



TECNICAS REUNIDAS

INTEGRATED REPORT

2020



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EXECUTIVE CHAIRMAN LETTER

[102-14]

Dear friend:

It is a pleasure for Técnicas Reunidas to publish the Integrated Report 2020, in which we offer a complete vision of the activity of TR and its Group for the financial year 2020, with particular attention to the **performance in sustainability, strategic and priority matter for us** and a way of understanding and developing our activity and adding value to all third parties with whom we interact.

As world leaders in the engineering sector we are aware of our ability to contribute to the fulfillment of the Sustainable Development Goals and a **natural ally of our clients for the development of their sustainability, energy transition and decarbonization policies**. We offer our services, that allow them to have efficient and sustainable industrial plants, respectful of the environment and that contribute to the transition to a low-carbon economy.

This commitment to sustainability has been even more relevant during 2020, the year in which Covid-19 has had a drastic impact on global activity. Our Company has adapted satisfactorily to it **thanks to the efforts of its professionals and its solid operating structure**.

Técnicas Reunidas' response to face the situation caused by the pandemic has focused on the implementation of a set of measures that have facilitated the adaptation of its activity to operating restrictions, minimizing the company's exposure to risks related to the pandemic and ensuring the continuity of its operations. All this, **establishing the health and safety of its professionals as a priority**.

Already in March 2020, Técnicas Reunidas set up a Covid-19 Monitoring Committee made up of the Human Resources and HSE areas and advised by a group of external experts. This Committee has been kept informed and in sync with the measures adopted by the authorities in order to adapt to the different restrictions and recommendations that have taken place and to **adopt the appropriate measures to guarantee the continuity of the Company's operations**.

Técnicas Reunidas closed the 2020 financial year with a **backlog of 8,347 million euros** and awards of 2,117 million euros, including relevant projects such as Sasa Polyester in Turkey, the environmental improvement of the Bio Bio facilities of the client ENAP, the acid water treatment from the Ras Tanura facilities for Aramco or the competitive FEED project for Orlen, that have consolidated a solid and diversified backlog.

In addition, the Company has consolidated its position in **projects with high added value** such as projects for services, either by supporting project management and FEEDs (Front End Engineering Design) or in collaboration with clients in different aspects and phases of the launch of their investments, which allow us to accompany them from their initial planning to the commissioning and final delivery of the plant.

To a large extent, the ability to strengthen our leadership position in the engineering sector is the result of a **global vision of sustainability** that addresses its most relevant aspects. Among them, I would like to highlight our excellent performance in health and safety, which has managed to exceed even our programmed objectives, the support to local communities, our investment in R & D & I or the achievements in innovation and digitization, which translate into productive enhancements with a significant impact on a commercial and operational level.

The new Sustainability Policy incorporates our general action commitments and with respect to the main stakeholders. This Sustainability Policy will continue in 2021 with a **Sustainability Plan** that establishes our main corporate, social and environmental objectives in the medium term, including an improvement of our current commitment to reduce emissions and a commitment to net zero emissions.

Within this future, **energy transition** occupies a preeminent place. This is a matter in which TR has all the means to play a leading role in global compliance with the Paris Agreement and in line with the investments of the European Union. We have a great human capital that allows us to offer our clients **pioneering and innovative technical solutions** in four main areas such as the deployment of renewable energies (biomass or renewable fuels), the decarbonization of petrochemical and gas infrastructures (switch to gas, burn reduction or gas leaks in the production of resources reduction of methane emission, among others), the development of low-carbon technologies (green and blue hydrogens, CO₂ capture and storage or circular economy) or the production of more sustainable fuels.

These ambitious objectives require a process of continuous optimization of the activities and procedures of the Company. For this reason, during 2020 we have continued to develop the **TR-ansforma Plan**. This important efficiency plan, together with other actions such as cost reduction, standardization of procedures or digitization, have had a positive annualized impact in total that is estimated at more than 250 million euros.

All these actions would not be possible without the **highly qualified personnel** of the Company, which closed the 2020 financial year with approximately 7,500 professionals of 70 nationalities, to whom I would like to convey my most enthusiastic thanks, since each and every one of them they contribute decisively to the progress of the Company.

Juan Lladó Arburúa

2 OUR OPERATIONS IN 2020

[102-7]

Técnicas Reunidas is an international contractor specialising in the management, engineering, design, procurement, construction and commissioning of complex industrial plants for a wide range of clients all across the globe.

Its main areas of business are:

Oil and Natural Gas



Energy and Water



Other Industries



Main figures for 2020

€3,521 million
in revenue
(-20% v 2018)

41.5 million in EBIT
(-2% v 2018)

96.8% attendance
by members at Board
meetings

7,458
professionals of
70 nationalities

€5 million
earmarked for R&D&I
(+25% v 2018)

15% reduction in the
recordable incident rate
v 2018

79% of purchasing
and subcontracting
with local companies
(89% in 2018)

€2,597 million
in purchasing and subcontracting*
(-22% v 2018)

* Final figure taking into account billing dates.

** Partnerships with organisations promoting education, health, socially-oriented business initiatives and schemes involving culture and civil society. This includes contributions made within the social framework of various projects.

TR PRESENCE ACROSS THE WORLD AND MAIN CONTRACT AWARDS IN 2020



Main contracts awarded in 2020

- EPC project for Sonatrach for a new oil refinery in Haud el-Hamra, Algeria.
- New sour water stripper unit at the Saudi Aramco Ras Tanura refinery in Saudi Arabia.
- EPC project for environmental improvement at the Bio Bio refinery in Chile for ENAP (the national oil and gas company).
- Long-term agreement with Saudi Aramco as part of an exclusive group of eight contractors for the next six years.
- PDP (Process Design Package) and FEED (Engineering Design) for the olefins expansion project for Orlen in Poland.
- FEED for the gas supply for RAECO in Oman.

Despite the situation caused by the Covid-19 crisis, the Company has been able to keep its project portfolio intact, fostering joint management with clients, adapting to their needs and prioritising the health and safety of all workers at all times.



€ **283,895**

earmarked for social partnerships**

€ **8,347** million

portfolio at year-end 2020
(-7% v 2018)

€ **2,117** million

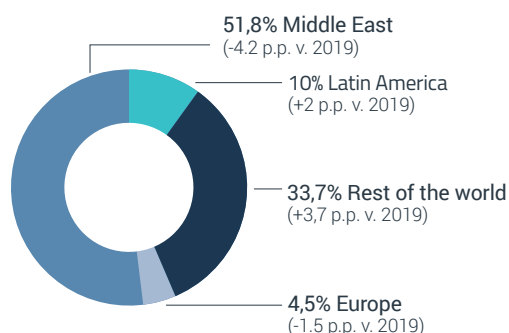
in contracts awarded in 2020
(+24% v 2018)

90% repeat contracting

in awarded projects

Técnicas Reunidas portfolio in 2020

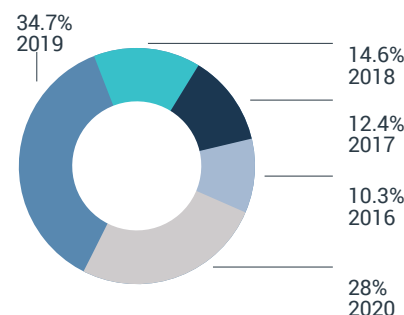
Project portfolio by region



The Company has a solid portfolio in the Middle East - the most important geographical area in the Oil and Gas market - with significant investments in mega-projects both planned and in progress.

Técnicas Reunidas has ensured that its portfolio in the Middle East is highly diversified, with projects contracted in various countries in the region (including Saudi Arabia, United Arab Emirates, Oman, Kuwait and Bahrain) with a wide range of clients.

Project portfolio by year of contract award



At the same time, the portfolio consists largely of projects awarded by Técnicas Reunidas' repeat clients - a clear indicator of the high levels of quality achieved by the Company in the implementation of its projects. 87.2% of clients (89.7% in 2019) are major state or multinational oil companies, while the remaining 12.8% corresponds to other types of clients (such as private energy companies and infrastructure construction and services).

FLAGSHIP PROJECTS

Throughout its 61-year history, Técnicas Reunidas has designed and managed the construction of more than 1,000 industrial plants in over 50 countries. Its clients include many of the major national and multinational oil companies.

In 2020, the Company has continued to implement flagship projects such as Haradh and Hawiyah (Saudi Arabia), Duqm (Oman) and Ras Tanura (Saudi Arabia).

With the implementation of these projects, Técnicas Reunidas is contributing to the development of strategic industrial energy complexes that will help these countries meet their energy needs, observing compliance with strict environmental requirements and generating a positive socio-economic impact in the areas where they are located.

DEVELOPMENT OF PROCESSING UNITS AT THE DUQM REFINERY (OMAN)

The project, started in 2017, consists of engineering, procurement, construction and start-up for the main units at the new Duqm refinery (as part of a consortium with Daewoo).

This project is part of the Omani government's plans for the development of the Duqm Special Economic Zone, which includes the construction of a new refinery. The government plans to invest up to 15,000 million dollars in this project over the next 15 years to develop infrastructure in and around the port, in order to build one of the largest industrial areas of this type in the Middle East. The refinery is the cornerstone of the development of this industrial zone.

The EPC services are now practically complete, while construction currently stands at 50%.

Alongside the experience acquired by Técnicas Reunidas over 60 years of designing and constructing complex units, the implementation of this project also requires some licensed units, requiring support from the corresponding licensors: Amec Foster Wheeler (DCU), Chevron (HCU, DHT, HPU & PSA and SGP), Fluor (SRU & TGU) and UOP (LTU, KTU).

Within the framework of the project, Técnicas Reunidas has created more than 100 local jobs, including the direct hiring of 8 Omani workers and a Local Social Manager to ensure implementation of the agreed plans. The Company has also made local purchases and awarded subcontracts worth more than 52 million and 260 million dollars, respectively.

In addition, the Técnicas Reunidas team has contributed to local development through actions including tree planting, beach cleaning and donating school materials, wheelchairs and medical beds to the local community (*for more information, see Section 6.7 Relationship with Local Communities*).

A cornerstone in the development of one of the largest industrial areas in the Middle East.

€312 million earmarked for local purchasing and subcontracting.

Involvement of Técnicas Reunidas personnel in actions to support the local environment.



BASIC ENGINEERING DESIGN AND FEED FOR THE TUBAN PROJECT (INDONESIA)

The project for PT Pertamina Rosneft, started in 2019, includes basic engineering design (BED) and Front End Engineering Design (FEED) services for all the non-licensed units, ancillary services and systems, and supervision of the development of all the process design packages for the licensed units throughout the refinery and petrochemical complex.

The plan consists of a new plant refinery with a capacity of 300,000 barrels per day, an aromatics complex with a capacity of 1.3 million tonnes per day and an integrated petrochemical complex with an ethylene production plant able to produce 1.1 million tonnes per day.

The aim of the Tuban investment is to meet Indonesia's energy needs at a reasonable cost while adhering to the highest standards for safety, sustainability and respect for the environment.

The BED phase is now complete, while EPC services in the FEED phase have progressed to 96%.

The scope of this project entails employing an average of 500 engineers over a 21-month period, with more than 700 engineers working at peak times. The plant will be equipped with the most advanced technology on the market and, in compliance with the strictest environmental requirements, it will maximise the conversion of waste products into high value-added products while minimising emissions and reducing waste. The project's scope includes several processes with highly beneficial environmental impacts, such as a sulphur recovery plant, a sour water stripper unit, an amine recovery unit and a wastewater treatment plant.

Técnicas Reunidas will design a refinery and petrochemical complex in Indonesia using the most advanced technologies on the market.

The project will employ an average of 500 engineers during its implementation.

The plant will maximise the conversion of waste into high value-added products.



GAS COMPRESSION PROGRAMME IN THE HARADH AND HAWIYAH FIELDS (SAUDI ARABIA)

This project involves engineering, procurement and construction services for the gas compression facilities, liquid separator stations and transmission pipelines in Saudi Arabia.

The purpose of this programme, started in 2017, for the Saudi state oil company Saudi Aramco is to prolong the life of its assets, by improving and sustaining the Haradh and Hawiyah gas fields in the Ghawar field, the world's largest oil field, located some 100 kilometres southeast of the city of Dhahran.

The plan aims to increase production rates over the next 20 years to about 1,300 million cubic feet a day over the next decade and, among other upgrades, expanding the gas pipeline network.

Through this project, Saudi Arabia aims to reduce its dependence on liquid fuels for energy generation, increase crude exports, provide raw materials to petrochemical industries and reduce carbon emissions.

Construction is currently more than 65% complete.

The project will enhance and sustain gas production at the Haradh and Hawiyah fields over the next 20 years.

Saudi Arabia is seeking to reduce its dependence on liquid fuels for energy generation.



3

OUR
ACTIVITY



3.1 BUSINESS AREAS

Amid a global pandemic, characterised by project slowdowns and rescheduling, clients' cash preservation policies and the difficulty of operating under lockdown conditions, Técnicas Reunidas has not only succeeded in safeguarding all the projects in its portfolio but has also been able to identify opportunities for future efficiency-related applications, consolidating the added value of its experience to clients when dealing with complex situations.

OIL AND NATURAL GAS [102-2]; [102-4]; [102-6]; [102-7]



Sales in the Oil and Gas division amounted to €3,235.9 million in 2020, representing the vast majority of the Group's total sales (92%)

The Oil and Natural Gas business area provides management, administration, engineering, procurement, construction and start-up services for facilities at every stage of the oil and natural gas value chain. Given the current situation, the management of investment-related risks has now become a critical activity. The Company is also an experienced in-house developer of basic design for specific units for facilities and projects, facilitating verification of functionality and operability, and offering greater efficiency, as well as guaranteeing the application of new technologies in its working methods.

TYPES OF PROJECT

Refining and Petrochemicals (Downstream)

- Management, design, procurement, construction, start-up, modernisation and expansion of refineries.
- Petrochemical processing plants for the production of monomers, polymers and various plastics.
- Chemical plants.

Oil and Natural Gas (Upstream)

- Development projects that encompass the entire natural gas value chain (treatment, fractionation, storage and transport).
- Oilfield primary processing.

Proprietary developments

- In-house basic and conceptual design for specific units not subject to licensing.
- Design, supply and construction of heat transfer equipment.

2020

- Contract awarded by Sonatrach for the delivery of a refinery in Algeria with the aim of increasing local production of energy products adapted to European standards (Euro 5). The project is led by TR (55%), as part of a joint venture with Samsung Engineering Co. Ltd.
- Contract awarded by Saudi Aramco for a turnkey project for environmental improvements, consisting in a sour water stripper unit at the Ras Tanura refinery.
- Contract awarded by ENAP for an EPC project for environmental improvements to the Bio Bio refinery in Chile. The project consists of the design, procurement, construction, commissioning and start-up of a sulphur recovery plant, a sour water stripper unit and an amine recovery plant.
- Contract awarded by Sasa Polyester for a new PTA production facility in Turkey.
- Cost-reimbursable contract awarded by CKPC for engineering and procurement services for a polypropylene production plant in Canada.
- Agreement with Orlen for the parallel execution of the PDP and FEED phases of an olefins expansion project.
- Mechanical completion on the Fadhilli Gas Plant project.
- Significant progress on other projects, such as the processing units at the Duqm refinery in Oman.

MAIN FIGURES

Over
820

refining, petrochemical and chemical unit projects and studies, and 70 upstream and gas plants designed and constructed across the globe.

€ 2,025
million

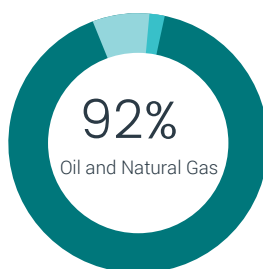
in contracts awarded in 2020.

€ 3,235.9
million

in sales.

€ 7,903
million

in the portfolio.



% of the Company's revenue

ENERGY AND WATER [102-2]; [102-4]; [102-6]; [102-7]



Energy division sales amounted to €205.4 million in 2020. The division’s sales and operating profit were heavily impacted by the difficulties in implementation due to the different waves of the Covid pandemic in the United Kingdom and the completion of the Kilpilahti project in Finland.

The Energy and Water business area provides engineering and construction services for various types of industrial facilities for both electric power generation and water management, and has participated in projects totalling some 50 GW in more than 25 countries. The Company’s experience ranges from conducting feasibility studies and basic and conceptual engineering studies, to complete implementation of large-scale and complex turnkey projects.

With respect to water management infrastructure, Técnicas Reunidas has extensive experience in large-scale sea water desalination plants using reverse osmosis and continues to operate and maintain the Perth desalination plant, which produces more than 100 million m³ a year.

TYPES OF PROJECT

Gas-based Power Generation Plants

- Power generation facilities based on gas turbine technology, including combined cycle, open cycle and cogeneration plants. These high-efficiency installations offer an alternative to less efficient generation, contributing to the decarbonisation of power systems and supporting the penetration of renewable energy.

Desalination Plants

- Sea water desalination facilities using reverse osmosis, encompassing all aspects of the project: design, construction, start-up and operation, as well as maintenance at all scales.

Other Power Plants

- Biomass and waste treatment and recovery (power and heat generation).
- Design and supply of heat transfer equipment.

Other Water Treatment Plants

- Wastewater and effluent treatment.
- Industrial water treatment plants, including demineralisation systems and drinking water treatment plants.

2020

- Delivery of the Tierra Mojada combined cycle plant for Fistera Energy in Mexico. This is Técnicas Reunidas’ first H-Class combined cycle plant, using the most advanced and efficient technology in the world.
- First start-up of the TUROW coal-fired power plant in Poland for PGE. On delivery, this will be one of the most efficient coal-fired power plants in the world, replacing far less efficient generation and reducing the carbon footprint.
- Major progress on engineering and construction for the Hamriyah projects in the UAE (1,800 Mwe Class-H combined cycle plant) and the Termocandelaria project in Colombia (conversion to 540 MWe combined cycle).
- Progress on engineering for the CBR cogeneration project in Canada for SUNCOR.

MAIN FIGURES

+25 GW

installed power in combined cycle gas turbine plants and more than 50 cogeneration projects.

Installed total capacity of almost 1,000,000 m3/day, from various facilities and parts of the world (Spain, Australia, Saudi Arabia, Peru and Algeria).

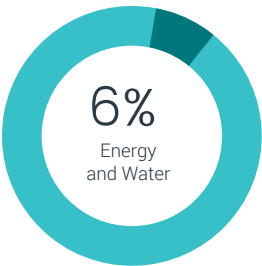
Over 40

years’ experience in power plants.

Integrated proprietary engineering for the development of Energy projects.

€ 205.4 million in sales in 2020.

€ 444 million in the portfolio*.



% of the Company’s revenue

*This figure includes the Energy division portfolio.

OTHER INDUSTRIES [102-2]; [102-4]; [102-6]; [102-7]



The Other Industries business area has revenues of 79.3 million euros and major growth potential in its main markets.

This area is responsible for projects such as those outlined below:

TYPES OF PROJECT

Other Industries

- Ecology
- Ports and coastlines
- Hydrometallurgy
- Fertilisers.

Proprietary Developments

- Research and development for industrial processes and technologies for the manufacture of nitrogen and phosphorous fertilisers through its subsidiary ESPINDESA.
- Development of proprietary technologies in hydrometallurgy and electrochemistry (metal recovery, biorefining, critical raw materials and the environment).

MAIN FIGURES

ESPINDESA has built

50 industrial plants in **15** different countries.

It has successfully implemented more than

100 projects in over **30** different countries.

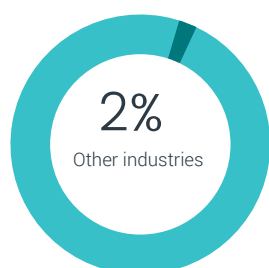
The Company has a technology centre for hydrometallurgy and electrochemistry, developing technologies and participating in national and European R&D&I projects.

Over **350,000** tonnes of zinc are produced globally each year under the Técnicas Reunidas Zincex™ licence.

€ **79.3** million in sales (16.3% decrease from 2019).

2020

- Participation in the Ramselan project, financed by the CDTI, aiming to develop sustainable technology for the acquisition of rare earths (Ce, Pr, Nd, La, etc.) through the separation and purification of lanthanides.
- Participation in the national PUREPHOS project as part of the CDTI's PID programme for the development of new technologies for purifying phosphoric acid using non-conventional mineral raw materials.
- Basic engineering design and operation of a pilot plant for the process of producing phosphoric acid from non-conventional phosphoric rock.
- Participation in the European SEA4VALUE project, as part of the HORIZON 2020 programme, to develop technologies for the recovery of high added-value metals from brine produced in desalination plants.
- Participation in the WALEVA-TECH R&D&I project for obtaining high added-value products from lignocellulosic biomass waste.
- Participation in the BIORECOVER R&D&I project, as part of the European Commission's H2020 programme, developing an innovative and sustainable strategy for the selective bio-recovery of critical raw materials from primary and secondary sources.



% of the Company's revenue

3.2 OPERATING ENVIRONMENT

Técnicas Reunidas operates in a complex and constantly changing market environment to which the Company must adapt. For this reason, it relies on its capabilities to manage complex projects, control risks, maintain high quality and environmental management standards, and develop and apply new technologies. During the past year, this environment has been strongly impacted by the Covid-19 crisis, a situation that has underlined the value of Técnicas Reunidas' adaptability.

MARKET ENVIRONMENT

Técnicas Reunidas operates in a constantly changing environment marked by increased energy demands from emerging countries, ongoing adaptation to new environmental standards and the need to develop clients' production units following more sustainable, complex and profitable models.

At the same time, this operational context is becoming more challenging due to increasingly stringent sustainability criteria, the development of new technologies and increasing competition. Técnicas Reunidas' projects are in turn becoming increasingly complex, with highly demanding contractual terms with respect to technical specifications, timeframe, scope and implementation.

In 2020, market conditions have been influenced by the effects of the pandemic, and some current and potential clients have chosen to reschedule tender procedures or project implementation. Despite this, Técnicas Reunidas has amassed an amount in excess of 2,000 million euros in contract awards during fiscal year 2020, with several significant projects contracted with major clients at year end. Técnicas Reunidas has also successfully safeguarded all its portfolio projects despite the high risk of project cancellation generated by the pandemic. In this context, the Company has worked together with all clients who have required rescheduled implementation dates for projects, with the new delivery deadlines now defined in detail.

This process has impacted on the volume of operations projected for 2020 and 2021, with reductions of 30% with respect to previous years, and the Company has endeavoured to adjust the necessary resources to the new situation. At the same time, the rescheduling of projects has allowed for a measured application of the efficiency principles deriving from the TR-ansforma Plan, improving forecasts for portfolio results and compensating for any potential cost overruns resulting from slower implementation.

This year's contract awards fall in line with the forecasts of international organisations such as the International Energy Agency, OPEC and relevant operators in the sector such as BP and ExxonMobil, who conclude that global demand and energy consumption will continue to grow in the medium term and that the oil and gas sector will continue to play a significant role in this growth.

To meet this increasing demand for energy - and to ensure that it is environmentally sustainable - investments are needed to construct and upgrade efficient oil, gas and energy generation facilities. This is an area of expertise where Técnicas Reunidas holds a strong position, with the credentials required by investors, the technical capacity and over sixty years of experience at global level, above all in the geographical areas where the majority of investments are expected to be made.

A CHALLENGING, CONSTANTLY CHANGING MARKET ENVIRONMENT

MARKET ENVIRONMENT IN 2020

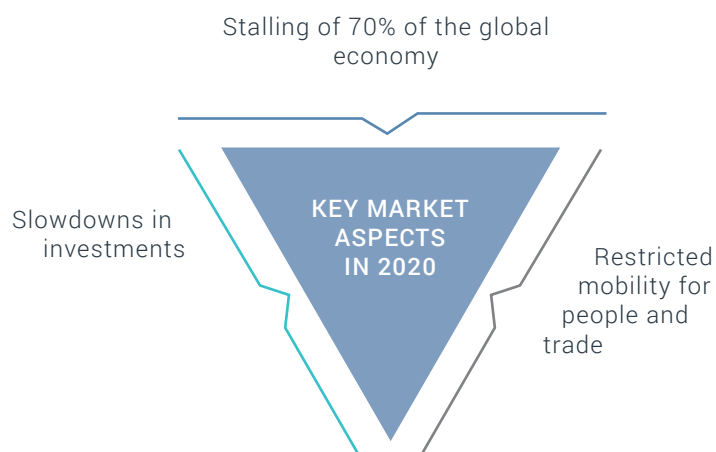
2020 has been marked above all by the Covid-19 pandemic. The fight against the virus has led to a 3.5% reduction in global GDP (IMF, 2020).

The energy sector has experienced a huge impact. The reduction in mobility has affected oil demand, which fell by around 10%. Natural gas, meanwhile, saw a 2.5% reduction in demand.

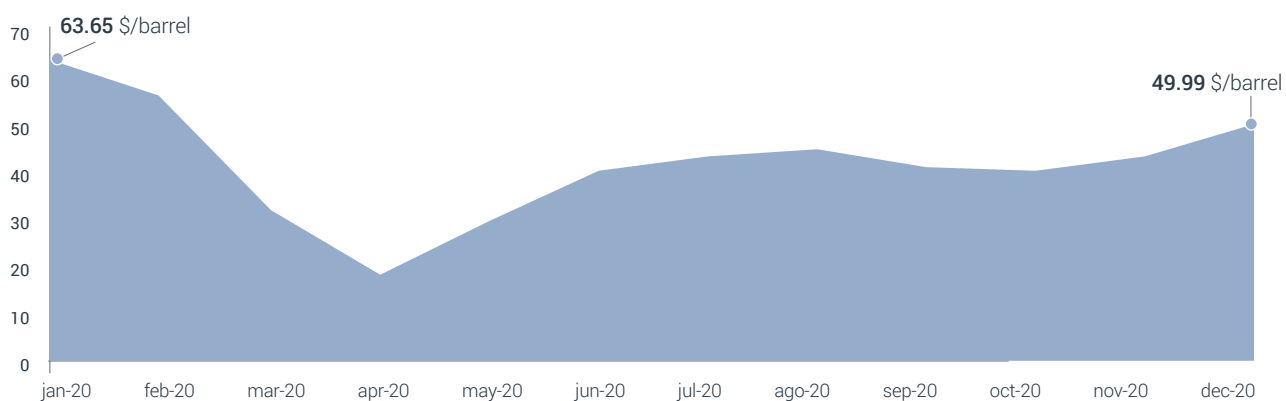
The price of Brent crude oil started the year at around \$68/barrel. The drop in demand reduced the price during March to \$15/barrel, before it began a gradual recovery to reach levels slightly above \$50/barrel.

At the sectoral level, this reduced demand and price uncertainty led to a slowdown in investment activity in the oil and gas industry. Companies in the sector significantly reduced investment in both existing projects and the launch of new projects during mid-2020.

Nevertheless, demand for oil is recovering in emerging countries. At the same time, prices are following an upward trajectory, anticipating a potential shortage in medium-term supply due to the lack of investment in productive oil and natural gas resources in recent years.



Brent crude oil prices January 2020 (\$/barrel)



Source: Energy Information Administration (2021), Europe Brent Spot Price FOB (Dollars per Barrel).

ENERGY TRANSITION

2020 has brought with it an acceleration in energy transition, the move toward a greater share of low-carbon primary energy sources in the energy mix and the launch of investments with the aim of achieving a zero-emissions global energy supply by the midpoint of the 21st century.

Leading global institutions, multilateral agencies, industrial companies and financial institutions have shown their commitment to contributing to this zero-emission scenario. The oil and gas industry does not stand apart from this movement. On the contrary, Técnicas Reunidas' clients have taken a proactive approach to participating in the energy transition.

GLOBAL ENERGY CONSUMPTION

Forecasts point to increased energy consumption up to 2050, driven by rising prosperity and living standards in the emerging world.

At the same time, the structure of demand is changing, with fossil fuels losing their predominance and renewable energies gaining an increasing share.

All projected scenarios (see graph) forecast a drop in demand for oil due to increasing efficiency and electrification of transport, while the outlook for gas consumption is more resilient due to broader demand. Wind and solar power will lead the rapid growth of renewable energies and the use of hydrogen will increase from 2030 onward.

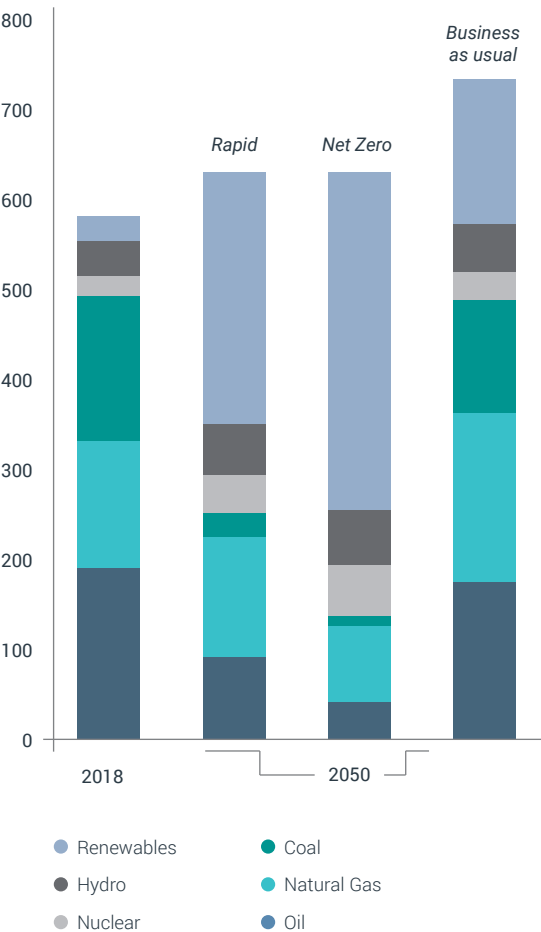
ENERGY INFRASTRUCTURES

All scenarios involve a significant increase in investments in wind and solar power in the range of \$300-750 million.

By contrast, falling demand for oil and natural gas will be reflected in a sharp slowdown in the pace of upstream investment.

At the same time, the relative resilience of oil demand during the first half of the outlook for Net Zero suggests that several billion dollars of new investment in oil is needed over the next 15 years or so to ensure adequate supply.

Energy consumption per source
Average annual consumption (EJ)



Source: BP Energy Outlook 2020. BP. 2020.

A STRATEGY ADAPTED TO ITS ENVIRONMENT

Técnicas Reunidas has a diversification strategy in place for both products and geographical areas, which enables the Company to take advantage of the emergence of new opportunities related to its activities.

This strategy has enabled Técnicas Reunidas to maintain high levels of activity over recent years, despite the oil price crisis and the uncertainty caused by the pandemic. Thanks to its wide range of activities, the Company has been able to participate in projects related to refining, upstream oil, natural gas treatment and power generation.

Medium-term contracting prospects are seeing a major improvement. Increased demand in emerging economies, investments to improve the profitability of existing refineries, adaptation of petroleum products to the strictest environmental standards, and the growing role of natural gas mean that investments in refining and gas remain essential.

At the same time, factors driving investments in petrochemicals include human and urban development, the motorisation of emerging economies and the integration of petrochemical plants into refining processes to optimise operations.

Through its know-how, flexibility, commitment to innovation and extensive experience, Técnicas Reunidas brings added value that is essential for both market confidence and credibility, and its ability to meet the needs of its clients.

Técnicas Reunidas has upheld its commitment to providing services for its clients during all project development phases, from conceptual analysis, through services for basic engineering of unit processes - including FEED (Front End Engineering Design) and PMC (Project Management Consultancy) - to full implementation.

These types of services help strengthen relationships with clients, allowing them to find the technological solution that best fits their business model (see box below). The Company is strengthening its strategy to carry out more projects of this type.



Técnicas Reunidas' involvement in FEED projects

As part of its commitment to creating high added value solutions, the Company carries out numerous conceptual designs, feasibility studies, basic engineering and FEED (Front End Engineering and Design) studies that enable it to work with clients right from the initial stages of project implementation. Projects of this type awarded in 2020 include:

- PDP (Process Design Package) and FEED for the olefins expansion project for Orlen in Poland.
- Basic and detail engineering for the new effluent unit and for the relaunch of the sulphur reduction plant for ENAP Aconcagua and Bio Bio in Chile.
- Basic and detail engineering for the monitoring of gas venting for Celulosa Arauco in Chile.
- Feasibility study for the Codelco mineral pipeline in Chile.
- FEED for an RSF booster pump project for PDO (Petroleum Development Oman) in Oman.
- FEED for the gas supply for RAECO in Oman.

In line with current trends in the energy market, Técnicas Reunidas has also taken various measures which facilitate energy transition.

In mid-2020, the Company established the Energy Transition Committee (which reports to the Executive Committee), to carry out a specific analysis of the new energy scenario. Técnicas Reunidas' strategy in this respect involves actions in the following areas:

- Positioning Técnicas Reunidas within the finance markets as a company committed to energy transition.
- Establishing ongoing monitoring of the technologies needed for transition, with the aim of identifying additional business opportunities and skills gaps to be filled.

Finally, Técnicas Reunidas maintains a strong commitment to research, development and innovation (R&D&I), an area of activity aligned with the roadmap toward a resource-efficient Europe. Specific areas of research and development in which Técnicas Reunidas is involved include:

- Refinery adaptation to process biodiesel instead of crude oil (biorefineries).
- Production of fuel from biomass.
- Use of green hydrogen as a source of energy for land transport and industrial facilities.
- Carbon capture in both gas production and treatment facilities, as well as power plants, steel mills and cement plants.
- Petrochemical business in parallel with circular economy proposals.
- Critical raw materials.



TRANSFORMATION AND OPTIMISATION

At the beginning of 2019, with a view to increasing the Group's competitiveness in the market, Técnicas Reunidas began a cross-cutting process of transformation through which it seeks to redefine cost structures and optimise its operations across all areas of the Company.

To this end, Técnicas Reunidas has developed an ambitious project called the *Tr-ansforma Plan*. The aim of the plan is to improve efficiencies both within the Company and in the implementation of its projects, through the introduction of measures (not solely economic) including departmental reorganisation, process optimisation and merging of activities.

The *TR-ansforma Plan* defines action on several fronts, such as the implementation of operational strategies, the optimisation of engineering procedures and strategic actions linked to the bidding, cash flow and planning stages, which include measures encompassing all the Company's divisions, regions and central structures.

The impact of Covid-19 has underlined the value of this project, seeing an acceleration in its implementation during the last quarter of 2020, as well as important cost-saving initiatives to help adapt to the new situation. As a result, in 2020, Técnicas Reunidas has achieved a cost reduction of more than €121 million, equivalent to €257 million in annualised terms.

At the same time, following the principles of the *TR-ansforma Plan*, the Company has established a new, more flexible organisational structure that is more closely aligned with project implementation, to further optimise operations and reduce implementation costs. Another significant action is the

Company's commitment to digitalising project implementation processes and activities, which will allow better control over the risks and cost overruns involved in implementation.

One of the most important tasks includes a process of convergence between the Company's various specialised areas, as well as standardisation of best practices in the implementation of projects. This process will mean that Técnicas Reunidas can rely on employees who are able to work interchangeably in any area of the Company and, at the same time, gain a broad view of the optimal procedures.

Alongside improved efficiency, the Plan offers many other benefits, starting from a 360-degree view of the Company, better integration of fiscal strategy within the management of operations and better coordination of national and overseas taxation, as well as the opportunity for teams from different business areas to collaborate and share their working methods.

At the same time, the Plan allows personnel the opportunity to contribute ideas, propose improvements and make their voice heard in the process of improving Técnicas Reunidas. In this way, the *TR-ansforma Plan* encourages openness and transparency, enabling personnel to identify areas of improvement, outside the ordinary scope of work, providing valuable information that has already been incorporated into programmes and initiatives.

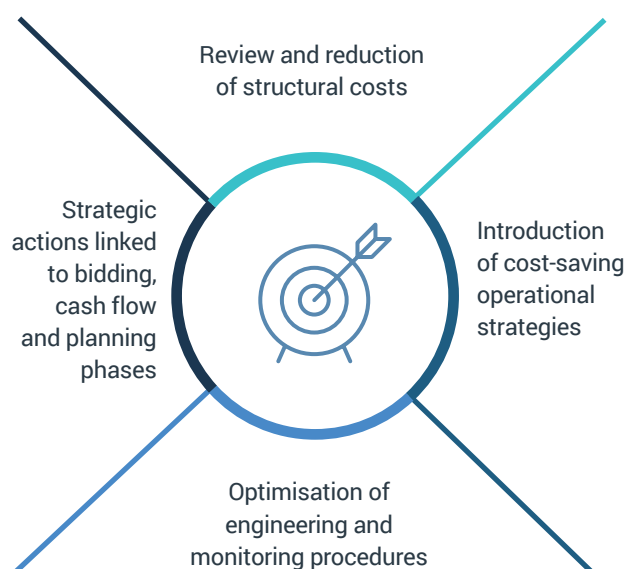
In addition to its short-term milestones and goals, this project aims to embed the search for improvements in company culture, as an ongoing process and a key element in Técnicas Reunidas' working model.

Appointment of the Group's Corporate Business Manager and Controller

As part of the transformation process, Técnicas Reunidas has created a new position, the Group's Corporate Business Manager and Controller, to act as a liaison between the Operations department and the Finance department and to provide an economic viewpoint on projects.

Through the creation of this position, the Company seeks to increase efficiency between the different areas, increase cost savings and improve financial performance in project implementation, expanding monitoring (with an economic focus) without hindering the development of projects and the implementation of timely and effective reporting throughout the Company.

The *TR-ansforma* Project's four fonts:



The following table highlights some of the actions from the TR-ansforma Plan which have been implemented during this fiscal year to improve efficiency in the Company's operations.

ACTIONS IMPLEMENTED FROM THE TR-ANSFORMA PLAN	
REPORTING	<ul style="list-style-type: none"> Optimisation and standardisation of internal reporting by the Company, prioritising information that contributes to decision-making or early identification of potential risks and opportunities.
BIDDING, CONTRACT AWARD AND DELIVERY	<ul style="list-style-type: none"> Definition of the governance model during the proposal stage, reinforcing the essential roles, improving communication and aligning the strategy between proposal and implementation.
SITE PERSONNEL	<ul style="list-style-type: none"> Optimisation of indirectly employed on-site personnel and review of the group's conditions by country and discipline, reinforcing recruitment strategies for local workers. Implementation of more rigorous control systems to improve on-site personnel monitoring and avoid overlap between roles.
HOME OFFICE PERSONNEL	<ul style="list-style-type: none"> Improvement of processes geared toward centralising activities that can be managed as a service for several projects simultaneously, as well as more efficient completion of all phases of projects in general, and of the Home Office stage in particular.
FIELD ENGINEERING	<ul style="list-style-type: none"> Review of the functions of the on-site technical office, identifying its tasks from the bidding stage in order to draw up a plan for the efficient mobilisation of the on-site team and to enable transfer of activities that can be carried out from the Home Office to the completion team.
PLANNING, COST CONTROL AND RISK MANAGEMENT	<ul style="list-style-type: none"> Improved capacity in the Company's management and forecasting of deviations, through the use of indicators enabling the timely identification of existing risks and the establishment of mitigation plans, while improving the Group's results. With this aim, an agreement was reached on a standard programme (activities, sequence, timeframes), which has been developed to allow adaptation to the strategies and specifics involved in each project.
ENGINEERING AND TIC	<ul style="list-style-type: none"> Identification and channelling of engineering solutions that allow optimisation and simplification of design and construction processes. The Company has been promoting the adoption of TIC (total installed cost) through the simplification and standardisation of EPC solutions.
STRATEGIC PURCHASING MODEL	<ul style="list-style-type: none"> Identification of synergies within the purchasing model, both inside the group and with its main suppliers and subcontractors, aligning the interests of all parties and establishing a policy of collaboration that allows for greater integration of processes.
CASH FLOW	<ul style="list-style-type: none"> Strengthening of knowledge about the financial impact of the Company's different activities as it applies across all areas and especially engineering and operations.
PROCUREMENT CYCLE	<ul style="list-style-type: none"> Integrated consideration of all the Company's procurement phases involving all its subcontractors and suppliers.
TALENT MANAGEMENT	<ul style="list-style-type: none"> Creation of a working environment that promotes employees' growth and commitment to the Company, through advanced management of personal welfare and development, and knowledge management.
STRUCTURAL OPTIMISATION	<ul style="list-style-type: none"> Adaptation of the corporate structure and project implementation with the aim of increasing efficiency and control.

Consolidation of the India office and transformation into an operational hub

In line with the goal of improving efficiency and optimising the Company's processes, Técnicas Reunidas has launched a plan to build up its subsidiary in India, TR Engineers India Pvt. Ltd. The aim of the plan over the next three years is to make this subsidiary an important operational hub for this area of the world, as a method of optimising many of the activities carried out from the offices in Spain.

The development of TR Engineers India Pvt. Ltd. will allow a significant part of the engineering development work in the country to be carried out following the same procedures and with the same quality standards used in Spain, while taking advantage of the competitive advantages offered by India.

TR Engineers India Pvt. Ltd will carry out post-order tasks (activation and tracking of purchases of equipment and materials, and quality control) for orders placed in India and neighbouring countries. These locally managed activities will also enable the development of more comprehensive knowledge of the Indian market in materials and equipment suppliers.

In addition, TR Engineers India Pvt. Ltd. will coordinate the recruitment and provision of on-site construction and engineering personnel for implementation of the Group's projects, especially in the Middle East.

Finally, establishing a strong presence in India will allow Técnicas Reunidas to explore and develop important commercial opportunities in a country where, given its magnitude, energy requirements and need for industrial development, there are prospects for major developments and significant projects.





OTHER AREAS RELATED TO THE OPERATING ENVIRONMENT

Besides market developments, the Company could be affected by factors related to other areas of activity.

TÉCNICAS REUNIDAS' ADAPTATION TO TRENDS IN DIFFERENT ACTIVITY-RELATED AREAS

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS 	<ul style="list-style-type: none"> Models of contracting and operation that spread client billing. Increased fiscal pressure. Currency volatility. Performance of USD, TR's reference currency. Increased perception of risk by financial entities. Uncertainty with respect to the economic cycle. Clients' cash preservation policies. 	<ul style="list-style-type: none"> Uncertainty with respect to crude oil prices. Clients' regular use of turnkey contract models, which transfer greater risk to the contractor. Increasing competition for turnkey projects. Increased litigation by clients. Postponing of critical negotiations with clients and suppliers until the final phases of the project. Clients' need to seek financing for their projects. Commitment to developing process units with high efficiency designs, aimed at carbon capture, emission minimisation and waste reuse. Tendency to prioritise the use of gas over oil. Commitment by some countries to petrochemicals and on proposals for a circular economy. Greater use of digital technologies, as a more efficient alternative to traditional physical presence. 	<ul style="list-style-type: none"> Adaptation to the workplace safety requirements of countries where construction projects are implemented. Greater demand from clients with regard to qualifications and requirements for assigned site personnel with health and safety responsibilities. Need for more practical on-site training programmes. Incorporation of new technologies to improve performance and monitoring of health and safety conditions in projects. Adaptation of the safety and prevention requirements required by each country's health institutions in relation to Covid-19. 	<ul style="list-style-type: none"> Growing concern among clients with respect to projects' environmental and social requirements. Increased demand for environmental and social requirements by clients and entities such as the World Bank, financial entities and ECAs. Increasingly stringent audits by financial institutions of social and environmental requirements. Increased legislative pressure.
HOW IS THE COMPANY PREPARED? 	<ul style="list-style-type: none"> Increase in financing facilities. Management of clients and suppliers (payment and collection periods, discounts, confirmation). Development of policies aimed at allocating profits to the countries in which they are generated (BEPS). Exchange rate coverage policy instead of forward contracts. Development of a highly diversified pool of banks, with a strong presence of local banks. Rescheduling of implementation timetables and creation of margins. Expansion and diversification of sources of liquidity. 	<ul style="list-style-type: none"> Implementation and consolidation of the TR-anforma Plan aimed at optimising the structure and improving efficiency. Diversification of products and geographical areas. Experience in sustainable markets. Selective management of potential projects. Greater integration with clients from the initial phase. Know-how and consolidated working procedures. Partnerships with competitors on specific projects. Leverage through proprietary technologies. Strengthening of the legal team and involvement in the various phases of project implementation. Support for clients seeking sources of financing for the implementation of their projects. Flexibility and responsiveness in adapting to local requirements and constraints, as well as scheduling changes. 	<ul style="list-style-type: none"> Implementation of a regulatory compliance system which includes environmental and occupational health and safety risks (HSE), as well as criminal risks. Training for project managers on international health and safety standards. Strengthening of collaboration between Human Resources and the departments involved in construction phases. Acquisition of specific software and transfer of periodic reports. Organisation of meetings about safety issues with critical suppliers. Linkage of 10% of executive directors' variable remuneration to health and safety criteria. Creation of the Covid Monitoring Committee and implementation of specific measures to minimise the pandemic's impact on workers 	<ul style="list-style-type: none"> Internal audits on environmental and social matters. Identification and monitoring of environmental risks and opportunities. Consolidation of investment in new technologies for the production of cleaner and more efficient hydrocarbons. Leading position on climate change and trends in sustainability. Leading position on climate change and trends in sustainability. Linkage of 10% of executive directors' variable remuneration to environmental criteria.

	SUPPLY CHAIN AND SUBCONTRACTORS	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS 	<ul style="list-style-type: none"> Increased importance of sharing management processes and techniques along the supply chain with businesses in the sector. Reduction in demand, which could reduce capacity and quality in the supplier market, and increasing financial risk, together with increasing non-compliance in quality and supply delays. Growing geopolitical uncertainty. Volatility in raw material prices and foreign exchanges. Selection of competitive assembly and construction companies. Companies' protectionism toward local personnel. Tendency to litigation by suppliers. 	<ul style="list-style-type: none"> Growing importance of digitalisation and use of new technologies. Focus on raw materials. Sustainability, environmental legislation and the circular economy as a clear business opportunity for the development of technologies related to waste management. Emissions reduction in relation to greenhouse gases (NOx, N2O) in regulations governing nitric acid plants. Improved recovery of effluents with high nitrate levels at ammonium nitrate plants to minimise the risk of soil contamination. Establishment of lines of collaboration with clients, partners, suppliers and subcontractors. Increasing importance of energy transition technologies (e.g. green hydrogen and decarbonisation). 	<ul style="list-style-type: none"> Increasing importance of disclosure of non-financial information. Increased regulatory compliance requirements. Impact on diversity in the Company's management bodies. Increased activity of corporate governance bodies and the need to strengthen internal monitoring systems and risk management, including criminal risks. Need to ensure fair treatment of shareholders and to take into consideration the concerns of other stakeholders. Special focus on CSR and sustainability issues. Special consideration of sustainability as part of the decision-making process. 	<ul style="list-style-type: none"> Demand from clients for increasingly higher qualified human resources, who are skilled not only in technical aspects but also in management, monitoring, safety and quality assurance. Consolidation of the Company's internationalisation. Increasing demands to maintain employment flexibility and work-life balance criteria.
HOW IS THE COMPANY PREPARED? 	<ul style="list-style-type: none"> Development of global technological tools for managing the supply chain, which can be adapted for use by other Group companies in different locations. Strengthening of the synergy report with a greater focus on the financial status of suppliers. Inclusion of historical price indicators for materials alongside spot market correction factors during the award procedure. Optimised use of insurance to minimise raw material price volatility. Management and monitoring of subcontractors carrying out assembly and construction activities, including micromanagement where required. Expansion and updating of the Company's global database of subcontractors. Technical and material analysis to ensure subcontractors' capacity to carry out construction work. Subcontracting geared toward workshop tasks for priority categories, such as metal structures and pipework. Incorporation of remote systems that enable the digitalisation of processes such as workshop inspections, to reduce costs and time. 	<ul style="list-style-type: none"> Proprietary developments in all areas of operations and in relation to energy transition (e.g. green hydrogen, carbon capture and CO₂ recovery). Digitalisation strategy for boosting competitiveness, adapting to clients' demands and optimising processes. Specialists in the management of R&D&I and expertise in the areas of development. Provision of optimal technical solutions for the development of efficient industrial plants that enable clients to implement their sustainability and emission control and reduction strategies. Upgrading of the José Lladó Technology Centre, with specialised capacities and resources in strategic areas of research. Contact with catalyst suppliers in relation to treatments for minimising greenhouse gases in nitric acid plants. In-depth analysis of projects in order to plan their management throughout the implementation period. Introduction of virtual reality in the design and implementation of projects. Ongoing technology monitoring and economic intelligence in strategic areas of development, with a focus on the identification of new business opportunities. 	<ul style="list-style-type: none"> Approval of new regulatory compliance policies. Approval of a Sustainability Policy. Policies and commitments that reinforce commitment to diversity. Consolidation of the role of the Board's delegated commissions and formal incorporation of the Risk and Management Commission. Development and ongoing adaptation of internal documentation in line with best practices in corporate governance. Oversight by governance bodies of fiscal risks and information security. Strengthening of communication with the main stakeholders. Reporting and verification of information on sustainability. Development of the Management System for Criminal Compliance and the prevention of criminal risks, and its supervision by the Audit and Control Commission. External review of regulatory compliance culture. Supervision by the Audit and Control Commission of the development and implementation of the Criminal Compliance Management System. 	<ul style="list-style-type: none"> Increased importance of training in management skills and continuous training in technical matters, innovation and know-how. Special focus on motivation, monitoring and innovation. Globalisation of human resource management in close collaboration with related departments. Multi-country management: adaptation of internal policies to local labour and tax regulations, as well as local culture, through direct management of expatriate employees from the destination countries. Development of tools to enable continuous analysis of the labour market and location of available high-level professionals. Establishment of internal rotation policies where required. Allocation of key personnel at the project design stage. On-site deployment of design personnel to ensure designs are adapted to the needs of specific countries and clients. Ongoing analysis of the national and international labour markets to recruit and retain the best professionals in the sector.

3.3 ADAPTATION TO THE IMPACTS OF COVID-19

Técnicas Reunidas' keen management of the impacts of the Covid-19 crisis has meant that it has been able to safeguard its project portfolio throughout the year, fostering joint management with clients, adapting to their needs and prioritising the health and safety of all workers at all times.

MAIN IMPACTS OF COVID-19 ON TÉCNICAS REUNIDAS' OPERATIONS

The unprecedented circumstances caused by the global pandemic during this fiscal year have had significant repercussions on many aspects of the Company's activities:

MAIN IMPACTS OF COVID-19 ON TÉCNICAS REUNIDAS' OPERATIONS

MANAGEMENT AND SAFETY OF EMPLOYEES

- Need for adaptation to the health protection and safety measures introduced by the health authorities.
- Restrictions on workplace access as a result of regulations implemented by the Spanish Government.

ECONOMIC AND FINANCIAL MANAGEMENT

- 25% reduction in turnover compared to 2019, due to slowdowns in project implementation.
- Cost overruns arising from Covid management measures (virus prevention measures, rescheduling of projects, expansion of resources for teleworking, etc.) which were not provided for in the initial planning of projects.
- Exposure to client-implemented cash preservation policies and difficulties in closing agreements on complex procedures, reducing the Company's ability to convert sales into cash.

MANAGEMENT AND SAFETY OF PROJECT WORKERS

- Restrictions on travel, which has led to a lack of on-site personnel.
- Adaptation to health protection safety and measures in workers' camps and on construction sites.

CONTINUITY OF OPERATIONS AND PROJECTS

- Rescheduling of significant projects in the Middle East, Asia and North Africa.
- Slowdown of projects, especially those near the start of the implementation phase, in order to avoid contractual commitments.
- Fluctuations in transport and implementation costs.

PROCUREMENT MANAGEMENT

- Total and partial closures of workshops and factories worldwide, resulting in a lack of service provision, delays in deliveries and reduced availability of materials.
- Extension of investments by clients, causing overstock of materials and delays in payments.
- Cancellation of inspections as a result of travel restrictions.



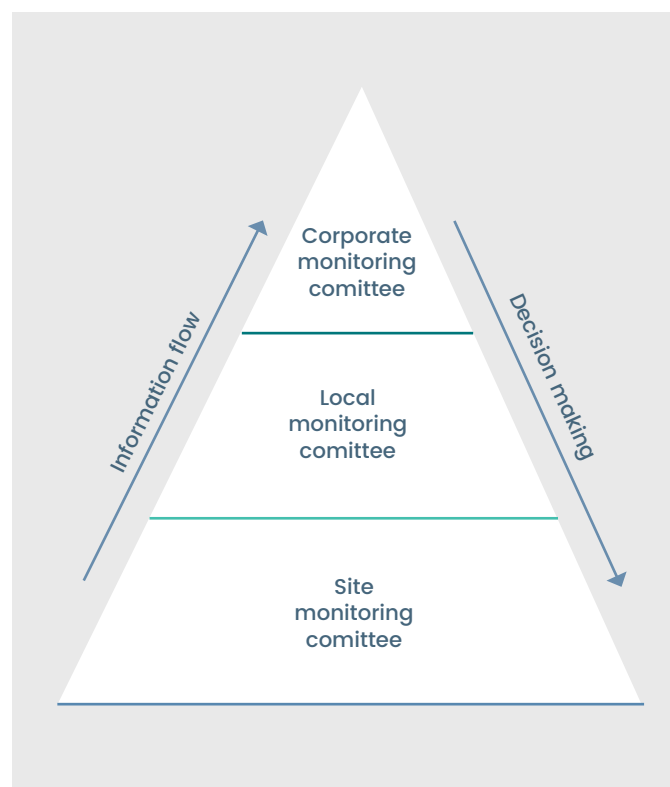
MANAGEMENT MEASURES IMPLEMENTED BY TÉCNICAS REUNIDAS TO MITIGATE THE IMPACTS OF COVID-19

Técnicas Reunidas' response to the situation caused by COVID-19 has focused on the implementation of a set of measures to facilitate the adaptation of activities to the new operational constraints, minimising the Company's exposure to pandemic-related risks and ensuring the continuity of its operations, while prioritising the health and safety of its workers.

At the very start of the crisis, Técnicas Reunidas formed a COVID-19 Monitoring Committee drawn from the Human Resources and Health, Safety and Environment (HSE) departments, advised by a group of external experts. This Committee has been responsible for managing a constant flow of information, in step with the Spanish Government, in order to adapt to the different restrictions and recommendations implemented and take the appropriate measures to ensure the continuity of the Company's operations.

Throughout the crisis, the Committee has kept all employees informed with regular updates on the evolution of the pandemic and any actions taken. These communications have relayed instructions on the use of office spaces and the implementation of telework, as well as health-related aspects applicable to Company employees.

In March 2020, to extend the work of the Monitoring Committee, local and site committees were created in the Company's different operational locations, drawing on the HSE, Project Management and HR departments. These committees have been responsible for supporting all countries in each geographical area and for relaying information to the main Monitoring Committee on the situation in each country, to facilitate considered corporate decision-making, always adapted to local circumstances.



MAIN MEASURES TAKEN TO MANAGE THE IMPACTS OF COVID-19

EMPLOYEE SAFETY	<ul style="list-style-type: none"> • Development of a Contingency Plan for the management of COVID-19, with specific plans for workplaces and protocols for a safe return to work. • Extension of telework for all office personnel during lockdown and the option of telework for at-risk workers and those responsible for children under the age of 14 or dependent persons. <p> For more information, see Sections 6.2 and 6.5 of this report</p>
CONTINUITY OF OPERATIONS AND PROJECTS	<ul style="list-style-type: none"> • Strengthening of Técnicas Reunidas' information and communication systems to allow the Company's employees to work from home with the necessary levels of quality, efficiency and safety. • Acceleration of the Company's digital transformation process, including the use of advanced digital platforms for project management and the drive for remote inspections. • Strengthening of communication and coordination with clients and subcontractors. • Promotion of Value Improvement exercises, which enable the drawing up of alternatives for the design, procurement and construction of plants, different from those initially proposed but maintaining the same quality, safety and operational standards. <p> For more information, see Section 6.6 of this report</p>
SAFETY OF PROJECT WORKERS	<ul style="list-style-type: none"> • Implementation of the security measures introduced by the health authorities in the different countries in which the Company operates. • Coordination between the global Covid Monitoring Committee and the local and site committees in the Company's different operational locations. • Implementation of health protection measures in workers' camps and on construction sites (social distancing, provision of masks and hygiene products, signage, awareness campaigns, etc.). <p> For more information, see Sections 6.2 and 6.5 of this report</p>
PROCUREMENT MANAGEMENT	<ul style="list-style-type: none"> • Implementation of remote systems for inspecting suppliers and subcontractors. • Strengthening of communications between Técnicas Reunidas and its suppliers and subcontractors. <p> For more information, see Section 6.6 of this report .</p>
ECONOMIC AND FINANCIAL MANAGEMENT	<ul style="list-style-type: none"> • Strengthening of alternative lines of financial support, enabling the Company to maintain regular operation. • Implementation of monitoring and mitigation mechanisms supervised by the Group's General Management and Operations department. • Determination of new delivery deadlines for suppliers and rescheduling of payments. <p> For more information, see Section 6.1 of this report</p>



Highlighted case

Opportunities for efficiency in the rescheduling of projects due to Covid-19

The slowdown and rescheduling of projects as a result of the Covid-19 crisis has allowed for a measured application of the efficiency principles deriving from the TR-ansforma Plan. A longer timeframe in which to consolidate tasks during the Engineering phase will offer a clear advantage in the construction phase, minimising modifications to on-site engineering plans, improving implementation deadlines and benefiting subcontractors' work by reducing the amount of rework needed. This leaner, less overlapping approach to construction results in an improvement in margins, offsetting any potential cost overruns stemming from slowdowns on some projects.



Highlighted case

Collaboration with clients, partners and suppliers under pandemic conditions

The pandemic has underlined the benefits of maintaining an ongoing and fluid dialogue not only with clients but also with partners and suppliers. Técnicas Reunidas' consistent dedication to its clients has facilitated the joint management of the crisis, seeking satisfactory solutions for both parties and opening up the potential for future communication which will be highly advantageous for the success of projects. Throughout the year, the Group has worked together with all clients who have required rescheduled implementation dates, defining new delivery deadlines and adapting other aspects, including payment schedules, with many suppliers. Thanks in part to this keen management, the Company has been able to safeguard all the projects in its portfolio which could have been subject to cancellation due to the Covid-19 crisis.

This scenario has also allowed the Company to enjoy a more transparent relationship with partners and suppliers, seeking joint strategies and further improving relationships between companies.



4

BUSINESS MODEL AND STRATEGIC PILLARS

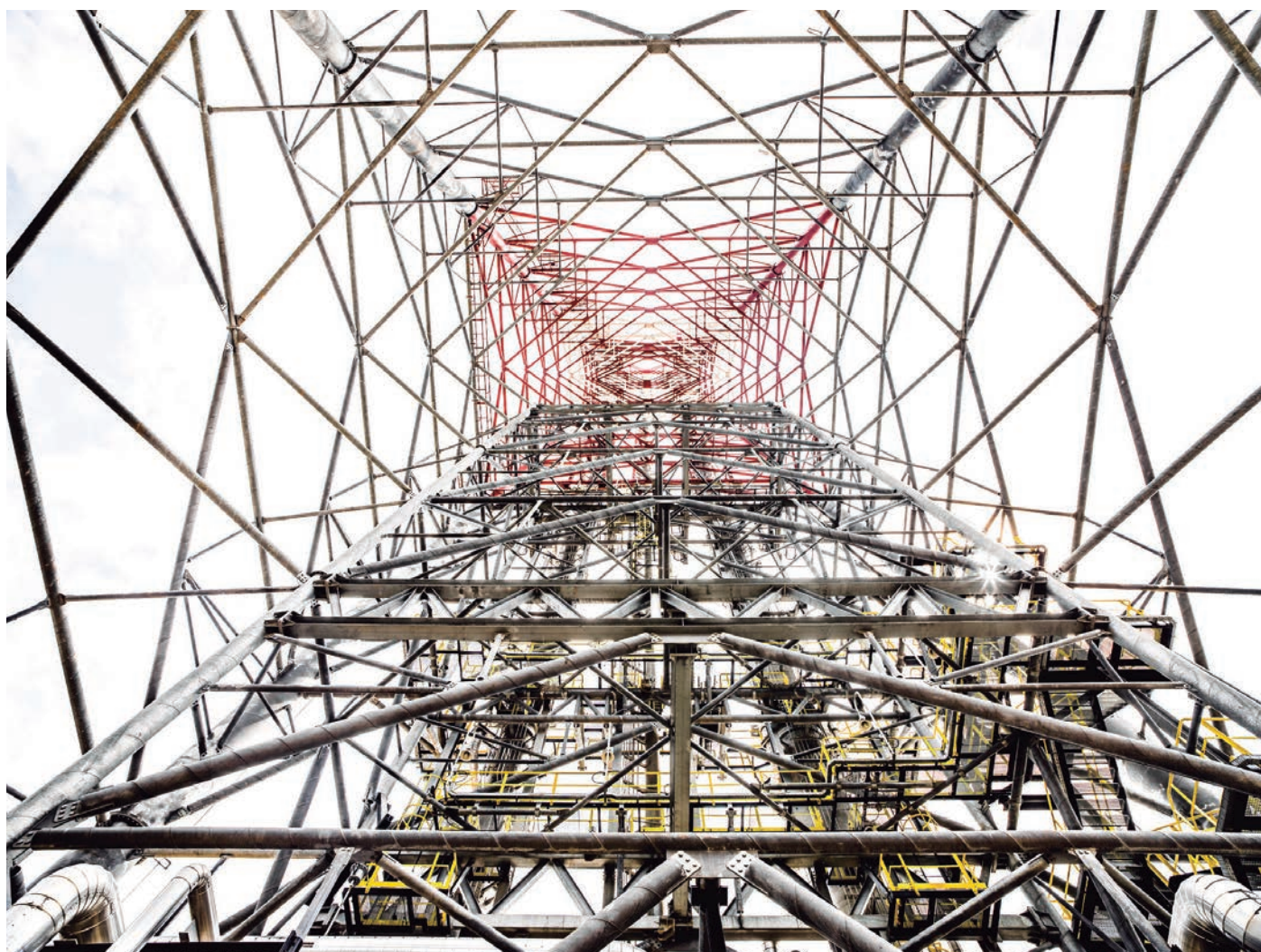


4.1 BUSINESS MODEL AND VALUE CHAIN

Técnicas Reunidas is a company specialising in the provision of high added value services for the management, administration, engineering, design, procurement, construction and start-up of complex industrial facilities, with over 60 years' experience across the globe.

The Company holds a strong position in the value chain of the oil, gas, energy, nitrogen fertiliser, hydrometallurgy, water and infrastructure sectors, which reinforces its competitiveness and the stability of its activities. It also has a proven track record of expertise in managing and resolving adverse situations.

Its business model is underpinned by a set of defining values, such as its commitment to sustainability, quality, technology, health and safety, and environmental protection.



Técnicas Reunidas has a wide range of resources...

... which it uses and adapts for activities all along its value chain...

PEOPLE

- Multicultural teams and adaptation to different markets.
- Flexibility, client-orientation and prioritisation of safety.
- Continuous training for employees during all project phases.
- Established communication and feedback procedures.

⊕ For more information, see Sections 6.2, 6.3 and 6.5

KNOW-HOW AND TECHNOLOGY

- Experience of management of complex projects.
- Optimal design expertise embodied in standards, procedures and methodologies.
- Knowledge of the global market in suppliers and subcontractors.
- *Golden Rules** for complex units requiring extensive experience.

⊕ For more information, see Sections 6.3 and 6.6

FINANCIAL CAPITAL

- Healthy balance sheet.
- Liquidity maintenance policies.

⊕ For more information, see Sections 5.2 and 6.

MATERIALS AND ENERGY

- Integration of sustainability and environmental management throughout the project lifecycle.

⊕ For more information, see Section 6.4

RELATIONSHIPS

- Long-term relationships with suppliers and contractors and strict approval and monitoring processes.
- Fluid, regular dialogue with all interest groups.

⊕ For more information, see Sections 6.6 and 6.7

START-UP

- Turnkey project delivery.
- Development of plans for pre-commissioning, commissioning and start-up.
- Training for clients in plant operation.
- Analysis of start-up from the engineering phases.
- Integration of engineering teams and design teams.

DESIGN

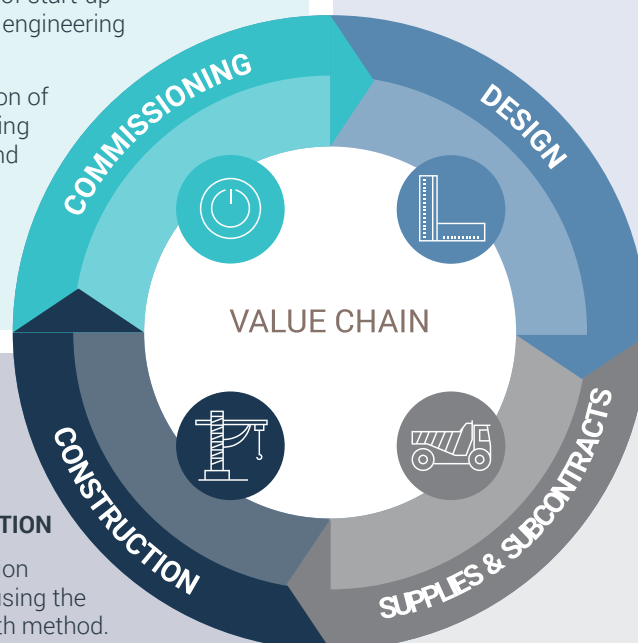
- Conceptual engineering.
- Basic engineering.
- Front End Engineering Design (FEED).
- Detail engineering.

CONSTRUCTION

- Construction planning using the critical path method.
- Strategy and planning of critical construction activities.
- Management of materials and construction activities.
- Relationship with clients and economic evaluation.
- Management of subcontractors (micro-management).

PROCUREMENT AND SUBCONTRACTING

- Management of procurement and subcontracting throughout the project cycle.
- Improvement processes with critical construction suppliers and subcontractors.



Técnicas Reunidas' defining values

EXPERTISE

Extensive know-how in all project phases, incorporated into a set of standards, procedures, calculation methods, lessons learned and *Golden Rules**.

FLEXIBILITY


Experience and operational structures facilitate swift decision making, readiness for different technologies and rapid response to unexpected changes in projects.

* Técnicas Reunidas' *Golden Rules* are guidelines setting out best practices and lessons learned, compiled by the Company for each different field and developed for the specific process units of which it has the most experience. Based on the know-how accumulated over its more than 60 years of history, the Golden Rules ensure that new projects with process units of this type benefit from optimal efficiency and quality of work, right from the launch of the project.

... with the aim of generating value for its major stakeholders


SHAREHOLDERS

- Orientation of activities toward value creation.

 For more information, see Sections 5.1 and 6.1


CLIENTS

- Adaptation to clients' needs and fulfilment of commitments.
- Satisfaction guarantee and repeat business.

 For more information, see Sections 6.1 and 6.3


LOCAL COMMUNITIES

- Wealth generation in local environments (employment, development of capabilities and opportunities).

 For more information, see Sections 6.1, 6.6 and 6.7

SUPPLIERS AND SUBCONTRACTORS

- Business generation and promotion of innovation.
- Support for internationalisation.

 For more information, see Section 6.6



SECTIONS OF THE INTEGRATED REPORT REFERENCED:

5.1 Governance model	6.4 Excellence in Environmental Performance
5.2 Risk management	
6.1 Control and Management of Financial Capital	6.5 Occupational Health and Safety
6.2 Employees, the Company's Most Important Assets	6.6 Efficient Supply Chain Management
6.3 Innovation and Digitalisation	6.7 Relationship with Society and Interest Groups



INNOVATION

Innovation is considered throughout the value chain as a key lever for the ability to offer clients products with greater added value.

CREDIBILITY

Commitment to the requirements undertaken for the client.

CLIENT-ORIENTATION

Added value for clients, providing support in seeking funding to finance their investments and innovation in business models.

QUALITY

A firm commitment to quality management, based on an approach oriented to continuous improvement and learning which is integrated into all processes.

4.2 STRATEGIC PILLARS

The Técnicas Reunidas Group's strategy is based on three fundamental pillars: methodology, diversification and quality.

TÉCNICAS REUNIDAS' 3 STRATEGIC PILLARS

Methodology



One of the competitive advantages that sets Técnicas Reunidas apart is its firm commitment to a **methodology** that helps the Company achieve its objectives.

The Company's **methodology** is based on the development, systematisation and proper implementation of standards, procedures, methods of calculation, lessons learned and *Golden Rules*.

Diversification



Basing part of its strategy on **diversification**, in terms of clients, products and geographical areas, enhances the Company's resilience and flexibility in a complex, constantly changing market environment.

Quality



Since its founding, **quality** has been one of the Company's most prominent values and this has become a strategic area due to its importance in the development of Técnicas Reunidas' projects and its impact on the confidence of clients, suppliers and subcontractors.

The aim of this strategic pillar is to optimise and guarantee the efficiency of work processes, while serving as a barrier against the entry of new competitors.

In this area, there are two fundamental values central to the Company: its human capital and its innovative approach. Técnicas Reunidas' professionals are equipped to manage and implement technical projects of great complexity and diversity, using the most advanced tools to control processes and ensure that safety, quality and budget targets, as well as deadlines, are met.

The Company has incorporated innovation into its working DNA, enabling it to expand its activities into other sectors and penetrate new market segments, develop proprietary technologies in the fertiliser and hydrometallurgy industries, and implement new tools for management, design, calculation and control, adapting them to the specific needs of its projects and ensuring that its working methods embrace the most advanced proprietary technologies, as well as third-party technology developed specifically for Técnicas Reunidas.

An extensive range of reliable clients of recognised standing ensures Técnicas Reunidas' consolidation of its market presence and facilitates the acquisition of new clients, reducing the concentration of risks.

Geographical and sectoral **diversification** allows not only a more balanced distribution of the project portfolio, but also provides an offset against changes in investment cycles.

Finally, product diversification enables Técnicas Reunidas to focus on different types of projects according to the specific situation. Thanks to its endeavours in innovation, the Company has successfully penetrated new market segments, with projects relating to conceptual studies, basic engineering, FEED, Front End, PMC, EPC and LSTK.

Under the banner 'Working Smart', **quality** assurance in implementation from both the Company and its suppliers and subcontractors offers clients a comprehensive guarantee of their plants' correct functioning, in accordance with contractual requirements.

To reinforce its commitment to quality, the Company has a quality management system in place which is audited externally and fully compliant with the ISO 9001:2015 standard. The Company has also developed more than 1,400 procedures that help to maintain high standards of quality across all its activities.

At the same time, client satisfaction creates a dynamic that encourages clients to invite the Company to participate in new investments and different projects, as well as repeat business.

Employees play a key role in the Company's performance in the area of quality. Técnicas Reunidas has an excellent team of professionals, enabling the Company to overcome the challenges it faces and achieve its goals in a responsible, sustainable way which adheres to the quality standards demanded by the market.

5

RESPONSIBLE MANAGEMENT



5.1 GOVERNANCE MODEL

During 2020, Técnicas Reunidas has made significant endeavours in corporate governance and development of internal regulations, which are key aspects for its stakeholders. The Company has also generalised the use of videoconferencing for meetings of its various governing bodies.



MAIN INDICATORS

INDICADOR	2020 DATA	2019-2020 PROGRESS ¹
Independent directors (%)	50%	+14.29 percentage points
Good Governance Code recommendations adopted (%)	92,86%	+7.15 percentage points
Business units analysed from the perspective of ethics and integrity (%) [205-1]	70%	-30 percentage points
Votes against items on the agenda of the Annual General Meeting (%)	1,39%	-2.67 percentage points
Percentage of issues raised through the whistleblowing mechanism that have been resolved	66% ³	-34 percentage points



2020 MILESTONES

- Adaptation to videoconferencing for meetings of governance bodies and the holding of the Annual General Meeting.
- Formalisation of the Risk and Management Commission as a delegated commissions of the Board of Directors.
- 50% representation by independent directors.
- Increase in the number of women on the Board of Directors.
- Approval of the Sustainability Policy by the Board of Directors.
- Significant effort to incorporate sections related to corporate governance and approve new internal policies and regulations for the Company.
- Approval of the Directors' Remuneration Policy for fiscal years 2020-2022.
- Development of the risk and control matrix within the scope of the management system for crime prevention.
- Development of TPDD policies and procedures (integrity analyses for third parties including clients, partners and suppliers).



2021 OBJECTIVES

- Development of corporate policies, especially those related to sustainability.
- Completion of the review of corporate documents to reflect the changes resulting from the updating of the Good Governance Code for Listed Companies.
- Consolidation of videoconferencing for all or part of the corporate bodies' sessions, reactivation of the training plan for directors, reorientation of the self-assessment procedure for the Board and implementation of the corresponding plan of action.
- Further development of the internal monitoring system for non-financial information and integration of ESG factors into internal decision-making processes.
- Approval of specific regulations for the Audit and Control, Appointments and Remuneration, and Risk and Management Commissions, and development of the procedure for the constitution and modification of corporate entities.
- Review and updating of the policies, training and effectiveness of the criminal compliance management system in order to adapt it to international standards and best practices.
- Continued deployment of the regulatory compliance service in geographical areas where it is required due to volume and business continuity and which have been affected by Covid-19, and extension of due diligence procedures for integrity in on-site operations.
- Implementation of the Criminal Risk and Control Matrix across all areas of the organisation.
- Collection of managers' compliance statements on key policies for regulatory compliance.

¹ Time comparisons in indicators correspond to the period 2019-2020 rather than 2018-2020.

² Percentage of recommendations from the Good Governance Code for Listed Companies issued in 2015 by the National Securities Market Commission with which the Company fully or partially complies. Recommendations that do not apply to Técnicas Reunidas are excluded from the calculation.

³ The remaining complaints are still under investigation.

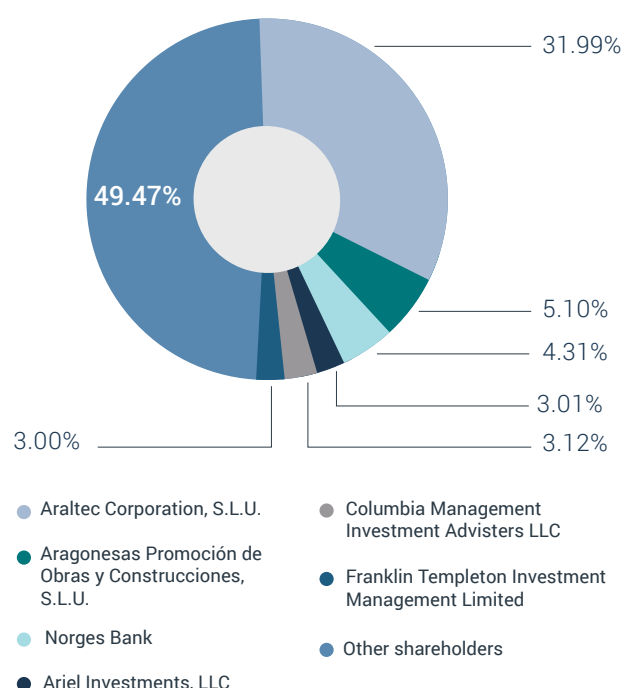
OWNERSHIP STRUCTURE

[102-5]

Técnicas Reunidas' share capital consists of 55,896,000 shares. 49.47% corresponds to minority shareholders. The Board of Directors, meanwhile, holds 0.05% of the shares, maintaining stability in the capital structure over recent years.

Técnicas Reunidas shares are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Técnicas Reunidas' capital structure*
(as of 31 December 2020)



COMPOSITION AND FUNCTIONING OF THE GOVERNING BODIES

[102-18]; [102-22]; [102-23]; [102-24];

[102-26]; [102-28]; [102-29]; [102-30]; [102-33]; [405-1]

GOVERNANCE STRUCTURE

The governance structure's main mechanisms are the Annual General Meeting, the Board of Directors and its three delegated commissions: the Audit and Control Commission, the Appointments and Remuneration Commission, and the Risk and Management Commission. The formalisation of the Risk and Management Commission has represented a major milestone in the area of governance in 2020.

In line with the efforts undertaken in recent years and the need to adapt to the circumstances imposed by the Covid-19 pandemic, Técnicas Reunidas has generalised the use of videoconferencing for the holding of meetings by these bodies. This has brought about a number of advantages for the Company, including simplified organisation, increased accessibility and participation, easier fulfilment of mandated functions and greater control and security of the processes.



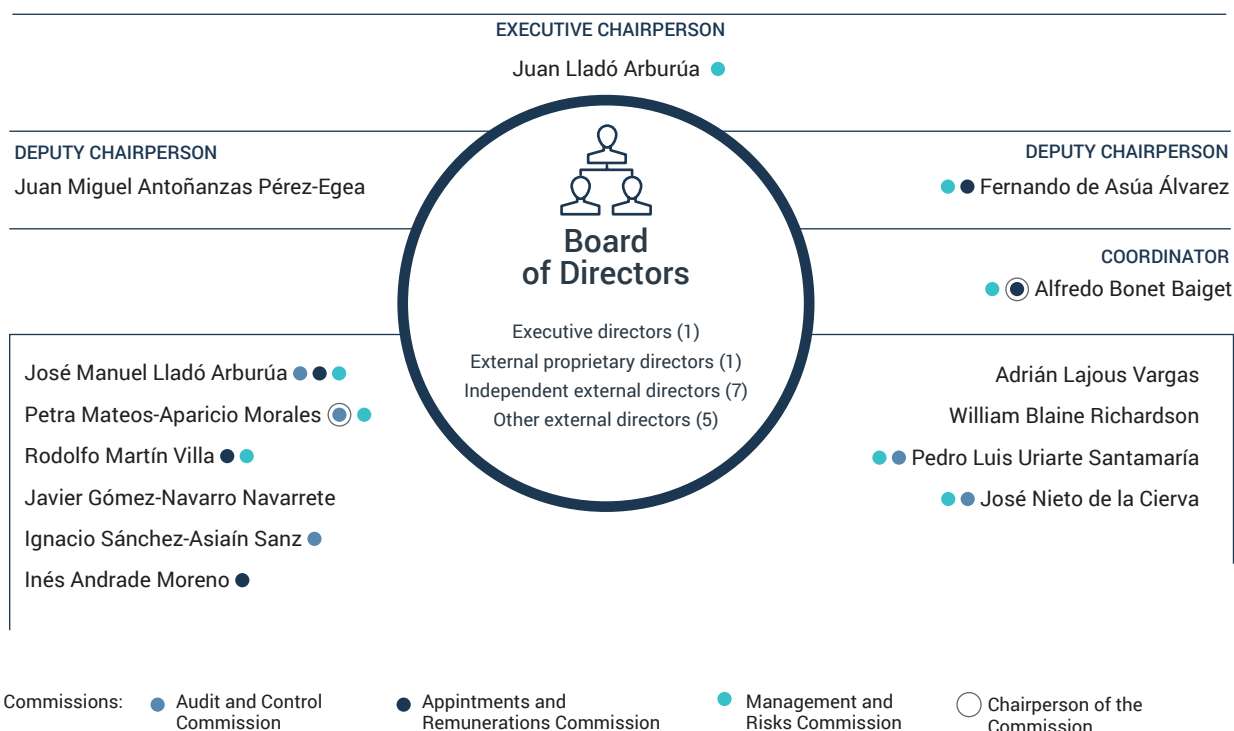
Annual General Meeting 2020: Main resolutions passed

Técnicas Reunidas held its Annual General Meeting on 25 June 2020 via videoconferencing.

The main resolutions passed were as follows:

- Appointment of Mr. José Lladó Fernández-Urrutia as Honorary Chairperson and Mr. Juan Lladó Arburúa as Executive Chairperson of the Company.
- Formalisation of the Risk and Management Commission in the Articles of Association.
- Approval of the appointment of Inés Andrade Moreno and Ignacio Sánchez-Asiáin Sanz as directors.

Composition of the Board of Directors of Técnicas Reunidas



The new appointments to the Board of Directors of Técnicas Reunidas have raised its level of independence to 50%, and has doubled the presence of female directors.

BOARD MEMBER	POSITION	STATUS	FIRST APPOINTMENT	LAST APPOINTMENT
Juan Lladó Arburúa	Chairperson	Executive	10/05/2006	25/06/2020
Juan Miguel Antoñanzas Pérez-Egea	Deputy Chairperson	Other external	10/05/2006	27/06/2018
Fernando de Asúa Álvarez	Deputy Chairperson	Other external	10/05/2006	27/06/2018
José Manuel Lladó Arburúa	Director	Shareholder director	10/05/2006	25/06/2020
Javier Gómez-Navarro Navarrete	Director	Other external	10/05/2006	27/06/2018
William Blaine Richardson	Director	Other external	22/06/2011	25/06/2020
Pedro Luis Uriarte Santamarina	Director	Independent	29/06/2016	25/06/2020
Petra Mateos-Aparicio Morales	Director	Independent	29/06/2016	25/06/2020
Adrián Lajous Vargas	Director	Independent	29/06/2016	25/06/2020
Alfredo Bonet Baiget	Director	Independent	27/06/2018	27/06/2018
José Nieto de la Cierva	Director	Independent	27/06/2018	27/06/2018
Rodolfo Martín Villa	Director	Other external	26/06/2019	26/06/2019
Inés Andrade Moreno	Director	Independent	25/06/2020	25/06/2020
Ignacio Sánchez-Asiaín Sanz	Director	Independent	25/06/2020	25/06/2020

Técnicas Reunidas' governance model is constantly evolving to ensure compliance with legislative developments and best practices in this field.

Self-assessment of the Board of Directors ^[102-28]

The Board of Directors of Técnicas Reunidas performs a yearly self-assessment on its performance. An action plan is then developed with the aim of improving the Board's organisation and functioning and its impacts on relevant areas of the Company such as sustainability, health and safety, good governance and energy transition.

Some of the most important actions carried out during 2020 as a result of the previous year's self-assessment include:

- Improving information sent to the directors, in particular information on the status of projects.
- Furthering the strategic plan, considering potential changes in the environment to anticipate the Company's positioning in the medium and long term.
- Enhancing interaction between the directors and the management team.
- Raising awareness among the Board of Directors in the area of compliance, especially in the development of the criminal compliance management system.

CHANGE OF ORIENTATION IN THE SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

In 2020, in line with the Company's transformation process, Técnicas Reunidas has changed the orientation of this self-assessment from an approach focused on compliance to one based on contribution to management, which depends to a large extent on the specific effectiveness of directors, as well as internal structures, processes and relationships.

Main Topics addressed by the Board and its Delegated Commissions

The Board of Directors and its delegated commissions held a total of 36 meetings in 2020. The attendance rate was 96.83% for the Board of Directors and 100% for the delegated commissions.

MAIN TOPICS ADDRESSED BY THE BOARD AND ITS COMMISSIONS DURING 2020:

- Continuous monitoring of COVID-19 measures.
- Drawing up of the Annual Financial Statements, Annual Corporate Governance Report and Annual Report on Directors' Remuneration.
- Adaptation of the Directors' Remuneration Policy for fiscal years 2020-2022.
- Analysis of potential risks for Técnicas Reunidas (strategic, emerging, operational, financial, legal and compliance-related).
- Expansion of reporting, in particular the disclosure of non-financial information through the Statement of Non-financial Information included in the Consolidated Management Report.
- Application of the succession protocol for the Executive Chairperson.
- Self-assessment of the Board of Directors.
- Determination of the composition of the Board's delegated commissions and the profiles of the directors appointed during 2020.
- Monitoring of the Company's projects.
- Review of the impact of operations and planning by the Company and its Group.
- Analysis of the financial efficiency and resources of each project undertaken by the Company and its Group.



Delegated Commissions

The delegated commissions are responsible for monitoring some of the key issues for the Company and its shareholders.

COMMISSION CHAIRPERSON

Petra Mateos-Aparicio Morales ●

Pedro Luis Uriarte
Santamarina ●

José Nieto de la Cierva ●

José Manuel Lladó
Arburúa ●

Ignacio Sánchez-
Asiain Sanz ●



Audit and Control Commission

- External independent directors (4)
- Non-executive proprietary director (1)



For more information on the Audit and Control Commission's main activities during 2020, see the report available at the following link:

<https://web-trweb-pre.azurewebsites.net/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/>

Functions

- Approving the individual and consolidated financial statements, as well as the statement of non-financial information.
- Regularly monitoring progress in the auditing.
- Receiving regular information about the Company's system for internal control over financial reporting (ICFR).
- Monitoring progress on the implementation of the Criminal Compliance Management System.
- Monitoring and supervising the Regulatory Compliance Unit.
- Receiving information about the Company's tax situation and the Fiscal Risk Guidelines.
- Carrying out regular monitoring of the Internal Audit Plan.
- Receiving the statement of independence from the external auditors and monitoring their independence.
- Drawing up the Commission's Action Plan for 2020.

COMMISSION CHAIRPERSON

Alfredo Bonet Baiget ●

Rodolfo Martín Villa ●

José Manuel Lladó ●

Inés Andrade Moreno ●

Fernando de Asúa
Álvarez ●



Appointments and Remuneration Commission

- External independent directors (2)
- Proprietary director (1)
- Other external (2)



For more information on the Appointments and Remuneration Commission's main activities during 2020, see the report available at the following link:

<https://web-trweb-pre.azurewebsites.net/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/>

Functions

- Assessing the necessary competences, expertise and experience of the Board of Directors.
- Submitting and reporting on proposals for the appointment of directors to the Board of Directors.
- Proposing candidates for positions on each of the Commission or other Board positions.
- Proposing the remuneration policy for directors, general managers and all those who perform executive functions to the Board of Directors.
- Analysing the Group's plans for labour relations.
- Reporting on compliance with the parameters and indicators for executive directors' remuneration.

Técnicas Reunidas decided to formalise the Risk and Management Commission in 2020, incorporating it into the Articles of Association. Due to its powers and composition, and because it is chaired by the Executive Chairperson of the Board of Directors and its members include the Chairpersons of the Audit and Control Commission and the Appointments and Remuneration Commission, as well as the lead independent director (José Nieto de la Cierva), this commission can be considered an executive commission.

COMMISSION CHAIRPERSON

Juan Lladó Arburúa ●

- Petra Mateos-Aparicio ●
- Alfredo Bonet Baiget ●
- José Nieto de la Cierva ●
- Pedro Luis Uriarte ●
- Rodolfo Martín-Villa ●
- José Manuel Lladó Arburúa ●
- Fernando de Asúa Álvarez ●



For more information on the Risk and Management Commission’s main activities during 2020, see the report available at the following link:
<https://web-trweb-pre.azurewebsites.net/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/>

Functions

- Regular reviewing of the impact of operations and planning by the Company and its Group.
- Analysing the financial efficiency and resources of the projects undertaken by the Company and its Group.
- Analysing the commercial policy guidelines and the conditions of the most relevant offerings of the Company and its Group.
- Carrying out regular monitoring of the Company’s projects, with special focus on those which are most significant in economic, technical or reputational terms.
- Developing and monitoring the risk map for the Company and its Group.
- Analysing and reporting on the overall approach and strategy employed by the Company and its Group.
- With respect to all the above points, promoting the regulatory compliance system and related activities of the Company and its Group.



REMUNERATION AND PERFORMANCE MODEL [102-35]; [102-36]

The remuneration model for the Board of Directors consists of a fixed component and attendance expenses. In the case of the Executive Chairperson, this model includes a variable component over both the short and long term. The short-term component takes sustainability into consideration, with 10% of the amount linked to environmental parameters and another 10% linked to health and safety parameters.

In 2020, Técnicas Reunidas submitted the 2020-2022 Directors' Remuneration Policy for consideration at the Annual General Meeting, with the aim of updating it and including variable long-term remuneration for the Executive Chairperson. This proposal was approved with 99.44% of votes in favour, enabling the strengthening of the executive director's linkage with the Company and contributing to the achievement of its main objectives.

The shareholders approved the proposal made at the Annual General Meeting with respect to the Directors' Remuneration Policy for fiscal years 2020-2022, with 99.44% of votes in favour.

Company directors' remuneration

GENERAL PRINCIPLES OF THE REMUNERATION MODEL

Remuneration for the skills and responsibilities demanded by the role of director, offering incentives for service without compromising independence.

Remuneration for service as a director.

Remuneration adapted to the demands of the market.

VARIABLE COMPONENTS OF REMUNERATION

SUSTAINABILITY

The Directors' Remuneration Policy incorporates sustainability criteria into the variable short-term component of the remuneration applicable to executive directors, with the following parameters:

Non-financial targets (20%):

- Health and safety (10%) and environment (10%).

Financial targets (80%):

- Consolidated income (20%), order book (30%) and margin/ebitda (30%).

The incorporation of environmental and health and safety parameters reinforces Técnicas Reunidas' commitment to these key areas in the development of its activity.

LONG-TERM VARIABLE REMUNERATION

The new Directors' Remuneration Policy has introduced variable long-term remuneration for the executive director, which improves convergence between their interests and the long-term interests of Técnicas Reunidas, while following the best practices of corporate governance and aligning the remuneration package for executive directors with market practice in comparable companies.

For more information on the Técnicas Reunidas Directors' Remuneration Policy, visit: https://www.tecnicasreunidas.es/wp-content/uploads/2020/06/23_TR_JG20_PRC.pdf

	MEN	WOMEN
Directors' average remuneration 2020 (€) – Executive directors ⁴	1,107,932.74	N/A
Directors' average remuneration 2020 (€) – on-executive directors	161,640.44	134,170.00

⁴ Directors' remuneration is broken down individually in the Annual Report on Company Directors' Remuneration.

MANAGEMENT MODEL FOR THE GOVERNANCE OF THE COMPANY

Técnicas Reunidas’ governance model is based on the Group’s corporate standards, including the Articles of Association, the Regulations of the Annual General Meeting, the Regulations of the Board of Directors, the Internal Code of Conduct in the Securities Markets and the specific regulations of each of the Board’s delegated commissions.

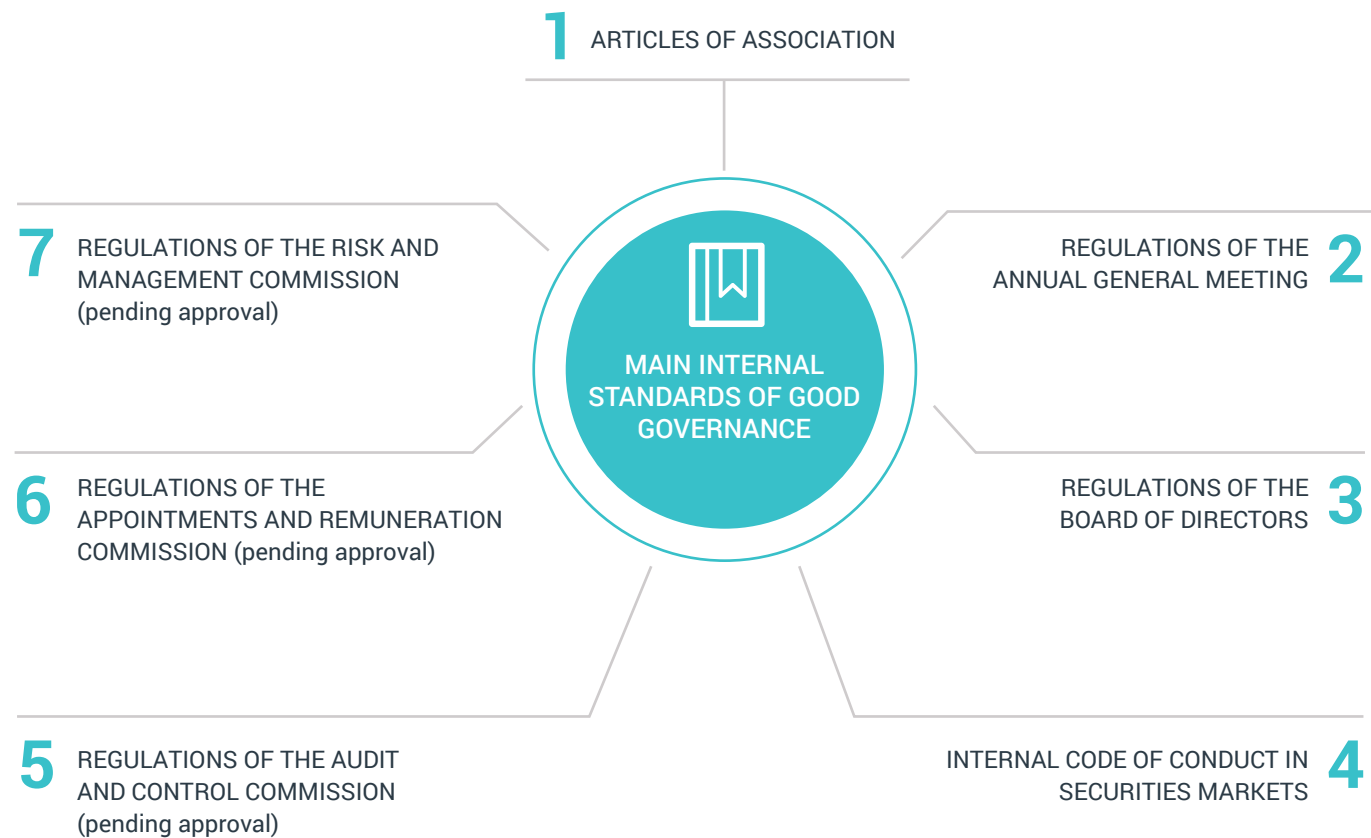
Técnicas Reunidas has gone to great lengths in 2020 to update this set of regulations, reflecting the importance that the Company and its Board of Directors attach to corporate governance and sustainability.

In designing the functions of its governance model, Técnicas Reunidas ensures that it takes into consideration existing best practices, in particular those contained in the Good Governance Code for Listed Companies, in addition to the applicable legislation. In order to bring its model into alignment with the changes to the Code published in October 2020, the Company has not only updated the internal standards listed above but has approved a Director Selection and Diversity Policy for the Board of Directors and a Policy for Information, Communication, Contact and Engagement with Shareholders, Institutional Investors, Proxy Advisors and Other Stakeholders.

With the same aim, the Board of Directors has undertaken to submit the modifications to the corporate documents within its sphere of competence for consideration at the Annual General Meeting in 2021, specifically the Articles of Association and the Regulations of the Annual General Meeting.

Looking to the coming year, the Company will further develop its governance model to comply with the new elements included in the Good Governance Code for Listed Companies, updating the Articles of Association and any other relevant corporate documentation and approving the specific regulations for the Board’s delegated commissions.

The new policies approved by the Company establish precise rules on issues of special interest to stakeholders and facilitate compliance with the recommendations of the Good Governance Code.



INTEGRITY AND COMPLIANCE [102-16]; [102-17]; [103-2]

Técnicas Reunidas' Code of Conduct is one of its fundamental tools for preventing behaviours and activities that are contrary to its principles.

In addition, in order to strengthen integrity in its supply chain, the Company has a specific Code of Conduct for suppliers and subcontractors, detailing the minimum ethical, social and environmental requirements, as well as a Third Party Integrity Policy.

The Compliance Unit is a fundamental element in Técnicas Reunidas' management of integrity. Its functions include the review, updating and dissemination of the Code of Conduct, the management of the whistleblowing mechanism, and the review and adaptation of the crime prevention systems.

Another focus for the Company in 2020 has been the prevention of conflicts of interest. The Compliance Unit requested statements on conflicts of interest from the organisation's 350 management positions, resulting in a response rate of 97%.

 Técnicas Reunidas' Code of Conduct can be accessed at the following link:

<https://www.tecnicasreunidas.es/es/como-lo-hacemos/responsabilidad-social-corporativa/>

ONGOING IMPROVEMENT OF THE CRIME PREVENTION SYSTEM

Técnicas Reunidas' Crime Prevention System is based on the Company's Code of Conduct and regulatory framework, and has been in place since 2017. In order to improve its performance in this area, during fiscal year 2020, Técnicas Reunidas has developed a Risk and Control Matrix for crime, which facilitates the minimisation of risks and improves capacity for prevention, detection and responsiveness to critical issues of compliance and integrity.

Also during 2020, the Group has developed new policies related to the criminal compliance management system and has carried out a review of existing policies to ensure their compliance with international standards, including the updating of the Third Party Due Diligence Policy.

There was also a training session for the Board of Directors on criminal liability for legal entities and directors. In this context, and with the aim of adapting to the Covid-19 crisis situation and ensuring continuity in the reliance on training as the cornerstone for implanting the criminal compliance system, several changes have been made to the training model. Online courses have been developed, as well as digital migration to operational platforms with a view to e-learning.



WHISTLEBLOWING MECHANISM [102-17]

The Company has a whistleblowing mechanism (Code Mailbox) in place to facilitate the reporting of breaches or other issues related to the Code of Conduct. This mechanism is available to Técnicas Reunidas' employees, as well as partners, suppliers and subcontractors (buzondelcodigo@trsa.es).

In 2020, six complaints were received through this mechanism. To date, three of these have been resolved through the appropriate disciplinary and organisational measures, two are at the investigation stage and one was shelved because no irregularities were found during the investigation. None of the complaints was related to respect for freedom of association, the right to collective bargaining, discrimination in employment and occupation, forced or compulsory labour or child labour, and there was no impact on the Company entailed, given that they have all been duly managed.

Objectives for 2021 to improve the mechanism's functioning include the development of a tool to make documented information available on all the issues that are managed through it, establishment of a security framework to ensure confidentiality of information and adaptation to the European Directive on the protection of persons who report breaches of Union law.

Técnicas Reunidas has a number of internal procedures and management tools to reinforce the commitments and responsibilities of the Company and all its employees.

TÉCNICAS REUNIDAS' SUSTAINABILITY MANAGEMENT

During 2020, Técnicas Reunidas has consolidated its commitment to sustainability as one of the Company's strategic pillars at corporate level, prioritising activities that contribute to the achievement of the Sustainable Development Goals.

Técnicas Reunidas is aware of its role in promoting sustainable development, both in terms of its own activity and through its relationships with third parties. These include clients who need sustainable, efficient and low-emission production units. Thanks to its advanced technological capabilities, the Company can offer them high added-value services that facilitate the transition to a low carbon economy.

As part of its decisive commitment to sustainability, Técnicas Reunidas has updated its Sustainability Policy in 2020.

Another essential element in Técnicas Reunidas' activities is its contribution to communities in the Group's operational locations, an area in which the Sustainable Development Goals provide the most important benchmarks for decision-making processes (see next subsection).

In 2020, Técnicas Reunidas has approved a new Sustainability Policy setting out the general principles and foundations of the Group's sustainable development strategy. This Policy will also serve as a framework for the development of a Sustainability Plan for the Company to implement in its main areas of activity. This plan is currently under development and will be completed during fiscal year 2021.



TÉCNICAS REUNIDAS' COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS







Técnicas Reunidas has identified the Sustainable Development Goals (SDGs) which are most relevant to its business and has carried out an assessment of the actions it is implementing toward their achievement.

The Company's priority SDGs include Goals 7, 9 and 13: ensuring access to affordable and clean energy; building resilient infrastructure, promoting inclusive and sustainable

industrialisation and fostering innovation; and taking urgent action to combat climate change, respectively.

The Company is also taking action on other Goals, as indicated in the following table.

CONTRIBUTION TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals	How is Técnicas Reunidas contributing to their achievement?	Key messages on Técnicas Reunidas' contribution in 2020
1 NO POVERTY  END POVERTY IN ALL ITS FORMS EVERYWHERE	<ul style="list-style-type: none"> Promoting contracting with local subcontractors and suppliers with the aim of creating a positive socio-economic impact in the areas where it operates. Incentivising and training suppliers and subcontractors in order to improve their performance and enhance their competitiveness, contributing to better business opportunities in the future. <p> For more information, see Section 6.6 Efficient Supply Chain Management</p>	<p>▶ 2,063 million euros in purchasing with local suppliers and subcontractors in 2020.</p>
3 GOOD HEALTH AND WELL-BEING  ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	<ul style="list-style-type: none"> Making a decisive commitment to occupational health and safety as a strategic pillar. Helping to minimise occupational accidents and diseases by means of a sound Occupational Health and Safety System which extends to subcontractors and is certified to standard ISO 45001. Establishing annual occupational safety targets which are increasingly demanding and ambitious, reaffirming Técnicas Reunidas' commitment in this area. Providing occupational health and safety training for employees and subcontractors and reinforcing the Company's safety culture through awareness campaigns. <p> For more information, see Section 6.5 Occupational Health and Safety.</p>	<p>▶ Incident rates maintained below the Company's targets.</p>
4 QUALITY EDUCATION  ENSURE INCLUSIVE AND QUALITY EDUCATION FOR ALL AND PROMOTE LIFELONG LEARNING	<ul style="list-style-type: none"> Offering training adapted to employees' needs in order to help them maximise their skills and boost their professional development. Establishing agreements with universities and research centres to offer internships to students, optimising their employability and aiding their integration into the labour market. Supporting institutions and initiatives which promote education in the field of sustainable development and the efficient use of energy. <p> For more information, see Section 6.2 Employees, the Company's Main Assets and Section 6.7 Relationship with Society and Stakeholders</p>	<p>▶ A yearly average of 10.27 hours of training per employee.</p> <p>▶ Collaboration with various institutions in the fields of culture, science, research and education.</p>

CONTRIBUTION TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals	How is Técnicas Reunidas contributing to their achievement?	Key messages on Técnicas Reunidas' contribution in 2020
7 AFFORDABLE AND CLEAN ENERGY  ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL	<ul style="list-style-type: none"> Developing efficient energy infrastructures for our clients which enable them to provide clean, affordable energy supplies. Collaborating in R&D&I projects which help to achieve a more efficient use of energy resources and which promote the development of low-cost environmentally-friendly batteries for electric vehicles. Contributing to the energy transition and the decarbonisation of the economy. Increasing the use of renewable energy in offices. <p> For more information, see Section 6.3 Innovation and Digitalisation.</p>	<ul style="list-style-type: none"> ▶ Upgrading of industrial plants for optimisation and sustainable operation. ▶ R&D&I projects focused on sustainable actions (ZINCEX™ and PHOS4LIFE™).
8 DECENT WORK AND ECONOMIC GROWTH  PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL	<ul style="list-style-type: none"> Offering employment opportunities to engineers and other professionals both in Spain and in other countries where Técnicas Reunidas operates. Adopting a global approach to the management of human resources in order to align the policies implemented by the Company. Encouraging the development of local business networks, promoting local purchasing and subcontracting within the framework of projects and training professionals from the local community to enhance their employability. Promoting inclusive and sustainable economic growth and decent work for everyone. <p> For more information, see Section 6.2 Employees, the Company's Main Assets and Section 6.7 Relationship with Society and Stakeholders.</p>	<ul style="list-style-type: none"> ▶ Over 53,000 people, mainly from sub-contractors, worked on the Company's projects. ▶ 54% permanent contracts within the Company. ▶ More than 160 interns hired.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION	<ul style="list-style-type: none"> Developing technologies and processes that optimise the sustainable performance of industrial plants and have less environmental impact by means of reduced greenhouse gas emissions, efficient use of resources and optimisation of generated waste. Using the resources of its own technology centre and collaborating with third parties in R&D&I projects related to massive energy storage and the recovery of metals from waste and chemicals from biomass. Promoting the decarbonisation of the economy. <p> For more information, see Section 6.3 Innovation and Digitalisation.</p>	<ul style="list-style-type: none"> ▶ Over 4.5 million euros assigned to R&D&I. ▶ 55 professionals specialising in R&D&I.
11 SUSTAINABLE CITIES AND COMMUNITIES  MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE	<ul style="list-style-type: none"> Promoting circular economy activities. Reducing the environmental impact of waste and improving air quality. Promoting the preservation of cultural and natural heritage. Developing technologies to make cities more resilient (e.g. with innovative energy storage projects). Promoting effective waste management. <p> For more information, see Section 6.3 Innovation and Digitalisation and Section 6.4 Excellence in Environmental Performance.</p>	<ul style="list-style-type: none"> ▶ CO₂ emissions reduced by 2% between 2016 and 2020⁵. ▶ Energy consumption solely from renewable sources in all offices in Spain.

⁵ The calculation of emissions takes into account the Group's Scope 1 and 2 carbon footprint.

CONTRIBUTION TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals	How is Técnicas Reunidas contributing to their achievement?	Key messages on Técnicas Reunidas' contribution in 2020
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS</p>	<ul style="list-style-type: none"> • Ensuring sustainable consumption and production patterns. • Making a commitment to the circular economy. • Promoting the responsible use of natural resources among employees, suppliers and subcontractors. <p> For more information, see Section 6.4 Excellence in Environmental Performance.</p>	<p>► Certified Environmental Management System (ISO 14001:2015) implemented in 100% of business processes.</p>
<p>13 CLIMATE ACTION</p>  <p>TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS</p>	<ul style="list-style-type: none"> • Developing proprietary technologies for reducing the NO₂ and NO_x generated during the manufacture of nitric acid. • Optimising the use of energy resources in the Company's activities through actions such as energy audits, preventive maintenance of machinery, and energy-efficient lighting and IT equipment. • Delivering transparency in the Company's reporting on its performance with regard to climate change and participating in initiatives such as CDP Climate Change. • Promoting the need to combat climate change in all corporate areas. <p> For more information, see Section 6.3 Innovation and Digitalisation and Section 6.4 Excellence in Environmental Performance.</p>	<p>► Técnicas Reunidas' participation in the Shine-Fleet project, whose aim is to develop technologies for the supply of hydrogen generators for the HGV transport industry.</p> <p>► A- and B ratings from the CDP (Supply Chain and Climate Change), demonstrating the Company's firm and continuing commitment to combatting climate change.</p>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  <p>PROMOTE JUST, PEACEFUL AND INCLUSIVE SOCIETIES</p>	<ul style="list-style-type: none"> • Adhering to a Code of Conduct that reflects the Company's commitment to acting in accordance with the law, human rights and internationally accepted ethical practices throughout its operations. • Developing the Crime Prevention Management System, with specific managers for the Middle East and Latin America areas. • Providing a specific whistleblowing mechanism through which anyone can report activities which contravene the Company's ethical and regulatory framework. 	<p>► > 80% of employees are informed about the Code of Conduct.</p> <p>► Code of Conduct in place for Suppliers and Subcontractors</p>
<p>17 PARTNERSHIPS FOR THE GOALS</p>  <p>REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT</p>	<ul style="list-style-type: none"> • Working together with global experts on sustainability. • Aligning the Sustainability Policy with the SDGs. • Pledging to continue strengthening the monitoring of its contribution to the SDGs over the coming years and define new actions toward their achievement. <p> For more information, see Section 6.7 Relationship with Society and Stakeholders</p>	<p>► Active collaboration with entities such as the Global Compact, Carbon Disclosure Project and the Club of Excellence in Sustainability.</p>

5.2 RISK MANAGEMENT [102-15]

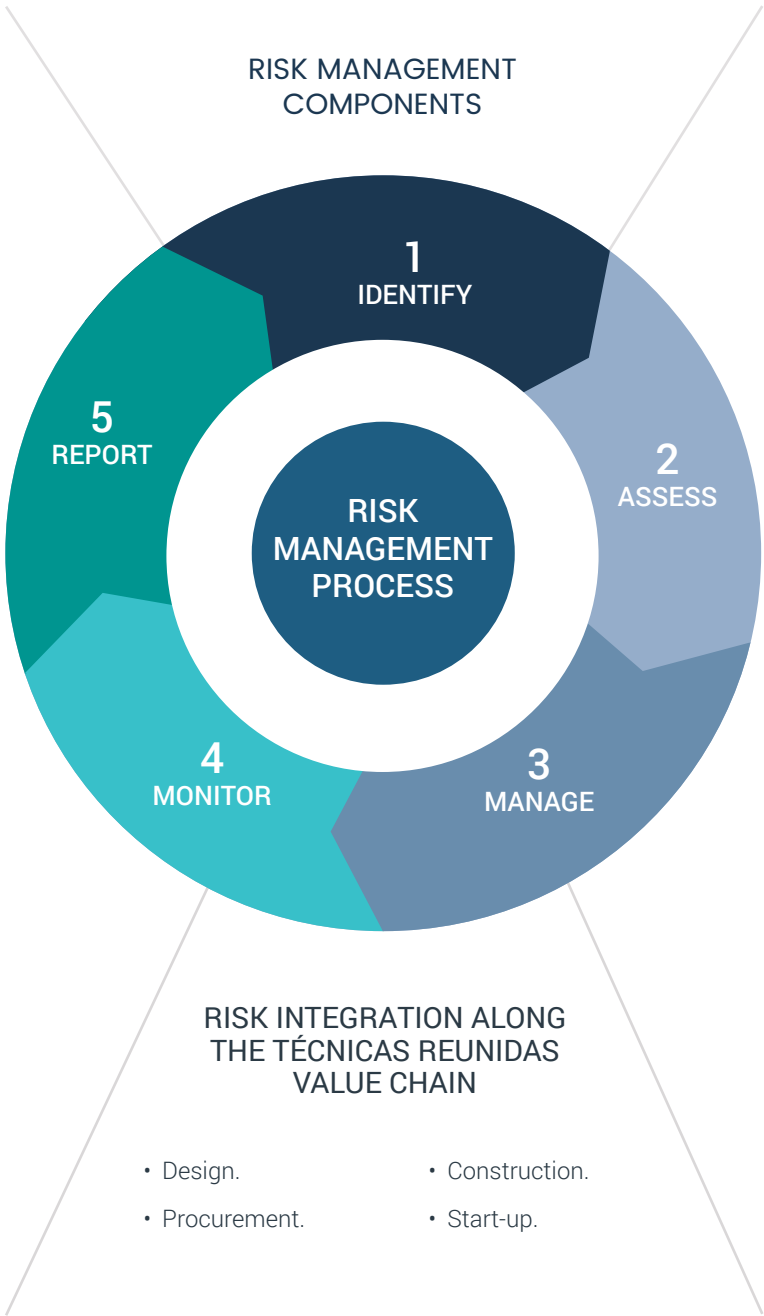
Técnicas Reunidas has essential tools and procedures which help to identify, prevent, minimise and manage the risks associated with all its areas of activity, ensuring the sustainability and satisfactory performance of the business for all its stakeholders.

The Company's comprehensive methodological framework for managing key risks encompasses all areas and projects, improving the monitoring and control of risks and reducing operational uncertainties.

Using this comprehensive framework, a catalogue of key risks has been compiled, identified in accordance with internationally recognised COSO 2013 methodology.

The Company has developed a set of management policies for each identified risk, including:

- Procedures to mitigate risks related to the nature of projects - careful selection of projects, policies for diversifying geopolitical risks, policies for maintaining the technical capability necessary to implement projects, policies for sharing project risks with third parties, maintenance of insurance cover and contracting methods which ensure the quality of suppliers.
- Procedures related to the financial management of projects - management of foreign exchange risk, liquidity, tax risks and technical contingencies.
- Management systems for health and safety - policies, procedures and regular system reviews.



MAIN OPERATIONAL RISKS AND MANAGEMENT MECHANISMS AT TÉCNICAS REUNIDAS

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION MECHANISM
PROJECT COST VARIATIONS	<p>There are multiple factors which can lead to variations in cost estimates for turnkey projects (the total price is fixed at the start of the project, while implementation costs may undergo deviations). These include price fluctuations in raw materials, changes in the scope of projects, timeliness and performance quality with respect to construction and assembly subcontractors, litigation by clients and suppliers, geopolitical decisions with immediate impacts and weather conditions.</p> <p>The evaluation of all these factors requires a high level of judgement and estimation.</p> <p>Failure to meet delivery deadlines may entail compensation for the client.</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. • Intensive procurement, during the first months of implementation, of any equipment which is both critical and highly sensitive to changes in the cost of raw materials. • Use of derivatives that enable certain essential raw materials and equipment to be purchased by instalments. • Distribution of the execution of the work between several subcontractors and incorporation of subcontractors as project partners. • Increase in supervision of construction and assembly contractors. • Inclusion in budgets of a contingency for deviations. • Use of guidance from external advisers in the preparation of estimates and judgements. • Close monitoring of project implementation deadlines to detect delays, allowing for the implementation of mechanisms for acceleration and mitigation of the risk of penalties.
CRUDE OIL PRICE FLUCTUATIONS	<p>The price of crude oil is one of the factors that affects decisions on investment, contract procedures and project implementation by the Group's clients, as well as suppliers, competitors and partners.</p> <p>Recent declines in crude oil prices have pressured clients to offer less favourable payment terms and be more demanding in the negotiation of changes of scope and claims.</p> <p>The group's commercial activity is dependent on investment by our clients.</p>	<ul style="list-style-type: none"> • Predominance of NOCs (National Oil Companies) over IOCs (International Oil Companies) in the portfolio (since these companies include factors besides those which are purely economic, such as geopolitical and social criteria, in their decision-making processes). • Diversification of products and geographical areas. • Mitigation of risks with clients and suppliers through the early detection of any issues that might involve modifications to the contract price.



MAIN OPERATIONAL RISKS AND MANAGEMENT MECHANISMS AT TÉCNICAS REUNIDAS

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION MECHANISM
IMPLEMENTATION OF PROJECTS IN MULTIPLE GEOGRAPHICAL AREAS	<p>TR's projects are implemented in multiple geographical areas, each with a different risk profile to mitigate, including political and social tensions, locations with restricted access, limited legal certainty, local content requirements, increased fiscal pressure in all geographical areas where the Group operates and the complexity of the process for allocating margins to projects which are implemented simultaneously in multiple geographical locations.</p> <p>The implementation of projects for the first time in a particular geographical area increases the risk of deviations in margins.</p>	<ul style="list-style-type: none"> • Project selection based on a detailed analysis of the client and the country, establishing a local presence before submitting bids, as well as other aspects such as project-specific margins and risks. • Use of modular construction schemes in geographical areas where labour shortage or site conditions allow savings to be made compared to other options. • Inclusion in contracts, whenever possible, of referral of disputes to courts or arbitrators in countries in which TR has experience. • Inclusion in contracts, whenever possible, of clauses that allow price revisions in the event of amendments to the law. • Flexibility to adapt to local content requirements. • Development of BEPS policies. • Internal Fiscal Risk Guidelines establishing the Group's tax strategy and internal procedures for fiscal risk management, including training actions and internal investigation plans. • Tax strategies to minimise risk are defined at the bidding phase with the help of local advisors, including within the Group's regular markets. • Tax settlements are monitored during the implementation phase, with the support of local advisors, identifying any unforeseen events or deviations from the initial strategies and making corrections as appropriate with the support of the Operations area.
CONCENTRATION ON A LIMITED CLIENT BASE	<p>The portfolio may at certain times reflect a high concentration on a small number of clients or specific countries or suppliers.</p>	<ul style="list-style-type: none"> • Concentration only in markets where the Group has sufficient prior experience. • Diversification policy which allows TR access to highly disparate markets. • Development of commercial activity with new clients and in markets in which TR is not yet active. • Strategies for dispersal and diversification of construction among various local and international suppliers.
ENVIRONMENTAL AND SAFETY REQUIREMENTS	<p>TR carries out projects where incorrect implementation could lead to risks with significant environmental impact or appreciable risks with respect to health and safety.</p> <p>The Group works on risk control and minimisation by cooperating with its clients, subcontractors and suppliers in this area.</p>	<ul style="list-style-type: none"> • Implementation of the Sustainability Policy. • Implementation of the Environmental and Safety Management System. • Assurance of environmental management from the engineering stage and extension of this assurance to suppliers and subcontractors through audits and training. • Strengthening of safety in processes from the design stage. • Promotion of occupational safety among suppliers and subcontractors. • Updating of the HSE Policy (ISO 45001 and ISO 14001), introducing aspects of sustainability, consultation and participation, as well as health and well-being.

MAIN OPERATIONAL RISKS AND MANAGEMENT MECHANISMS AT TÉCNICAS REUNIDAS

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION MECHANISM
ECONOMIC VARIABLES	<p>Certain economic circumstances (changes in exchange rates and interest rates, predisposition to financing or taxation) may impact TR's activities and results.</p> <p>Periods of geopolitical tension with a strong impact on economic variables.</p> <p>Increased influence in our clients' decision-making from the entities or organisations that finance their investments.</p>	<ul style="list-style-type: none"> Continuous monitoring of currency-related risks and contracting of exchange rate insurance. Management of a sound balance sheet and availability of adequate lines of financing. Mitigation of the risk of clients' lack of liquidity by means of active participation in the processes of obtaining financing, through banks that support operations involving TR, as well as through the use of export credit insurance through these banks and direct contact with clients' financing bodies.
INFORMATION TECHNOLOGY	With the Group's increased digitalisation, the risk of cybercriminal intrusion into its systems has increased.	<ul style="list-style-type: none"> Information security management system certified according to ISO 27001:2015. Training in cybersecurity for employees. Supervision by the Information Security Committee of the implementation of the strategic cybersecurity plan, the results of the audits and the main risks and measures used.
RETENTION OF KEY PERSONNEL AND ADAPTATION OF RESOURCES TO WORKLOAD	The loss of key personnel or deficiencies in their training may increase the risk of unsatisfactory implementation of projects. In addition, excessive concentration of projects and project delay can lead to inefficiencies in personnel management.	<ul style="list-style-type: none"> Procedures for identifying key employees who should be retained and implementation of policies that encourage them to remain at the Company. Implementation of a flexible human resources structure which can adapt quickly to market changes. Globalised management of human resources to unify the criteria used in the various subsidiaries.
ETHICS AND REPUTATION	Any unethical or irresponsible behaviour by employees or by third parties working in partnership with the Company (suppliers and subcontractors) could adversely affect TR's reputation and results.	<ul style="list-style-type: none"> Internal regulations and training to ensure that workers behave with integrity, and implementation of the Code of Conduct and whistleblowing mechanism. Need for suppliers and subcontractors to fulfil requirements on environmental issues, human rights, health and safety, anti-corruption and anti-fraud.
QUALITY IN IMPLEMENTATION	Quality in implementation not only ensures the satisfactory completion of a project but also increases the likelihood of securing similar projects or working with the same client in the future.	<ul style="list-style-type: none"> Quality monitoring mechanisms in all project phases. Creation of databases that collate the group's know-how and best practices. Quality department responsible for drawing up procedures.
CLIMATE CHANGE	Climate change requirements can affect customer needs and the way in which TR implements its projects.	<ul style="list-style-type: none"> The Company has a high level of technical capabilities in engineering, enabling it to offer solutions, such as the upgrading of pre-existing industrial facilities, which allow clients to implement sustainability actions and emissions reduction initiatives. The Company has developed advanced technical procedures which allow it to implement projects in extreme environmental conditions, as demonstrated in locations such as Saudi Arabia and Canada.

6

RESOURCES AND RELATIONSHIPS



6.1 CONTROL AND MANAGEMENT OF FINANCIAL CAPITAL

Despite the difficulties experienced during this fiscal year, Técnicas Reunidas has been able to react with rapidity and flexibility, adapting to the new scenario by initiating a process to modify the cost structure and reaping the benefits of the TR-ansforma project, started in 2019 and designed to optimise the Company's operations.



MAIN INDICATORS

INDICATOR	2020 DATA	2018-2020 PROGRESS
Portfolio (million €)	8,347	-7%
Awards (million €)	2,117	-24%
Revenue (sales) (million €)	3,521	-2%
EBIT (million €)	41.5	1%
EBIT/sales (%)	1.18%	+0.22 percentage points
Reported profit after tax (million €)	12.9	-10%
Net cash position (debt/treasury)	197	-24%
Work in progress (million €)	1,818	10%
Guarantees (million €)	5,034	-3%



2020 MILESTONES

- Incorporation of a bond issuance programme for the short and long term in the Alternative Fixed-Income Market (MARF).
- Launch of the TR-ansforma Plan to identify efficiency measures.
- Safeguarding the project portfolio record as of February, without any cancellations, despite the pandemic.
- Restructuring of existing syndicated lines of financing.



2021 OBJECTIVES

- Closure of the Prior Agreement with the Tax Administration.
- Securing of liquidity mechanisms associated with European Union plans, the Covid crisis and the energy transition.
- Strengthening of proactive communication with the market.



MANAGEMENT APPROACH ^[103-2]

Técnicas Reunidas has a specialised division for financial management, whose operation is structured as a matrix with two intersecting axes: one for technical areas and the other for the main countries in which it operates.

Alongside its internal functions, the Finance division provides support to the Company's clients in obtaining financing (as described in the case outlined below).

Matrix-based organisation of Técnicas Reunidas' financial management

		TECHNICAL AREAS				
		PROJECT ADMINISTRATION	TAXATION	ACCOUNTING	TREASURY AND FINANCING	ECONOMIC PLANNING
Countries	Spain					
	Saudi Arabia, Kuwait and UAE					
	Bahrain and Oman					
	Mexico, Peru and Malaysia					
	Poland and England					
	Turkey and Singapore					

MAIN FINANCIAL FIGURES

Técnicas Reunidas has adapted to the new scenario imposed by the pandemic, prioritising the working conditions of all its employees at all times. Nevertheless, Covid-19 has affected the implementation of projects, in many cases causing slowdowns and other repercussions. The total impact of the effects of Covid-19 on the results is estimated at 58 million euros.



During this fiscal year, the Company has begun a process of adapting the cost structure. In this regard, 2020 brought fruition to the TR-ansforma project, started in 2019 and aimed at redefining the Group's cost structure and optimising the Company's operations.

At the same time, the Company initiated an asset optimisation process, with the sale of non-strategic shares and some property assets, including the sale of the Company's 80% holdings in Eurocontrol, as well as property assets which do not represent a significant amount.

With respect to the Company's results, sales in 2020 fell by 25% to 3,520 million euros. The Group's operating income was 41 million euros. The costs not allocated to divisions increased by 4%, amounting to 107 million euros, as a result of including expenditure associated with the TR-ansforma project. Net income amounted to a profit of 13 million euros.

The changes in results can mainly be ascribed to the impact on sales figures of slowdowns on some projects, as well as the cost overruns derived from the management of Covid-19, which have not yet been recovered.

MARKET ENVIRONMENT

The market environment in which Técnicas Reunidas operates has been affected by various external factors over the past year, which has forced the Company to adapt its financial management, as shown below.

Market environment: external factors that have impacted on Técnicas Reunidas



OIL PRICES

- The circumstances stemming from the pandemic have led to severe fluctuations in prices per barrel, which began 2020 at \$68/barrel, decreased during the month of March to \$15/barrel, then recovered, as of that date, to levels slightly above \$50/barrel.
- In this context, Técnicas Reunidas has reacted with rapidity and flexibility to adapt to the new scenario, establishing a new, more agile organisational structure that is more closely aligned with project implementation. It has also committed to digitalising project implementation processes and activities, which allows better control over the risks and cost overruns involved in implementation.



€/€ EXCHANGE RATE

- The depreciation of emerging countries' currencies and the volatility of the dollar against the euro impact heavily on the results of companies such as Técnicas Reunidas, with almost all its business outside of Spain.
- In order to mitigate this risk, the Company has a policy in place for continuous monitoring of currency-related risks and contracting of exchange rate insurance.



DIRECT NEGOTIATION OF DISPUTES WITH THIRD PARTIES

- The Company has detected an increasing tendency by certain clients and suppliers to give less weight to direct negotiation with Técnicas Reunidas when resolving disputes, leading to an increase in litigation.
- This circumstance means that the Company has to estimate the expected outcome of these disputes, based mainly on the criterion of its legal advisors in the preparation of estimates and judgements.



FINANCIAL ENVIRONMENT

- Increased fiscal pressure from governments to compensate for deficits was accompanied in 2020 by a heightened perception of risk by financial institutions with respect to the engineering sector and uncertainty regarding the evolution of the economic cycle and cash preservation policies on the part of some clients.
- In January 2020, the undisputed tax assessments were approved and signed for fiscal years 2013 and 2014, with associated settlements of 28,324 thousand euros for 2013 (of which 1.045 thousand euros was paid in 2020, with the remainder pending payment in 2021) and 11.924 thousand euros for 2014 (paid in 2020).



NEW CONTRACTING MODELS

- Developments in contracting models over recent years have meant that projects are increasingly billed by milestones rather than progress payments. This has led to extended collection periods, complicating the financial position of the Company, which must continue to meet its obligations to its suppliers or employees.
- To mitigate this effect, Técnicas Reunidas has maintained its policy of managing a solid balance sheet and adequate lines of financing to ensure the solvency necessary for implementing its projects. It has also designed specific actions to align collection periods with payment periods to suppliers.



IMPORTANCE OF ENSURING A SOLID FINANCIAL STRUCTURE

- Técnicas Reunidas has replaced its syndicated lines of financing with a single line whose maturity is aligned with its needs.
- The Company has developed new lines of financing through the MARF (Alternative Fixed-Income Market) in order to diversify its sources of financing outside the banking sector, seeking long-term, competitive terms. While financing by means of syndicated lines of credit has enabled the Company to achieve better financing terms at competitive prices, it requires compliance with determined balance sheet ratios and results.

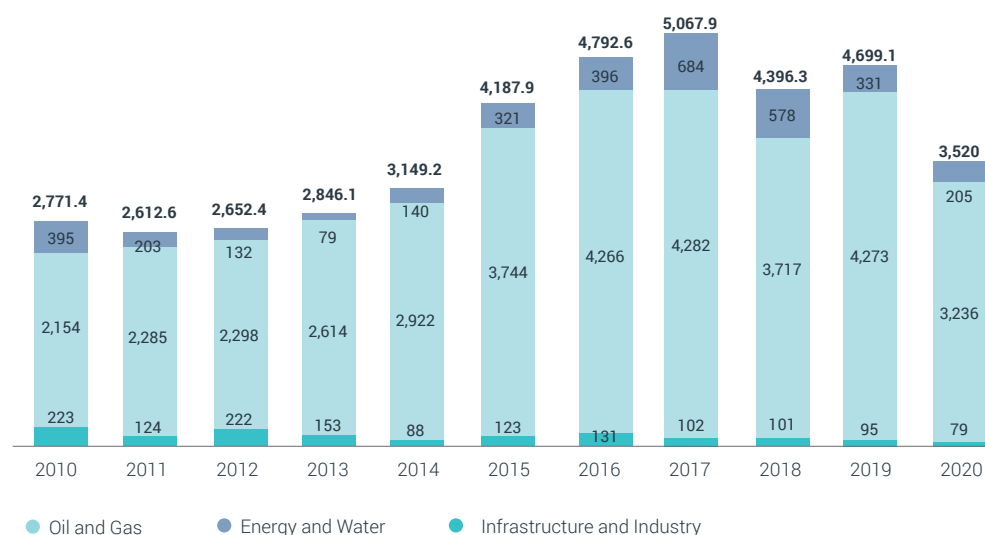
OPERATING INCOME FOR 2020

With respect to the Company's results, sales in 2020 fell by 25% to 3,520 million euros. The Group's operating income was 41 million euros. The costs not allocated to divisions increased by 4%, amounting to 107 million euros, as a result of including expenditure associated with the TR-ansforma project. Net income amounted to a profit of 13 million euros.

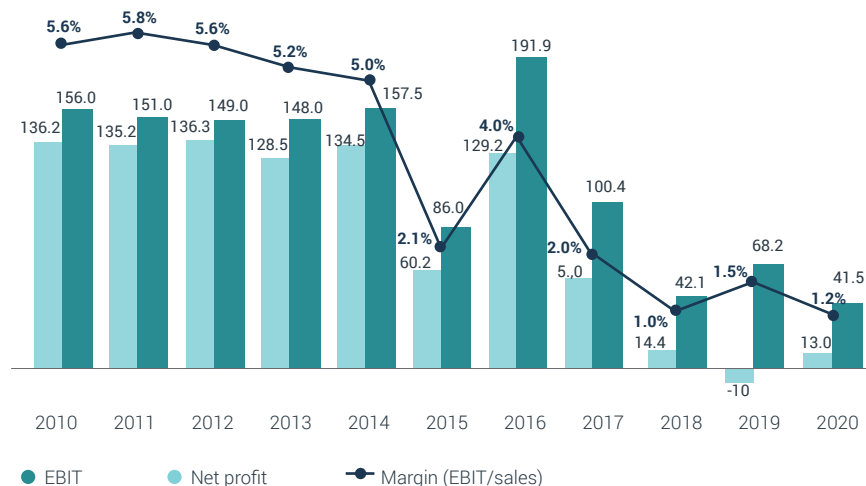
The changes in results can mainly be ascribed to the impact on sales figures of slowdowns on some projects, as well as the cost overruns derived from the management of Covid-19, which have not yet been recovered. In addition, the Energy division has experienced serious difficulties with two projects, which has negatively impacted on the Group's consolidated profit.

At year end 2020, the Company's net cash position stood at 196 million euros. Since the beginning of the crisis, management of the financial position has become increasingly important across the sector from the standpoint of clients, the supply chain and contractors. Reliance on a sound financial position has become one of the Group's priorities, in order to be able to meet liquidity needs throughout the project life cycle and compete for the large-scale projects implemented in the sector. In this regard, several deadline extensions have been negotiated in 2020, which have enabled Técnicas Reunidas' debt maturity profile to be adapted to the new scenario.

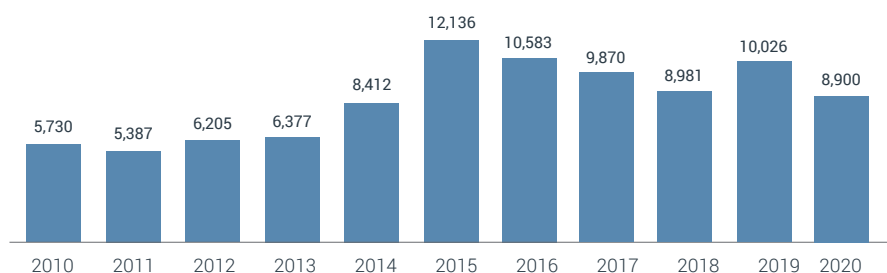
**Sales evolution:
breakdown by
division**
(million €)



**Evolution of EBIT,
net profit** (million €)
and margin (%)



Evolution of portfolio (million €)



VALUE CREATION BY TÉCNICAS REUNIDAS IN SPAIN [201-1]

Técnicas Reunidas' activities contribute to the creation of wealth not only for its shareholders. Part of the revenues generated by the Company are distributed, creating value for third parties.

The vast majority of the Company's revenue in Spain, in terms of national accounting, corresponds to total exports, while a significant percentage corresponds to net exports.

The Company's revenue allows it to procure goods and services from suppliers in the pursuance of operational activity, one of the ways in which it directly contributes to Spanish GDP, creating value that is reflected in taxes and social contributions, remuneration to employees and reinvestment in the Company.

Técnicas Reunidas' activities also have a positive impact on other important areas such as employment and promotion of R&D&I.

The Company's activities have given rise to numerous jobs in Spain, in terms of both direct employment and other sectors,

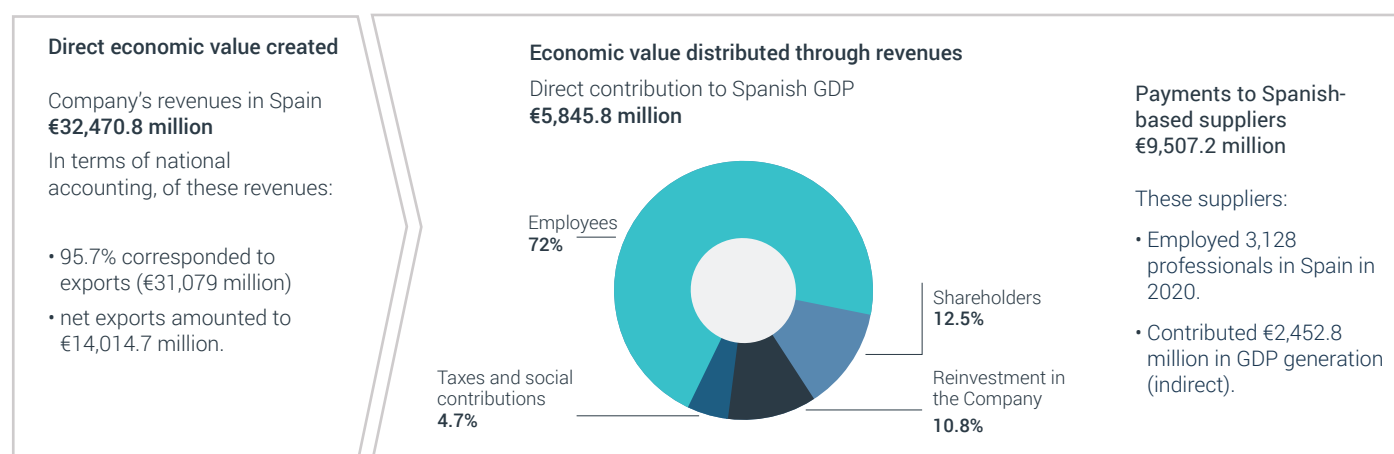
associated with payments to suppliers.

The Company also contributes to boosting R&D&I in Spain. Técnicas Reunidas offers its clients innovative technical solutions that allow them to develop efficient and sustainable plants. This requires the Company to maintain its position at the technological vanguard, which entails significant investment in R&D&I.

Técnicas Reunidas is focused on overseas activity, making a decisive contribution to the upturn in the Spanish economy's external sector over recent years.

The quality of the Company's project implementation and the satisfaction of its clients in different parts of the world have also made an important contribution to the strengthening of Brand Spain, particularly significant in a cutting-edge technology-reliant sector.

Value creation by Técnicas Reunidas in Spain (2008-2020)



Methodological note

Data for the period 2008-2020 have been obtained from a report drawn up on the basis of the periodic public reporting by the Company and its consolidated group.

Direct contribution to Spanish GDP has been calculated as follows:

- Taxes and social contributions' includes income tax withholdings, Social Security contributions and corporate income tax.

• 'Employees' includes payment of salaries to employees minus income tax withholdings and social security contributions.

• 'Capital providers' includes dividends paid to shareholders and payment of interest on debt and loans.

In addition, tax payments for the period 2008-2020 amount to €53.2 million.

TAX INFORMATION ^[103-2; 207-1; 207-2]

In recognition of its tax responsibility and the complexity of its operations, Técnicas Reunidas has launched a tax model based on BEPS criteria for the value chain, which seeks the correct application of taxation in jurisdictions where value is created.

In this regard, the Company uses Internal Fiscal Risk Guidelines which set out the tax strategy and corresponding internal management procedures. The guidelines also include training actions and internal investigation plans in this area.

They are drawn up by the Audit and Control Commission and are subject to annual review. In addition, the Group designs tax strategies at the bidding phase to minimise any risks that might arise. These tax strategies are drawn up in accordance with the applicable legal frameworks, taking into account the Group's business strategy, and with the help of local advisors in all markets, including in the Group's regular markets.

Profits, in thousands of euros

Geographical area	2019	2020
America	152.334	98.562
Asia	2.465	22.804
Spain	(115.826) ²	(161.305) ³
Europe	(31.231)	(52.676)
Mediterranean	(123.054)	2.668
Middle East	183.133	110.505
	67.821	20.558

Corporate income tax paid, in thousands of euros ⁴

Geographical area	2019	2020
America	9.532	13.806
Asia	2.436	1.439
Spain	0 ⁵	38.020 ⁶
Europe	1.435	267
Mediterranean	318	195
Middle East	13.525	26.210
	27.246	79.937

Countries with income during the fiscal year by geographical area

America: 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, United Kingdom, Russia.

Spain: Spain.

Mediterranean: Algeria, Egypt, Morocco, Turkey.

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

¹ BEPS, base erosion and profit shifting, refers to tax planning strategies exploiting gaps and mismatches between the different national tax systems, used by multinational enterprises in order to make profits 'disappear' for the purposes of taxation or to transfer profits to locations where there is little or no real economic activity but also low taxation, resulting in little or no corporate income tax, according to the Organisation for Economic Co-operation and Development (OECD).

² The data for before-tax profits generated in Spain do not include the results for the Spanish companies which make up the group but which are consolidated through the equity method of accounting. The amounts not taken into consideration correspond to 8,719 thousand euros in losses.

³ The data for before-tax profits generated in Spain do not include the results for the Spanish companies which make up the group but which are consolidated through the equity method of accounting. The amounts not taken into consideration correspond to 675 thousand euros in losses.

⁴ The group operates in countries where it may implement a single project or set of projects for a single client, meaning that a breakdown of information might jeopardise the commercial or operational interests of these projects. The data are aggregated by geographical area, following the same criteria used for the various financial indicators presented in the annual consolidated financial statements.

⁵ The amount of corporate income tax paid in Spain in 2019 was 0 thousand euros due to offsetting for previous fiscal years.

⁶ The amount of corporate income tax paid in Spain in 2020 includes payment in respect of the 2012 and 2014 tax audit reports, equivalent to 39,751 thousand euros, and a tax refund for 2019, equivalent to 5.102 thousand euros.

Contribution to the external sector and the development of 'Brand Spain'

Técnicas Reunidas is focused on overseas activities, making a decisive contribution to the upturn in the Spanish economy's external sector over recent years.

The quality of the Company's project implementation and the satisfaction of its clients in different parts of the world have also made an important contribution to the strengthening of Brand Spain.

This is particularly significant in a sector requiring high-level technological skills, such as engineering, which contributes still further to the enhancement of Brand Spain.



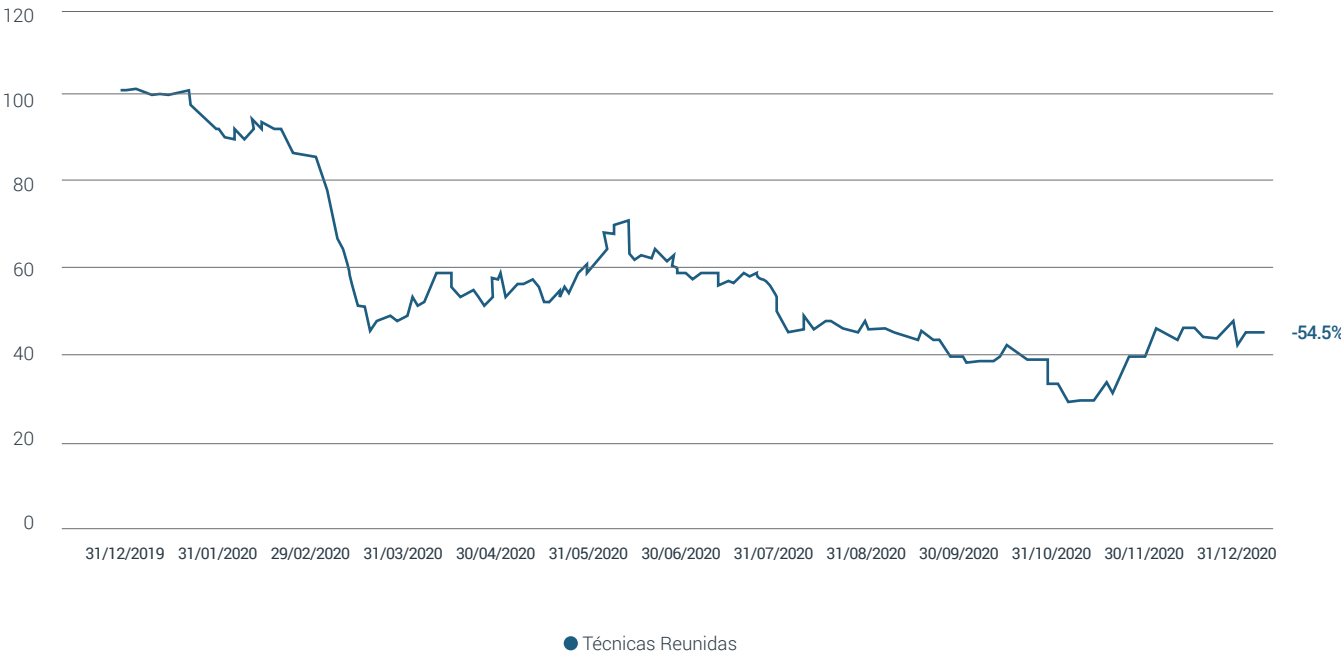
Stock performance

Shares in the Company depreciated by 55% during fiscal year 2020, with the Covid-19 pandemic and the fall in oil prices during the year acting as the main factors influencing the Company's stock performance. This drop was broadly in line with declines seen in most European stock exchanges and, in particular, that of other companies in the oil engineering sector.

The Company's performance was relatively stable during the first weeks of the year, until the spread of the pandemic brought a halt to most economic activities and widespread lockdowns were imposed in many countries. Since that time, performance has been marked by uncertainty about the evolution of the pandemic and its duration. As a result of this uncertainty, Brent crude oil prices fell to levels 70% lower than the price at year end 2019.



Share price movement for Técnicas Reunidas and major competitors over 2020



INVESTOR RELATIONS

The Company manages its relationship with its shareholders and potential investors through the Investor Relations Department.

This department directs its actions through its participation in energy sector conferences and roadshows targeted at locations with a high volume of investors, such as London, New York, Paris, Frankfurt and Milan.

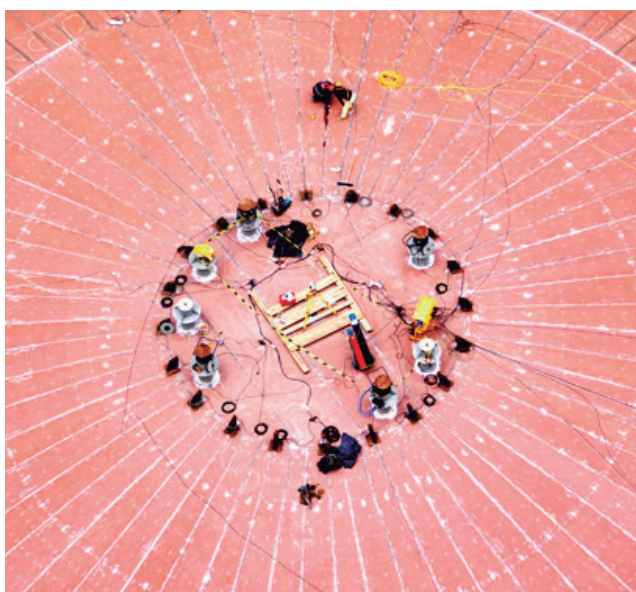
The Company's management team also participates in multisectoral conferences, meetings at Técnicas Reunidas' offices in Madrid and other actions such as Investor Day and visits to projects under construction.

Despite the outbreak of the Covid-19 pandemic and the subsequent restrictions on holding in-person meetings with investors, the Company has adapted by organising virtual roadshows and participating in the various online conferences, with its flexibility enabling it to maintain a high level of contact with investors.

An active communication policy with investors

Through the quarterly webcasts from its Executive Chairperson, Técnicas Reunidas reports on its results and its vision for the future.

Alongside these webcasts, roadshows are organised in cities with a high concentration of investors (London and Madrid), which involve the participation of Company directors.



During fiscal year 2020, Técnicas Reunidas participated in 11 sector conferences, organised 4 roadshows and also held multiple meetings with investors. The total number of investors with whom some kind of activity has been carried out in 2020 amounts to 253. The main topics of interest for investors at these meetings in 2020 were as follows:

- Energy market trends over the medium and long term, and how the pandemic affects supply and demand with respect to energy products.
- The impact of Covid-19 on the projects under way, both in Madrid and in the countries where construction work is carried out, as well as the effect of the pandemic on the schedule of contract awards for new projects for the Company.
- The material impact of the pandemic on the Company's accounts and the possible duration of its effects on the industry.
- The Company's role in the energy transition.
- Visibility about the recovery of margins, affected by the lengthy oil crisis.
- Técnicas Reunidas' growth opportunities and assessment of the Company's capacity to absorb this growth.
- A better understanding of the competitive environment, focusing on the differences and similarities between the Company and its competitors.

Through the quarterly webcasts from its Executive Chairperson, Técnicas Reunidas reports on its results and its vision for the future.

6.2 EMPLOYEES, THE COMPANY'S MOST IMPORTANT ASSETS

The management of our people has been considerably affected by the organisational transformation process undertaken by the Company, as well as its need to adapt to Covid-19. Técnicas Reunidas has prioritised the safety of its employees by organising commissions and adopting measures to monitor the situation and anticipate its impacts. The parallel implementation of the TR-ansforma Plan, meanwhile, represents a commitment to optimising efficiency, which will have a beneficial impact on performance over both the short and medium term.



MAIN INDICATORS [102-8]; [401-1]; [404-3]

INDICATORS	2020 DATA	2019-2020 ¹ PROGRESS
Company personnel (number) ²	7,458	- 25.92%
Female personnel (%)	24.79%	+ 0.98 percentage points
Permanent workers (%)	53.77%	+ 2.44 percentage points
Wage gap (%) ³	16.01%	- 3.91 percentage points
Voluntary employee turnover (%)	2.41%	- 0.69 percentage points
Expatriate personnel (%) ⁴	12.4%	- 4.6 percentage points
Training (total hours provided) ⁵	44,856	- 37.15% ⁶
Persons trained (number) ⁵	3,996	- 2.30%
Training (hours per employee) ⁵	10.27	+ 18.05%
Performance evaluations (number of employees) ⁷	5,490	+ 2.92%



2020 MILESTONES

- Creation of the Central Corporate Commission and various commissions specific to geographical areas, in order to monitor the situation caused by the pandemic, anticipate the response to its impacts, encourage remote work where possible and promote the safe return to offices.
- Restructuring of the Company's organisation within the framework of the TR-ansforma Plan.
- Adaptation of the Training Plan and strengthening of online training to tackle the disruption caused by Covid-19.
- Implementation of a Performance Demobilisation Review using SAP SuccessFactors to assess operational and behavioural aspects for personnel completing their deployment on international projects.
- Development of a contracting desk for the optimisation of all Home Office service contracts.
- Continuance of the Saudisation programme (local contracting) on the Marjan and Haradh projects, with the client's full approval and satisfaction.



2021 OBJECTIVES

- Integrating all Initec Industrial Plant HR processes into the corporate HR strategies.
- Developing a global labour cost control dashboard that includes all the Group's countries and projects.
- Establishing corporate tools to monitor the fulfilment of resource needs on projects.
- Implementing a remuneration policy based on a flexible, target-based remuneration system, whose scope includes the main management team.
- Reviewing the current terms of the expatriation policy and adapting it to new needs and market conditions, by means of a motivation-based policy agreed with workers' representatives.
- Developing general service policies in different countries to reduce the cost of contracting services and establish common operating models.

1 Time comparisons in indicators correspond to the period 2019-2020 rather than 2018-2020.

2 Excluded from this scope are outsourced workers and freelancers. In general, the numerical data included in this section refer only to the internal personnel in Spain and the subsidiaries, excluding external professionals.

3 The wage gap is calculated using the formula: $1 - (\text{average remuneration of women} / \text{average remuneration of men})$.

4 Includes solely personnel in the Spanish expatriate workforce on projects.

5 The data on training and persons trained correspond solely to Técnicas Reunidas employees in Spain. The total number of hours of training for TR personnel, including all on-site HSE training for employees, amounted to 108,495 hours in 2020.

6 The overall decrease in the 2020 values is mainly due to the crisis situation resulting from the Covid-19 pandemic, which particularly affected training during the period from March to May, when there was no Virtual Classroom available. Another significant factor in this decrease was the cancellation of language programmes as of April, which were compensated for in the form of complimentary programmes for language practice, whose hours are not recognised in the Group's training data.

7 The data corresponds to employees with evaluations started in 2020 and includes employees in Spain and the subsidiaries.

MANAGEMENT APPROACH ^[103-2]

Técnicas Reunidas uses a globalised management system for its human resources that allows it to optimise control over all the sections linked to this area, enhance information reliability, provide a set of basic conditions for all employees and optimise HR management time and costs. This management system also provides key support to the diversification strategy, in terms of both services and geographical areas.

The *SAP SuccessFactors* tool provides a significant boost to the consolidation of the Company's globalised management. Thanks to this tool, Técnicas Reunidas has been able to streamline processes for all employees and facilitate more globalised decision-making in the area of human resources, establishing synergies between the subsidiaries and business divisions.

Within the Company's framework for transformation, the implementation of new functions using this tool has continued during 2020, encompassing the management of holiday time, trips, and recording of expenses, as well as a Covid-19 return-to-office application. The introduction of these functions has enabled time saving for both users and administrators and, in turn, cost savings.

Alongside this global management approach, Técnicas Reunidas maintains an operational approach that enables it to adapt its policies and procedures, depending on the project, to the needs of business and clients.

Técnicas Reunidas also has a Business Partner for Human Resources within each area of business, acting as a representative of the Corporate area. International projects also have specific professionals assigned to the management of human resources, ensuring the standardisation of all the Company's processes in this area. In this vein, Técnicas Reunidas has worked throughout the year on integrating the personnel policies for TRSA and Initec Industrial Plants, with respect to aspects that do not affect the rights of workers.

Técnicas Reunidas' HR management framework.



MANAGEMENT OF THE COMPANY IN 2020

During 2020, the Company's human resources management has been influenced by two key factors: (1) the need to ensure the safety of employees and to adapt the Company's activities to the crisis situation caused by Covid-19; and (2) the roll-out of the organisational transformation process driven by the TR-ansforma Plan.

Adaptation to the impacts of Covid-19

As soon as the news first broke about the Covid-19 outbreak in China, Técnicas Reunidas launched a Monitoring Commission and regional commissions in the different geographical areas, in order to monitor the epidemiological situation and take measures to ensure the health and safety of all employees.

- Monitoring Commissions: the Group has a global Monitoring Commission composed of representatives from HR and HSE and advised by external experts in the field of health and safety. In parallel, local commissions have been set up in the various geographical areas to report to the global commission on the situation in each country.
- Promotion of remote working from the start of the pandemic for all employees in Spain, prioritising those in groups vulnerable to Covid-19 and parents of children under 14 years of age.
- Swift coordination and action in record time by the IT department to provide employees with the equipment, licenses and access necessary for continuity of operations.
- Implementation of various on-site measures to prevent infection among employees and subcontractors.
- Issuance of safe passage documents and management of mobility permits to allow employees access to workplaces and to encourage the repatriation of expatriate personnel.
- Implementation of a plan for a gradual return to offices in the second half of the year, enabling 50% of the workforce to return safely to in-person working.
- Implementation of an optional remote working system allowing the establishment of weekly rotating shifts which alternate in-office work with working from home, as well as 6-hour in-person and 2-hour remote work for employees for whom this is possible.

Organisational transformation to boost efficiency and optimisation in the Company's business areas and operations

During 2020, Técnicas Reunidas has been rolling out the TR-ansforma Plan, geared toward identifying opportunities for efficiency and optimisation in all business areas through structural changes to the Company's organisation.

The Human Resources Department has co-led this process with the rest of the divisions, integrating the Company's various Human Resources and General Services personnel, optimising resources and beginning the gradual integration of all the policies and procedures in this area.

Overall, the Group is now fully engaged in the operational integration of the different divisions and the standardisation and integration of processes, with the aim of operational improvements and cost reductions.



CORPORATE CULTURE [102-16]

Técnicas Reunidas's corporate culture is defined by the four main values (commitment, teamwork, determination and development) which underpin its human resources strategy.

Values underpinning Técnicas Reunidas' corporate culture

COMMITMENT	DETERMINATION	TEAMWORK	DEVELOPMENT
<p>Commitment from a company with over 50 years' history, positioned among the three leading oil and gas engineering and construction companies in Europe and among the top ten in the world.</p>	<p>Employees show determination in the face of major challenges (design technology, logistics, etc.), enabling the Company to push forward and succeed.</p>	<p>Técnicas Reunidas employees are part of a large team in which their voices are heard, boosting the creation of bonds of trust and providing both personal and professional support.</p>	<p>Ongoing opportunities for development, through the ability to work on large-scale projects, contributing ideas, working autonomously and being part of cutting-edge international projects.</p>



A DIVERSE AND INTERNATIONAL TEAM^{[103-2]; [405-1]}

Técnicas Reunidas employee profile*

- ✓ **43 years** of age.
- ✓ Average **11 years' employment** at Técnicas Reunidas.
- ✓ **92%** with **permanent** contracts.
- ✓ **100%** covered by the **collective agreement**.
- ✓ **64%** men and **36%** women.

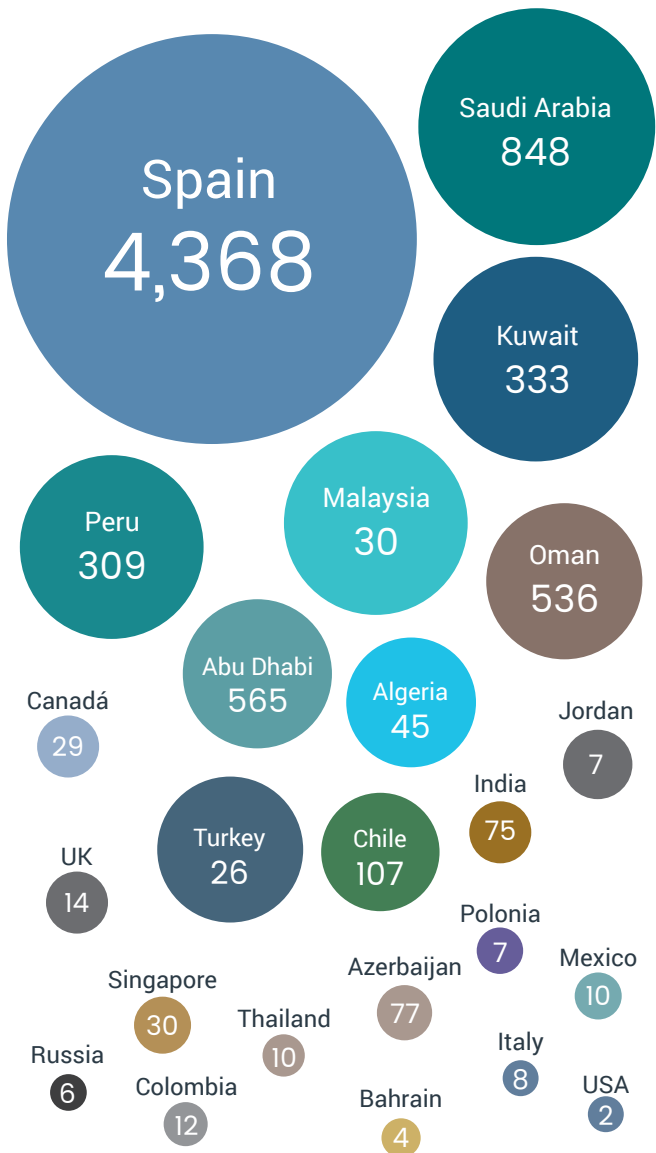
* Data corresponds to workforce hired in Spain as of 31 December 2020.

At the end of 2020, Técnicas Reunidas' workforce encompassed 7,400 employees of 70 nationalities. This figure represents a decrease of around 9% of the workforce, due to the implementation of measures required to meet cost reduction objectives and the necessary adaptation of available resources to the Company's effective workload.

An important group within this workforce comprises the expatriates working on projects, who represent 12.4% of total employees.

Ensuring the engagement of these professionals and maintaining their sense of belonging is a key factor for the Company. One of Técnicas Reunidas' priorities is to ensure that all employees, regardless of their location, can enjoy the same conditions and levels of well-being in the workplace.

Workforce distribution by country*



* Data corresponds to internal workforce of subsidiaries as of 31 December 2020.

Workforce distribution by category and gender*

	2020	
	MEN	WOMEN
Executive directors	0.03%	0.00%
Senior managers	0.12%	0.01%
1st level management	1.15%	0.13%
2nd level management	2.49%	0.72%
Graduates, specialists and administrative personnel	67.66%	23.44%
Official	3.43%	0.23%
Commercial	0.32%	0.25%

* Data corresponds to internal workforce as of 31 December 2020.

Diversity and equal opportunities are another focus for Técnicas Reunidas, ensuring a workplace climate in which people are judged and valued for their merits and professionalism.

The Company's commitment in this area is expressly stated in its Code of Conduct (available on the website), which states that Técnicas Reunidas 'will not accept any discrimination in employment-related or professional matters, whether based on age, race, colour, gender, religion, political opinion, nationality, social background, disability, sexual orientation or any other circumstance which might engender discrimination'. In this respect, the Company has designed several training initiatives for project managers on understanding diversity and local cultures among workforces.

In 2020, Técnicas Reunidas began negotiations with workers' representatives for the drafting of an Equality Plan and a Sexual Harassment Protocol.

TALENT MANAGEMENT AND RETENTION

Técnicas Reunidas focuses on two key areas to ensure the creation of a working environment that promotes employees' growth and their commitment to the Company. These areas comprise advanced management of personal welfare and development and knowledge management.

PROFESSIONAL DEVELOPMENT AND PERSONAL WELFARE

Técnicas Reunidas has a skills audit programme that allows professionals with team management responsibilities to monitor competences set out by the Company. The Company provides these professionals with the training and specific skills to further the development of employees for whom they are responsible.

These skills audits are conducted jointly by the managers and the team, analysing overall performance and the development of both general and technical/functional competences. They also include assessment of engagement with HSE culture (health, safety and environment) and regulatory compliance.

5,490 employees received performance appraisals in 2020.

With respect to talent retention, the Company strives to offer its employees a working environment that meets their expectations. Técnicas Reunidas provides training to support its employees' professional growth and undertakes to keep them informed about the Company's developments in the area of human resources through a range of activities, including the publication of an internal newsletter.

In addition, when circumstances permit, the Company encourages internal mobility as a means of retaining talent and enhancing employees' professional development, reinforcing their skills and abilities.

With respect to remuneration, Técnicas Reunidas offers its professionals competitive compensation, as well as a number of social benefits such as subsistence allowance, life and accident insurance and membership of the employee club, as part of its efforts to create a working environment that encourages well-being and satisfaction among its professionals. The Company also incorporates employment flexibility and work-life balance criteria into its corporate policies, as well as other social benefits adapted to the country and workplace.

Técnicas Reunidas also offers specific incentives for its best-performing employees. Once they have been identified, the Company offers these employees specialised training and development plans. It also complements these measures with specific remuneration actions over the short and long term.

Finally, every two years, Técnicas Reunidas conducts a survey on its working environment to gather information on employees' levels of satisfaction with their jobs and their workloads, and their relationships with the Company and their superiors, on the basis of which it develops action plans. This year's questions have focused largely on the management of Covid-19 by the Company and its managers, as well as adaptation to working from home. A total of 1,101 employees completed the survey.

New tools for enhanced talent identification and monitoring

During 2020, Técnicas Reunidas began the implementation of a *Performance Demobilisation Review*, using the *SAP SuccessFactors* tool, in projects in Kuwait and Saudi Arabia. Its purpose is to assess operational and behavioural aspects for personnel completing their deployment on international projects, with the aim of monitoring their professional development and devising appropriate measures for their retention.

The Company's efforts toward retaining talent and professionals are bearing fruit. Over the past year, at 2.41%, employee turnover has remained well below the average for the sector.

KNOWLEDGE MANAGEMENT [103-2]; [404-1]

The development and sharing of knowledge is a key aspect in value creation, project quality enhancement and Técnicas Reunidas’ competitiveness.

Técnicas Reunidas organises the training provided to its professionals within four training blocks (see diagram), through which it fosters improvements in working performance among its employees.

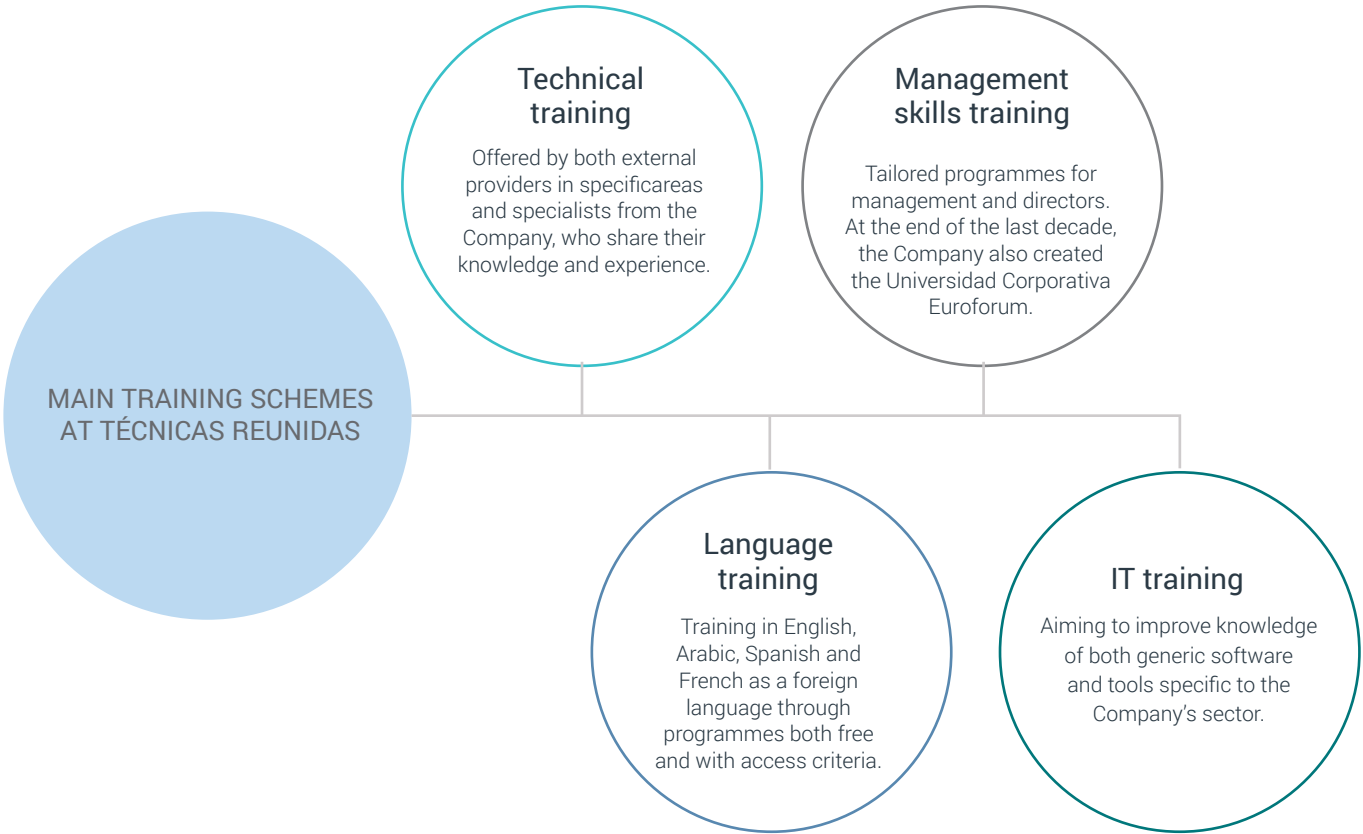
In light of the situation caused by the pandemic, Técnicas Reunidas has reviewed its Training Plan, establishing three lines of action based on an online training system.

- **Virtual Classroom Project:** provision of numerous technical and skills-based training actions included in the 2020 Training Plan, using corporate software and the corresponding internal training of in-house trainers.
- **PHAROS Project:** e-learning platform, offering over 350 technical courses in construction, engineering and new technologies, available 365 days a year to all the Group’s employees. The catalogue is still in development and is being expanded to include skills and language courses, as well as technical courses, with no registration limits.
- **Proprietary Content Factory:** production of proprietary multimedia material for the provision of training through the corporate TR Aula tool, including collaboration with HSE and many types of microlearning courses and workshops.

To ensure the usefulness and progressive nature of the courses offered, trends in skills audits for each area are analysed, identifying any skills gaps and implementing specific training programmes (learning paths). In addition, after every training action, participants’ managers are sent a questionnaire to assess the effectiveness of the training provided and to identify potential improvements and adjustments.

With respect to training, 2020 saw the complete integration of the Initec Training Area into the Group.

In 2020, Técnicas Reunidas’ professionals received more than 44,800 hours of training.



Specific online training on Covid-19 prevention:

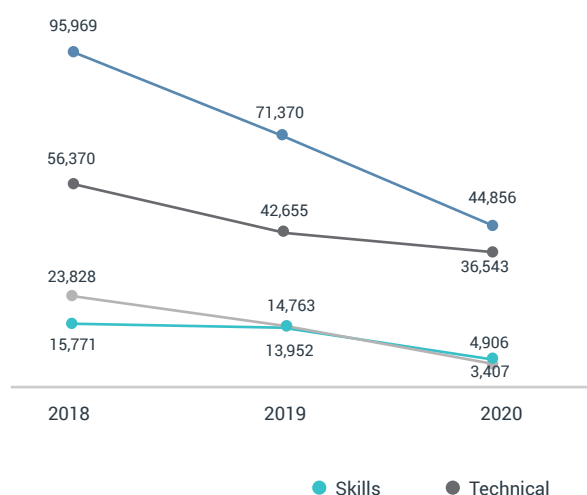
In light of the Covid-19 scenario, Técnicas Reunidas launched three specific courses for all Company employees, with the aim of a safe return to work and to help employees cope with the effects of the pandemic:

1. Preventive measures for returning to the office.
2. General preventive measures.
3. Effective psychological coping skills for Covid-19 restrictions.

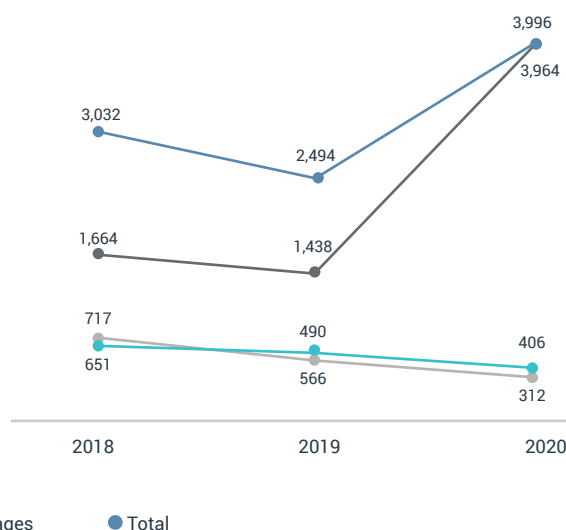
In 2020, Técnicas Reunidas has provided a total of 44,856 hours of training in managerial skills, languages and technical skills to 3,996 employees. In comparison with previous years, an overall decrease can be seen, mainly due to the crisis situation resulting from the Covid-19 pandemic, which particularly affected training schemes during the period from March to May, when the Virtual Classroom was not yet available. The cancellation of language programmes as of April has also had a significant impact.

Training at Técnicas Reunidas: key indicators⁸ [404-1]

Hours of training 2018-2020



No. of persons trained 2018-2020



Women: 8.09 h/employee



DISTRIBUTION
OF TRAINING IN 2020
(BY GENDER)



Men: 11.49 h/employee

Training in sustainable development goals



In its continued effort to contribute to the achievement of the Sustainable Development Goals (SDGs), Técnicas Reunidas has developed a specific course in this area, available to all employees on the *TR Aula* platform.

This course aims to provide information on the SDGs, the Company's contribution to their fulfilment and the actions that each employee can take to help achieve them.

⁸ The data on training correspond solely to Técnicas Reunidas employees in Spain.

ATTRACTION AND SELECTION OF THE BEST TALENT

Técnicas Reunidas aims to identify and incorporate the best available talent, including both seasoned professionals with the necessary skillsets and young talent with development potential.

The Company is aware of the risk posed by the talent gap (a shortage of professionals with specific profiles). For this reason, the Company has worked steadily during recent years on retaining and attracting talent. On the one hand, it provides current employees with the necessary knowledge and skills and, on the other hand, it increases knowledge of the Company among students and professionals in the sector, making Técnicas Reunidas an attractive option for their career development.

The Company has programmes aimed at incorporating young talent in countries where it has a significant presence. It also offers international grants for internships in Spain.

Técnicas Reunidas has internship agreements with some 70 universities, foundations and entities, both Spanish and international. The most noteworthy include those with prestigious institutions such as Imperial College London (United Kingdom), Drexel University and Texas A&M University (USA), KTH Royal Institute of Technology (Sweden) and the *Fundación Consejo España - USA*, receiving students from universities such as the Cornell Institute, Massachusetts Institute of Technology and the Georgia Institute of Technology.



Commitment to talent attraction through social media

Técnicas Reunidas enjoys an active presence on social media such as *LinkedIn* and *Twitter*, allowing it to maintain a closer relationship with its stakeholders, as well as the professionals and students who are interested in joining the Company.

This presence helps the Company to be more effective in attracting new talent through the regular publication of both job offers and information on the multiple projects undertaken around the world.

Key data on Técnicas Reunidas' social media presence



169,000+ FOLLOWERS

@Técnicas Reunidas



ALMOST 6,000 FOLLOWERS

@TRSA_rrhh



Training of Saudi Arabian students within the framework of the Company's Saudisation programmes

Following the completion of service by 33 interns on the Haradh project at the end of 2019, the successful implementation of the Saudisation programme for the Marjan project has continued during 2020. This has involved the incorporation of 20 newly qualified Saudi nationals as interns in the Madrid offices, in order that they can receive training on the project engineering phase.

In light of the pandemic situation in early March, it was agreed that the whole group would return to Saudi Arabia in order to ensure their well-being. The training programme was continued online with the support of the Khobar office. Their return to Madrid is planned for April 2021, following agreement with the client on a new scope for the project and the extension of the engineering phase.

3rd iteration of the course on Commissioning and Start-up of Process Plants in partnership with the Polytechnic University of Cartagena

Técnicas Reunidas is continuing its partnership agreement with the Polytechnic University of Cartagena, whereby experts from the Company with extensive experience in the sector offer training to its students.

In 2020, a total of 15 postgraduate students studying Commissioning and Start-up of Chemical Plants at the University joined Técnicas Reunidas as part of its *Becas Inicia* programme, through which the Company seeks to recruit and train a promising pool of future talent.

In 2020, through its university partnerships, Técnicas Reunidas' offered internships to 160 students, from which around 30 were subsequently hired.

Técnicas Reunidas' recruitment and selection principles



6.3 INNOVATION AND DIGITALISATION

Innovation and digitalisation are crucial elements of Técnicas Reunidas' strategy for maintaining its leadership position and market differentiation. Additionally, in a pandemic environment, our efforts in recent years to equip the Company with robust information and communications systems have been fundamental to guaranteeing the continuity of operations.



MAIN INDICATORS

INDICATOR	2020 FIGURE	CHANGE 2019-2020
R&D&I Investment (million €)	5.0	+2%
Staff working on innovation and R&D&I (equivalent number)	70	=
Staff working exclusively on research (equivalent number)	55	-3.5%
Impact on turnover of technologies developed in exclusively R&D&I projects (millions of €)	1.3	-50%
Percentage of R&D&I investment devoted to energy transition and circular economy	82%	+15.5%



MILESTONES IN 2020

- Start-up of the AMERICAN ZINCING RECYCLING (AZR) plant using ZINCEX™ technology.
- Support from the Centre for the Development of Industrial Technology for the REMSELAN research project and the Shine-fleet and Fusion Future R&D&I projects.
- First contracts related to WALEVA™ and PHOS4LIFE™ technologies consisting of preliminary engineering.
- Development of the basic engineering for a pilot plant and its operation for the production process of phosphoric acid from unconventional phosphate rock.
- Demonstration of the viability of our nitric acid production technology with greenhouse gas emission abatement (Maxam plant in Tarragona).
- Development of connected works applications to allow improved real-time process monitoring.
- Improved global communications and project coordination by executing digitalisation projects.
- Strengthening of information and communication systems to ensure remote working capability.
- Launch of the Innov@IT initiative to apply innovative solutions in the different business areas.



GOALS FOR 2021

- Provide start-up support to the lead and silver production plant based on ECOLEAD™ technology for the American Zinc Recycling (AZR) company in the USA.
- Develop the preliminary engineering under contract to the Swiss Zinc company for the future urban waste recycling complex in Switzerland using ZINCEX™ and ECOLEAD™ technologies.
- Complete the preliminary engineering of Phos4life for recovering phosphorus from sewage sludge ash, under contract to the Swiss ZAR Foundation.
- Carry out *Revamping* of the Skorpion plant in Namibia using LIP4CAT™, and ZINCEX™ technologies.
- Continue development of technologies for our circular economy strategic priority and recovery of critical raw materials.
- Begin developing electrolyser technology for green hydrogen production and contribute to the de-carbonisation of industrial activities using blue hydrogen (Celsa and Arcelor).
- Carry out pyrolysis projects to recycle carbon and glass fibres for windmills.
- Complete development of the Global KPI application to improve the Company's decision-making abilities.
- Create two permanent innovation hubs.
- Define and launch a Data Governance project to improve data management using artificial intelligence.

* For information comparability reasons, ESPINDESA is excluded. Nor does it consider the impact of other innovation activities (other than R&D&I) whose direct or indirect effect would amount to hundreds of millions of Euros in sales.

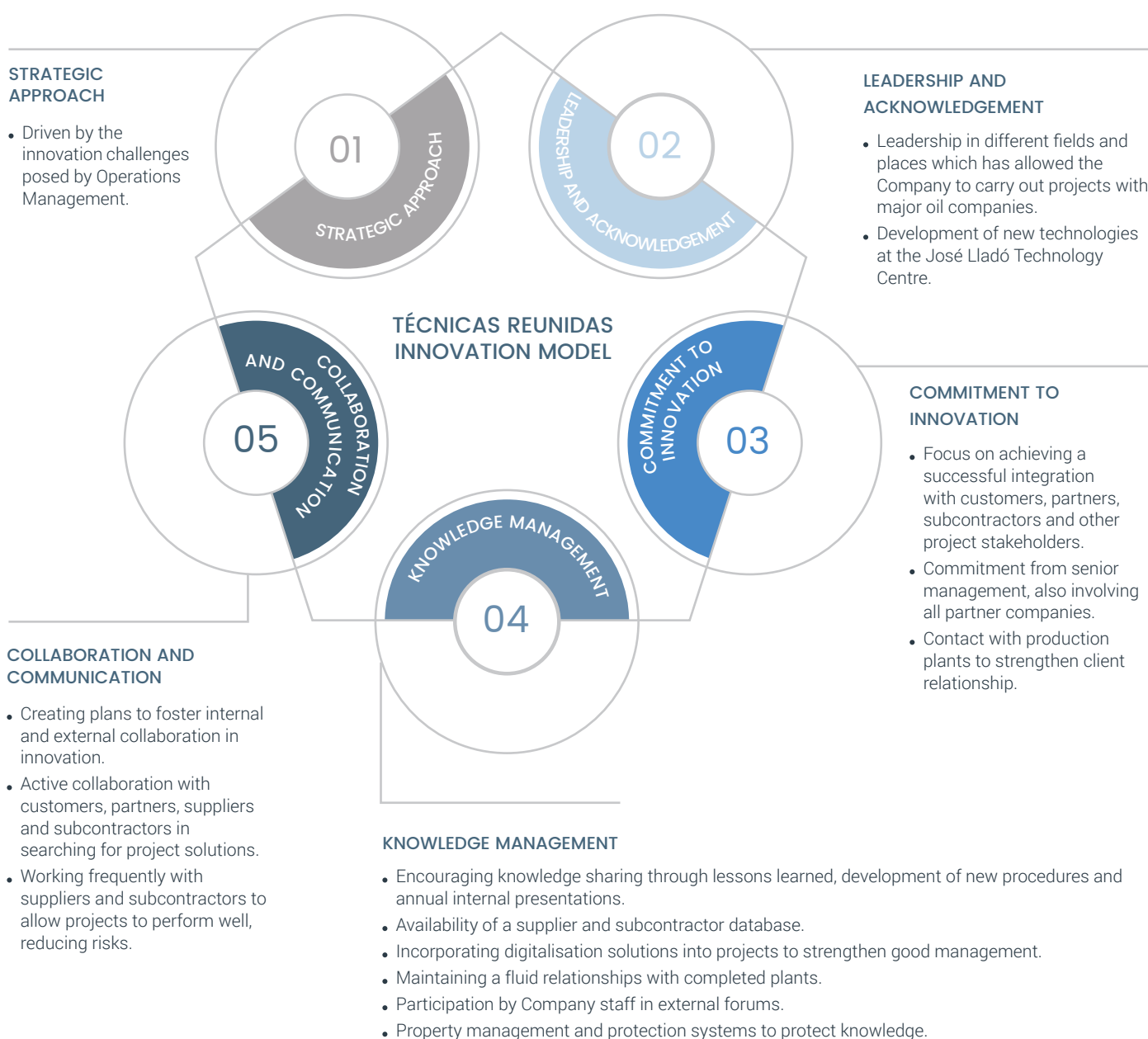
MANAGEMENT APPROACH

INNOVATION MODEL

Técnicas Reunidas has an innovation model aimed at improving efficiency in project execution and client satisfaction. This innovation is complemented by a significant R&D&I effort, which will enable the Company to develop new, marketable technologies.

During 2020, activity related to innovation and R&D&I has been affected by Covid-19 that caused postponements of project awards and start-ups, which have been carried forward to

2021. In this context, Técnicas Reunidas has noted a drop in commercial activity with clients. It has continued execution of several projects that were in the development stages, and there have been different initiatives to update the website of the Proprietary Technologies Development Division to give a better view of the Company's proprietary technologies.



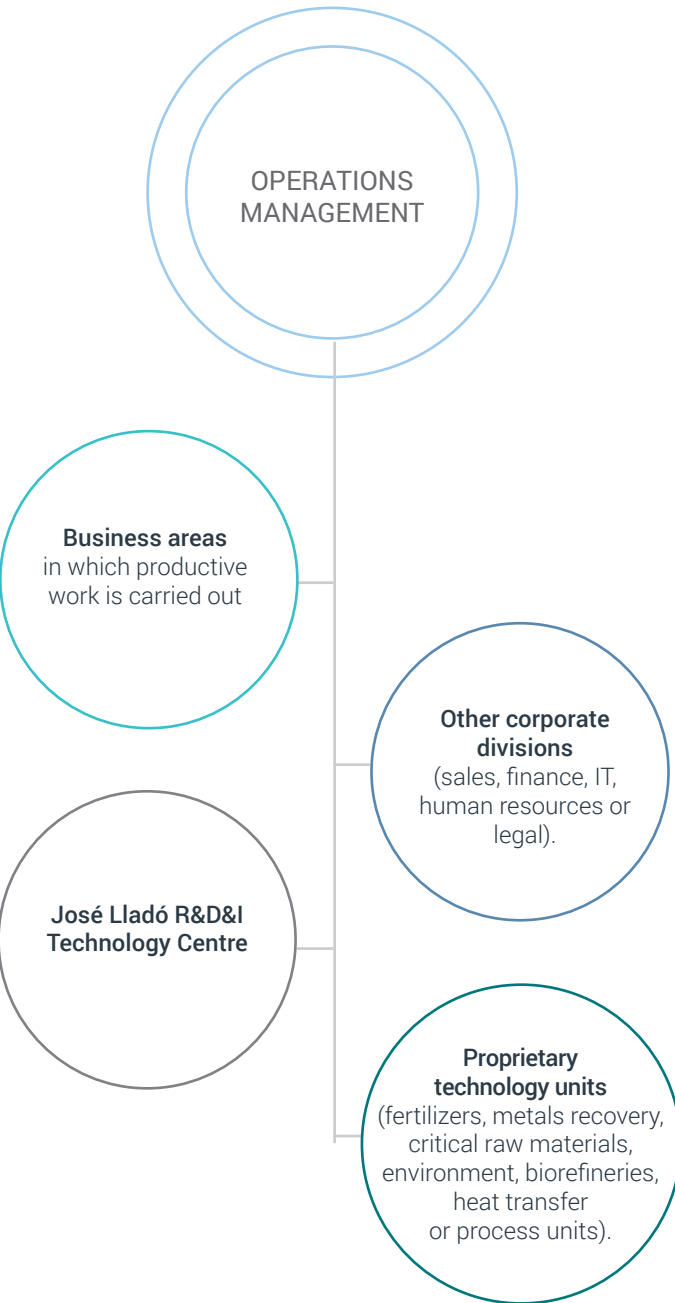
MANAGEMENT STRUCTURE AND TOOLS

Innovation and R&D&I management at Técnicas Reunidas is carried out in an integrated way through the Company's board, which coordinates the work carried out in different areas.

There is a close relationship between innovation, leadership and customer trust. By integrating these aspects, Técnicas Reunidas can offer customers a wide range of solutions to respond to their needs.

Innovation and R&D&I Management at Técnicas Reunidas

Coordination of activities in different areas



Resources and tools

Qualified professionals carry out a management in a way that minimises risk, optimises designs, and adequately resolves the different supply, logistics, construction, and pre-commissioning alternatives in its projects.

Strategic plans for different business areas are implemented through action, business, operational plans and the budgets and resources associated with each.

Development and integration of the most advanced software and systems, both during the design phases and in procurement, construction and final delivery to the client.

Lessons learned, and Golden Rules: Lessons learned are success stories that apply to all projects (identified throughout the company's history). Golden Rules are a set of guidelines that apply to certain parts of projects (units) in which the company has extensive experience.

Monitoring potential risks of a project and assurance of all commercial or technical aspects that could adversely influence it.

Procedures and standards that are regularly updated and help improve the efficiency of all the Company's activities, ensuring quality in all processes.

TÉCNICAS REUNIDAS' INNOVATION STRATEGY

Técnicas Reunidas' innovation strategy is split into three areas:

Growth by identifying business opportunities

- In its most established business unit (Oil & Gas), Técnicas Reunidas is committed to optimising the quality of its resources, consolidating its know-how (knowledge acquired from projects throughout the Company's history), and transforming its working methods into a continuous process of searching for excellence.
- The Company's participation in modular plant design and basic design projects has helped to consolidate Técnicas Reunidas' presence in the global market, positioning it as a benchmark in the sector.

Diversification by developing products and services that can respond to the needs of current and potential customers

- In recent years Técnicas Reunidas has made a significant effort in its search for new clients and markets. As a result, we have executed large oil & gas sector projects (in Saudi Arabia, Oman, Bahrain, Kuwait, Turkey, USA, Canada, Peru, Bolivia, Russia, Belgium, China, Mexico and Egypt, among others). In addition, we have also executed large projects involving plastics and nitrate production and electricity generation (in Australia, Mexico, France, Dominican Republic, United Kingdom, Norway, among others).
- Concerning R&D&I, Técnicas Reunidas has focused on five business areas: metal recovery, critical raw materials, environment and circular economy, energy storage and biorefineries. Our strategy for the near future involves consolidating the technologies already designed and developing new ones in different fields based on the existing knowledge in the organisation. In this regard, the technical capabilities that allow us to adapt them to clients' new sustainability requirements and policies are increasingly important.

Interaction by maintaining a close relationship with customers, suppliers, subcontractors and other organisations

- The Company operates in an increasingly globalised business and social context where technological advances drive the development of communications. Our innovation strategy aims to make the Company a leader in the fields in which it operates by entering into the management of emerging areas such as big data, virtual reality applications and artificial intelligence. Management and know-how in these areas allow us to expand cooperation with relevant partners. In addition, it has a positive influence on creating opportunities

for making work processes more efficient and developing new technologies that can help the Company grow.

- On the other hand, our progress in improving integration and collaboration and communications with supplying partners and subcontractors has enabled us to distribute workload to each according to its capacity, monitor objectives, and share opinions with their managers.

Greater interaction with innovative companies, research bodies, suppliers, subcontractors, and the community creates synergies that enable us to carry out more ambitious projects and develop new services, processes and technologies.

Open innovation: generating new opportunities for growth, diversification, and interaction

Técnicas Reunidas also focuses on Open Innovation as a way to grow and generate synergies in this area.

Interaction with innovative companies, research bodies and the community is a clear advantage, as it involves interaction with all external actors involved in the development of Técnicas Reunidas services, processes and technologies. This collaboration with the other agents in the innovation system, allows us to make more efficient use of allocated resources and minimise risk, while speeding up market launch of new services, processes and technologies.

The José Lladó Centre plays an important role in strengthening open innovation, as its facilities are used for collaborations with other companies, as well as other bodies including government-run research centres, technology centres, and universities.

SHARING THE COMPANY'S KNOWLEDGE WITH CUSTOMERS

Técnicas Reunidas has led the construction of more than a thousand industrial plants for some of the leading companies in the energy and chemical sectors. This experience has been gained in conventional and modular projects in widely varying geographical environments and climatic conditions.

The Company also allows clients to use the most advanced tools and the knowledge gained in all phases of its projects. This knowledge possessed by Técnicas Reunidas is clearly valuable for providing clients with three types of projects of growing interest in the market: process revamping, plant standardisation and the licensing of proprietary technologies with associated engineering services.

Técnicas Reunidas is also increasingly focused on collaborating with its clients to develop some of its basic tools before project execution, such as conceptual, feasibility and design engineering studies, allowing it to lead consortium projects and offer more competitive solutions.

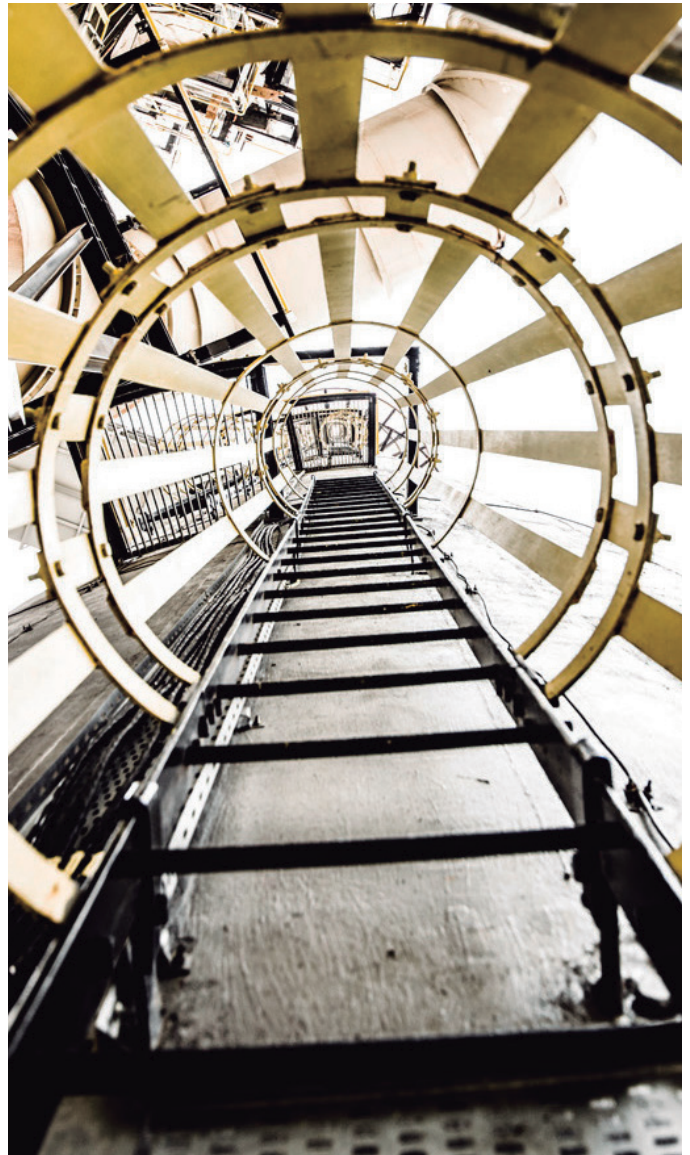
In developing these solutions, Técnicas Reunidas is not just limited to participating in project execution. It also becomes involved in their operation by providing assistance to clients after delivery. This ongoing relationship with clients as a technology supplier following completion of the construction project allows Técnicas Reunidas to access information and identify problems to develop new business opportunities in the future.

Collaborating with customers by sharing know-How

Throughout this year, there has been a very significant sharing of technical knowledge with customers with the aim of improving joint processes and working more collaboratively. In this respect, Técnicas Reunidas is making progress towards its goal of strengthening the relationship and having a greater influence on clients' decision-making, with the aim of increasing the value creation it provides.

As a result of these efforts and the Company's technical solvency, Aramco (a benchmark company in the oil sector) has invited Técnicas Reunidas to participate in sessions to improve the QA (quality assurance) and QC (quality control) sections of its Schedule Q for the main contract for its projects. Schedule Q describes the minimum requirements of its Quality Management System.

On the other hand, the Company regularly participates in international fairs and exhibitions, contributing to the development and strengthening of its customers and suppliers. For example, this year, the Inspection Department submitted its registration for the NACE CORROSION 2021 Conference to be held in April 2021 in Salt Lake City, Utah, USA. The conference is forum for sharing information in the field of corrosion prevention, attended by a large number of industry professionals.



CUSTOMER SATISFACTION EVALUATION AND COMMUNICATIONS

For Técnicas Reunidas, it is essential to know the opinion of our clients and main suppliers to improve the quality of its work and strengthen the Company's Quality Management System.

The characteristics of our business and the nature of our projects make it essential to maintain an ongoing dialogue with clients during project execution.

To maximise customer satisfaction, Técnicas Reunidas has implemented a system based on global project execution indicators. This system allows us to quickly determine performance and identify possible improvements.

Project monitoring also includes EOMs (Executive Operation Meetings) to review a project's situation from the point of view of status, progress, difficulties and opportunities, both internally with all the teams involved (weekly) and externally with clients and partners (monthly). Finally, the Company formally surveys customer satisfaction using an end-of-project review exercise.

The strongest evidence of client satisfaction is the high percentage of repeat contracts with Técnicas Reunidas. This fact is particularly noteworthy given the intense competition, especially in markets such as the Middle East, as acknowledged by ENR².



² In recent years, Técnicas Reunidas has been ranked 10th and 15th in the International Design Companies section of ENR (Engineering News Record).

R&D&I AND PROPRIETARY TECHNOLOGY

Since its beginnings, Técnicas Reunidas has dedicated a large part of its resources to R&D&I in industrial processes and technologies. As a result, as well as developing technologies in different business areas, the Company has built up considerable experience and know-how in designing refinery and petrochemical units, managing complex projects, and verifying and developing basic engineering data, enabling it to consolidate its international leadership position.

As a result of its R&D&I investment, Técnicas Reunidas has a portfolio of proprietary technologies in different areas of activity and related patents and trademarks. The Company is thus in a position to license the use and marketing of these technologies and all their associated R&D&I and engineering services for industrial implementation.

In this area, the Company has a Proprietary Technologies Development Division that produces profitable know-how (technologies) that enables it to develop a tangible product. It also has a subsidiary for developing and marketing some of these technologies³.

With its proprietary technologies, Técnicas Reunidas is an international leader in the field of nitric acid, prilled ammonium nitrate for mining, and in the recovery of the base metal zinc using its ZINCEX™ solvent extraction technology.

Marketing of proprietary technologies by ESPINDESA



Española de Investigación y Desarrollo (ESPINDESA) develops and markets proprietary technologies in the fields of fertilisers, nitric acid, nitrates (organic and plastic), and mining. It provides technology to more than seventy industrial facilities. Some of the most noteworthy are:

- **Granular ammonium Phosphates** for producing granular di-ammonium and mono-ammonium phosphate (DAP and MAP) from phosphoric acid and ammonia in a tubular reactor.
- **NPK and nitrosulphate complex fertilisers** with several nutrients (nitrogen, phosphorus, potassium and sulphur) based on nitrate, phosphate or nitrosulphate solutions (chemical granulation) as well as on a mixture of nutrients with steam (steam granulation).
- **Concentrated nitric acid** for production of nitric acid up to 98-99% concentration from ammonia and air.
- **Extractive nitric acid distillation** to produce nitric acid at a concentration of 98% - 99% from diluted nitric acid with extractive agent.
- **Porous ammonium nitrate** for obtaining low density pelletised ammonium nitrate from nitric acid and ammonia for use in mining.



Featured Case Innovation helping the environment

Industrial agriculture's increasing fertiliser consumption is pushing the global demand for phosphorus to new levels.

Europe lacks these resources and is entirely dependent on imports. This dependence has led to phosphates being classified as a critical raw material for the European economy. Phosphorus recovery from sewage sludge is one of the techniques that Europe is prioritising to reduce this dependence. This technique also has significant environmental benefits.

The PHOS4LIFE Technology™ developed by Técnicas Reunidas is important for this strategy. It can be used for the treatment of both sludge ash from sewage treatment plants and non-conventional phosphate rock, to recover phosphorus in the form of phosphoric acid. This technology is a process that helps reduce environmental damage, thus contributing to environmental protection, sustainable development and the circular economy, and increasing the life of phosphate reserves.

3 For more information on the technologies developed by the Proprietary Technology Development Division, please consult <https://ddtp.tecnicasreunidas.es/> y <https://ddtp.tecnicasreunidas.es/tecnologias/>.

Another area in which the Company focuses its innovation efforts is the development of clean technologies. In this area, it has been collaborating closely with catalyst suppliers to

reduce emissions from nitric acid projects. It has also promoted customers' development of what are known as "dual" plants that optimise energy consumption.









Technologies and Trademarks Owned by Técnicas Reunidas

NAME	FIELD OF BUSINESS	SCOPE
ZINCEX 	Metals recovery	Technology for processing leached ores and zinc concentrates that are difficult to treat by conventional methods to produce zinc by hydrometallurgical techniques using solvent extraction.
LIP4CAT 	Metals recovery	Technology for treating calcines from roasting zinc concentrates to cause zinc leaching.
DATMOS 	Metals recovery	Technology for treating mineral concentrates unusable in conventional RLE (Roasting Leaching and Electrowinning) process to cause zinc leaching.
ECOLEAD 	Metals recovery	Technology for recovering lead and silver from secondary raw materials based on brine leaching and subsequent precipitation of the valuable metals.
WALEVA 	Biorefinery	Technology for recovery of agri-food waste (which is currently otherwise incinerated) using a chemical process to produce levulinic acid.
PHOS4LIFE 	Critical raw materials	Family of technologies: - Technology for producing technical grade phosphoric acid from sludge ash from sewage treatment plants. - Technology for producing phosphoric acid from phosphate rock.
RARE TECH 	Critical raw materials	Technology for producing rare earth concentrates from monazite ores.
HALOMET 	Environment	Technology for treating urban waste by incineration to recover zinc and other metals.

Furthermore, Técnicas Reunidas participates in various R&D&I projects, through which it is developing technologies to recover metals from all waste types (such as, for example, the European Biorecover project). The Company's work in this area is in line with European environmental policies for more rational use of resources and promotion of the circular economy. In this context, Técnicas Reunidas will participate as part of a European consortium in the European Union's Green Deal call.

Finally, the Company is closely watching new areas that may provide business and growth opportunities, such as critical raw materials. One such area is developing technology to extract rare earths in the REMSELAN National Research Project funded by CDTI. Rare earths are considered critical strategic metals by Europe, the United States, Japan, China, South Korea and Australia. Another is to extract phosphorus from unconventional raw materials (National Research Project PUREPHOS funded by the CDTI) for products such as fertiliser and phosphoric acid.

R&D&I Projects for New Technologies in which Técnicas Reunidas Participates

PROJECT NAME	TARGET
VIMAC Project 	Development of technologies for the integrated processing of complex minerals to recover the maximum value of metals they contain.
PUREPHOS Project 	Development of new technologies for purifying phosphoric acid from non-conventional mineral raw materials.
WALEVA TECH Project 	Development of a new biorefinery process to produce levulinic acid (LevA) and its derivative gamma-valerolactone (GVL) from the C6 sugar fraction of lignocellulose biomass.
BIORECOVERD Project 	Research and development of new, mainly biotechnology-based technologies for selective extraction of critical raw materials from currently untapped primary and secondary sources of rare earths, magnesium and platinum.
SEA4VALUE Project 	Conversion of brines produced by desalination plants into a complementary source of critical raw materials.
REMSELAN Project 	Obtaining rare earths (such as Ce, Pr, Nd, La) by separation and purification of lanthanides.
SHINEFLEET Project 	Shinefleet covers the whole hydrogen value chain, from production to end-use, including developing specific equipment for the haulage industry. In particular, it is developing compact renewable and blue hydrogen generators for the haulage industry.
FUSION FUTURE Project 	Development of materials, technologies and processes for the components of an experimental nuclear fusion reactor to demonstrate the economic and commercial feasibility of continuous energy production.

4 Rare earths: seventeen elements, so called because they are widely dispersed and not as concentrated as most others. These elements have multiple high added value uses and are increasingly sought after.

Protecting this knowledge once it is developed is critical. Not surprisingly, the knowledge and technological innovation the Company has built up give it a competitive advantage in the markets in which it competes, creating shareholder value.

Técnicas Reunidas has a specific procedure that details how to manage industrial property protection to protect this knowledge. For each innovation or item of knowledge, the

Company evaluates the most appropriate way to ensure its protection. This evaluation takes into account the ultimate objective pursued, the advantages and disadvantages associated with each protection model, as well as the risks deriving from each.



Featured Case

The José Lladó Technology Centre, the core of R&D&I at Técnicas Reunidas

Since 1974, Técnicas Reunidas has had a Technology Centre within the Proprietary Technologies Development Division. This centre, called Centro Tecnológico José Lladó, is in San Fernando de Henares and has more than 5,000 m² of space and more than seventy staff.

This centre is a space for R&D&I work and acts as a driver for technology transfer and sharing. The centre's work is the customer-focused, and innovation its tool for competitiveness. This Technology Centre facilitates and enables the company's participation in innovation processes and R&D&I activities.

The technology centre carries out research and technology development projects. It especially focuses on the Company's technology needs, and provides technology services and technical assistance, collaborates on the transfer of research results between different publicly-run research centres, technology centres and Técnicas Reunidas. It also promotes and participates in cooperative research between companies.

The Centre's work is so important that it reopened after only one month of closure due to the state of emergency declared by the Spanish government. It reopened after implementing specific measures necessary to ensure the safety and hygiene at the centre and to allow the entry of personnel assigned to the R&D&I projects requiring experimental work in its laboratories, which reduced the impact on the projects in progress.



THE IMPORTANCE OF DIGITALISATION

The Company has improved productivity significantly through digitalisation by creating solutions applicable to its different businesses and improving communications and global project coordination.

Digitalisation has become a key work area for keeping the Company in a leading position in its sector.

From a business perspective, implementing digital processes improves overall project coordination. On the one hand, communication between Técnicas Reunidas and its clients, employees and subcontractors is more efficient, and they can work faster and more productively. On the other hand, it enables real-time, secure access to project information while providing greater analytical ability and strengthening efficient project management.

In the operations area, mobile technologies, cloud applications, and artificial intelligence technologies are providing the Company with a range of opportunities and solutions that allow it to improve project execution and establish key performance indicators (KPIs) for better performance monitoring.

Técnicas Reunidas is aware of the importance of promoting a culture change in the organisation to make the most of the advantages that digitalisation can bring to its business. Therefore, the Company is working continuously to promote the use of digital communications among its employees and provides specific training on the use of new technologies and tools.



To achieve this, the Company, in line with its transformation process, has created a Digital TRansformation area within the Strategy Management & Operations Efficiency Department. It will lead all initiatives related to digitalisation and new technologies, with a corporate and cross-company approach, as well as experience in implementing projects at group level within Operations.

Also, the Innov@IT initiative continued in 2020. Through this initiative, the Information Systems department aims to apply innovative digital solutions in different business areas to differentiate the Company from its competitors.

The company plans to evolve its digital innovation strategy during 2021 to make it broader and more inclusive, focusing on improving efficiency and productivity to respond to our customers' challenges with new products and services. The Company's digital innovation strategy includes creating an Open

Innovation ecosystem, and an innovation Hub formed. This Hub will have a team of business and technical staff that can use innovation methodologies such as *Design Thinking*, *Fusion Innovation* model or *Lean Start-up* to solve innovation challenges. The Hub also has a laboratory for technologies (virtual reality, AI, advanced analytics, robotisation, cloud computing) for agile and effective experimentation and prototyping.



Featured Case Connected Works Site

Técnicas Reunidas has partnered with companies experts in GPS tracking of objects to develop connected works applications. This technology allows optimisation of various processes on a site, and provides the following advantages, among others:

- **Equipment monitoring:** Tracks the exact location of objects at all times, to prevent loss and improve real-time analysis of their situation.
- **People monitoring:** Improves access control, for improved health & safety efficiency, work group supervision, and working hours monitoring.
- **Virtual access control to restricted areas:** Allows access control by selecting an area delimited by GPS coordinates. It activates control alarms in the event of unauthorised access to an area.
- **Site sensors:** Implemented using IoT (Internet of Things) sensors to allow communication between objects (such as machinery, scaffolding, and access points) on a site and the site personnel.



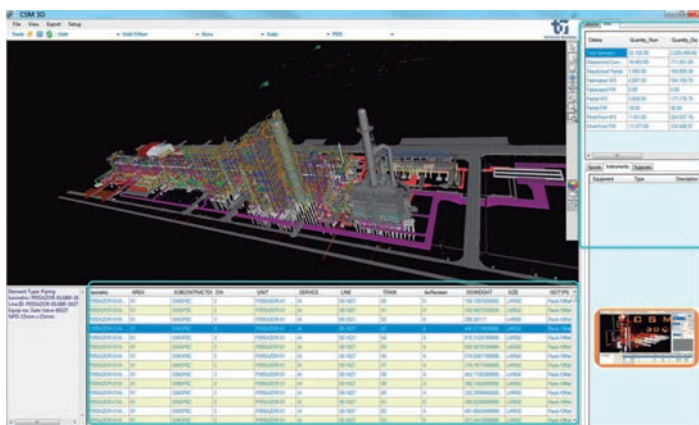
Featured Case

Construction Sequence Maker 2D/ 3D / 4D

Since 2011, Técnicas Reunidas has been working on the implementation of the CSM2D/3D/4D program. This tool allows the user to link together all the different project monitoring and progress tools (such as scheduling, dates, sequences, quantities, resources, production, plans) with a model of the project, all in the same environment.)

Since introduction, CSM2D/3D/4D has been used for all of the Company's projects, both in the early Home Office phase and later on site. It is used to carry out very heterogenous analysis exercises and is appropriate for many departments, providing cross-cutting EPC (Engineering, Procurement & Construction) solutions.

The program was initially designed for a 2D environment and was later migrated to 3D. It can now link to Big Data analysis tools such as POWER BI for creating dynamic reports, and we are working on 4D (time) and 5D (cost) analysis in a multifunctional environment.



Featured Case

DTWIN or Digital Twin

In response to the continuing requests from our clients to improve project handovers, and to be able to provide continuity in the operations and maintenance phase of all the our digitalisation tools, we need a Digital Twin, used both in the EPC and Operations and & Maintenance phases. In this situation, Técnicas Reunidas is drawing up a corporate plan for the use of these technologies based on different solutions offered by expert vendors. As part of the plan, the Company is planning a DTWIN pilot project for the Ras Tanura project, with the aim of implementing it in all future projects



Featured Case

KPI Global

Técnicas Reunidas has begun development of Global KPI, a tool that analyses a series of EPC indicators using an application capable of analysing data from across all the Company's databases. Técnicas Reunidas can use this analysis to generate a series of KPIs to analyse the performance and efficiency of its business activities, enabling the Company to make informed decisions.

MAIN DIGITALISATION PROJECTS IN 2020

These are some of the main digitalisation projects carried out during 2020:

WPA Application (AdvanceWorkPackage)	SC360 (Smart Construction 360)
Monitoring of engineering documents grouped at “workpackage” level, filtering documents and <i>reporting</i> their issuance status. This tool can be used to adapt project execution to a work methodology widely followed by international clients.	Captures project progress and production using smartphones on site with geolocation information.
Walk & Punch	Task Intelligence
Planning and generation of system delivery walk-throughs for the client by digitalising the elements to be checked. Fault reports include with multimedia content (such as photographs with text or audio annotations).	management by activating the departments involved using predefined workflows.
ATR (Remote Technical Support)	Vendor Apps
<ul style="list-style-type: none"> • Remote interaction between on-site or workshop personnel with in-house experts or vendor specialists. • Cost and travel optimisation. • Key tool for project execution during a pandemic. 	Optimisation and centralised management of actions required by vendors and licensors in projects. Real-time monitoring of actual costs against budget.
SQMS (Digitalisation of Request Inspections)	Machine Learning & AI
Centralisation of all Quality documentation in a single application. Inspections issued digitally.	<ul style="list-style-type: none"> • Machine learning and artificial intelligence tools for predictive analytics exercises, for early decision making. • Use of artificial intelligence in image and document processing for process optimisation.
RPA (Robotic Process Automation)	Plan4E
Implementation of an expert centre for developing robotised processes with UiPath technology to improve efficiency.	Planning, execution and progress monitoring of the engineering deliverables of the different technical office disciplines.

STRENGTHENING OF INFORMATION AND COMMUNICATIONS SYSTEMS TO COPE WITH COVID-19 IMPACTS

One of the most significant challenges facing Técnicas Reunidas during the pandemic has been to keep its business going while ensuring health, safety and productivity by enabling the entire workforce to work remotely. All of this has been done while maintaining high quality standards, guaranteeing secure connections so as not to endanger the company's information, and providing staff with collaboration tools to enable them to continue working in a remote and decentralised way, such as from their homes.

Técnicas Reunidas' efforts in recent years in innovation and in strengthening systems and technologies have enabled a significantly faster and smoother deployment of the systems required to adapt the Company to the pandemic situation. The contingency plans drawn up within the framework of ISO 27001 and redundant systems and the advance action taken weeks before confinement became mandatory were critical actions for a smooth transition.

Main actions throughout the pandemic to enable business continuity



Collaborate with customers and subcontractors to enable business continuity by introducing new technologies

When borders were closed it was impossible to travel to carry out the FAT (Final Acceptance Tests) for the Duqm project, so we had to devise a way to carry them out remotely.

To carry out the test, a team of engineers and operators from Yokogawa's headquarters in Bahrain, where the tests are carried out, connected to the operations centre in Madrid, as well as in Seoul, Oman and Sarhja (client). This set-up allowed Técnicas Reunidas engineers to give the necessary instructions to be carried out on the equipment while observing the results of the tests live.

These communications were carried out using Teamviewer software with the appropriate measures to prevent security breaches. At the same time Microsoft Teams was chosen as the collaboration tool and remote eyes (webcams to remotely view teams and operations live) between the different parties, streamlining all scheduled tasks and enabling them to take measurements and analyse results in real time.

The performance curve, according to the project reports, was higher than expected and the user experience was favourable, so Técnicas Reunidas is looking to implement this process as an effective solution for other future projects.




6.4 EXCELLENCE IN ENVIRONMENTAL PERFORMANCE

In an increasingly demanding context, Técnicas Reunidas is committed to executing projects that are environmentally responsible, complying with international best practices and standards in the field.



MAIN INDICATORS

 MAIN INDICATORS			
INDICATOR	2020 ¹		TRENDS 2018 2020
Energy consumption (GJ)	699,208		+8.4%
Greenhouse gas emissions - Scopes 1 and 2 (tCO ₂ eq) ²	49,568		+6.7%
Greenhouse gas emissions - Scope 3 (tCO ₂ eq) ²	7,453		- 64.9%
Steel consumption (t) ³	94,284		+275.9%
Copper consumption (t)	932		+4.9%
Hazardous and non- hazardous waste generated (t)	19,542		-51.3%
TEIF (Total Environmental Incident Frequency) 5	Target	Actual	<i>The score for both indexes has remained below the limits set by the Company throughout 2018-2020⁵.</i>
	0.025	0.008	
SSIF (Serious Spill Incident Frequency)5	Target	Actual	
	0.007	0.002	



MILESTONES 2020

- Update the energy efficiency audit in accordance with Royal Decree 56/2016 within the scope of the Madrid Region.
- Renew the Environmental Management System certifications of TR S.A., TR Sagemis International and TREI-Technical, in accordance with the ISO 14001-2015 standard. In addition, extend the certifications to include the India and Italy offices.
- Carry out a detailed analysis of the projects to report on their good environmental practices and commitment to the Sustainable Development Goals.
- Implementation of HSE ALERT, an emission and communications procedure for each significant spill⁶ at construction sites.
- Awareness campaigns at the Madrid offices about separating waste, specifically waste generated by cleaning and disinfection related to Covid-19.



GOALS FOR 2021

- Obtain LEED Certification for Adequa offices in Madrid.
- Consolidate measurement of materials reuse on construction sites to prevent them becoming waste.
- Consolidate merger of processes and tools of Técnicas Reunidas and INITEC departments.
- Reduce electricity consumption by 3.5%, paper consumption by 3% and 80% of plastic bags in Madrid offices.
- Achieve more ambitious targets for the TEIF (0.025) and SSIF (0.007) indicators in the works.
- Participate in the design of urban gardens and new green areas at the Adequa offices site.

1 The figure for scopes 1, 2 and 3 energy consumption and waste generated consists of the actual amount generated from January to September and an estimate of production in the last three months of the year. This estimate has been made by projecting the monthly average from January to September.

2 The main sources of greenhouse gases associated with TR's activity are consumption of fossil fuels by the Company's vehicle fleet and facilities (scope 1), electricity consumption at these facilities (scope 2) and emissions caused by business travel (scope 3).

3 Includes consumption of structural steel, carbon steel, alloy steel and stainless steel in pipes and sheets.

4 The 275.9% increase in steel consumption is because material is accounted for on receipt at warehouse (delivery note accounting). Steel is bought in large quantities at specific times, so there may not be any need to buy more, sometimes, for a year. This is therefore a cyclical variation.

5 TEIF: Total Environmental Incident Frequency. The index is calculated as TEIF= (total of environmental incidents × 200,000) / hours worked.

SSIF: Serious Spill Incident Frequency. The index is calculated as SSIF= (total of serious spill incidents × 200,000) / hours worked. The trend is not shown because the Company's targets for the indexes are updated each year by adopting more stringent values.

The trend is not shown because the Company's targets for the indexes are updated each year by adopting more stringent values. The Company's TEIF and SSIF are notably below the target limits set for both ratios, which demonstrates the good performance achieved in this area.

6 Spillage equal to or greater than 20 litres with the potential to contaminate soil or water.

MANAGEMENT APPROACH

Técnicas Reunidas’ business activity focuses on engineering projects that meet society’s energy needs by optimising oil and gas production efficiency. Our staff are committed to ensuring that the execution of these projects meets environmental requirements.

To achieve this, Técnicas Reunidas has had an Environmental Management System (EMS) in place for twenty years, implemented following the ISO 14001:2015 standard. This system is based on the policies, programmes, and practices in the Environmental Management Manual and the United Nations Principles that the Company subscribes to and its commitment to the United Nations Sustainable Development Goals and the 2030 Agenda.







The EMS is externally certified by AENOR. There have been no “non-conformities” in recent years. During 2020, its scope was widened to cover the network of offices in India and Italy. All Técnicas Reunidas Environmental Management System certificates are linked and are developed under a global strategy.

Within the framework of its EMS, Técnicas Reunidas has a Quality, Safety, Health and Environment Policy available on the Company’s website. Environmental protection has also been explicitly included in the new Sustainability Policy, whose principles include “protecting the environment and combating climate change by developing technical solutions that enable the construction of sustainable and efficient plants for customers”.

Contribution to the energy transition

Técnicas Reunidas, in its commitment to the transition towards renewable and more efficient energy sources, aligns its approach with Spain’s National Integrated Energy and Climate Plan (PNIEC) 2021-2030. This plan defines the roadmap to follow to achieve Spain’s energy efficiency and renewable energy undertakings with the European Union. This plan provides, for the first time, an integrated approach to energy, the environment and combating climate change.

A new Sustainability Policy was developed in 2020. Its environmental action principles revolve around combating climate change.

TÉCNICAS REUNIDAS’ APPROACH TO ENVIRONMENTAL MANAGEMENT: STRATEGIC PILLARS		
Effective incorporation of environmental aspects into the Strategic Plan for Operations & Business management.	Establishment of environmental goals and regular review.	Satisfaction of client requirements and compliance with current legislation and applicable codes and standards, as well as other mandatory environmental requirements.
		
Creation of appropriate and effective communication channels with employees and stakeholders.	Provision of appropriate continuous training in environmental issues for employees and collaborators.	Establishment of monitoring channels that facilitate continuous improvement in efficient energy use, environmental protection and the prevention of pollution.
		

ENVIRONMENTAL MANAGEMENT IN THE VALUE CHAIN

The Environmental Management System (EMS) is described in the environmental management manuals and supporting procedures available on the Company's Intranet. In addition, for projects that require it, project-specific environmental procedures and plans are developed in fulfilment of contractual and financing undertakings, as well as corporate manuals and procedures.

Técnicas Reunidas also has implemented methodologies to ensure, starting from the bid phase, that it identifies, monitors and verifies different environmental aspects to ensure compliance with the requirements and identifies environmental risks and opportunities. This identification is part of the Environmental Management System. It is carried out for each action the Company undertakes, in both projects and offices, where regular updating and monitoring workshops are held.

Técnicas Reunidas' EMS applies not only to its own facilities but extends to cover the scope of all projects to ensure compliance with applicable environmental legislation, contractually established requirements and other sustainability criteria in the design of the plants when requested by the client.

This methodology is implemented in 100% of the Company's projects. It is based on an "Environmental Log" compiled to enable monitoring and verification of compliance in these matters. Throughout the engineering and procurement phase, and on an ongoing basis, compliance with environmental

aspects is monitored by the HSE engineer for each project. Subsequently, this monitoring becomes the responsibility of the HSE team on site.

Internal environmental audits are carried out at the corporate level at 30% and 70% progress of engineering and procurement. In addition, periodic follow-up audits are carried out during the construction phase. These audits are carried out in conjunction with the verification of health and safety regulations compliance.

In addition, an internal audit of projects is carried out annually. An external company does this audit to ensure the system's independence. There is an external certification audit by AENOR to complete this process and verify environmental performance indicators, including carbon footprint.

TÉCNICAS REUNIDAS' ENVIRONMENTAL MANAGEMENT SYSTEM ALONG THE VALUE CHAIN.



Projects in which the Company participates

- Environmental requirements for project implementation.
- Sustainability criteria for plant design and new technologies.



Company activities

- Environmental management at the Company facilities, focusing on key environmental aspects (energy, emissions, materials and waste).



Suppliers and subcontractors

- Environmental requirements for suppliers and subcontractors.

ENVIRONMENTAL MANAGEMENT IN THE COMPANY’S ACTIVITIES [103-2]

Técnicas Reunidas' Environmental Management System enables it to identify and manage environmental issues arising directly from activities at the Company's own sites. Once an issue is identified, it initiates a series of mitigation actions, sets targets, and monitors the situation using an indicator scorecard.

The most noteworthy initiatives in 2020 involving the Company's own sites and activities were:

- Shuttles service to transport employees from the city centre to the Madrid offices.
- Waste bin at each desk replaced with separate recycling bins to optimise waste management and cut plastic bag use.
- Awareness campaigns at Madrid offices about separating waste, specifically about waste from cleaning and disinfection related to Covid-19. New instructions about the Environmental Management System on construction sites to help improve environmental performance there.
- Adoption of measures necessary to adequately manage the growth in waste (mainly masks) caused by the steps to ensure a safe return to the offices.



100% renewable energy consumption

Since 2019, all Técnicas Reunidas offices in Spain have been using energy from 100% renewable sources (certified Guarantee of Origin). This consumption of renewables represents 91.43% of the total electricity consumed. This consumption has enabled Técnicas Reunidas to avoid atmospheric emissions of 2,597.22 equivalent tons of CO₂.

In 2020, the Company continued its strategy to reduce its own consumption and emissions by closing one of its buildings and relocating staff to more modern and efficient facilities.

Técnicas Reunidas Participation in the Carbon Disclosure Project (CDP)

Técnicas Reunidas took part in the Carbon Disclosure Project (CDP) again this year. This initiative aims to assess the quality of businesses' information and reporting systems on climate change and other sustainability-related aspects.



2020 CDP score



ENVIRONMENTAL MANAGEMENT IN PROJECTS ^[103-2]

Técnicas Reunidas carries out many actions to ensure that all projects and works are executed in an environmentally safe and sustainable manner. To achieve this, in addition to ensuring compliance with applicable legislation and contractual requirements (see figure), it makes a significant effort to improve the environmental awareness among subcontractors and employees.

Implementation of the EMS to ensure proper identification and compliance with environmental requirements in projects

Implement the EMS to ensure correct identification and proper compliance with the environmental requirements of each project

1 IDENTIFICATION OF PROJECT REQUIREMENTS	2 MONITORING PLANS	3 AUDITS OF COMPLIANCE
<p>Identify environmental requirements applicable to each project based on:</p> <ul style="list-style-type: none"> • Type of project (conceptual, FEED, EPC). • Country of execution. • Client. • Contract. • Environmental impact assessments studies. • Applicable environmental legislation and permits. • Client specifications. • Other aspects. 	<p>Develop specific plans to ensure the inclusion and monitoring of environmental requirements:</p> <ul style="list-style-type: none"> • Environmental management plan for the engineering and procurement phase. • Compile the <i>Environmental Log*</i> for each project, including all mandatory environmental requirements to be taken into account in the the plant design. • Environmental management plan for the construction phase. 	<p>Periodic audits to ensure compliance with established procedures:</p> <ul style="list-style-type: none"> • Annual internal audit in offices.** • Internal audits at 30% and 70% project progress in the engineering phase.** • Periodic internal audits during the construction phase.*** • External audit of the EMS.

*Database containing all environmental requirements of projects.

** An internal environmental audit of the EMS was carried out in 2020; an internal audit of the audit process;

*** In 2020, eight audits were carried out on projects in the construction phase. Six of these were environmental, one related to ISO 45001 and one on ISO 14001.

These plans are designed specifically for each project. They set out all the environmental actions and measures required to be carried out by Técnicas Reunidas and its subcontractors, such as:

- Environmental inspections to monitor the implementation of required actions by subcontractors.
- Monitoring of dust, noise, water, and other environmental aspects.
- Specific environmental meetings which monitor and plan the actions required to control environmental impacts.
- Reporting, investigation and follow-up of environmental incidents.
- Specific monitoring reports for recording and distribution to stakeholders.
- Preparation and response to environmental emergencies, carrying out drills to contain spills, leaks, fires and setting up a specialised team to act in case of environmental emergency.
- Environmental training and awareness: sessions on waste management, spill prevention, on-site materials reuse, and others.

Functions of the on-site environmental specialist

- Implement the Environmental Management Plan with the support of the Project Manager and the Health & Safety Manager.
- Report the degree of compliance with environmental standards and plans.
- Ensure that subcontractors carry out the measures set out in the Plan.
- Prepare environmental awareness training and campaigns and ensure that they are carried out.
- Evaluate new environmental risks arising during works execution which are not covered in the Plan. Implement prevention and follow-up measures.
- Investigate and report any environmental incidents that occur.

ENVIRONMENTAL CRITERIA IN PLANT DESIGN AND NEW TECHNOLOGIES

Under the new Sustainability Policy, the Company has developed a strategy for providing high added value services to design and construct efficient, sustainable, and environment-friendly industrial plants. In this way, the Company will contribute to combating the adverse effects of climate change while promoting the transition to a low-carbon economy.

Técnicas Reunidas makes this strategy compatible with other measures it adopts in its projects to help clients improve their environmental performance:

- Optimise resources through an exhaustive analysis of the environmental impact in the bid phase, which allows the project's real needs to be identified in phases before execution of the project.
- Sustainable plant design that allows clients to comply with their environmental plans in the operation phase.
- Designate an HSE engineer in charge of environmental aspects as part of the project team.
- Real-time monitoring of the environmental indicators of each project to avoid deviations.
- Make the Company's capabilities and experience available to clients, including performance criteria and environmental consultancy in project designs.

Building abilities related to new energy technologies

Técnicas Reunidas has participated in the tender for an energy project for a hydrogen production plant in Mallorca to reduce emissions by the Palma public transport company (EMT). The bid proposes constructing a Hydrogen Generation Plant by electrolysis using electrical energy generated by a photovoltaic plant as a single project.

Any surplus green hydrogen produced but not consumed by the EMT will be blended with the compressed natural gas stream and distributed to the city's grid. This will not only reduce transport emissions but also save on fossil fuel consumption.

By participating in this tender, Técnicas Reunidas has advanced its in-house capabilities for providing energy solutions linked to new technologies and fuels such as hydrogen.

Environmental improvement of a sulphur recovery plant in Chile

Técnicas Reunidas has been awarded an environmental improvement project for the refinery in the Bío region (Chile) by Empresa Nacional del Petróleo (ENAP). This is a plant with a historical emissions problem that has led to complaints in the surrounding area. The project is part of the investment activities for compliance with the environmental regulations required by the Chilean authorities. In the project, Técnicas Reunidas will assist the oil company in its transition towards more environmentally-friendly refining processes by recovering hydrogen sulphide (H_2S). Rather than burning the hydrogen sulphide, it will convert it into sulphuric acid (H_2SO_4). These processes aim to solve the emissions problem while achieving savings by producing sulphuric acid as a by-product.



ENVIRONMENTAL REQUIREMENTS FOR SUPPLIERS AND SUBCONTRACTORS [308-2]

Técnicas Reunidas's environmental commitment also extends to its supply chain, as it requires its suppliers and subcontractors to comply with environmental requirements.

During the approval and pre-qualification process, suppliers are asked to provide information about sustainability, including their carbon footprint, certifications, reporting to environmental indexes, and rankings. This information affects the supplier's final rating and is subsequently used to make decisions regarding the awarding of contracts or orders.

In addition, during this year, the company has made progress in developing its third party integrity assessment procedure, which it expects to implement during 2021. This procedure includes submitting supplier approval questionnaires about quality and environmental management through its e-Supplier platform and analysing the information using automated processes.



ENVIRONMENTAL PERFORMANCE [103-2]

Técnicas Reunidas monitors its environmental performance in detail using specific indicators for material aspects such as pollution reduction and energy efficiency.

The Company uses a data collection tool for this monitoring. The tool ensures traceability from source and is used across construction and engineering areas. In engineering, it is used as an internal management tool to improve information control.

In recent years, the Company has made a significant effort to broaden the scope of activities it monitors. Based on the data collected, Técnicas Reunidas took 2017 as the base year for analysing its environmental performance and continued with this approach in 2020.

Likewise, the scope for calculating the different environmental indicator intensity ratios has been homogenised. Values are now calculated per million Euros of revenue, assimilating them into the Company's financial reporting scope.

It is important to note that, depending on the degree of progress of each project, these ratios may vary significantly from one year to the next. It is no coincidence that the execution of EPC projects such as those carried out by Técnicas Reunidas involves different phases, each with very different workloads, supplies and personnel requirements.

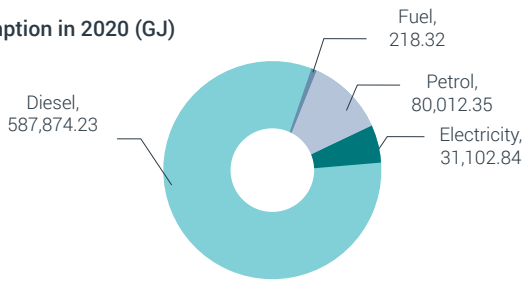
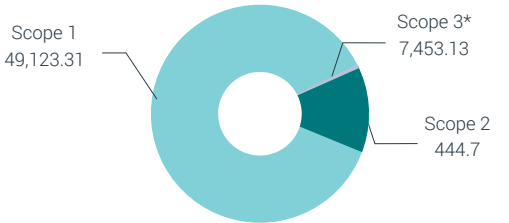
Monitoring and analysing all this information allows Técnicas Reunidas to design multiple actions to improve its environmental performance.

Environmental risks and opportunities for Técnicas Reunidas

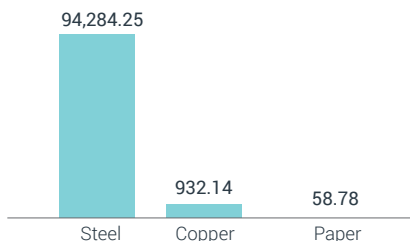
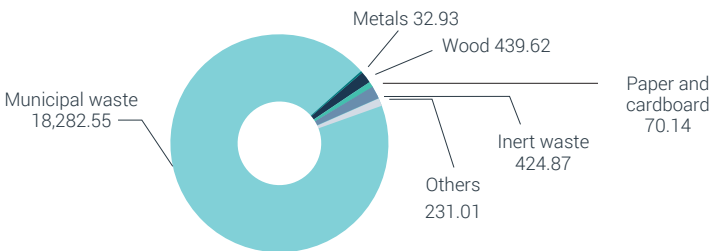
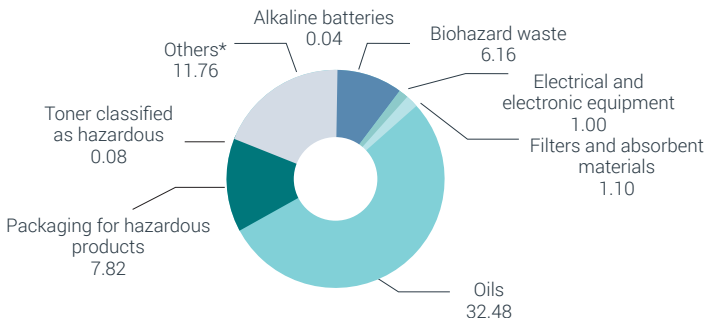
Técnicas Reunidas systematically identifies and monitors environmental risks and opportunities, implementing the appropriate actions to manage them, both in its projects and its offices.

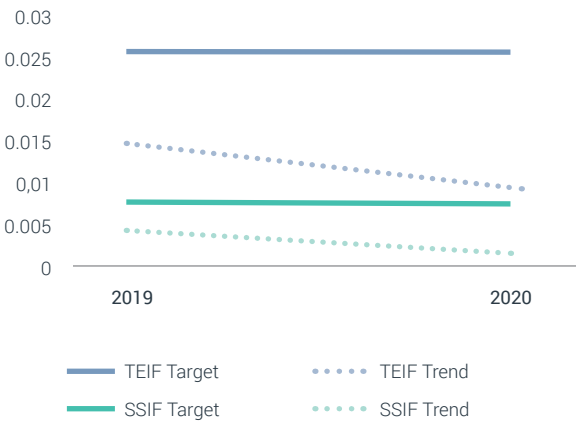
The main risks are: climate risks associated with the geographical area where a project is executed (extreme temperatures), risks arising from design limits resulting from environmental legislation - and possible modifications during the execution of the project - applicable standards and guidelines such as the World Bank and Equator Principles, which are normally more restrictive than those applicable locally, and which condition the financing of a project.

Técnicas Reunidas also identifies opportunities deriving from environmental performance. These opportunities include the competitive advantage provided by its thorough knowledge of legislation and applicable standards, knowledge that allows it great flexibility when executing projects anywhere in the world.

ASPECT	TARGETS AND INDICATORS 2020 ¹	LINES OF ACTION AND MILESTONES										
ENERGY CONSUMPTION [302-1]; [302-3]	<p>Trends. The Company reduced its energy consumption by 33% in 2020 to 699,207.78 GJ, compared to 2019. This fall was mainly due to remote working by the company's staff in Spain and the significant reduction in building maintenance during lock-down.</p> <p>Energy consumption in 2020 (GJ)</p>  <table><caption>Energy consumption in 2020 (GJ)</caption><tr><th>Source</th><th>Consumption (GJ)</th></tr><tr><td>Diesel</td><td>587,874.23</td></tr><tr><td>Fuel</td><td>218.32</td></tr><tr><td>Petrol</td><td>80,012.35</td></tr><tr><td>Electricity</td><td>31,102.84</td></tr></table> <p>Energy consumption: 699,207.78 GJ. Energy consumption intensity ratio: 198.58 GJ/million Euros revenue.</p> <p>* The fuel consumption figure for the last three months is an estimate. For fuel, the estimate consisted of a projection of the months from October to December based on the average fuel consumed in the first nine months. For electricity, however, since consumption is mainly in offices and depends primarily on the time of year, the last three months are an estimate based on consumption recorded from October to December 2019.</p> <p>** Renewable energy supply is implemented in all offices in Spain: Arapiles 13 y 14, Adequa 3, 5 and 6, Gorbea, María de Portugal, Centro Tecnológico and our Cartagena office.</p>	Source	Consumption (GJ)	Diesel	587,874.23	Fuel	218.32	Petrol	80,012.35	Electricity	31,102.84	<ul style="list-style-type: none">• Energy efficiency plans.• In-person and online awareness campaigns.• Promoting climate change transparency through initiatives such as CDP.• Commitment to the circular economy.• Using video-conferencing for meetings.
Source	Consumption (GJ)											
Diesel	587,874.23											
Fuel	218.32											
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EMISSIONS [305-1]; [305-2]; [305-3]; [305-4]	<p>Target. 12% reduction in period 2017-2030.</p> <p>Trends. Técnicas Reunidas' greenhouse gas emissions (scopes 1, 2 and 3) were 57,021.14 tCO₂eq in 2020, which is 41% less than in 2019. Different scopes changed in different ways: Scope 1 emissions fell due to lower fossil fuel energy consumption and energy efficiency improvements. Scope 2 emissions continued to fall as the Company used certified renewable energy in Spain, and there was the exceptional pandemic situation throughout most of 2020. Lastly, scope 3 emissions also fell as a result of the company's strategy to switch from travel to video-conferencing, a change accentuated by the epidemic situation.</p> <p>Greenhouse Gas Emissions (tCO₂ equivalent) in 2020</p>  <table><caption>Greenhouse Gas Emissions (tCO₂ equivalent) in 2020</caption><tr><th>Scope</th><th>Emissions (tCO₂ eq)</th></tr><tr><td>Scope 1</td><td>49,123.31</td></tr><tr><td>Scope 2</td><td>444.7</td></tr><tr><td>Scope 3*</td><td>7,453.13</td></tr></table> <p>Greenhouse gas emissions: 57,021.14 tCO₂eq. Emissions intensity ratio**: 16.19 tCO₂eq/million Euros revenue.</p> <p>* The emissions figure for the last three months of the year is an estimate. For scopes 1 and 3, the estimate consisted of a projection of the months from October to December based on emissions in the first nine months. For scope 2, however, since electricity consumption is mainly by offices and largely seasonal, the last three months are an estimate based on consumption recorded over the previous year.</p> <p>On the other hand, the sources used for the calculation of emissions are indicated: Scope 1 (GHG protocol, April 2014), Scope 2 (CO₂ Emissions from fuel combustion-International Energy Agency, 2014), and Scope 3 (UK Government GHG Conversion Factors for Company Reporting, 2020).</p> <p>** Scope 1 emissions intensity ratio: 13.95 tCO₂ eq/million Euros revenue. Scope 2 emissions intensity ratio: 0.12tCO₂eq/million Euros revenue. Scope 3 emissions intensity ratio: 2.12tCO₂eq/million Euros revenue.</p>	Scope	Emissions (tCO ₂ eq)	Scope 1	49,123.31	Scope 2	444.7	Scope 3*	7,453.13	<ul style="list-style-type: none">• Energy efficiency plans.• In-person and online awareness campaigns.• Promoting climate change transparency through initiatives such as CDP.• Commitment to the circular economy.• Using video-conferencing for meetings.		
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Scope 2	444.7											
Scope 3*	7,453.13											

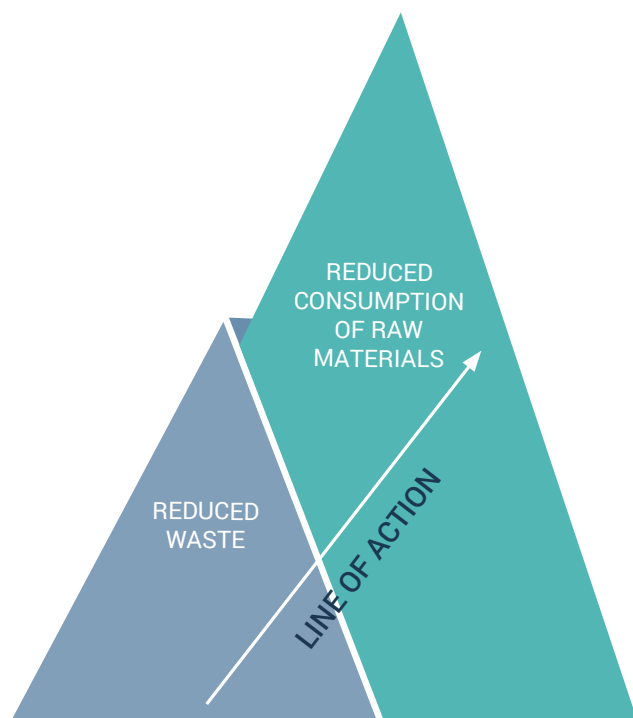
¹ In some cases, sums of subtotals may differ slightly from the total due to rounding errors.

ASPECT	TARGETS AND INDICATORS 2020 ¹	LINES OF ACTION AND MILESTONES																																
MATERIALS [301-1]	<p>Change: Steel and copper consumption increased in 2020 by 161% and 117%, respectively, compared to 2019. When analysing changes in consumption of these materials, it is important to consider that they are purchased in large quantities until they are out of stock, which can cause wide variations in specific periods.</p> <p>On the other hand, paper consumption fell by 55% compared to 2019, mainly due to staff working remotely for six months due to the pandemic.</p> <p>Materials consumption (t)</p>  <table><thead><tr><th>Material</th><th>Consumption (t)</th></tr></thead><tbody><tr><td>Steel</td><td>94,284.25</td></tr><tr><td>Copper</td><td>932.14</td></tr><tr><td>Paper</td><td>58.78</td></tr></tbody></table> <p>Note: Of the materials reported, only paper is considered renewable.</p>	Material	Consumption (t)	Steel	94,284.25	Copper	932.14	Paper	58.78	<ul style="list-style-type: none">• Optimisation in the use of material resources in all phases of the value chain.• Recovery of materials through R&D&I activities. For example, the development of technologies for recovering non-ferrous metals.• Participation in European consortia to develop technology in projects for recovery of metals and rare earths.• Use of environment-friendly paper in offices.• Awareness campaigns about using paper responsibly.																								
Material	Consumption (t)																																	
Steel	94,284.25																																	
Copper	932.14																																	
Paper	58.78																																	
WASTE [306-2]	<p>Trends in non-hazardous waste. Generation of non-hazardous waste fell by 60%. This change is mainly due to office buildings in Spain being practically closed during lock-down.</p> <p>Generation of non-hazardous waste (t)</p>  <table><thead><tr><th>Waste Type</th><th>Generation (t)</th></tr></thead><tbody><tr><td>Municipal waste</td><td>18,282.55</td></tr><tr><td>Metals</td><td>32.93</td></tr><tr><td>Wood</td><td>439.62</td></tr><tr><td>Paper and cardboard</td><td>70.14</td></tr><tr><td>Inert waste</td><td>424.87</td></tr><tr><td>Others</td><td>231.01</td></tr></tbody></table> <p>Total non-hazardous waste: 19,481.13 t.</p> <p>Note. Waste comparable to municipal waste includes waste water that has not been discharged into the sewage system, and that has been collected in projects for appropriate treatment.</p> <p>Trends in hazardous waste. Hazardous waste generation decreased by 64% last year due to the Company's efforts to improve waste management and the exceptional situation during 2020.</p> <p>Generation of hazardous waste (t)</p>  <table><thead><tr><th>Hazardous Waste Type</th><th>Generation (t)</th></tr></thead><tbody><tr><td>Oils</td><td>32.48</td></tr><tr><td>Packaging for hazardous products</td><td>7.82</td></tr><tr><td>Toner classified as hazardous</td><td>0.08</td></tr><tr><td>Others*</td><td>11.76</td></tr><tr><td>Alkaline batteries</td><td>0.04</td></tr><tr><td>Biohazard waste</td><td>6.16</td></tr><tr><td>Electrical and electronic equipment</td><td>1.00</td></tr><tr><td>Filters and absorbent materials</td><td>1.10</td></tr></tbody></table> <p>Total hazardous waste: 60.45t.</p> <p>¹ The "Other" category includes button batteries, fluorescent tubes, and other items. Hazardous waste does not include data about sludge generated by projects, which is managed by authorised waste management companies. Also, "Oils" includes several types (lubricating, hydraulic, mixed with water).</p>	Waste Type	Generation (t)	Municipal waste	18,282.55	Metals	32.93	Wood	439.62	Paper and cardboard	70.14	Inert waste	424.87	Others	231.01	Hazardous Waste Type	Generation (t)	Oils	32.48	Packaging for hazardous products	7.82	Toner classified as hazardous	0.08	Others*	11.76	Alkaline batteries	0.04	Biohazard waste	6.16	Electrical and electronic equipment	1.00	Filters and absorbent materials	1.10	<ul style="list-style-type: none">• Circular economy commitment: Avoiding surplus materials becoming waste.• Promotion of prevention, reuse and recycling as opposed to incineration and dumping.• Waste prevention, mitigation and management control by integrating the most advanced techniques in the environmental design of processes in its plants.• Awareness and sensitivity campaigns in offices and on construction sites.• Start of data accounting for residual materials reused on-site or sold as raw materials. Some works have started accounting for these amounts and can be tracked over time.• Elimination of almost all plastic bags used in offices.
Waste Type	Generation (t)																																	
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ASPECT	TARGETS AND INDICATORS 2020 ¹	LINES OF ACTION AND MILESTONES
ENVIRONMENTAL INCIDENTS AND SPILLS [306-3]	<p>Spills of hazardous substances and other environmental incidents at projects</p> <p>Trends: The frequency rates for environmental incidents and significant spills have remained below the target levels set by the company for 2020, following the trend of previous years.</p> <p>TEIF and SSIF Indexes</p>  <p>TEIF (Total Environmental Incident Frequency) is the total number of environmental incidents that have taken place on construction sites. The index is calculated as $TEIF = (\text{total of environmental incidents} \times 200,000) / (\text{hours worked})$.</p> <p>SSIF (Significant Spill Incident Frequency) helps show trends in serious spills (those equal to or greater than 20 litres with the potential to contaminate soil or water). The index is calculated as $SSIF = (\text{total of serious spill incidents} \times 200,000) / (\text{hours worked})$.</p>	<ul style="list-style-type: none"> • Definition of specific indicators for monitoring (TEIF and SSIF). • Specific measures to prevent this type of situation (use of anti-drip trays, periodic inspections, and other measures) or, otherwise, reducing the environmental impact to a minimum (installation of kits for action in the event of spills, emergency drills, cleaning and adequate treatment of the waste generated). • Implementation of a procedure in the projects to report any significant spill that occurs on-site.



COMMITMENT TO THE CIRCULAR ECONOMY



Técnicas Reunidas carries out its activities taking into account circular economy principles. The Company's strategy in this area comprises three fundamental lines of action: optimising consumption, using recycled materials, and managing waste correctly to encourage its conversion into raw materials. This management is carried out both on-site and off-site.

Reuse of waste on-site. Main actions:

- Use of excavated soils and land for backfilling foundations and trenches, ground levelling or similar.
- Use of concrete demolition debris for improving roads used during construction in a project.
- Use of waste water after on-site treatment for irrigation required in construction, dust control of roads and paths, and irrigation of landscaped areas.
- Reuse of leftover wood, metal and other materials to make information panels, handrails, pedestals, road barriers and other supports.

Off-site reuse of waste. Improved waste revaluation. Main actions:

- Sale reusable waste materials to material management companies. For example, cable drums, scrap metal, pallets, cable scrap and drums that can be fed back into the supply chain.
- Selection or replacement of waste managers according to the final destination of the waste. Encouraging research to identify managers that can ensure the reuse and revaluation of waste.




6.5 OCCUPATIONAL HEALTH AND SAFETY

In 2020 Técnicas Reunidas faced the challenge of maintaining the health and safety of all staff and subcontractors, while at the same time ensuring continuity of its activities. To this end, it has focused on implementing specific measures and protocols to prevent the spread of the virus and to create safe spaces to work at its offices and projects.



KEY INDICATORS ^[102-8]



KEY INDICATORS [102-8]

INDICATOR	DATA 2020		EVOLUTION 2018-2020
Hours worked (number) ¹	140,743,099		-28.4%
Number of employees on site (Técnicas Reunidas and subcontractors) ²	44,424		-26.4%
LTIR ³	Goal	Real	The value of these rates was kept below the limit established by the Company throughout the entire period 2018-2020
	0.050	0.020	
TRIR ⁴	Goal	Real	
	0.190	0.051	
SR ⁵	Goal	Real	
	0.018	0.001	
Level of average compliance detected during internal corporate audits (%)	87,22		- 0.26 percentage points



MILESTONES IN 2020

- Updating and implementation of measures to reduce the impact of Covid-19 at sites in all countries.
- Successful migration of the OHSAS 18001 certification to ISO 45001 certification for the Occupational Health and Safety System.
- Continued implementation of the mobile application to record observations on site.
- Implementation of the actions resulting from the Plan for safe Commissioning of all of our projects.
- Implementation of the TR-ansform plan.
- Coordination of the merging of the HSE department between TR and INITEC.
- Send Home Office communications to provide higher visibility of the actions taken on other projects or in offices.



2021 GOALS

- To integrate the Health and Safety Management Systems into the job, following the recently obtained ISO 45001 certification.
- To carry out awareness-raising campaigns for all staff, based on the investigation of accidents, recurring and informative, on the implications of the ISO 45001 certification.
- Complete the implementation of actions proposed as a result of the Plan for Safe Commissioning in all Técnicas Reunidas projects.
- Promotion of actions aimed at making Técnicas Reunidas a healthy company.
- Identify the necessary occupational Health and Safety training depending on the job performed.
- Complete the implementation of the mobile application to record observations on site.
- Complete the merging of the TR and INITEC HSE department.

1 Hours worked by the Técnicas Reunidas staff and subcontractors on site. 132,739,474 hours were worked on construction, including the hours worked by subcontractors.

2 Average of employees on site (Técnicas Reunidas and subcontractors)

3 LTIR (Lost Time Incident Rate): (No. of accidents with sick-leave/No. of hours worked * 200,000. This rate refers to the frequency of accidents. Subcontracted workers on site.

4 TRIR (Total Recordable Incident Rate): (No. of recordable accidents (according to OHSAS)/No. of hours worked * 200,000. This rate refers to the frequency of accidents. Subcontracted workers on site.

5 Severity Rate (SR): (No. of days not worked due to accidents on workday with sick leave/ Total no. of hours worked) * 1000. This rate refers to the severity rate of accidents. Subcontracted workers on site.

ADOPTION OF HEALTH AND SAFETY MEASURES TO PREVENT THE IMPACT OF COVID-19

Managing occupational health and safety was a significant challenge this year. Due to the impact of the pandemic, which affected all levels of the Company, all around the world, Técnicas Reunidas had to transform the way it works, both in offices and at sites.

To properly manage the fight against the virus, the Company established from the beginning a Covid-19 Monitoring Commission, with the participation of various departments, including a HSE (*Health, Safety and Environment*) representative. This Commission has established the specific guidelines to be followed in all spheres, in order to create safe office and site areas.

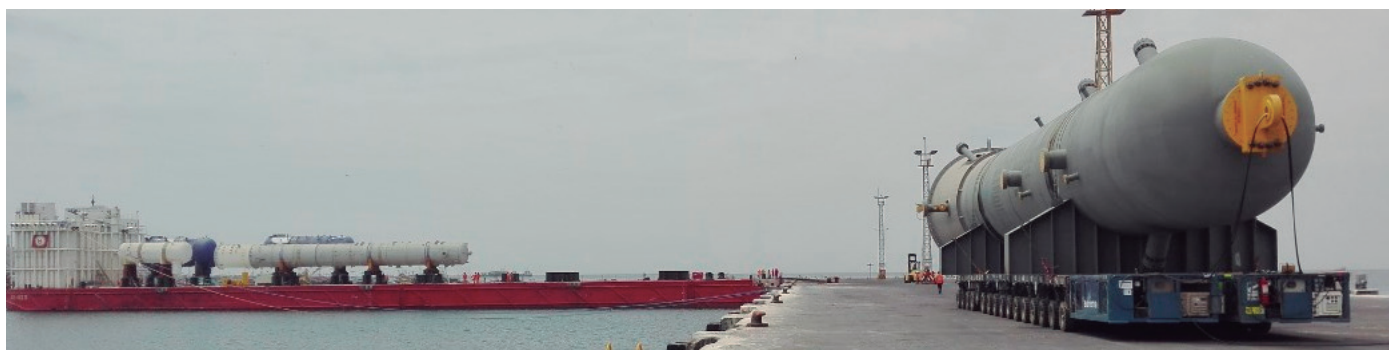
A Contingency Plan was developed for the entire Company, which was complemented with specific plans for workplaces, and for projects.

Técnicas Reunidas also created a series of indicators to support monitoring and management of the impact caused by the pandemic⁶. Among these are: number of confirmed positive cases; number of close contacts; CCovid-19 monitoring of employees; deviations detected in the safety inspections; and non-conformities in internal and external audits.

Additionally, the e-risk tool was created to identify and manage the risks and opportunities of the occupational Health and Safety Management System at all levels of the company, in addition to updating the occupational risk assessment taking into account the new Covid-19 context and remote working.

Main health and safety measures implemented to fight against Covid-19 in offices

- Implementation of safety measures enacted by health authorities of each country, both at sites and in offices.
- Establishment of protocols (entrance, exit, action in the event of symptoms or use of canteens) for the return to the office.
- Possibility to work remotely for those workers considered to be at-risk, or those who have children under 14 or people dependent on them.
- Shuttle buses to prevent the use of public transportation.
- Availability of masks and sanitising products for all workers.
- In-depth signage in offices.
- Social-distancing of work positions.
- Rapid-test campaigns before returning to work.
- Ongoing prevention campaign, including information, training and promotion of staff health and safety.
- Covid-19 voicemail and chatbot in the virtual work areas to answer questions.
- Daily inspections in buildings.
- Courses supporting psychosocial wellness, healthy exercise regimes and tips for a healthy diet during lockdown.
- Health and wellness surveys.



⁶ On projects in the construction stage, the HSE teams reported any positive cases and monitored their recovery and isolation based on local protocols.

Actions implemented within the framework of the projects in Saudi Arabia regarding Covid-19 management

To face the crisis situation entailed by Covid-19 in the Saudi Arabia projects and offices, Company staff performed several actions that enabled continuity of operations:

- Reinforced medical teams.
- Creation of a monitoring and action commission per project, as well as a general commission at the local head office and other area offices, which were in constant contact with the corporate Covid-19 Commission in Madrid.
- Production of protocols with the guidelines to be followed in the event of positive cases and medical emergency, among others.
- Establishment of private agreements with hospitals to guarantee worker coverage.

Due to the distance of some of the camps, and to avoid long transfers in the event of emergencies, the Company rented a building which was provided with services such as ambulance and medical staff. We also worked jointly with the Ministry of Health in the Eastern Province region so that the staff would be accommodated in medicalised hotels (field hospitals) in light positive cases, when necessary.

Técnicas Reunidas installed signs to explain the rules, and screens to guarantee social distancing, in order to safely return to facilities. As for staff, personalised monitoring was carried out on positive cases, and the company took care of the hospitalisation expenses and other needs. Thanks to collaboration with the Ministry of Health, the camps were also certified as quarantine-ready areas, preventing a higher saturation of the country's health system.

On the other hand, we worked in coordination with clients, processing the necessary safe-conducts to prevent having to stop activities. We also collaborated with the subcontractors, performing inspections and offering them coverage, as well as sharing procedures with them, to manage the situation in a uniform manner.

Covid-19 CAMPAIGN

Due to the current pandemic, during 2020 various awareness-raising and information campaigns were carried out on Covid-19, with the aim to prevent transmission of the virus among our workers.

Various materials and information were provided, from courses on the "e-learning" platform to preparation of the supporting material that was distributed to employees and placed in visible areas at the accesses to the buildings.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

[103-2]; [403-1]; [403-3]; [403-7]

Since 2008, Técnicas Reunidas has an Occupational Health and Safety Management System (OHSMS) that covers the various stages of the life cycle of projects. Implementation of this system is supported by the Corporate Quality, Safety and Environment Policy and is based on three principles: a philosophy of prevention of accidents and incidents, integrating

health and safety in the strategy and ongoing improvement of the methods and processes. The policy was updated in January 2020, and one of the areas that was revised was the commitment by executives to managing occupational health and safety risks and opportunities.

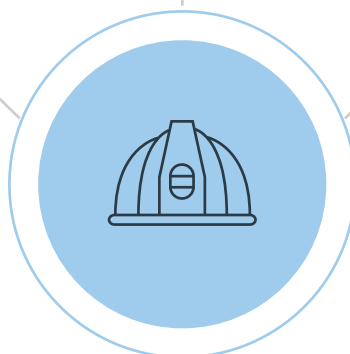
Fundamental principles of occupational health and safety management

Integrating safety in the strategy

The health and safety aspects are integrated in the strategic business plans, establishing objectives throughout the organisation, both at sites and in the corporate environment, and evaluating their compliance in both cases.

Incident prevention philosophy

Publicising throughout the company and among suppliers of a work philosophy based on incident prevention to guarantee the best possible work conditions.



Ongoing improvement of methods and processes

Promotion of an ongoing improvement culture in the work methods and procedures and their subsequent application to all activities, promoting incident prevention.

Throughout 2020 the Company successfully migrated the standard under which this system is implemented, from OHSAS 18001 (which was no longer valid as of April 2021) to ISO 45001, and the process has already been verified by an external agency.

To guarantee that the Management System is correctly implemented, the Company performs both corporate internal audits to monitor the various projects, and internal audits on the system by independent parties, such as audits by external certification agencies. The results of the audits are shared and discussed with the client or subcontractor on site, which increases the effectiveness of the actions taken to correct the deficiencies.

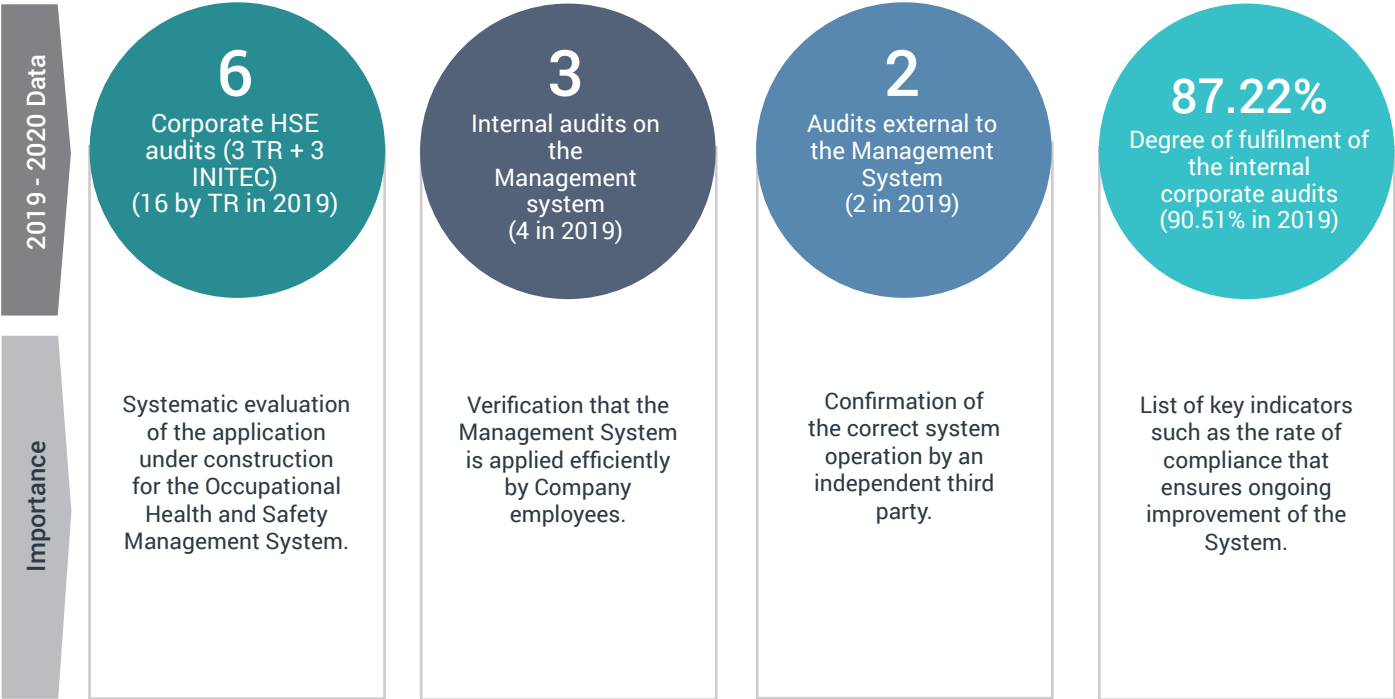
In 2020, due to the restrictions caused by the pandemic, there were only three internal audits monitoring the construction stage of the projects (compared to the 16 performed in 2019) where 68 deviations were detected. The average rate of compliance detected during the audits was 87.22% (compared to 90.51% in 2019), however, this reduction is not representative, because only two projects of the 21 currently ongoing were audited. Additionally, three internal corporate audits were performed for Initec in 2020 (compared to the 8 performed in 2019), where 22 deviations were detected (76 in 2019).

Restructuring of the HSE area as consequence of the TR-ansform Plan

In accordance with the TR-ansform Plan, the HSE underwent an internal restructuring in 2020, creating a more efficient department, both in the central offices and on the projects.

Also, various coordination actions were taken in the second semester to merge the Técnicas Reunidas and INITEC HSE departments. To this end, work areas pertaining to HSE Management Systems were created to analyse the synergies and strong points of each and share them, which we will continue to work on in 2021.

Audits within the Health and Safety Management System:



Técnicas Reunidas was able to successfully adapt the OHSAS 18001 certification to the new Standard ISO 45001 for its Occupational Health and Safety System.



MANAGEMENT OF OCCUPATIONAL HEALTH AND SAFETY IN THE VALUE CHAIN [403-3]; [403-7]

Técnicas Reunidas commitment goes beyond the Company's staff and also covers the subcontractor workers who participate in their projects.

Within the occupational Health and Safety Management System, the site health and safety managers at each of the project sites play an essential role in the application of the specific plans. All of the persons in charge of site health and safety aspects are directly under Project Management, which reinforces their consultant nature.

Both the health and safety team on site and the prevention team at the offices are in charge of regularly implementing information campaigns on safety, risk prevention, healthy habits and good practises.

Técnicas Reunidas has specific evaluation criteria for suppliers and subcontractors regarding health and safety.

These criteria apply firstly in the certification of suppliers and subcontractors through the e-supplier electronic portal (for further information, see section 6.6 Efficient management of the supply chain). Depending on the results obtained, suppliers and subcontractors may be rejected or they may be asked for further requirements such as improved supervision on site, implementation of a plan of action or increase the number of audits.

Additionally, the health and safety aspects are subsequently taken into account, and their performance will be evaluated both on site and in the workshops by means of various tools developed specifically for this purpose.

Team in charge of applying the health and safety plans. Responsibilities.

Implementation of the actions resulting from the Plan for Safe Commissioning

The Plan for Safer Commissioning is an initiative launched internally in September 2019, the main object of which is to achieve for the commissioning on site to develop optimally and to guarantee the best safety conditions for all workers. To this end, a series of activities were defined and integrated among all disciplines (engineering, construction, commissioning, project management and health, safety and environment).

In spite of the difficulties undergone due to Covid-19, throughout 2020 Técnicas Reunidas has continued to work on the implementation of the actions derived from this plan:

- Creation of a dedicated group to implement the actions in various projects.
- Mass publication campaigns to improve risk perception among our site and offices staff.
- Risk analyses to identify possible deficiencies (all disciplines affected were involved and they were performed on projects such as Fadhili, Teesside, Hamriyah or Ras Tanura).
- Joint HSE and Commissioning audits with satisfactory result at Hamriyah, Fadhili and Ras Tanura. These audits will be implemented in the other projects in the future.

HEALTH AND SAFETY MANAGER AT SITE

- a.** Implement the HSE Plan with the support of the project director.
- b.** Advise in the compliance of HSE regulations and plans.
- b.** Direct the site training plan.
- c.** Evaluate the risk of activities not covered by the Plan.
- d.** Supervise the notification of incidents and their investigation.
- e.** Identify the high-risk activities not included in the Plan and apply a safe work system.

PREVENTION TEAMS OCCUPATIONAL HAZARD

- a.** Advise and guide on regulations regarding health and safety.
- b.** Promote a positive culture of occupational safety.
- c.** Perform drills.
- d.** Develop and implement a health and safety policy.
- e.** Supervise risk evaluations.
- f.** Identify training requirements.
- g.** Monitor health and safety performance.
- h.** Supervise the notification of accidents and their investigation.

CORPORATE CULTURE BASED ON SAFETY

[403-2]; [403-4]; [403-5]; [403-6]

The Company management is leader in the protection of staff health and wellbeing and it promotes their active collaboration in this regard, through various consultation and participation processes.

Técnicas Reunidas promotes the creation of a specific corporate occupational health and safety culture, promoting training processes for the staff, encouraging their participation by means of various mechanisms, in the prevention and treatment of problems regarding work conditions and promoting co-responsibility at the various levels of the organisation.

The Company also works to ensure standardisation of the health and safety procedures throughout the organisation in order to guarantee maximum efficiency in the circulation and assimilation of corporate policies.

This objective is based on intense training work. In 2020, 0.97 hours of training were given per every 100 hours worked (2% more than in 2019) on this area, taking into account both the Company employees and subcontractor employees at site.

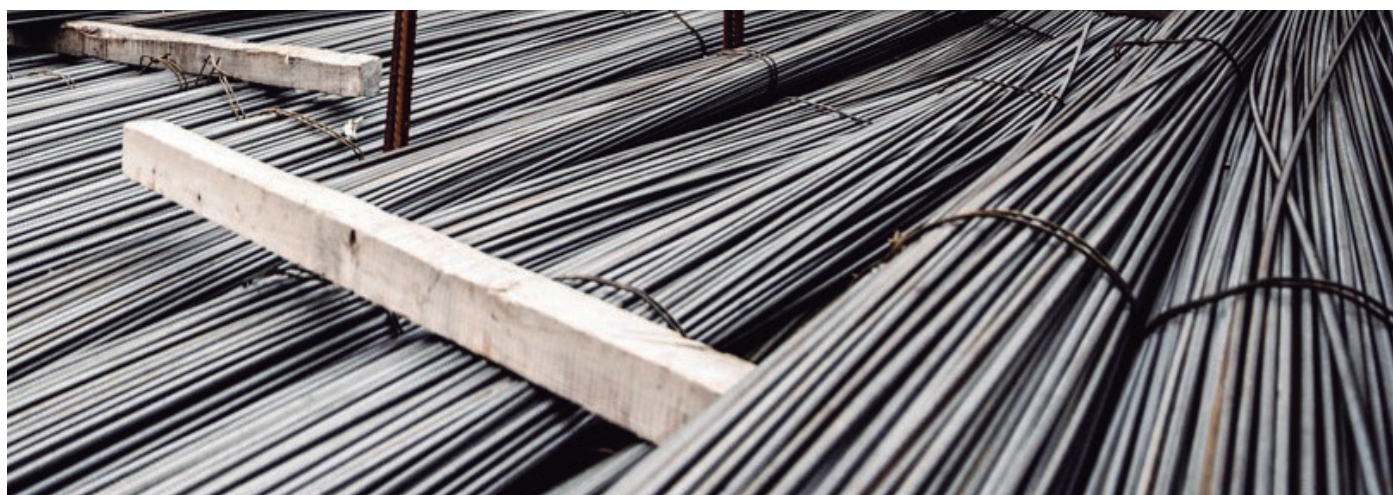
Existing mechanisms for workers to participate in the occupational health and safety management processes:

- POP program - Safety observations to identify hazards at the workplace.
- Mailbox for the Técnicas Reunidas Prevention Service.
- Occupational Health and Safety Commission.
- Direct communication with the Prevention Service members.
- Notifications to General Systems or Services when there are hazards or observations that have to be resolved by the maintenance staff.

Caring for workers' health

Técnicas Reunidas provides access for workers (own and subcontractors) to medical and healthcare services not related to the job, by implementing various actions:

- Awareness-raising campaigns, courses and publishing information on the intranet promoting health.
- Monitoring workers' health through a third-party Prevention Service.
- Medical services, health support and promotion for employees and subcontractors (both in offices and on sites), with qualified staff.
- Prevention service combined with specific awareness-raising campaigns to encourage health and safety.
- Definition of strategies to be followed to ensure worker wellbeing at the camps, dorms and canteens.



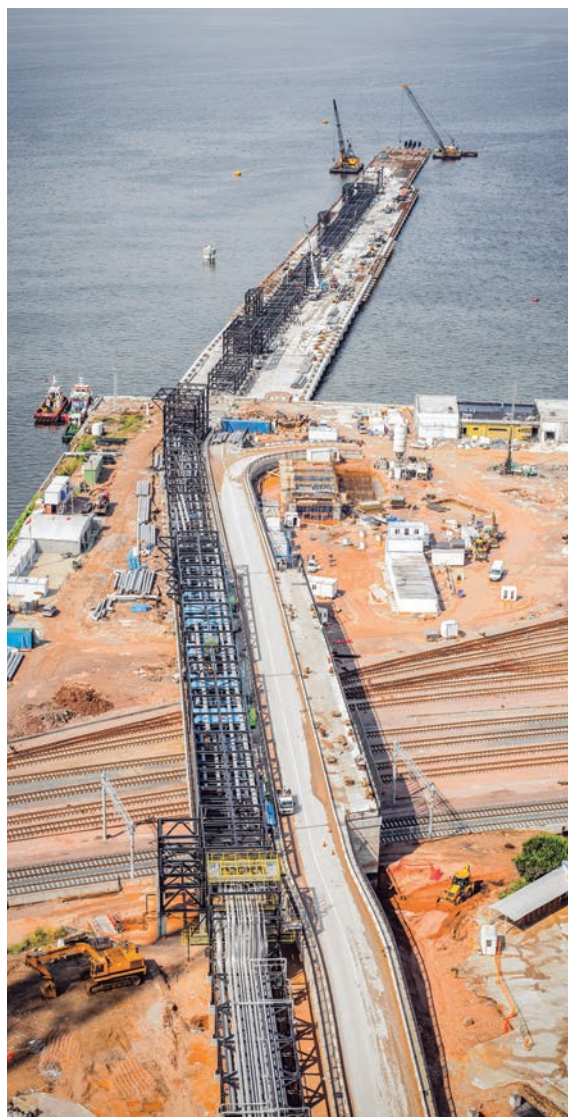
Training in Occupational Health and Safety for workers [403-5]

OFFICE STAFF

- Training in prevention of the risks associated with their job position for all new-hires.
- Specific training, individualised for each department or group.
- Annual training for the emergencies brigades on their duties.
- Safety campaigns in the offices.
- Training for designated employees on how to use the defibrillators in all buildings.
- Availability for all employees of a wide variety of health and safety courses through the “e-learning” platform, with voluntary registration.

STAFF ON SITE

- Mandatory new-hire courses on safety, both for own and subcontractor staff, before beginning their activities at a project site.
- Specific safety training according to the activity to be performed in a period of one to five years, depending on the type of training.
- Specific course program for the staff participating in the construction stages of the projects, with mandatory courses and recommended courses.
- Promote health and safety talks at the job site at the beginning of the works, between employees and their immediate superiors.



Corporate occupational safety culture



OCCUPATIONAL SAFETY PERFORMANCE ^[403-9]

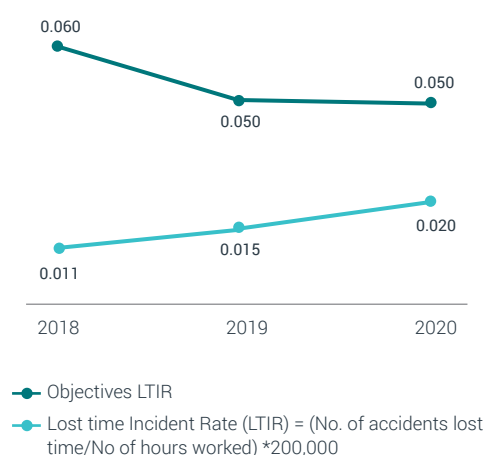
Técnicas Reunidas monitors the safety results and indicators both in the projects where it is the main contractor, and where it participates as part of a consortium and holds the responsibilities on health and safety management.

With this monitoring, the Company assesses compliance with the established goals and analyses, where applicable, the reasons for deviations, to establish, if necessary, specific action plans to reverse these results. The company records and reports, not only accidents and incidents, but also another series of parameters that help to evaluate performance from a proactive point of view. As part of this data analysis, the near misses and observations made during site inspections are studied, as they show areas of improvement in order to efficiently work on accident prevention.

The safety results are notified to the project management and to the Técnicas Reunidas management, in order to keep them updated on performance in this area.

Likewise, the results of each project and the incidents occurred are shared with all of the agents involved, thus promoting improvement of the value chain. The most important incidents are also discussed in the "Toolbox meetings" (brief safety talks given to workers by their supervisors). Additionally, each of these incidents leads to a specific investigation in order to apply corrective measures to prevent their repetition.

Lost time Incident Rate (LTIR)



Total Recordable Incident Rate (TRIR)



Evolution of the Safety indicators in 2020 ^[403-9]

In 2020, around 132,739,474 hours were worked on construction, including the hours worked by subcontractors.

This entailed an extraordinary effort by the Company, where they had to manage a volume of over 53,016 workers at peak time (between own employees and subcontractor staff).

The main safety indicators assessed by Técnicas Reunidas (Lost Time Incident Rate - LTIR; Total Recordable Incident Rate - TRIR and the Severity Rate - SR) were maintained, another year, significantly below the limits established by the Company, in spite of the increase experienced in one of them.

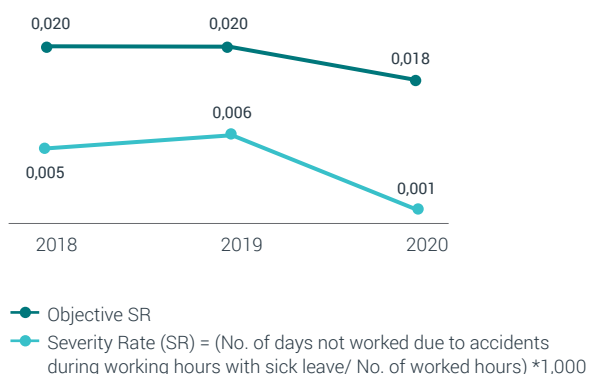
We must highlight that the number of hours worked during 2020 was noticeably lower compared to 2019, negatively affecting the accident rate increase corresponding to the lost time incident rate (LTIR).

However, the Severity Rate (SR) was greatly reduced because these lost time incidents were less serious, which meant a lower number of days of work lost due by the accident victims.

Unfortunately, in 2020 there was an accident with the end result of a deceased worker, who belonged to a subcontractor company. The accident happened during a job to correct the formwork on a unit at one of the Técnicas Reunidas projects.

Immediately after the accident the corresponding investigation was initiated, in order to find the cause and implement the actions to prevent it from happening again.

Severity rate (SR)



The lessons learned from the investigation have been distributed throughout the Company.

In addition to the immediate actions taken, other causes were identified that led to the need for a corporate action plan aimed at improving safety during the commissioning activities in all project work.

Safety results for the Técnicas Reunidas own employees⁷ [403-9]

	2018	2019	2020
No. of deaths due to an injury from a job accident	0	1	0
No. of injuries from a job accident with serious consequences	0	0	0
No. of injuries from a recordable job accident ⁸	35	28	13
(Of which accidents en route to and from work)	24	19	8
Frequency rate ⁹	0.10	0.41	0.25
Main type of injuries due to job accident	Sprains 40%	Sprains 30%	Sprains 40%
No. of hours worked	21,193,625	22,128,478	19,724,437

Safety results for the employees subcontracted by Técnicas Reunidas^[403-9]

	2018	2019	2020
No. of deaths due to an injury from a job accident	1	3	1
No. of injuries from a job accident with serious consequences	11	14	11
Rate of injuries from a job accident with serious consequences (LTIR: lost time incident rate)	0,01	0,02	0,02
No. of injuries from a recordable job accident	57	45	31
Rate of injuries from a recordable job accident (TRIR: total recordable incident rate)	0.06	0.05	0.05
Main type of injuries due to job accident	Wounds/injuries to limbs and head	Wounds/injuries to limbs and head	Wounds/injuries to limbs and head
No. of hours worked	184,059,125	167,874,960	121,018,662

⁷ Data on the Técnicas Reunidas employees are included, including both office and site staff.

⁸ All accidents are considered minor.

⁹ The frequency rate refers to the number of professional contingency processes with sick leave, excluding accidents en route to and from work and relapses, that happen during the workday, for every million hours worked by the employees exposed to the risk.

PARTICIPATION IN FORUMS AND EXTERNAL RECOGNITION ON OCCUPATIONAL HEALTH AND SAFETY

Once again, the Técnicas Reunidas commitment and performance in health and safety issues is acknowledged by our clients.

Throughout 2020 Técnicas Reunidas has attended and collaborated, remotely, on various Health and Safety forums:

- SPF World 2020 -Sustainable Performance Forum" held in November, where the latest technology for operations risk management and control were shown.
- "Business Partners Covid-19 Review Meeting" and "Safety Leadership during unprecedented times", both held in June and organised by ADNOC (Abu Dhabi National Oil Company).

In addition to the acknowledgements received by clients, Técnicas Reunidas has celebrated numerous safe hour milestones in its projects:



January 2020: 90 million hours without accidents with sick leave at the Fadhili project (Saudi Arabia).



June 2020: 18 million hours without accidents with sick leave at the Al Zour project (Kuwait).



July 2020: 30 million hours without accidents with sick leave at the Haradh & Hawiyah project (Saudi Arabia).



October 2020: 10 million hours without accidents with sick leave at the BU HASA project (United Arab Emirates).



October 2020: 25 million hours without accidents with sick leave at the BAPCO project (Bahrain).



October 2020: 26 million hours without accidents with sick leave at the GT5 project (Kuwait).



December 2020: 4 million hours without accidents with sick leave at the HAOR SOCAR project (Azerbaijan).



December 2020: 50 million hours without accidents with sick leave at the RAS TANURA project (Saudi Arabia).



December 2020: 50 million hours without accidents with sick leave at the DUQM project (Oman).

Granting of the "Gold Award" to Técnicas Reunidas at the ASSP GCC HSE Excellence 2020 awards.

The GT5 (Kuwait) project by Técnicas Reunidas achieved the maximum classification, "Gold Award", at the ASSP GCC HSE Excellence 2020 awards, organised by the American Society of Safety Professionals (ASSP), in the environmental excellence category.

Over 100 HSE leaders, representing various private sector companies from Kuwait and other GCC areas, participated in this program.



6.6 EFFICIENT SUPPLY CHAIN MANAGEMENT

Técnicas Reunidas has worked to keep its supply chain active, adapting its activity to the circumstances arising from the Covid-19 pandemic. Some of the more significant actions include maintaining communication with subcontractors and the digitalisation of processes previously done in person.



MAIN INDICATORS

INDICATOR	2020 FIGURES	TRENDS 2018-2020
Materials purchases from suppliers and construction subcontractors (million Euros)	2,597	-22%
Number of construction subcontractor's workers ¹	53,016	-7%
Local purchases and subcontracting (%)	79%	-10 percentage points
Approved suppliers and subcontractors (number)	3,012	+16%
Suppliers subject to audits or evaluations (%)	64%	+9 percentage points
Average supplier performance evaluation score (evaluation from 0 to 3)	2.26	+4%
Efficiency in procurement tasks (hours spent per order)	471	+ 71% ²
Supplier training hours	156	+ 179%
Number of days to close non-conformities ³	24	- 4%



MILESTONES 2020

- Implementation of the TR ansforma Plan to improve the efficiency of the Técnicas Reunidas supply chain.
- New collaboration agreements with strategic suppliers to optimise processes.
- Developing scorecards as a management tool to streamline actions with suppliers through digitalisation.
- Implementation of remote supplier inspections as a result of the Covid-19 pandemic.
- Creation of a dedicated working group to strengthen Técnicas Reunidas' relationship with suppliers through more efficient management of supply closures and final purchases in projects.



GOALS FOR 2021

- Strengthen coordination of final purchases and improve management of surplus materials stock.
- Complete the implementation of the third party integrity assessment procedure concerning the integrity analyses carried out before beginning business relationships.
- Implement robotic process automation (RPA).
- Promote centralised purchasing and develop local purchasing in the project's final phase.
- Integrate the "eCost" tool with "eSAM" to optimise construction cost control.
- Reorganise the construction area's management as a resource optimisation tool.
- Implement an interdepartmental Intranet to streamline communication and problem-solving.
- Complete the implementation of the Site Workforce Control application for controlling construction activities.
- Complete the new manager profile to improve the monitoring and information about deliveries and purchases in the final stages of projects.
- Consolidate the organisation to properly manage any staff cuts.
- Make framework agreements with strategic suppliers.
- Explore new options for outsourcing special shipping of heavy loads.

¹ Data for direct subcontractors on construction tasks during the peak month of the year.

² Efficiency in procurement tasks has dropped because there were significantly fewer orders in 2020 (-30%). This fall in the number of orders is mainly due to the slowdown in EPC projects due to Covid-19, and TR's high participation in FEED projects, where the number of awards is very low.

³ Exceptionally, the comparison of this indicator over time is over the 2019-2020 period due to a change in the calculation criteria since 2018. This figure has been calculated as the number of days from the opening of the non-conformity up until the client approves the corrective action agreed with the supplier.

MANAGEMENT APPROACH [103-2]

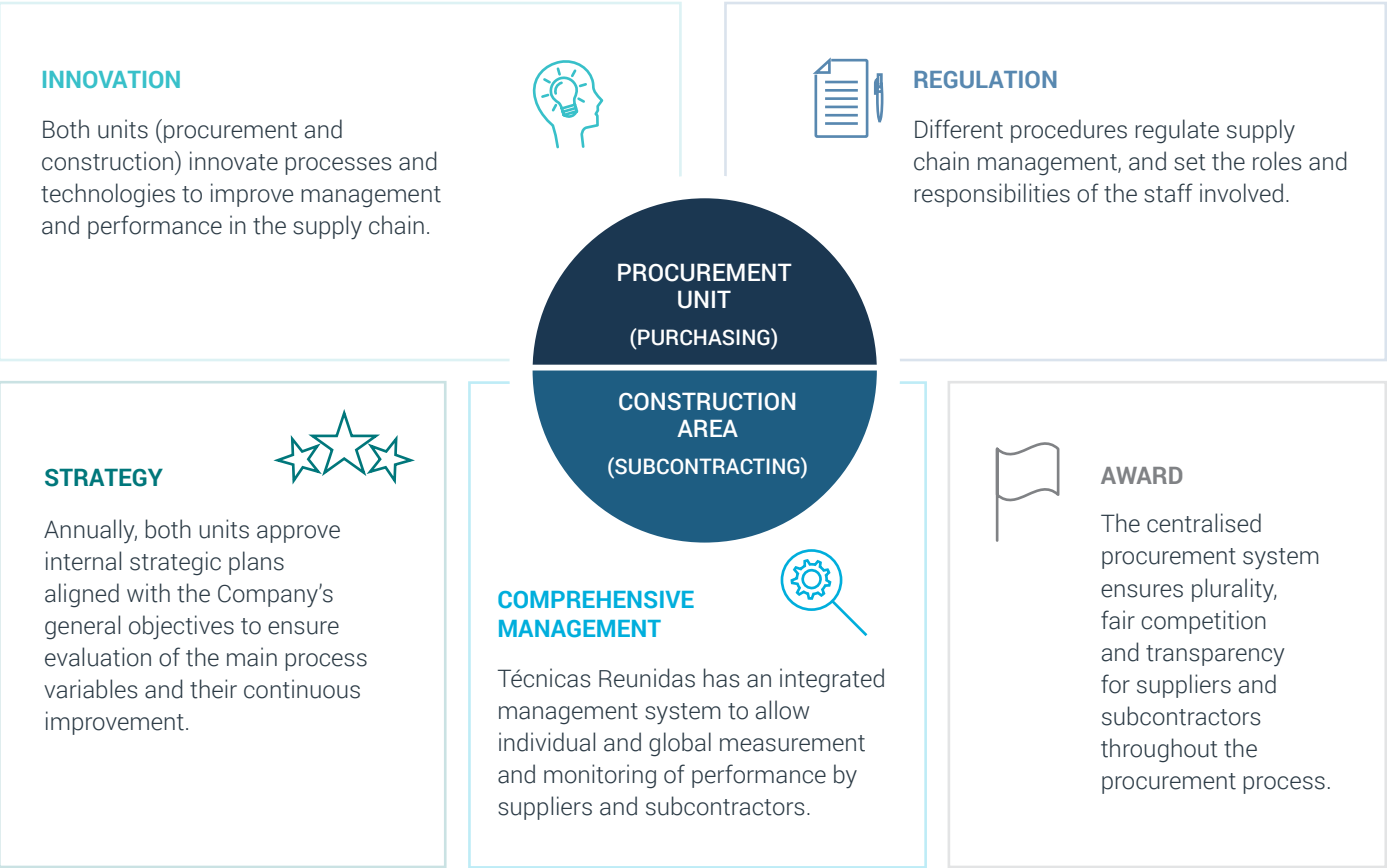
The main objective of Técnicas Reunidas' supply chain management is to achieve competitive contract awards for materials, equipment and assembly services (subcontracting) in accordance with the excellence and quality standards required by the sector.

Management of this supply chain is becoming increasingly complex. To overcome this challenge, the Company has equipped itself with innovative tools that enable it to

analyse and monitor the performance of its suppliers and subcontractors, maximising efficiency, creating new opportunities and adequately managing risk.

Another fundamental aspect of supply chain management is the need to have up-to-date information about the global supplier market to mitigate financial, performance and quality risks when selecting suppliers and subcontractors.

Supply chain management approach at Técnicas Reunidas



In 2020, there was an average of 44,424 workers on Técnicas Reunidas projects (mostly belonging to construction subcontractors). To meet the challenges of managing such a large number of workers, the Company had more than 3,323 staff dedicated to financial monitoring and control of subcontractors' work.

TRANSFORMATION FOR IMPROVED SUPPLY CHAIN EFFICIENCY

In line with the global transformation process being undertaken by Técnicas Reunidas, there was good progress in 2020 on a series of items to optimise the supply chain. These actions enabled the Company to reduce some of its costs without compromising the quality of its services, helping it increase margins and boost its long-term strategy for leadership in the sector. The following table summarises the most important actions in this area:

Optimisation of procurement management

NON-PRODUCTION COSTS	Optimisation of third-party service costs through supplier consolidation, contract renegotiation and other measures.
PROCUREMENT CYCLE	Optimisation of the procurement cycle to reduce potential cost overruns due to delays and unforeseen events in the procurement-fabrication-delivery cycle.
INITEC-TÉCNICAS REUNIDAS UNIFICATION	Standardise the different activities in the Initec and Técnicas Reunidas Procurement work methodologies to establish a single process based on corporate tools.
PURCHASING MODEL	Search for purchasing model synergies, both within the group and with its main suppliers and subcontractors. Align the interests of all parties and set out a collaboration policy that allows greater processes integration.
EXCESS MATERIAL	Identify actions to reduce procurement, improve control and increase materials reuse.

Digital transformation of purchasing and procurement processes

As part of its digital transformation exercise, in 2020 the Company consolidated the introduction of a new software application to digitalise several purchasing and contract award processes, which until now were done manually. This application contributes to improving data reliability and traceability, and the assignment of responsibilities at all times, optimising quality and execution time.

Also, process digitalisation, which was already in progress in previous years and which has been accelerated this year, has increased the amount of information available for use within the Company. This change, and the need to streamline decision making in the Procurement Unit, has prompted the Company to develop a series of Management Dashboards (MD) to display required important information graphically and dynamically, updated against historical data.

PANDEMIC IMPACT AND SUPPLY CHAIN ADAPTATION ^[103-2]

The Procurements Unit has contributed to maintaining the continuity of Técnicas Reunidas’ activities, striving to avoid supply chain disruption caused by the pandemic.

Actions promoted to manage the impacts of Covid-19 on supply chain management

Main impacts of the pandemic in the supply chain	Main actions implemented by Técnicas Reunidas
<ul style="list-style-type: none">• Partial and total closures of workshops and factories worldwide causing delays in deliveries and drawdown of materials.• Extension of investments by clients (example: Saudi Arabia) causing overstock of materials and late payments.• Lack of supply of services.• Limitations in displacements influencing the lack of personnel on site.	<ul style="list-style-type: none">• Creation of a Covid-19 Commission and a Management Commission on site.• Implementation of security measures promulgated by the sanitary authorities sanitary of each country.• Strengthening the continuous communication with subcontractors.• Negotiation of new conditions and agreements with subcontractors.• Digitization of processes that were previously executed on site (inspections).• Search for logistics containers within the same country of origin to ensure supply.• Slowdown in the adjudication of logistics services in the projects about to start the execution phase (Marjan) avoiding contractual commitments that will oblige the project to operate with freight costs affected by market volatility.• Coordination of the real need for materials on site between supply and construction to assess potential delays avoiding extra freight costs.

Managing delays and suspensions during the pandemic

By adopting very strict measures globally to limit the impact of the pandemic the Company has been able to maintain business continuity and ensure the safety of its own staff and that of its subcontractors, enabling all projects to connect using sophisticated digital platforms and state-of-the-art integrated software.

As a result of this situation, unprecedented in the Company's history, Técnicas Reunidas has had to face delays and suspensions of some projects. It has had to negotiate suspension conditions with the clients and agreements with subcontractors.

Carrying out these tasks at a distance of thousands of kilometres has been a considerable challenge. The Company's fast reaction and response times, together with the strong adaptive capabilities its staff, clients and subcontractors, have been critical for successfully managing this complex situation.



TÉCNICAS REUNIDAS' SUPPLY CHAIN IN FIGURES

[102-9]; [204-1]

Técnicas Reunidas has a database of 25,808 materials suppliers and construction subcontractors worldwide. It has already approved 2,426 of these suppliers and 586 subcontractors.

In carrying out its projects, Técnicas Reunidas encourages collaboration with local suppliers and subcontractors from the surrounding area, for which it has a specific procedure to ensure the best treatment of this type of requirement.

In recent years, the volume of contract awards to these local suppliers and subcontractors has increased significantly, to 79% in 2020.

In its commitment to encouraging this type of purchasing and contracting, the Company carries out an exhaustive analysis of the local market to identify potential awardees (including visits to these companies and a pre-qualification process). In addition, it also carries out training and coaching activities with them to strengthen their skills and promote their integration in Técnicas Reunidas projects.

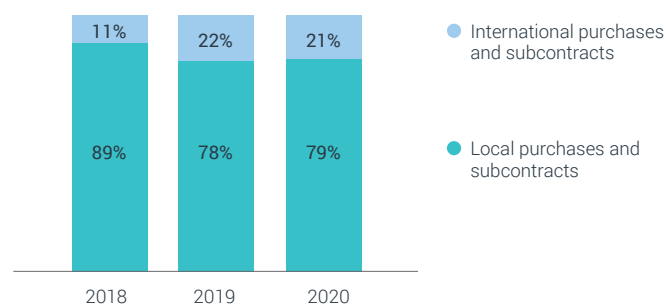
Relying on this type of suppliers and subcontractors provides the Company with a series of advantages, mainly in terms of delivery and completion of assembly work and speeding up internationalisation processes in the country.

On the other hand, Técnicas Reunidas' collaboration with local suppliers and subcontractors brings them economic benefits and offers them the possibility of working with an international company with extensive experience, which can be a lever for their growth and strengthen their capabilities.

Técnicas Reunidas' Supply Chain in 2020

	Material suppliers (including mechanical and static equipment, piping materials, electricity, instrumentation).	Construction subcontractors (including civil works, mechanical assembly, electrical and instrumentation assembly).
Number of approved suppliers and subcontractors	2,426	586
Number of regular and recurring suppliers and subcontractors	548	135
Number of strategic suppliers and subcontractors	44	19

Distribution of purchases among suppliers of materials and subcontracts made by Técnicas Reunidas between 2018 and 2020*



Total purchases from suppliers of materials and construction subcontractors in 2020: €2,597.3 million**

* Note: data taking into account invoicing dates. Local purchases and subcontracts include those made by subsidiaries, branches, and foreign joint ventures. International purchases and subcontracts include those managed from Spain even if they are awarded at international level.



SURVEYING AND INSPECTION OF SUPPLIERS ^[102-9]

Técnicas Reunidas collaborates with a wide variety of clients and suppliers in different geographical areas. Some of these areas have a long manufacturing tradition, while others are emerging industrial powers.

The Inspection Department has a dedicated team for surveying and researching different local markets to evaluate and provide the Company with a network of collaborators capable of understanding Técnicas Reunidas' needs and adopting its working style. Unfortunately, this year, travel restrictions due to the pandemic made it impossible to do this inspection work in person, and it has had to adapt to doing it remotely.

Técnicas Reunidas has equipped itself for this with a set of tools that have made the adaptation easier. One of these is the "IMA" (*Inspection Management Application*) application that we use to improve data collection and analysis to evaluate staff performance. The department uses this application for better and more thorough monitoring of the materials procurement and the different fabrication phases. It creates a system of alerts to minimise deviations that could impact a project's delivery targets. IMA can also automate cost control processes linked to inspection activities. This allows greater control and management, helping keep to a project's targets.

Another essential tool for success is the company's knowledge base that allows it to guide a supplier in case of problems. The Procurement Unit has specialist areas to respond to this need. Having expert staff in the main supply fields allows us to evaluate bids better, advise the client more thoroughly, anticipate problems, and respond more quickly and uniformly to problems in the fabrication process.

One of the significant challenges is to organise all the problem-solving knowledge accrued experiences in different projects. To work toward achieving this, we have restructured the department to centralise the expert staff. Centralising

Adapting to Remote Inspections

Remote inspection systems have been implemented to adapt working methods to overcome the travel restrictions due to the pandemic. Remote inspections have been carried out on simple systems, such as piping materials and also been used for more complex equipment, such as pumps, compressors and chemical injection packages. For these inspections, the manufacturer uses cameras and software to precisely monitor the tests, and interact with the Técnicas Reunidas inspector, factory personnel and the client's representative.

This process has led us to identify a series of benefits and operational improvements, such as cost and time savings, which will be considered in the implementation of future processes to ensure safety from the point of view of inspection and quality control.

this work allows us to respond to problems more quickly. Moreover, centralising expertise enables us to anticipate problems that the Company has faced in the past with the same customer, unit, or process.

Creation of a specialised working group to strengthen relationships with suppliers

Técnicas Reunidas has been working on setting up a consolidated project closure group with a multidisciplinary staff, specialised in tasks to ensure that project closure is completed satisfactorily in terms of cost and time. Its specialist activities include, among others:

- Coordination with contracting and legal departments to minimise risk.
- Negotiation to ensure the best possible closing of contracts with suppliers.

- Managing synergies with other projects and clients to avoid adverse impacts.
- Coordination between site teams and other disciplines to ensure the success of the final stages of the programme.

Also, this year, we have created a new manager profile to improve information and control for deliveries and local purchases in the final project stages. This person specialises in fast-track management and resource optimisation within the closure group.

SUBCONTRACTING MANAGEMENT IN CONSTRUCTION [102-9]

The Construction Division responds to the needs that arise in the different phases of EPC (Engineering, Procurement and Construction) projects within the Construction area:

BID PHASE (HEAD OFFICE)	TASK FORCE PHASE (HOME OFFICE)	WORKS PHASE (SITE)
<p>The complete valuation of the construction cost and the proposal technical description is carried out.</p>	<p>Other activities carried out include subcontracting, defining the work organisation chart, and selecting and mobilising the Company's personnel. In selecting subcontractors, Técnicas Reunidas follows a transparent and detailed award process that allows it to select the companies that best meet its requirements.</p>	<p>Works management is carried out, including management of subcontracts and supervision and monitoring of all activities, until the installations are delivered to the client.</p>

All the activities that make up these three phases are regulated by corporate procedures audited throughout the project lifetime to ensure continuous compliance with requirements.

In addition, to strengthen subcontractor management, we have sometimes needed to micro-manage some of them to ensure optimal work performance in recent years. With this objective in mind, Técnicas Reunidas has developed a set of tools to facilitate execution control, including the e-SAM software tool. This tool aims to improve the time and cost-efficiency of subcontractor management processes, strengthen communication, increase process control and reinforce the capacity to make forecasts for the future. In 2020, we developed new modules and functionalities for this tool, and we have continued using it for the Crisp, Marjan, Termocandelaria, and recently-awarded Ras Tanura projects.



Effective management of subcontractors in very complex conditions

In a project in the United Kingdom, following the British Government's announcement on 23rd March regarding the new measures to be adopted due to the pandemic, most of the British subcontractors opted to furlough their staff, reducing the number of people working from around 2,000 to barely 300.

The Company's priority then was to avoid stopping work, and taking the measures necessary for the subcontractors to return to work as quickly as possible. These measures included strengthening of disinfection measures at all premises, relocation of subcontractors and installation of additional temporary cabins, adjustment of entry times and breaks to avoid overcrowding on the shuttle bus service, strengthening the medical service, temperature checks and Covid-19 testing, and the introduction of quarantine periods.

All these measures were implemented quickly to protect the health and safety of all workers, and were far more stringent than those legally required. These measures enabled the subcontractors to return to work at their premises and get the construction work back on schedule.

APPROVAL OF SUPPLIERS AND SUBCONTRACTORS

Técnicas Reunidas incorporates a set of requirements for its suppliers and subcontractors in the approval process. In addition, there are requirements for specific types of goods and services to ensure that they comply with all requirements.

For any supplier and subcontractor seeking approval to provide services to the Company, the first step is to submit the pre-approval questionnaire on the e-Supplier website. For suppliers, the approval process is led by the person responsible for approval in the division's quality department in charge of coordinating these activities. Then, whether the supplier is approved or not, the procurement coordinator may request additional steps for orders that are more complex, costly or have specific client requirements.

Ultimately, the Company has the SPMat system for evaluating awarded orders selected by the approvals commission. The information obtained in this process must be made available to buyers and is considered in the supplier's purchase

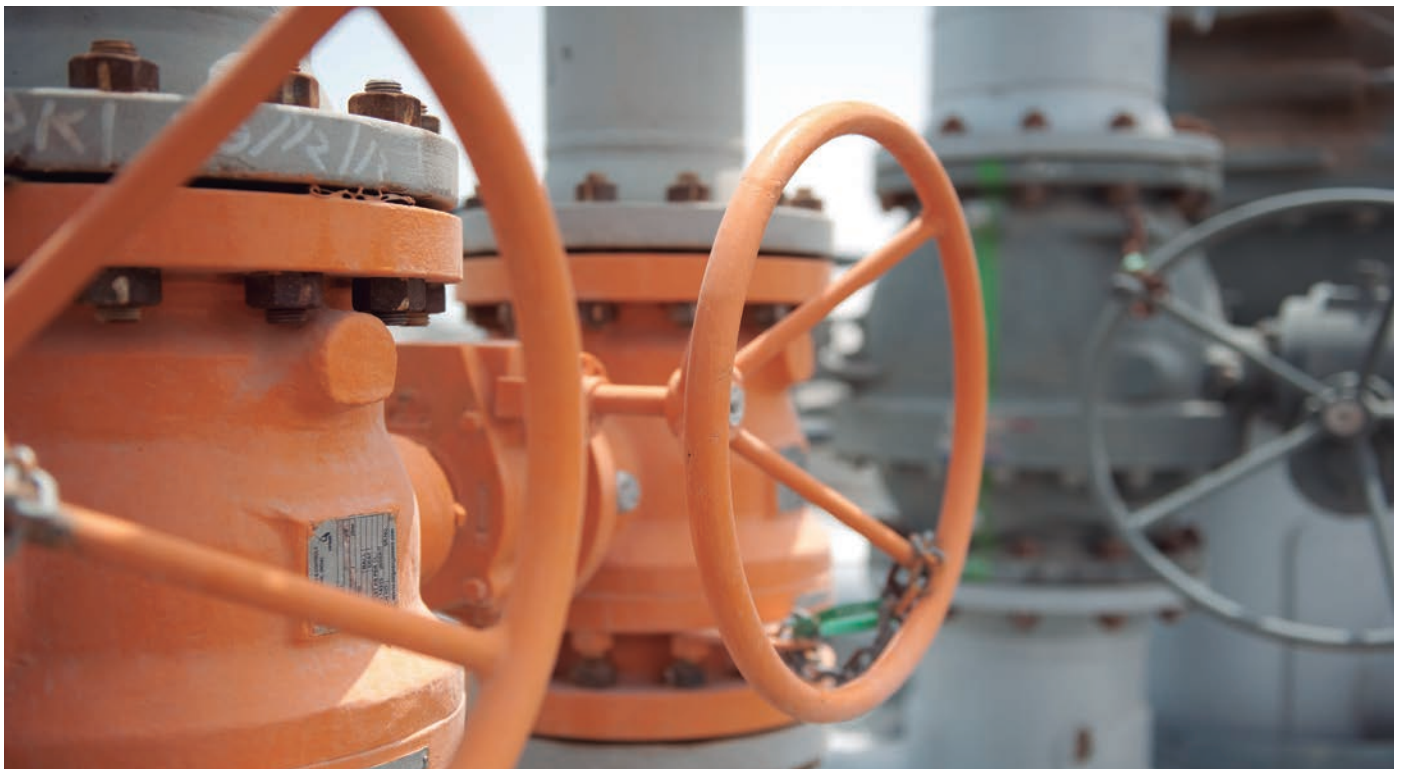
recommendation.

Subcontractors go through a similar approval process, and those that do not meet the established requirements are discarded during the request for quotation stage.

The Company has a list of suppliers and subcontractors with which there have been no good experiences in the past (list of disqualified suppliers and subcontractors) to prevent other Group companies from working with them, to minimise the subcontracting risks.

The main reasons for putting a supplier or subcontractor on this list are defects or serious non-compliance in work execution, being subject to claims with arbitration proceedings, or being in a bad financial situation, making it a risk for project execution.

Having a supply chain that meets the Company's standards and values is a crucial factor in ensuring project success.



RISK MANAGEMENT IN THE PURCHASING AND SUBCONTRACTING PROCESS

The Company has a procedure to detect risks in the purchasing and subcontracting process. During 2020, the Compliance Unit carried out a review and update of the Due Diligence Policy for third parties. This policy involves assessing each subcontractor before opening business relations to ensure their integrity, especially in human rights protection and combating corruption. In addition, this policy enables the Company to set preliminary risk levels to trigger integrity assessments of whether third parties have a similar culture in this field.

In addition, to increase safety and reduce supply chain risk, Técnicas Reunidas expressly regulates the subcontracting of work or services to critical suppliers and subcontractors through clauses included in the corresponding contracts. Furthermore, in 2020, it has included regulatory compliance clauses, and contract termination clauses for non-compliance with the values set out in the Code of Conduct for suppliers.

If significant risks are detected in an award, Técnicas Reunidas rejects the award to that supplier or subcontractor and searches for valid alternatives. If there are no alternatives or the risk can be managed, the order or subcontract includes a series of actions in its requirements to minimise the risk, including more thorough monitoring during fabrication and construction.

For subcontracting, Técnicas Reunidas has identified the potential risks and has designed specific mitigation mechanisms. These include production risks (minimised by exhaustive work progress monitoring), financial risks (managed by evaluating subcontractors prior to contract award) and those associated with poor quality (controlled by monitoring performance).

It is also essential to minimise health, safety and environment (HSE) risks. To achieve this, supplier risks are minimised by approval and subsequent on-site inspection, while subcontractors are pre-qualified before contract award and then supervised during the construction phase.

The Company also monitors risk associated with the labour welfare of subcontractors' employees by participating in the organising of camps for workers.

This year, due to the Covid-19 pandemic, there have been severe risks related to project delay or cancellation and materials delivery, as well as execution costs and commercial conditions for construction works.



APPLYING TÉCNICAS REUNIDAS’ CODE OF CONDUCT TO ITS SUPPLY CHAIN ^[103-2]

Managing the supply chain involves finding reliable partners who provide solvency and value and requires that they share the Company’s commitment to sustainability.

Técnicas Reunidas is committed to establishing a supply chain aligned with its values and requirements regarding health & safety, the environment, workers’ rights, respect for human rights, equality, ethics and integrity. This commitment has led the Company to develop a Code of Conduct and a specific Integrity Statement form for suppliers and subcontractors, aligned with the Company’s Code of Conduct.

These are the most significant aspects:








- Integrity of behaviour among Técnicas Reunidas staff and stakeholders.
- Importance of suppliers and subcontractors acting responsibly, efficiently and with quality.
- Promoting equal opportunities and non-discrimination.
- Human rights commitment.
- Protection of labour rights and the environment.

Técnicas Reunidas requires all companies in its supply chain to adhere to the Code of Conduct for suppliers and subcontractors by registering with the e-Supplier website. Since it was launched in 2017, 2,506 suppliers and subcontractors, out of a total of 25,808, have accessed it and submitted the pre-qualification questionnaires and accepted the Code of Conduct, and 614 did so during 2020.

In addition, Técnicas Reunidas has a series of specific requirements about environmental, labour and human rights protection issues. Furthermore, there are particular requirements aligned with the ISO 14001 standard, environmental legislation compliance and reporting of sustainability information (see figure).

All this information is collected and made available in SPMat, always in compliance with privacy requirements. This allows a more efficient, transparent and agile management of the supply chain to improve the Company’s competitiveness and its quality, allow cost optimisations and reduce project risk.

Main Sustainability Requirements for Supply Chain

	Environmental management requirements in accordance with ISO 14001.
	Ability to comply with applicable environmental legislation.
	Report environmental incidents and accidents occurring in the previous five years.
	Report environmental fines and sanctions for previous five years.
	Report annually about carbon footprint.
	Health & Safety requirements aligned with ISO 45001.
	Human rights requirements.

MONITORING OF SUPPLIERS AND SUBCONTRACTORS

Técnicas Reunidas maintains optimum control over compliance with contractual project deadlines and other requirements by continuously evaluating the performance and capabilities of suppliers and subcontractors.

In addition, for several years, it has also been monitoring health and safety conditions during contract performance by these suppliers and subcontractors, covering three main aspects:

- Evaluate the health and safety conditions in the workshops with which it collaborates.
- Advise and assist vendors on health and safety issues where necessary.
- Ensure the health and safety of inspectors working for TR and its subcontractors in the workshops where the material for subcontractors' projects is inspected.

These aspects are evaluated during specific HSE inspections, where the necessary parameters are assessed to ensure a safe working environment for the Company's own teams and those of its partners. The Procurement Department reviews any failed checks and takes any necessary action.

If Técnicas Reunidas detects any safety, health or environmental deviation, it carries out a specific risk assessment. Depending on the type of deviation and its seriousness, the supplier is required to take corrective and preventive actions. If the deviation is serious, the Company considers the possibility of banning the supplier from future bids or awards.

Likewise, subcontractors are also supervised during work execution to ensure compliance with all contract requirements. This supervision involves audits to detect non-conformities. The audit report sets out corrective actions for any non-conformities with deadlines for correction.

These audits are carried out by inspecting any work done by the subcontractor. Work is only accepted when the Company's inspectors have verified that it has been carried out in accordance with the project designs and specifications. In addition, these inspections regularly check that the corrective actions have been carried out, and the checks are documented in detail in the quality files delivered to the client.

As with suppliers, Técnicas Reunidas includes in its contracts the obligation to comply with safety, occupational health and environmental requirements, and compliance is supervised daily. There are also specific audits. As with the quality aspects of a project, any non-conformities are monitored until corrective measures are implemented. The Company may apply financial penalties or even expel the personnel responsible for more serious or repeated infringements.

Implementing actions to identify efficiency improvements:

Técnicas Reunidas has worked to promote an increase in the percentage of pipe prefabrication among its subcontractors, to increase productivity.

In line with this initiative, Técnicas Reunidas has promoted the introduction of the commercial software tool SpoolGen, which will enable improved monitoring and traceability of prefabricated pipe materials and drums.

At the same time, this will enable it to optimise and manufacture larger drums that can be transported and installed on site. This increase aims to carry out as many welds as possible in the workshop, where performance is higher and costs significantly lower. In this way, Técnicas Reunidas is able to increase project profitability, making it more competitive.

DIALOGUE AND COLLABORATION WITH SUPPLIERS AND SUBCONTRACTORS

For Técnicas Reunidas, dialogue and collaboration with suppliers and subcontractors have a direct positive impact on the Company's performance. Not only does it create synergies and enhance communications, but it also helps optimise execution times, allowing us to anticipate and manage changes and improve delivery times.

These collaborations led to a reduction in quality non-conformities and a performance improvement, not only with Técnicas Reunidas but also with other clients. An interesting example of this type of collaboration is the participation by companies with extensive technical knowledge in very specific areas, such as heavy lifting. These companies integrate with Técnicas Reunidas starting at the bidding phase, providing technical solutions for lifting large equipment, transporting modules and, in general, handling large loads. This collaboration enables the Company to optimise costs and increase safety in its projects.

In this context, Técnicas Reunidas has a series of mechanisms to strengthen relationships with its suppliers, especially with strategic suppliers. These mechanisms include framework agreements that include overall commercial conditions covering different projects and joint improvement groups dealing with the main areas for improvement according to the performance shown in project execution.

As a normal part of its business, Técnicas Reunidas surveys its suppliers to ascertain the aspects in which the Company performs well and those in which it should improve its interaction with each supplier.

This year, these surveys were suspended due to the impact of the Covid-19 pandemic on the Técnicas Reunidas supply chain. However, the favourable opinion and improving trend during previous years' surveys are relevant. Some of the specific aspects most highly valued by suppliers are the quality and quantity of the documentation included by the Company in the tenders, the communication and clarification of different aspects during the award process, and the inspection and progress monitoring activities.

In addition, during the year, the Company has been working to boost its communication channels by designing an interdepartmental Intranet for more agile problem resolution. Currently, the testing phase has begun, and the launch is planned for 2021.



The Benefits of communicating with subcontractors during a pandemic

In the pandemic situation, much of Técnicas Reunidas' management effort has been to promote good and continuous communication with subcontractors, to provide an agile and effective solution to the problems the pandemic causes, both in terms of health and hygiene and delivery times, costs and contract conditions. Throughout the year, the Company held regular meetings with subcontractors to coordinate the necessary measures and actions. A typical example of this is the way we set up a crisis management commissions with daily decision-making meetings for the Haradh project.

Collaboration with strategic suppliers to foster process efficiencies, lesson learning and process standardisation

The success of our projects depends on aligning the interests of suppliers and subcontractors with those of Técnicas Reunidas.

For this reason, Técnicas Reunidas is working on a process for collaboration with strategic suppliers to improve the entire supply cycle. We have identified more than 200 initiatives for improvement. Some of the initiatives are purely internal, while others involve working together with suppliers and subcontractors so that lessons learned from one party can be incorporated into the work processes of the other.

One of the initiatives, for the first phase of the cycle (bid reception) is to standardise the technical and commercial documentation provided to manufacturers so that we receive the bids and evaluate them as quickly as possible.

Técnicas Reunidas regularly participates in international exhibitions and trade fairs to contribute to the development and strengthening of its clients and suppliers.



6.7 COMPANY RELATIONSHIP WITH THE STAKEHOLDERS

Técnicas Reunidas is aware of the social dimension of its activities and projects, therefore it aims to combine technical excellence in the construction of sustainable plants for its clients, with consideration for the needs of its stakeholders, through constructive dialogue with them that will promote effective impact and reinforce their contribution to the environments where they are present.



KEY INDICATORS

INDICATOR	DATA 2020	EVOLUTION 2018-2020
Amount dedicated to social action projects (€) ¹	283,895.42	-55%
Organisations with whom we collaborate on social affairs (number)	17	=
Positive impact in the environs of projects from local purchases and subcontracts (million €)	2,063	-30%



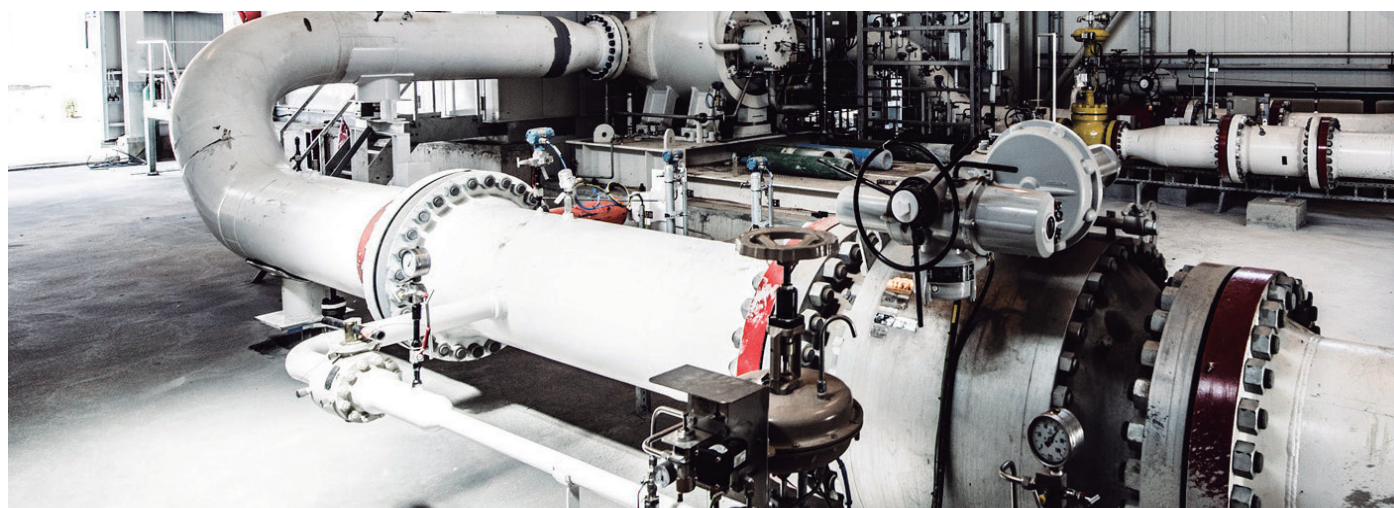
MILESTONES IN 2020

- Promote local purchases and subcontracts, up to 79% of the total.
- Approval of the Sustainability Policy.
- Use of reinforced criteria to select social interest initiatives in the implemented projects.
- Adaptation of the dialogue with local communities to the new Covid-19 management situation.



2021 GOALS

- Maintain a high percentage of local purchases and subcontracts.
- Commit to joint social actions with particularly relevant third parties during project implementation (client or main subcontractors) with alliances that will benefit local communities.
- Approval of a Sustainability Plan aligned with the current Sustainability Policy.



¹ €18,137 of these €283,895 were aimed at social contributions within the framework of initiatives with local communities of the Técnicas Reunidas projects, while the remainder (€265,758) were contributions to non-profit foundations.

ACTION PRINCIPLES

[102-43]; [103-2]

The Company's Sustainability Policy contains general or specific action principles that are Company commitments and an action guide for its stakeholders:

CREATION OF SUSTAINABLE VALUE



Promote the development of industrial plants that are environmentally sustainable, economically acceptable, contributing towards fighting climate change and to the transition to a low-carbon economy and the development of clean energies.

TIES WITH THE LOCAL COMMUNITIES



Build strong ties with the communities where the Group carries out its activities, with the aim to generate trust and create a feeling of belonging to a company of excellence.

A HEALTHIER, MORE EGALITARIAN AND FAIRER SOCIETY



Back initiatives that contribute to a healthier, more egalitarian and fairer society, such as encouraging personal-work life balance and, additionally, collaborate with projects in emerging and developing countries, paying special attention to the provision of sustainable solutions for building industrial plants that will provide general access to energy.

These principles are contained within the special consideration that the company has towards the Sustainable Development Goals, particularly those where the contribution is more significant, such as goals 7, 9 and 13, regarding the supply of affordable and non-contaminating power, construction of resilient infrastructures, promotion of inclusive and sustainable industrialisation and encouragement of innovation and fight against climate change, respectively.



PARTICIPATION AND DIALOGUE WITH STAKEHOLDERS

[102-40]; [102-43]; [102-44]

Técnicas Reunidas is committed to a permanent and constructive dialogue with the stakeholders as a key element of its sustainability strategy.

Técnicas Reunidas has various channels to maintain and strengthen its relations with the stakeholders, that allow it to identify the most important issues for them regarding the Company's activities.

This year, Técnicas Reunidas approved the update to the Sustainability Policy. This approval allows the Company to have a single regulation that coordinates all of its actions in this regard, also including the Company's commitments to its stakeholders, for whom this Policy is a foreseeable behaviour guideline.

Relations channel and relevant issues for the Técnicas Reunidas Stakeholders [102-40]; [102-43]; [102-44]

Stakeholders	Main channels	Frequency of the relation	Relevant issues identified in 2020
Employees	<ul style="list-style-type: none"> Satisfaction surveys. Training, tutoring and interviews. Website. Intranet. Integrated report. Evaluation of skills and knowledge. 	Continuous	<ul style="list-style-type: none"> Satisfaction with the job position. Workload. Relationship with the Company, supervisors and other colleagues. Low rotation. Job stability. Telework
Clients	<ul style="list-style-type: none"> Regular meetings. Satisfaction surveys. Forums and conferences. Website. Annual report. Project Director. 	Continuous	<ul style="list-style-type: none"> Proposal negotiation. Implementation of the awarded projects. Covid-19 influence.
Shareholders	<ul style="list-style-type: none"> Meetings with investors. Forums and conferences. General Shareholders' Meeting Investors' Day. Website. Visits to facilities. Integrated report. Proxy Advisors. Social media (Twitter and LinkedIn). 	Regular	<ul style="list-style-type: none"> Webcasts and roadshows with investors. General Shareholders' Meeting held remotely, livestreamed.

[102-40]; [102-43]; [102-44]

Stakeholders	Main channels	Frequency of the relation	Relevant issues identified in 2020
Subcontractors/Suppliers	<ul style="list-style-type: none"> • Meetings and calls with contractors and suppliers. • Newsletters. • Website - special reference to the supplier section. • Integrated report. • Assistance for supplier and subcontractor financing. 	Continuous	<ul style="list-style-type: none"> • Company performance in projects. • Increase in the functionalities of the Técnicas Reunidas supplier and subcontractor portal, e-supplier.
Company	<ul style="list-style-type: none"> • Visits to facilities. • Website. • Integrated report. • Regular meetings. 	Regular	<ul style="list-style-type: none"> • Communication of opportunities for collaboration. • Information on the Company's financial performance and the impact it has on the environment.
Local communities	<ul style="list-style-type: none"> • Visits to facilities. • Meetings with local representatives. • Website. • Integrated report. 	Depending on the project	<ul style="list-style-type: none"> • Monitoring of the impact of implementing projects. • Participation in social action activities in the environs of the projects. • Hiring of local labour for projects. • High percentage of local subcontractors.
Public administration	<ul style="list-style-type: none"> • Meetings with representatives of local administrations. • Participation in working groups. • Website. • Integrated report. 	<p>Depending on the needs of each project.</p> <p>Ongoing in the case of Administrations in countries where projects are being implemented. Many clients are public administrations.</p>	<ul style="list-style-type: none"> • Dialogue with relevant local representatives in countries where projects are being implemented.
Industry associations	<ul style="list-style-type: none"> • Participation in working groups. • Website. • Fairs, forums and conferences. 	Permanent, usually focused through participation in the administration or management entities.	<ul style="list-style-type: none"> • Participation and exchange of knowledge at corporate forums such as the Sustainability Excellence Club and Annual Ammonium Nitrate and Nitric Acid Producers and Technologists Congress (ANNA). • Collaboration with leading occupational health and safety organisations. • Participation in Tecniberia, SERES or Emisores Españoles.

SOCIAL MANAGEMENT OF PROJECTS

[103-2]; [203-1]; [203-2]; [413-1]; [413-2]

Técnicas Reunidas considers the identification and management of the risks and opportunities pertaining to the local community as a key element during their projects, with the aim to optimise the positive impacts derived from the activities carried out by the Company and, at the same time, minimise negative impacts.

This permanent monitoring of relations with local communities aims to prevent risks from materialising, thanks to policies based on the social management framework (see table

attached) that also allow for planning of the actions necessary on this matter, with special attention to coordination with the local environment and the various stakeholders (public administrations, partners, suppliers or subcontractors), development of the surrounding infrastructures and potential environmental effects and cultural needs.

Social management framework for the Técnicas Reunidas projects.



The Company carries out activities aimed at increasing the social contribution generated by the Group's corporate activity as the main source to create value for the communities where it operates. Técnicas Reunidas contributes to the design and construction of plants that provide cleaner and more sustainable energy and implements measures that will contribute to the development of vulnerable groups by means of sponsorships, collaborations and other actions. On the other hand, and in general, it contributes to sustainable development through a committed global institutional strategy that involves its stakeholders and promotes the design and implementation of awareness-raising plans on several issues in this area.

Within this context, Técnicas Reunidas has continued its process to analyse and evaluate the social aspects of the projects, in order to encourage those that have a positive impact and reduce and/or mitigate negative impact. Specifically, the analysis of these impacts during the tender stage was reinforced, through the Proposal department, as well as during the project implementation stage, through the Operations department. This analysis considers in detail each client's circumstances and geographical area and this translates, among other impacts, into a high rate of local purchase and subcontracts, as well as hiring of specially qualified local staff who join the project team.

The projects where Técnicas Reunidas participates generate several positive impacts on its environs

- Management of over 53,016² workers in 2020, own and subcontractor staff, in-person or remote working.
- A firm commitment to hiring local suppliers and subcontractors, strengthening the Company's positive economic contribution to its environs (€2,063 million in local purchases and hiring in 2020)³.
- Training for companies and own local workforce or staff of suppliers and subcontractors, thanks to courses and workshops organised by the Company.
- Promotion of initiatives with local communities, enabling the development of especially vulnerable groups.
- Creation of key energy infrastructures through the Company's projects, paying special attention to the provision of sustainable solutions in the construction of industrial plants that allow general access to energy.

The directors, as main local representatives of Técnicas Reunidas in each project, have the mission to talk to the local community and establish bonds with it within its scope of action.



Highlighted case

Implementation of social and environmental actions during work on projects

In 2020 the Company has continued to encourage the spreading of information on its corporate values, as well as to reinforce the positive impacts derived from its activity, by carrying out the most appropriate actions according to the characteristics of each project. In some of these projects, employees have collaborated free of charge through volunteering activities. Some of the main activities were:

- **Environs of the Talara plant (Peru).** Several activities were carried out in collaboration with local schools within the Talara area, such as the donation of 100 school kits and 1,500 toys. Técnicas Reunidas also donated wood to build beds and tables for the Association of Special Children and various materials for maintenance of the community installations. A water tank was purchased, installed and commissioned for one of the inhabited areas and the company collaborated, by donating both money and various materials, to the celebration of International Women's Day.
- **Environs of the project implemented in Duqm (Oman).** Various social actions were carried out, such as the planting of 440 trees, cleaning of the beaches by volunteers, repair of the Duqm municipal water tank (providing labour and materials) and a donation of 38 wheelchairs, 20 tablets, 12 tables and 10 medical beds for children with medical needs during the campaign for children with autism and their families. Lastly, in collaboration with the Omani Women Association, medical equipment was collected and then distributed among special-needs families.
- **Environs of the project implemented in Fadhili (Saudi Arabia).** Several programs related to biodiversity were carried out, such as tree planting as part of the "National Transformation Program 2020", some of the goals of which are planting of native species (that require minimal water resources) and reducing the carbon footprint.
- **Environs of the Touatgaz project (Algiers).** The employees replanted trees in the camp area, given that they had no chances of survival. The new plants are cared for and have an irrigation system adapted to the new needs, and the adaptation process is being monitored.

² Data corresponding to direct employees and subcontractors for construction work during the peak month of the year.

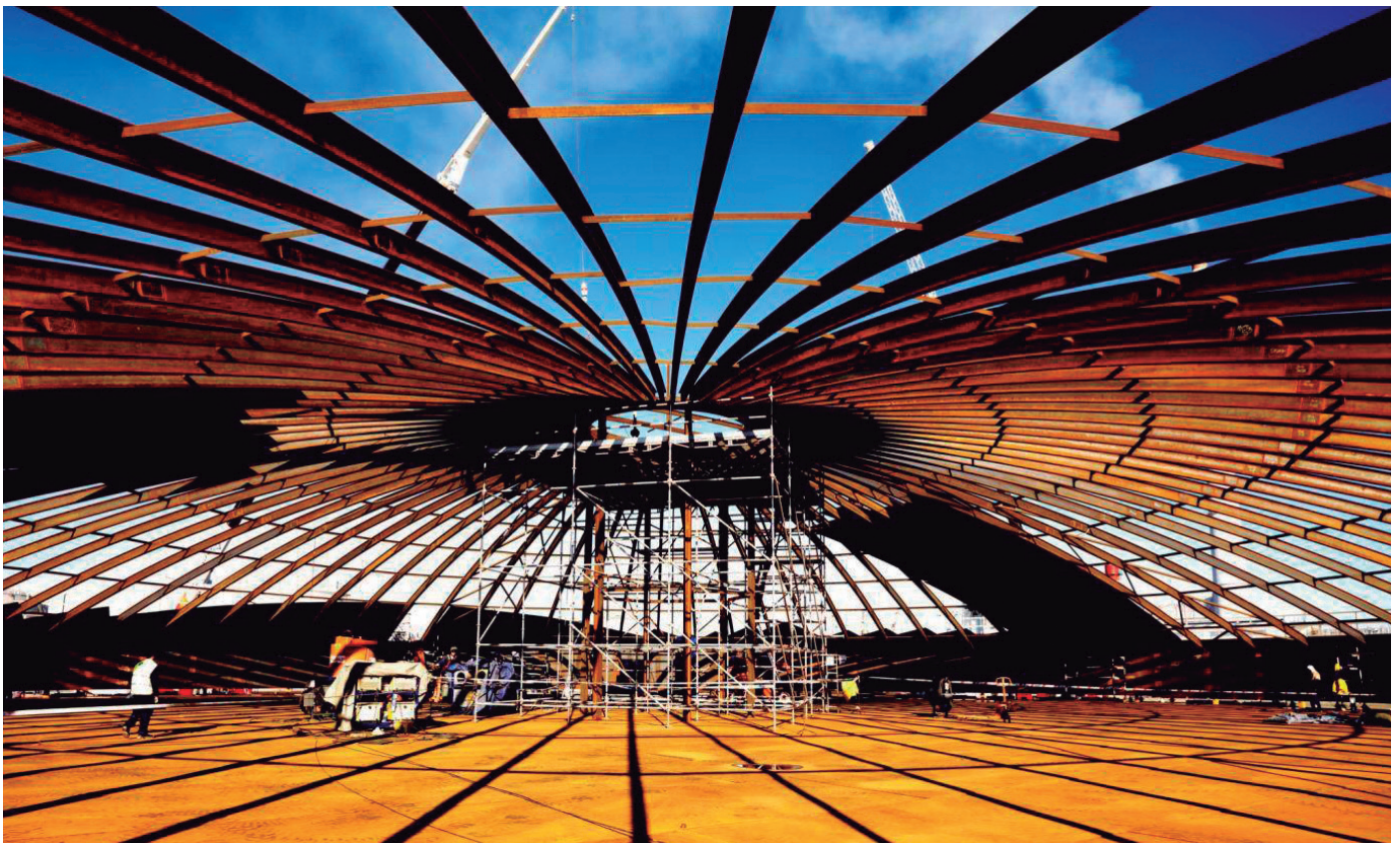
³ Local purchases and subcontracts include those by subsidiaries, branches and foreign joint ventures.



Highlighted case community development by training local talent

Técnicas Reunidas makes one of its largest contributions to the development of society, and specifically to the development of the communities where it implements its projects, by providing essential training for local talent. The Company provides specific training with the aim to strengthen the capabilities of all of its workers and thus to encourage the integration of local employees who participate in the projects. Thanks to the training and experience they obtain, not only do they benefit financially, but they also obtain the experience of having worked with an international company and projects, which is leverage for growth that opens a wide range of professional possibilities for the future.

Within this context, one of the largest contributions by Técnicas Reunidas in 2020 was by training local talent for the Haradh and Marjan projects (Saudi Arabia), for which a total of €2.56 million were invested in training over 280 Saudi employees as security officers, administration staff or project secretaries.



A COMMITMENT TO SOCIAL ACTION

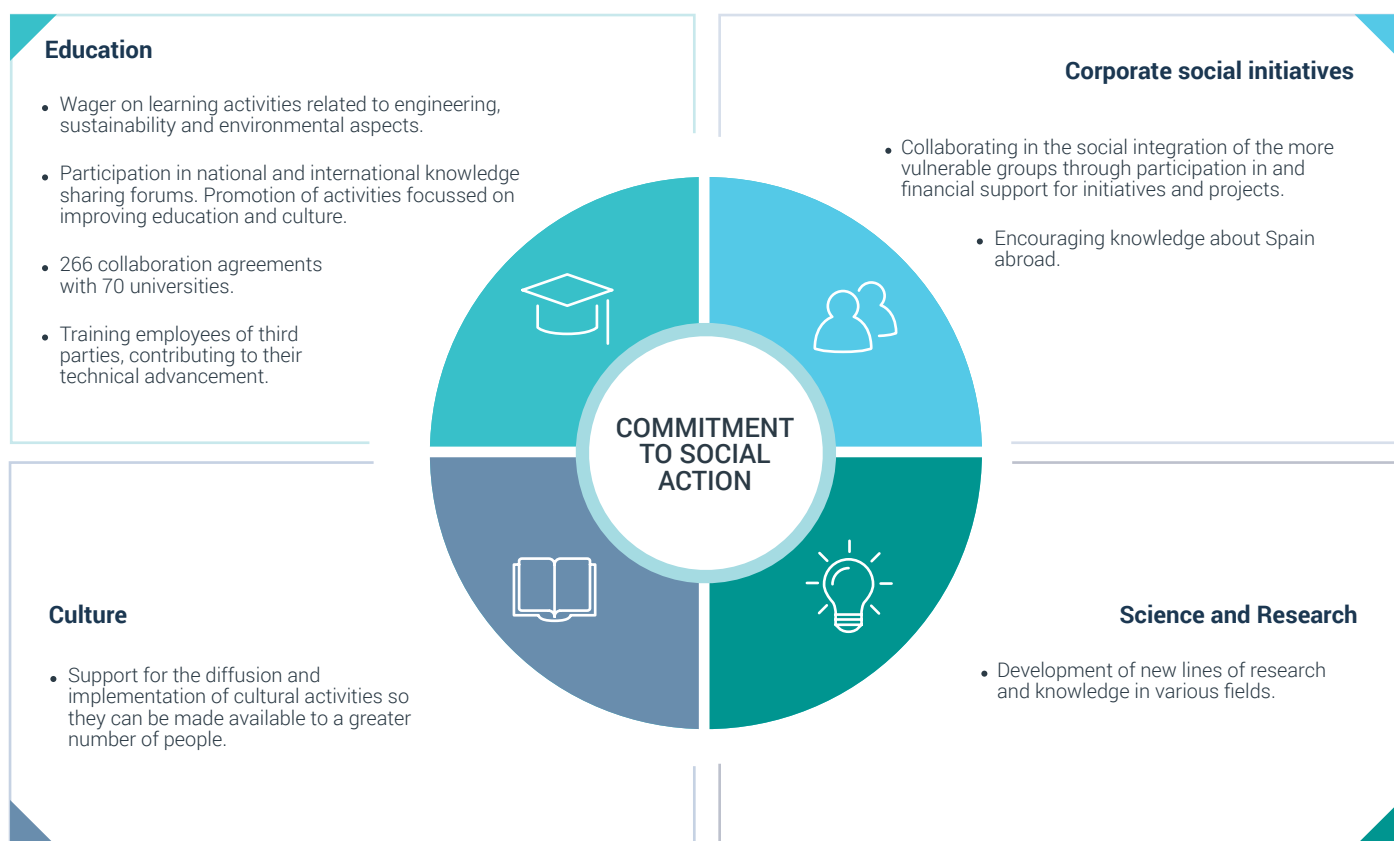
For several years now, Técnicas Reunidas has been committed to four work areas that prove their social action through various activities and projects.

To this end, the Company locates and selects other organisations that share its goals and analyses the opportunity to collaborate with them, both financially and through other instruments (working groups or participation in forums).

This year Técnicas Reunidas reinforced the selection criteria on its social action initiatives, so that its impact would focus on contributing to achieve the Sustainable Development Goals and prioritising actions linked to fighting against Covid-19. Actions

aimed at fighting the pandemic include donating masks, medicine, food and other essential products to associations or vulnerable groups in those communities where projects were implemented. Within this context, as soon as the state of alarm was declared in Spain, Técnicas Reunidas donated all of the food that was kept in the offices for employees to the Madrid Food Bank.

Técnicas Reunidas commitment to social action



4 €18,137 of these €283,895 were aimed at social contributions within the framework of initiatives with local communities of the Técnicas Reunidas projects, while the remainder were contributions to non-profit foundations.



Highlighted case solidarity in times of pandemic

Throughout the pandemic, Técnicas Reunidas and its employees have shown their solidarity through a series of actions both within the scope of the projects and beyond them. The following are among these actions:

- **Environs of the project implemented in Duqm (Oman).** A mechanised medical bed was donated to the MOH (Ministry of Health) hospital and a body-temperature camera was installed. Ambulance assistance was also provided and reforms and maintenance work were performed on the ICU of the SEZAD (Special Economic Zone Authority Duqm).
- **Environs of the Talara plant (Peru).** Within the campaign to prevent Covid-19, medicine, masks and food were donated for the neediest, and food donations were made to various associations, including the Committee of Mothers Las Peñitas.
- **Implementation of an action plan to collaborate with the Spanish health authorities.** In order to provide protective materials, mainly protective masks, Técnicas Reunidas relied on its human capital, expert in logistics and supply, creating an internal team that would guarantee a quick and safe supply of the protective material to the health authorities. With the help of Chinese companies with whom the Company has contracts, Técnicas Reunidas has sourced, to date, directly and through Spanish embassies, close to 40,000 protective units, including face masks, PPEs and temperature readers, for vulnerable groups.



Main organisations that Técnicas Reunidas collaborates with [102-13]

Técnicas Reunidas' commitment to social action



Culture



Science, research and education



Técnicas Reunidas is part of various associations related to the company's business activities with whom it collaborates on initiatives pertaining to promoting corporate and entrepreneurial activity, as well as other organisations that encourage corporate transparency and responsibility.

Promoting business and entrepreneurial activity



7

REPORTING
PRACTICE FOR THE
INTEGRATED REPORT



This is Técnicas Reunidas' fifth Integrated Report, drawn up according to the recommendations set out in the International Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC).

This Integrated Report consolidates Técnicas Reunidas' corporate reporting and provides continuity to the efforts made by the Company in the area of transparency, as reflected in its sustainability reports published over recent years (and its first Integrated Report in 2015). Every year, Técnicas Reunidas strives to improve the quality of the information it provides to all its stakeholders.

In this report, in addition to the <IR> framework, Técnicas Reunidas has again followed the latest version of the Global Reporting Initiative's standards for sustainability reporting (GRI Standards) when drawing up its sustainability information. GRI disclosures associated with the published contents are identified throughout the report, and the Annex includes a GRI Content Index containing a list of the reported disclosures and the pages where the relevant information can be found.

MATERIAL TOPICS CONSIDERED IN THE PREPARATION OF THIS REPORT

The <IR> framework and the GRI Standards require the Company to design the contents of its report to take into account 'factors that materially affect the ability of an organization to create value' in the short, medium and long term.

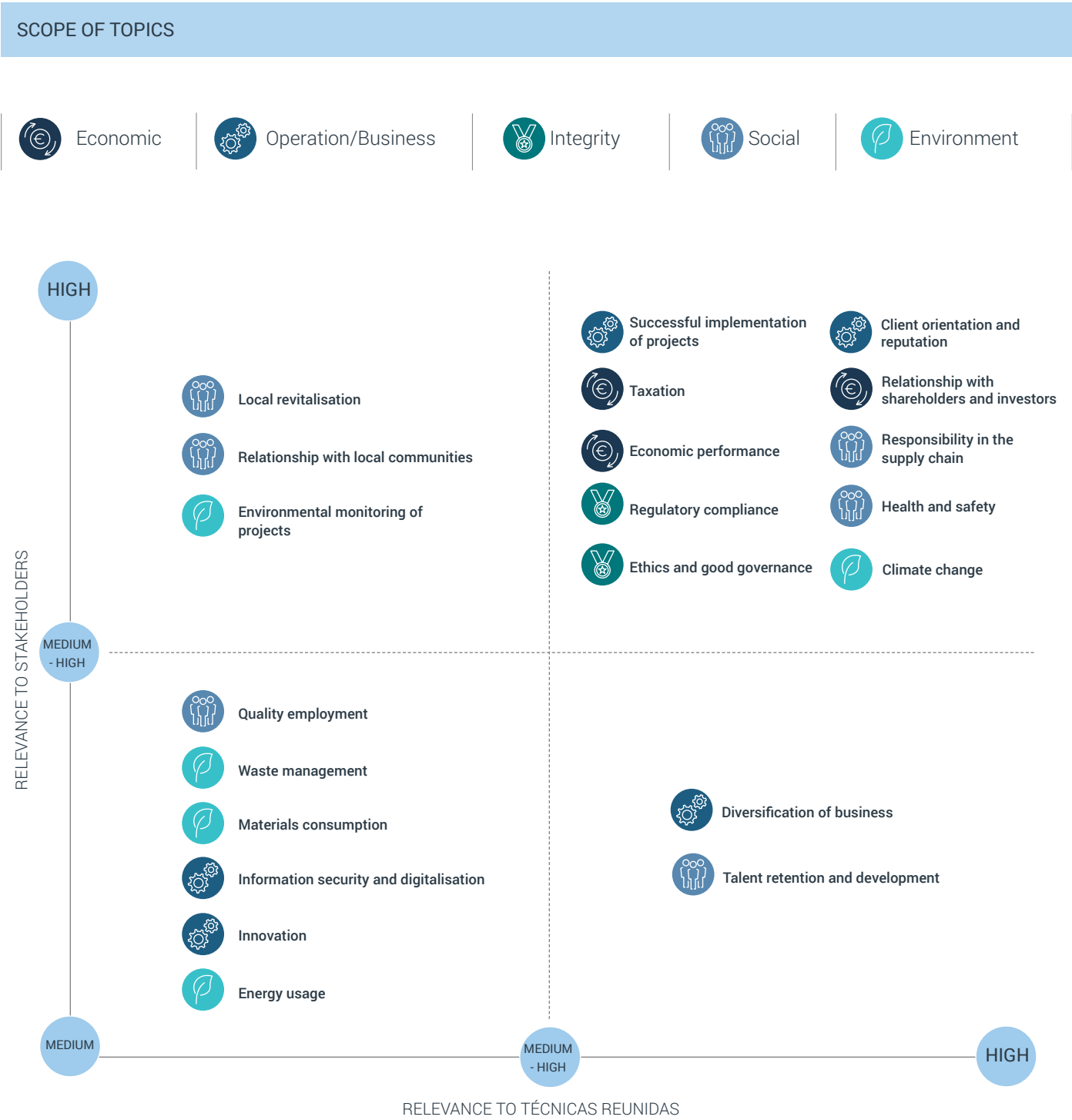
These factors, termed material topics, are 'those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders' and therefore the implementation of its strategy.

In order to comply with this criterion, the Company has drawn up a materiality analysis, as described below:

1. Identification of material topics	2. Prioritisation of relevant topics	3. Materiality matrix and content development
<ul style="list-style-type: none"> • Review of the material topics identified in the previous report and those identified by GRI. • Analysis of other companies' sustainability reports and integrated reports to assess which topics are considered relevant. • Evaluation of the topics considered relevant by investors and proxy advisors based on the content of questionnaires from initiatives such as the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP). • Opinion of other stakeholders: analysis of the year's news items, meetings with managers, evaluation of new legislation, analysis of tender specifications, etc. • Analysis of the Sustainable Development Goals (SDGs) and identification of the most relevant topics. 	<ul style="list-style-type: none"> • Determination of the priority of each topic identified in the previous stage, based on interviews with Técnicas Reunidas managers. 	<ul style="list-style-type: none"> • Development of a materiality matrix that prioritises topics according to their relevance to stakeholders and Técnicas Reunidas (see graphic). • Identification of relevant GRI disclosures and content development in the Integrated Report.

The materiality matrix reflects material aspects with a medium or higher degree of materiality for both the Company and its stakeholders.



The figure below shows the materiality matrix for Técnicas Reunidas in greater detail.



The following table shows the correspondence between the material topics identified and the term under which they are included in the GRI Standards. While several material topics are not directly linked to GRI disclosures, information about them is nonetheless included in the Integrated Report.

The report also indicates the impact boundaries (within or outside the organisation) and the corresponding GRI disclosures through which Técnicas Reunidas



Categories of material topics [102-46]; [102-47]; [103-1]

AREA	MATERIAL TOPIC FOR TÉCNICAS REUNIDAS	TOPICS CONSIDERED	IMPACT OUTSIDE THE ORGANISATION BY STAKEHOLDER GROUP*	GRI TOPICS INCLUDED	ASSOCIATED GRI DISCLOSURES
Economic 	Economic performance	Economic performance	Shareholders	Economic performance	201-1
	Relationship with shareholders and investors	Transparency and dialogue with shareholders and investors.	Shareholders	-	-
		Involvement in sustainability initiatives aimed at investors (CDP, DJSI, etc.).		-	-
	Taxation	Fiscal transparency and accountability.	Public administrations Society	Economic performance	201-1; 207-1; 207-2; 207-3; 207-4
Operational/ Business 	Client orientation and reputation	Relationship with clients.	Clients	-	-
		Compliance with requirements and client satisfaction (quality, operation, efficiency and safety of plants).	Clients	Customer health and safety	416-1
		Development of new business models (e.g. Lump Sum Turnkey).	Clients	-	-
	Business diversification	Diversification of products and geographical areas.	Shareholders	-	-
		Implementation of projects with high added value (FEED).	Shareholders	-	-
	Successful implementation of projects	Striving for quality, efficiency and excellence along the company's entire value chain, from design to start-up, including all phases of procurement and construction.	Clients Society Suppliers	-	-
		Management of risks associated with projects.	Clients Society	-	-
	Information security and digitalisation	Use of new technologies in the management of different areas of the company (Human Resources, HSE, Environment, etc.).	Employees	-	-
		Cybersecurity.	Clients	-	-
	Innovation	Innovation, R&D&I, proprietary technologies, etc.	Clients Society	-	-

Continues over page

* All the topics listed are material within the organisation. The column marked with an asterisk indicates other stakeholders that consider each topic material.



[102-46]; [102-47]; [103-1]

AREA	MATERIAL TOPIC FOR TÉCNICAS REUNIDAS	TOPICS CONSIDERED	IMPACT OUTSIDE THE ORGANISATION BY STAKEHOLDER GROUP*	GRI TOPICS INCLUDED	ASSOCIATED GRI DISCLOSURES
Integrity 	Ethics and good governance	Good governance.	Shareholders Public administrations Clients Suppliers Employees	Governance	Most disclosures from 102-18 to 102-39
		Ethical behaviour and integrity.		Ethics and integrity	102-16; 102-17
		Anti-corruption.		Anti-corruption	205-1; 205-2; 205-3
		Prevention of anti-competitive behaviour.		Anti-competitive behaviour	206-1
		Risk management at corporate level.		-	-
	Regulatory compliance	Environmental and social regulatory compliance.		Environmental compliance	307-1
				Socioeconomic compliance	419-1
Social 	Relationship with local communities	Dialogue with local communities, social impact assessment and contribution to communities.	Society	Local communities	413-2
		Human rights impact assessments for company activities in its different operational locations.		Human rights assessment	-
	Local revitalisation	Socio-economic impact on the company's operational locations.	Society Suppliers	Indirect economic impacts	203-1; 203-2
		Purchasing from local suppliers.		Procurement practices	204-1
	Responsibility in the supply chain	Consideration of environmental and social topics in supplier approval and monitoring.	Suppliers	Supplier social assessment	414-2
				Supplier environmental assessment	308-2
				Child labour	408-1
				Forced or compulsory labour	409-1
				Security practices	410-1
				Freedom of association and collective bargaining	407-1
	Quality employment	Workers' welfare.	Employees		
		Job creation.		Employment	401-1
		Equal opportunities.		Diversity and equal opportunity	405-1

Continues over page

* All the topics listed are material within the organisation. The column marked with an asterisk indicates other stakeholders that consider each topic material.

[102-46]; [102-47]; [103-1]

AREA	MATERIAL TOPIC FOR TÉCNICAS REUNIDAS	TOPICS CONSIDERED	IMPACT OUTSIDE THE ORGANISATION BY STAKEHOLDER GROUP*	GRI TOPICS INCLUDED	ASSOCIATED GRI DISCLOSURES
Social 	Talent retention and development	Employee training and professional development.	Employees	Training and education	404-1; 404-3
		Measures to encourage talent retention within the company.		-	-
		Talent attraction.		-	-
	Health and safety	Employee health and safety.	Employees	Occupational health and safety	403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9
		Safety and business continuity.		-	-
Environment 	Usage of materials	Company's usage of materials.	Society	Materials	301-1
	Energy usage	Energy usage in company activities.		Energy	302-1; 302-3
	Climate change	Mitigation of greenhouse gas emissions.		Emissions	305-1; 305-2; 305-3; 305-4
		Adaptation to climate change.		Economic performance - financial implications and other risks and opportunities due to climate change	-
	Waste management	Management of waste generated by the company.		Effluents and waste	306-3
	Environmental monitoring of projects	Environmental impact management during the implementation of projects.	Society	-	-
			Clients Suppliers		

* All the topics listed are material within the organisation. The column marked with an asterisk indicates other stakeholders that consider each topic material.

EXTERNAL ASSURANCE [102-56]

The non-financial disclosures included in this report that come from the Company's Statement of Non-Financial Information have undergone an external review process carried out by PricewaterhouseCoopers Auditores S.L., in accordance with the International Standard on Assurance Engagements, ISAE 3000 revised, pursuant to the requirements of Law 11/2018.

** Available at <https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf>

CONTACT INFORMATION

[102-53]

Readers of this report can submit questions, queries, requests or suggestions through the following channels:



Web: www.tecnicasreunidas.es

e-Mail: tr@tecnicasreunidas.es



Postal address:

Técnicas Reunidas S.A.
Secretary of the Board of Directors
Av. de Burgos 89 – Edificio Adequa 6 Planta 3ª
28050 Madrid, España

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GRI CONTENT INDEX



GRI CONTENT INDEX [102-55]



For the Content Index Service, GRI Services has confirmed that the GRI content index in the report is clear, and that the references for each content item included corresponds to the stated sections of the report.

This service has been executed in the Spanish version of the report.

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
GRI 101: FOUNDATION 2016			
GRI 102: GENERAL DISCLOSURES 2016			
Organizational profile			
	102-1 Name of the organization	Técnicas Reunidas, S.A.	Group
	102-2 Activities, brands, products, and services	13-15	Group
	102-3 Location of headquarters	Avda. de Burgos, 89 - Adequa - Building 6 C.P. 28050 Madrid, Spain	Group
	102-4 Location of operations	13-15	Group
	102-5 Ownership and legal form	38 Técnicas Reunidas is a public limited company listed on the stock exchange. Chapter 5.1 shows the ownership structure.	Group
	102-6 Markets served	13-15	Group
	102-7 Scale of the organization	8, 13-15 The Company's capitalisation can be found on the Técnicas Reunidas website at the following address: https://www.tecnicasreunidas.es/es/accionistas-e-inversores/informacion-de-la-accion/la-accion/cotizacion/	Group
	102-8 Information on employees and other workers	64 • Técnicas Reunidas subcontracts the construction part of the projects to specialised subcontractors. An indicator of the number of hours worked (132,739,474) is provided on page 75 (Health & Safety section). • In 2020 there were 3,448 temporary contracts. In 2020 53.77% of current contracts were permanent. • Workforce size by gender and region: In 2020 the Group's contracted workforce was 7,458 employees. Of these, 1,849 were women (24.79%) and 5,609 men (75.21%). For additional information on employees and other workers, please refer to chapter 15.4.1 (pages 157-163) of the Consolidated Management Report at the following address: https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf	Group
	102-9 Supply chain	115. 116	Group
	102-10 Significant changes to the organization and its supply chain	For significant changes regarding the organisation's size, structure, shareholder ownership and supply chain refer to pages 12 and 13 of the Annual Report on Consolidated Financial Statements available at: https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
	102-11 Precautionary Principle or approach	Técnicas Reunidas has a risk and opportunity management program that includes analyzing potential environmental impacts on projects, from the bidding phase to project completion. This analysis includes the identification of measures addressing the precautionary principle and reducing undesirable effects.	Group
	102-12 External initiatives	Técnicas Reunidas has several Management Systems certified by independent third parties. The Company also supports various sustainability initiatives. For example, the United Nations Global Compact, which it has been supporting for several years.	Group
	102-13 Membership of associations	133	Group
Strategy			
	102-14 Statement from senior decision-maker	6	Group
	102-15 Key impacts, risks, and opportunities	50	Group
Ethics and integrity			
	102-16 Values, principles, standards, and norms of behavior	45. 67	Group
	102-17 Mechanisms for advice and concerns about ethics	45 None of the complaints received through the Whistle-blower Channel during 2020 are related to respect for freedom of association or the right to collective bargaining, discrimination in employment and occupation, forced or compulsory labor, or child labor.	Group
Governance			
	102-18 Governance structure	38	Group
	102-19 Delegating authority	The Board of Directors has Delegate Commissions that monitor specific issues critical for the Company and its shareholders in all areas, including ethical, social, and environmental aspects. These Delegate Commissions communicate their guidelines to the Company's executives through specific channels and monitor fulfillment.	Group
	102-20 Executive-level responsibility for economic, environmental, and social topics	The meetings of the Board and its Delegate Commissions review the fulfillment of the objectives in the organization's different management areas.	Group
	102-21 Consulting stakeholders on economic, environmental, and social topics	The governing body is informed of all relevant economic, environmental, and social issues arising in the Company's dialogue with its stakeholders.	Group
	102-22 Composition of the highest governance body and its committees	38	Group
	102-23 Chair of the highest governance body	38	Group
	102-24 Nominating and selecting the highest governance body	38 Técnicas Reunidas also complies with the recommendations of the Code of Good Governance for Listed Companies issued by the Comisión Nacional de Mercado de Valores (CNMV) in 2015. It complies with 92.86% of the Code (in whole or in part and excluding those that do not apply to it).	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
	102-25 Conflicts of interest	The body that resolves directors' conflicts of interest is the Audit and Control Commission. For further information, please refer to the Annual Corporate Governance Report (section D6) available on the Técnicas Reunidas website at the following address: https://www.tecnicasreunidas.es/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/	Group
	102-26 Role of highest governance body in setting purpose, values, and strategy	38 The Company's senior management is actively involved in reviewing values, strategies, policies, and objectives about economic, environmental, and social impacts. These are ultimately approved by the company's corporate governance bodies, each within its sphere of competence.	Group
	102-27 Collective knowledge of highest governance body	The highest governance body is regularly informed about the main economic, social, and environmental issues that may affect the Company and its stakeholders.	Group
	102-28 Evaluating the highest governance body's performance	38. 40	Group
	102-29 Identifying and managing economic, environmental, and social impacts	38 The highest governance body identifies the main economic, environmental, and social issues that arise in the course of business and participates in managing those which are sufficiently important.	Group
	102-30 Effectiveness of risk management processes	38 The highest governance body identifies the main economic, environmental, and social issues that arise in the course of business and participates in managing those which are sufficiently important.	Group
	102-31 Review of economic, environmental, and social topics	The governing bodies of Técnicas Reunidas analyze economic, environmental, and social risks and opportunities as part of the company's general risk assessment process.	Group
	102-32 Highest governance body's role in sustainability reporting	The governing body that reviews and approves this Integrated Report in Técnicas Reunidas is the Board of Directors.	Group
	102-33 Communicating critical concerns	38 The Audit and Control Commission is responsible for reporting the main economic, environmental, and social concerns to the Board.	Group
	102-34 Nature and total number of critical concerns	The issues communicated to the highest governance body of Técnicas Reunidas in the scope of CSR compliance and risks have mainly consisted of specialized or individualized treatment of certain areas or activities within the Company.	Group
	102-35 Remuneration policies	43	Group
	102-36 Process for determining remuneration	43	Group
	102-37 Stakeholders' involvement in remuneration	In 2020, Técnicas Reunidas submitted the Directors' Remuneration Policy for the three-year period 2020-2022. This proposal was approved with a 99.44% vote in favor.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
Stakeholder engagement			
	102-40 List of stakeholder groups	126-27	Group
	102-41 Collective bargaining agreements	For all countries with a collective bargaining agreement, 100% of employees are covered by the collective bargaining agreement associated with the business permit granted to the Company (for example, engineering or construction).	Group
	102-42 Identifying and selecting stakeholders	The Company has selected stakeholders based on a criterion of relevance to the Company and its business.	Group
	102-43 Approach to stakeholder engagement	125-127 Técnicas Reunidas guides the frequency of its relations with its main stakeholders on the basis of business needs. In some cases, it has established periodic processes, as indicated in Chapter 6.7, Relations With Society and Stakeholders, in this 2020 Integrated Report, specifically on pages 106 and 107. In preparing the report, Técnicas Reunidas has taken into account the main expectations mentioned by these stakeholders. It has done this by soliciting information and opinions from the Company staff with whom it has worked to define the report contents.	Group
	102-44 Key topics and concerns raised	126-127 The content of the report covers the main expectations expressed by stakeholders.	Group
Reporting practice			
	102-45 Entities included in the consolidated financial statements	The financial information is for the Técnicas Reunidas Group. For further details, please refer to the Annual Accounts Report available at https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf	Group
	102-46 Defining report content and topic Boundaries	137-139	Group
	102-47 List of material topics	137-139	Group
	102-48 Restatements of information	No restatement of information compared to previous years has been made in this report.	Group
	102-49 Changes in reporting	In this Integrated Report 2020, there have been no significant changes about the scope and coverage of the material aspects identified concerning previous years' reports.	Group
	102-50 Reporting period	The reporting period covered by the information in the report is 2020.	Group
	102-51 Date of most recent report	The latest edition of the Report was published in 2020 with information for 2019.	Group
	102-52 Reporting cycle	Técnicas Reunidas prepares its reports on an annual basis.	Group
	102-53 Contact point for questions regarding the report	139	Group
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared under the Core option of the GRI Standards.	Group
	102-55 GRI Table of Contents	141	Group
	102-56 External assurance	139	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
TOPIC-SPECIFIC DISCLOSURES			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	56	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	59	Group
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	125	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	128	Group
	203-2 Significant indirect economic impacts	128	Group
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	112. 114	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	115	Group
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	45	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	37 100% of the operations carried out by Técnicas Reunidas during the 2020 financial year have followed the ordinary decision-making and risk control process. These include evaluation of, among others, corruption-related risks.	Group
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption training has been provided to employees either in person or online to a total of nearly 300 managers during the 2020 financial year.	Group
	205-3 Confirmed incidents of corruption and actions taken	There have been no allegations of corruption and bribery in 2020.	Group
Competencia desleal			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	45	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2020, the Company did not receive any significant claims, fines, penalties, or complaints about issues related to unfair competition and monopolistic and anti-competitive practices.	Group
Fiscalidad			
GRI 103: Enfoque de gestión 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	60	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
GRI 207: Tax 2019	207-1 Approach to tax	60	
	207-2 Tax governance, control, and risk management	60 For further information on the approach to tax risks, please refer to sections E.1 and E.2 of the Group's Annual Corporate Governance Report, which can be accessed at https://www.tecnicasreunidas.es/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/ The Company has a whistle-blower channel to receive information about any non-compliance related to it. Likewise, in accordance with what is stated in the Group's Annual Corporate Governance Report (available at https://www.tecnicasreunidas.es/es/como-lo-hacemos/gobierno-corporativo/documentos-de-gobierno-corporativo/), Técnicas Reunidas has a specific email address for receiving communications about tax matters. The Group's annual accounts, which include all information relevant to tax matters, are externally audited. Further information is available at: https://www.tecnicasreunidas.es/es/accionistas-e-inversores/resultados-financieros/#tab-5ecb5ce4c0217	
	207-3 Stakeholder engagement and management of concerns related to tax	Where necessary, the Group holds meetings with the tax authorities to clarify any issues arising and agree on the necessary solutions in a dispute. The Audit and Control Commission is informed of these processes.	
	207-4 Country-by-country reporting	Beyond the tax information published in its consolidated financial statements (See paragraph 27 in the accounts, available at the following address: https://www.tecnicasreunidas.es/es/accionistas-e-inversores/resultados-financieros/). Técnicas Reunidas does not publish the information about this indicator as it would pose a confidentiality problem for the Group. The group operates in countries where it carries out a single project or a group of projects for the same client. So country-by-country information could prejudice commercial interests and project execution.	
Materials			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	92. 95	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 301: Materials 2016	301-1 Materials used by weight or volume	97	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	92. 95	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 302: Energy 2016	302-1 Energy consumption within the organization	96	Group
	302-3 Energy intensity	96	Group
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	92. 95	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	96	Group
	305-2 Energy indirect (Scope 2) GHG emissions	96	Group
	305-3 Other indirect (Scope 3) GHG emissions	96	Group
	305-4 GHG emissions intensity	96	Group
Efluentes y residuos			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	92. 95	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	97	Group
	306-3 Significant spills	98	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE																																																																								
Environmental compliance																																																																											
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group																																																																								
	103-2 The management approach and its components	45. 92. 93	Group																																																																								
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group																																																																								
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	No environmental sanctions have been imposed on Técnicas Reunidas, either about its facilities or the work it has carried out in the last five years.	Group																																																																								
Supplier Environmental Assessment																																																																											
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group																																																																								
	103-2 The management approach and its components	112	Group																																																																								
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group																																																																								
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	95 Number of suppliers analyzed on the basis of environmental criteria: 594. Number of suppliers for which a significant environmental impact risk has been identified: 0.	Group																																																																								
Employment																																																																											
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group																																																																								
	103-2 The management approach and its components	65	Group																																																																								
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group																																																																								
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<table> <thead> <tr> <th></th><th>2019</th><th>2020</th><th>Trends</th></tr> </thead> <tbody> <tr> <td>New hires</td><td></td><td></td><td></td></tr> <tr> <td>Men</td><td>141</td><td>44</td><td>-69%</td></tr> <tr> <td>Women</td><td>54</td><td>31</td><td>-43%</td></tr> <tr> <td>New hires by age</td><td></td><td></td><td></td></tr> <tr> <td><30</td><td>31</td><td>4</td><td>-87%</td></tr> <tr> <td>>=30 <50</td><td>145</td><td>58</td><td>-60%</td></tr> <tr> <td>>=50</td><td>19</td><td>13</td><td>-32%</td></tr> <tr> <td>Total</td><td>195</td><td>75</td><td>-62%</td></tr> <tr> <td>Staff turnover</td><td></td><td></td><td></td></tr> <tr> <td>Men</td><td>106</td><td>81</td><td>-24%</td></tr> <tr> <td>Women</td><td>42</td><td>29</td><td>-31%</td></tr> <tr> <td>Staff turnover by age</td><td></td><td></td><td></td></tr> <tr> <td><30</td><td>22</td><td>21</td><td>-5%</td></tr> <tr> <td>>=30 <50</td><td>111</td><td>77</td><td>-31%</td></tr> <tr> <td>>=50</td><td>15</td><td>12</td><td>-20%</td></tr> <tr> <td>Total</td><td>148</td><td>110</td><td>-26%</td></tr> <tr> <td>Turnover rate</td><td>3.10%</td><td>2.41%</td><td>-0.96 p.p.</td></tr> </tbody> </table> <p>Note: All the data published for this indicator refer to the workforce hired in Spain.</p>		2019	2020	Trends	New hires				Men	141	44	-69%	Women	54	31	-43%	New hires by age				<30	31	4	-87%	>=30 <50	145	58	-60%	>=50	19	13	-32%	Total	195	75	-62%	Staff turnover				Men	106	81	-24%	Women	42	29	-31%	Staff turnover by age				<30	22	21	-5%	>=30 <50	111	77	-31%	>=50	15	12	-20%	Total	148	110	-26%	Turnover rate	3.10%	2.41%	-0.96 p.p.	Group
	2019	2020	Trends																																																																								
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Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	103	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	103	Group
	403-2 Hazard identification, risk assessment, and incident investigation	106 Project health and safety plans lay down the rights and obligations of workers in this scope. These plans include a specific section in the Stop the Job policy to encourage workers to report and stop work in the event of dangerous situations.	Group
	403-3 Occupational health services	103. 105	Group
	403-4 Worker participation, consultation, and communication on occupational health and safety	106 TR has a Health and Safety Committee (CSS) for regular and periodic consultations about occupational hazard prevention actions. The membership of the CSS consists of equal representation of the Prevention Representatives (<i>Delegados de Prevención</i>) and Company representatives. It meets quarterly and on request.	Group
	403-5 Worker training on occupational health and safety	106	Group
	403-6 Promotion of worker health	106	Group
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	103. 105	Group
	403-9 Work-related injuries	108 Técnicas Reunidas carries out various activities to determine occupational hazards that present a risk of injury. These activities include, for example, risk assessments, analysis of safe work and definition of working methods." Hazards identified include: Same-level or different-level slip, trip and fall hazards dropping of materials and tools; bruises, cuts or burns resulting from handling tools, equipment or materials; sharps injuries; particle projection and liquid splashes; leaks from equipment, pipes or valves, inhalation of gases/vapors, explosions; high temperatures; others. Top hazards that have caused workplace injuries in 2020: Same-level falls; dropping of materials and tools; bruises, cuts, or burns resulting from handling tools, equipment, or materials; sharps injuries; accidental electrical contacts; entrapment in equipment with moving parts; those associated with pressurized lines.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	70	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	70-71 For further information on training, please refer to chapter 15.4.4 of the Consolidated Management Report at the following address: https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf	Group
	404-3 Percentage of employees receiving regular performance and career development reviews	64	Group
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	
	103-2 The management approach and its components	68	
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	38. 68 The distribution of the workforce by age is as follows (data as at 31st December): < 30 years: 3.05%; 30-50 years: 49.62%; > 50 years: 47.33%. For further information on employment, please refer to chapter 15.4.1 of the Consolidated Management Report at the following address: https://www.tecnicasreunidas.es/wp-content/uploads/2021/02/CCAACC%20TR%202020%20DEFINITIVAS%20COMPLETAS.pdf	
Libertad de asociación y negociación colectiva			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	45, 120	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	For its employees and suppliers in the countries in which it operates, Técnicas Reunidas provides everything they need to exercise their rights to freedom of association and affiliation. Concerning suppliers, when the Company detects a significant risk that the supplier or the order does not comply with the Company's minimum required standards in this respect, the supplier is not awarded the contract.	Group
Child Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	45. 120	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Técnicas Reunidas carries out its activities in the countries in which it operates in compliance with local legislation requirements in this regard and complies with the Company's other commitments, such as the principles of the Global Compact. Concerning suppliers, when the Company detects a significant risk that the supplier or the order does not comply with the Company's minimum required standards in this respect, the supplier is not awarded the contract.	Group
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	Técnicas Reunidas carries out its activities in the countries in which it operates in compliance with local legislation requirements in this regard and complies with the Company's other commitments, such as the principles of the Global Compact. Concerning suppliers, when the Company detects a significant risk that the supplier or the order does not comply with the Company's minimum required standards in this respect, the supplier is not awarded the contract.	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Técnicas Reunidas carries out its activities in the countries in which it operates in compliance with local legislation requirements in this regard and complies with the Company's other commitments, such as the principles of the Global Compact. Concerning suppliers, when the Company detects a significant risk that the supplier or the order does not comply with the Company's minimum required standards in this respect, the supplier is not awarded the contract.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
Security Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	The Company's supplier approval procedure ensures that suppliers operate following current legal provisions and comply with specific human rights requirements applicable to their business and risk level.	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Técnicas Reunidas ensures that all security personnel has the training and knowledge appropriate to the environment in which the Company carries out its activities.	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	125	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	128 Additionally, all Técnicas Reunidas operations centers are subject to the Environmental Impact Assessment (EIA) process, which considers different social aspects.	Group
	413-2 Operations with significant actual and potential negative impacts on local communities	128 During 2020, no centers have been identified in which the execution of Técnicas Reunidas projects or operations has significant actual or potential negative impacts on local communities.	Group
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	120	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group

Continued

GRI STANDARD	DISCLOSURE AND DESCRIPTION	PAGE/REFERENCE/OMISSIONS	SCOPE
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	<p>No significant actual or potential adverse environmental and social impacts in the supply chain have been identified during 2020.</p> <p>The Técnicas Reunidas certification process and the evaluations of suppliers ensure that this type of negative impact does not occur.</p> <p>Number of suppliers analyzed based on social criteria: 594.</p> <p>Number of suppliers for which a significant social impact risk has been identified: 0.</p>	Group
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	Técnicas Reunidas evaluates the health and safety aspects of 100% of its projects. The Company ensures that up to the moment of delivery, its projects comply with its own health and safety standards and client requirements, and applicable legislation.	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 416: Salud y seguridad de los clientes 2016	416-1 Assessment of the health and safety impacts of product and service categories	Técnicas Reunidas evaluates the health and safety aspects of all its projects. The Company ensures that up to the moment of delivery, its projects comply with its own health and safety standards and client requirements, and applicable legislation.	Group
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	137-139	Group
	103-2 The management approach and its components	45	Group
	103-3 Evaluation of the management approach	For each material subject, Técnicas Reunidas carries out an evaluation and review of the management approach at least once a year.	Group
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	The Company has not received any significant claims, fines, penalties, or complaints about issues related to non-compliance with laws and regulations in the social and economic sphere in 2020.	Group





TECNICAS REUNIDAS

www.tecnicasreunidas.es



Avenida de Burgos, 89 – Adequa – Edificio 6
28050 Madrid, España
tr@tecnicasreunidas.es