in emerging markets, particularly in the Middle East, Russia, India and China.

Técnicas Reunidas' project portfolio reached 6,377 Million Euros in 2013. During this past year, the company was awarded significant projects such as an Engineering Procurement and Construction (EPC) contract for the first stage of two refinery units in Alberta (Canada) totalling 580 Million CAD, or another EPC contract for a new combined-cycle plant in Ashunganj (Bangladesh) of approximately 300 million Euros.

The quality and complexity of our projects indicate that Técnicas Reunidas is one of the leading companies in the sector.

...which materialize thanks to Técnicas Reunidas's client-based and technologically advanced approach...

One of Técnicas Reunidas's distinguishing features is to offer innovating solutions that combine the latest technology with the best professional expertise. This, in addition to its capacity to undertake complex projects, is one of the company's outstanding qualities.

Técnicas Reunidas has significant technological resources and R&D&I capacity. The company is committed to continuously improving its processes and searching for new solutions with which to anticipate client needs. In 2013, Técnicas Reunidas invested more than three million Euros in R&D&I.



Challenges for the company

Diversification

Técnicas Reunidas aims to become one of the world's most diversified companies in the sector and to gain global recognition among its clients as a leader in the downstream, upstream, natural gas, energy and infrastructure sectors.

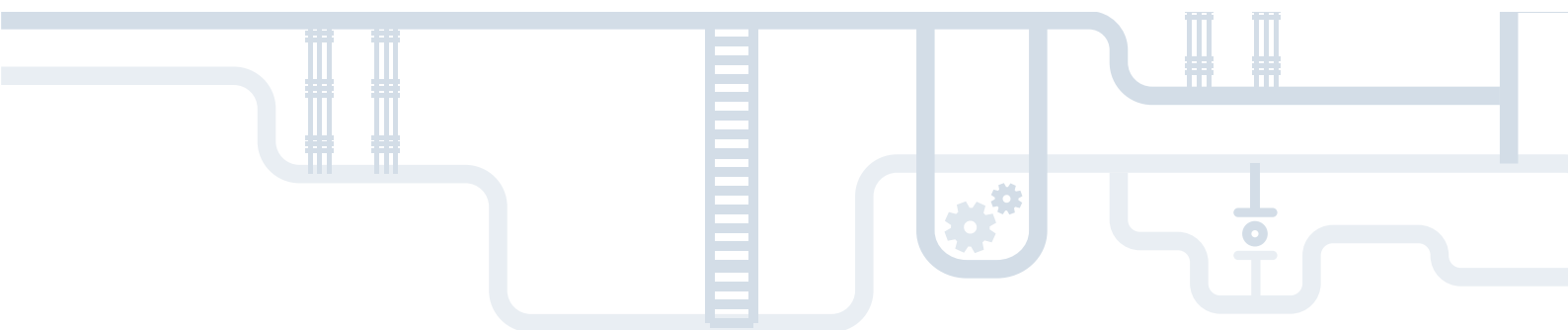
Given its markedly international nature, Técnicas Reunidas continues to seek out opportunities in new markets, expanding in those where it is already present.

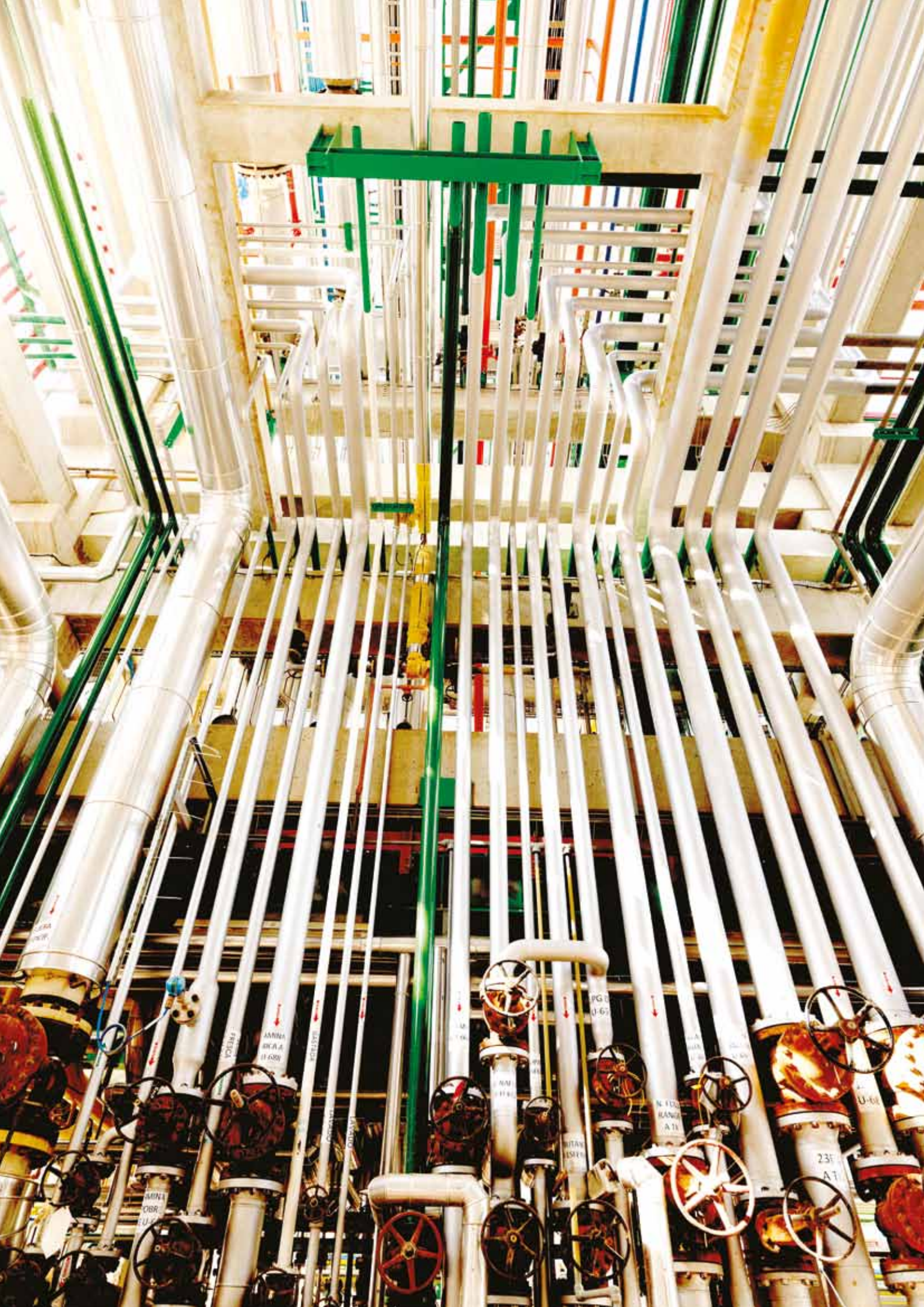
Capitalising on opportunities

Energy sector surroundings are favourable given investment perspectives in the sector, particularly in downstream, upstream, petrochemicals, electricity and gas. However, given the intense competition that exists in traditional markets, we need to find an adequate balance between the opportunities that arise in the various settings and sectors.

New sectors, new markets

Técnicas Reunidas is a front runner in the sector. The company seeks consolidation by strengthening client relations, offering them the best quality in project execution and locating opportunities in sectors or markets where its presence is still small.





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Técnicas Reunidas' Business Model

- ✓ Diversification by markets and areas of activity
- ✓ A model based on innovation and on qualified and committed individuals
- ✓ Clients are at the heart of our strategy

Design and management of more than
1,000
industrial plants

Projects with total installed capacity of
45,000 MW

Execution of
300
refinery units

A success story...

1960

1960 Incorporation of Lummus Española

1963 First project awarded: fertilizer plant for Abonos Sevilla. Execution of its first refinery in Spain

1965 Incorporation of Técnica Reunidas, agreement with Lummus to create Técnicas Reunidas Lummus Española and incorporation of Espindesa

1968 Execution of a refinery in Luján de Cuyo (Argentina), its first "turnkey" project abroad

1970

1971 TR participates in the creation of Empresarios Agrupados with Gibbs Hills and Epitsa

1972 Lummus Española is absorbed by Técnicas Reunidas, becoming a 100% private equity company

Late 70's Initial collaboration with Explosivos Riotinto, which continued until the 80's

1980

1981 Award of the Dumai "turnkey" hydrocracking project in Pertamina (Indonesia)

1984 Award of the Cold Rolling Mill in Indonesia

1988 First "turnkey" project in China, LAB Fushum for Sinopec

1990

1991 Procurement of the Tianjin ethylene plant for Sinopec.
Procurement of the Dushanzi ethylene oxide plant for CNPC

Late 90's: Recognition from General Electric as "selected contractor"

2000

2000 Acquisition of the state owned company INITEC

2001 Award of a "turnkey" project for the liquefaction plant in Damietta for Segas

2003 Procurement of the Yanbu hydrotreatment complex for Saudi Arabian Oil Co.

2006 Listing on the Stock Market

2008 Component of the Ibex 35 index

2010

2010 TR celebrates 50 years as one of the 10 top reference engineering companies in the world

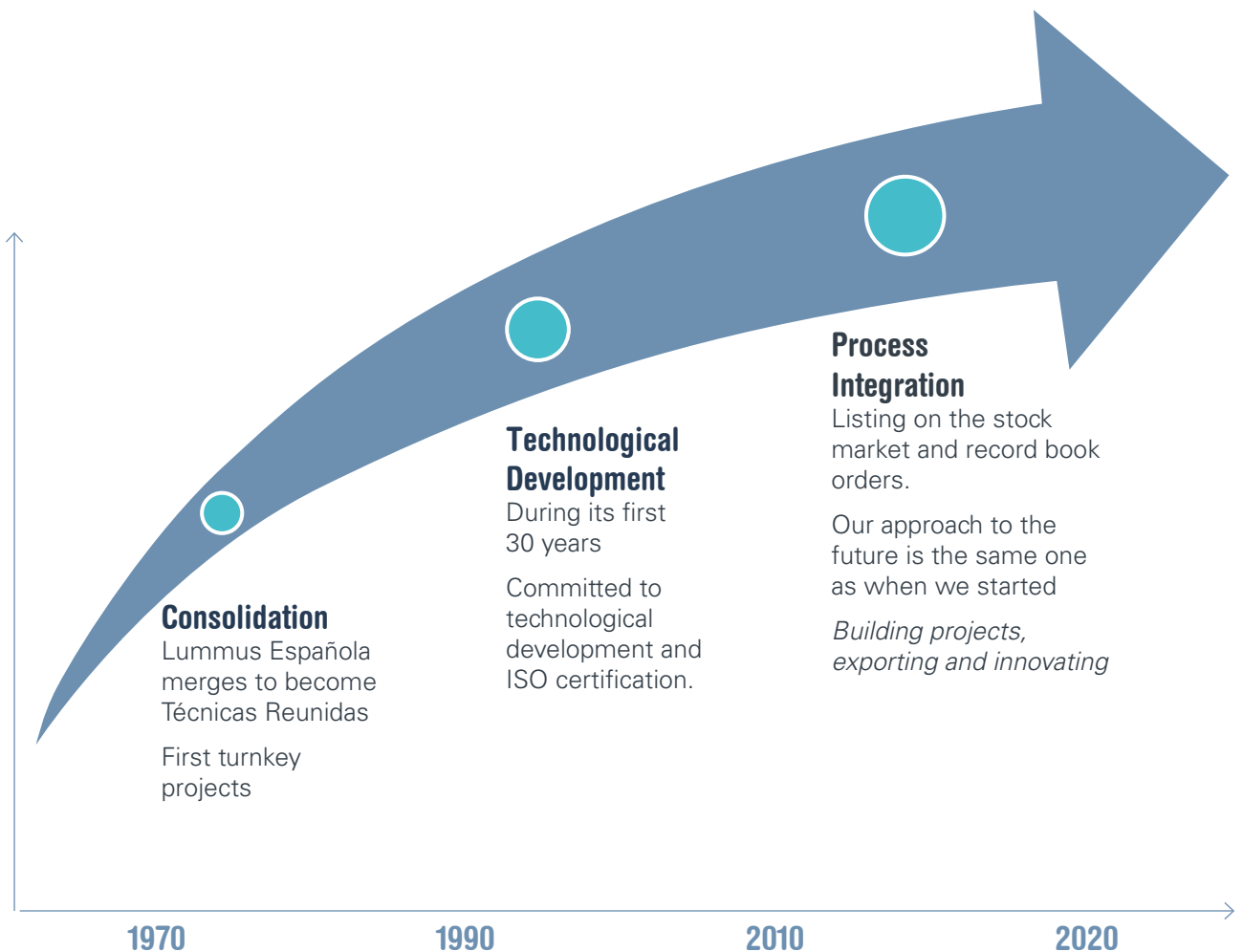
...based on a diversified model...

Técnicas Reunidas S.A., which has its head office in Madrid (Spain), is a general contractor whose activity is international in scope, involving the engineering, design and construction of all types of industrial installations for many clients all over the world, including some of the largest state and multinational utilities.

The company's activity focuses on the turnkey execution of large industrial projects. It also provides engineering, management, commissioning and operating services for industrial plants.

Técnicas Reunidas holds a leading position in engineering and construction in Spain's energy sector. It is one of Europe's main companies in oil and natural gas projects and one of the largest in the world in the refinery sector.

The company has a diversified portfolio of technical and management services in the field of engineering and construction of industrial plants, ranging from administration agreements to turnkey projects.



Oil & Natural Gas

The company has designed and constructed nearly **80% of Spain's refining capacity** and has executed approximately **300 units** all over the world.

Refining and petrochemical products

- Refinery
- Petrochemical products

Own Developments

- Basic refining engineering
- Heat transfer

Upstream & Natural Gas

- Development of oil & gas fields (Onshore/ Offshore)
- Gas treatment and cracking plants
- NG, liquefaction, regasification and tanks
- Oil pipelines, gas pipelines and compression stations

Energy

With over **45 million hours of engineering**, purchase management, construction and commissioning executed, we have participated in projects representing a total installed capacity of over **45,000 MW in 25 countries**.

Energy

- Fossil fuel plants
- Nuclear plants
- Solar plants
- Treatment and/or appraisal of biomass and waste

Infrastructure & Industry

We have developed **valuable works** for water treatment, desalination, airports, maritime ports, coastal projects, roads and railway lines, amongst others.

Infrastructure & Industry

- Ecology
- Water
- Airports and air transport
- Architecture, building and urban development
- Ground transport
- Ports and coasts

Own Technologies

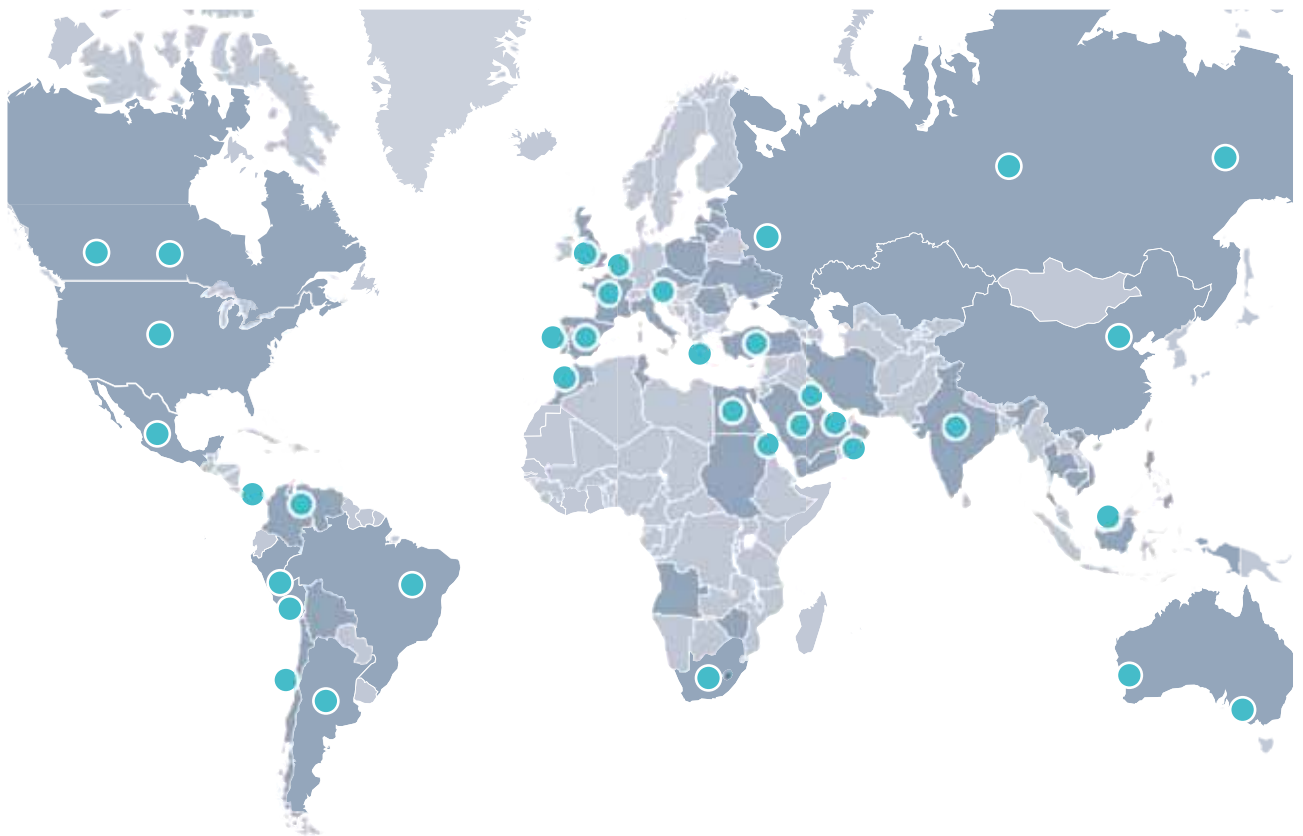
- Fertilisers and nitric acid
- Hydrometallurgy and electrochemicals

Técnicas Reunidas's capacity and experience enable it to execute installations in a timely manner, within budget and to the quality specification. As a result, it has become a highly specialised company in integrated management and the execution of turnkey projects, with high technological value.

...internationally recognised...

One of Técnicas Reunidas's distinguishing features is its versatility; by taking advantage of an effective sales network, it has been able to access opportunities on international markets as they have arisen, adapting to each client's specific needs.

The company carries out most of its activity outside Spain, mainly in the Middle East, Latin America, Asia and North Africa.



...which is client-based...

In its 50-year history, Técnicas Reunidas has designed and managed the construction of more than 1,000 industrial plants in over 50 countries for some of the world's largest companies.

Saudi Aramco, SABIC, Sinopec, BASF, Shell, General Electric, Repsol, ExxonMobil, Total, CEPSA, Endesa, Iberdrola, Sonatrach, Turkish Petroleum Refineries Corporation (Tüprás), Kuwait Oil Corporation (KOC), Pemex, Petrovietnam or BP.

Técnicas Reunidas keeps a constant dialogue with its clients throughout a project's duration. The company has a small number of clients and carries out projects that may last for several years. The nature of the business means that it is indispensable to keep constant client communication.

The company holds monthly progress meetings in which a project manager and client representatives participate. Any comments made during the meetings are recorded in a monthly report on both the project and the participating companies.

Técnicas Reunidas formally achieved client satisfaction by conducting a final audit on the project, which is completed with

a reference letter or final acceptance certificate. These letters contain a global evaluation of Técnicas Reunidas's work.

Client loyalty and recurrence are the best evidence of satisfaction. Técnicas Reunidas has been working for many years with some of the world's largest companies. In 1968, it executed its first turnkey project, with a contract for 128 million US\$ for Yacimientos Petrolíferos Fiscales (YPF), in Argentina. Today, Técnicas Reunidas has more than 60 references in Latin America in refinery, energy and iron and steel, fertilizers, heat transfer, environmental engineering and civil engineering works.

Furthermore, Técnicas Reunidas was one of the first engineering and construction companies to become established in China. In its more than 20-year presence in China it has developed projects in various areas of activity, such as LNG, metal and steel, petrochemicals and fertilizers. In China, Técnicas Reunidas has received various awards, such as the prize to the best foreign specialist in the autonomous region of Xinjiang or the "Luban" prize to the best construction project, awarded to the ethylene plant developed in Tianjin for SINOPEC, on a turnkey basis.

Técnicas Reunidas has collaboration agreements with leading Chinese companies in order to execute projects both in China and elsewhere.

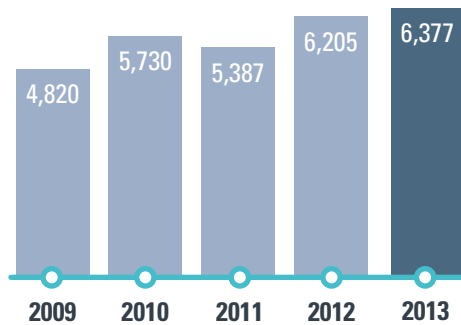
...which offers solid and sustained results...

Contract awards (million Euros)

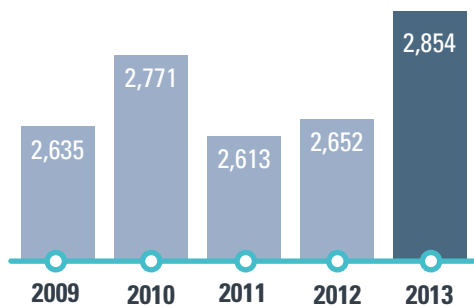


3,000 million €

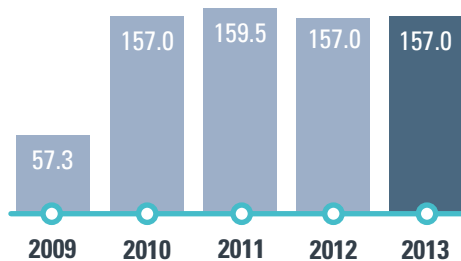
in annual contract awards over the last few years. In 2013, new contracts were awarded in Canada, Bolivia, Algeria and Bangladesh

Backlog (million Euros)**+2.8%**

increase in the company's order book to an all-time high

Revenues (million Euros)**+7.3%**

growth of revenues due to a strong performance in project execution

EBITDA (million Euros)**+0.2%**

wider EBITDA margins thanks to the boost provided by oil & gas

...moving forward towards a responsible management model.

In 2013

Técnicas Reunidas approved its Sustainability Policy.

Our e-learning platform, which is open to all of our employees, was launched.

The "zero-accident" corporate policy continued to be deployed.

We continued with the drafting and internal review of our new Code of Conduct, which will be extended to suppliers and contractors.



Sustainability in Técnicas Reunidas

✓ Sustainability to create
long-term value

3 million Euros
invested in R&D&I

✓ Consolidation of internal
control of operations

85%
of all critical suppliers
audited on HSE issues

✓ Strengthening of our
reputation and licence
to operate

99,986
hours of training completed

9.45%
decrease in CO₂ emissions
per full-time employee

What does sustainability mean for Técnicas Reunidas?

G4-23

One of the developments in this 2013 Sustainability Report is the materiality approach followed according to the new G4 framework to issue sustainability reports and methodology ("Materiality Matters Check", Global Reporting Initiative (GRI)).

Técnicas Reunidas achieves the objective pursued by the new GRI Guidelines to Prepare a Sustainability Report (G4), i.e. identifying any social, environmental or economic matters that are relevant to the business, in order to transfer relevant information to stakeholders.

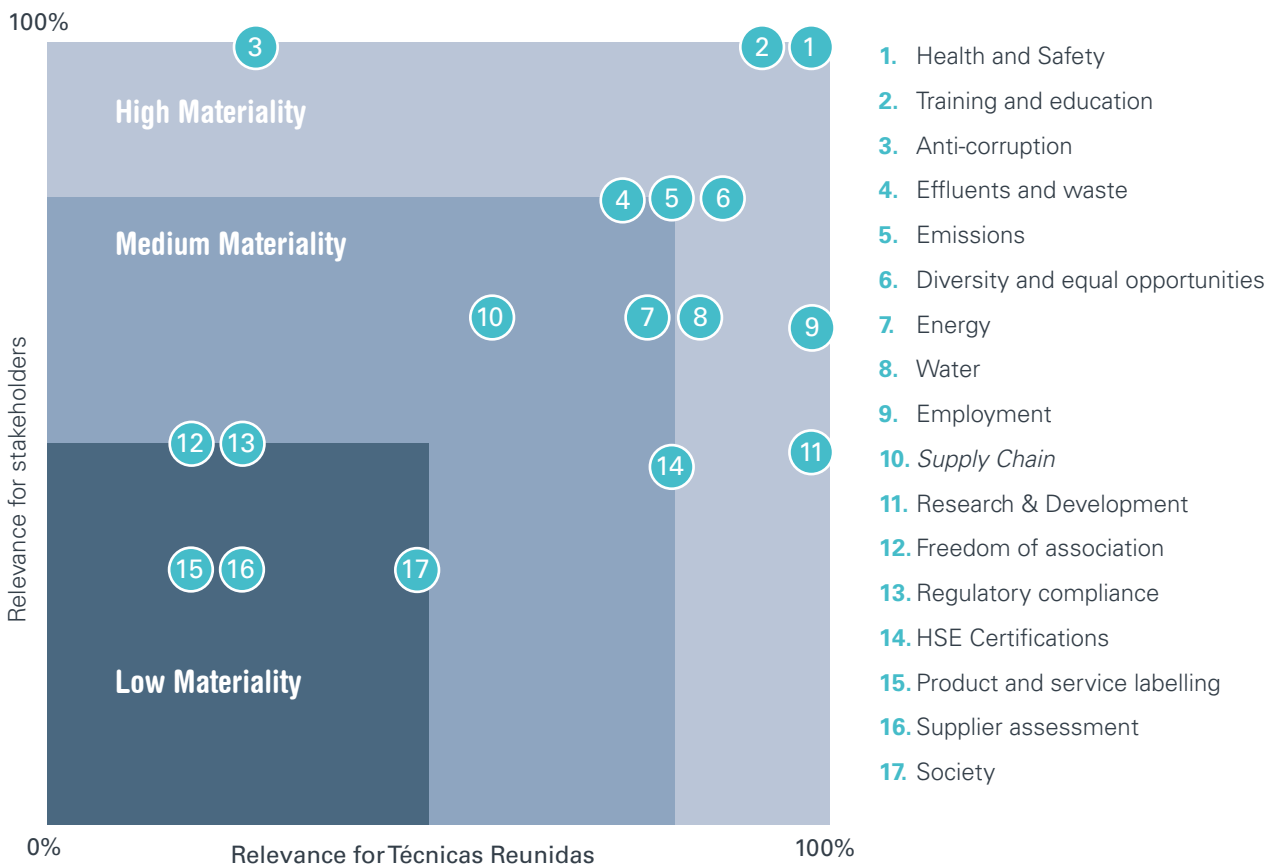
This materiality analysis enables Técnicas Reunidas to focus its public information in sustainability matters

on what is more relevant for the company and its stakeholders. A materiality analysis will also include relevant matters not covered by the new GRI guidelines (G4), but which are described in the annual report due to their relevance for Técnicas Reunidas's activity.

G4-19

Materiality, focusing on what is important for sustainability

A materiality analysis gathers seventeen material aspects for a company.



A new corporate responsibility policy

Técnicas Reunidas has adopted a new Corporate Responsibility Policy, formally approved by the company, which applies to all of the company’s activities in all operating environments, and is binding on employees, suppliers and contractors. The Policy sets out the company’s commitments regarding environmental, social and ethical matters.

The principle applied by the company in corporate responsibility matters is due control; this means that policies, processes and control measures should exist to encourage a commitment-based conduct and to help prevent, detect and eradicate actions not aligned with these established principles.

In environmental matters, the company’s ultimate objective is to protect its natural surroundings, reducing any environmental impact by making

rational use of resources, encouraging innovation, preventing pollution and using the best technologies and processes available. The company has policies, processes and strict control measures to help it reach this objective.

Regarding to health and safety of employees and contractors, the company believes that the only acceptable target is zero accidents, amongst both employees and suppliers/contractors. In order to move forward towards this objective, Técnicas Reunidas integrates safety criteria into all its projects and processes.

Técnicas Reunidas’s commitment to its clients involves the delivery of products and services that meet their expectations and are completely safe and environmentally friendly. In order to reach this objective, Técnicas Reunidas periodically measures its client satisfaction and introduces any necessary improvements.

The company’s commitment is to develop its operations in a way that is consistent with the latest management standards, under the principle of continuous improvement and providing information, in-house and to third parties, on its performance in a transparent manner.

COMMITMENT TO ETHICS

To promote a policy of continuous improvement and fight against corruption

MEASUREMENT OF PERFORMANCE

To establish and review objectives and to publicly report on the level of progress achieved in the various aspects

COMMITMENT TO TRAINING

To provide employees and collaborators with adequate and continuous training

COMMUNICATION WITH INTEREST GROUPS

To create effective communication channels with employees and with all stakeholders

Milestones and challenges in corporate responsibility

| | Corporate Governance | Suppliers |
|------------|--|---|
| MILESTONES | <ul style="list-style-type: none"> ▪ Analysis of business units with respect to risk of corruption. ▪ Employee training in anti-corruption procedures and protocols. | <ul style="list-style-type: none"> ▪ Launching of pilot project for supplier self-evaluation in sustainability matters. ▪ Training for suppliers to improve efficiency in the purchasing process. |
| CHALLENGES | <ul style="list-style-type: none"> ▪ Communication of corporate social responsibility policy. ▪ Distribution of Code of Conduct and Complaints mechanism. | <ul style="list-style-type: none"> ▪ To encourage efficiency in the management of suppliers and contractors. ▪ To develop synergies with suppliers in safety, health and environmental matters. |

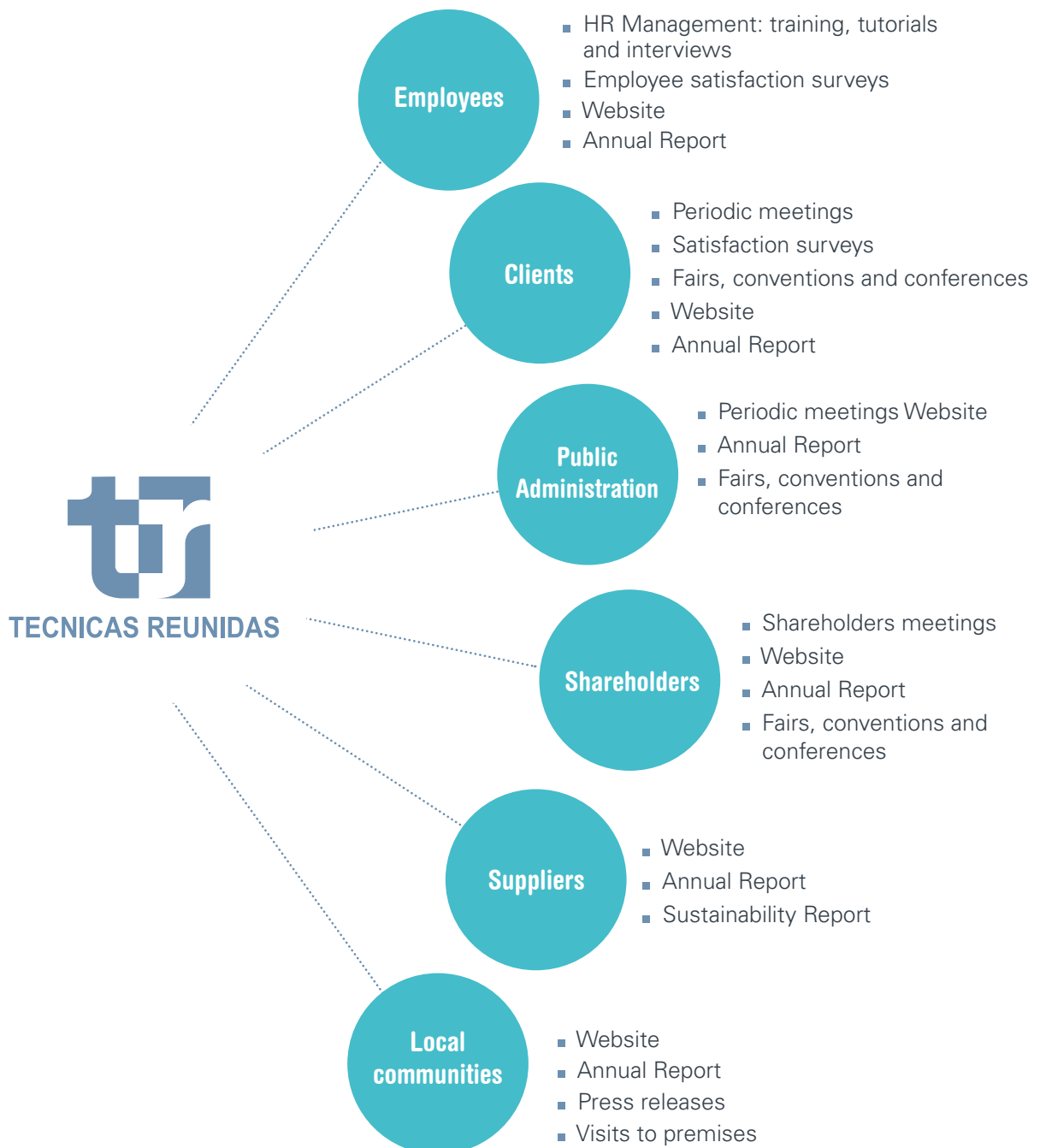
| | Innovation | Personnel | Environment |
|------------|---|---|---|
| MILESTONES | <ul style="list-style-type: none"> ▪ Modular construction of Yara plant in Australia. | <ul style="list-style-type: none"> ▪ Launch of e-learning platform ▪ Creation of the company's HSE image Mr. Zero. | <ul style="list-style-type: none"> ▪ Definition of the Strategic Environmental Plan. ▪ Completion of the Carbon Disclosure Project questionnaire |
| CHALLENGES | <ul style="list-style-type: none"> ▪ Ongoing review of internal processes and procedures in order to identify areas with scope for development. ▪ Extension of satisfaction surveys to new clients. | <ul style="list-style-type: none"> ▪ Identification and development of talent in international subsidiaries. ▪ Continued reduction in accident rates. | <ul style="list-style-type: none"> ▪ Implementation of a sustainability policy on company environmental matters. ▪ Use of new environmental trends to drive competitiveness |

Dialogue with stakeholders

G4-24, G4-25, G4-26, G4-27

Técnicas Reunidas understands the importance of generating trust in its stakeholders, for business development and shared value creation.

By using various channels, the company keeps up a constant dialogue with employees, clients and public administrations, suppliers, the academic community and local communities. Channels enable their main concerns and expectations to be identified and addressed.





Students Visit to a Refinery.

Human Resources

- ✓ High qualified and committed individuals
- ✓ Commitment to development of human capital
- ✓ Safety as a top priority

99,986
total hours of employee training in 2013

185
persons have benefited from INICIA programme scholarships

18
safety audits conducted in 2013

0.26%
Lost day rate

A common culture based on shared values...

The values embodied by Técnicas Reunidas’s people are commitment, enthusiasm, a feeling of belonging and professional development.

Commitment

The commitment of people who belong to a company with more than 50 years’ history, positioned amongst the three most important engineering and construction companies in the European Oil & Gas sector and one of the top ten in the world.

Enthusiasm for huge challenges

Técnicas Reunidas’ portfolio includes more than 1,000 plants designed and constructed in most of the world.
It is one of the foremost contractors for large crude oil producers in the main oil-producing regions.
It undertakes the construction of units and plants using proprietary technology.

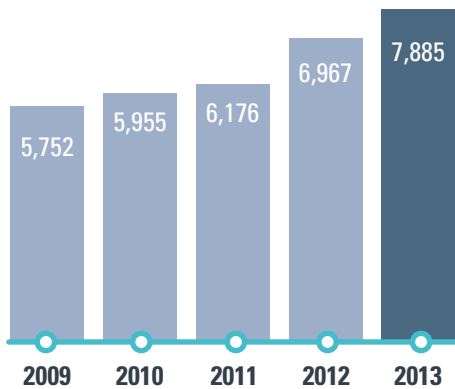
Teamwork

Our employees belong to a great team where their opinion is important and where there is trust and personal and professional support.

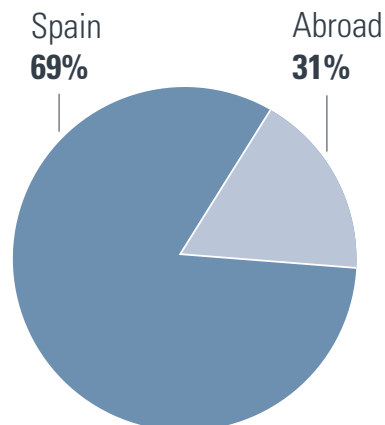
Space for development

Opportunities to work in large-scale projects, contribute ideas, work with a broad margin of discretion, see the result of individual contributions, cross barriers and to feel that employees are party to “something great”.

Staff performance (Internal employees)



Regional origin of hired staff



Given the nature of the company's activities, with employees working in very different geographical areas on projects of limited duration, it is necessary to establish common policies and procedures for staff management, to consolidate our human resources strategy. Técnicas Reunidas has a human resources unit basically entrusted with the design, development and supervision of company policies, processes and rules, focusing on matters such as:

- Internationalization of function management.
- Identification and management of talent
- Training and development.
- Compensation and benefits

Técnicas Reunidas uses a human resources Business Partner in each main line of business in order to ensure that corporate rules and guidelines are adopted by all business areas and operations.

In international projects, the company has people specifically assigned to the management of human resources matters. They manage a team that differs in size depending on the volume of the project, in direct contact with the project employees, addressing all hiring and accommodation needs and other management issues.

100% of Técnicas Reunidas' employees are covered by collective bargaining agreements

...focusing on personal development...

Human capital development is one of Técnicas Reunidas' main challenges, due to the company's growth, its project complexity and its size, which already exceeds eight thousand employees.

In terms of development, the company focuses on:

- The implementation of advanced management tools for personal development
- Knowledge development and management.

The company's international outlook has turned diversity management into a strategic asset. The aim is to have different persons that share the same values and action principles. At Técnicas Reunidas, our professional development model is based on competence management and target-based appraisal.



Recruitment and selection principles at Técnicas Reunidas

Recruitment and selection processes are carried out according to equal opportunity and non-discrimination criteria.

Recruitment processes are governed by respect for others, honesty and professional ethics, seeking excellence in the work carried out.

Our mission is to incorporate great professionals who are committed to our corporate project, providing an enriching and stimulating work environment.

TR guarantees the confidentiality of all candidates participating in recruitment processes.

TR is committed to internal promotions and development in line with the requirements of the responsibilities undertaken.

The company endeavours to match the job requirements and company policy with the competences shown by the candidates to ensure integration and development within the company.

Management of talent and diversity are business needs

Técnicas Reunidas has a competence evaluation programme so that team leaders have the change to analyse and evaluate, along with their team, the development and performance of both generic and technical/functional tasks established by the company.

In order to avoid a brain drain, the company implements measures to identify those employees showing the best performance during the year, in order to offer specific training.

Técnicas Reunidas nurtures its employees by applying flexibility criteria as part of its corporate policies, offering perks that depend on the country and work centre.

The company's perks include food vouchers, life and accident insurance, loans and advance payments or the employee club.

Técnicas Reunidas registered a 1.6% turnover rate in 2013, as opposed to the sector's approximate 10%

The company's main challenges in human resources matters include geographical distribution and the need to manage a feeling of belonging. In order to provide a response, the company focuses on developing corporate tools aimed at the communication of common values.

In order to incorporate new talent, the company has various programmes for young professionals. For new graduates linked to production areas, Técnicas Reunidas offers a special career plan that includes training and contractual issues. Given

its high degree of internationalization, in addition to various international scholarships with work placement in Spain, Técnicas Reunidas has specific programmes to attract and train talent in those countries where it has a significant presence.

The INICIA scholarship programme is the main channel used to recruit young professionals to the company. It lasts between three and twelve months depending on the level of qualifications and type of scholarship and is exclusively aimed at students and new graduates with no work experience.

In 2013, the company hired 77% of its scholarship trainees

This scholarship program is designed in such a way that the trainee, collaborating with experienced professionals, is able to actively join the daily work of a specific department or project. The aim is to be able to implement his/her theoretical knowledge in such a way as to acquire the necessary working skills for a subsequent professional career. During 2013, 185 persons have benefited from the programme.

Técnicas Reunidas also takes part in international scholarship programmes that provide training at its work centres in Spain, as well as the company's activities abroad.

The company has signed work placement agreements with more than sixty universities, foundations and bodies, both Spanish and foreign.

Management of diversity

At Técnicas Reunidas we are convinced that the sum of unique identities generates a common identity. To recognise, value and manage these differences is part of the company's daily activity, which requires a flexible, tolerant and open work place where all employees can fit in.

The company is present in 50 countries and has expat professionals, who on average are relocated between two and three years in the destination country and who, in turn, manage a large amount of international resources in local surroundings.

The company has employees comprising more than 40 nationalities. More than 30% of the staff is not Spanish. The company has policies in place to achieve work-life balance and flexible working hours, to enable a better management of diversity.

+80%
of our
turnover is
from projects
abroad

We have
executed
projects
in over
50 countries
all over the
world

**The main
contractor in
the Middle East,**
according to
the Engineering
News-Records
(2013) ranking

TR has approximately
1,300 workers
distributed in over
20 offices and work
centres abroad

...with a firm commitment to training.

Training at Técnicas Reunidas covers the following areas:

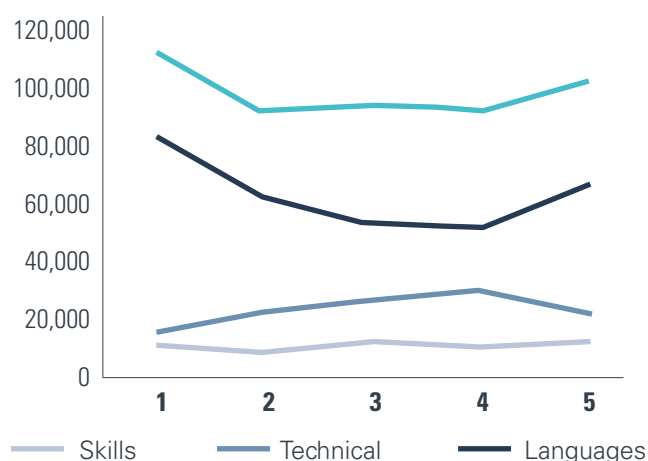
- Technical training, both external, with suppliers in various technical matters, and internal, with experienced company specialists who transfer knowledge to successive generations of managers.
- Languages. Language programmes are free and open to all. Tuition is available in English, French, Spanish for foreigners and Arabic.
- Management and executive skills. The company has several tailor-made programmes aimed at middle and senior managers. To reinforce its investment in this field, in 2009 the company established the Euroforum Corporate University in San Lorenzo de El Escorial (Madrid).

Training hours

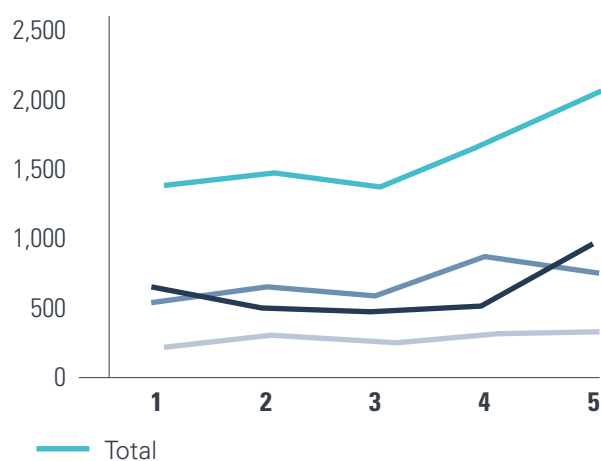
| Type of training | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------|---------|--------|--------|--------|--------|
| Skills | 11,128 | 9,396 | 12,202 | 11,398 | 12,688 |
| Technical | 15,509 | 22,041 | 27,345 | 28,576 | 22,302 |
| Languages | 81,368 | 59,006 | 53,003 | 50,499 | 64,996 |
| Total | 108,005 | 90,443 | 92,550 | 90,473 | 99,986 |

| Number of participants | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------|-------|-------|-------|-------|-------|
| Skills | 223 | 299 | 276 | 315 | 338 |
| Technical | 551 | 645 | 593 | 843 | 731 |
| Languages | 615 | 519 | 490 | 513 | 935 |
| Total | 1,389 | 1,463 | 1,359 | 1,671 | 2,004 |

Type of training



No. of participants



- IT training to improve the knowledge of both generic and specific computer tools used in the company's activity sector.

Case study: Euroforum Corporate University

Técnicas Reunidas created the Euroforum Corporate University in San Lorenzo de El Escorial (Madrid) to respond to its employees' training and skills development needs.

It has developed various programmes since 2009, attended by more than 700 persons with different profiles: project managers, area managers, discipline leaders, heads of department or young talent, amongst others.

These programmes include: Global Programme for Executive Development, Executive Skills Programme, Talent, Team Management, Management and Leadership, etc.

At Técnicas Reunidas, safety means zero accidents...

Técnicas Reunidas and its clients and contractors around the world share a zero-accident objective when carrying out their activity.

Técnicas Reunidas

effectively incorporates health and safety issues into its strategic and business plans, establishing objectives which it periodically reviews.

Técnicas Reunidas

promotes a continuous improvement policy in its methods and working procedures, which apply to all its activities, encouraging a philosophy aimed at accident prevention as opposed to taking corrective measures.

Técnicas Reunidas

has accident prevention policies in place to ensure employee health and safety on the job.



The health and safety of employees and third parties constitutes one of the company's main concerns, both as regards the adequate design of its industrial plants, for exploitation, operation and maintenance, and working conditions at the design and construction stage. Likewise, in order to avoid injuries at the work place, Técnicas Reunidas develops accident prevention and safety measures further to its occupational risk prevention management system.

Técnicas Reunidas has established safety measures based on the competences inherent in each position. Safety is an integral component of project and activity management, which the company implements further to basic action principles.

...and a common policy throughout the organization...

Técnicas Reunidas makes considerable effort to standardize health and safety procedures, in order to achieve greater efficiency in the transmission of corporate policies. During 2013, it has launched information and training campaigns for employees and subcontractors. It also implemented the use of a Técnicas Reunidas standard for individual protection equipment used by site staff.

Likewise, the company has taken various steps in order to extend better practice and ensure that there is uniformity in all of the company's activities. In this regard, an e-learning platform has been implemented for distance education, which is being progressively applied in the company.

The principle of joint liability applies at all corporate levels

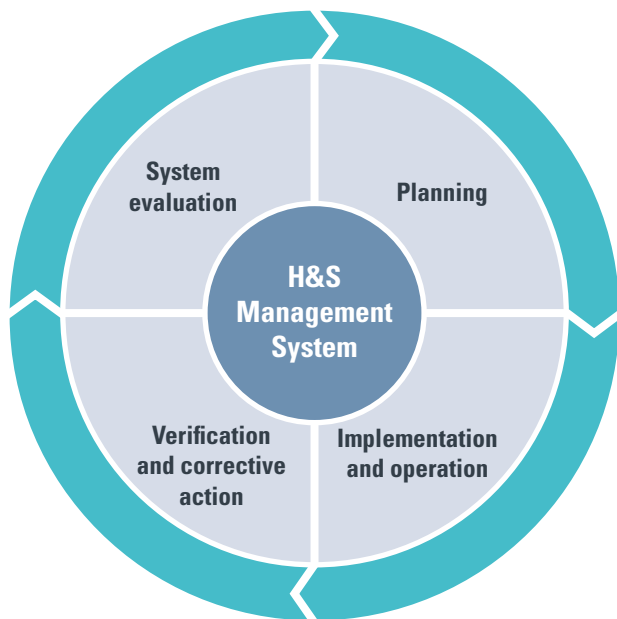
Employees participate in decision-making and the handling of issues relating to working conditions

Employees take an active role in prevention

Knowledge and training are encouraged

...based on an advanced management system...

Técnicas Reunidas' health and safety policy is used as a framework to establish global objectives in that matter. Consequently, it is able to plan and implement the necessary measures.



Our policy is tailored to the nature and scope of the employment risks involved in Técnicas Reunidas's activities. It is based on strict compliance with the law and reflects the company's commitment to continuous improvement.

The main objective of the company's management system is to ensure compliance with all prevention matters, through:

- Risk location, analysis and evaluation.
- Recommended prevention and control measures for buildings, premises and work centres.

The company's occupational health and safety management system has been certified by BSI Group since 2008.

Técnicas Reunidas has implemented the OHSAS 18001 standard to fulfil the commitments contained in its health and safety policy, ensuring a common approach on the matter across the organization. This is essential to comply with legal requirements and be able to manage occupational risk prevention.

The company has a health and safety plan that defines the scope of its tasks and the necessary preventive actions for each project. Through a project coordinator, the plan ensures the development of common actions:

- The necessary information and training for workers and subcontractors, who should also identify the risks and preventive measures.
- An incident and accident report.
- Safety meetings with all the interested parties.
- Documentation, approval and certification of equipment, tools and machinery.

The prevention team periodically launches informative in-house campaigns on safety, risk prevention, healthy habits and good health and safety practices. Furthermore, it has undertaken the following responsibilities:

- To check the suitability of premises with a visual inspection.
- To draft emergency plans.
- To perform drills.
- To train building brigades.
- To launch informative campaigns.

Health & Safety Committee

This is the joint representative body comprising at least three members charged with regularly and periodically checking company risk prevention activities. It meets each quarter and consists of prevention delegates, who are workers' representatives with specific risk prevention duties.

...the adequate implementation of which needs to be supervised.

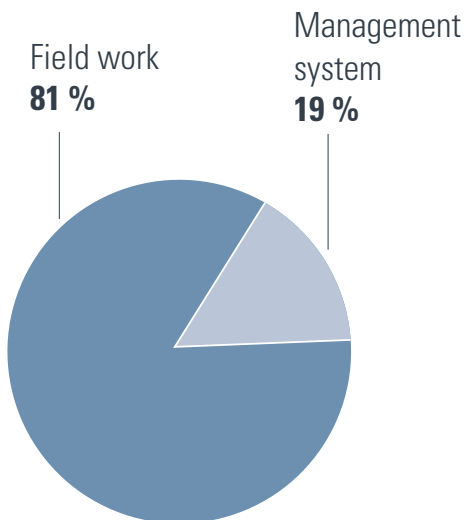
Técnicas Reunidas conducts audits in order to check that its management system is adequately implemented in accordance with OHSAS 18001 specifications and its policy and objectives in health and safety matters. This annual plan includes both internal and external audits.

For project audits, the company applies a strict procedure that involves:

- Professional and qualified safety staff.
- An efficient system to control site safety.
- A contractor recognition system.

During 2013, internal audits continued in health and safety matters in all projects at a construction stage, obtaining above-average results, based on the target established at the beginning of the year.

Type of infringement



16 internal audits

2 external audits

558 infringements found

During 2014, follow-up audits will continue according to the schedule attached.

Our results meet the targets established

All health and safety activities in Técnicas Reunidas’s projects are evaluated according to the results obtained and targets established,

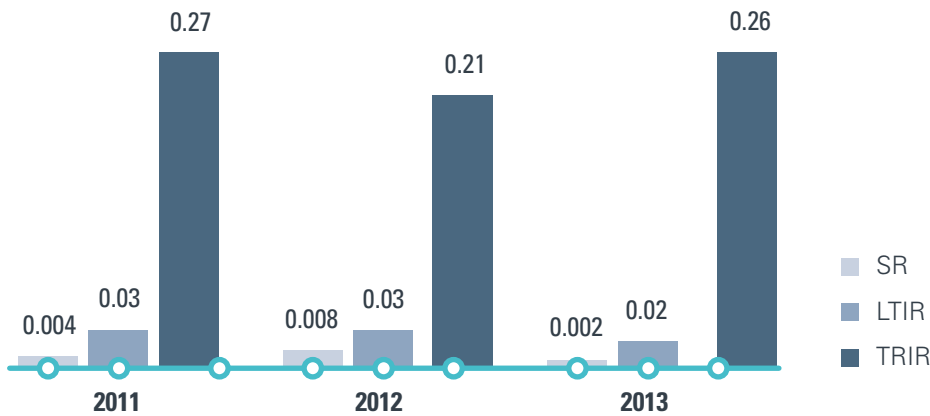
for works projects where it acts as the main contractor or belongs to a joint venture and holds responsibilities in the matter.

Técnicas Reunidas obtained the following total results for its works in 2013:

| | 2013 | 2013 target | 2014 target |
|------------------------------------|------------|-------------|-------------|
| Hours worked | 70,540,790 | - | - |
| Fatalities | 0 | 0 | 0 |
| SR (seriousness rate) ¹ | 0.002 | 0.05 | 0.04 |
| LTIR (incidence rate) ² | 0.02 | 0.11 | 0.10 |
| TRIR (frequency rate) ³ | 0.26 | 0.26 | 0.25 |

The following graph shows compliance rate data for Técnicas Reunidas projects.

Compliance rates



1. No. of days lost/No. of hours worked x 1,000

2. No. of incidents/hours worked x 200,000

3. No. of accidents/hours worked x 200,000

In relation to health and safety data gathered during 2013 for Técnicas Reunidas:

- The aggregate absenteeism rate for the year was **2.71%**⁴.

Accidentality rate

| | 2013 | 2012 | 2011 |
|----------------------------|-------|-------|-------|
| Fatal accidents | 0 | 0 | 0 |
| Number of accidents | 15 | 20 | 10 |
| Days lost | 605 | 987 | 513 |
| Number of employees | 3,076 | 2,757 | 2,713 |

Prizes and collaboration

The company's commitment to improved health and safety has been recognised by its clients.

The Yanbu Refinery Project was recognised after achieving 13 million accident-free hours of work. The company received a similar recognition in its Petrokemya Acrylonitrile Butadiene Styrene projects after reaching two million accident-free hours and in Kemya Saudi Elastomers for its "Heat Stress" campaign. In this second case, the recognition extended to the company's suppliers and contractors.



4. Total hours of absence (leave + illness + maternity/paternity) *100 / theoretical hours

Mr. Zero Campaign

In order to standardize the company's image in health, safety and environmental matters, the idea was conceived of creating a role model.

Técnicas Reunidas has opted for a 3D male model, fitted with the following personal corporate protective equipment at a minimum: helmet, protective clothing, gloves, boots, and safety harness. The front wing of the safety helmet includes the name of the model or figure -Mr. Zero- based on the main objective: the achievement of zero incidents.

This role model is used to:

- Serve as a representative figure for regulatory compliance. To do this, the model displays a red card whenever there is a safety breach and a green card when appropriate action is taken.
- It is used when presenting statistics and other reports.
- It is also used in campaigns for both construction sites and offices.
- It is employed in corporate publications and for merchandising.

Following an implementation process, its success was confirmed both in-house and amongst clients. Its widespread acceptance means that it has become an easily identifiable corporate image, enhancing its original purpose of campaign standardization.

Milestones

- Frequency rates in line with 2013 objectives.
- Standardization of the safety system in on-site projects.
- Standardized employee training in health and safety matters.

Challenges

- Development of a centralized database to supervise and assign to projects any corrective measures arising from safety and health audits.
- Organization of the HSE Site Management Forum.



Innovation and suppliers

- ✓ Sustainable innovation as a competitive policy item
- ✓ Focused on client satisfaction and recurrence
- ✓ Efficient management of the supply chain
- ✓ Extension to suppliers of own sustainability criteria

3 million Euros
investment in innovation
in 2013

3,309
million Euros in
contracts in 2013

17,000
registered database suppliers

1,221
certified

18%
of all contracts
involve purchases from
local suppliers

Innovation at our clients' service

Técnicas Reunidas bases its innovation on leadership, commitment, the exchange of knowledge and collaboration. This approach not only depends on Técnicas Reunidas employees but also entails close work with the supply chain and our clients, the ultimate beneficiaries of innovation.

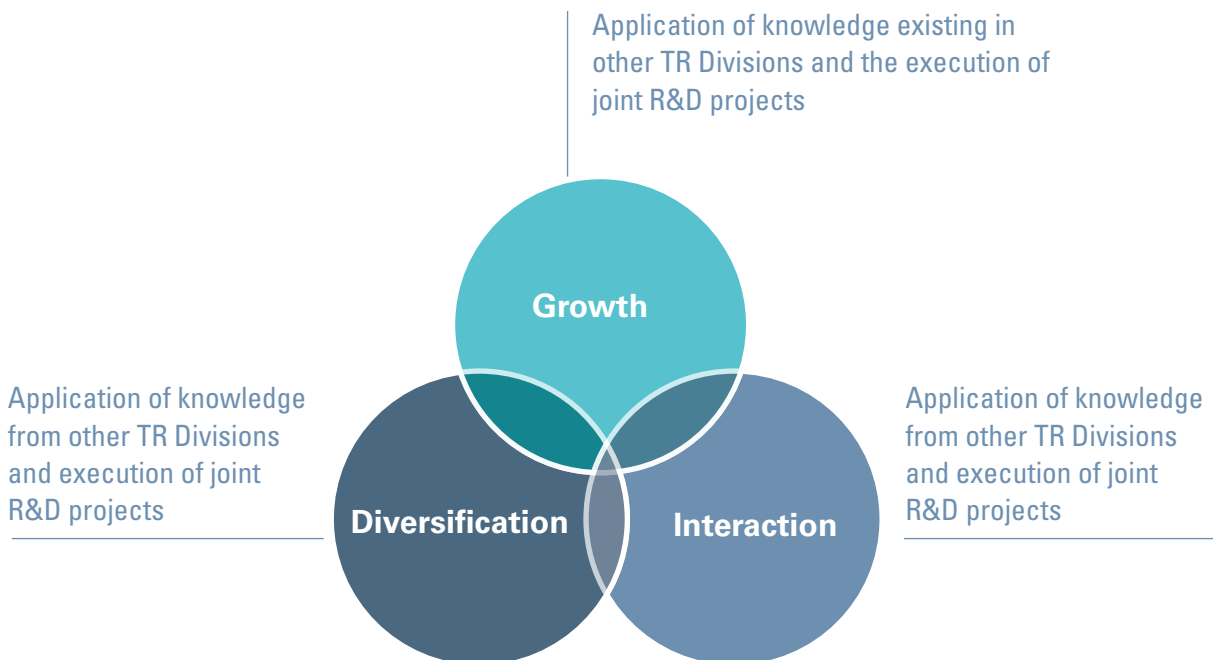
Investment in innovation is aimed at increased efficiency, either by reducing costs or through greater productivity. Very often, improvements entail consumption of fewer energy and natural resources and help Técnicas Reunidas contribute to sustainable development.

The company's commitment to R&D&I dates back to the company's birth and our wish to provide

value-added services to our clients. Innovation is a driving force that improves the company's positioning and competitiveness in a highly demanding market, where success depends on offering high valued-added services to clients throughout the entire value chain of the project.

The company has a team of 273 professionals who are specifically involved in seeking out areas for improvement in the company's processes and projects, thereby gradually providing a better, more efficient and more technologically advanced solution to its clients' needs. As a result, Técnicas Reunidas's portfolio of clients evidences a high level of satisfaction, as shown by client recurrence.

Técnicas Reunidas also participates in advanced European and national projects related to the environment, materials and energy.



Three pillars in innovation

Técnicas Reunidas has defined areas on which to focus with a view to becoming a benchmark for technology and innovation in its sector.

To encourage growth and the sale of technology, the company is emphasizing projects that combine the company's in-house knowledge, applied R&D and public information in order to exploit technologies within a short timeframe. Foremost among these projects is the Modified Zincex Process (MZP), the technologies of which have already been placed in the market in different countries such as Russia, Japan, Italy, U.S.A. and Namibia.

Técnicas Reunidas is committed to diversifying its R&D project portfolio with a view to undertaking reference projects in polymers and materials, energy or the environment.

The company's total investment in R&D in 2013 has exceeded 3 million Euros

Since 1969, Técnicas Reunidas has assigned a substantial amount of resources to industrial research and development of processes and technologies. The company's work, through its subsidiary ESPINDESA, in innovation and development, together with research institutions and prestigious universities in Spain, has

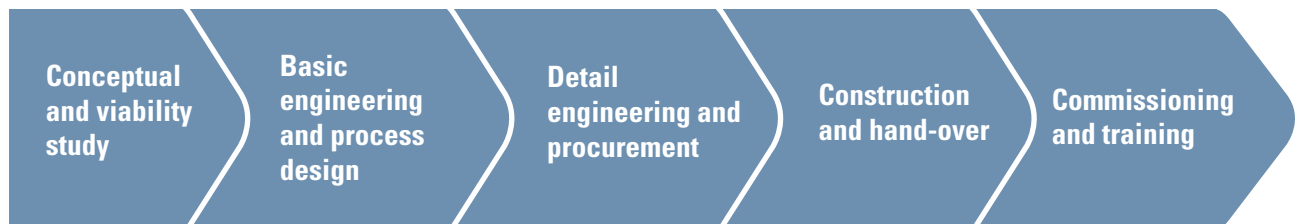
led to the award of many patents and to publications in journals and at international conferences. The company's differential value in research, development and innovation resides in the experience and knowledge held by its technical staff, as well as the ability to adjust to different clients and adapt technology to their needs.

One of Técnicas Reunidas's objectives is to use R&D&I to take advantage of opportunities arising in different markets. The company is an international leader in nitric acid technology and is able to construct plants with a daily capacity of 1,800 tonnes. Furthermore, it is developing technologies that will enable it to reach capacities of approximately 3,000 tonnes.

Técnicas Reunidas is able to offer comprehensive solutions to its clients, ranging from initial project definition to plant commissioning and operator training.

As part of the company's R&D&I activities, clean technologies are particularly relevant. Given the growing stringency of environmental regulations, the company has developed technologies to remove gaseous pollutants. It therefore contributes to environmental sustainability in its own operations and those of its clients.

In addition, Técnicas Reunidas is carrying out R&D&I projects together with more than 60 global companies and with renowned research centres and universities, both Spanish and international.



Innovative solutions in complex environments

In November 2012, Técnicas Reunidas was selected by Yara International ASA for the “turnkey” TAN project to construct an ammonium nitrate plant in the Burrup Peninsula, Australia. The plant’s location in the Australian desert involved huge logistical challenges and, consequently, a significant increase in construction costs.

In this scenario, ESPINDESA, a Técnicas Reunidas company, developed an innovative solution. The plant is designed and constructed in Indonesia using modular technology, thus minimizing site work in complex environments, due to location and climate. As a result, both logistical needs and plant construction costs are minimized.

This solution constitutes a differentiating feature in Técnicas Reunidas’ engineering proposal, and may be applied to other clients in other locations with extreme climatic conditions or logistical difficulties.

Advanced management of the supply chain

Técnicas Reunidas constitutes an international reference in supply chain management, thanks to its commitment to professionalization, dialogue with suppliers and clients and its experience in complex project management.

In 2013, purchase orders for materials and services totalled more than 1,700 Million Euros, 18% of which was contracted from local suppliers. This does not include local outsourcing, which would increase this figure to approximately 40%.

Suppliers constitute a key part of Técnicas Reunidas’s commitment to sustainability. Management of the supply chain not only entails searching for and selecting reliable partners who are able to provide solvency and value, but also requires them to share our commitment to sustainability.

The company thoroughly analyses all costs related to purchases of materials and equipment in order to ensure strict control by country and type of supply.

For risk management and in order to avoid dependence, the company distributes purchases amongst its various suppliers. This selection follows the strictest requirements in terms of quality, the environment, safety and human rights. The company applies a general procedure for supply, certification and evaluation of suppliers, involving various levels of control that need to be completed in order for the supplier to be accepted.

The following table shows the company's purchasing volume in 2013 by country.

Breakdown of purchasing volume by destination country (Total Supplies)

| Project destination country | Total destination purchases USD 2013 | Total local purchases USD 2013 | % local content 2013 |
|-----------------------------|--------------------------------------|--------------------------------|----------------------|
| Saudi Arabia | 782,741,804 | 174,231,474 | 22% |
| Canada | 257,947,793 | 28,165,703 | 11% |
| Russia | 172,699,564 | 4,755,371 | 3% |
| Belgium | 108,962,979 | 16,813,532 | 15% |
| Australia | 95,914,047 | 22,713,881 | 24% |
| Bolivia | 94,107,590 | 7,928,701 | 8% |
| China | 75,893,037 | 9,947,392 | 13% |
| Turkey | 67,361,103 | 26,353,315 | 39% |
| Algeria | 52,165,774 | - | 0% |
| U.A.E. | 29,202,444 | 12,229,706 | 42% |
| France | 8,540,965 | 2,718,141 | 32% |
| Spain | 3,461,706 | 2,190,860 | 63% |
| Chile | 1,842,006 | 366,261 | 20% |
| U.S.A. | 1,247,122 | - | 0% |
| Rest of the world | 23,553,981 | - | N/A |

In addition to its code of conduct, the company has an internal purchasing code of ethics that establishes expected employee conduct in purchasing processes.

Each quarter, the company holds follow-up meetings in its various international fields in order to reduce any risks and avoid problems in the operation of the supply chain.



The procurement process

The aim is to ensure that the equipment, materials and services used to construct the plants awarded or proposed by Técnicas Reunidas meet the necessary requirements.

The procurement process takes place over a three-stage cycle:



The process is decentralized, unless otherwise provided in company policy, such as the authorisation and management of the certification process, critical purchasing criteria or the supplier database.

Técnicas Reunidas has more than 17,000 registered suppliers, of whom approximately 800 are regular. Approximately 10% of its regular suppliers are considered relevant in purchasing volume terms. About 30 suppliers are considered "critical" due to their relevance to the company, either in terms of purchasing volume or the difficulty in finding alternatives.

Certification and control

All of Técnicas Reunidas' suppliers and contractors must undergo the annual certification process, which includes specific requirements depending on the type of asset and service procured.

At the end of 2013, Técnicas Reunidas had 1,221 certified suppliers

All suppliers and contractors must have a certified environmental management system in place, and:

- adopt the necessary measures to comply with environmental legislation.
- notify any environmental incident that may arise in the course of each project's activities.
- resolve any incident that causes environmental damage.
- adopt the necessary preventive measures, particularly to prevent oil spills, polluting emissions into the air, negligence or mismanagement, and polluting waste.

Técnicas Reunidas, as a signatory of the United Nations Global Compact, has included specific clauses on human rights in any contracts signed with suppliers operating in hazardous countries.

Furthermore, the company has established specific health and safety requirements, in line with OHSAS 18001. In addition, all projects are supervised by company quality inspectors in regular visits.

Técnicas Reunidas expressly forbids critical suppliers from outsourcing work or services, under conditions gathered in the relevant contractual clauses in such a way that the goods used and services provided may be constantly supervised throughout the supply chain. The company also evaluates its critical supplier financial solvency each year, in order to avoid risks.

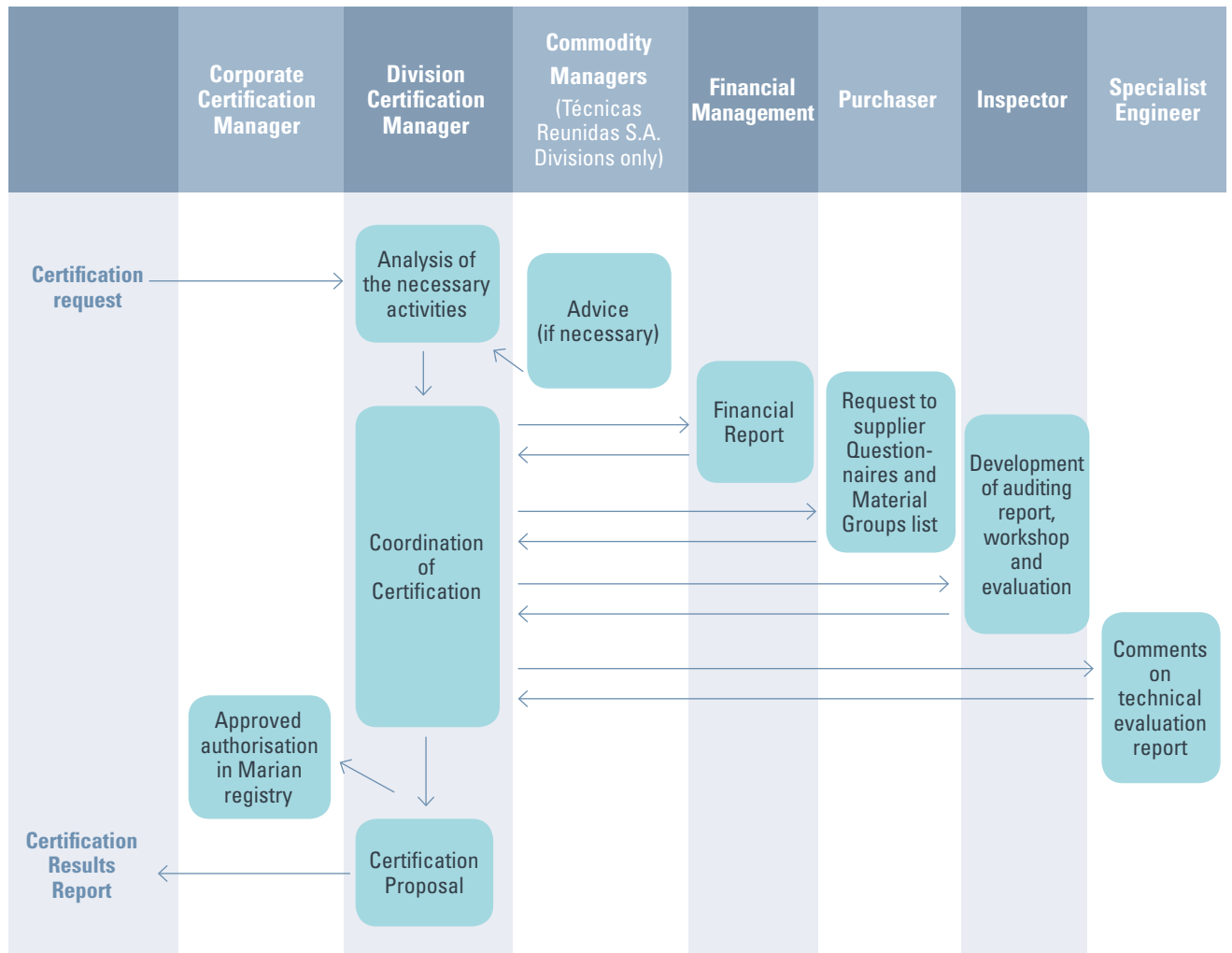
Técnicas Reunidas, when certifying and evaluating its suppliers, acts as an extension of its own requirements and those of its clients

Management of the supplier certification database is carried out by the respective certification managers.

Supplier Certification Process

For each purchase, the Specialist Engineer (Originator) defines each associated "Material Group". The Purchases Department selects the bidders according to the list of approved suppliers for the project and suppliers list.

This application is sent to the Division's Certification Manager, who will coordinate these activities. All suppliers of the main sub-orders will be approved by the Client according to each contract.



“TR uses HSE and environmental criteria when certifying its suppliers”

In any case, whether or not the supplier is certified, the Procurement Coordinator may request additional activities for orders that are technically complex, entail a high economic volume, have additional requirements indicated by the Client, etc.

Finally, the Marian system enables orders awarded and selected by the Certifications Committee to be evaluated. All information obtained is consulted by the purchasers and taken into account when making purchase recommendations.

High-risk suppliers

TR has a supplier certification committee to identify high-risk suppliers which analyses each supplier’s situation and the steps to be taken, including any corrective measures.

Any contracts signed with suppliers that operate in high-risk countries in human rights matters include specific clauses on the issue.

Furthermore, supplier activity in health and safety matters is controlled by quality inspectors, who regularly visit the production centres.

Evaluation

Técnicas Reunidas regularly evaluates its suppliers. The results are provided and used as a reference when renovating certificates and identifying possible improvements.

Supplier training meetings are designed according to their specific needs, generally aimed at improving their processes in order to meet the evaluation requirements of the following year. These meetings are beneficial for suppliers as they enable them to improve their processes. Técnicas Reunidas also benefits, as it is able to control potential risks in the supply chain.

All evaluation reports are based on verification of the supplies and services contracted. Technical, quality, legal, financial, employment and human rights issues are checked, as well as those related to compliance with occupational safety and environmental regulations.

85%
of all critical suppliers
are audited with visits to
their production centres
and interviews.

30% of all audited
suppliers carry out
corrective action plans
and **20%** improve their
performance in sustainability
matters.

More than **190**
audits have been
conducted on
suppliers over the
last five years.

An evaluation report for suppliers and subcontractors is issued each year. It identifies areas with scope for improvement and reflects any breach. If a breach is detected, the supplier must submit an improvement plan. The average evaluation is 2.08, on a scale defined by the company with a maximum of 3.

Number of evaluations conducted by Técnicas Reunidas over the last few years:

| | 2011 | 2012 | 2013 |
|------------------|------|------|------|
| Suppliers | 130 | 237 | 94 |
| Orders | 184 | 388 | 119 |

The large number shown in 2012 was due to three large projects that were underway. In 2014 the supplier evaluation criteria has changed, which will significantly increase the number of evaluated suppliers by approximately 40% with respect to 2013.

Supplier self-evaluation in sustainability matters

In order to extend its sustainability commitment, Técnicas Reunidas sends self-evaluation questionnaires to suppliers with whom it has a significant commercial relationship. In 2013 it received 181 completed questionnaires from suppliers.

Milestones

- Training expanded to suppliers in order to improve the purchasing process.
- Launch of a pilot project for local supplier self-evaluation in HSE matters.
- Improved segmentation and specification of procurement requirements.

Challenges

- To optimize supplier management.
- To encourage supplier synergies and achieve greater competitiveness.



Environment and society

- ✓ **Compromise with the environment**
- ✓ **Environmental Strategic Plan Execution**
- ✓ **Environmental added value in projects**
- ✓ **Active participation on the community**

Rigor on environmental data management and report

100%
of projects are managed under standardized environmental management systems

554,281
Euros on social action projects

31%
jobs on the countries where the projects are developed

An environmental focus oriented to upgrade...

Environmental rigor on the operations is a strategic requirement to Técnicas Reunidas. It grows the social concern about taking care of the environment and human activities impact on the environment. To answer those requirements, the company develops methodologies, technologies, and good practices that promote sustainability and minimize the environmental impact.

Técnicas Reunidas environmental management opens into two big lines of approach:

- Identification, evaluation, and follow up of significant aspects.
- Establishing quantitative objectives to development upgrade.

Environmental protection is one of Técnicas Reunidas basic performance premises. The company has the objective of proactively answer to the needs of a sustainable management on natural resources and of its associated impacts.

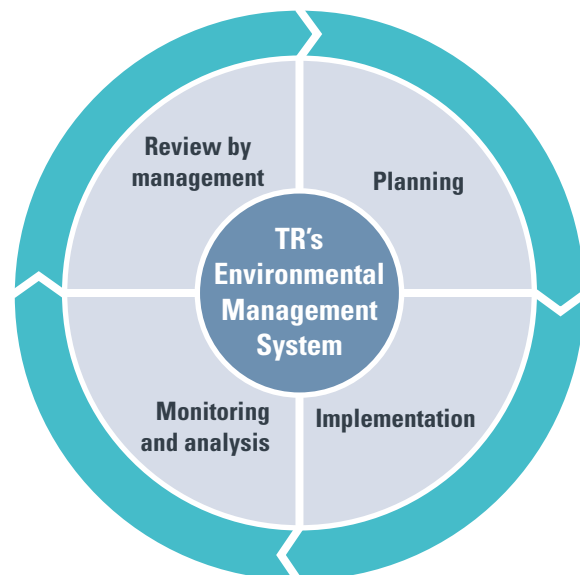
Técnicas Reunidas compromise on this area had a significant milestone in 2013 with the new corporate policy approval on the matter. The policy reinforces Técnicas Reunidas compromise of:

- Introduce, in an effective way, environmental aspects on the strategic and business plans and in all its activities.
- Promote the culture of continuous improvement on methods and work procedures, promoting a prevention philosophy.
- Establish environmental objectives and review them regularly.
- Fulfill with the current legislation, codes, and standards, as well as with any requirements that the company subscribes.
- Give employees and collaborators an adequate and continuous training.
- Promote environmental conscience among its employees and collaborators.

- Encourage the communication among its stakeholders and the distribution of pertinent and truthful environmental information.
- Encourage effective energy use and environment preservation and non-polluting activities.

...From a modern and rigorous management...

The company's environmental management system follows a cycle that begins with planning and culminates with the management's review.



Planning

According to its environmental policy, the company has developed corporate procedures that define environmental aspects, legal requirements and other environmental compromises, as well as objective, goals and programs.

Nowadays, the company is progressively introducing sustainability objectives, inspired by principles and directions from institutions like Global Reporting Initiative (GRI) and United Nations Global Pact.

Implementation

To answer such procedures, and according to corporate standards and the clients' requirements, two specific environmental plans are drawn up: one specific to the engineering and procurement, and the other regarding the construction phase. The first one includes the environmental and sustainability requirements that must be included on the engineering and procurement phase. The second one describes the environmental follow up needs on site adjusted to the project development.

During this phase are established the responsibilities to follow up and ensure the compliance of both environmental management plans. In addition, the necessary activities for implementation, control, and optimization of the environmental management system are programmed and to ensure the objectives compliance and the environmental goals. Furthermore, the objectives are distributed to the interested agents or stakeholders groups.

Engineering for sustainability

Técnicas Reunidas collaborated on the publication of "Engineering for sustainability: A practical guide for sustainable design", describing the current consensus on sustainable development at four levels: planet, society, business and engineering. It also provides the necessary information to engineers to design sustainable processes, products and value flows.

It was distributed amongst the management, intermediate managers and clients of the company, as well as amongst engineering universities, in order to encourage the implementation of solutions for sustainability in all the stages of design of the projects, ranging from a definition of requirements and summary of solutions to a final evaluation of the solutions proposed

Follow up and analysis

On the environmental management system are defined the necessary instructions to minimize the environmental impacts generated by the company's activities. The non-conformance cases are controlled and documented through inspections and audits to establish corrective and/or preventive actions.

Environmental System Management review

The company's direction does an annual revision on the environmental management system, to ensure its best performance, and just if it's necessary, promotes the corresponding actions for its upgrade, including the need for resources, training, and efficiency implement on systems and processes.

...that spreads on each activity and project

Técnicas Reunidas projects' comply with the ISO 14001 standard and with the environmental legislation of the country where the project is located.

The company prepares two plans for each project that answer the legal and contractual requirements: the environmental management plan during engineering and procurement phase and the environmental management plan for construction phase.

On each project are identified the applicable environmental requirements according to the type of project, country where is done, contracting company, etc..., and taking as foundation environmental impact evaluation procedures, licenses and specific clients' specific procedures, among others.

Engineering for sustainability

Técnicas Reunidas collaborated to publish the book "Engineering for sustainability: Practical Guide for a sustainable design", that describes the recent consensus on sustainable development in four areas: planet, society, company, and engineer.

Also, provides engineers the necessary information to design sustainable processes, products and value flows.

It was distributed to the management, intermediate managers, and company's clients, as well as to engineering university centers, with the idea of promoting the introduction of sustainability solutions in all the steps of project design, from requirements definition and solution synthesis to final evaluation of the proposed solutions.

With the purpose of ensuring established procedures compliance, the company does regular internal audits:

- Annually on the offices.
- At 30% and 70% advance on the projects on engineering phase.
- Quarterly on construction phase.

Also, at client's demand external audits are done on construction phase.

External audits are done annually by a company internationally certified (AENOR) that ratifies through triennial certification our environmental management system, based on ISO 14001 standard.

To provide services of project management, basic and detail engineering, procurement of equipment and materials, construction and commissioning for project executions including "turnkey" project in the following fields of activities:

- Oil and gas.
- Petrochemical.
- Fertilizers.
- Chemical industry.
- Nuclear facilities.
- Civil and construction engineering.
- Environmental engineering for water, wastes, atmospheric, and noise.
- Synthetic fibers.
- Pharmaceutical products, paints and resins, pulp and paper.

- Steel manufacturing and transformation, cryogenics and specific storages.
- Mining and materials handling, non-ferrous metallurgy.
- Food industry.
- Heat transfer/ technical.
- Power generation and co-generation.

Materials consumption

In 2013 the raw materials consumption, distributed between offices and sites, has been 579.790,44 tons, highlighting the concrete consumption, that raised to 567.893,943 tons (97.9% of total) and the structural steel, 8.739,05 tons.

Técnicas Reunidas pledges for the reuse of materials, enhancing the I+D+I directed to the recovery of non-ferrous metals, like zinc, lead, and mercury, among others.

Cenit Trainer Project: Recovery of strategic metals

Técnicas Reunidas, jointly with 12 other organizations of sectorial areas, I+D, and environment, took part from 2010 to 2013 on the Cenit Trainer Project. On the project frame, the company develops technologies for the extraction and purification of scarce metals of and high consumption nowadays, which are present in low concentrations on domestic and industrial wastes to be used later on as self-repairing materials.

This technology allows the reuse of strategic metals for the company's operations which extractions imply an important environmental and social impact.

Power and Climatal change

The improvements on power efficiency and emissions reduction are paramount to Técnicas Reunidas from the business point of view as well as for its sustainability compromise.

On this area, the company works on two main lines:

- Power efficiency as one of its strategic lines.
- Savings on the use and power optimization to reduce consumption and, consequently, the emissions of fixed and diffused focus.

In 2013, Técnicas Reunidas consumed 60.396,97 GJ of gasoline and 61.477,16 GJ of diesel. On the other hand, the electrical power consumption was 8.968,60 KWh.

Técnicas Reunidas has set as a goal to reach a 2% reduction on electrical power consumption on the offices for the next years. To achieve it, the company has introduced measures like:

- Elaborate preventive maintenance plans of electro mechanic equipment and construction machinery, among others.
- Definition of control files and environmental reports specific to power consumption and definition of objectives to optimize processes.

- Awareness campaigns through the corporate intranet, face to face, as well as through our employees' training.
- Comparative analysis on power consumption on the buildings to define a power efficiency plan.

Clear communication: Carbon Disclosure Project

The Carbon Disclosure Project Iberia 125 Climate Change Report 2013 granted Técnicas Reunidas 81 points out of 100 which set the company among the top ones in Spain and in the world.

The two main elements analyzed on the report are the quality of communication regarding climatic change and greenhouse gas emissions introduced to the market through the Carbon Disclosure Leadership Index (CDLI), and the actions promoted by the companies to reduce their carbon emissions and reduce climatic change risks, through Carbon Performance Leadership Index (CPLI).

| Energy Source | Direct Power Consumption (GJ) | Indirect Power Consumption (GJ) |
|---------------|-------------------------------|---------------------------------|
| Diesel | 61,477.16 | - |
| Oil | 60,396.97 | - |
| Electricity | - | 8,540.87 |
| Total | 121,874.13 | 8,540.87 |

To adjust to its new reality and to the requirements of the stakeholders, Técnicas Reunidas has done an important effort on the measurement of CO₂ emissions including not only the emissions related to direct and indirect power consumption but also the activities that not under the company's control. This first emission accounting acts as departure point on the implantation and execution of new measures to encourage the company's commitment to fight climatic change.

Through emission reduction initiatives, Técnicas Reunidas emitted to the atmosphere in 2013 9,45% less than in 2012 by FTE(Full Time Employee), a tendency that is part of a strategic proposal to reduce a 12% the emissions on Scope 1 and 2.

| GEI emissions 2013 (t) | |
|------------------------|------------------|
| Scope 1 | 8,215.98 |
| Scope 2 | 2,785.18 |
| Scope 3 | 12,293.92 |
| Total | 23,295.08 |

Water management

Técnicas Reunidas operates on some of the regions with the most hydric stress on the world. For this reason, it searches for the best processes on hydric resources management, identifying innovative ways to limit the impact on water use and benefit local communities and the environment.

After its use, there were obtained 32.245,11m³ of water, that went to water purifying plants for a treatment previous to its reutilization or its introduction to the habitat.

| Water consumption by source 2013 | m ³ |
|----------------------------------|-------------------|
| Water for concrete | 50,747.97 |
| Drinking water network | 30,494.13 |
| Tanks | 3,729.87 |
| Wells | 118,829.12 |
| Treatment facilities | 0.8 |
| Rivers and lakes | 13,128.00 |
| Total | 216,929.89 |

Wastes

The company has the goal of reducing to the maximum the wastes generation by optimizing the efficiency on the recycling processes, thereby diminishing their environmental impact.

The main type of wastes generated by the activity at Técnicas Reunidas are:

| Hazardous Wastes generated by type (t) | |
|--|---------------|
| Aerosols | 1.506 |
| Alkaline batteries | 0.076 |
| Bio-sanitary wastes | 0.096 |
| Button batteries | 0.003 |
| Electric and electronic equipment | 0.771 |
| Filtration and absorption materials | 5.800 |
| Fluorescent tubes | 1.098 |
| Lead batteries | 0.025 |
| Energy-efficient light bulbs | 0.002 |
| Oils | 6.460 |
| Packaging of hazardous materials | 4.350 |
| Toner classified as hazardous | 0.001 |
| Total | 20.189 |

Non-hazardous wastes generated by type (t)

| | |
|---------------------|----------------|
| Domestic wastes | 285,228 |
| Other wastes | 40,000 |
| Inert wastes | 180,520 |
| Metals | 2,100 |
| Paper and cardboard | 55,982 |
| Cartridges | 1,077 |
| Wood | 1,652 |
| Total | 566,559 |

Spills

Técnicas Reunidas has procedures to prevent, search, and respond to environmental incidents, generating the internal knowledge necessary to prevent them, and obtain a continuous environmental upgrade.

It's important to remark that Técnicas Reunidas has never had an environmental fine or indorsement during 2013.

An example of Técnicas Reunidas commitment with environmental incident prevention is its low volume on significant spills during 2013, registering 0.06 m³.

Milestones

- Environmental strategic plan development.
- Carbon Disclosure Project questionnaire completion.
- Renew the commitments undertaken by signing the UN Global Compact Sustainability Principles.
- Implement the system to compile environmental data to calculate the company's environmental print.

Challenges

- Calculate the company's carbon footprint, including scopes 1, 2 and 3.
- Reduce electricity consumption on buildings 2% in 3 years.
- 12% reduction equivalent CO₂ tn emissions by 2020.
- Development of centralized database to follow up and distribute corrective actions appeared on environmental audits to the projects.

Our commitment to society

At Técnicas Reunidas we remain true to the conviction that social commitment is inherent to business activity, to which the growing level of prosperity and wellbeing of the planet's inhabitants can largely be attributed. Our main responsibility is to make daily improvements to the quality of the service we offer our clients. This is what will allow us to create value, generate quality jobs, invest in research and development and pay our taxes. Becoming better and better each day at what we do also enables us to generate a surplus that may be allocated to social causes.

Furthermore, at Técnicas Reunidas we believe that it is also our responsibility to support organizations that work to improve our society, including those

which work to promote culture and science, international cooperation and solidarity, and business and entrepreneurial activity.

As a result, Técnicas Reunidas has chosen a varied range of collaborative channels. These include monetary contributions, which represented nearly 550,000 Euros in 2013, the organization of events and conferences in the company's auditorium, and volunteering by Técnicas Reunidas' staff.

The table below provides details of just some of the associations, foundations and institutions with which Técnicas Reunidas collaborates.



Our commitment to art, culture and science

Técnicas Reunidas lends its support to a number of significant organizations whose mission is to promote art, culture and science. These include the following:



Incorporated in 1986, the mission of the “*Colegio Libre de Eméritos*” is to harness the creativity and teaching skills of retired university professors to the benefit of Spanish society. Essentially, it promotes the creation and dissemination of culture in Spain, drawing on the support of leading figures in the intellectual, scientific, academic and university spheres. Técnicas Reunidas is one of its founding entities and patrons and acts as first vice-chairman, through Mr. José Lladó Fernández-Urrutia.

In 2013 valuable on-site and internet courses were given on historical, scientific and legal subjects.

Mr. Juan Torres (Chairman of the Board), Mr. Juan Velarde, Mr. Rodolfo Martín Villa, Mr. Salustiano del Campo, Mr. Miguel Artola, Mr. Antonio Bonet, Mr. José Luis García Delgado, Mr. Francisco Rubio Llorente, Mr. Santiago Guisolia, Mr. Víctor Pérez Díaz, Ms. Margarita Salas and Mr. Gabriel Tortellá are just a few of the foundation’s prestigious board members.



The “*Fundación Xavier Zubiri*” is a private cultural institution created in 1989, which protects the legacy of the Spanish philosopher as well as the rights to the work of Américo Castro that were donated to the Foundation by Carmen Castro, the historian’s daughter and Xavier Zubiri’s wife. This renowned independent research and teaching institute enjoys a broad network of contacts and associations in universities throughout Spain and across the globe. The Foundation brings together professionals, academics and researchers specialised in medicine, theology and philosophy. Its annual courses on the History of Practical Philosophy, Ethics, History, and Philosophy of Religion, are highly prestigious. Since 2013 it has held an international seminar on the Origins of Judaism and Christianity, in collaboration with the Universidad Camilo José Cela. This seminar, which is unprecedented in the Spanish university sector, will be repeated until 2015, inclusive.

The notable intellectuals belonging to its board include Mr. Olegario González de Cardedal, Mr. Antonio González and Mr. Diego Gracia (Director). Former members, now deceased, include Mr. Pedro Laín Entralgo, Mr. Gonzalo Anes, Mr. Rodrigo de Uría, Mr. Manuel Gómez de Pablos and Mr. Domingo García Sabell. Técnicas Reunidas is the Chairperson of this Foundation, through Mr. José Lladó Fernández-Urrutia, and also acts as General Secretary, through Doctor Marta Lladó Arburúa. The company has been linked to this institution since the very start of its activity.



The “*Fundació Pasqual Maragall*” for Research on Alzheimer’s was created in April 2008 to promote and support scientific research into this disease and related neurodegenerative illnesses, with a view to finding solutions to age-related cognitive problems. Its objectives include encouraging the private sector to assume a leading role in biomedical research, promoting the effective involvement of patrons and private investors to finance its scientific research and innovation projects.

Técnicas Reunidas is on the Patronage Council of the Foundation.



Fundación
Príncipe de Asturias

The “*Fundación Príncipe de Asturias*” aims to consolidate the existing ties between the Principality and the Prince of Asturias and to contribute to extolling and promoting those scientific, cultural and humanistic values that form part of the universal heritage of humanity. Since 1981 the Foundation has granted the Príncipe de Asturias Awards, which are divided into various categories, including the Arts, Social Sciences, Communication and Humanities, International Cooperation, Technical and Scientific Research, Literature, Sports and Concord.

Técnicas Reunidas is a founding member of its Board and Mr. José Lladó Fernández-Urrutia presides over the jury that grants the annual Príncipe de Asturias Award for Arts.



The aim of “*Ulls del Món*” is to improve the visual health of persons suffering from eye disease, training local doctors and providing technical knowledge, equipment and fungible materials in some of the world’s poorest countries, including Bolivia, Mozambique and Mali. It also strives to prevent avoidable causes of blindness through campaigns promoting visual hygiene and eye check-ups for children.

Técnicas Reunidas actively collaborates with this Foundation.



Fundación Amigos
Museo del Prado

The “*Fundación Amigos Museo del Prado*” is a private non-profit cultural organization that dates back to 1980. In addition to supporting the museum, it encourages renowned personalities to join the Foundation with a view to their providing extensive and committed support over time. Since its creation, many individuals, institutions and businesses have contributed to the achievement of its foundational purpose. Mr. José Lladó Fernández-Urrutia is a patron of this foundation.



The Queen Sofía Spanish Institute was founded in 1954 to promote awareness and understanding of Spanish speaking culture in the United States, and was renamed in November 2003 to recognise the support given by Her Majesty the Queen Sofía of Spain. The Institute carries out cultural and educational activities and is committed to the arts and Spanish artists. Mr. José Lladó Fernández-Urrutia is a member of the Foundation's Board of Directors.

International cooperation and relations and solidarity

One of the objectives of Técnicas Reunidas' philanthropy is to support initiatives aimed at increasing people's knowledge about Spain across the globe and to generate opportunities for exchanges that will strengthen Spain's foreign relations.

Our participation in the following projects is particularly notable:



The International Affairs and Foreign Policy Institute (INCIPE) is a cultural foundation whose primary objective is to conduct research and debates concerning Spanish foreign policy and international relations. It seeks to raise awareness of these issues among Spanish citizens and to defend Spain's national interests overseas. Mr. José Lladó Fernández-Urrutia is the Chairperson of the Institution, to which he has belonged since its creation in 1991. Its patrons include renowned figures in the political and academic spheres, such as Mr. Darío Valcárcel, Mr. Luis Solana Madariaga, Mr. Pedro Schwartz and Mr. Pedro Solbes. Former chairpersons include the late Mr. José María Areilza and Mr. Eduardo Serra.

During 2013 INCIPE held many different seminars, conferences and working breakfasts to discuss international current affairs, focusing on security and defence in the foreign relations of Europe, the USA and Asia.



"*Estudios de Política Exterior*" is a private and independent editorial group incorporated in Madrid in 1985, which edits magazines, reports and books on international affairs. Since its creation it has sought to analyse Spain's foreign interests and Spanish culture across the globe. Today, Estudios de Política Exterior is a recognised forum, both within and outside Spain, for the discussion of the most current issues in international politics

The first issue of "Política Exterior" was published in January 1987. Since then, this two-monthly magazine has provided information and analyses focused on an ever-more rapidly changing international scenario. "Política Exterior" brings together firms from all over the world in a free exchange of ideas to foment a better understanding of Spanish, European and global problems. Técnicas Reunidas partly finances this important publication.



The aim of this foundation is to raise Spain's profile in China and to collaborate with the government to complement foreign policy with civil society initiatives. The Foundation encourages greater bilateral exchange from a global perspective and organises its own programmes and activities to strengthen an interest in China.

Mr. Juan Lladó Arburúa, CEO of Técnicas Reunidas, is the Executive Chairman of the Foundation's Board.



The "*Fundación Consejo España-EEUU*" is a non-profit organization that was created in 1997 as a civil society initiative and is supported by the Spanish government and a number of academic institutions. Its purpose is to promote multiparty dialogue on economic, financial, cultural, educational, political and professional matters between Spanish and US society. Its members include large companies, cultural and academic institutions and public servants to achieve a better understanding between Spanish and US society and institutions and to generate beneficial opportunities for both countries.

Mr. Juan Lladó Arburúa is a patron of this Foundation.

Fundación Consejo España-Rusia



The “*Fundación Consejo España-Rusia*” was created in September 2008 on the initiative of the Spanish President and the Russian Prime Minister. Its objective is to develop and strengthen relations between Spanish and Russian civil society through three channels: the participation of civil society in relations between the two countries; cultural relations; and economic/commercial relations.

At the proposal of the Ministry of Foreign Affairs and Cooperation, INCIPE was appointed Secretary of the Foundation. Its members include BBVA, Santander, FCC, Garrigues, Iberdrola, Indra, Maxam, Mondragón, Repsol, Roca, Técnicas Reunidas and Telefónica, together with representatives from the government and other institutions.

Over the last few months the Foundation has held a number of meetings between Russian public entities and businesses and their Spanish counterparts to increase their knowledge of the respective civil societies.

Técnicas Reunidas serves on the Foundation’s board of trustees, which is currently chaired by Mr. José Pedro Sebastián de Erice, General Secretary of Técnicas Reunidas International.



The “*Fundación Consejo España-India*” is a private cultural foundation which, since 2009 and with the support of the Spanish authorities, has been working to promote relationships of mutual interest between the civil societies of Spain and India. The Foundation focuses on financial, trade and business cooperation, as well as cultural, scientific, civic, educational and environmental matters.

Técnicas Reunidas is a patron of this foundation.



The “*Fundación Chile-España*” was established in May 2011 to foment all types of exchange between the two countries, thus strengthening the ties between our citizens and governments.

Técnicas Reunidas is a founding patron of the foundation and actively participates in its activities.



The “*Cámara Oficial de Comercio de España en China*” plays a valuable role in institutional relations and in the common defence of the collective interests of Spanish businesses in China. To this end, it encourages communication between the growing community of Spanish businesses in China and the local authorities.

Técnicas Reunidas, through its Beijing office, actively participates in the Chamber’s activities.

Técnicas also supports organizations that seek to improve the quality of life. These organizations include the following:



“*Cáritas*”, which was founded by the Episcopal Conference, is the official confederation of the charitable and social action organizations of the Catholic Church in Spain. It carries out highly valuable work in Spain supporting and promoting the social inclusion of a number of different groups in precarious situations and/or at a risk of social exclusion.

Técnicas Reunidas collaborates with “*Cáritas*” through direct donations.



Food banks are non-profit volunteer organizations that recover surplus food for redistribution amongst the needy, avoiding any waste or misuse.

Técnicas Reunidas collaborates with the “*Federación Española de Bancos de Alimentos*”.

Promoting business and entrepreneurial activity

Técnicas Reunidas also supports organizations that seek to draw society’s attention to the importance of certain business or scientific activities, defending the common interests of these initiatives, or creating platforms to support new enterprises requiring help for their development.



The Spanish Association of Manufacturers of Capital Goods encompasses one hundred and thirty companies and industrial groups and five sector associations, representing more than four hundred companies and groupings related to the design, manufacturing, maintenance and assembly of capital goods.



Spanish Seniors for Technical Cooperation is a non-profit organization, which was declared to be of public interest in 1995. Its volunteers, all of whom are qualified professionals, include retirees, early retirees and people currently in employment, who voluntarily offer their experience and knowledge of business management to entrepreneurs or other groups that may require their assistance.



COGEN encompasses all those companies that believe in co-generation as a system that contributes efficiency to the energy sector and promotes its evolution towards a sustainable energy market.



ANQUE's mission is to be a spokesperson for all Spanish chemists and to defend their professional interests and image, increasing their scientific and professional standards and obtaining greater social acknowledgment of their work. ANQUE aspires to promote the activity of Spanish chemists in all fields – scientific, technical, social, economic and cultural - both nationally and internationally.



The "Foro Nuclear" groups together all those Spanish companies related to the peaceful use of nuclear energy, ensuring the integration and coordination of their interests with the highest standards of safety and reliability in terms of nuclear plant operations. The objectives of the Nuclear Forum are focused on informing society about nuclear energy and, consequently, involve training, education and communication.



Técnicas Reunidas is a very active member of this association, founded over 50 years ago, which brings together engineering, consultancy and technological service companies in Spain to promote our common interests and the "Spain Brand" inside and outside Spain.



Corporate Governance

- ✓ Practices in line with the latest recommendations
- ✓ An independent board of directors
- ✓ Internal control and maintenance of the company's ethical tone

100%
attendance rate at
board meetings

50%
of all board members
are independent

85%
of all employees have
received training on ethics
and compliance

The corporate governance approach assumed by Técnicas Reunidas is based on the applicable standards and recommendations issued for listed companies.

Our policies, procedures and controls provide investors and all other stakeholders with the assurance that the company's decisions will be aimed at maximising long-term value creation.

The board considers, determines and oversees the stance taken with respect to the main risks, challenges and decisions facing the company. It is also in charge of duly controlling the most significant issues for the company in the short, medium and long term: strategy, risk management, development of the management model, development of management personnel and compliance.

Strategy and risks

The board devotes a considerable part of its time to the strategic orientation and supervision of the achievement of the company's business objectives. The executives responsible for achieving these goals report periodically to the board on the monitoring and execution of the company's business plans.

The board supervises the performance of each business area and maintains regular contact with the company's senior management.

Another of the board's main tasks is to ensure the adequate operation of the company's management and risk control systems. The audit committee reviews the key components of risk management and ensures that the company has the necessary policies, processes and controls in place.

Governing bodies of the company

Shareholders at the general meeting

This is the ultimate decision-making body of the company's owners. Its responsibilities include appointing the members of the board of directors, and taking decisions regarding the remuneration policy and the distribution of profit.

Board of directors

The board of directors guides, supervises and controls the company's affairs. It determines, inter alia, the strategic direction to be followed by the company and oversees the achievement of the objectives established. It ensures that all policies, processes and controls are adequate for risk management and regulatory compliance purposes.

Board committees

These committees monitor certain key issues for the company and its owners on behalf of the board. They review the effectiveness of internal control and risk management systems; ensure that the board has the necessary powers; and determine the remuneration policies required to bring the long-term interests of management into line with those company's owners.

The board of directors is also responsible for setting the tone on ethics and compliance. In this regard, it is the body in charge of ensuring that an effective model of ethics exists, and of overseeing compliance with the standards applicable to the company and its employees.

The board's duties include approving the Corporate Social Responsibility Policy, the Corporate Governance Policy, the Control and Risk Management Policy, and periodically monitoring the internal reporting and control systems.

An independent Board

The board of Técnicas Reunidas has twelve members, of whom only two are executives. Three are proprietary external directors and six are independent. The remaining external director is not considered a proprietary or an independent director due to his contractual ties with the company.

The selection procedures used by Técnicas Reunidas are not subject to any underlying biases that would prevent the selection of female directors. At 31 December 2013 the board of directors consisted of the following persons:

| Name | Position | Status | First appointment | Latest appointment |
|-------------------------------------|---------------|------------------|-------------------|--------------------|
| José Lladó Fernández-Urrutia | Chairman | Executive | 10/05/2006 | 22/06/2011 |
| Juan Lladó Arburúa | Vice-Chairman | Executive | 10/05/2006 | 22/06/2011 |
| Fernando De Asúa | Vice-Chairman | Independent | 10/05/2006 | 22/06/2011 |
| Juan Miguel Antoñanzas | Vice-Chairman | Independent | 10/05/2006 | 22/06/2011 |
| Antonio De Hoyos | Director | Independent | 10/05/2006 | 22/06/2011 |
| Diego Del Alcázar | Director | Independent | 25/03/2010 | 22/06/2011 |
| Javier Alarcó | Director | Independent | 25/03/2010 | 26/06/2012 |
| Javier Gómez-Navarro | Director | Independent | 10/05/2006 | 22/06/2011 |
| José Manuel Lladó | Director | Main Shareholder | 10/05/2006 | 22/06/2011 |
| Pedro Luis Uriarte | Director | Independent | 22/06/2011 | 22/06/2011 |
| William Blaine Richardson | Director | External | 22/06/2011 | 22/06/2011 |
| Álvaro García-Agulló | Director | Main Shareholder | 10/05/2006 | 22/06/2011 |

During 2013 the board of directors met in seven occasions. There was a 100% attendance rate at these meetings.

In 2013 the board's global remuneration totalled 2,690 thousand Euros.

The board, in compliance with prevailing standards, prepared a remuneration report for 2013 which, after being approved by the Appointment and Remuneration Committee, was presented to the shareholders at their general meeting and voted upon, on a consultative basis.

As established in its regulations, the board periodically evaluates the quality and efficiency of its activities, committees and chairs, based on the reports raised to it by the Appointment and Remuneration Committee or the Audit Committee, as applicable.

Audit and control committee

This committee is formed by five non-executive directors. Three are independent external directors, including the chairman, and two are proprietary external directors.

During 2013 the committee held a total of eight meetings, all of which were attended by the company's financial management.

During 2013 the committee continued working within its sphere of responsibility:

- Compliance with accounting regulations.
- Development of risk management and supervision of the efficiency of the internal control system.
- Active communication between the committee, the external auditor and the company's financial management.

Another of the Committee's main tasks is to examine the company's rules of governance and propose improvements. These proposals are included in the annual report on the activity of the audit and control committee.

Appointment and remuneration committee

This committee is formed by five non-executive directors, four of whom are independent, including the chairman, and one proprietary director.

The committee informs the board of directors about the systems and amount of the annual remuneration paid to directors and senior executives.

Its other duties include ensuring transparency with respect to remuneration and it reports to the board on any transactions that involve or could potentially involve a conflict of interest.



Ethics and integrity

Técnicas Reunidas complies with all the specific regulations that apply to its activity, as well as all other applicable legislation.

In this regard, it fulfils the obligation to provide economic and financial information on a quarterly, six-monthly and annual basis, and to report significant events and any other information requested to the Spanish Securities Market Commission.

Furthermore, the company's shareholders and investors have a website at their disposal where they may consult any corporate governance data and other relevant information required by law so that they may duly exercise their rights.

Additionally, the procedures implemented in the company's various business and support areas facilitate compliance with the specific regulations governing its business and activity.

Code of conduct

Técnicas Reunidas expects its code of conduct to be approved during 2014. During 2013 discussion continued regarding its approval and subsequent distribution, to ensure its adequate implementation in the company.

The principles of the code of conduct that should define Técnicas Reunidas' conduct vis-à-vis its stakeholders include integrity, professionalism, a respect for the law, human rights and civic values, quality and innovation and a client-based approach, professional development, non-discrimination, equal opportunities and respect for the environment.

This code constitutes a written expression of a way of doing things that forms part of the company's culture. Company initiatives in the area of ethics

and compliance in 2013 included the analysis of 95% of all business units from an ethics and integrity perspective, and the provision of training on anti-corruption procedures to 85% of our employees.

Whistle-blowing channel

Técnicas Reunidas will provide a confidential channel for employees to inform the board of any financial or accounting irregularities, as well as any breaches of the code of conduct, or irregular activities within the company, specifying whether or not the information provided is of a confidential nature.

Milestones

- Analysis of risks relating to ethics and integrity in the different business units.
- Employee training on anti-corruption procedures.

Challenges

- Deployment of the corporate social responsibility policy.
- Deployment of the code of conduct of Técnicas Reunidas
- Communication and deployment of the whistle-blowing channel

Preparing the Sustainability Report

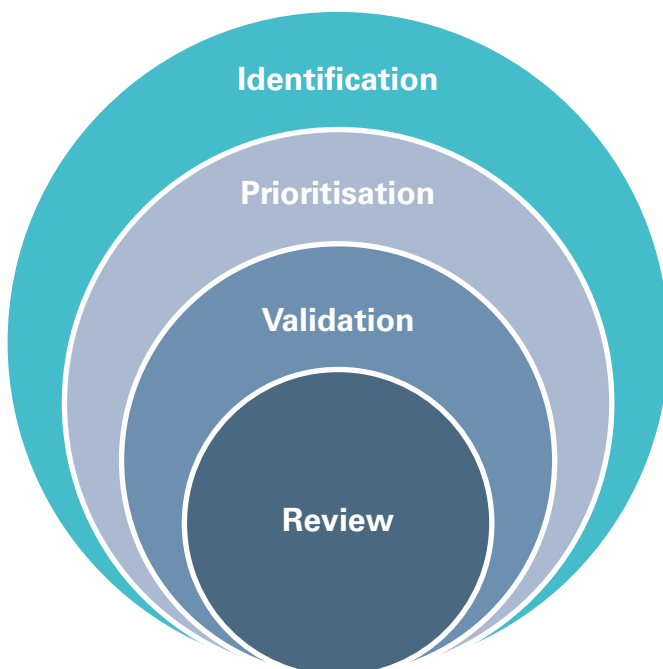
G4-18

Process for determining materiality

Técnicas Reunidas conducted a materiality analysis to identify material aspects from among the general and specific standard disclosures listed in the GRI (G4) Guide.

Furthermore, it has established a definition more in line with the reality of its business and the company's individual characteristics to identify these key issues.

Técnicas Reunidas has determined the materiality of these aspects by selecting relevant issues (including both specific matters considered in G4 and non-G4 matters) through an external analysis drawing on public sources of information from reference bodies and stakeholders; and an internal analysis based on interviews with the managers of the main business areas. The definition of the material aspects is the result of the following process:



.....
 The process begins with the **Identification** of relevant issues, taking into account their effect on TR's value chain.

.....
Prioritisation of the relevant issues identified to determine which ones are material.

.....
Validation of the ranking, by priority, of the relevant issues by TR results in a list of specific disclosures to be included in the Sustainability Report.

.....
 The **Review** ensures that the material aspects considered are applied to the company's stakeholders and its sustainability policies

G4-18

Identification of material aspects

The material aspects included in the GRI's G4 Sustainability Reporting Guidelines have been taken as the starting point for identifying those issues that are relevant for Técnicas Reunidas, together with an analysis of the expectations and concerns of influential parties, including both key sector players and the company's stakeholders.

The company has considered the following influential parties, all of which are benchmark organizations in sustainability for identifying material aspects:

- International bodies and sector institutions: Organization for Economic Cooperation and Development (OECD) and the United Nations Global Compact (UNGC), International Energy Agency and the World Business Council for Sustainable Development.
- Investors: Dow Jones Sustainability Index and FTSE4Good.
- Stakeholders: Global Reporting Initiative Report on "Sustainable topics", which includes the various aspects identified as relevant for sector stakeholders.

In addition, TR has taken into account the matters identified as relevant for its stakeholders through an analysis of 2013 press releases.

Prioritisation of material aspects

The prioritisation of the issues identified depends on their presence in the sources analysed and the references made to them by each influential party or opinion leader.

Internal validation

The material aspects identified were verified with various areas of the company:

- Financial management
- Operations
- Occupational safety and risk prevention
- Procurement
- Environment
- Human Resources
- Innovation

In-depth study and reviews

The analysis conducted by Técnicas Reunidas has identified 17 material aspects, divided into two categories:

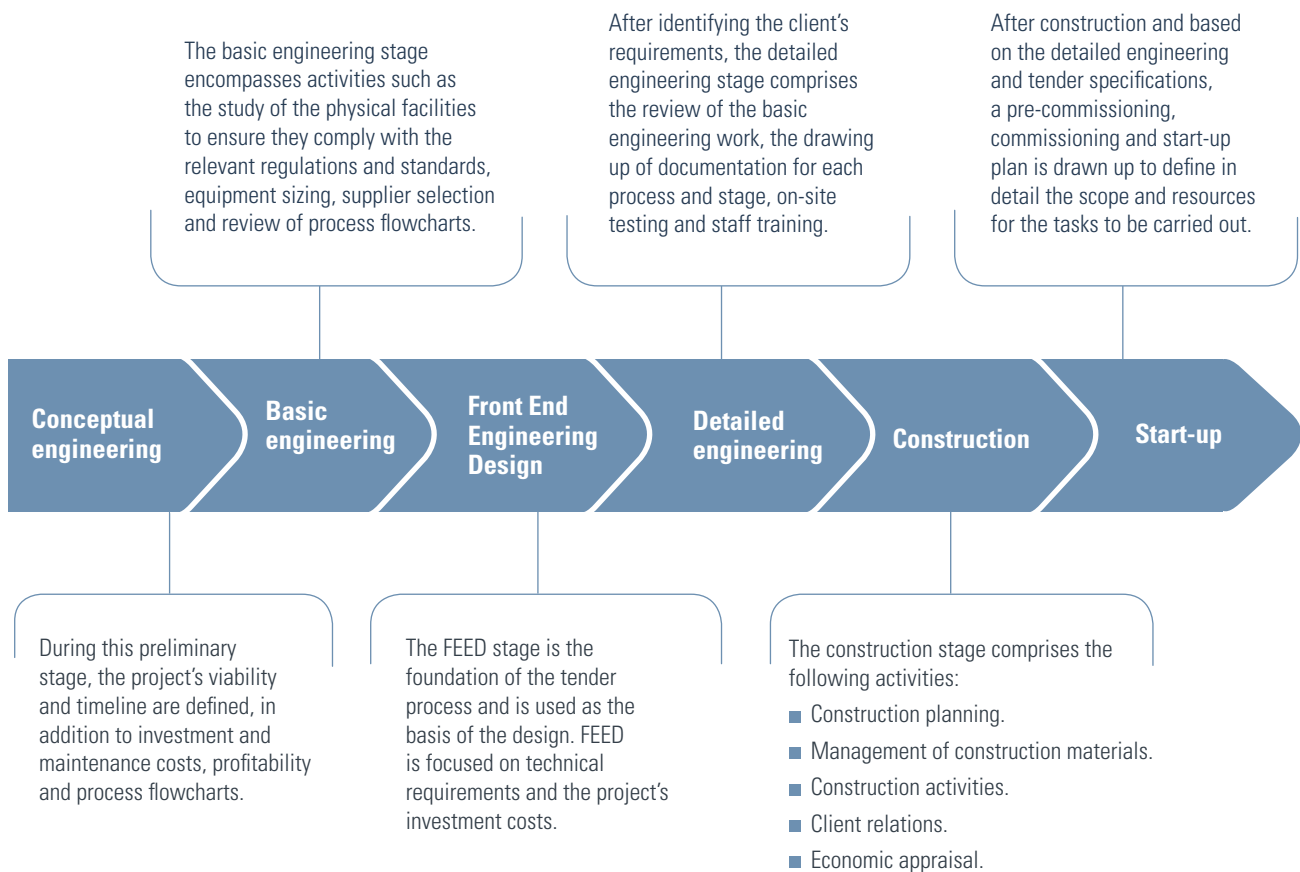
- Aspects identified based on the G4 Sustainability Reporting Guidelines
- Other aspects of relevance to the company, sector and stakeholders that are not included in the G4 Sustainability Reporting Guidelines

NOTE: After identifying and prioritising these material aspects, a list was drawn up considering those contained in the G4 Sustainability Reporting Guidelines and those identified by the company's stakeholders.

The materiality matrix classifies these aspects, separating GRI aspects from other issues relevant for the sector in which the company operates, and which must be addressed by the company to satisfy the expectations of its stakeholders and ensure the success of its business. Each indicator will be reflected in the Table of Contents included at the end of this 2013 Sustainability Report.

Value chain

As provided for in the G4 Sustainability Reporting Guidelines, and in order to determine what is material and where it is relevant, the company has defined the various stages of the value chain in which each aspect is relevant.



There were no significant changes in the company's value chain during 2013.

Map of material aspects (G4-20, G4-21, G4-22)

To facilitate the identification of material aspects, TR has indicated the materiality of each aspect under two points of reference:

- Point in the value chain at which the aspect is material.
- Aspect boundary, i.e. where the aspect has an impact, inside or outside the company, and, consequently, the stakeholder affected.

| Ranking by % of materiality | GRI aspects | | Conceptual engineering | Basic engineering | FEED | Detailed engineering | Construction | Start-up | Impact within and/or outside the organization by stakeholder(s) affected | Chapter of this report in which the aspect is addressed |
|-----------------------------|---------------------------------|----|------------------------|-------------------|------|----------------------|--------------|----------|--|---|
| 100% | Training & Education | LA | ● | ● | ● | ● | ● | | Employees | Human Resources |
| 100% | Occupational health and safety | LA | | | | ● | ● | ● | Employees Suppliers | Human Resources Innovation and suppliers |
| 100% | Anti-corruption | SO | ● | ● | ● | | | | Society Employees | Corporate Governance Human Resources |
| 83% | Effluents and waste | EN | | | ● | ● | ● | ● | Society | Environment and society |
| 83% | Emissions | EN | | | ● | ● | ● | ● | Society | Environment and society |
| 83% | Diversity and equal opportunity | LA | ● | ● | ● | ● | ● | ● | Employees | Human Resources |
| 67% | Energy | EN | | | ● | ● | ● | ● | Society | Environment and society |
| 67% | Water | EN | | | ● | ● | ● | ● | Society | Environment and society |
| 67% | Employment | LA | ● | ● | ● | ● | ● | ● | Employees | Human Resources |

G4-20, G4-21, G4-22

| Ranking by % of materiality | GRI aspects | | Conceptual engineering | Basic engineering | FEED | Detailed engineering | Construction | Start-up | Impact within and/or outside the organization by stakeholder(s) affected | Chapter of this report in which the aspect is addressed |
|-----------------------------|--|----------------------|------------------------|-------------------|------|----------------------|--------------|----------|--|---|
| 67% | Freedom of association and collective bargaining | HR | ● | ● | ● | ● | ● | ● | Employees | Human Resources |
| 50% | Compliance | EN | | | ● | ● | ● | ● | Society | Environment and society |
| 50% | Human rights assessment | HR | ● | ● | ● | | ● | | Employees | Human Resources |
| 50% | Security practices | HR | | | | | ● | ● | Employees Society | Human Resources |
| 50% | Product and service labelling | PR | | | ● | ● | ● | ● | Clients | Innovation and suppliers |
| 33% | Supplier assessment | EN LA HR | | | | ○ | ○ | ○ | Suppliers Society Clients | Innovation and suppliers Environment and society |
| 33% | ESG grievances filed, addressed and resolved | EN LA HR SO | ○ | ○ | ○ | ○ | ○ | ○ | Society Employees | Environment and society Human Resources Code of conduct |
| 33% | Investment in human rights | HR | | | | ● | ● | ● | Employees | Human Resources |

Scope of information

G4-17

The information included in this Sustainability Report refers to all the activities carried out by Técnicas Reunidas during 2013. Técnicas Reunidas presents its sustainability report on an annual basis.

For purposes of comparison and to provide the reader with an overview of the data included in the report over time, where possible this information has been provided for 2011, 2012 and 2013. The list of companies belonging to the Técnicas Reunidas Group at 31 December 2013 is included in this report and in the Group's annual accounts.

G4-18

Compliance with benchmark standards

The company has prepared this report in accordance with the latest version of the “Sustainability Reporting Guidelines” of the Global Reporting Initiative (G4). Pursuant to GRI recommendations, a balanced and fair presentation

of company performance requires the application of certain principles to determine the content of any public information prepared on the subject and to guarantee its quality.

In this respect, Técnicas Reunidas considers that this 2013 Sustainability Report has been prepared in accordance with GRI G4 at core level.

Global Reporting Initiative principles used to prepare this Sustainability Report

Materiality. For this Sustainability Report we have considered as material the aspects identified as such in the corresponding materiality study.

Stakeholder participation. Técnicas Reunidas has identified its stakeholders and takes measures to engage with them.

Sustainability context. This Sustainability Report analyses the company's performance in the context of the economic, environmental and social requirements imposed by the society and market in which it operates.

Exhaustiveness. The general content of this Sustainability Report has been defined together with the heads of the company's main management areas, to ensure that the reality of each area of activity has been taken into account.

Balance. This report aims to describe the challenges and areas for improvement in Técnicas Reunidas' performance.

Comparability. Where possible, this information has been provided to enable an analysis of the company's performance over time.

Accuracy. The information provided is sufficiently detailed to enable the company's stakeholders to adequately assess the company's performance.

Frequency. Técnicas Reunidas publishes its report each year.

Clarity. The information presented in this Sustainability Report is comprehensible, accessible and useful.

Reliability. The data compiled in this Sustainability Report were obtained from the various corporate policies and procedures followed by Técnicas Reunidas.

For consultations and additional information:

All readers may address their queries, consultations or requests for information through the company website:

www.tecnicasreunidas.es



Appendices

Appendix I. GRI content index

Appendix II. Sector content index

Appendix I. GRI content index

The table below indicates the chapters and pages of Técnicas Reunidas' 2013 Sustainability Report in which the various Global Reporting Initiative requirements are presented (version G4).

| GENERAL STANDARD DISCLOSURES | | |
|-------------------------------|----------------------------------|---|
| General Standard Disclosures | Page (or Link) | External Assurance Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report. |
| STRATEGY AND ANALYSIS | | |
| G4-1 | Page 3 | No |
| ORGANIZATIONAL PROFILE | | |
| G4-3 | Page 4 | No |
| G4-4 | Page 16 | No |
| G4-5 | Page 15 | No |
| G4-6 | Page 17 | No |
| G4-7 | Page 15 | No |
| G4-8 | Pages 17, 18 | No |
| G4-9 | Pages 18, 19, 27 | No |
| G4-10 | Pages 27, 28 | No |
| G4-11 | Page 29 | No |
| G4-12 | Page 74 | No |
| G4-13 | Page 74 | No |
| G4-14 | Pages 66, 68 | No |
| G4-15 | Pages 46, 57 | No |
| G4-16 | Pages 59, 60, 61, 62, 63, 64, 65 | No |

(Continue)

GENERAL STANDARD DISCLOSURES

| General Standard Disclosures | Page (or Link) | External Assurance Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report. |
|------------------------------|----------------|---|
|------------------------------|----------------|---|

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

| | | |
|-------|------------------|----|
| G4-17 | Page 76 | No |
| G4-18 | Pages 72, 73, 77 | No |
| G4-19 | Page 22 | No |
| G4-20 | Pages 75, 76 | No |
| G4-21 | Pages 75, 76 | No |
| G4-22 | Pages 75, 76 | No |
| G4-23 | Page 22 | No |

STAKEHOLDER ENGAGEMENT

| | | |
|-------|---------|----|
| G4-24 | Page 25 | No |
| G4-25 | Page 25 | No |
| G4-26 | Page 25 | No |
| G4-27 | Page 25 | No |

REPORT PROFILE

| | | |
|-------|---|----|
| G4-28 | Cover | No |
| G4-29 | Page 76 | No |
| G4-30 | Page 76 | No |
| G4-31 | Page 77 | No |
| G4-32 | Page 77 | No |
| G4-33 | Técnicas Reunidas has not verified its 2013 Sustainability Report | |

GOVERNANCE

| | | |
|-------|------------------|----|
| G4-34 | Pages 68, 69, 70 | No |
|-------|------------------|----|

ETHICS & INTEGRITY

| | | |
|-------|--------------|--|
| G4-56 | Pages 28, 71 | |
|-------|--------------|--|

SPECIFIC STANDARD DISCLOSURES

| Management approach and indicators | Page (or Link) | Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. | Reason for omission In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. |
|------------------------------------|----------------|---|---|
|------------------------------------|----------------|---|---|

CATEGORY: ENVIRONMENTAL**MATERIAL ASPECT: ENERGY**

G4-DMA Page 55

G4-EN3 Page 55

MATERIAL ASPECT: WATER

G4-DMA Page 56

G4-EN8 Page 56

MATERIAL ASPECT: EMISSIONS

G4-DMA Page 56

G4-EN15 Page 56

G4-EN16 Page 56

G4-EN17 Page 56

MATERIAL ASPECT: EFFLUENTS & WASTE

G4-DMA Page 56

G4-EN23 Pages 56, 57

G4-EN24 Page 57

MATERIAL ASPECT: COMPLIANCE

G4-DMA Page 57

G4-EN29 Page 57

MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-DMA Page 46

G4-EN32 Page 49

CATEGORY: SOCIAL**SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK****MATERIAL ASPECT: EMPLOYMENT**

G4-DMA Page 28, 29

G4-LA1 Page 28, 30

Reason for omission

In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.

External Assurance

Indicate if the Standard Disclosure Item has been externally assured.

If yes, include the page reference for the External Assurance Statement in the report.

No

No

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SPECIFIC STANDARD DISCLOSURES

| Management approach and indicators | Page (or Link) | Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. | Reason for omission In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. |
|------------------------------------|----------------|---|---|
|------------------------------------|----------------|---|---|

MATERIAL ASPECT: OCCUPATIONAL HEALTH & SAFETY

G4-DMA Page 33

G4-LA5 Pages 33, 36

MATERIAL ASPECT: TRAINING & EDUCATION

G4-DMA Pages 30, 31, 32

G4-LA9 Page 32

MATERIAL ASPECT: DIVERSITY & EQUAL OPPORTUNITY

G4-DMA Page 29

G4-LA12 Pages 28, 29, 31

MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES

G4-DMA Page 46

G4-LA14 Pages 46, 47, 48, 49

SUB-CATEGORY: HUMAN RIGHTS**MATERIAL ASPECT: INVESTMENT**

G4-DMA Pages 2, 44

G4-HR1 Pages 44, 46

MATERIAL ASPECT: ASSESSMENT

G4-DMA Page 44

G4-HR9 Pages 44, 46, 48, 49

SUB-CATEGORY: SOCIETY**MATERIAL ASPECT: ANTI-CORRUPTION**

G4-DMA Page 71

G4-S03 Pages 23, 71

G4-S04 Page 71

SUB-CATEGORY: PRODUCT RESPONSIBILITY**MATERIAL ASPECT: PRODUCT AND SERVICE LABELLING**

G4-DMA Page 42

G4-PR5 Pages 24, 42

Reason for omission

In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.

External Assurance

Indicate if the Standard Disclosure Item has been externally assured.

If yes, include the page reference for the External Assurance Statement in the report.

No

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No

Appendix II. Sector content index

The following table indicates the chapters and pages of Técnicas Reunidas' 2013 Sustainability Report in which the relevant requirements for our stakeholders and the success of our business are presented.

| SECTOR INDICATORS | | | |
|--|----------------------------------|---|--|
| Management approach and indicators | Page (or Link) | Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. | Reason for omission. In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission. |
| SUB-CATEGORY: HSE CERTIFICATIONS | | | |
| MATERIAL ASPECTS: HSE CERTIFICATION SYSTEMS | | | |
| DMA | Pages 33, 34, 35 | | |
| TR1 | Page 36 | | |
| SUB-CATEGORY: SUPPLY CHAIN | | | |
| MATERIAL ASPECTS: SUSTAINABLE MANAGEMENT | | | |
| DMA | Page 44 | | |
| TR2 | Page 46, 47, 48, 49 | | |
| SUB-CATEGORY: SOCIETY | | | |
| MATERIAL ASPECTS: PHILANTHROPY | | | |
| DMA | Page 58 | | |
| TR3 | Pages 59, 60, 61, 62, 63, 64, 65 | | |
| SUB-CATEGORY: RESEARCH & DEVELOPMENT | | | |
| MATERIAL ASPECT: INVESTMENT | | | |
| DMA | Page 42 | | |
| TR4 | Pages 42, 43, 44 | | |



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