

CONSOLIDATED DIRECTORS REPORT FOR 2020

		Millions of euros	
		2020	2019
Cash and cash equivalents	Cash on hand, demand deposits in banks and other short-term highly liquid investments maturing within three months or less.	931.5	887.6
Financial assets at fair value	Financial assets at fair value through profit or loss	-	65.1
Borrowings	Non-current and current bank borrowings	(735.0)	(582.3)
Net cash	Cash and cash equivalents, plus financial assets at fair value, less borrowings	196.5	370.5

Group management also confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year.

15. Statement on Non-Financial Information

15.1 Business model

15.1.1. Description of the business model

The Técnicas Reunidas Group (TR) engages in the performance of all classes of value-added engineering services and the construction in the field of industrial plants, services that include viability and basic and conceptual engineering studies to turnkey engineering, design and construction of large, complex projects, the management of supply, equipment and material deliveries and the construction of plants and related or associated services, such as technical assistance, construction supervision, project management, commissioning and training.

TR with its engineering services activity, has a solid positioning in the value chain of the oil, gas, energy, fertilisers, hydrometallurgy, water and infrastructure industries.

TR offers its customers optimal technical solutions to develop their sustainability policies, mainly in the environmental aspects, allowing their customers to develop their emission control objectives through the construction and modernisation of highly energy-efficient industrial plants, thus complying with regulatory requirements and voluntary commitments in this field.

The Company's business model is based on three fundamental principles, which demonstrate TR's commitment to the conduct of its business:

- The quality of the plants built by the Group, which makes TR one of the groups with the best reputation in the market and ensures a recurring business flow from its regular customers.
- The flexibility expressed in its ability to work under very different contractual structures, in diverse geographical environments and in very different plants. Along these lines, TR's penetration capacity in new markets is excellent.
- The constant adaptation to new environments, which at present allows its rapid incorporation into technologies that require the transition to clean energy.

15.1.2. Organisation and structure

Appendices I and II contain the corporate structure of the Company.

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15.1.3. Business Areas

Técnicas Reunidas, as part of its engineering and construction services activities, operates in various business areas, mainly in the fields of refining, gas and energy:

- **Oil and natural gas:** Oil and Natural Gas area provides management engineering, procurement, construction and commissioning services for facilities throughout the entire oil and gas value chain. In addition, the Company has experience with its own basic designs of certain units of these facilities and projects, facilitating the verification of their functionality and operability and contributes to obtaining greater efficiency, ensuring the adaptation of new technologies to its working methods. Likewise, TR offers its customers the possibility of modernising existing industrial plants with the aim of improving their efficiency and progressing in the sustainability actions and commitments they have decided to implement.
- **Power and water:** Power and Water area provides engineering and construction services, both at industrial power facilities, and in a variety of water management applications (including desalination plants). The Company's experience ranges from conducting feasibility or basic and conceptual engineering studies to the complete implementation of large-scale and complex turnkey projects.
- **Other industries:** this division carries out several activities, including ecology, ports and coasts, hydrometallurgy and fertiliser projects. It also conducts its own developments in industrial processes and technologies for different purposes such as, fertiliser production or recovery of metals.

The diversification of business areas allows for a well-distributed project portfolio.

This commitment to segmentation and innovation has enabled the Company to implement projects of different scopes in multiple regions, including those related to conceptual studies, basic engineering, FEED, PMC, EPC, OBE and LSTK, among others.

15.1.4. Business environment and markets

Técnicas Reunidas operates in a constantly changing environment, marked by rising energy demand in emerging countries, continuous adaptation to new environmental standards and the evolving needs of customers' production units towards more complex, sustainable and profitable configurations.

In turn, this work context is increasingly demanding, due to increasingly stricter sustainability standards including environmental standards, the development of new technologies and growing competition. In this regard, TR takes on increasingly complex projects, highly demanding in terms of technical specifications, deadlines, scope of work and performance conditions.

Diversification by product and geographic area allows TR to address new opportunities that may arise in connection with its activities.

In 2020, market conditions were influenced by the COVID-19 pandemic, so some current or potential customers chose to reschedule the tender or execution of their projects. Nevertheless, TR achieved a figure of awards in 2020 of more than EUR 2,000 million, having won major projects from top customers at year's end. These awarded projects are in line with the forecasts by international organisations such as the International Energy Agency and OPEC and relevant operators including BP and Exxon Mobil, concluding that global demand and energy consumption will continue to grow in the long term, meaning that the Oil and Gas sector will continue to play a very significant role in this growth.

To supply a growing demand for energy that is environmentally sustainable, investments must be made in establishing and updating oil, gas and power generation facilities, where TR is well-positioned and has the credentials demanded by investors, the technical capacity and sixty years of proven worldwide experience and in particular, in regions where most of the investments are likely to be made.

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LIST OF MARKETS WHERE TÉCNICAS REUNIDAS OPERATES



ES	EN	ES	EN
Europa	Europe	Asia	Asia
España	Spain	China	China
Finlandia	Finland	India	India
Holanda	Netherlands	Indonesia	Indonesia
Italia	Italy	Malaysia	Malaysia
Francia	France	Rusia	Russia
Polonia	Poland	Singapur	Singapore
Reino Unido	UK	Turquía	Turkey
		Tailandia	Thailand
América del Norte	North America	África	Africa
Canadá	Canada	Argelia	Algeria
Estados Unidos	United States	Egipto	Egypt
México	Mexico		
		Oriente Medio	Middle East
América del Sur	South America:	Arabia Saudita	Saudi Arabia
Argentina	Argentina	Emiratos Árabes Unidos	United Arab Emirates
Bolivia	Bolivia	Azerbaiyán	Azerbaiyán
Chile	Chile	Bahrein	Bahrain
Colombia	Colombia	Jordania	Jordan
Perú	Peru	Kuwait	Kuwait
Rep. Dominicana	Dominican Republic	Omán	Oman
		Australia	Australia
		Australia	Australia

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15.1.5. Factors and trends that may affect the Company's evolution

Apart from market developments, the Company may be affected by factors related to other areas of its business. Therefore, Técnicas Reunidas detects and analyses emerging factors that could have an impact on its management model in order to take action in this regard and adapt its business strategy.



	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS	<p>Models of contracting and execution models that spread customer charges (milestone billing rather than progress payments, reduction in prepayments, delays in resolving claims and a high volume of guarantee bonds).</p> <p>Increased tax burden from governments to offset deficits.</p> <p>Volatility of certain currencies.</p> <p>Evolution of the USD, TR's reference currency.</p> <p>Increased perception of risk by financial institutions with regard to the engineering sector.</p> <p>Uncertainty regarding the evolution of the economic cycle.</p> <p>Cash preservation policies of our customers.</p>	<p>Uncertainty regarding the evolution of oil prices, with knock-on effect for investment decisions and execution of projects.</p> <p>Geopolitical uncertainty: Middle East, China, United Kingdom, Latin America and North Africa, United States.</p> <p>Habitual use by customers of turnkey contract model, which transfers a higher risk to the contractor.</p> <p>Increase in competition in turnkey projects.</p> <p>Increased client litigation.</p> <p>New demands from clients in the execution structure of projects (e.g.: joint ventures or revamping).</p> <p>Postponement to the final stages of the project of critical negotiations with customers and suppliers.</p> <p>Need for financing customers for their projects.</p> <p>Rescheduling of projects in progress.</p>	<p>Adaptation to occupational safety requirements established by the countries where construction projects are carried out.</p> <p>Increased demand from clients regarding the qualifications and requirements of onsite personnel with health and safety responsibilities.</p> <p>Need for programs of more practical training in works.</p> <p>Incorporation of new technologies for better performance and monitoring safety and health conditions in the projects.</p> <p>Adaptation of the safety and prevention requirements required by the health institutions of each country in relation to COVID-19.</p>	<p>Growing concern from customers regarding the environmental and social requirements of projects.</p> <p>Greater demand for environmental and social requirements by entities such as Customers, World Bank, financial entities or ECA's.</p> <p>Analysis by financial institutions with increasingly stringent social and environmental requirements.</p> <p>Increased requirements in compliance with regulations.</p>

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		<p>Positioning towards process units with high-efficiency designs, geared to carbon capture, emission minimisation and waste reuse.</p> <p>Trend toward favouring the use of gas instead of oil.</p> <p>Commitment of some countries to petrochemicals and to proposals for circular economy.</p> <p>Increased use of digital technologies as a more efficient alternative to traditional physical presence.</p>		
<p>HOW IS IT PREPARED?</p>	<p>Increase in available lines of financing.</p> <p>Customer and supplier management (collection and payment periods, discounts, confirming).</p> <p>Development of policies for allocation of profits to the countries where they are generated (BEPs).</p> <p>Currency hedging policy by using forwards.</p> <p>Development of a highly diversified pool of banks, with greater presence of local banks.</p> <p>Reprogramming of project implementation schedules and margin generation.</p> <p>Extension and diversification of liquidity sources.</p>	<p>Introduction and consolidation of the TR-ansforma plan, aimed at optimising structure and improving efficiency.</p> <p>Geographic and product diversification.</p> <p>Experience in sustainable markets.</p> <p>Selective management of potential projects.</p> <p>Closer integration with customers from the initial phase onwards.</p> <p>Technical capacity and proven experience to perform highly complex designs.</p> <p>Consolidated know-how and working procedures.</p> <p>Knowledge of suppliers and collaboration with relevant suppliers and subcontractors.</p> <p>Partnerships with competitors for certain projects.</p>	<p>Establishment of a Compliance System that includes, <i>inter alia</i>, occupational health, safety and environment (HSE) and criminal risks.</p> <p>Training in international health and safety standards aimed at project managers.</p> <p>Stronger collaboration between human resources and the departments involved in the construction phases.</p> <p>Acquisition of specific software and migration of periodic reports.</p> <p>Organisation of meetings with critical suppliers to discuss safety issues.</p> <p>Incorporation of sustainability parameters into the variable remuneration of executive directors (10% linked to safety and health aspects).</p>	<p>Strengthening of the system for evaluating the social and environmental compliance of local suppliers.</p> <p>Conducting internal audits on environmental and social matters.</p> <p>Identification and monitoring of environmental risks and opportunities</p> <p>Increased investment in new technologies for cleaner and more efficient hydrocarbon production.</p> <p>Leadership position in the area of climate change and trends in sustainability.</p> <p>Incorporation of sustainability parameters into the variable remuneration of executive directors (10% linked to environmental aspects).</p>

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		<p>Leverage based on proprietary technologies.</p> <p>Strengthening of legal team and involvement in the various project implementation stages.</p> <p>Support to customers in searching for sources of financing for the implementation of projects, including bank financing covered by secure means to export credit granted by Export Credit Agencies (ECAs).</p> <p>Flexibility and high responsiveness to adapt to local requirements and restrictions, as well as changes in scheduling.</p> <p>Adaptation of its commercial and operational structures in order to optimise the chances of achieving project awards and immediately begin their implementation.</p>	<p>Establishment of the COVID-19 Monitoring Committee and implementation of specific measures to minimise the impact of the pandemic on workers.</p>	
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	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS	<p>Increased the importance of sharing processes and management techniques in the supply chain with multicultural and sector companies.</p> <p>Decline in demand, which can reduce the capacity and quality of</p>	<p>Importance of digitisation and the use of new technologies to increase efficiency, respond faster to customers and reduce costs, among other reasons.</p> <p>Focus on raw materials and especially on certain critical or</p>	<p>Quantitative and qualitative increase in the dissemination of non-financial information.</p> <p>Increase in compliance requirements, including anti-corruption, fraud, money-laundering and financing of terrorism.</p>	<p>Demand from customers for increasingly skilled human resources to master not only the technical aspects but also management, monitoring, safety and quality assurance skills.</p>

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	<p>the supplier market and lead to a growing financial risk linked to increased non-conformities in quality and supply delays.</p> <p>Growing geopolitical uncertainty.</p> <p>Volatility of commodities and currencies.</p> <p>Selection of competitive construction and assembly companies.</p> <p>Protectionism of companies towards local staff.</p> <p>Increased supplier litigation.</p>	<p>strategic raw materials for relevant sectors such as telecommunications, defence and aeronautics, and energy.</p> <p>Sustainability, environmental legislation, circular economy etc. as clear business opportunities for the development of technologies related to waste management.</p> <p>Emission reduction in the regulation of nitric acid plants with regard to greenhouse gases (NOx, N2O).</p> <p>Improved recovery of effluents with high nitrate content in ammonium nitrate plants in order to minimise soil contamination risks.</p> <p>Establishing lines of collaboration with customers, partners, suppliers and subcontractors.</p> <p>Importance of technologies for the energy transition (e.g. green hydrogen and decarbonisation).</p>	<p>Stress on diversity in the management bodies of the Companies.</p> <p>Intensifying activity of corporate governance bodies and need to strengthen internal control and risk management systems, including criminal risks.</p> <p>Need to ensure equitable treatment of shareholders and take the concerns of other stakeholders into consideration.</p> <p>Particular attention to sustainability-related matters.</p> <p>Special consideration of sustainability as an aspect of the decision-making process.</p> <p>Increased requirements for all interest groups in combating corruption and fraud, including money laundering and terrorist financing.</p> <p>The need for highly technically qualified resources with strong management skills, oriented towards customers and results.</p> <p>Supervision of the implementation of the Criminal Compliance Management System by the Audit and Control Commission.</p>	<p>Consolidating the internationalisation of the Company's business.</p> <p>Increasingly high demand for work flexibility and family reconciliation.</p>
<p>HOW IS IT PREPARED?</p>	<p>Development of technological tools for supply chain management, global and adaptable for use by other Group companies in different locations.</p> <p>Strengthening synergies report with</p>	<p>Internal developments in all areas of work and in relation to the energy transition (e.g. green hydrogen, CO2 capture and recovery).</p> <p>Strategy in the field of digitisation to strengthen competitiveness, adapt</p>	<p>Adoption of new regulatory compliance policies.</p> <p>Deepening sustainability actions at both the global level and in the projects being implemented, with a comprehensive sustainability policy</p>	<p>Increase in the weight of training geared to management skills and competences.</p> <p>Continuing training in technical aspects, innovation and know-how.</p>

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	<p>greater focus on the supplier's financial situation.</p> <p>Implementation of historic material price indicators during the tender process, together with spot market correction factor.</p> <p>Maximising the use of insurance to minimise commodities volatility.</p> <p>Directing and controlling the activities of assembly and construction subcontractors, at micro-management levels where required.</p> <p>Expanding and updating the Company's worldwide database of subcontractors.</p> <p>Conducting technical and physical analyses to ensure subcontractors' abilities to perform construction works.</p> <p>Subcontracts oriented to work in workshops by prioritised categories, such as; metal structures, pipelines, etc.</p> <p>Implementation of remote systems that make it possible to digitise processes such as workshop inspections, reducing costs and time.</p>	<p>to customer demands and optimise processes.</p> <p>Specialists in the management of R&D+i and know-how in the development areas.</p> <p>Offer of optimal technical solutions for the development of efficient industrial plants that enable customers to implement their sustainability and emission control and reduction strategies.</p> <p>Strengthening of the José Lladó Technology Centre, with skills and resources specialised in strategic research lines.</p> <p>Contact with suppliers of catalysts to implement treatments for minimising greenhouse gases in nitric acid plants.</p> <p>In-depth analysis of projects to plan their management throughout the implementation period.</p> <p>Introduction of virtual reality in project design and implementation.</p> <p>Technology surveillance and continuing economic intelligence.</p>	<p>and numerous complementary policies.</p> <p>Policies and commitments that strengthen the commitment to diversity, such as the Policy on Selection of Directors and Diversity in the Board of Directors of Técnicas Reunidas.</p> <p>Consolidation of the role of the Board's committees, mainly in non-financial information, and formalisation of the Management and Risk Committee.</p> <p>Continuous development and adaptation of internal documents aligned with best practices of corporate governance.</p> <p>Supervision by the corporate governance bodies of tax and information security risks.</p> <p>Reinforcing communication channels with key stakeholders.</p> <p>Reporting and verification of sustainability information in accordance with the most demanding standards.</p> <p>Continued development of the Compliance Management System and the prevention of criminal risks, and their oversight by the Audit and Control Commission.</p> <p>Incorporation of sustainability</p>	<p>Globalisation of Human Resources management hand-in-hand with the departments concerned.</p> <p>Multi-country management: adapting internal policies to local labour and tax regulations as well as the local culture through direct management of expatriate employees from their destination countries.</p> <p>Development of tools to continuously analyse the labour market and locate availability of highly-qualified professionals.</p> <p>Establishment of internal staff rotation policy when required.</p> <p>Allocation of key personnel during the implementation phase of the project design.</p> <p>Onsite presence of design staff at works to adapt the design to specific country and customer needs.</p> <p>Continued analysis of the domestic and international labour market to recruit and retain the best professionals in the sector.</p>
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			<p>parameters into the variable remuneration of executive directors: 20% of the total remuneration, 10% linked to environmental aspects and 10% to health and safety aspects.</p> <p>Review of third parties as to whether they have a culture of enforcement, especially in the area of combating corruption and fraud</p> <p>Supervision by the Audit and Control Commission of the development and implementation of the Criminal Compliance Management System.</p>	
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15.1.6. Objectives and strategy

TR's strategy is structured around four essential pillars: methodology, diversification, quality and safety.

a. Methodology:

The methodology is based on the development, systemisation and proper use of all the know-how that TR has acquired since 1960 executing projects around the world. This commitment to the methodology makes it possible to develop the efficiency of the work processes, an aspect TR placed special emphasis on in 2020. In this pillar, both the excellent human capital of TR, with highly skilled professionals, and innovation, an aspect integrated into TR's DNA, are essential, making it possible to have the precise technical solutions and the human capital necessary to provide its customers with high value-added services that enable them to meet their sustainability objectives, in particular those related to the reduction of emissions from their production centres.

b. Diversification:

TR has a highly diversified portfolio of customers, products and geographical areas. In turn, the Company has customers of recognised prestige who assist in consolidating its presence in the market and their business is highly recurring.

c. Quality:

TR's emphasis on the quality of all its processes (which requires correctly selecting its suppliers and subcontractors) guarantees the execution of every project in accordance with customer's needs and requirements, especially with regard to sustainability aspects.

d. Safety:

TR fosters the creation of a specific corporate culture in occupational health and safety, introducing training processes for staff and encouraging their participation in prevention efforts and improving working conditions, promoting shared responsibility at various levels of the organisation.

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TR's annual objectives are established at department level. This allows objectives to be adapted to the Company's strategy while at the same time including the specific needs of each areas. As a result, the objectives are defined ad hoc, which facilitates both their adaptation to each specific case and their traceability and comparability. The objectives established by TR for each area are detailed below:

General Secretariat Objectives	<ul style="list-style-type: none"> - Emphasise the development of corporate policies, in particular those relating to sustainability. - Approve specific regulations for the Audit and Control, Appointments and Retributions, and Management and Risks Commissions. - Complete the adaptation of the corporate documents to the changes resulting from the update of the Code of Good Governance for Listed Companies. - Consolidate the measures that allow the sessions of the corporate bodies to be held remotely. - Develop the Sustainability Policy with a Sustainability Plan. - Emphasise the Company's contribution to the Sustainable Development Goals (SDGs). - Develop the Procedure for Incorporating and Modifying corporate entities. - Include ESG factors in internal decision-making processes. - Establish a list of key performance indicators (KPIs) on sustainability to be regularly reported to the Board of Directors. - Strengthen the Internal Non-Financial Reporting Control System (SCIINF).
HR Objectives HR department.	<ul style="list-style-type: none"> - Integrate all of Initec Plantas Industriales' HR processes into the corporate HR strategies: policies, procedures, dialogue, homogenisation of jobs, categories, etc. - Prepare a comprehensive labour cost control table that includes all the countries and projects of the TR Group. - Implement corporate tools that control the fulfilment of the resource needs in the projects, ensuring the cost and compliance of the histograms, involving HR in all the resource hiring processes in the projects. - Develop an Equality Plan and a Sexual Harassment Protocol agreed with employee representatives and adapted to current legal and social requirements. - Implement a remuneration policy based on a flexible remuneration system that applies to the main management team. - Establish a homogeneous Expatriation Conditions Policy adapted to the Company's current needs and projects. - Establish local labour policy protocols in all countries to identify risks and best practices to reduce labour costs. - Develop general service policies in the various countries that reduce the costs of contracting services and establish common operating models in all projects adapted to the specific circumstances of each of them. - Extend the activity of the recruitment board to optimise, improve and reduce costs in all home office general service contracts, through supplier approval, evaluation and volume negotiation. - Develop a subsidiary training management system, initially based on HSE training and Pharos platform. - Implement a model of training itineraries associated with professional categories that allows internal professional development.
Environmental objectives	<ul style="list-style-type: none"> - To reduce 3.5% of electricity consumption, 3% of paper consumption and 80% of plastic bags in the Madrid offices. - Obtain LEED certification for the Adequa offices (currently under approval) in Madrid. - To meet more ambitious targets for the TEIF (0.025) and SSIF (0.007) indicators on projects. - To collaborate in the design of the urban gardens and new green areas in the facilities of the Adequa offices. - To consolidate the merger of the TR and Initec departments with regard to the homogenisation of processes, tools, etc. - To consolidate the measurement of the reuse of materials and products in projects to prevent them from becoming waste.

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Innovation Objectives	<ul style="list-style-type: none"> - Launch of the lead and silver production plant under ECOLEAD™ technology from AMERICAN ZINC RECYCLING (AZR) in the United States and technical startup assistance until maximum production capacity is reached. - Development of basic engineering for a zinc production plant from urban waste. - To complete the basic engineering contracted by SWISS ZINC of the future urban waste recycling complex in Switzerland, which will include ZINCEX™ technologies for the recovery of high purity zinc and ECOLEAD™ for the recovery of lead. - To successfully implement the preliminary engineering of PHOS4LIFE™ contracted by the Swiss company Foundation ZAR for the recovery of phosphorus in the form of technical phosphoric acid from the ash of the sewage sludge for the purpose of industrial deployment. - Revamping of the Skorpion plant in Namibia, including LIP4CAT™ and ZINCEX™ technologies. - To continue with the development of technologies in the circular economy strategic line, such as the recycling of batteries related to mobility for the recovery of the metals present in them and the recovery of metals from steel powders. - To continue with the development of technologies in relation to critical raw materials from primary and secondary sources of rare earths, magnesium, platinum, phosphors, etc. not currently exploited. - Development of electrolyser technology for the production of green hydrogen (2021 and subsequent continuous target). - Continued marketing of the new PHOS4LIFE™, WALEVA™ and HALOMETTM technologies. - Develop proposals for the call for CDTI missions that include several branches: green hydrogen from biomass or green hydrogen through electrolysers and renewable energies. - Decarbonisation using blue hydrogen (Celsa and Arcelor). - Develop pyrolysis projects to recycle fibre carbon and fibreglass for wind mills (circular economy). - Activities to develop solutions for the recycling of fibre carbon and fibreglass.
Financial Objectives	<ul style="list-style-type: none"> - Close the preliminary agreement with the Tax Administration. - Capture liquidity mechanisms associated with EU plans, the COVID-19 environment and the energy transition. - Strengthen proactive communication with the market.
Procurement Objectives	<ul style="list-style-type: none"> - Strengthen coordination on final purchases of projects and improve management relating to the stock of surplus materials. - Finalise the implementation of the Third Party Integrity Assessment procedure. - Launch of robotic process automation (RPA). - Establish framework agreements with strategic suppliers. - Develop local (stockist) purchases at the end of projects. - Explore new options for subcontracting special heavy cargo shipments. - Increase centralised purchases. - Establish annual/biannual container shipping agreements. - Strengthen communication channels, through an interdepartmental intranet, with the aim of speeding up problem solving. - Create a new management profile to improve information and monitoring of deliveries and purchases in the final stages of projects.
Construction Objectives	<ul style="list-style-type: none"> - Reorganise the management of the Construction area as a strategic tool for the optimisation and efficiency of resources. - Perform the integration of the computer tool "eCost" with "eSAM" for the optimisation of construction cost control. - Complete the implementation of the Site Workforce Control software to control construction activities. - Review the structures and optimisation of construction resources. - Perform optimal management of projects that have suffered slowdowns due to the impact of COVID-19. - Strengthen the organisation to adequately manage possible downsizing.
HSE Objectives	<ul style="list-style-type: none"> - Terminate the implementation of the actions resulting from the Plan for a Secure Commission in all the projects of Técnicas Reunidas.

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	<ul style="list-style-type: none"> - Promote actions aimed at making Técnicas Reunidas a healthy company. - Implement a mobile application to log onsite observations. - Complete the merger of the HSE departments of TR and Initec. - Integrate the Occupational Safety and Health Management Systems (SGSST) based on the recently obtained certification of ISO 450001. - Implement a detailed training program based on employee job profiles, together with the Talent Recruitment and Development Department. - Conduct awareness-raising campaigns based on the investigation of recurring incidents and information to staff on the implications of ISO 45001 to increase the culture of HSE.
Regulatory Compliance Unit Objectives	<ul style="list-style-type: none"> - Implement the matrix of criminal risks and controls in all areas of the Company. - Increase training activities both online and face-to-face. - Obtain compliance statements for executives on key compliance policies. - Extend the due diligence procedures in full on operations on site, after the completion of the process at corporate level for the purchase, subcontracting and commercial activities. - Review and update the Code of Conduct and existing compliance policies. - Continue with the deployment of the Criminal Compliance Management System in other geographical areas and subsidiaries. - Prepare and approve the Anti-Fraud Policy, the Trade-Control Policy and the Sponsorship and Grants Policy. - Monitor criminal risks through the risk and controls matrix. - Verify and audit the design and effectiveness of the Criminal Compliance Management System. - Implement the integrity assessment process at 100% in transactions with third parties.
Social Objectives	<ul style="list-style-type: none"> - Ensure a high percentage of local procurement and outsourcing. - Emphasise joint social actions with particularly relevant third parties during the execution of projects (customers or main subcontractors) through partnerships that benefit local communities. - Approve a Sustainability Plan in development of the Sustainability Policy.

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15.2 Risk factors (non-financial) associated with the business

Técnicas Reunidas has tools and procedures that help it identify, prevent, minimise and manage the risks associated with its activity.

The Company's comprehensive methodological framework for managing key risks covers all areas and projects.

Using this comprehensive framework, a catalogue of the key risks identified is prepared in accordance with the COSO 2013 methodology.

To manage these risks, TR has developed various procedures and management policies, including the following:

- Procedures related to the nature of the projects, such as their selection, geopolitical risk diversification policies and policies to preserve the technical capacity necessary to execute the projects, and to share the risks in their execution with third parties, contracting insurance, ways of contracting quality suppliers, etc.
- Procedures related to the financial management of projects: management of foreign currency risk, liquidity, and tax risks.
- Procedures related to Health and Safety Management Systems.

The Company's main operating risks are listed below, including non-financial areas such as environment, health and safety, personnel and reputation. The main operating risks and the management mechanisms available to TR are set out below.

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Risk	Description	Main risk management and mitigation mechanisms
Changes in project costs	<p>Several factors may give rise to a change in project cost estimates in turnkey projects (the complete price is closed at the start while execution costs may change), such as the volatility of raw material prices, changes in project scope, performance by construction and assembly subcontractors on time and with required quality, litigation by customers or suppliers, geopolitical decisions with an immediate impact, and weather conditions, among others.</p> <p>The assessment of all these factors implies a high level of judgement and estimates.</p> <p>Failure to meet delivery deadlines may result in compensation to the customer.</p>	<ul style="list-style-type: none"> - Development of new contracting methods to mitigate risks. - Inclusion of indemnity clauses in contracts with suppliers and subcontractors. - Intense acquisition during the first few months of execution of key equipment with a high level of price sensitivity for raw materials. - Use of derivatives that allow the acquisition of certain essential raw materials and equipment in instalments. - Distribution of the execution of work among several subcontractors and inclusion of subcontractors as project partners. - Increased supervision of construction and assembly subcontractors. - Inclusion of contingencies for deviations in budgets. - Reliance on opinions of external consultants in the preparation of estimates and judgements. - Close monitoring of project implementation deadlines for detecting delays, enabling acceleration and mitigation mechanisms to be implemented.
Changes in the price of crude oil.	<p>The price of crude oil, in addition to other factors, affects the investment, award and execution decisions of the Group's customers and suppliers, competitors and shareholders.</p> <p>Recent drops in the price of crude oil have caused customers to offer more unfavourable payment terms and be more demanding in negotiating changes in scope and claims.</p> <p>The Group's commercial activity is conditioned by the investment efforts of our customers.</p>	<ul style="list-style-type: none"> - Predomination of NOCs (national oil companies) over IOCs (independent oil companies) in the portfolio (which include factors beyond purely financial considerations in their decision-making, such as geopolitical and social criteria). - Diversification of products and geographical areas. - Mitigation of negotiation risks with customers and suppliers by the early detection of those matters that may represent a change in the contractual price.
Execution of projects in multiple regions.	<p>TR's projects are carried out in multiple regions, with each presenting a different risk profile to mitigate: political and social tensions, locations with limited access, limited legal certainty, requirements related to local content, growth of tax pressure in all the regions where the Group conducts its activities or complexity of the process of allocating margins in projects performed simultaneously in multiple regions, etc.</p> <p>Performance of projects for the first time in a certain geographical area increases the risk of deviations in margins.</p>	<ul style="list-style-type: none"> - Selection of projects based on a detailed analysis of the customer and the country (establishing a local presence before making offers), and of other aspects such as the specific margins of the project and its risks. - Use of modular construction methods in locations with limited labour availability or where the site conditions allow for savings compared with other options. - Where possible, TR includes the resolution of disputes at courts or in arbitration in countries where it has prior experience. - Where possible, the Group's contracts include clauses that allow prices to be changed in the event of amendments to laws. - Flexibility to adapt to domestic content requirements. - Development of BEPS policies. - Group Internal Tax Risks Manual establishing the Group's tax strategy and internal risk management

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		<p>procedures, including training actions and internal audit plans.</p> <ul style="list-style-type: none"> - At the bidding stage, tax strategies are defined that minimise risk with local advisers, including in the Group's usual markets. - At the performance stage, the tax filings are monitored, with the support of local advisers and events or deviations from the initial strategies are identified with the aim of correcting them with the support of the Operations area.
Concentration in a low number of customers.	<p>At certain times the portfolio may feature a high concentration in a low number of customers and suppliers in certain countries.</p>	<ul style="list-style-type: none"> - Concentration only in markets in which the Group has sufficient prior experience. - Diversification policy that allows TR to access very different markets. - Deployment of relevant commercial action with new customers in markets in which TR does not yet have a presence. - Atomisation and diversification strategies for construction with local and international suppliers.
Environmental and safety requirements.	<p>TR carries out projects where incorrect performance entails high risks of impact on the environment or health and safety risks.</p> <p>The Group works to control and minimise those risks by collaborating with its customers, subcontractors and suppliers in this area.</p>	<ul style="list-style-type: none"> - Existence of a Sustainability Policy. - TR has an Environmental Management and Safety System. - Assurance of environmental management from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training. - Reinforcement of the safety of processes from the design phase. - Promotion of occupational safety at suppliers and subcontractors. - Update of the HSE Policy (ISO 45001 and ISO 14001) by introducing concepts of sustainability, consultation and participation, and welfare and health.
Economic variables.	<p>Certain economic circumstances (changes in exchange rates, interest rates, availability of financing, taxes, etc.) can have an impact on TR's business and profits.</p> <p>Period of geopolitical tensions with high impact on economic variables.</p> <p>Extra weight on the decisions of our customers by the entities or bodies that finance their investments.</p>	<ul style="list-style-type: none"> - Continuous monitoring of the risks associated with currencies and the arrangement of foreign currency hedges. - Management of a sound balance sheet and availability of adequate lines of financing. - Mitigation of the risk of lack of liquidity of customers through active participation in the processes of obtaining financing for them, through banks that support the operations in which TR participates, as well as through the use of export insurance through banks that support the operations in which TR participates and direct contact with financing entities of its customers, as well as through the use of export insurance.
Information technology.	<p>As the Group's digital presence has increased, the risk of intrusions into its systems by cybercriminals has increased.</p>	<ul style="list-style-type: none"> - Information Security Management System certified in accordance with ISO 27001:2015. - Employee training on cybersecurity matters. - An Information Security Committee has been created to

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		analyse the development of the Strategic Cybersecurity Plan, the results of the audits and the main risks faced and measures taken.
Retention of key personnel and adaptation of resources to the workload.	The loss of key personnel, as well as gaps in their training, may increase the risk of not executing projects adequately. Furthermore, the excessive concentration of projects or delays may give rise to inefficiencies in personnel management.	<ul style="list-style-type: none"> - Procedures to identify essential employees that must be retained and the application of policies that contribute to their retention. - Implementation of a flexible human resource structure to adapt swiftly to market changes. - Global management of human resources to unify the criteria applied at the various subsidiaries.
Integrity and reputation.	Improper or irresponsible behaviour by employees or other third parties with which the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results obtained by TR.	<ul style="list-style-type: none"> - Internal regulations and training to guarantee the proper behaviour of professionals and the availability of a Code of Conduct and a whistleblower channel. - Requirement of environmental, human rights and health and safety requirements and anti-corruption and fraud requirements for suppliers and subcontractors.
Quality of execution	Quality in the execution of the works ensures not only the successful completion of the project, but also obtaining projects of a similar nature or with the same customer.	<ul style="list-style-type: none"> - Quality supervision mechanisms in all project phases. - Creation of databases recording the Group's know-how and best practices. - Quality Department responsible for drawing up procedures.
Climate Change.	Climate change requirements may affect the needs of customers and the way in which TR executes its projects.	<ul style="list-style-type: none"> - The Company has excellent engineering skills to provide customers with solutions that enable them to develop their sustainability activities and emission reduction initiatives through, for example, the modernisation of pre-existing industrial facilities. - The Company has advanced technical procedures that enable it to implement projects under extreme environmental conditions, as demonstrated in locations such as Saudi Arabia and Canada.

In addition to the operational risks mentioned above, Técnicas Reunidas evaluates other potential non-financial contingencies of minor impact to the Company with the aim of always ensuring the maximum performance levels in terms of sustainability. The details of the procedures applied by the Company to manage these risks may be found in each of the related chapters of this document.

On the other hand, it is worth mentioning the special circumstances that took place in 2020 as a result of the emergence of COVID-19, which have affected various aspects of the Company's operations:

- First, it has demanded excellence in the health protection of its employees, which has meant extraordinary measures in construction sites, as well as the extensive development of teleworking in the Madrid offices.
- Secondly, it involved the rescheduling of the Company's relevant projects in the Middle East, Asia and North Africa, which entails a slowdown in the amount of sales accrued in 2020, with their immediate cash impact. It has also meant that resources need to be adapted to the needs of the projects.
- Finally, COVID-19 represented an increase in costs that are reflected in the notes to the consolidated annual financial statements. The Group's resilience to an exceptional state such as the pandemic has been demonstrated with its ability to adapt to customer schedules, identifying specific funding options for this juncture.

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The Company also uses all the tools at its disposal to assess, manage and mitigate any non-financial risks present in its immediate environment. Despite this, the uncertainty associated with the COVID-19 environment has given rise to the following significant impacts:

- Changes in the price of crude oil.
- Changes in economic variables.
- Changes in project costs. In this regard, the relevant projects have been rescheduled and new costs associated with the pandemic have been incurred.

Likewise, the Company has incurred margin losses arising from the structure of turnkey projects, which establishes the sale price and leaves open the possible costs associated with the construction of the plant.

The COVID-19 environment has had a heavy impact on the revenue and payment dynamics in 2020. The slowdown in the execution of projects that makes it difficult to reach billing milestones, the cash preservation policies put in place by customers and the difficulties in concluding agreements on complex events, such as complaints, in a containment environment, have reduced TR's ability to convert its sales into cash. In this context, direct costs were also generated in projects, mainly linked to costs related to the preservation of health and the disruption of the work carried out.

Despite the challenge posed by the cyclical events for the Company, TR has been able to preserve all its portfolio projects, which in a COVID-19 environment could have been the subject of possible cancellations. The Group has collaborated with all the customers who have required the rescheduling of execution schedules, defining new delivery times and adapting, with numerous suppliers, payment schedules to the collections. In addition, TR has enhanced its alternative financial support lines that enable it to maintain the regular performance of its operations and has implemented monitoring and mitigation mechanisms monitored by the Group's Directorate-General and Operations.

Conversely, the rescheduling of the projects has allowed a lean application of the efficiency principles emanating from the TR-ansforma Plan, which improves the expectations of the results of the portfolio and compensates for any cost overruns that may result from the slowdown of some projects.

Likewise, this new scenario has only reinforced TR's commitment to sustainability as a key element of its future business development.

In particular, the Company has approved a new Sustainability Policy that has been a milestone in TR's relationship with its main stakeholders, as well as a manifestation of the Company's commitment in this area. This policy was promoted by the Executive Chairman and the Secretariat of the Board of Directors and approved directly by this corporate body. It has subsequently been sent to all the members of the Management Committee for the purpose of each of them applying it in their area of responsibility. In addition, the Company made the document available to any third party on its website and performed a significant internal communication action on its intranet.

Its approval resulted mainly in greater coordination of the Company's sustainability activity (addressing key issues such as the environment, innovation, development and protection of intellectual capital or responsible taxation), as well as the establishment of a reference framework containing the Company's principles of action with respect to its interest groups.

On the other hand, TR's response to address the situation caused by COVID-19 focused on the implementation of a set of measures that have facilitated the adaptation of the activity to operational restrictions, minimising the Company's exposure to the risks related to the pandemic and ensuring the continuity of its operations. All of this, while prioritising the health and safety of its professionals.

Among the measures approved, the constitution of the COVID-19 Follow-up Committee, coordinated by the HSE and HR areas and advised by a group of external experts from Ibermutua/Cualtis and Prosegur, stands out. The Committee has been in constant coordination with the Spanish Government in order to adapt to the various restrictions and recommendations that have taken place and has been responsible for communicating all relevant facts to employees on a regular basis, as well as instructions on the use of offices or the application of teleworking, among others. The start-up of the Monitoring Committee, together with the other actions carried out by the company, are detailed in each of the sections contained in this report.

Finally, it should be pointed out that for the other non-financial issues, Técnicas Reunidas has not had to regret any additional significant impact in the year.

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15.3 Information on environmental matters

15.3.1. Corporate environmental policy and management systems applied for the identification and management of impacts on the Company in this area

For Técnicas Reunidas, environmental management is an integrated priority in the Company's strategy, responding to both the Group's operations and its value chain activities, establishing environmental requirements in all its facilities and projects, and building on corporate policy in this area.

Since 1997 Técnicas Reunidas has adapted its Environmental Management System (EMS) to regulatory requirements and demands of stakeholders. This system is implemented and certified in accordance with ISO 14001: 2015 for the Group companies: TR Sagemis, in Italy and TR Engineering, in India. The certificate was renewed once again and is valid until July 2021.

In 2020, the new Corporate Sustainability Policy was developed to reaffirm the content of the Environmental Policy, since it promotes "environmental protection and the fight against climate change through the development of technical solutions that enable the construction of sustainable and efficient plants for customers." Likewise, its principles of environmental action revolve around the fight against climate change. Similarly, in 2020 the Energy Transition Committee was established to promote the Company's action in this area.

TR develops products, systems and services with the objective of obtaining energy that is more affordable, reliable and that responds to the environmental requirements currently required. All Company's projects are conditioned by new and increasingly stringent environmental requirements, which must meet, inter alia, climate change initiatives focused on reducing CO2 emissions and improving the waste management system, focusing on reducing it from a circular economy perspective. To this end, TR has methodologies in place that ensure the monitoring and verification of environmental information in 100% of its projects. At the corporate level, internal environmental audits and external verifications of environmental performance and carbon footprint indicators are carried out, among others.

As a result of the set of tools and policies applied, TR has obtained zero non-conformities in the external certification performed by AENOR based on ISO 14001: 2015. These excellent results demonstrate the maturity of the management system and the Company's commitment to applying the best environmental practices available.

One of the Company's strengths is the systematic identification and monitoring of environmental risks and opportunities, identifying and implementing the actions associated with them, both in projects and in offices.

Currently, the main environmental risks are those related to climate change (see section 15.3.2) in the geographical areas where the TR projects are performed, and those arising from changes in the design limits or the implementation of legislation during their performance.

There are also great environmental opportunities, including competitive advantage, with a high degree of knowledge of implementing legislation and standards that provide the Company with great flexibility in performing projects anywhere in the world, and waste management within the circular economy.

On the other hand, the Company makes its capabilities and expertise available to its customers to include performance criteria and environmental consulting in the design of the projects, optimising the environmental performance of the project in its operation phase, achieving greater efficiency during this phase with a lower impact on the environment. In this regard, TR has taken, inter alia, the following measures:

- Optimisation of resources with an exhaustive analysis of the environmental impact at the offer stage, allowing the real needs of each project to be identified in the pre-project phases.
- Appointment of an environmental manager as part of the task force team.
- Increased role and responsibilities of the project's environmental manager in terms of internal environmental consulting.
- Real-time monitoring of environmental indicators for each project to avoid deviations.

The environmental impact of TR's activity arises mainly from greenhouse gas emissions, energy consumption, waste generation and material consumption, which are detailed in each of the following sections. In the future, the environmental aspects are expected to remain the same. However, given the activity of TR as an engineering company, it undertakes various projects every year at various stages of action, so a detailed forecast in quantitative terms would not reflect the reality of its performance for the

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years to come. Environmental KPIs are subject to the degree of progress on ongoing projects, personnel volume at peak times, implementation phase and new projects that may be won over each year. Given these circumstances, the future estimates associated with the environmental KPIs do not represent a reliable view of the Company's reality.

In this regard, Técnicas Reunidas focuses its efforts on closely monitoring the environmental performance of its projects, with the definition of specific indicators in relation to their material aspects in this field.

In addition, in recent years, Técnicas Reunidas has made significant progress in expanding the scope of activities on which it monitors from the data collected. To do this, Técnicas Reunidas has established 2017 as the base year. It is important to highlight that, depending on the progress of each project, these ratios may vary significantly from year to year, as noted in the preceding paragraph. Not surprisingly, the execution of EPC projects involves different phases with highly variable workloads, supply phases and staff levels.

The monitoring and analysis of all this information allows Técnicas Reunidas to design multiple actions to improve its environmental performance.

Within the scope of the new Sustainability Policy and from senior management, a strategy has been developed geared towards sustainable value creation and the provision of high value-added services that enable the Company to design and construct efficient, sustainable and environmentally friendly industrial plants. The objective is to contribute to combating climate change and transition to a low-carbon economy, taking advantage of trade opportunities deriving from its high technological qualification and demonstrating its commitment to the Sustainable Development Goals (SDGs).

Lastly, it is important to mention that the current COVID-19 context has not had any significant adverse impact on the Company's Environmental Management; the effects of the pandemic have been mainly reflected in the reduction of several of the environmental indicators, as detailed in the following sections.

15.3.2. Climate Change

The main sources of greenhouse gases associated with TR's activity correspond to the consumption of fossil fuels in the Company's road fleet and facilities (scope 1), electricity consumption at those facilities (scope 2) and the emissions from the company's travel (scope 3).

In 2020, in scope 1 these emissions decreased by around 35% compared to 2019, due to a lower generalized fuel consumption caused, inter alia, by the slowdown of some projects and the situation of widespread containment. In scope 2, there was a 42% decline compared to 2019 due to the consumption of renewable electricity, the closure of some buildings and the teleworking situation for several months caused by the COVID-19 pandemic. In the case of scope 3, there was a 64% decline compared to 2019, due to the continuous decline in air travel and the increase in videoconferencing.

Emission generation *	2019	2020
Scope 1 emissions [tCO ₂ eq]	75,549.98	49,123.31
Scope 2 emissions [tCO ₂ eq]	763.63	444.70
Scope 3 emissions [tCO ₂ eq]	20,495.76	7,453.13
TOTAL	96,809.37	57,021.14

**An estimate was made of the emissions associated with the last quarter of the year. For Scopes 1 and 3, the estimate consisted of projecting October to December from the average of emissions for the first 9 months. However, for scope 2, since electricity consumption occurs mainly in offices and depends largely on the time of year, the last 3 months have been estimated from October to December of the previous year. On the other hand, the sources used for the calculation of the emissions are indicated: scope 1 (GHG protocol, April 2014), scope 2 (CO₂ Emissions from fuel combustion International Energy Agency, 2014), Scope 3 (UK Government GHG Conversion Factors for Company Reporting, 2020).*

TR is committed to the corporate goal of reducing Scope 1 and 2 emissions by 12 % in the 2017-2030 period. To this end, the Company works continuously in the identification and implementation of effective measures. In 2020, the LEED certification process for sustainable buildings for Adequa buildings in Madrid was launched and is expected to be completed early next year. Likewise, in the framework of the Sustainable Mobility Plan, TR made shuttles available to employees that connect the offices with the city of Madrid. The

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objective is to encourage the use of collective transport vis-à-vis the individual by taking all necessary health and safety measures, such as the use of electronic tickets to avoid contact in the use of the shuttles.

TR is highly aware of the potential impact that climate change may have on its business, and it has developed a climate risk and opportunity matrix together with the relevant adaptation plan, transparently reporting its climate change performance through participation in initiatives such as the Carbon Disclosure Project (CDP) in which TR has participated for several years. In 2020, the Company obtained a B in Climate Change and an A- in Supplier Engagement. In this line, TR continues to maintain a firm commitment to the environment and to promoting transparency in communication with its stakeholders.

The Company continuously monitors all climate-related issues to analyse them and adapt its business objectives and strategy accordingly. This monitoring is fed by various sources of information that demonstrate the main trends in the market in climate matters.

In matters of liability, the Executive Chair is responsible for climate change matters within the Company. TR has assigned all sustainability issues to the Board of Directors, including climate issues, and these aspects are therefore directly managed by the highest authority body. The responsibilities of the Executive Chair in this area include defining climate objectives and linking variable remuneration to emission reductions, with the latter currently applied to certain directors with a key role in combating climate change.

For its part, it is the Secretariat of the Board of Directors of Técnicas Reunidas, which coordinates the activities of the Board of Directors and the other areas of the Company, facilitating the application of resolutions on climate issues, with this being the main mechanism of governance of Técnicas Reunidas in relation to climate change.

TR has identified the main risks, opportunities and potential impacts related to climate change that affect the Company. One of the main conclusions of this analysis is that TR is mainly exposed to transition risks, in particular those dependent on regulatory development that could have an impact on its customers in the Oil & Gas sector. Likewise, given the geographical location of some TR customers, which are subject to extreme temperatures (e.g., the Middle East, Russia or Canada), the operations could be affected by physical risks that may result in changes in working conditions during the execution of the projects, mainly due to an increase in the frequency and intensity of extreme weather events (e.g. heat waves or large snowfalls).

On the other hand, in the area of climate change opportunities, TR is well positioned, thanks to its leadership against climate change, the diversification of its activities and its adaptation to new trends that go beyond the Law. All of this allows the Company to benefit from the opportunities that will result from increased regulatory pressure on the environment, since it has the appropriate technology and solutions to enable its customers to meet these growing environmental requirements.

With regard to climate scenarios, the Company takes into account those designed by top-level organisations such as the International Energy Agency (IEA), the World Energy Outlook or BP Energy Outlook. Based on these, Técnicas Reunidas has defined its horizons in the short, medium and long term, which aim to adapt to the challenges posed by climate change, ensuring the maintenance of its technical advantage, a key factor in successfully competing in the future:

- **Short term (0-2 years):** The Company will continue its current strategy in the planning and construction of industrial plants, taking advantage of its technological leadership and the context of increasing climate awareness to help its customers produce energy more cleanly and efficiently, reducing the carbon footprint in the projects in which it participates.
- **Medium term (2-6 years):** This time horizon will include the progressive alignment of the strategies currently in force in the Company, adapting to the new regulatory requirements, which are expected to be more restrictive in relation to emission reductions. Likewise, the Company will advise its customers on the need to produce energy more cleanly, offering the best solution available in each case.
- **Long term (6-30 years):** The current strategies will be combined with the implementation of new strategies to maximise the use of climate opportunities and minimise the Company's exposure to the various risks arising from climate change. For this, TR bases the preparation of its future scenarios on the three aforementioned reference organisations. In this regard, TR will increase its efforts and technical capacity to provide solutions that match the needs of its customers in each of the three scenarios, trying to anticipate the confirmation of the scenario as far as possible so that the appropriate operational, technical and financial measures are taken.

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15.3.3. A more comprehensive climate scenario analysis is planned in the near future that, taking into account the best available climate scenarios (with at least one aligned with the objective of limiting the global temperature increase to 1.5° C), will enable TR to obtain a greater detail in its estimate of the financial impacts of the risks and opportunities related to climate change. **Circular economy and waste prevention and management**

Técnicas Reunidas is strongly committed to implementing an environmental strategy base on circular economy principles to minimise the potential impacts of its activities. TR's project-related activities generate a variety of waste types, both hazardous and non-hazardous.

As included in the new Sustainability Policy, the Company is committed both to the circular economy and to preventing the generation of waste and reusing materials, as well as to optimising the management of hazardous and non-hazardous waste, through implemented systems, setting targets and objectives on, inter alia, the reduction of waste, the observance of good practices and the use of recycled materials.

For their management, TR has implemented actions such as promoting prevention, reusing and recycling rather than generation and dumping, along with waste mitigation and control through the integration of cutting-edge environmental design techniques in the processes at its plants and conducting awareness campaigns at its offices and worksites.

Within this strategy, the Company is betting on two main lines of work, which entail, on the one hand, the reduction of the waste generated, and on the other, reduction of the consumption of raw materials. This has resulted in the following activities:

a. Reuse of waste and waste water purified on site:

- Soils and excavated land for filling foundations and ditches, ground levelings or the like. In this line, the Haradh & Hawiyah (Saudi Arabia) project stands out.
- Demolition concrete debris. This material, with minimal macro-treatment on site, has been used to improve the roads used during construction. This action was carried out in the Haradh & Hawiyah Marjan projects (both projects in Saudi Arabia).
- Waste water after on-site cleaning. This action can be carried out at all sites where there is the possibility of installing a sewage treatment plant in the construction facilities. This was possible in the Duqm (Oman), Jazan IGCC (Saudi Arabia), Jazan Refinery (Saudi Arabia) and Haradh & Hawiyah (Saudi Arabia) projects in which the purified water is used to control the dust of roads and highways and the irrigation of landscaped areas in the camps and site offices.
- Reuse of waste wood, scrap metal, plastic and metal containers and other waste. Excess materials from the various construction activities have been reused to build information panels, handrails, pedestals, roadblocks and other supporting elements. This action, in addition to being a direct activity in support of the circular economy, is a key activity to raise awareness among workers.

b. Reuse of waste off-site:

- This action includes selling companies engaged in the management of reusable waste materials, such as cable coils, scrap metal, pallets, cable scraps and drums that will pass back to the supply chain. This action has been carried out on a regular basis in most of the projects, and in particular it has been quantified for the last year in the projects of Duqm (Oman), Hamriyah IPP (United Arab Emirates), KNPC (Kuwait), Jazan Refinery and Jazan IGCC (both projects in Saudi Arabia).
- On the other hand, at the Madrid offices, the replacement of individual paper bins at the work desks with selective collection containers, strategically located on each floor of the buildings, has been completed, contributing to an optimisation of waste management in the buildings.

In this regard, the waste generated by the Company in 2020 is included in the following table. On the other hand, the changes compared to 2019, with a decrease of around 60-65%, depend mainly on the degree of progress of the projects in each year, which in some cases has been affected by the situation arising from COVID-19:

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Generation of waste*	Amount generated in 2019* (t)	Amount generated in 2020* (t)
Hazardous waste (including oils, electrical and electronic equipment and other minority fractions).	166.13	60.45
Non-hazardous waste (including wood, household equivalent waste and other categories)	48,432.90	19,481.13
TOTAL	48,599.03	19,541.58

**An estimate was made of the waste associated with the last quarter of the year. The estimate consisted of projecting the months of October to December from the average waste generated in the first 9 months.*

15.3.4. Actions to combat food waste

Aside from the waste from its operations, in recent years Técnicas Reunidas has implemented various measures to prevent food waste at subcontracted canteens, actively promoting its environmental commitments with responsible actions at work sites.

Given that most of the works performed by the Company are located at sites far away from urban centres, the measures are aimed at preventing waste and promoting the responsible use of food, including aspects relating to transportation, storage, handling, processing and consumption. The following preventive measures have been implemented in the management of these services:

- Planning purchases and calculating portions adapted to staff histograms, while also ensuring a balanced diet.
- Managing stock rotation to plan food preparation.
- Preference for quality ingredients from local markets to serve fresh, locally-sourced meals.
- The proper transport, handling and storage of the food, respecting the conditions that each requires according to its type, in order to make the most of its preservation and use.
- Facilities designed and adapted to best provide the service, also using kitchen equipment and utensils that ensure appropriate storage, handling and preparation processes, to ensure the safety, conservation and consumption of meals in adequate conditions.
- Optimal conditions of hygiene to avoid contamination and the subsequent need to discard deteriorated products.

In 2020, due to the compulsory confinement caused by the health situation, all the food that was kept in the Madrid offices for employee consumption (dairy products, juices, etc.) was donated to the Banco de Alimentos de Madrid, a non-profit charity whose purpose is to obtain food free of charge to distribute it, also free of charge, among charitable entities engaged in the direct care and care of people in need within the Madrid Community.

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15.3.5. Sustainable use of resources

Energy is one of the main resources needed for all the Company's operations. In 2020, the Group consumed 699,207.78 GJ of energy in its activities (mainly in the form of diesel, petrol, electricity and fuel oil) representing a 33% decrease from the previous year. This reduction is due to the anomalous situation in 2020: several months of teleworking of employees in Spain and the slowdown of some projects.

Energy consumption *	Amount consumed in 2019 (GJ)*	Amount consumed in 2020 (GJ)*
Diesel	874,480.86	587,874.25
Petrol	133,687.67	80,012.37
Fuel oil	0.00	218.32
Total electricity consumption	35,174.26	31,102.84
Total consumption of electricity from renewable sources**	30,655.75	28,437.68
TOTAL	1,043,342.79	699,207.78

* *Estimated fuel consumption for the last 3 months. For fuel, the estimate consisted of projecting the months of October to December from the average fuel consumed in the first 9 months. For electricity, however, since consumption occurs mainly in offices and depends largely on the time of year, the last 3 months were estimated from the consumption recorded from October to December of the previous year.*

** *The renewable energy supply is in place in all the Spanish offices: Arapiles 13 and 14, Adequa 3, 5 and 6, Gorbea, María de Portugal, Centro Tecnológico and the office in Cartagena.*

To ensure the appropriate management of its energy consumption, during 2020 TR has continued with the various actions started in previous years, including the adoption of energy efficiency plans and conducting awareness campaigns.

Since 2019, all the offices of Técnicas Reunidas in Spain consumed this type of energy exclusively from 100% renewable sources (guarantee of certified origin) and in 2020 the reduction strategy was followed by closing one of the buildings and relocating staff to more modern and efficient facilities. This consumption of renewables represents 91.43% of the total electricity consumed, thanks to which Técnicas Reunidas has managed to prevent the emission of 2,409.30 tonnes of CO2 equivalent into the atmosphere in 2020.

TR has worked on optimising the use of material resources in all phases of the value chain and the recovery of materials through R&D+i activities. Steel, copper and paper were the main materials consumed by Company as shown in the following table: Changes from one year to another in these indicators are highly dependent on the degree of progress of the projects and, therefore, depending on the stage and the purchases made in the projects, they may undergo wide variations, as has been the case for the changes in copper and steel consumption between 2019 and 2020. In the case of paper, the decrease is mainly due to the teleworking situation:

Raw materials consumption*	Amount generated in 2019* (t)	Amount generated in 2020* (t)
Steel	36,146.76	94,284.25
Copper	429.61	932.14
Paper	129.75	58.78
TOTAL	36,706.12	95,275.17

* *To calculate the reported data, an estimate was conducted of the material consumption associated with the last quarter. The estimate consisted of projecting the months of October to December from the average of the materials consumed in the first 9 months.*

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Furthermore, although water consumption is outside the Company's material scope, TR endeavours to make responsible use of this resource at all times, both at work sites and office buildings.

In relation to its offices, water consumption is outside the scope of TR, given that it is the responsibility of the building owners. Nevertheless, the Company conducts campaigns to reduce water consumption in all its offices based on a commitment to savings and efficient consumption.

In the case of its projects, TR is responsible, within the scope of the contract, for providing potable water for site and office activities, together with the construction works.

15.3.6. Other forms of pollution

Técnicas Reunidas not only focuses its efforts on minimising greenhouse gas emissions. The Company uses all the resources at its disposal to identify the environmental circumstances that exist on each occasion and to establish the most appropriate preventive and, where appropriate, mitigation measures in accordance with the best available techniques. In addition to emissions, spills etc., these limits include other forms of contamination, like noise for example. In relation to light pollution, the office buildings have automatic night shutdown systems between 8:00 pm and 6:00 am. In the case of work sites, they are illuminated in accordance with the security and energy efficiency standards applicable to each country.

For the proper management of all environmental issues, the Company has a wide range of support documents –including the Environmental Management Plan and Construction Environmental Management Plan–, which identify the limits of mandatory compliance, along with the actions to be implemented at all times. It also has specific Environmental Management Manuals for each Certified Environmental Management System.

15.3.7. Protection of biodiversity

One of the principles of the new Environmental Sustainability Policy is to preserve and promote the biodiversity of ecosystems, landscapes and species in the territories in which the Company operates, provided it applies.

Técnicas Reunidas carries out all its projects on industrial land, which is why biodiversity is not among the Company's material aspects. In this regard, the Company's activities during 2020 have not given rise to any relative impacts on biodiversity. TR performs its projects according to the environmental impact studies developed by its customers.

In biodiversity matters, Técnicas Reunidas implements the measures required by the customer's contractual scope, offering, when necessary, specific consulting services for customer advice and support. In cases where biodiversity protection is assumed by Técnicas Reunidas in the contractual scope, the Company implements various initiatives such as tree planting programs, with the aim of offsetting the CO₂ emissions of the projects, thus reducing the carbon footprint (examples of specific initiatives developed by TR in this area are included in section 15.7.1).

15.3.8. Provisions and guarantees for environmental risks

The expenses, assets, provisions and contingencies of an environmental nature of the Group companies are considered not to be material in relation to their equity, financial position and results. However, the Company identifies these items for each office/subsidiary, as well as for each project through the various implementing accounting items; this facilitates the monitoring of environmental indicators since, based on a sustainable management concept, the verification documents are the invoices that support them.

In addition to environmental expenses and provisions, all projects include a contingency account to cover possible contingencies that may arise in the project on situations where environmental situations may be included and that are activated if necessary.

The Company is also insured under an environmental civil liability policy that guarantees coverage of potential environmental damage arising from Técnicas Reunidas' activities, including environmental liability at its own facilities and offsite, liability for pollution or liability during transport to and from third-party facilities.

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15.3.9. Resources assigned to prevention of environmental risks

The HSE department is responsible for the prevention and management of environmental risks in the projects. The HSE team has interdisciplinary professionals who work in a cross-cutting manner throughout the Group's companies/divisions, implementing a common methodology in all projects.

15.4 Information on social and personnel issues

15.4.1. Employment

Técnicas Reunidas' professionals are the Company's main asset. This workforce has 7,458 employees, a major management challenge that has been increased in 2020 due to the need to adapt to the complex scenario arising from the current pandemic.

Through various tools and strategies, TR efficiently manages the relationship with its professionals and promotes their development. The tools available to the Company include policies, procedures and bodies that govern the principles, guidelines and decisions related to Human Resources. This framework enables the appropriate management of Human Resources, offering a safe and dependable environment that reinforces their commitment to the Company.

Técnicas Reunidas is aware of the main risks to which it is exposed in relation to HR department. In 2020, these were mainly the following: workforce surpluses (due to the rescheduling of some projects mainly as a result of COVID-19), selective layoffs of personnel (associated with the selective departure of low-yielding and high-cost profiles), outsourcing of external personnel (with the risk of the transfer of workers, as well as the subsidiary liability of TR arising from possible breaches by the main employer of these persons), double contracts of expatriate personnel (due to the fact that they have regulated employees under two contracts subject to different legislation), hiring of local personnel (risks related to compliance with local law and requirements), international labour taxation (difficulty of applying tax benefits or exemptions in Spain on many occasions, as well as difficulties in obtaining certain documents at the destination that allow them to benefit from these deductions) and flight of talent (associated with the difficulties currently experienced by the sector).

However, TR is prepared to deal with all these potential contingencies through a flexible and globalised HR structure, which facilitates the adoption of solutions to prevent and mitigate the risks associated with its activity. Specifically, some of the most prominent measures to address the main risks were: the creation of a dedicated team in the HR Directorate that manages the recruitment and departure of external personnel, the drafting of specific contractual clauses in the contracts of expatriate personnel, the analysis of the legal requirements for the recruitment of local personnel and the implementation of policies that contribute to the retention of essential employees.

In line with the above, the COVID-19 Follow-up Committee (of which HR is a part), has promoted a series of actions to deal with the pandemic with very satisfactory results, managing to keep the safety measures above legal requirements, facilitating work/family reconciliation, protecting vulnerable groups, establishing a safe return to offices and ensuring the continuity of operations, which has prevented the materialisation of significant impacts in this regard. These actions are detailed throughout this document.

The aforementioned global management of human resources responds to its diversification strategy, both services and projects and regions. This approach enables the Group to implement more comprehensive control of all sections related to human resources, increasing the reliability of information, offering a series of basic conditions to all employees, and optimising time and cost in their management.

In this area, TR has implemented a software tool (SAP Success Factors), which enables better management of aspects such as administrative management, training, remuneration plans, employee performance, absences and others. In relation to this last point, Técnicas Reunidas has an access control system formalised based on the Company's signing-in regulations, which reflects the working hours and the various reasons for signing in. Through this system, the Personal Administration team can monitor any irregularities that may occur in the timecards. In addition, each employee loads weekly work items that are approved by the heads of each department. If the person records any absences, he must justify them to the HR department. Depending on the irregularity, the company could proceed from the issue of a verbal or written notice to the imposition of a penalty that could entail dismissal.

The Group's workforce at 31 December 2020 was 7,458 employees and 266 subcontractors and freelancers, who have a contract with the Company. In addition, Técnicas Reunidas has on its projects more than 44,424

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subcontracted workers on average in construction (see section 15.7.3). However, the Company does not have a direct link with these professionals since they are not direct employees of TR. For this reason, unlike the annual financial statements, the reporting scope of this report covers only the employees of Técnicas Reunidas. In 2020, there was a decline of around 9% of the workforce, due to cost reduction objectives and the necessary adaptation of the resources available to the Company's effective workload.

The following tables show the breakdown of the indicators on TR's workforce:

- Distribution of staff by gender, age, country and professional category:

	2019		2020	
Distribution of staff by gender	No.	%	No.	%
Men	6,233	76.19%	5,609	75.21%
Women	1,948	23.81%	1,849	24.79%
TOTAL	8,181	100%	7,458	100%

	2019		2020	
Distribution of staff by professional category	No.	%	No.	%
Executive Directors	2	0.02%	1	0.01%
Senior executives	11	0.13%	11	0.15%
1st Management Level	100	1.22%	96	1.29%
2nd Management Level - Middle Managers	219	2.68%	240	3.22%
Graduates, other line personnel and clerical staff	7,545	92.24%	6,794	91.09%
Supervisors	257	3.14%	273	3.66%
Sales staff	47	0.57%	43	0.58%
TOTAL	8,181	100%	7,458	100%

	2019		2020	
Distribution of staff by age	No.	%	No.	%
<30 years of age	661	8.08%	477	6.40%
30-50 years of age	5,951	72.74%	5,537	74.24%
>=50 years of age	1,569	19.18%	1,444	19.36%
TOTAL	8,181	100%	7,458	100%

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Distribution of staff by country*	2019		2020	
	No.	%	No.	%
TR SPAIN	4,770	58.31%	4,368	58.57%
TR OMAN	412	5.04%	536	7.19%
TR CHILE	150	1.83%	107	1.43%
TR INDIA	74	0.90%	75	1.01%
TR ARABIA	1,360	16.62%	848	11.37%
TR KUWAIT	476	5.82%	333	4.48%
TR PERU	327	4.00%	309	4.14%
TR MALAYSIA	22	0.27%	30	0.40%
TR ABU DHABI	329	4.02%	565	7.58%
TR TURKEY	29	0.35%	26	0.35%
TR ALGERIA	44	0.54%	45	0.60%
TR JORDAN	18	0.22%	7	0.09%
TR UK	8	0.10%	14	0.19%
TR AZERBAIJAN	34	0.42%	77	1.03%
TR MEXICO	35	0.43%	10	0.13%
TR CANADA	25	0.31%	29	0.39%
TR SINGAPORE	33	0.40%	30	0.40%
TR POLAND	10	0.12%	7	0.09%
TR FINLAND	4	0.05%	-	-
TR BOLIVIA	2	0.02%	-	-
TR ITALY	9	0.11%	8	0.11%
TR BAHRAIN	-	-	4	0.05%
TR RUSSIA	7	0.09%	6	0.08%
TR USA	2	0.02%	2	0.03%
TR DOMINICAN REPUBLIC	1	0.01%	-	-
TR COLOMBIA	-	-	12	0.16%
TR THAILAND	-	-	10	0.13%
TOTAL	8,181	100%	7,458	100%

* The significant changes in some of the subsidiaries are due to fluctuations in the needs of the Company's various projects in the regions where it operates, and in some cases new companies have been created and/or others have been extinguished.

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- Total number and distribution of employment contract types:

Distribution of employment contract types	2019		2020	
	No.	%	No.	%
Permanent	4,199	51.33%	4,010	53.77%
Temporary	3,982	48.67%	3,448	46.23%
TOTAL	8,181	100%	7,458	100%

Distribution of employment contract types	2019		2020	
	No.	%	No.	%
Full time*	8,181	100.00%	7,458	100%
Reduced workday	572	6.99%	498	6.68%

* 100% of TR's contracts are "full time"; TR does not have part time contracts. This table includes employees with a full-time contract and employees with reduced working hours.

- Annual average of contracts by contract type, gender, age and professional category:

Average contracts by gender*	2019			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Permanent	2,632	1,495	4,127	2,595	1,477	4,072
Temporary	3,949	486	4,435	3,841	476	4,317
TOTAL	6,581	1,981	8,562	6,436	1,953	8,389
		8,562			8,389	

Average contracts by age*	2019			2020		
	<30	>=30, <50	>=50	<30	>=30, <50	>=50
Permanent	97	3,135	894	75	3,101	896
Temporary	647	3,071	717	543	3,094	680
TOTAL	744	6,206	1,611	618	6,195	1,576
		8,562			8,389	

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Average contracts by professional category*		Executive Directors	Senior executives	1st Management Level	2nd Management Level - Middle Managers	Graduates, other line personnel and clerical staff	Supervisors	Sales staff
2019	Permanent	2	11	101	206	3,733	27	47
	Temporary				15	4,161	258	1
	TOTAL	2	11	101	221	7,894	285	48
2020	Permanent	1	11	90	207	3,657	64	42
	Temporary	0	0	17	19	4,019	257	5
	TOTAL	1	11	107	226	7,676	321	47

* The average was calculated from the average of the employees at the end of the four quarters of 2020 (March, June, September and December).

- Number of dismissals by gender, age and professional category:

No. of dismissals	2019		2020	
	No.	%	No.	%
Distribution by gender				
Men	39	86.67%	91	69.47%
Women	6	13.33%	40	30.53%
TOTAL	45	100%	131	100%
Distribution by age	No.	%	No.	%
<30 years of age	3	6.67%	4	3.05%
30-50 years of age	30	66.67%	65	49.62%
>=50 years of age	12	26.67%	62	47.33%
TOTAL	45	100%	131	100%
Distribution by professional category	No.	%	No.	%
Executive Directors	0	0.00%	0	0.00%
Senior executives	0	0.00%	0	0.00%
1st Management Level	1	2.22%	2	1.53%
2nd Management Level - Middle Managers	0	0.00%	9	6.87%
Graduates, other line personnel and clerical staff	40	88.89%	117	89.31%
Supervisors	4	8.89%	3	2.29%
Sales staff	0	0.00%	0	0.00%
TOTAL	45	100%	131	100%

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- Total average compensation (fixed and variable wages) of the workforce at year end, broken down by gender, age and professional category or equivalent value:

Average remuneration per gender (EUR) *	2019	2020
Men	50,841.77	51,089.08
Women	42,395.53	42,911.98
TOTAL	48,830.61	49,061.80

Average compensation by professional category (EUR)*	2019		2020	
	Men	Women	Men	Women
Senior executives	479,897.41	244,320.48	460,924.88	267,488.96
1st Management Level	179,464.01	175,621.33	186,404.10	204,240.77
2nd Management Level - Middle Managers	101,932.44	83,452.56	99,681.81	80,662.14
Graduates, other line personnel and clerical staff	47,619.38	40,408.28	47,457.59	40,849.44
Supervisors	15,882.72	14,450.00	15,519.29	15,477.62
Sales staff	69,387.37	60,250.14	74,234.69	56,985.55

Average remuneration by age (EUR) *	2019	2020
<30 years of age	27,091.00	26,752.31
30-50 years of age	44,691.00	45,590.86
>=50 years of age	73,690.00	69,740.61

* Payment calculated on a cash basis

- Wage gap:

Salary gap by category *	2019	2020
Senior executives	49.09%	41.97%
1st Management Level	2.14%	-9.57%
2nd Management Level - Middle Managers	18.13%	19.08%
Graduates, other line personnel and clerical staff	15.14%	13.92%
Supervisors	9.02%	0.27%
Sales staff	13.17%	23.24%

* The gap was calculated using the following formula:

1- (average remuneration of women by professional category/average remuneration of men by professional category)

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- Directors' remuneration:

Total average directors' remuneration by gender (EUR) - executive directors*	2019	2020
Men	1,469,508.30	1,107,932.74
Women	N/A	N/A
Total average directors' remuneration by gender (EUR) - non-executive directors*	2019	2020
Men	167,843.16	161,640.44
Women	157,862.00	134,170.00

* Directors' remuneration is broken down in detail in the Annual Director's Remuneration Report of the Company. These were calculated on an accrual basis and the fixed variable salary was considered in the present report.

15.4.2. Work organisation, measures to encourage work-life balance and implementation of disconnection from work policies

Disconnection policies reflect the new needs of a society more in touch with the reconciliation of personal and working life. In this regard, the Company has not yet addressed a formalised written procedure in this area. However, TR promotes conciliation as one of its priorities in human resources management. For many years, the Company has opted to establish a model of time flexibility in its Spanish offices, based on trust and commitment with its employees. This model allows workers to manage their time and perform their professional activities while enjoying a better quality of life.

On the other hand, in 2020 the Company implemented a series of measures regarding the organisation of work to reduce the risk of exposure of its workers to the new virus.

On 10 March 2020, TR allowed fathers/mothers/guardians of children under 14 years of age and vulnerable groups to work remotely. This recommendation was extended to all workers in Spain from 13 March, and the Company therefore was ahead of the approval of the State of Alarm, which was published later by the Spanish Government. Since then, this option has opened an interesting way to facilitate the reconciliation of work and family responsibilities that TR is in the process of formalising through the development of a specific policy.

In the new teleworking context, cybersecurity has been configured as a critical priority for TR. Therefore, in addition to all the measures already in place, new measures have been approved to strengthen the robustness of IT systems and prevent any kind of breaches in this regard. These include: protection of navigation, protection against leakage of information for non-corporate services and equipment, implementation of a double authentication factor, awareness raising and training of users, segmentation of layered computer assets, improvement of equipment monitoring, establishment of face-to-face IT equipment throughout the pandemic, etc.

Another of the most important milestones at the organisational level was the progressive return of employees to TR's offices. To do so, the Company launched a safe return to the offices protocol in June, which culminated in September with 50% of the workforce working in the office and the rest online. This protocol was accompanied by more extensive health and safety measures than legally required (greater safety distance between work stations, flexible working hours as far as possible, teleworking for parents/guardians of children under 14 years and vulnerable groups, etc.).

Finally, from 1 December 2020, an optional remote working system has been established that allows the possibility of establishing weekly rotational shifts, alternating the presence in offices and remote work, as well as face-to-face 6 hours and 2 hours of remote work for all employees, allowing vulnerable personnel to work remotely 100% of their day.

All these measures have been adapted at all times to the operational needs, circumstances, phases of the various projects and needs of TR customers.

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Disabled employees

In its commitment to effective labour integration and development, Técnicas Reunidas has hired a total of 28 employees with disabilities, compared to 21 in 2019, offering them stable and quality employment on equal terms.

With regard to accessibility to its buildings, TR complies with the regulations in force in each country where it operates. In addition, with regard to the Company's website, one of the main objectives is accessibility without difficulty, regardless of any physical or technical disability. To this end, TR adheres to the Web Accessibility Initiative (WAI) of the World Wide Web Consortium (W3C). This organisation has developed the Web Content Accessibility Guidelines (WCAG) 1.0 aimed at making web content accessible to people with disabilities.

15.4.3. Training

A key aspect that directly impacts on the Company's competitiveness is the safeguarding and enhancement of its intellectual capital. To this end, Técnicas Reunidas has an active knowledge management system instrumented mainly through the training resources and necessary know-how that are made available to employees and that enable them to improve their performance at work.

To carry out its training management tasks, TR has three main policies, each with different objectives:

- a. "Evaluation process and information records of employees" procedure: assures the quality of talent management processes.
- b. "Skills, training and awareness" procedure: ensures that people are capable of performing the tasks assigned to them.
- c. "Annual training plan and course management" procedure: describes the Company's training plan preparation process, along with how the specific training actions are requested under the plan.

TR is aware of the importance of attracting talent through disseminating knowledge. Accordingly, the Company offers its employees a complete range of courses and adjusted training plans to help them maximise their skills and growth potential throughout their professional careers. Thanks to this commitment, TR supports its professionals and facilitates the achievement of new goals that contribute to fulfilling the Company's objectives.

To this end, an analysis of skills in each area is performed, identifying specific gaps and implementing specific training plans (training roadmaps). In addition, after each training session the participants' supervisors receive a questionnaire to assess the effectiveness of the training and identify potential improvements and adjustments to the training for the future.

Throughout 2020, the situation arising from the pandemic has given rise to the need to restructure the training plan, establishing as a key aspect the commitment to digital solutions, followed by the other areas of the Company. In particular, three main lines of action have been established:

- **Virtual Classroom Project**: through a corporate tool and the instruction of internal trainers, numerous training actions envisaged in the 2020 Training Plan, both technical and skills, were channelled.
- **PHAROS project**: e-learning platform, with more than 350 courses mainly of a technical nature from the construction, engineering and new technologies sector and offered openly 365 days a year to all employees of the TR Group.
- **Internal content factory**: production of internal multimedia material to provide training through the TR Classroom corporate tool, including collaborations with HSE, as well as all types of small training classes and workshops.

Likewise, in order to ensure the introduction of organisational, health and technical measures related to COVID-19 by employees, the following specific courses have been launched by the training department: preventive measures in returning to the offices; COVID-19 measures: general preventive measures and effective psychological coping with COVID-19 confinement.

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Training by category (h)*	2019	2020
Senior executives	34	35
1st Management Level	1,207	300
2nd Management Level - Middle Managers	4,025	2,478
Graduates, other line personnel and clerical staff	150,314	105,140
Supervisors	94	132
Sales staff	487	410
TOTAL	156,161	108,495
Training by type (h)*	2019	2020
Skills	13,952	4,906
Languages	14,763	3,407
Technical	127,446	100,182
TOTAL	156,161	108,495

* An adjustment was made to the training hours data for TR personnel, including in 2019 and 2020 all HSE training hours for employees in construction work.

The overall decline in 2020 figures is due mainly to the pandemic situation arising from the COVID-19 crisis, which has affected training hours, particularly in the period from March to May, where a Virtual Classroom tool was not yet available. Another significant development in the decline was the cancellation of language programs since April, which were made up by courtesy programs for the maintenance of languages whose hours are not included in the Group's training statistics.

15.4.4. Equality

Técnicas Reunidas encourages a climate of respect for diversity and guaranteed equal opportunities, where people are judged and valued for their worth and professionalism.

The main policies are based on the principles expressly included in the TR Code of Conduct (available on the website), which establishes that TR "does not accept any discrimination in the field of employment or occupation on the grounds of age, race, colour, sex, religion, political opinion, nationality, social origin, disability, sexual orientation or any other circumstance that may generate discrimination".

As reflected in the Code "The TR Group is committed to promoting the moral and physical integrity of its Professionals, guaranteeing conditions of respect and dignity in the workplace. In particular, the Group will take appropriate measures to prevent and, if necessary, correct the following: any manifestation of violence; physical, sexual, psychological, moral or other type of harassment; abuse of authority at work; or any other conduct that intimidates or infringes on the rights of TR Group associates. Also, in view of the importance of balancing work and personal life, any reconciliation measures and actions in this area will be encouraged."

The Company has established a new Equality Commission to analyse the current situation and possible conflicts in these areas and, if so, to take appropriate measures. In addition, negotiations have begun with the representatives of the employees to draft a new Equality Plan and to draw up a Sexual Harassment Protocol that will follow up on the Company's anti-harassment policy.

In addition, the Company has various initiatives to prevent racist and discriminatory conduct such as the development of training projects aimed at improving the understanding of local culture and the diversity of workers in the locations in which the Company operates.

Thanks to these procedures, TR carries out the identification, management and mitigation of risks that may arise in this field during the Company's activities. The implementation of all these preventive measures has prevented the appearance of any significant impacts in this regard.

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15.4.5. Occupational health and safety

2020 has posed a challenge for the Company in terms of occupational health and safety, arising from the pandemic of COVID-19 that has affected the entire world, and that has been managed and controlled from the central offices. Achieving a safe and healthy environment for everyone involved in Técnicas Reunidas' business is a goal that requires constant effort by employees to improve on a daily basis, and that effort must be guided by company management.

In order to achieve the full integration of occupational safety and health throughout the life cycle of Técnicas Reunidas' projects, the Company has for 13 years had a Safety and Health at Work Management System (SGSST) certified according to OHSAS 18001 in TR and Initec, which considers all phases of the life cycle of the projects, from design to construction and commissioning of the projects. The implementation of this Occupational Health and Safety System is part of the Corporate Quality, Safety and Environment Policy and is based on three pillars: accident and incident prevention, integration of health and safety in corporate strategy and continuous improvement of methods and processes.

The Company successfully performed the migration process from OHSAS 18001 (which will cease to be valid from the end of March 2021) to ISO 45001. In this line, TR was verified on the basis of the new standard by an external entity at the end of the year.

Regarding HSE, TR's leadership is increasingly visible among the Company's management as a company standard that ensures the well-being and health of its workers, encouraging their consultation and participation. This commitment was made more evident, if that was possible, throughout 2020 through all efforts and resources aimed at mitigating the risks and effects of COVID-19.

As a result of its commitment, Técnicas Reunidas has HSE diligence procedures covering the entire activity of the Group, based on a thorough analysis of risks and opportunities, as well as an analysis of the needs and expectations of its stakeholders. The results of these evaluations include the identification of the following risks associated with TR's HSE activity:

- Recruitment of staff with little experience in health and safety arising from the requirements for increasing the recruitment of local labour by customers.
- Increase in high-risk activities due to increased scope in commissioning and start-up phases of the projects.
- Adaptation to the safety characteristics and requirements of new countries, customers and subcontractors.
- High rate of potentially serious incidents that may result in serious accidents if no immediate action is taken.
- Exposure to potential infections by personnel both in offices and at sites.
- High volume of labour difficult to manage from an HSE point of view, and even more so considering the factors deriving from COVID-19: Social distancing, reduced occupancy limits, limitation of the movement of HSE personnel to projects, quarantine periods, etc.

In order to mitigate the risks to which the Company is exposed, as well as to ensure the proper implementation of the management system and its suitability for the stated objectives, both HSE assessments for the pre-qualification of subcontractors and follow-up audits defined in the internal health and safety plans and corporate audits are carried out. The results of these audits are discussed with the client or subcontractor at the site, facilitating the effectiveness of actions taken to correct any shortcomings.

Moreover, external audits are performed on projects at the construction phase, in order to maintain international Health and Safety management system certifications. Due to the restrictions due to the COVID-19 pandemic, in 2020 only 3 internal corporate audits could be carried out for Técnicas Reunidas (compared to 16 in 2019) at the construction phase of the projects, in which 68 deviations were detected. The average degree of compliance detected in the audits was 87.22%, (compared to 90.51% obtained in 2019), however, this decline is not representative since only 2 projects of the 21 currently in progress have been audited. In addition, 3 internal corporate audits were carried out this year for Initec (compared to 8 in 2019), in which 22 deviations were detected (76 in 2019).

TR ensures that high standards of occupational safety are observed by its supply chain, establishing specific requirements and promoting good practices in this regard. On-site health and safety managers oversee the application of specific health and safety plans by subcontractors, implementing any preventive actions they consider necessary. To this end, the Company carries out information campaigns, preventive measures and regular medical check-ups.

In addition, following COVID-19, the Company has established several protocols temporarily and so long as the pandemic situation persists, to avoid the risks associated with the new virus, adjusting its occupational risk prevention system and approving a battery of extraordinary measures to ensure a safe and healthy working environment. As part of this management, the HSE department has been instrumental in its direct

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involvement in the COVID-19 Follow-up Committee. This body, established in February 2020 and advised by external experts in the field of health and external security, has aimed primarily at ensuring the safety and health of all employees through direct contact with the competent authorities and coordination with the various areas of the Company. From the same date, TR has marked the guidelines to be followed by the Company in all aspects related to the pandemic and promoted a Corporate Contingency Plan with measures such as:

- Establishment of specific protocols (entries, exits, action in the event of symptoms, use of common spaces, safe return to offices, periods of quarantine, etc.).
- Strengthening the Company's medical services.
- Teleworking option for the workforce.
- Provision of shuttle buses to offices to prevent the use of public transport.
- Provision of masks and hygiene products for workers.
- Distancing workstations beyond legal requirements.
- Continued prevention campaign, including information and training, promotion of employee safety and health.
- Quick-test campaigns for workers prior to the reinstatement of the workforce.
- Extensive signs in offices.
- Daily inspections of buildings and disinfection of them.
- COVID-19 mailbox and chatbot in virtual workspaces to answer questions.

As an extension of the Corporate Follow-up Committee, local COVID-19 monitoring committees were established in March 2020 in the various geographical areas in which the Company operates, consisting of HSE, Project Management and HR. These committees have been responsible for supporting all countries in each geographical area, in addition to transmitting to the Corporate COVID-19 Monitoring Committee the situation in each country and thus the awareness necessary for corporate decision-making, always adapted to local circumstances.

To that end, one of the main lines of action was the implementation of specific plans for the work centres as well as for the projects. In the case of the latter, measures similar to those of offices have been taken, incorporating an annex with preventive measures to combat the virus to the current HSE plans and issuing specific contingency plans against the virus.

Another of the highlights in the management of HSE is the launch of the *e-risk* tool for the identification and management of the risks and opportunities of the Safety and Health Management System at work at all levels of the Company and to encourage employee participation, in addition to updating the occupational risk assessment, taking into account the new context of COVID-19 and teleworking.

The Company also works to ensure the standardisation of health and safety procedures throughout the entire organisation, in order to guarantee maximum efficiency in the dissemination and assimilation of corporate policies. This objective is based on an intensive drive toward training. During 2020, there were 0.97 hours of training provided on site for every 100 hours worked (2% more than in 2019), taking into account the personnel of both the Company and its subcontractors.

With regard to the effectiveness of its safety policies, Técnicas Reunidas assesses their performance through a system of indicators. The information reported corresponds to the projects and the offices, although it is at the construction stage that an increased security risk is identified. Given the different degree of risk associated with each type of activity and the different scope of the indicators (the labour accident rates refer to employees and subcontracted workers, while the office accident rates relate only to employees), the Company reports the accident rates of sites and offices separately, which are included in the tables below:

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	Accidents on site					
	Value of the indicator in 2019			Value of the indicator in 2020		
	Women	Men	Total	Women	Men	Total
Lost time incident rate* (LTIR)	-	0.015	0.015	-	0.020	0.020
Total recordable incident rate** (TRIR)	-	0.052	0.052	-	0.051	0.051
Severity rate*** (SR)	-	0.006	0.006	-	0.001	0.001
Occupational disease rate	-	-	-	-	-	-

	Office accident rates					
	Value of the indicator in 2019			Value of the indicator in 2020		
	Women	Men	Total	Women	Men	Total
Lost time incident rate* (LTIR)	0.869	0.574	0.644	0.605	0.233	0.325
Total recordable incident rate** (TRIR)	2.608	1.087	1.449	1.411	0.465	0.700
Severity rate*** (SR)	0.106	0.082	0.088	0.050	0.051	0.051
Occupational disease rate	0	0	0	0	0	0

* *LTIR (Lost Time Incident Rate): No. of incidents involving lost time/No. of hours worked * 200,000. This index refers to the frequency of accidents.*

** *TRIR (Total Recordable Incident Rate): No. of recordable accidents (as per OHSAS)/No. of hours worked * 200,000. This index refers to the frequency of accidents.*

*** *Severity Rate (SR): (No. of days lost through incidents/Total no. of hours worked) * 1,000. This index refers to the severity of accidents.*

In the year 132,739,474 hours of work were executed in construction (compared to 181,307,688 hours in 2019) including the hours worked by subcontractors, so the Company had to manage a volume of more than 53,016 peak workers (between its own employees and subcontractors), 15% less than in the previous year. The lost time incident rate (LTIR) and recordable incident rate (TRIR) on sites have increased by 33% and decreased by 2% respectively, compared to the previous year, with figures well below the corporate limits set by the Company. The severity index (SR) declined by 83%.

Unfortunately, an accident occurred in 2020 that ended with a deceased worker, who belonged to a subcontractor (compared to 4 deaths in 2019). The accident took place during work fixing the formwork of a unit of one of the Company's projects.

Following the accident, the corresponding investigation was immediately carried out to investigate the causes and take the corresponding actions to avoid their repetition. The lessons learned from the investigation were distributed to the entire Company.

It should be mentioned that, although the number of accidents causing absences was the same as in 2019, the number of hours worked during the year was significantly lower than in 2019, which negatively affects the increase in the accident rate corresponding to cases of accidents causing absences (LTIR).

However, the severity index (SR) has declined sharply (by 83%) because these registrable accidents have been less serious, leading to fewer days lost at work by the injured.

With regard to office accident rates, there has also been a significant decline in all indicators (around 40-50%), mainly due to the teleworking situation that took place in 2020, which has significantly reduced employee exposure to industrial accidents.

In addition to the data mentioned above, the Group monitors absenteeism rates throughout the Company. The hours of absenteeism for 2020 are shown below:

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	Value of the indicator in 2019	Value of the indicator in 2020
Total number of absenteeism hours	216,965	251,685

Lastly, in relation to the coronavirus, Técnicas Reunidas' COVID-19 Monitoring Committee has generated a number of specific indicators to monitor and manage the pandemic. These include the following: number of positive cases confirmed; number of close contacts; workers' observations of COVID-19 (by e-mail or by the programme of preventive observations); deviations detected in safety inspections; and, nonconformities in internal and external audits. Likewise, in the projects under construction, the HSE teams have been responsible for reporting any positive cases and managing their recovery and isolation based on local safety and health protocols.

In this regard, both the package of measures put in place and the comprehensive follow-up carried out by the COVID-19 Monitoring Committee have prevented the health and safety risks arising from the pandemic from resulting in significant impacts for the Company.

15.4.6. Labour relations

In relation to trade union organisations of TR employees, there are currently three committees: the equality committee, training committee and the overseas assignments committee, with which TR meets regularly in order to promote dialogue and consensus with its workers.

Técnicas Reunidas is well aware of the role of unions as the legal representatives of workers' interests. Therefore, the Company at all times guarantees equal and non-discriminatory treatment of its workers, respecting their freedom of association in line with the collective bargaining agreements and legislative framework of the country concerned.

15.4.7. Employees covered by a Collective agreement

For all the countries in which a collective agreement exists, 100% of employees are regulated by the collective agreement associated with the activity license granted to the Company (engineering, construction, etc.), as in 2019. In addition, health and safety clauses are included in all collective agreement, which are adapted to the corresponding local legislation.

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15.5 Information on respect for Human Rights

From the outset and as one of its priorities, Técnicas Reunidas has always acted with integrity and respect for human rights in the exercise of its business, incorporating these principles as part of TR's corporate culture. To this end, the Company has a sustainability management framework based on a specific corporate policy describing the Group's main commitments in corporate, environmental and social governance, including respect for human rights among its social commitments.

Accordingly, the Company has developed various internal policies and procedures to ensure its consistent compliance everywhere it conducts business, including the Company's Code of Conduct. In the specific area of Human Rights the Code establishes the commitment to act at all times in accordance with prevailing legislation, obtaining declarations of compliance with those rights in respect to internationally accepted ethical practices.

Furthermore, the Code recognises the need for all the Company's activities to be conducted in a manner consistent with the values and principles contained in the United Nations Global Compact, of which TR is a signatory. Técnicas Reunidas also belongs to a Group whose activities are bound by the principles of the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises.

Likewise, the Code includes the total rejection by TR of child labour and forced or compulsory labour, as well as its corporate commitment to respect freedom of association and collective bargaining and to recognise the rights of ethnic minorities in the countries where it operates, rejecting any form of discrimination, exploitation and, in particular, child labour, thus ensuring compliance with the International Labour Organisation (ILO).

These self-imposed requirements for Company also extend to its value chain. In this vein, TR requires its business partners (e.g., suppliers or subcontractors) to adhere to a series of guidelines in environmental, labour and human rights matters. In order to identify and repair possible abuses, the Company conducts assessments of respect for Human Rights.

Técnicas Reunidas' requisites also feature an initial approval procedure that ensures that the supply chain operation will always be performed in accordance with the law and complying with all specific human rights conditions, in accordance with the type of business and level of risk.

Besides this, the Company has incorporated human rights due diligence procedures as part of its global risk management system. Through this system, TR evaluates, prevents and mitigates any significant risks and impacts that could affect the Company globally. The methods applied can be classified into those deployed at the project tender phase and those used during project execution.

With regard to the Code of Conduct, the Company also has a Whistleblower Channel (Code Mailbox) to facilitate the reporting and prevention of breaches and other matters related to the Code of Conduct, such as human rights. This Channel is available to Técnicas Reunidas' employees, partners, suppliers or subcontractors alike.

In 2020, Técnicas Reunidas received 6 complaints through the Whistleblower Channel that could be covered by human rights protection (5 complaints received in 2019), of which 3 have been resolved to date by taking appropriate disciplinary and organisational measures, 2 at the date of this report were under investigation and 1 was archived because no irregularities were detected during the investigation. None of these is related to the respect for freedom of association and the right to collective bargaining, discrimination in employment and occupation, forced or compulsory labour or child labour, and in no case entails an impact on the Company, all of which have been properly managed.

However, if despite all the measures implemented by the Company, it detects any human rights breaches or other actions with a negative impact on those rights, Técnicas Reunidas will act by immediately and implement the appropriate measures in each case, always adopting a zero-tolerance approach to such actions.

Lastly, it should be mentioned that COVID-19 has had no effect on the management of the Company's human rights, nor has there been any impact on this matter.

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15.6 Information related to the fight against corruption and bribery

15.6.1. Management approach

The Code of Conduct, together with the integrity policies, including the Anti-Corruption Policy, are the fundamental tools of Técnicas Reunidas to prevent corruption, bribery and money-laundering activities.

Furthermore, the Group has a Regulatory Compliance Unit, tasked with the dissemination of the Code of Conduct and its related policies, the management of the Whistleblower Channel, and the review and adaptation of the crime prevention and reporting systems, and information and training in this regard.

In 2020, Técnicas Reunidas has continued to deploy the Management System for Crime Prevention (based on the Company's Code of Conduct, internal regulations and applicable law). This system enables the Company to minimise risks and enhance its capacity in the prevention, detection and response to critical issues in regulatory compliance and integrity. The Group is currently rolling out the international implementation of this system, to be completed in the years to come, with the aim of keeping tighter control of regulatory compliance in all the Company's subsidiaries and projects across the world and reducing the associated risks.

TR's risks related to corruption and bribery, both active and passive, are in the process of establishing trade relations with third parties, especially in new markets and during the critical phases of these relations, from the initial phase of contact, the commercial phase, the negotiation phase, and the implementation phase of projects, to their completion and delivery to customers.

To strengthen the Criminal Compliance Management System, TR has various integrity policies, including: Criminal Compliance Policy and Catalogue of Criminal Risks and Expected Conduct, Gifts and Entertainment Policy, Policy on Relations with Public Officials and Equivalentents, Anti-corruption Policy, Conflicts of Interest Policy and the Antitrust Policy.

The establishment and dissemination of these policies, through face-to-face and online training sessions and their internal publication on the intranet of the TR Group, makes it possible to conclude that the objective of these policies has been met, since the organisation and all its members have been informed of the standards of conduct expected of the directors and employees of the organisation with respect to the risks of corruption and bribery, based on the principle of "Zero tolerance for corruption and bribery."

On the other hand, TR establishes an integrity procedure for its business partners (customers, shareholders in joint ventures, suppliers, subcontractors), which includes an analysis of their integrity to assess and determine whether they, on the one hand, maintain a similar culture in the fight against corruption and bribery, and, on the other hand, allow the early detection of adverse references of such counterparties in the areas of corruption and bribery, as well as in money-laundering and the financing of terrorism, which discourage the establishment of a commercial relationship. As a novelty in this line, it is worth highlighting the revision and update of the Due Diligence Policy on third parties, which will be formally approved at the beginning of 2021.

This analysis was accompanied by the identification of the ultimate beneficiaries (individuals) in those third parties with which the Group intends to relate.

Likewise, in 2020, the Compliance Team continued its training in the fight against corruption and bribery, mainly aimed at the TR management team, due to its key role in the Group's decision-making chain.

In relation to complaints, in 2020 there were no complaints of corruption and bribery with public officials, with no impact in this regard.

15.6.2. Contributions to foundations and non-profit entities

In 2020, Técnicas Reunidas allocated EUR 265,758.02 to non-profit foundations and organisations (EUR 986,450.17 in 2019). For further information see section 15.7.2.

In relation to the evolution, TR adjusted the overall amount to adapt it to the circumstances of 2020, both of the Company itself and of the third parties to whom the aforementioned actions are intended. Nevertheless, the Company made a corporate investment of EUR 2.56 million in 2020, as detailed in section 15.7 below.

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15.7 General information on the company

15.7.1. Company commitments to the sustainable development of local communities

Técnicas Reunidas is a leading international company in the provision of design services for the engineering and construction of industrial plants in the oil and gas sector in the more than 50 countries in which it is present.

Técnicas Reunidas contributes with its activities, which must be performed in accordance with the principles envisaged in its Sustainability Policy, environmental protection and the fight against climate change through the development of technical solutions that allow the construction of sustainable and efficient plants for its customers and by generating quality employment for its professionals and the progress of the communities of all continents where the Group is present, both economically and from the point of view of business ethics, promoting equality and encouraging innovation.

A prerequisite for the success of the business action of Técnicas Reunidas is the contribution of its activity to the communities in which the Group is present. In carrying out this activity, the Company refers to the United Nations Sustainable Development Goals ("SDO"), the principles of which it accepts and supports. The purpose of this activity is to put the Group at the forefront of best practice in the field of the aforementioned goals and to consolidate Técnicas Reunidas as one of the leading companies in this field.

Thus, the Company carries out activities aimed at increasing the social contribution generated by the Group's business activity, as the main source of value creation for the communities in which it operates, contributing to the design and construction of plants that provide cleaner and more sustainable energy and implementing measures that make it possible to contribute to the development of vulnerable groups through sponsorships, collaborations and other actions and, generally, through a committed global institutional strategy that involves its interest groups and promotes the design and implementation of awareness-raising plans on various subjects that contribute to sustainable development.

In this sense, the sustainability strategy of Técnicas Reunidas is transversal and reaches all its activities, both corporate and operational. It includes aspects of corporate governance, the environment and its relationship with society, all in a coordinated action between the departments involved. This strategy seeks to bring added value, reinforcing the positive impacts and minimising those potentially negative ones, and it is subsequently adapted to all the projects that Técnicas Reunidas implements.

Lastly, the Group employs indicators to analyse its contribution to sustainability. This is key to knowing and weighing the impacts generated by its activity and the effectiveness and results of the actions implemented, thus measuring the Group's social contribution in the communities in which it operates. All this information, which is regularly published by the Company in its Integrated Report, enables the Company's Board of Directors to define the Group's strategy, which is subsequently implemented by its various corporate and operational areas and departments.

The sustainable development strategy promotes the achievement of the following objectives, based on the principles contained in the SDOs, in particular those in which the Company's activity has a differential value, such as Objectives 7, 9 and 13, relating to the supply of affordable and clean energy, the construction of resilient infrastructure, the promotion of inclusive and sustainable industrialisation and the promotion of innovation and the fight against climate change, respectively, in which the contribution to the achievement of these objectives is implemented through the development of technical solutions that enable its customers to have efficient and sustainable industrial plants, thus promoting energy efficiency and universal access to energy services:

- Promoting the fulfilment of Técnicas Reunidas' purpose and continuing to cooperate permanently with the implementation of a more sustainable, accessible and clean energy model.
- Sharing Técnicas Reunidas' social contribution with all its stakeholders, making them participate in its business project.
- Promoting the achievement of the Group's strategic objectives in order to provide safe, reliable, quality and environmentally friendly industrial plants.
- Committing to sustainability, through innovative management practices, equal opportunities, cost-effectiveness, efficiency and productivity, as instruments to improve the Group's competitiveness.
- Maximising the positive impacts of its activity on the territories in which the Group operates and minimising, as far as possible, negative impacts; managing responsibly the risks and opportunities arising from the evolution of the environment, avoiding short-term approaches and ones that insufficiently consider the interests of all its stakeholders, using the channels of communication, participation and dialogue that are most appropriate with each of them.
- Firmly promoting the occupational health and safety of its employees, as well as the other associates and subcontractors working on our projects.
- Promoting a culture of ethical conduct and promoting corporate transparency as a tool to generate credibility and confidence in interest groups, among which is society as a whole.

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As a result, TR, in the course of its activity, assumes the following principles in relation to the various territories and communities in which it operates:

- Developing strong links with the communities in which the Group operates in order to build confidence and build a sense of belonging to an excellent Company.
- Adapting the Group's activities in the various countries in which it operates with the various social and cultural realities of each country.
- Strengthening relations with the various local communities, by supporting public administrations and leading social organisations, as well as knowing the expectations of the interest groups of these local communities.
- Respecting the rights of ethnic minorities in all territories in which the Group operates.
- Carrying out campaigns that promote the participation of Group professionals in solidarity actions, in order to promote the improvement of the quality of life of people, environmental care and sustainable development.
- Promoting the preservation and promotion of the cultural and artistic heritage of the territories in which the Group is present.
- Supporting initiatives that contribute to a healthier, more equal and fairer society, such as supporting the empowerment of women or promoting the reconciliation of personal and professional life.
- Finally, the Group will collaborate with projects in emerging and developing countries, paying particular attention to the provision of sustainable solutions for the construction of industrial plants that open access to energy.

Técnicas Reunidas prioritises, during the performance of its projects, the identification and management of the risks related to the local community, with the risk most relevant to the company being the potential damage to the local environment that may arise from any of the projects performed by Técnicas Reunidas.

To avoid this and any other risks that may materialise, the Company has established a Social Management Framework (see box below). This enables the planning of specific actions in response to these issues, where coordination with the local environment and different stakeholders (public administrations, partners, suppliers, subcontractors, etc.) is crucial. Issues frequently identified by TR include the recruitment and training of local workers, the development of infrastructure in the local area, potential environmental effects and cultural needs. The Company also applies due diligence procedures to all related third parties.

SOCIAL MANAGEMENT FRAMEWORK	
Evaluation and management of social impact	Specific analysis at the bidding phase of the social impact of each project. The acquisition of the "social license" is the responsibility of the customer.
Projects supporting the local community	Técnicas Reunidas reports on the needs and expectations of the local community to analyse ways to support it based on the characteristics of each project.
Continuous monitoring of the local environment	Técnicas Reunidas continuously monitors the local environment, as well as the performance of third parties involved in the implementation of projects, including suppliers and contractors.
Social impact grievance and reparation mechanisms	Company analyses local regulations in order to detect negative social impacts and provide the appropriate grievance and reparation mechanisms.
Dialogue with local communities	Ongoing dialogue with representatives of the local community during the implementation of all projects is the responsibility of the project manager.

In order to achieve all these objectives, TR is aware that one of the key elements is the proper selection of the personnel dedicated to the execution of the projects, which is why the Company pays particular attention to this matter and emphasises it from the selection phase of the workers until they come to the project's work site. A key element for attaining this objective consists of having a management procedure that allows local hiring requirements to be met and balanced with the need for expatriate labour, within the deadlines established for the successful and timely implementation of projects.

The projects in which TR participates generate various positive impacts on their environment:

- Employment generation in the local environment
- Hiring local suppliers and subcontractors, which in turn reinforces the Company's positive economic contribution in the environment of EUR 2,063 million in local purchases and contracting in 2020, accounting for 79% of the total cost of procurement and subcontracts for construction and services (compared to EUR 2,846 million in 2019, 78%).

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- Training companies and local labour through courses and workshops organised by the Company, available to both its own workers and, at their request, to employees of subcontractors who request it. As part of these efforts, the Company made a social investment of EUR 2.56 million in 2020 for the training of local workers in the scope of the projects.
- Strengthening of the local business network.
- Creating key energy infrastructure through the Company's projects, paying particular attention to the provision of sustainable solutions for the execution of industrial plants that generalize access to energy.
- Implementing initiatives with local communities that enable the development of particularly vulnerable groups. In 2020, social contributions were made under projects amounting to EUR 18,137.40.

The main social and/or environmental work activities carried out in the various projects during 2020 are detailed below:

- In the Touatgaz project in Algeria, the workers carried out a replanting of trees since they were in a demobilised camp area without the possibility of surviving. The new plantation is cared for and prepared with irrigation system adapted to the new needs, and the adaptation process is being monitored.
- In Duqm, Oman, several activities were carried out throughout the year, including: the planting of 440 trees (*Casuarina* species) carried out by 100 workers; the cleaning of beaches by volunteers and the delivery of wheelchairs and other gifts to children with medical needs during the campaign for children with autism and their families. Likewise, in the framework of the campaign for the prevention of COVID-19, a body temperature measuring chamber was installed at the MOH hospital (Ministry of Health) and a mechanised medical bed was donated; ambulance assistance was provided, and the ICU building of the SEZAD was reformed, as well as maintenance work. Maintenance work was also carried out on the Duqm municipal water tank (with a capacity of 1000 m3, providing labour and materials; and finally, in collaboration with the Omani Women Association, medical equipment was collected and distributed among families with special needs.
- In the Talara (Peru) project, the employees performed a series of activities with the local community in addition to timely financial donations for both the municipality and to cover the personal needs of the inhabitants of the area. Notable among the actions were: the donation of wood for the preparation of beds, tables and other small furniture for children with special needs and students, as well as various materials for the maintenance of community facilities; the purchase, placement and commissioning of a water tank in one of the inhabited areas; collaboration both economically and with various materials for the celebration of Women's Day. In the framework of the campaign for the prevention of COVID-19, medicines, masks and provisions were donated for the neediest. Toys, school supplies and sport uniforms were delivered for children in various campaigns, including Christmas.
- In Teesside, UK, various activities with employees and various donations were organised in 2020. A handover of gifts to the workers of the various subcontractors was carried out for their collaboration in the controls and their effort during the pandemic. In addition, various financial and food donations were made to hospitals, juvenile centres and women's associations, as well as to local food banks to help those most in need.

Finally, in terms of impact, no centres with significant, real or potential negative impacts, including those deriving from COVID-19, have been identified in local communities due to the development of projects or operations of Técnicas Reunidas in 2020.

15.7.2. Partnership and sponsorship actions

Técnicas Reunidas is committed to four main areas of work (education, social and business initiatives, culture and science and research) in its social actions that demonstrate its commitment in this area and that are deployed through numerous activities and projects.

To perform these social actions, the Company locates and evaluates, before starting the action, where appropriate, other organisations that share its objectives and with which there is an opportunity to collaborate, both financially or through other instruments, as well as participation in working groups or forums. Among others, following actions stand out:

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Main organisations Técnicas Reunidas collaborates with

Promotion of business and entrepreneurial activity



Commitment to social action by Técnicas Reunidas



Culture



Science and research and education



At the sectoral level, TR participates in various associations related to its business activities, collaborating on initiatives including those related to the promotion of business and entrepreneurial activity, and other organisations that promote transparency and CSR.

In the area of partnership and sponsorship, the main risks are those arising from the possibility that a wrong action by a third party might create reputational problems for the Company. In order to avoid any kind of contingency in this regard, TR carries out due diligence procedures in these types of activities, evaluating for each specific case whether the organisations with which TR collaborates could cause any damage to the Company.

15.7.3. Subcontracting and suppliers

Técnicas Reunidas' main aim in managing its supply chain is to achieve competitive procurement of materials, equipment and assembly services in line with the standards demanded by the sector. It is also

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crucial for the Group's supply chain to be aligned with its values and requirements in terms of health and safety, environment, workers' rights, respect for human rights, equality, ethics and integrity.

As part of this commitment, the Company requires companies in its supply chain to adhere to the Code of Conduct for Company suppliers and subcontractors by means of their registration on the e-supplier web portal. Alongside this, TR has a series of specific requirements on environmental and labour matters and the protection of human rights, including specific requirements in line with standard ISO 14001, compliance with environmental legislation and sustainability reporting. On the other hand, the Company has a Liaison Policy with Business Partners, to, inter alia, perform due diligence procedures for suppliers and subcontractors.

In relation to risks, TR has carried out the analysis of those non-financial risks that, due to their characteristics, are of greater relevance to the Group, such as collaboration with suppliers and subcontractors that are not committed to Human Rights (based on the framework of action of the United Nations and the International Labour Organisation), included on international lists of corruption, that lack a policy to prevent money laundering and terrorist financing or that do not have confidentiality policies.

In addition to the aforementioned tools, TR has a worldwide database consisting of 25,808 suppliers of construction materials and subcontractors (in 2019 it had 24,906 total suppliers), of which 2,426 suppliers and 586 subcontractors have already been approved by the Company (compared to 2,186 suppliers and 572 subcontractors approved in 2019). This global supplier market with updated information allows the Company to mitigate the risk in the selection of suppliers and subcontractors from the financial, performance and quality points of view, among other aspects.

Due to the nature of its business, each year the Company handles high volumes of purchases and subcontracts. In 2020, the total spending on purchases from suppliers of materials and engineering subcontracts stood at EUR 2,597.3 million. Furthermore, in relation to the employees of construction subcontractors, these exceeded 44,424 workers on average assigned to TR projects (and more than 53,016 at peak times).

To manage this complex supply chain, TR has a management framework governing the two main areas responsible for the supply chain: the Procurement Unit (responsible for purchases from suppliers of materials and equipment) and the Construction Area (responsible for construction and assembly subcontracting).

These two areas manage the TR supply chain according to five axes:

- Constant innovation in the management of the supply chain.
- Presence of rules and regulations in all processes (bidding, award and management).
- Development of annual internal strategic plans in line with TR's overall objectives and responding to the business context.
- Existence of an Integrated Management System that enables both individual and global evaluation and monitoring of suppliers' and subcontractors' performance.
- Centralised contract award system that ensures transparency throughout the award procedure for suppliers and subcontractors.

As described in section 15.7.3, TR considers social and environmental liability as part of its relations with its suppliers and subcontractors. These aspects are not only considered in the approval process but are kept in mind throughout the relationship with suppliers, monitoring their compliance. After the delivery of the supply or completion of the assembly services, the performance of the supplier and the subcontractor is evaluated in accordance with various aspects. The results of the evaluations are disclosed and serve as a reference in identifying improvement actions. Safety and environmental performance are two of the aspects included in Técnicas Reunidas' evaluations. Since 2014, the Company has required a specific audit report on these areas based on information gathered during inspection visits to the workshops.

Similarly, subcontractors undergo monitoring during the execution of the work to ensure compliance with all contractual requirements.

These audits involve the inspection of all work performed by the subcontractor, which is only accepted once Company inspectors have verified that it has been carried out in accordance with the project designs and specifications. The verification of corrective actions is a regular practice during these inspections, which is documented in detail in the quality dossiers submitted to the client.

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In the event that TR detects an environmental, social or ethical deviation, this is then studied in detail. Depending on the type of deviation and its severity, the supplier or subcontractor is required to take corrective and preventive action, and if the deviation is severe, the supplier may be blacklisted for new tenders or contract awards.

In 2020, a total of 716 HSE audits were performed (519 were performed in 2019), of which 652 were successfully completed (compared to 473 in 2019) and 64 were not passed satisfactorily (46 were not passed in 2019). All audits featuring incidents will be appropriately addressed by TR with the implementation of improvement plans. The increase in HSE audit indicators is due to the introduction of the "*Inspection Management App*" in almost all of TR projects in 2019, which has streamlined and facilitated the HSE Inspections process in supplier workshops and will contribute to an improvement of HSE conditions in the workshops with which TR normally works.

In addition, the company has carried out, as every year, an assessment of its supply chain based on social and environmental criteria. In 2020, a total of 594 suppliers were analysed based on both social and environmental criteria (in 2019 there were 796 suppliers analysed based on social criteria and 797 based on environmental criteria). In no case were significant impacts identified on the supply chain in relation to these issues.

Beyond the social and environmental impacts, the emergence of COVID-19 deserves special mention. The pandemic has posed a tough challenge, the consequences of which (travel restrictions, closure of airspaces, etc.) have put great pressure on supply chains at all scales. In the particular case of TR, the Company has had the management of its supply chain exposed, especially with regard to inspection and logistics activities. Specifically, the following impacts occurred as a result of these exceptional circumstances:

- Total and partial closures of global workshops and factories, resulting in delays in the delivery and reduction of materials, resulting in the slowdown of some projects.
- Extension of investments by customers, causing an "overstock" of materials and delays in payments.
- Lack of supply of services.
- Cancellation of inspections as a result of travel restrictions.
- Restrictions on travel, which directly affected the lack of construction personnel.
- Changes in transport and construction costs.

However, this complex situation has demonstrated the creativity, responsiveness and commitment of the various teams involved in the management of the Company's purchases and subcontracting, as well as of customers, subcontractors and suppliers. As a result, TR has seen its operations strengthened and achieved an improvement in the efficiency of its processes thanks to the way in which the response to this crisis has been addressed. The main actions taken to adapt the supply chain and the implementation of the projects for the purposes of COVID-19 are detailed below:

- Implementation of the security measures ordered by the health authorities of the different countries in which the Company operates. Establishment of the COVID-19 Monitoring Committee, as well as ongoing crisis committees.
- Strengthening of communication and coordination at the internal level.
- Continued communication with subcontractors in order to adapt contractual conditions (after authorisation by the customers), as well as to quickly and efficiently solve the problems caused by the pandemic in all their areas of activity on site.
- Negotiation of new conditions and agreements with subcontractors.
- Acceleration of the Company's digital transformation process (in relation to the supply chain, of note is the use of advanced digital platforms for project management and the promotion of remote inspections, among others).
- Search for logistics containers within the same country of origin to secure the supply to sites.
- Reduced allocation of logistics services in projects near the start of the implementation phase in order to avoid contractual commitments requiring the project to operate at transport costs affected by market volatility.
- Coordination of the actual need for materials between supply and construction to assess potential delays and avoid extra costs in transport.

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15.7.4. Consumers

Técnicas Reunidas does not have consumers, as this term is defined in Spanish law.

The Company evaluates 100% of its projects from the point of view of health and safety. Up to the time of delivery, TR ensures that its projects meet both its own health and safety standards, as well as those required by the customer and applicable law.

To ensure the health and safety of its customers, TR performs its projects, where appropriate, at the sites owned by its customers, who normally begin the operation of the plant once it has been delivered by the Company and assume the health and safety of their own workers.

With regard to the systems of complaints, complaints received and their resolution, customers (not consumers) have a permanent contact with the manager of each specific project and, additionally, have the possibility to communicate with the members of the Operations Management. The director of each project is responsible for receiving any complaints that, where applicable, the customers wish to communicate to the Company. It will be TR who assesses (with the collaboration of the necessary internal and/or external personnel in each case) the provenance of the claim and complaint and will approve the necessary measures for its resolution.

Additionally, all contracts signed by the Company with its customers establish dispute settlement mechanisms and procedures fully adapted to the circumstances of each customer and project. Likewise, customers have at their disposal, like any other business partner, the Code of Conduct of Técnicas Reunidas.

TR's risks related to the management of its customers are integrated into the Company's general risk procedure, and they generally consist of adequate communication with the customer being critical to the proper performance of projects. This communication must take place from the tendering stage, clearly defining their needs and the conditions of the Company's proposal, until the completion of the project. Incorrect management of a customer by the Company may result in delays in performance, application of penalties and, ultimately, rescheduling or cancellation of the project. Likewise, a strong impact of COVID-19 on a customer may hinder the performance of the projects by the Company, lead to delays or even their cancellation.

The main policy in this area is the Sustainability Policy, updated in 2020. With regard to customers, the Policy establishes that the Group works to know the needs and expectations of its customers and thus offer them the best solutions, constantly striving to care for and increase their satisfaction, strengthening their links to the Group, and for this it assumes the following principles of action:

- Providing advanced technical solutions that enable customers to have sustainable and efficient industrial plants to develop the best sustainability policies.
- Pursuing the continuous improvement of the services it provides to its customers in the various countries in which it operates.
- Monitoring the quality of the service provided to its customers.

The Company applies with its customers the same due diligence procedures it uses with the other third parties with which it carries out its business, which it classifies as high, medium or low risk third parties. For their part, customers are classified as high-risk third parties.

15.7.5. Tax information

The Group operates in countries where it performs a single project or a set of projects for the same customer, so that the information broken down by country may harm the commercial and performance interests of the projects. The data are aggregated by geographical area with the same criteria used for different financial indicators presented in the consolidated annual financial statements.

On the other hand, as it is aware of its tax liability and the complexity of its operations, the Company has launched a tax model based on BEPS value-chain criteria that seeks to properly domicile taxation in those jurisdictions where value is created.

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- Operating profit earned by geographic area

Geographical area	(Amounts in thousands of euros)	
	2019	2020
America	152,334	98,562
Asia	2,465	22,804
Spain	(115,826)*	(161,305)**
Europe	(31,231)	(52,676)
Mediterranean	(123,054)	2,668
Middle East	183,133	110,505
	67,821	20,558

* The data relating to the profit before tax generated in Spain do not include the results of the Spanish companies that make up the group but are consolidated using the equivalence method. The amounts not considered amount to EUR 8,719 thousand in losses.

** The data relating to the profit before tax generated in Spain do not include the results of the Spanish companies that make up the group but are consolidated using the equivalence method. The amounts not considered amount to EUR 675 thousand in losses.

Countries with profit or loss for the year by geographical area:

Americas: Argentina, Bolivia, Canada, Chile, Colombia, Mexico, Panama, Peru, Dominican Republic, United States.

Asia: Australia, Bangladesh, India, Malaysia, Singapore, Thailand.

Europe: France, Finland, Greece, Netherlands, Hungary, Italy, Norway, Poland, Portugal, Russia, United Kingdom.

Spain Spain

Mediterranean Algeria, Egypt, Morocco, Turkey.

Middle East Azerbaijan, Bahrain, UAE, Jordan, Kuwait, Oman, Saudi Arabia.

- Corporate income tax paid

Geographical area	Income tax paid in thousands of euros *	
	2019	2020
America	9,532	13,806
Asia	2,436	1,439
Spain	0**	38,020***
Europe	1,435	267
Mediterranean	318	195
Middle East	13,525	26,210
	27,246	79,937

* Information calculated on the basis of tax criteria.

** The amount of income tax paid in Spain in 2019 was EUR 0 thousand due to the offsetting of prior years' bases.

*** The amount of income tax paid in Spain in 2020 includes payment of the 2012 and 2014 inspection reports amounting to EUR 39,751 thousand and a 2019 tax refund amounting to EUR 5,102 thousand.

Public subsidies received: EUR 1,281 thousand (compared to EUR 716 thousand in 2019)

CONSOLIDATED DIRECTORS REPORT FOR 2020

15.8 About the non-financial information statement

By means of this non-financial information statement, Técnicas Reunidas responds to the requirements of Spanish Law 11/2018, of 28 December. This report has been prepared with reference to a selection of indicators from the GRI Standards identified in Spanish Law 11/2018, of 28 December and taking as a reference the recommendations of the IIRC framework of Integrated Reporting.

In relation to the scope of this report, it includes all the companies within the scope of the financial consolidation of TR, included in Annexes I and II of the annual financial statements. In cases where there are significant changes, an explanatory note will be included.

To design the contents of this report and select the most relevant aspects, TR has conducted a materiality analysis that has allowed it to identify the most relevant aspects to be reported to its stakeholders (see stakeholders on pages 106-07 of the 2019 Integrated Report of Técnicas Reunidas), and to respond to the requirements for reporting non-financial information based on current regulations.

In addition, in all aspects that are not material for TR, this report addresses the management approach but does not give detailed information on KPIS or other quantitative indicators, given that these are not considered as representative of the Group's activities. The non-material aspects for the Company demanded by law are as follows: light and noise pollution, water consumption, food waste and biodiversity. For further information on the methodology used to conduct the materiality analysis, please see the chapter "Reporting Practice for the Integrated Report", of TR's Integrated Report, published each year on the Company's website. In relation to this aspect, it should be mentioned that the Company did not consider it necessary to perform an update in its materiality analysis in 2020 because it did not identify any new demands from its stakeholders and since its stable activity was maintained despite the specific circumstances this year.

Additionally, Técnicas Reunidas has prepared a traceability analysis that links aspects of the law with the associated GRI contents, published by the Company. See the table of contents in the table attached below:

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Table of compliance with Spanish Law 11/2018, of 28 December

Content	Section	Associated GRI indicator
Business mode		
- Business environment, organisation and structure and business model	15.1.1- 15.1.4	102-2
- Markets in which the Company operates	15.1.4	102-6
- Objectives and strategies	15.1.6	102-14
- Factors and trends affecting the evolution	15.1.5	102-15
- Policies	15.2 / Section associated with each aspect of the Law	103 - Management approach for each material issue
Risks	15.2 / Section associated with each aspect of the Law	102-15
Environmental issues		
Global		
- Effects of company activities on the environment and on health and safety.	15.3	103 - Management approach for each material issue related to the Environment
- Environmental evaluation or certification procedures	15.3	103 - Management approach for each material issue related to the Environment
- Application of the Precautionary Principle	15.3.8	102-11
- Provisions and guarantees for environmental risks	15.3.8	103- Environmental Compliance
- Resources assigned to prevention of environmental risks	15.3.9	103 - Management approach for each material issue related to the Environment
Pollution		
- Measures associated with carbon emissions	15.3.1/15.3.2	103 - Emissions
- Measurements associated with light, noise and other types of atmospheric pollution	15.3.2/15.3.6	Non-material/103-biodiversity/Atmospheric emissions, light pollution and noise are not considered relevant and do not generate any significant impact given the activity of TR.
Circular economy and waste prevention and management		
- Initiatives for promoting the circular economy	15.3.3	103- Effluents and waste
- Measures associated with waste management	15.3.3	103- Effluents and waste
- Actions to combat food waste	15.3.4	Non-material/103-Effluents and waste
Sustainable use of resources		
- Water: consumption and supply	15.3.5	Non-material/103 - Water

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- Raw materials: consumption and measures	15.3.5	103-Materials
- Energy: consumption, measures and use of renewable sources	15.3.5	302-1
Climate Change		
- Greenhouse gas emissions	15.3.2	305-1/ 305-2/ 305-3
- Climate change adaptation measures	15.3.2	103 - Emissions
- Emissions reduction targets	15.3.2	103 - Emissions
Biodiversity		
- Preservation measures	15.3.7	Non-material / 103-biodiversity
- Impacts caused in protected areas	15.3.7	Non-material /304-2
Social and personnel issues		
Employment		
- Total number of staff and distribution by gender, age, country and professional classification	15.4.1	102-8/405-1
- Total number and distribution of employment contract types	15.4.1	102-8
- Annual average of permanent, temporary and part-time contracts by gender, age and professional classification.	15.4.1	102-8/405-1
- Number of dismissals by gender, age and professional category	15.4.1	103- Employment
- Average remuneration and its evolution broken down by gender, age and professional category or similar value	15.4.1	405-2
- Salary gap, remuneration for equivalent jobs or on average for the Company	15.4.1	405-2
- Average remuneration of directors and executives	15.4.1	102-35
- Disconnection from work policies	15.4.2	103- Employment
- Disabled employees	15.4.3	405-1
Organisation of work hours		
- Work organisation	15.4.2	103- Employment
- Number of hours of absenteeism	15.4.6	103- Occupational Health and Safety
- Work-life balance measures	15.4.2	103- Employment
Health and safety		
- Occupational health and safety conditions	15.4.6	103- Occupational Health and Safety
- Work-related accidents, in particular their rate and severity, broken down by gender	15.4.6	103- Occupational Health and Safety
- Work-related illness, broken down by gender	15.4.6	103- Occupational Health and Safety
Labour relations		
- Organisation of social dialogue	15.4.7	103- Worker-company relations
- Percentage of workers covered by collective agreements by country	15.4.8	102-41
- Balance of collective agreements on occupational health and safety	15.4.8	403-4
Training		
- Policies implemented in the field of training	15.4.4	103- Training and education
- Total number of training hours by professional category	15.4.4	404-1
Universal accessibility and integration of disabled people	15.4.3	103- Diversity and equal opportunity / 103-Non-discrimination

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Equality		
- Measures taken to promote equality, equality plans, employment promotion, anti-harassment protocols and non-discrimination policy and diversity management	15.4.5	103- Diversity and equal opportunity / opportunities / 103 - Non-discrimination
Human Rights		
- Due diligence procedures for human rights matters and if applicable, mitigation, management and repair	15.5	102-16/102-17/103- Evaluation of human rights/103- Freedom of association and Collective bargaining/103- Child labour/103- forced or compulsory labour
- Complaints about cases of human rights violations	15.5	406-1
- Promotion and enforcement of ILO conventions related to freedom of association and collective bargaining	15.5	407-1
- Elimination of discrimination in employment, forced or compulsory labour and child labour	15.5	406-1/408-1/409-1
Corruption and bribery		
- Measures taken to prevent corruption and bribery	15.6.1	103- Anti-corruption
- Anti-money laundering measures	15.6.1	103- Anti-corruption
- Contributions to foundations and non-profit entities	15.6.2	413-1
Society		
Commitments of the company with sustainable development		
- Impact of the Company's activity: employment, local development, local populations and territory	15.7.1	103- Local Communities/103- Impacts Indirect economics
- Dialogue with local communities	15.7.1	103- Local Communities/102-43
- Partnership and sponsorship actions	15.7.2	102-12/102-13
Subcontracting and suppliers		
- Inclusion in the procurement policy of social, gender equality and environmental issues.	15.7.3	102-9 / 103 - Management Approach procurement practices
- Consideration of social and environmental responsibility in relations with suppliers and subcontractors	15.7.3	308-2/414-2
- Supervision systems and audits and their results	15.7.3	103- Management Approach procurement practices
Consumers		
- Measures for the health and safety of consumers	15.7.4	103- Customer health and safety
- Claims systems, complaints received and complaint resolution	15.7.4	103- Customer health and safety
Tax information		
- Operating profit earned by geographic area	15.7.5	103- Economic performance
- Corporate income tax paid	15.7.5	103- Taxes
- Public subsidies received:	15.7.5	201-4

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Note: The indicators in this report were prepared with reference to the 2016 GRI Standards, with the exception of the following: 403- Occupational Health and Safety (2018)



**Técnicas Reunidas, S.A.
and subsidiaries**

Independent Verification Report of the Non-financial
information report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Verification Report

To the shareholders of Técnicas Reunidas, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Statement on non-financial information report (hereinafter “SNFI”) for the year ended 31 December 2020 of Técnicas Reunidas, S.A. (the Parent company) and subsidiaries (hereinafter “Técnicas Reunidas” or “the Group”) which forms part of the Group’s Consolidated Director’s Report (hereinafter “CDR”).

Responsibility of the Board of Directors

The preparation of the SNFI included in Técnicas Reunidas’s CDR and the content thereof are the responsibility of the Board of Directors of Técnicas Reunidas. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) selected, described in line with the details provided for each matter in the table included in the section “15.8. About the statement non-financial information - Table of compliance with Spanish Law 11/2018, of 28 December” of the mentioned SNFI.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of any immaterial misstatement due to fraud or error.

The directors of Técnicas Reunidas are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors (“Instituto de Censores Jurados de Cuentas de España”).



In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Técnicas Reunidas units that were involved in the preparation of the SNFI, in the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with the Group's personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the SNFI for 2020, based on the materiality analysis carried by Técnicas Reunidas considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in SNFI for 2020.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the SNFI for 2020.
- Verification, through sample testing, of the information relating to the content of the SNFI for 2020 and its adequate compilation using data supplied by the Group's sources of information.
- Obtainment of a management representation letter from the directors and the Parent company's management.

Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that Técnicas Reunidas's SNFI, for the year ended 31 December 2020 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and following the criteria of the Standards of the Global Reporting Initiative ("GRI Standards") selected, described in line with the details provided for each matter in the table included in section "15.8. About the statement non-financial information - Table of compliance with Spanish Law 11/2018, of 28 December" of the mentioned SNFI.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

(Originally signed in Spanish)

Pablo Bascones

26 February 2021