

Madrid, on 18 November 2016

Dear Sirs:

As in previous years, I have the honor of presenting the fifth Progress Report of Técnicas Reunidas through our first Sustainability Report, with which the company continues providing the most relevant information of their activity to all interest groups. The report, which evidence the firm commitment of Técnicas Reunidas with the corporate social responsibility, has been prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI-G4).

To this end and now more than ever, this document is the accurate expression of our solid commitment to generate value for all of our groups of interest, impinging on aspects that go beyond of mere economic data and betting firmly for the fulfillment of the ten principles of the United Nations Global Compact, international initiative that we are proud to be partners and with which we have been collaborating since 2011.

Observing the principles of professionalism, leadership and commitment we have developed our activity betting for a sustainable business model which goes beyond the economic return purpose to focus on ones objectives more ambitious, combining the indispensable creation of value with the economic and social progress of the territories in which we develop our projects.

For all these reasons, Técnicas Reunidas wish renew their adherence to Global Compact and transmit their firm purpose that so to occur in the years to come.



Juan Lladó Arburúa



TECNICAS REUNIDAS

INTEGRATED REPORT
2015

TÉCNICAS REUNIDAS



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INTEGRATED REPORT
2015

TÉCNICAS REUNIDAS

INDEX



EXECUTIVE CHAIRMAN'S STATEMENT

Page 6



TÉCNICAS REUNIDAS AT A GLANCE

Page 8



OUR ACTIVITY

	Page 10
3.1 Business Areas	11
3.2 Operating Environment	14



BUSINESS MODEL AND STRATEGIC PILLARS

	Page 18
4.1 Business Model and Value Chain	19
4.2 Strategic Pillars	21



RESPONSIBLE MANAGEMENT

Page 22

5.1 Governance Model	23
5.2 Risk Management	29



RESOURCES AND RELATIONSHIPS

Page 32

6.1 Control and Management of Financial Capital	33
6.2 Employees, the Key Pillar for Growth	38
6.3 Innovation	44
6.4 Excellence in Environmental Performance	51
6.5 Safety	58
6.6 Efficient Supply Chain Management	64
6.7 Relationship with Society and Interest Groups	71



BASES FOR THE PREPARATION OF THE INTEGRATED REPORT

Page 76



ANNEXES

Page 80

8.1 GRI G4 Content Index	81
8.2 PwC Review Report	90

1

EXECUTIVE
CHAIRMAN'S
STATEMENT [G4-1]

Dear friend,

Three years after drawing up our first Sustainability Report, the Técnicas Reunidas Group has decided to take another step forward in the reporting of information of interest to our shareholders, investors, employees and society in general. This step involves the preparation of Técnicas Reunidas' first Integrated Report, through which we aim to offer the most important information on the activities of the company and its consolidated group during 2015, focusing on aspects that go beyond mere financial data.

For this purpose, Técnicas Reunidas has decided to draw up this report following the guidelines of the International Integrated Reporting Framework (IIRC), as well as those of the Global Reporting Initiative, which were followed in the previous Sustainability Reports.

2015 was an important year in the history of Técnicas Reunidas, as the group substantially exceeded all previous portfolio records despite the challenging environment of the last months. Most notably, during this period, the company has shown that it has the trust of its clients, enabling us to amass 6,662 million euros of awards, with 50 per cent repeat contracting, and a significant increase in projects awarded in the area of gas. These awards have expanded our portfolio to 12,136 million euros, while maintaining a high level of revenue in the amount of 4,188 million euros. The projects awarded in 2015 have a relevant strategic nature for our clients and for the Company, due to its volume and contribution to the recognition of TR as reference engineering and construction company.

During 2015, Técnicas Reunidas has also demonstrated the strength of its business model, serving the needs of its clients and taking advantage of current opportunities in the areas of downstream

and gas treatment, within a complex operating environment for the company and for the global economy in general, which has been influenced by various factors such as the drop in oil prices, the slowdown in the Chinese economy, the geopolitical crisis and the economic and financial crises in emerging countries.

This business model is based on our fundamental pillars: diversification in types of plants, geographical areas and clients, development of a proprietary methodology with a firm commitment to innovation, and quality in project implementation. The dedicated pursuit of ongoing improvement in our undertakings, based on the underlying criteria of responsibility that guide our decision-making, is what allows us to continue growing year after year.

In the area of corporate governance, Técnicas Reunidas is committed to maintaining the highest standards and, in this regard, during 2015 we have continued to develop our internal regulations and procedures, activities that have enjoyed the significant trust of our shareholders.

In order to meet the growing needs arising from the ongoing internationalisation of projects, we have continued to internationalise human resources management, increasing the local presence of specialists in this field. This also helps integrate our corporate culture into all our projects – a safety-oriented culture that has enabled our total recordable incident rate to decrease by 48.26 % during the period 2013-2015. This extensive network of specialists has also contributed to the fact that the employees of the company have received more than 150,000 hours of training during in 2015.

During 2015, Técnicas Reunidas has continued to focus on innovation, with expenditure on R&D and innovation reaching 4.8 million euros during this period. Thanks to this endeavour, the company has developed proprietary technologies that enable the development of plants with added value, such as the Zincex project in Sardinia.

Current scenario offers substantial challenges for the energy industry, but also great opportunities and we want to take advantage of them. In the medium and long term, the sector's main official bodies estimate steady growth in energy demand, driven in part by the increase in population and global GDP. Increased demand will also be seen in other markets related to Técnicas Reunidas's operations, such as agricultural products and fertilizer. These circumstances allow us to face the future with a reasonable degree of optimism as the activity of Técnicas Reunidas is focussed on sectors with stable growth, resistant to cycles in the oil price. Furthermore, the International Energy Agency estimates a yearly 70,000 million USD investment in refining.

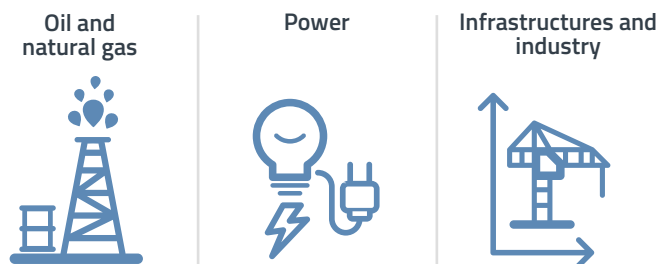
The company is well positioned to seize the opportunities available within this new framework. Technical Reunidas is active in all stages of the energy value chain and has undertaken an important process of diversification in projects and geographical regions. This has begun to bear fruit and is reflected in the strength and diversity of the portfolio.

José Lladó Fernández-Urrutia

2 TÉCNICAS REUNIDAS AT A GLANCE [G4-3]; [G4-6]; [G4-8]; [G4-9]

TÉCNICAS REUNIDAS is an international contractor in the field of engineering, design and construction of all kinds of industrial facilities for a wide range of clients in the whole world.

Its main lines of business are the following:



Main figures in 2015

4,188 million €
of current revenue
(+33% vs 2014)

2,296 million €
of purchases to suppliers*
(22.5% from local suppliers)

9,215
professionals of over
50 nationalities
(+7.8% vs 2014)

86 million € of EBIT
(-45.4% vs 2014)

100% attendance
of Board meetings

47% drop in the
number of recordable
incidents vs 2014

356,840 GJ
of energy consumption
in 2015

4.8 million €
of investment in RDI
(+8.3% vs 2014)

* Final figure considering dates of the order and not of the invoice.

** Scope 1, 2 and 3 emissions. Note: only emissions resulting from 'Business Travel' of TR, INITEC and projects of INITEC have been considered within the scope 3 emissions.

*** Collaboration with organisations in the promotion of education, health, social business initiatives and culture and civil society schemes.

TR PRESENCE IN THE WORLD AND MAIN CONTRACT AWARDS IN 2015



Ethoxylation (ETO) and Guerbet alcohol units in Louisiana for SASOL



Gas project for GASCO in Abu Dhabi



Al-Zour refinery for KNPC



FADHILI natural gas plant for Saudi Aramco



Throughout its 50-year history, Técnicas Reunidas has designed and constructed more than 1.000 industrial plants in over 50 countries. Many of the main state and multinational oil companies feature among its clients.



46,962 Tons
of CO₂eq released** in 2015

+ 500,000 €
devoted to social cooperation***

More than **50 projects**
currently underway in 30
different countries

12,136 million €
portfolio in late 2015
(+44% vs 2014)

Contract awards for
6,662 million €
in 2015 (+48% vs 2014)

50% recurrence
in terms of awarded projects

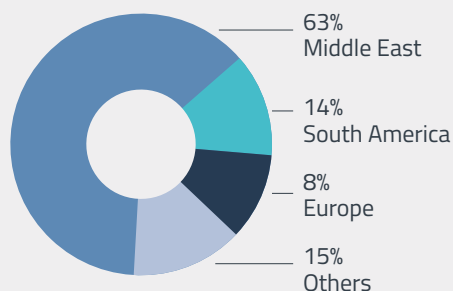
Fifth gas train (GT5) and associated facilities of the refinery in Mina Al-Ahmadi for KNPC



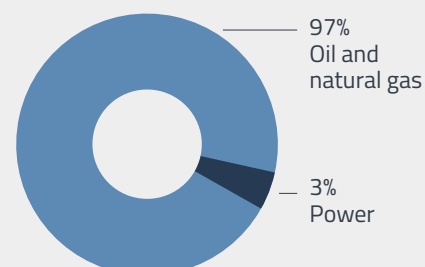
Hail oil field for ADOC



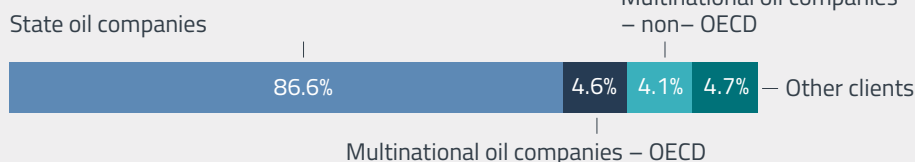
Project portfolio per region [G4-8]



Project portfolio per line of business [G4-8]



Project portfolio per type of client [G4-8]





3

OUR
ACTIVITY

3.1 BUSINESS AREAS [G4-4]

OIL AND NATURAL GAS

The Oil and Natural Gas Division accounts for 89.4 % of the company's revenues. In 2015, the volume of contracts awarded amounted to €6,662 million.

Many of these contracts were for gas treatment projects, strengthening Técnicas Reunidas' position as a leading company in this area, in line with its existing position in refining and petrochemicals.



This business area provides engineering and construction services for facilities at every stage of the oil and natural gas value chain. The company is also experienced in providing supplementary services for these facilities and efficiency improvement projects.

OIL AND NATURAL GAS

TYPES OF PROJECTS



Refining and Petrochemistry (Downstream)

- Design and construction, upgrading and extension of refineries.
- Process petrochemical plants for the production of monomers, polymers and plastics.
- Chemical plants and fertilising units.

Oil and Natural Gas (Upstream)

- Development projects that cover the entire natural gas value chain (treatment, fractionation, storage and transport).
- Oil primary treatments at the wellhead.

Proprietary development projects

Design, supply and construction of heat transfer equipment.

MAIN FIGURES



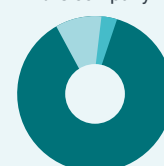
More than
400
refining units and 70
upstream and gas
plants designed and
built throughout the
world.

6,662
million €
in awarded
contracts in 2015.

3,744.4
million €
in sales
(28.2% increase
vs 2014).

12,136
million €
portfolio
(50% increase
vs 2014)

Percentage of the
current revenue of
the company



89% oil and
natural gas

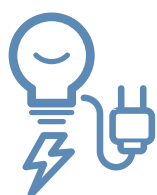
2015 MILESTONES



- Award by Saudi Aramco of a turnkey project for the Fadhili gas plant for a total of 3,000 million \$.
- Award of a contract by Kuwaiti National Petroleum Company (KNPC) to a consortium headed by Técnicas Reunidas (with a participation of more than 50% in the company) for the execution of the process units for the new Al-Zour refinery in Kuwait, for a total of 4,100 million \$. Similarly, KNPC has awarded Técnicas Reunidas a contract for the execution of the fifth gas train (GT5) of the Mina Al-Ahmadi refinery, for a total of 1,400 million \$.
- Other noteworthy awards include a turnkey project from the Abu Dhabi Oil Company Limited (ADOC) for the early production of oil on Mubarras island, as well as an EPCM (Engineering, Procurement and Construction Management) contract for the construction of two ethoxylation (ETO) and Gerbet alcohol units for SASOL in Louisiana (USA).
- Delivery of the Tüpras, Lukoil, Shah and Gran Chaco projects and of the first unit of the Sadara project, for a combined total of 7,000 million \$.
- In addition, Técnicas Reunidas has made significant progress over the past year in the projects for the Talara and STAR refineries, in Peru and Turkey respectively.

ENERGY ^[G4-4]

Sales within the Energy Division have increased during 2015, reaching €320.8 million as a result of contracts awarded in 2014. These include the combined-cycle plants in Polonia, Peru, Saudi Arabia, Bangladesh and the Dominican Republic and the Canadian cogeneration plant.



The Energy Division provides engineering and construction services for various types of industrial energy facilities and, to date, has been involved in projects representing more than 31,000 MW across 25 different countries. The company's experience ranges from conducting feasibility studies and basic and conceptual engineering studies, to complete implementation of large and complex turnkey projects.

ENERGY

TYPES OF PROJECTS



Fossil-fired power plants

- Fossil-fired power generating plants that use different types of technology, including combined cycle and cogeneration plants.

Other power plants

- Nuclear power plants (main engineering contractor; decommissioning and raw waste management; design and supply of heat transfer equipment).
- Biomass and waste treatment and/or recovery (power and/or heat generation).

MAIN FIGURES



24,000MW

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

Técnicas Reunidas has participated in the **development of more than 20 nuclear power plants** in the whole world.

More than 40 years' experience in power generation plants.

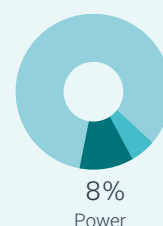
320.8 million €

in sales (129.8% increase vs 2014).

370 million €

portfolio* (38% lower vs 2014).

Percentage of the current revenue of the company



*This figure includes the joint portfolio of the Energy and Infrastructures and Environment Divisions.

2015 MILESTONES



- Throughout 2015, Técnicas Reunidas made significant progress with the La Mina CCPP for AES Dominicana in the Dominican Republic, the Fort Hills cogeneration plant in Canada and the combined cycle power plant for Ashuganj Power Station Company in Bangladesh.
- Other important projects that are currently underway include the integrated gasification combined cycle power plant in Jazan (Saudi Arabia), the Southern Energy Node (Peru) and the Turow power plant (Poland).

INFRASTRUCTURES AND INDUSTRIES ^[G4-4]

The Infrastructures and Industries Division has increased its revenues in 2015 to €122.7 million, due in part to the progress of new projects in the field of desalination and the development of hydrographic plans.



Within this Division, Técnicas Reunidas' projects include:

INFRASTRUCTURES AND INDUSTRIES

TYPES OF PROJECTS



Infrastructures and environment

- Ecology.
- Water.
- Airports.
- Air and land transport.
- Harbours and coastlines.
- Architecture.
- Building and urban planning.

Proprietary development projects

- Research and development of industrial processes and technologies for the manufacture of fertilisers and nitric acid through the ESPINDESA subsidiary.
- Development of proprietary technologies in the field of hydrometallurgy and electrochemistry (recovery of metals and other electrochemical processes).

MAIN FIGURES



ESPINDESA has built **50 industrial plants** in 15 different countries.

The company has a hydrometallurgy and electrochemistry technology centre to develop technologies and participate in national and European RDI projects.

More than **300,000 tons** of zinc are produced worldwide every year under licence from TR ZincexTM.

122.7 million € in sales (39.5% increase vs 2014).

Percentage of the current revenue of the company



3%
Infrastructures and industries

2015 MILESTONES



- Técnicas Reunidas has made progress in the execution of projects such as the operation of a sea water desalination plant in Perth (Australia), the design and construction of the water catchment system for the new waste water treatment plant in Darsait (Oman) and the conversion of the action plans for hydrographic basins in management plans in Turkey.
- The company is executing the lump sum turnkey project for the refurbishment and extension of the industrial terminal of the South Port of Aqaba (Jordan) for the Jordan Industrial Ports Company.

3.2 OPERATING ENVIRONMENT [G4-2]

Técnicas Reunidas operates in a complex, constantly changing environment. Various trends, both in the market and in other activity-related areas, could impact on the company's performance over the coming years.

Técnicas Reunidas analyses these trends and defines actions for adapting to them and taking advantage of emerging opportunities.

MARKET ENVIRONMENT

Various factors, such as the drop in oil prices, the slowdown in the Chinese economy, the geopolitical crisis and the economic and financial crises in emerging countries, have created a complex operating environment for the company and for the global economy in general.

Despite this, Técnicas Reunidas' business model has remained strong, enabling the company to meet its clients' needs and take advantage of existing opportunities in both the downstream sector and gas treatment, which have proven to be the sectors least susceptible to cuts in investment.

The oil and gas sector has also been affected by changing forecasts for energy demand and production. Although investments in the oil and gas industry are focused on the long term, other factors, such as adaptation to new environmental regulations, the need to renew infrastructure and social development, remain reasons for maintaining investment in the sector in the short term. These factors have carried less weight, however, during the past year.

In the medium and long term, the sector's main official bodies estimate steady growth in energy demand, driven in part by the increase in population and global GDP. Increased demand will also be seen in other markets related to Técnicas Reunidas's operations, such as agricultural products and fertilizer.

The company is well positioned to seize the opportunities available within this new framework. Technical Reunidas is active in all stages of the energy value chain and has undertaken an important process of diversification in projects and geographical regions. This has begun to bear fruit and is reflected in the strength and diversity of the portfolio.

A COMPLEX MARKET IN A CONTINUOUSLY CHANGING ENVIRONMENT

MARKET ENVIRONMENT IN 2015

Collapse in oil prices

The drop in oil prices has led to cuts in the investment plans for exploration and production activities. This has had an impact on the oil service sector, in the form of project delays or cancellations.

Economic downturn

The slower growth of the Chinese economy, together with the financial crisis in emerging countries, has affected the short-term prospects for demand in some of the company's potential markets.

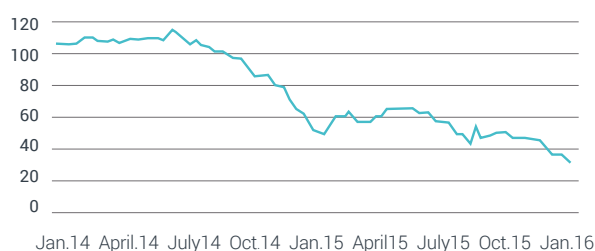
Market oversupply

The increased production of oil and natural gas in the USA due to the development of fracking, the sustained pace of production in the OPEC countries, the lifting of sanctions to Iran and a drop in demand in several economies have led to this scenario of oversupply.

Delay in the development of energy projects

The difficulty in accessing funding and the wait by some clients for the economic recovery that ensures the viability of the energy projects has caused delays in development in some cases.

Evolution of the price of oil 2014-2015 (\$/Brent crude)



Source: Bloomberg

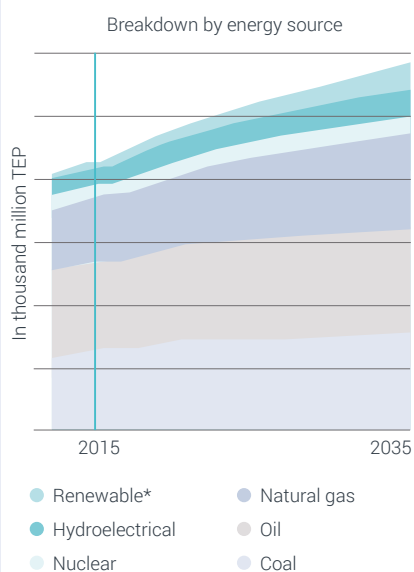
EVOLUTION OF DEMAND IN THE MARKETS RELATED WITH THE ACTIVITY OF TÉCNICAS REUNIDAS OVER THE COMING DECADES ^[G4-2]

GLOBAL ENERGY CONSUMPTION

Global energy consumption shall increase by 32.4% during the 2015-2035 period, mainly in regions such as India, China and non OECD countries.

Renewable energies and natural gas shall experience the greatest growth (240% and 42% respectively). Nuclear power shall increase by 33% and coal by 20%.

Evolution of global energy consumption between 2015-2035



*Including biofuels.

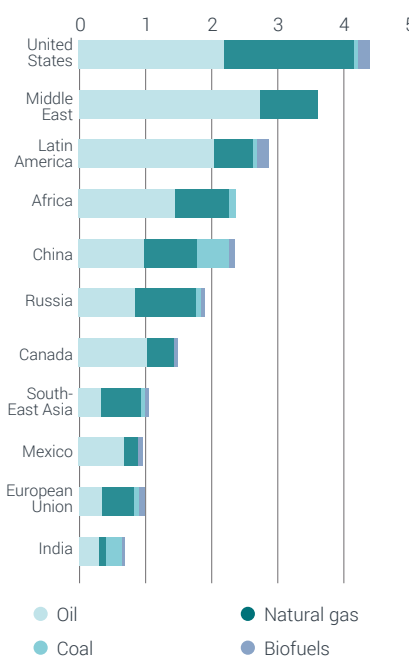
Source: BP Energy Outlook.

ENERGY INFRASTRUCTURES

An investment equivalent to 2% of the world's GDP will be required over the coming two decades (until 2040) to meet the new demands.

The total investment between 2015-2040 will be of 68 billion dollars: 37% of these will be assigned to natural gas and oil facilities, 29% will be for energy supply (including transmission and distribution), 32% will be for energy efficiency measures and the remaining 2% will be for coal and biofuels.

Investment in primary energy supply per region, 2015-2040



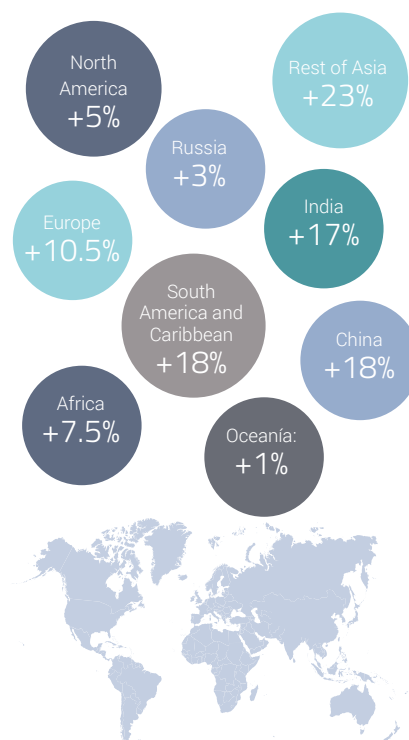
Source: WE02015. Data for New Policies Scenario.

DEMAND OF CHEMICAL PRODUCTS AND FERTILISERS

The increased demand will drive the growth in the worldwide production of petrochemical and organic products at a rate of 3.4% per year until 2024.

In addition, worldwide demand for nitrogen for fertiliser use will increase by 5.6% until 2018, driven mainly by regions such as China, South America and India.

Source of the increased nitrogen demand for fertilisers, 2014-2018



Source: Own work, based on data from the American Chemistry Council and FAO.

OTHER AREAS RELATED TO OPERATIONS

Besides market developments, the company's activity could be affected by factors related to other operational areas.

TÉCNICAS REUNIDAS' ADAPTATION TO TRENDS IN DIFFERENT OPERATIONAL AREAS



	FINANCIAL ENVIRONMENT	ENVIRONMENTAL AND OCCUPATIONAL SAFETY REQUIREMENTS	INNOVATION AND NEW TECHNOLOGIES
TRENDS	<ul style="list-style-type: none"> • New models of contracting and operation that spread client billing. • Governments' increased willingness to tax in order to offset deficits. 	<ul style="list-style-type: none"> • Growing presence of Técnicas Reunidas in countries with less restrictive environmental and safety standards. • Amendment of regulations governing environmental certification and emergence of new certification in the field of occupational health and safety. 	<ul style="list-style-type: none"> • Increase in social acceptance of the use of sustainable raw materials and growing interest in the use of more efficient energy storage units and network management. • Opportunities related to the improvement of metal recycling processes which enhance its appeal over mineral source extraction.
HOW IS THE COMPANY PREPARED?	<ul style="list-style-type: none"> • Increase in available lines of financing of working capital. • Development of policies aimed at an appropriate allocation of profits to the countries in which they are generated. 	<ul style="list-style-type: none"> • Reinforcement of the assessment system for local suppliers and performance of internal audits. • Updating and adaptation of proprietary technology to meet new environmental requirements. • Keeping ahead of the publication of new regulations in order to comply with the highest requirements for safety and environmental standards. 	<ul style="list-style-type: none"> • Technical capacity in promising areas of R&D (electrochemistry, hydrometallurgy, recycling of valuable materials, process biotechnology and energy storage). • Expertise in integrating the needs of clients and the capacities of subcontractors, suppliers and partners, creating synergies and maintaining ongoing innovation.

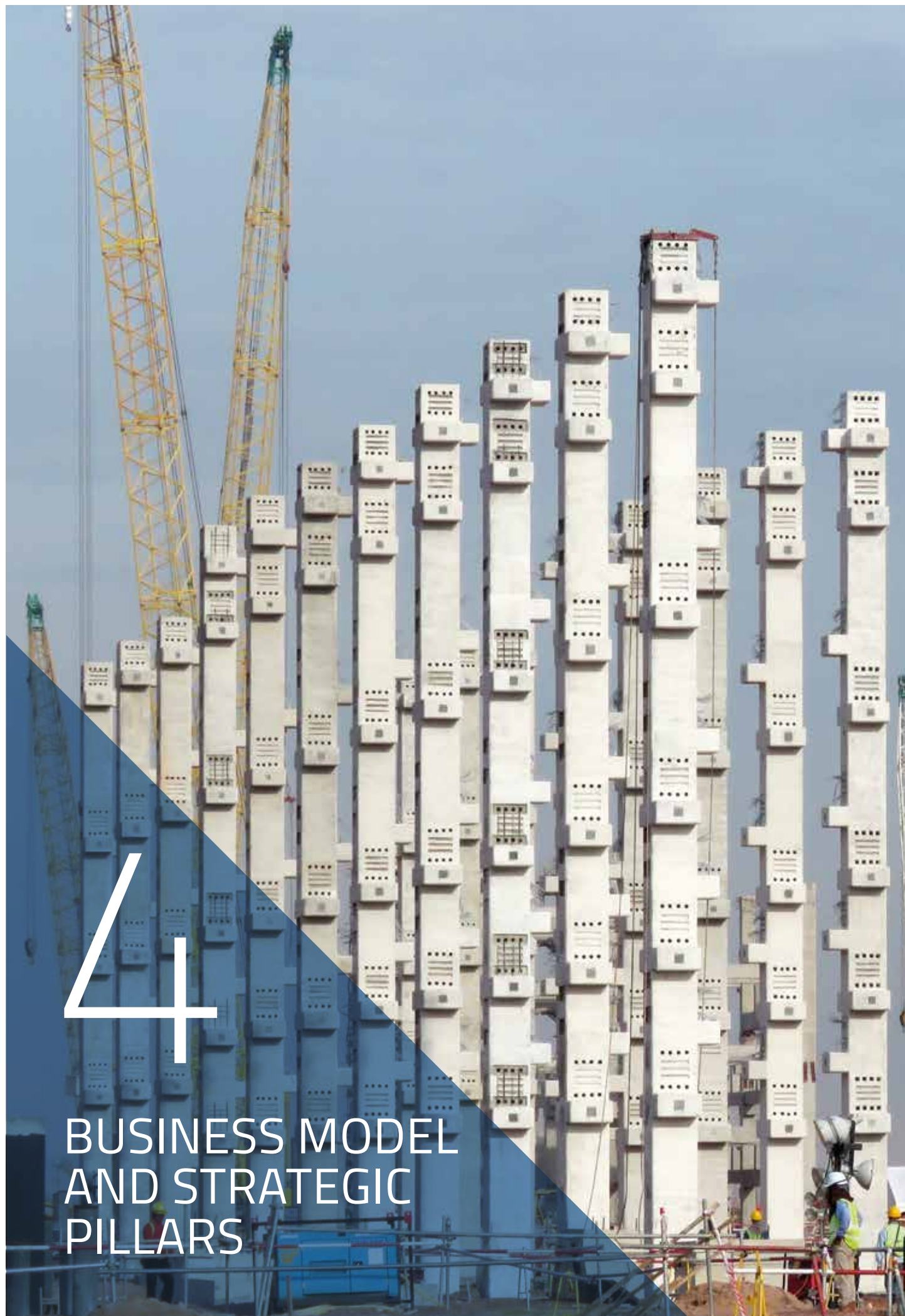


By means of certain acts, Técnicas Reunidas has configured a business model that ensures its resilience and its capacity of adaptation to the changes of this new framework.



	ETHICS, GOVERNANCE AND CSR	SUPPLY CHAIN	HUMAN RESOURCES
TRENDS	<ul style="list-style-type: none">• Increased activity of the corporate governing body and the need to strengthen internal monitoring systems and risk management.• Need to ensure equitable treatment of shareholders and take into consideration the concerns of other interested parties.	<ul style="list-style-type: none">• Low demand in the sector, leading to increased aggressiveness in negotiations and the risk of unethical practices.• Continued lack of demand, which may reduce supplier market capacity, and an increasing risk of reduced quality and supply delays.• Volatility in raw materials and currency that may give rise to price fluctuations during the purchasing process.	<ul style="list-style-type: none">• Consolidation of the internationalisation of the company's activity.
HOW IS THE COMPANY PREPARED?	<ul style="list-style-type: none">• Reinforcement of the role of the Board's committees, introduction of the Lead Independent Director and increased resources for internal monitoring systems.• Development of internal documentation in line with corporate governance best practices.• Creation of communication channels with the main stakeholders.	<ul style="list-style-type: none">• Review of the Management's award procedure to ensure its transparency.• Reinforcement of company presence in supplier workshops during the manufacture of equipment.• Inclusion of historical price indicators for materials alongside spot market correction factors during the award procedure.• Bid requests open to the global supplier market and in multiple currencies.	<ul style="list-style-type: none">• Multi-country management: adaptation of internal policies to local labour and tax regulations, as well as local culture, through direct management of our expatriate employees from the destination countries.• The company is equipped with specific tools for ongoing analysis of the labour market and locating available high-level professionals.





4

BUSINESS MODEL
AND STRATEGIC
PILLARS

4.1 BUSINESS MODEL AND VALUE CHAIN

Técnicas Reunidas is a company specialising in engineering, design and construction activities for all types of industrial facilities. Its business model is based on the use of a set of defining values and resources, which aim to generate value among shareholders and other interested parties.



By using different resources...

PEOPLE

- Multicultural team and adaptation to different markets.
- Flexibility, customer orientation and priority of safety.

KNOW-HOW AND TECHNOLOGY

- *Golden Rules**.
- Lengthy experience in EPC projects.
- Proprietary technology and availability of a technology centre.

FINANCIAL CAPITAL

- Healthy balance sheet.
- Risk-currency coverage policies.

MATERIALS AND ENERGY

- Integration of sustainability and environmental management throughout the project life cycle.

RELATIONSHIPS

- Historical relationship with suppliers and contractors, and strict homologation and follow-up process.
- On-going dialogue with local communities.

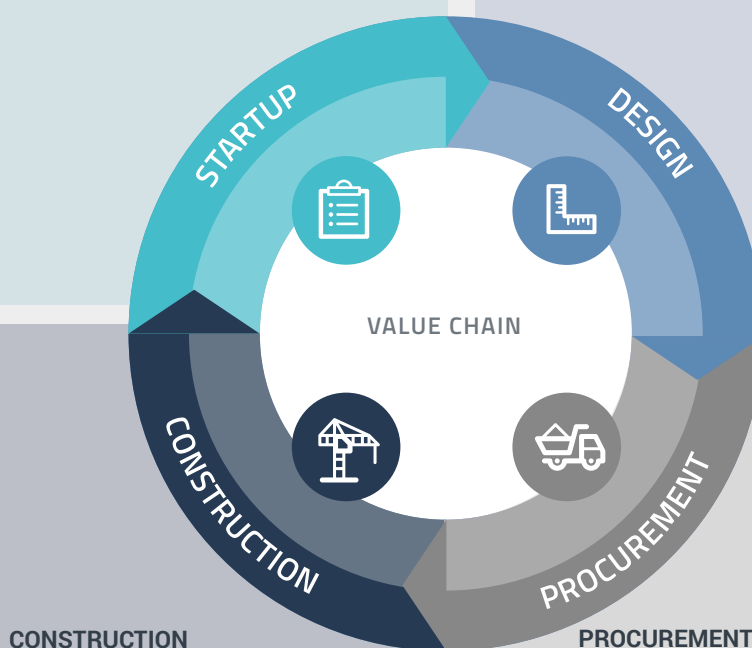
...in all of its activities...

STARTUP

- Delivery of turnkey projects.
- Development of precommissioning, commissioning and start-up plans.
- Client training in plant operation.

DESIGN

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



CONSTRUCTION

- Construction planning.
- Material and construction activity management.
- Relationship with the client and financial evaluation.

PROCUREMENT

- Management of procurement and subcontractors throughout the project cycle.

Differentiating values of Técnicas Reunidas

KNOW-HOW

It has *Golden Rules** that ensure standard procedures are applied everywhere in the world.

FLEXIBILITY

The expertise and operational structure streamlines the decision-making process, the approach to different technologies and the response to unforeseen changes in the projects.

INNOVATION

Innovation throughout the value chain is considered a key element to provide clients with products with better added value.

CREDIBILITY

It always fulfils its requirements and commitments to its clients.

* The *Golden Rules* of Técnicas Reunidas are a set of internal rules and procedures that establish the way the company operates. They rely on the knowledge gained during our 55-year history to ensure the project management applies the best practices and lessons learned. Similarly, they guarantee that the company applies the same blueprint to all its branches and operations.

...Técnicas Reunidas generates value for its shareholders, clients and other interest groups.

SHAREHOLDERS

- Activity aimed at value generation.

CLIENTS

- Adaptation to their needs and meeting of commitments.
- Satisfaction and recurrence guarantee.

LOCAL COMMUNITY

- Generation of wealth in the area (employment, training, etc).

SUPPLIERS AND SUBCONTRACTORS

- Generation of business and fostering of innovation.
- Support to internationalisation.

CUSTOMER ORIENTATION

It provides added value to its clients in obtaining funding for their investments, by providing innovative commercial models and taking risks in the projects (lump sum turnkey projects).

4.2 STRATEGIC PILLARS

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

- **Diversification** encompasses types of plants, geographical areas and clients.

The Group's know-how, complemented with proprietary technologies from multiple suppliers and licensors, enables it to undertake projects for plants of a highly diverse nature - including the most sophisticated - that only a few top-level competitors are able to construct.

Geographical diversification, meanwhile, not only allows a balanced distribution of the project portfolio, but means that cycles of low activity in certain geographical areas are compensated by focusing the group's efforts in areas where activity is maintained.

In addition to this, a wide client base prevents the concentration of risks, yet at the same time allows the group access to the types of clients involved in intensive phases of investment. In this regard, a suitable client distribution between NOC (National Oil Companies) and IOC (Integrated Oil Companies), who use different criteria when selecting their investments, ensures a flow of business under differing economic conditions.

- **Proven methodology** is made tangible through a set of benchmarks from projects already implemented, as well as through the group's engineering and construction procedures, which clients are aware of and verify during the stages of the projects' award procedure.

This technological and logistical know-how not only enables the award of projects, but it also acts as a barrier to competitors in higher value added projects.

- **Quality in implementation** enables clients' expectations to be met in terms of delivery times and the operation of plants in accordance with specifications.

Client satisfaction drives the dynamics of repeat invitations to participate in this client's future projects, as well as other similar projects developed by different clients in other geographical locations.



5.1 GOVERNANCE MODEL

Técnicas Reunidas' governance model underpins the company's activities, providing credibility and generating trust among its stakeholders.



KEY INDICATORS

INDICATOR	2015 data	2013-2015 progress
Independent directors (%)	58.3%	***
Good Governance Code recommendations adopted (%)*	93%	N.A
Business units analysed from the perspective of ethics and integrity (%) [G4-S03]	100%	N.A
Votes against the items on the agenda of the General Meeting (%)**	<1%	***

* Percentage of recommendations from the Good Governance Code for Listed Companies issued in 2015 by the CNMV (Stock Market National Commission) with which TR fully or partially complies. Recommendations that do not apply to the company are excluded from the calculation.

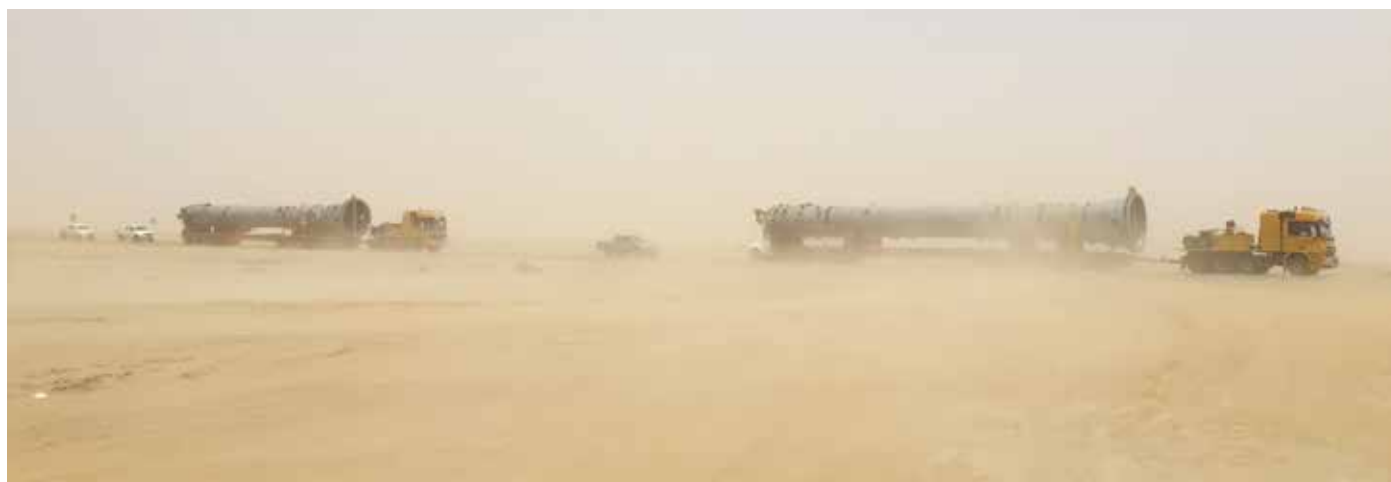
** Discounting the votes corresponding to own shares held. This is one of the lowest percentages in the Ibex-35 on particularly contentious items, such as the remuneration of management.

*** The percentage of independent directors and the percentage of votes against the items on the agenda at the General Meeting have remained at the same level between 2013 and 2015.



2015 MILESTONES

- Development of internal regulations such as the Code of Conduct and the Crime Prevention Plan, in line with amendments to the Criminal Code.
- Adaptation of internal regulations in line with legislative changes concerning corporate governance (Companies Act and Good Governance Code*).
- Appointment of the Lead Independent Director.
- Reinforcement of the assessment procedure for the Board and its committees.
- Approval of the Succession Plan.
- High percentage of votes in favour of the items on the agenda of the General Meeting**.





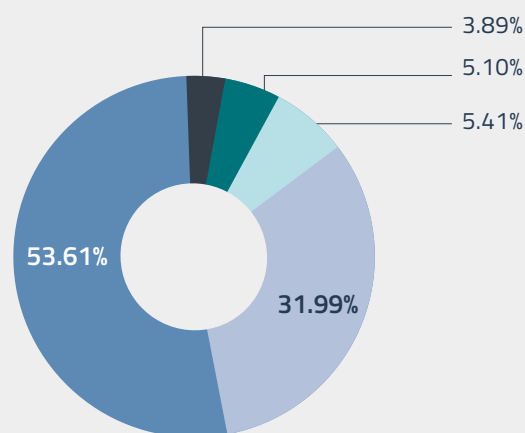
OWNERSHIP STRUCTURE [G4-7]

Técnicas Reunidas' share capital consists of 55,896,000 shares. 53.61 % corresponds to minority shareholders. The Board of Directors, meanwhile, holds 37.26 %.

Shareholders from all around the world put their trust in Técnicas Reunidas. More than 70.11 % of our 24,652 shareholders are from outside Spain.

Técnicas Reunidas shares are listed on the Spanish continuous market, forming part of the selective IBEX-35.

Distribution of the TR registered capital



- Rest of shareholders
- Own shares
- Aragonesas Promoción de Obras y Construcciones, S. L.
- Chase Nominee
- Araltec, S.L.

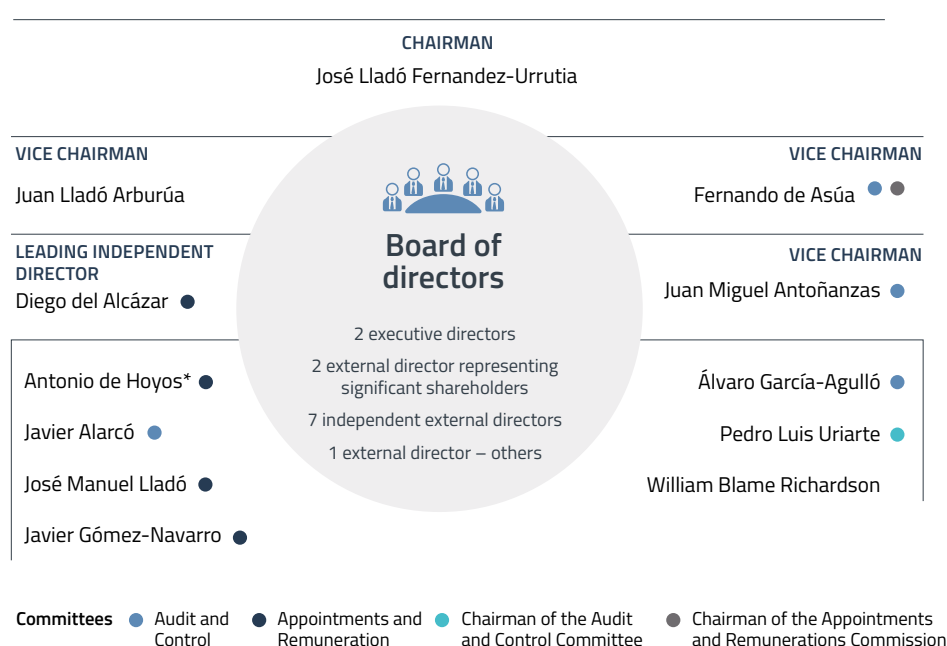
COMPOSITION AND FUNCTIONING OF THE GOVERNING BODIES

[G4-34]; [G4-38]; [G4-39]; [G4-40]; [G4-42]; [G4-44]; [G4-45]; [G4-46]; [G4-49]; [G4-51]; [G4-52]; [G4-LA12]

GOVERNANCE STRUCTURE

The governance of the company is managed by means of the Shareholders' General Meeting, the Board of Directors and its two delegated committees (the Audit and Control Committee and the Appointments and Remuneration Committee). The Board and its committees all include a majority of independent directors. The committee chairs are also independent.

Members of the Board of Directors of Técnicas Reunidas



Leading independent director

The Board has a leading independent director (Diego del Alcázar) that has powers to:

- Summon the Board.
- Include new items in the agenda of a scheduled Board meeting.
- Coordinate and meet non-executive directors.
- If necessary, manage the periodic evaluation of the Chairman.

BOARD MEMBERS	POSITION	STATUS	FIRST APPOINTMENT	LAST APPOINTMENT
José Lladó Fernández-Urrutia	Chairman	Executive	10/05/2006	22/06/2011
Juan Lladó Arburúa	Vice Chairman	Executive	10/05/2006	22/06/2011
Juan Miguel Antoñanzas Pérez-Egea	Vice Chairman	Independent	10/05/2006	22/06/2011
Fernando De Asúa Álvarez	Vice Chairman	Independent	10/05/2006	22/06/2011
Antonio De Hoyos González*	Director	Independent	10/05/2006	22/06/2011
Álvaro García-Agulló Lladó	Director	Proprietary	10/05/2006	22/06/2011
José Manuel Lladó Arburúa	Director	Proprietary	10/05/2006	22/06/2011
Javier Gómez-Navarro Navarrete	Director	Independent	10/05/2006	22/06/2011
Javier Alarcó Canosa	Director	Independent	22/06/2007	26/06/2012
Diego Del Alcázar y Silvela	Director	Independent	25/03/2010	22/06/2011
Pedro Luis Uriarte Santamarina	Director	Independent	22/06/2011	22/06/2011
William Blaine Richardson	Director	External - Other	22/06/2011	22/06/2011

* On 7/3/2016, Técnicas Reunidas informed the Stock Market National Commission of the appointment of Petra Mateos-Aparicio as a Director and member of the Appointments and Remuneration Committee in replacement of Antonio de Hoyos.

Delegated Committees ^{[G4-34]; [G4-38]; [G4-39]; [G4-40]; [G4-42]; [G4-45]; [G4-46]; [G4-49]; [G4-51]; [G4-52]}

The delegated committees monitor some of the key matters for the company and its shareholders. The powers of both have been reinforced as a result of the amendment of the Companies Act.

COMMITTEE CHAIRMAN

Pedro Luis Uriarte

Fernando de Asúa ●
Javier Alarcó ●
Pedro Luis Uriarte ●
Juan Miguel Antónanzas ●
Álvaro García-Agulló ●



COMMISSION CHAIRMAN

Fernando de Asúa

Antonio de Hoyos ●
Diego Del Alcázar ●
Fernando de Asúa ●
Javier Gómez-Navarro ●
José Manuel Lladó ●



Functions

- Checking the effectiveness of the internal control or risk management systems.
- Ensuring that the company has the policies, processes and controls required to manage them.
- Implementing the Crime Prevention Model covering all the company's activities worldwide.

Functions

- Ensuring the suitability of the members of the Board of Directors for their functions.
- Establishing the remuneration policies for directors and managers as required for the long-term interests of the managers and shareholders.
- Evaluating the performance of the Board of Directors, with the assistance of an independent third party of renown.



For further information on the governing bodies and the profiles of the TÉCNICAS REUNIDAS directors, check the Corporate Governance Annual Report (www.tecnicasreunidas.es/en)

Main Topics Addressed by the Board and its Committees ^[G4-44]

The Board of Directors and its delegated committees held a total of 20 meetings in 2015, all with 100% attendance. The main topics addressed included the following:

JOINT ACTUATIONS OF THE BOARD AND ITS COMMITTEES

- Preparation of the Annual Financial Statement and the Corporate Governance Annual Report.
- Adaptation of the documentation and corporate structure to the new Corporate Law.
- Business cycle in the different areas of activity.
- Appointment of the leading independent director.
- Follow-up of tax inspections on the company.
- Risk analyses potentially affecting Técnicas Reunidas (strategic, emerging, operational, financial, legal or fiscal).
- Duties of transparency affecting the company.
- Independence of external auditors.
- Strategic plan and internal audit regulations.
- Drafting of the succession plan.
- Contracts of the executive directors.
- Evaluation report of the Board of Directors.
- Sector benchmarking of IBEX35 on the structure and total amount of the salary systems for the management bodies.
- Remuneration changes for directors and managers in 2015.
- Remuneration of the Executive Vice Chairman and Director.

REMUNERATION AND PERFORMANCE MODEL [G4-51]; [G4-52]

The remuneration model for the Board and the company's senior executives consists of one fixed and one variable component. Its underlying policy is based on the principles shown below.

Remuneration of the highest governing body and senior executives

GENERAL PRINCIPLES	COMPONENTS OF THE REMUNERATION
<p>Payment for the dedication, qualification and responsibility required by the post of director. Incentives are offered for their dedication, without jeopardising their independence.</p>	<div data-bbox="863 636 916 696"></div> <p>FIXED COMPONENT OF THE REMUNERATION</p> <ul style="list-style-type: none"> • Work in the Board of Directors: 55,478€. • Work in the committees: 15,384€. • Allowance for attendance to the Board: 2,500€. • Allowance for attendance to the Audit and Control Committee: 2,500€. • Allowance for attendance to the Appointments and Remunerations. Committee: 5,000€.
<p>Payment for the effective dedication of the directors.</p>	<div data-bbox="863 994 916 1055"></div> <p>VARIABLE COMPONENT OF THE SALARY</p> <p>The variable component of the salary applies to executive directors, depending on parameters such as the following:</p> <ul style="list-style-type: none"> • Contracting during the period. • Order book levels. • Income. • Profit. • Salary of the shareholder during the period.
<p>Reasonable payment in accordance with market demands.</p>	
<p>Attraction, retention and motivation of directors with outstanding professional profiles that are suitable to contribute to the strategic goals of the Company.</p>	
<div data-bbox="161 1240 209 1323"></div> <p>For further information on the salary of the Board of Directors and top executives, check the Annual Report on Remunerations of the Directors of Listed Corporations (www.tecnicasreunidas.es/en).</p>	

MANAGEMENT MODEL FOR THE GOVERNANCE OF THE COMPANY

Técnicas Reunidas' governance model is primarily based on three internal standards: the Code of Conduct, the Policy on Prevention and Response to Criminal Offence and the Legal Compliance Policy (in the process of being implemented).

This model is based on the regulations applicable to Técnicas Reunidas' activity, both as a public limited company and as a listed entity. The company also takes into account soft law recommendations on matters of governance which, although not binding, are recognised benchmarks in this area.

MAIN GOOD GOVERNANCE INTERNAL REGULATIONS
1. CODE OF CONDUCT
2. CRIME PREVENTION AND RESPONSE MANUAL
3. POLICY OF COMPLIANCE WITH CRIMINAL LAW

Técnicas Reunidas fulfils 93 % of the recommendations of the CNMV's Good Governance Code.

Adaptation of the management model to external factors

The company constantly monitors emerging factors with the potential to affect its management model. This facilitates the adoption of necessary measures, as well as the definition of future strategies.

In 2015, various regulatory changes were made which made it necessary to adopt the internal standards listed above.

External factors impacting on the company’s governance model in 2015

MAJOR FACTORS
Regulatory changes in corporate and criminal matters (amendment of the Criminal Code).
Adoption of a new Good Governance Code at the CNMV.
Reinforcement of the powers of the Audit and Control Committee and the Appointments and Remuneration Committee through amendments to the Companies Act.
Regulatory allocation of new responsibilities to the Board of Directors, Audit and Control Committee and the Appointments and Remuneration Committee.

In addition, Técnicas Reunidas made other modifications to its governance model during the fiscal year. These include the appointment of a Lead Independent Director, the binding vote on the remuneration of management at the General Meeting, the new approval system for related-party transactions, the tightening of criteria on directors’ incompatibility and the possibility of participation in the General Meeting on matters of management.

The management model established by Técnicas Reunidas and the adaptation in 2015 of the internal mechanisms of governance ensures compliance with all applicable corporate regulations and, therefore, its ethical and responsible management.

Ethics and compliance

[G4-56]; [G4-57]; [G4-58]; [G4-DMA]; [G4-S04]

Maintenance of integrity during the performance of activities is regulated by the main internal standards of good governance mentioned above. One of these standards, the Code of Conduct, is currently pending implementation following postponement in recent months to ensure its consistency with the regulatory changes made during the fiscal year.

This code encompasses various matters related to the prevention of crime and corruption, as well as all other issues which are relevant to the company’s commitment to acting in accordance with the law, human rights and internationally accepted ethical practices.

At the same time, as an anti-corruption measure, Técnicas Reunidas has introduced internal control mechanisms for processes involving delegation of authority and finance/ banking throughout the company’s organisational levels and business activities.

Likewise, various actions have been developed to familiarise personnel with anti-corruption procedures. To this end, meetings have been held with all senior managers, who have been informed of the applicable regulations and the risks that affect them.

Técnicas Reunidas has implemented internal control mechanisms throughout the company’s organisational levels and business activities to prevent any occurrence of corruption.

In order to facilitate the reporting of activities which go against the ethical framework of the company, Técnicas Reunidas has provided for the establishment of a Complaints Channel. Its implementation will be fully completed once the Code of Conduct is finally approved. In the meantime, any unethical practices may be reported via other internal channels of communication.

5.2 RISK MANAGEMENT [G4-2]; [G4-14]; [G4-S03]

Técnicas Reunidas has various mechanisms to enable the identification, prevention, and minimisation of risks associated with all its areas of activity, thus ensuring the sustainability of the business for all its stakeholders.

Técnicas Reunidas has a comprehensive methodological framework for managing key risks in all areas and projects, preventing the creation of a silo management structure.

A catalogue of key risks has been compiled, identified in accordance with COSO II methodology.

Técnicas Reunidas has developed a set of policies for managing these risks. These include:

- Procedures to mitigate risks related to the nature of the projects - careful selection of projects, policies for diversifying geopolitical risks, policies for sharing project risks with third parties, insurance cover and contracting methods which ensure the quality of suppliers, etc.
- Procedures related to the financial management of projects - management of foreign exchange risk, liquidity, tax risks and technical contingencies.
- Health and Safety Management Systems - policies, procedures and regular system reviews.



The following table identifies the main types of operational and market-related risks. It also explains the management and mitigation mechanisms implemented by the company.

MAIN OPERATIONAL RISKS AND MANAGEMENT MECHANISMS AT TÉCNICAS REUNIDAS		
RISK	DESCRIPTION	MANAGEMENT AND MITIGATION MECHANISM
PROJECT COST VARIATIONS	<p>Various factors can cause changes to costs with respect to project plans:</p> <ul style="list-style-type: none"> Contracting of turnkey projects, with a set price agreed at the outset, while the costs of implementation are subject to variation. Price fluctuations in raw materials. Subcontracting companies, usually local, for civil engineering works. Since construction work involves such a significant proportion of the total cost of plants, there is a risk that deviations may occur. Becoming aware of these deviations at an advanced stage of the project's implementation allows only a narrow margin for correction. 	<ul style="list-style-type: none"> Inclusion in project budgets of a number of contingencies to cover deviations. Development of contracting methods that mitigate risks (open book) and incorporation of exemption clauses in contracts. Inclusion of indemnity clauses in contracts with suppliers and subcontractors. Transfer of risk to clients in the (highly unusual) event that they are willing to accept this. Intensive acquisition, during the first months of implementation, of equipment which is both critical and very sensitive to the price of certain raw materials. Use of derivatives that enable the purchase of certain essential raw materials in instalments. Distribution of the execution of the work between several contractors and contracting of leading companies for construction in the different countries. Signing of consortium agreements with the contractor when the risk is high and the client authorises it.
CRUDE OIL PRICE FLUCTUATIONS	<p>Alongside other factors, the price of crude oil affects the behaviour of the company's clients, as well as suppliers, competitors and partners.</p>	<ul style="list-style-type: none"> Predominance in the portfolio of NOCs (National Oil Companies) which, unlike IOCs (Integrated Oil Companies), incorporate other economic factors besides pure profit into their decision-making processes, such as geopolitical and social criteria. Mitigation of negotiation risks through the early detection of issues that may involve amendments to the contract price.
IMPLEMENTATION OF PROJECTS IN MULTIPLE GEOGRAPHICAL AREAS	<p>Projects are implemented in multiple geographical locations, each with a different risk profile to mitigate:</p> <ul style="list-style-type: none"> Geographical areas subject to significant social and political tensions. Locations with restricted access, low level of training of local resources, requirements concerning local content or adverse weather conditions. Countries with limited legal certainty. <p>Additionally, the implementation of projects in different geographical areas makes them more difficult to control.</p>	<ul style="list-style-type: none"> Project selection, based on detailed analysis of the client and country, establishing a local presence before bidding and an exhaustive analysis of interests, margins and risks. Use of modular construction schemes in geographical areas where labour shortage or site conditions allow savings with respect to other options. Inclusion in contracts, whenever possible, of referral of disputes to courts or arbitrators in countries in which Técnicas Reunidas has previous experience. Inclusion in contracts, whenever possible, of clauses that allow price revisions in the event of amendments to the law. Application of common procedures in the implementation of projects and through the centralisation of the project monitoring teams in the Madrid offices.
CONCENTRATION ON A SMALL NUMBER OF CLIENTS	<p>The portfolio may at certain times reflect a high concentration on a small number of clients.</p>	<ul style="list-style-type: none"> Concentration only in markets where the company has sufficient previous experience, as well as projects involving high-level clients. Diversification policy which allows Técnicas Reunidas access to very different markets. Rolling out of commercial activity with new clients and in markets in which Técnicas Reunidas is not yet active.

Continuation

MAIN OPERATIONAL RISKS AND MANAGEMENT MECHANISMS AT TÉCNICAS REUNIDAS		
RISK	DESCRIPTION	MANAGEMENT AND MITIGATION MECHANISM
ENVIRONMENTAL AND SAFETY REQUIREMENTS	<p>Técnicas Reunidas works on projects which have a significant impact on the environment and evident risks in terms of health and safety.</p> <p>Their control and minimisation throughout the project lifecycle depends not only on Técnicas Reunidas but also on the good practice of subcontractors and suppliers.</p>	<ul style="list-style-type: none"> • Environmental Management and Safety Systems that ensure compliance with the requirements of each project and monitoring of the results. • Assurance of proper environmental management right from the engineering stage, thanks to Técnicas Reunidas' technical capacity in designing efficient projects, through to the management of its impact in its own offices. This assurance extends to its suppliers and subcontractors, by means of audits and training sessions.
ECONOMIC VARIABLES	<p>Some variables - such as exchange rates, interest rates, the willingness of financial and insurance institutions to participate in projects and the tax regime - have a significant impact on the company's activity and revenues.</p>	<ul style="list-style-type: none"> • Continuous monitoring of currency-related risks and contracting of exchange rate insurance as considered necessary to mitigate risk. • Advice from financial experts who are involved in the establishment of the taxation criteria affecting the different companies of the group. • Management of a sound balance sheet and adequate lines of funding to ensure sufficient solvency to implement projects. • Mitigation of the risk of clients' lack of liquidity by means of active participation in the processes of obtaining financing, through banks that frequently support operations involving Técnicas Reunidas, as well as through the use of export credit insurance mechanisms.
INFORMATION TECHNOLOGY	<p>A failure in the information technology systems has the potential to negatively impact on the running of Técnicas Reunidas' business.</p>	<ul style="list-style-type: none"> • Information security management system certified according to ISO 27001:2015, covering the six main existing IT systems. • Specific training given to more than 3,000 employees.
RETENTION OF KEY PERSONNEL AND ADAPTATION OF RESOURCES TO WORKLOAD	<p>The loss of key personnel at Técnicas Reunidas, as well as insufficient training of its personnel, could reduce the company's capacity to successfully implement projects.</p> <p>Engineering workloads vary according to the stage of implementation of projects, with the result that either concentrations or delays in the awarding of contracts can cause mismatches in the workload.</p>	<ul style="list-style-type: none"> • Procedures for assessing the competences of employees, in order to identify key personnel who should be retained. • Implementation of monitoring policies for these employees, alongside remuneration and career plans that encourage them to stay with the company. • Implementation of a flexible human resources structure, as well as maintenance of engineering centres outside Spain that allow accelerated increases in personnel.
ETHICS AND REPUTATION	<p>Any unethical or irresponsible behaviour by employees or other agents working in partnership with the company (suppliers and subcontractors) could adversely affect Técnicas Reunidas' reputation and results.</p> <p>These breaches could be related to areas including human rights violations, environmental impact, discrimination, forced labour, corruption and bribery.</p>	<ul style="list-style-type: none"> • Internal regulations to ensure workers' ethical behaviour and compliance with the legislation. • Code of Conduct (currently in the implementation phase) which sets out the model values for company behaviour when dealing with stakeholders. • Dissemination and understanding of anti-corruption policies among the staff. • Internal Purchasing Code, which lays down the guidelines for what is expected of employees during the course of purchasing procedures. • Need for suppliers and subcontractors to fulfil requirements on environmental issues, human rights and health and safety. Compliance with these requirements is monitored by company inspectors during their project inspections.





6

RESOURCES AND RELATIONSHIPS

6.1 MEMBERS OF THE BOARD OF DIRECTORS OF TÉCNICAS REUNIDAS

Thanks to its portfolio, Técnicas Reunidas has increased its sales in a complicated market environment.

 KEY INDICATORS			 2015 MILESTONES	
INDICATOR	2015 DATA	2013-2015 PROGRESS		
Portfolio (million €)	12,136	+90.3%	<ul style="list-style-type: none"> 33 % growth in company sales to reach €4,188 million in 2015. EBITDA stood at €105.3 million after the impact of losses incurred in the Canadian project for CNRL. Significant increase in financial guarantees available to the company for ensuring the necessary backing to meet present and future obligations. Progress in implementation and supervision of the Financial Reporting Monitoring System. Redefinition of the balance sheet structure by increasing funding lines. This has enabled improved protection for the company against a change in market dynamics, in which clients have fewer liquid assets. Holding of the first Investors' Day in Istanbul. 	
Awards (million €)	6,662	+101.3%		
Revenues (Sales) (million €)	4,188	+47.2%		
EBIT (million €)	86	-41.9%		
EBIT/Sales	2%	-3.1%*		
Structural costs (million €)	80.9	+6.5%		
Result after tax (million €)	60.2	-53.2%		
Net cash position (debt/cash)	532.6	-15.3%		
Work in progress (million €)	1,658.7	+127%		
Guarantees (million €)	4,270	+43%		

* Percentage points

MANAGEMENT APPROACH ^[G4-DMA]

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

Alongside its internal functions, the division provides support to the company's clients in obtaining financing.

Matrix organisation of financial management in Técnicas Reunidas

		TECHNICAL AREAS				
		FUNDING	TAXATION	ACCOUNTING	TREASURY	COST CONTROL
Countries	Spain					
	Saudi Arabia, Kuwait and Oman					
	Chile y Bolivia					
	Bangladesh, India and Malaysia					
	Poland and England					
	Turkey, Algeria and Egypt					



SUPPORT FOR CLIENTS SEEKING FINANCING FOR THEIR PROJECTS

Técnicas Reunidas' clients generally use multiple sources of funding to carry out their projects. One of the most important, due to its lower cost, is bank financing covered by credit insurance provided by export credit agencies (ECAs).

The company's long-standing relationship with these entities, combined with its financial solvency, provides added value to clients accessing this type of funding. Since Técnicas Reunidas' financial capacities enable the design of attractive project models, adapted to the requirements set out by the ECAs, this facilitates support for projects.

MARKET ENVIRONMENT

The market environment in which Técnicas Reunidas operates has been affected by various external factors during the past year. These have made it necessary for the company to adapt its financial management, as shown below.

Market environment: external factors that have impacted on Técnicas Reunidas



OIL
PRICES

- The price of oil has remained below 50\$, which has led to a significant drop in the cash position of the clients and has affected their decision-making process. Técnicas Reunidas has thus been forced to alter the management of its liquidity.
- The company has redefined its balance sheet structure by increasing the credit lines. The guarantee lines available to the company have also been strengthened to tackle existing or future challenges, if necessary.



€/ \$
EXCHANGE RATE

- The depreciation of the currencies of emerging countries and the strengthening of the dollar against the euro have had a significant impact on the results of companies which carry out almost all their business outside Spain, such as TR.
- In order to alleviate this risk, the company has applied a policy of risk follow-up and coverage by means of derivatives.



ELIMINATION OF TAX
ADVANTAGES AND TAX
INSPECTION

- Law 27/2014 entered into force on 1st January 2015. This law eliminated certain tax advantages that had benefitted Técnicas Reunidas for the past 30 years. This change had a strong impact on the net profits after tax of the company.
- In addition, during this year the tax authorities completed the review of the company's taxes for the 2007-2011 period. They issued non-conformity reports as a result of applying criteria that, in the opinion of Técnicas Reunidas, differed greatly from those applied in previous inspections.
- The company will be filing an appeal before the Central Economic Administrative Court during 2016.

OPERATING INCOME [G4-9]

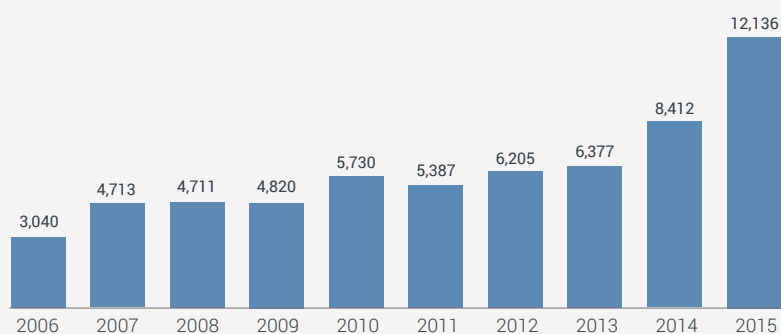
Técnicas Reunidas' portfolio increased by 44 % in 2015, compared to the previous year, thanks to the high level of contracts awarded. At the end of the year, the portfolio totalled €12,136 million, with the most important contract being the Fadhili project, being another relevant project the Al Zour refinery for KNPC in Kuwait.

This portfolio growth is an indicator of the company's potential to continue generating profits over the coming years.

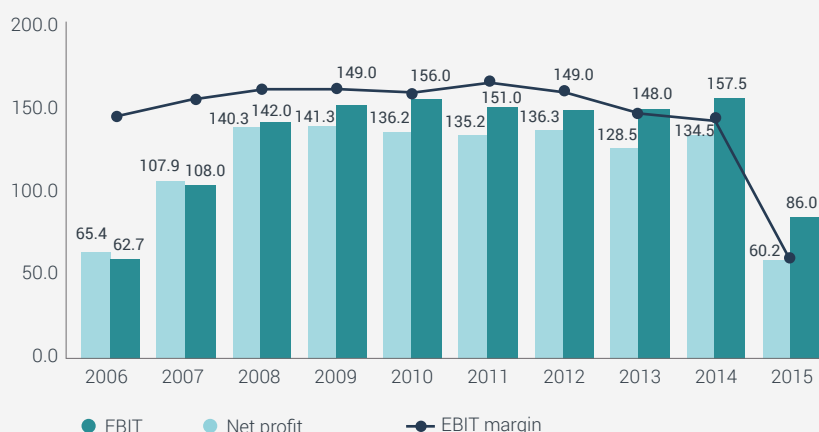
In this regard, despite impacts on the EBIT and net profit during 2015 due to extraordinary cost overruns on one of the company's projects in Canada, Técnicas Reunidas maintained a sound level of profitability during the 2006-2014 period (above 5 %). The company expects recovery of the EBIT margin in 2016 from 2.1 % (€86 million) to a value of around 4 %.

Finally, sales were favourably influenced by the increase in portfolio delivery. At the end of 2015, sales reached €4,187.9 million, 33 % higher than the previous year. Revenues from the Oil and Gas Division accounted for 89.4 % of the total. Power Generation and Infrastructure and Industries, meanwhile, accounted for 7.7 % and 2.9 % respectively.

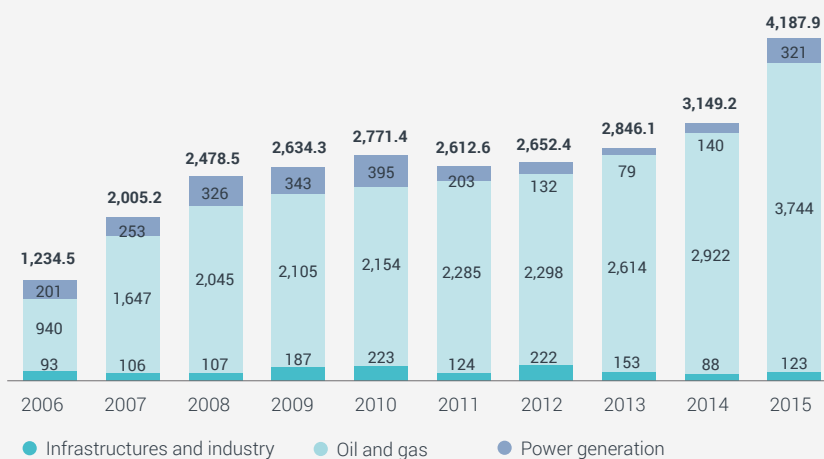
Evolution of portfolio (Millions of €)



Evolution of EBIT, net profit and margin (Millions of €)



Evolution of sales. Breakdown by division (Millions of €)



TÉCNICAS REUNIDAS' VALUE GENERATION IN SPAIN [G4-EC1]

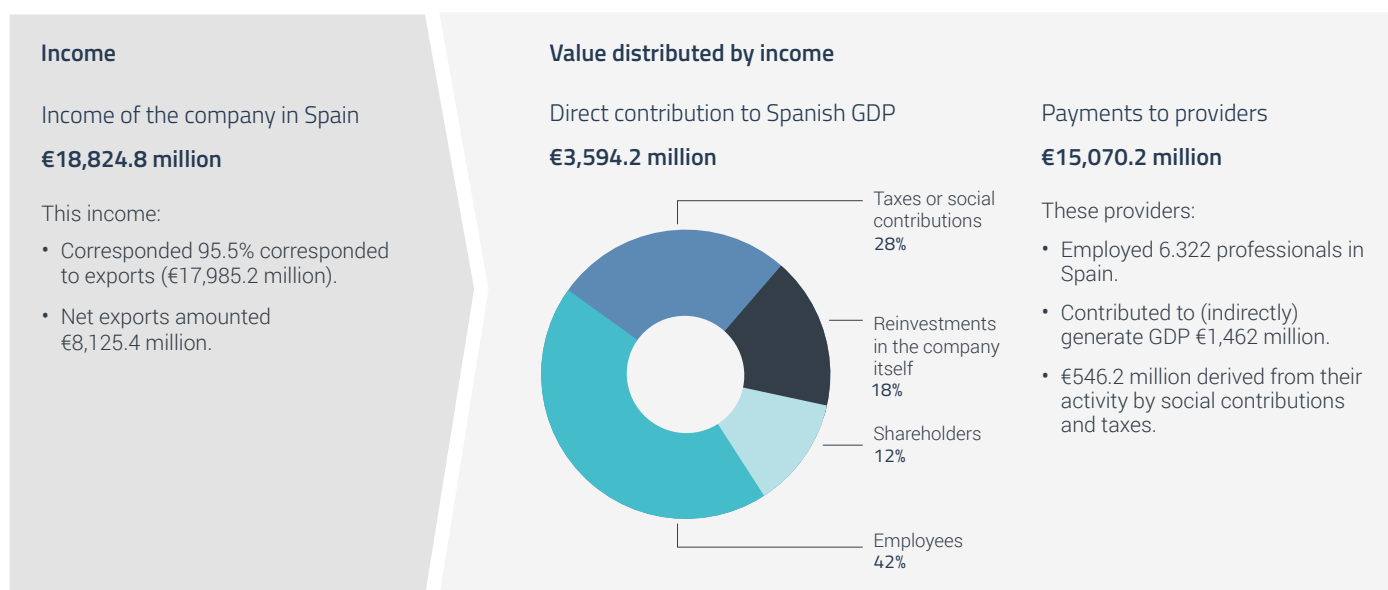
Técnicas Reunidas' activities contribute to the creation of wealth not only for its shareholders. Part of the revenue generated by the company is distributed through cash flows, creating value for other agents.

Incomes of the Company in Spain during the period 2008-2015 were €18,824.8 million, 95.5% of which (€17,985.2 million) corresponds to exports.

These incomes were used for payment of taxes (€29.4 million), purchase of goods and services to providers (€15,070.2 million) and other purposes which meant a direct contribution to the Spanish GDP equivalent to €3,592.2 million.

Among these purposes highlights the value added by the company through taxes and social contributions (€1,016.6), payment of employees' salaries (€1,493.4 million), dividends to shareholders (€449.6 million) and reinvestments in the company itself (€634.7 million).

Técnicas Reunidas' value generation in Spain (2008-2015)



Methodological note

Data obtained from a third party independent expert report on four companies of the TR Group (Técnicas Reunidas, S.A; Técnicas Reunidas Internacional, S.A; Initec Plantas Industriales, S.A; Initec Infraestructuras, S.A).

This report does not include the Financial Result of the Técnicas Reunidas' Group. The economic impact is estimated from the operating result.

Direct contribution to Spanish GDP has been calculated as above:

- "Taxes and social contribution" includes income tax deductions, social security contributions and corporation tax.
- "Employees" includes payments of remunerations to employees discounting income tax deductions and social security contributions.
- "Reinvestments in the company" includes coverage of the financial result and reserves.

STOCK PERFORMANCE

Despite strong attraction generated by the high volume of new contracts awarded in terms of important markets and clients, Técnicas Reunidas' share price has fallen by 4 % during 2015.

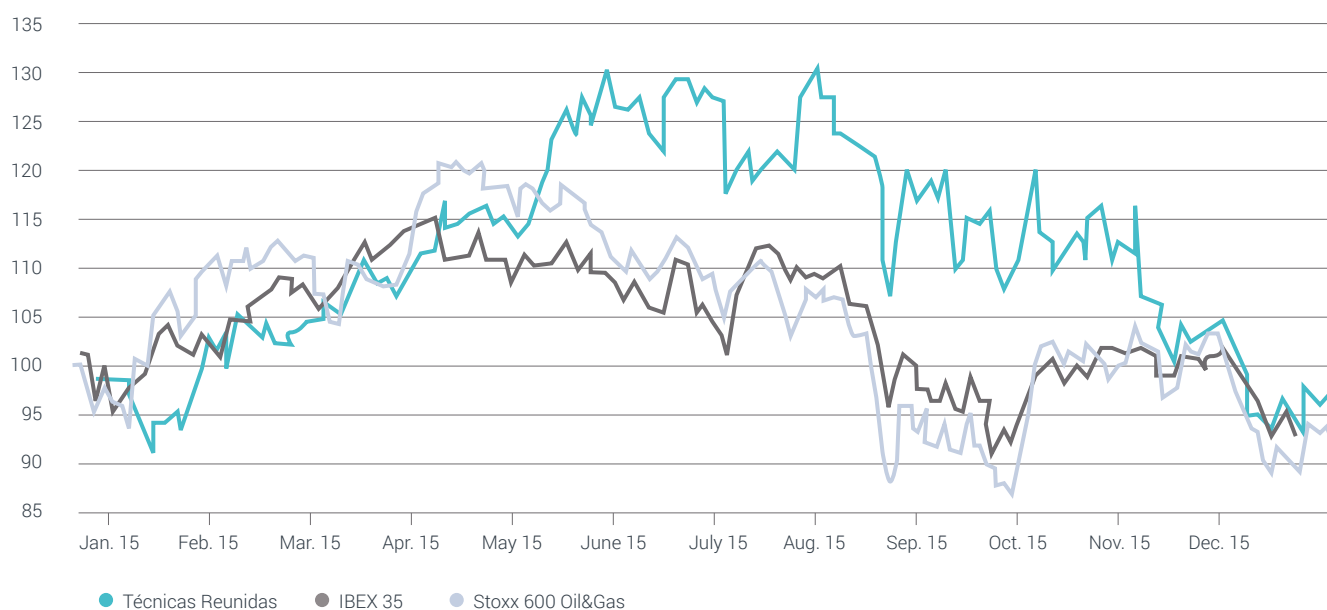
Nevertheless, this fall was lower than that of other benchmark indices such as the Stoxx 600 Oil & Gas and the Spanish selective IBEX-35, which during the same period fell 7.8 % and 7.2 % respectively.

In specific terms, the weakness of the Spanish stock market, which has dragged down all its values, is one of the factors which has impacted on Técnicas Reunidas' share price.

Other specific factors have also affected the share price, such as the drop in oil prices and the consequent reductions in Capex implemented by major oil companies, as well as the difficulties experienced by some competitors in the field of oil-related plant engineering.

With regard to shareholder remuneration, at the end of the year, Reunidas Técnicas approved the distribution of €0.667 per share in respect of the advance payment of the dividend from the results for the fiscal year 2015 approved at the Ordinary General Meeting.

Técnicas Reunidas' share price movement and other benchmark indices over 2015 (base level 100*)



*Value 100 corresponds to the price of each index on 31/12/2014.

INVESTOR RELATIONS

The company manages its relationship with its shareholders through the Investor Relations Department. The department's activities are directed through its participation in oil sector seminars, roadshows targeted at locations with a high volume of investors and other actions including multisectoral seminars, meetings at our offices in Madrid and visits to plants.

The main topics of interest for investors at these meetings are as follows:

- Understanding energy market trends over the medium and long term.
- Identifying Técnicas Reunidas' growth opportunities and assessing the company's capacity to absorb this growth.
- Gaining a better understanding of the competitive environment, focusing on the differences and similarities between our company and its competitors.

Técnicas Reunidas has recently received important international recognition for its investor relations programme. The publication *Institutional Investor*, an international frame of reference which evaluates major European companies in all sectors of activity, has spotlighted Técnicas Reunidas as **the company with the best programme in Europe in this field within the category of oil service sector.**

Our First Investors' Day

In 2015, Técnicas Reunidas held its first Investors' Day since the company became listed on the stock exchange in 2006.

The event, held in Istanbul, showcased the company's strategy to investors, and promoted a visit to the refinery built by Técnicas Reunidas for Tüpraş in İzmit.



6.2 Employees, the Key Pillar for Growth

With the increasing expansion of its projects, Técnicas Reunidas is shining the spotlight on internationalisation in the management of its human resources. Having systems that enable the centralisation of key processes is essential in maintaining joined-up management across the various business units and countries in which the company operates.



KEY INDICATORS

INDICATOR	2015 DATA	2013-2015 PROGRESS
Company personnel (number)*	9,215	+16.9 %
Female personnel (%)	34%	+ 0.7**
Permanent workers	69.9%	+ 5**
Voluntary employee turnover	3.1 %	-0.3**
Expatriate personnel	26.1%	-0.5**
Training (hours)	150,049	+ 31.2%
Persons trained (number)	2,941	+ 46.8 %
Training (hours per employee)	27.77	+15.2%
Performance evaluations (number of employees)	4,187	+27.7%



2015 MILESTONES

- Internationalisation of human resources management.
- Integration of the business divisions into the expatriation policy.
- Integration of recruitment management systems through the E-preselect tool in order to improve the management of candidate profiles.
- Creation of a section within the International Human Resources Division to participate in the bidding stage for projects.
- Implementation of tools for integrating the management of human resources.
- Implementation of a balanced scorecard for human resources that allows quarterly analysis of the most important management indicators.

* The only section which refers to the entire company workforce, and not exclusively to the internal staff (5,403).

** Percentage points.



MANAGEMENT APPROACH [G4-DMA]

Técnicas Reunidas focuses on the management of human resources from an operational standpoint, adapting its policies to the needs of business and clients.

Its cornerstone consists of the integration of all areas of management within a single system. This enables joined-up work and the pursuit of common goals.

Técnicas Reunidas has a Business Partner for Human Resources within each area of business, acting as representative of the Corporate Division. For international projects, there are also specialist professionals responsible for the management of human resources.

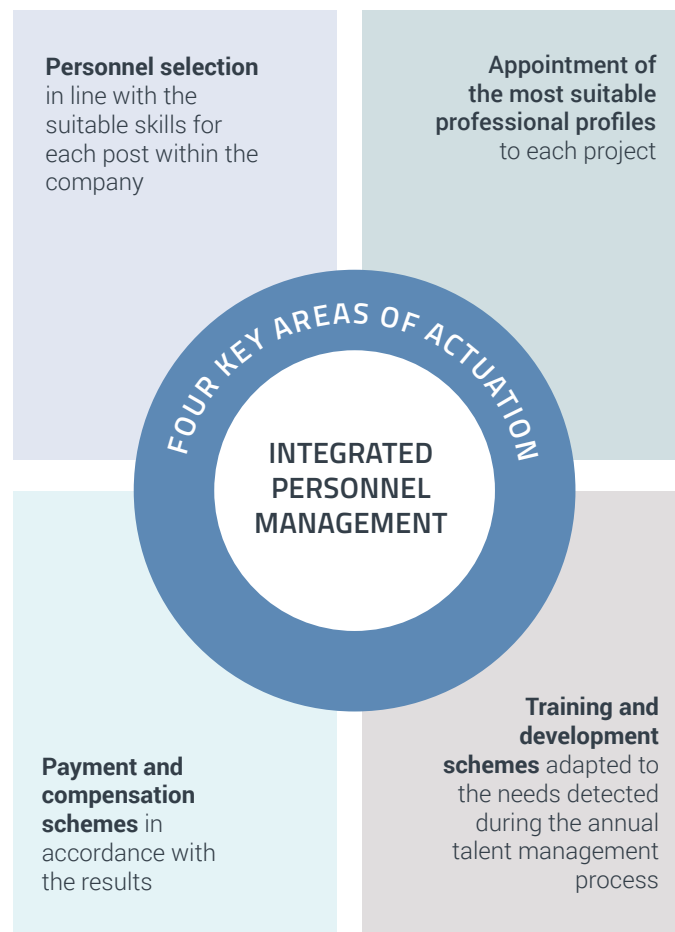
Técnicas Reunidas has incorporated the position of Human Resources Officer into the entire project lifecycle. This is implemented right from the bidding stage, alongside the performance of a specific risk analysis. During the implementation phase, this officer ensures that both the subsidiaries and the human resources team for each project have professional resources available.

CORPORATE CULTURE

In recent years, Técnicas Reunidas has rolled out a corporate culture in which the employee plays a key role.

This culture is based on four values that the company disseminates to its employees through specific training sessions in which managers also participate.

Personnel management framework in Técnicas Reunidas



Corporate culture values in Técnicas Reunidas



A DIVERSE AND INTERNATIONAL TEAM [G4-10]; [G4-DMA]; [G4-LA12]

Profile of the Técnicas Reunidas employees*



- ✓ 40 years of age
- ✓ Experience of 13 years, more than half of them (7 years) in Técnicas Reunidas
- ✓ 70% of open-ended contracts
- ✓ 100% of them are covered by the Collective Agreement
- ✓ 66% of them are men and 34% of them are women

* Data as of 31st December 2015 for in-house staff.

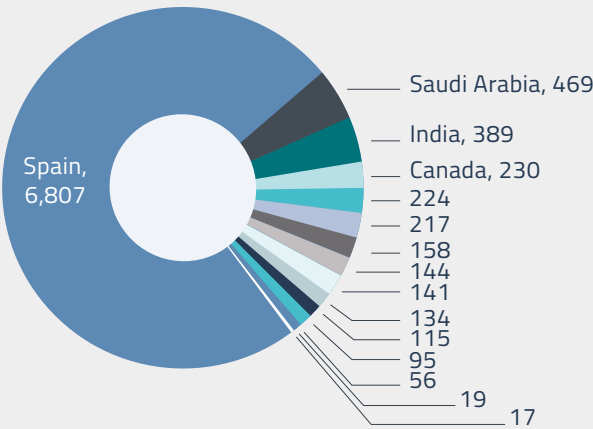
At the end of 2015, Técnicas Reunidas employed 9,215 professionals of over 50 nationalities.

An important group within this staff are the expatriate professionals working on projects overseas. Ensuring their commitment and maintaining their sense of belonging is a key aspect for the company.

Técnicas Reunidas extends all its human resources measures to these professionals.

In addition, during the past year, it has implemented two specific actions for expatriate personnel, in the form of the launch of an E-learning training platform to facilitate learning and professional development and other loyalty-related actions.

Distribution of staff by country of destination of the projects



- Chile, 224
- Bolivia, 141
- Abu Dhabi, 56
- Oman, 217
- Turkey, 134
- Dominican Republic, 19
- Russia, 158
- Algeria, 115
- Australia, 17
- Peru, 144
- Malaysia, 95

DIVERSITY AND EQUAL OPPORTUNITIES

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

To ensure respect for diversity, Técnicas Reunidas has set up an Equality Committee, which meets on a quarterly basis to analyse the current situation and potential conflicts, adopting appropriate measures as necessary.

Distribution of staff by category and gender	2015	
	MEN	WOMEN
Directors and top executives	0.25%	0.02 %
University graduates, technicians and administrative staff	58.88 %	28.66 %
Officials	6.60 %	5.16 %
Dealers	0.27 %	0.16 %

TALENT MANAGEMENT AND RETENTION [G4-DMA]

Técnicas Reunidas works in two key areas to ensure the creation of a good working environment that promotes employees' growth and their commitment to the company. These comprise advanced management of personal welfare and development, and knowledge management.

PERSONAL WELFARE AND DEVELOPMENT [G4-LA11]

The company has a skills audit programme that allows professionals with team management responsibilities to monitor competences set out by the company.

These assessments are conducted jointly by the managers and the team, analysing overall performance and the development of competences, both general and technical/functional.

4,187 employees received performance evaluations in 2015, which represents a 9.9 % increase on 2014.

With regard to talent retention, the company strives to offer its employees a working environment that meets their expectations. Técnicas Reunidas provides training for professional growth, competitive compensation schemes and benefits, as well as other measures.

The company also incorporates labour flexibility criteria into corporate policies, alongside social benefits which are adapted to the country and workplace. Some of the main measures include food allowances, life assurance and accident insurance, advances, loans and an employee club.

Técnicas Reunidas offers specific incentives for high performing employees. Once identified, the company offers these employees ad hoc training and development plans. It also complements these measures with specific remuneration actions over the short and long term.

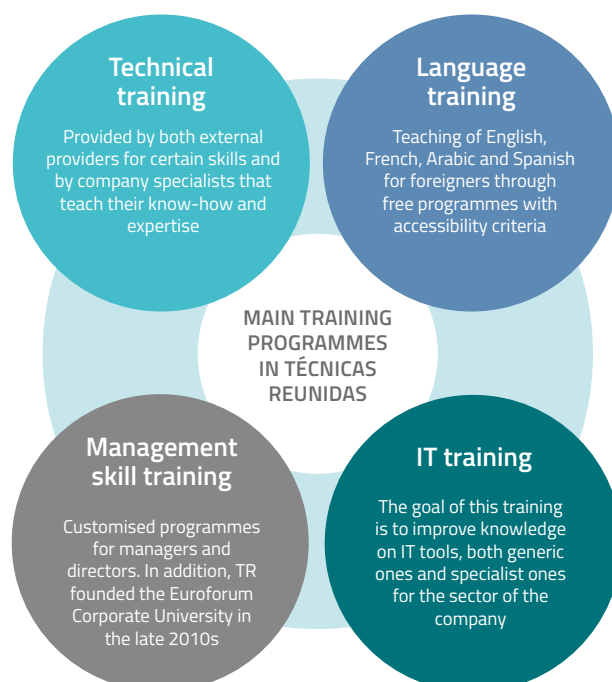
KNOWLEDGE MANAGEMENT [G4-LA9]

Another key aspect to retaining and enhancing intellectual capital within the company involves providing professionals with the necessary knowledge and training resources.

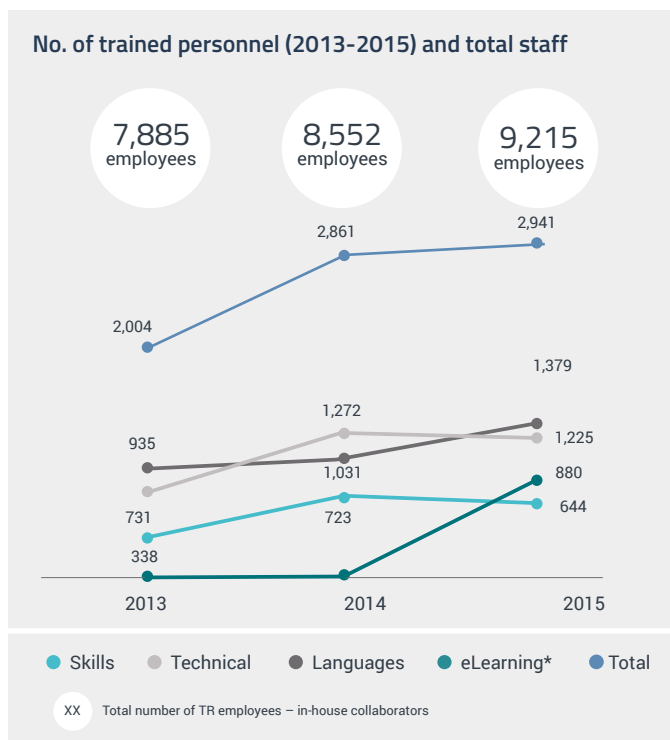
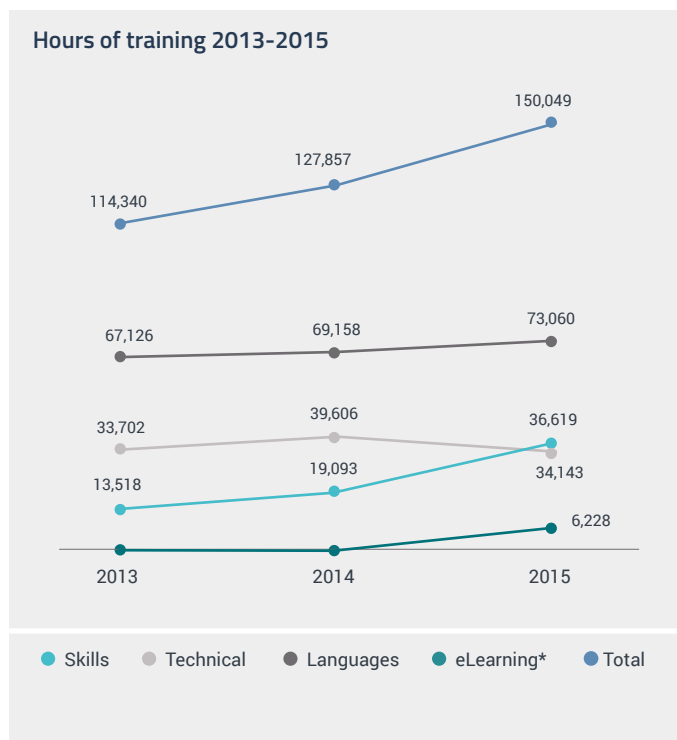
To ensure the usefulness and progressive nature of the courses offered, trends in skills audits for each area are analysed, identifying any gaps in specific skills and implementing specific training programmes (learning paths).

Técnicas Reunidas currently has four main educational blocks covering the training needs of the company's employees (see diagram).

In 2015, Técnicas Reunidas' professionals received more than 150,000 hours of training (17 % more than in 2014). Average training per employee also increased, reaching 27.77 hours per employee in 2015, compared with 24.74 hours per employee in the previous year.



Training at Técnicas Reunidas: key indicators



WOMEN: 33.42 H/EMPLOYEE



**TRAINING RATIOS IN 2015
(by gender)**



MEN: 24.90 H/EMPLOYEE

* As of 2015, E-learning was included in this category for the breakdown of hours of training. A person may receive more than one type of training during the year.

One of the main objectives of training is driving internal promotion. To this end, Técnicas Reunidas has established specific learning paths in each field, aimed at workers capable of assuming leadership roles in the future. These include the SIMAN Plan, aimed at prospective site managers (Construction Division), and the Q-Site, a key area for our clients (Quality).

The company's efforts towards retaining talent and professionals are bearing fruit. In recent years, employee turnover (3.1 %) has remained well below the average for the sector.

ATTRACTION AND SELECTION OF THE BEST TALENT

Técnicas Reunidas' aims in terms of attracting talent and selecting staff focus on incorporating the best available talent, including both highly skilled, seasoned professionals committed to the company venture and young talent with development potential.

Técnicas Reunidas has schemes aimed at the incorporation of young talent. Given the company's international coverage, there are specific recruitment and training programmes in place in the countries where Técnicas Reunidas has a significant presence, as well as international grants for internships in Spain.

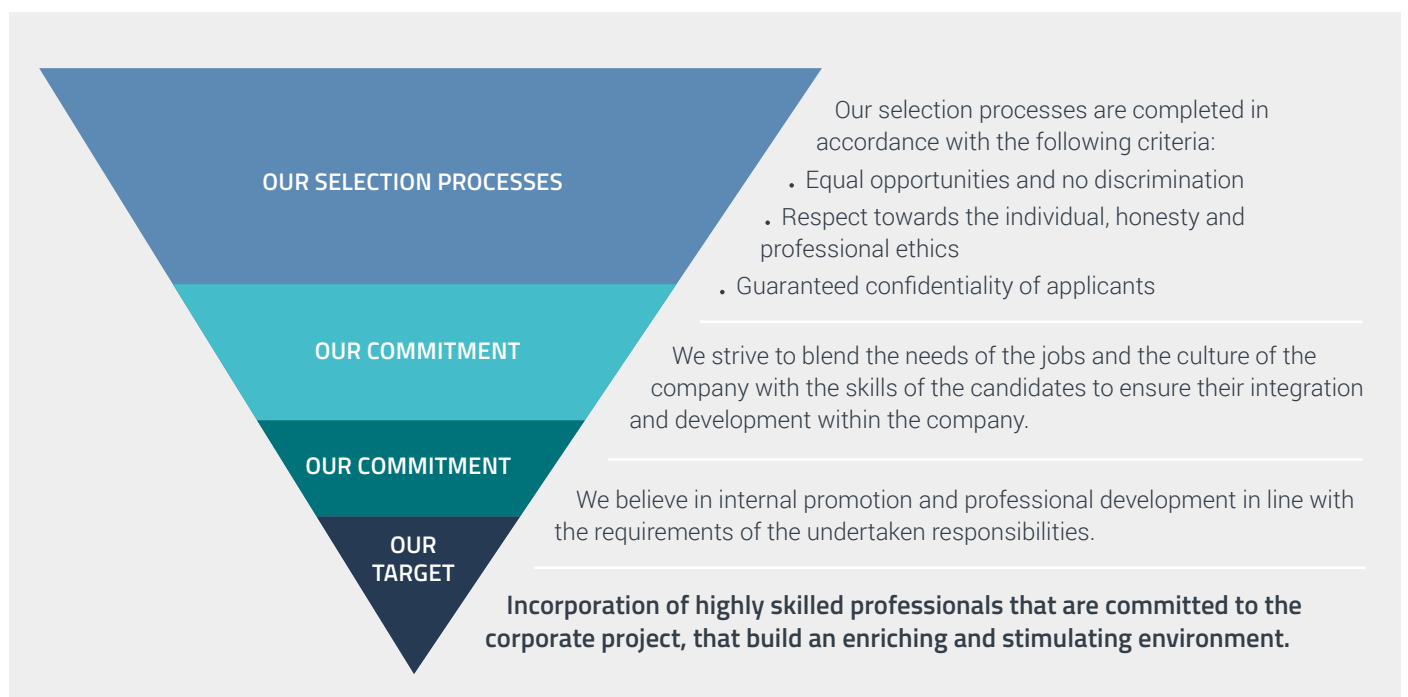
The clearest example of these initiatives is the INICIA scholarship programme, targeted exclusively at students and recently qualified graduates with no professional experience.

In addition to this, Técnicas Reunidas has internship agreements with more than 65 universities, foundations and entities, both Spanish and international. The most important include those with prestigious institutions such as Imperial College London (United Kingdom), Drexel University (USA), KTH Royal Institute of Technology (Sweden) and the *Fundación Consejo España - USA*, receiving students from universities such as the Cornell Institute, MIT and the Georgia Institute of Technology.

In 2015, a total of 297 agreements with universities and other organisations were signed in order to offer internships in the company. Almost half (48 %) of the interns were subsequently hired.



Principles of recruitment and selection at Técnicas Reunidas



6.3 INNOVATION

Innovation allows Técnicas Reunidas to increase its competitiveness in a demanding market where success is based on offering clients high-quality, value-added products and services.



KEY INDICATORS

INDICATOR	2015 DATA	2013-2015 PROGRESS
Investment in R&D (€ million)	15.3	+13%
Professionals working in Innovation (equivalent number)	225	+15%
Professionals working exclusively on research (number)	75	-3.8
Contracts for technology licensing (number)	1	*
Impact on turnover of technologies developed in exclusive R&D projects (€ million)**	10.37	+ 225 %

* In 2013 the value was 0.

** For the purpose of information comparability, Espindesa is excluded. Neither is the impact of other (non-R&D) innovation activities taken into account, whose direct or indirect effect would amount to hundreds of millions of euros in sales.



2015 MILESTONES

- Important achievements in the field of modular design (completion of a project for nitrate plants in Australia) and improvements in all the company's operational areas, thanks to innovation.
- Completion of various projects related to advanced technologies in plastics production, basic engineering and OBE1 conversion projects, applying company know-how.
- Award of various R&D projects in the areas of metal recovery, energy storage, polymers and validation of proprietary technologies for recovery of metals from leachates.
- Completion of various projects related to proprietary technologies for the manufacture of nitric acid (Yara in Norway), ammonium nitrate (Eurochem in Russia) and zinc (Skorpion in Namibia).



MANAGEMENT APPROACH

INNOVATION MODEL

Técnicas Reunidas has an innovation model which seeks to build on various competitive advantages.

Innovation in the company is aimed at **improving efficiency in the implementation of projects**, acting on four key aspects: quality, budget, programme compliance, and environmental and safety requirements.

Likewise, innovation enables Técnicas Reunidas to **increase the number of products it offers** (from EPC¹ projects to other modes such as OBE, LSTK, PMC, FEED and conceptual studies), as well as **implement a management system which minimises risks**.



Innovation Model Técnicas Reunidas

LEADERSHIP	COMMITMENT	EXCHANGE	COLLABORATION
<ul style="list-style-type: none"> The transformation of the production systems, together with the development of proprietary technologies, have pushed the company into a leading position in several fields and locations. The company has gained the trust of the main oil companies* to continuously develop projects. Técnicas Reunidas has its own technology centre that is used to explore the development of different budding technologies. 	<ul style="list-style-type: none"> Técnicas Reunidas extends its commitment to innovation from the Top Management by getting all collaborating companies involved in the key aspects for the completion of project (quality, schedule, safety, budget, environment, etc). Contact with the production plants is constant so as to keep the developed technologies alive. 	<ul style="list-style-type: none"> The company promotes exchange of know-how through the lessons learned, the Golden Rules and the development of new procedures. Técnicas Reunidas incorporates the upgrades of commercially available software or develops proprietary systems to mitigate risks and strengthen correct management in key aspects of the projects. The continuous contact with the production plants promotes the exchange of information on the production details, common issues and improvements to be implemented. 	<ul style="list-style-type: none"> Técnicas Reunidas implements schemes to promote in-house and external collaboration in innovation. Técnicas Reunidas is more than just a provider of services. Extending the perception that the company collaborates actively in the search for solutions in projects is key for success. Working frequently with certain suppliers and subcontractors favours this integration.

*Such as Saudi Aramco, Total, Lukoil, ADNOC, Tupras and, more recently, Petronas, KNPC, Permex, etc.

¹ OBE (Open Book Estimation), EPC (Engineering, Procurement and Construction), LSTK (Lump Sum Turn Key), PMC (Project Management Contract), FEED (Front End Engineering Design).

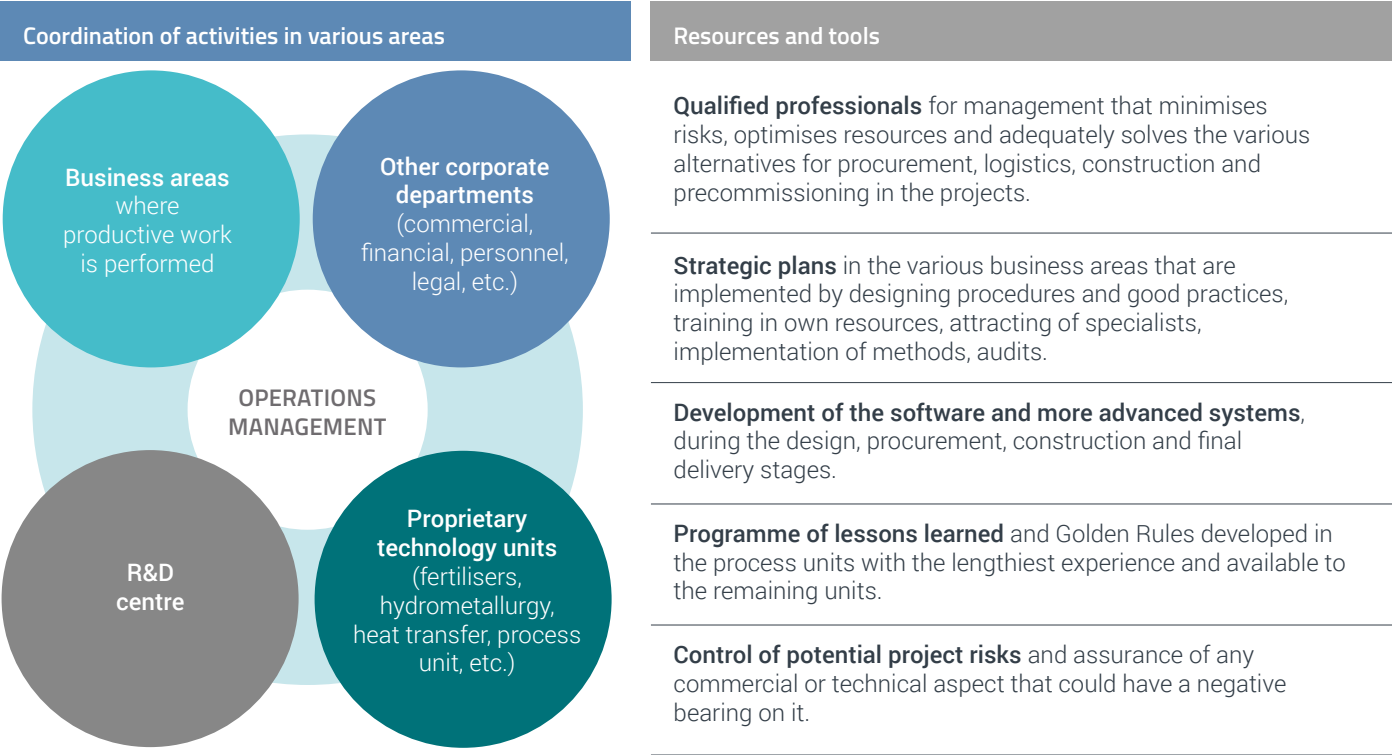
MANAGEMENT STRUCTURE AND MECHANISMS

Management of innovation and R&D at Técnicas Reunidas is integrated through the Operations Department, which coordinates this work across various areas.

To put this innovation into practice, Técnicas Reunidas uses various resources and mechanisms, as shown in the figure below.

There is a close relationship between innovation, leadership and client confidence. The integration of these aspects allows Técnicas Reunidas to offer clients a wide range of solutions which respond to their needs.

Management of innovation and I+D+I in Técnicas Reunidas



TÉCNICAS REUNIDAS' INNOVATION STRATEGY

Técnicas Reunidas' innovation strategy is implemented in three areas:

Growth

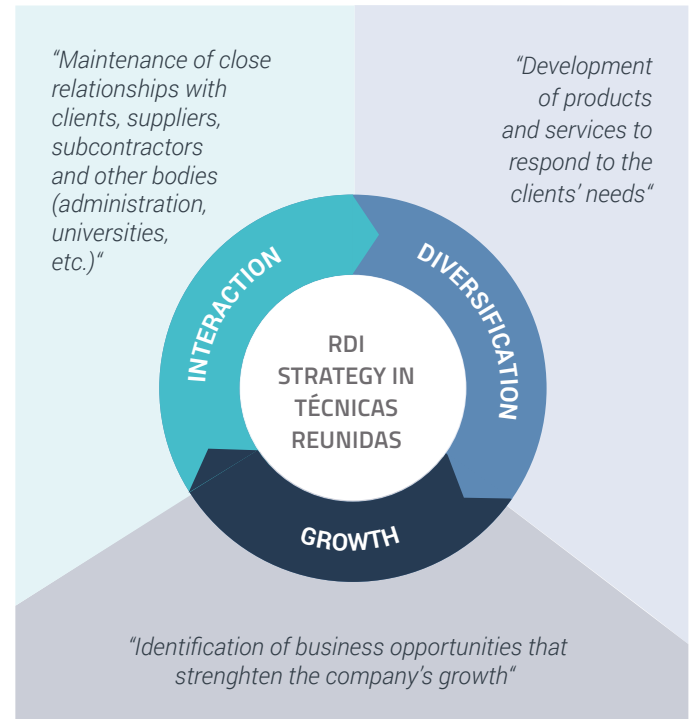
- In its most active area of business (Oil and Gas), Técnicas Reunidas is committed to improving the quality of its resources, consolidating its know-how and transforming its working methods.
- The company's involvement in modular plant design and the development of the basic design for the Talara refinery are activities that have helped to consolidate its presence in the global market.

Diversification

- In recent years, Técnicas Reunidas has strived to seek out new clients and markets. As a result of this, the company has been awarded important contracts in the field of oil and gas, modular projects for Total, Petroperú and Pemex, and others related to nitrate production and power generation.
- With regard to R&D, Técnicas Reunidas has focused on the fields of hydrometallurgy, electrochemistry and the environment. The strategy for the near future involves the consolidation of pre-existing technologies and the development of new technologies in different fields, based on the organisation's existing know-how.

Interaction

- The company's innovation strategy pursues greater interaction between divisions, as well as with other agents, offering opportunities to increase the number of proprietary technologies and encouraging change in innovation towards an open approach.



Greater interaction with innovative companies, research organisations, suppliers, subcontractors and the operational environment offers synergies in the implementation of more ambitious projects and the development of new services, processes and technologies.



OUR KNOW-HOW AT THE SERVICE OF THE CLIENT

Técnicas Reunidas has managed the construction of over 1,000 industrial plants for several leading companies in the energy and chemical sectors. This experience has involved conventional and modular projects in diverse geographical and climatic conditions.

Besides its track record, Técnicas Reunidas offers its clients its capacity to use the most advanced tools, the know-how it has acquired in Health, Safety and the Environment, its experience in managing suppliers and subcontractors from all around the world, the power of its processes department and the proprietary technologies it has developed. This set of capabilities positions the company at the forefront in its field.

Holding a position of comprehensive leadership is essential for accessing clients and projects. In this area, the company is increasingly focusing on working with clients in the development of some of its basic pre-implementation tools for projects, including conceptual studies, feasibility studies, FEED (Front End Engineering and Design) and open book cost estimates.

COMMUNICATION WITH CLIENTS AND CLIENT SATISFACTION

The characteristics of the business and the type of projects implemented make it essential to maintain ongoing dialogue with clients during the development of projects.

To ensure that accurate monitoring is carried out, Técnicas Reunidas has a system based on the establishment of global indicators that quickly provides information on outcomes and potential improvements. The monitoring of projects also includes holding EOMs (Executive Operation Meetings), where project status is reviewed from the point of view of progress, challenges and opportunities.

Lastly, the company collects information on client satisfaction through a review exercise at the end of the project.



Noteworthy case

Implementation of the ZINCEX™ process in Sardinia (Italy)



Técnicas Reunidas has completed the implementation of the ZINCEX™ process in the Glencore facilities in Portovesme, Sardinia, in 2015.

The plant is used to treat Waelz oxide concentrate, which is produced from the electric arc steel-plant dust, to produce high quality zinc with the existing electrolysis. It has an output of 52,500 tons of SHG¹ per year.

In order to complete this project, Técnicas Reunidas studied the raw material and the best conditions for its treatment by means of techniques involving the solubilisation and purification of aqueous solutions by extraction with solvents. This implementation was deemed to be feasible.

The project, whose basic engineering was initiated in 2010, was satisfactorily completed. The rated output capacity and the process performance were reached and maintained.

Its implementation constitutes a further example of the customized application of the ZINCEX™ technology for the recycling of toxic and hazardous waste. The result is a pure metal that is mainly used to protect steel against corrosion, therefore significantly improving the sustainability of our industrial system.

¹ SHG: Special High Grade.

The most obvious demonstration of client satisfaction is the high volume of repeat contracting with Técnicas Reunidas, a particularly outstanding achievement given the high level of competition in the market.

R&D AND PROPRIETARY TECHNOLOGY

Since its founding, Técnicas Reunidas has devoted considerable resources to R&D for industrial processes and technologies. The work carried out by its subsidiary Espindesa, in partnership with other institutions, has resulted in numerous patents and publications.

Patents and licences owned by Técnicas Reunidas

PATENTS AND TRADE MARKS	PRODUCTION LICENCES
<ul style="list-style-type: none">• Intellectual property of the ZINCEX process (patents in more than 10 countries).• Intellectual property of the ECOLEAD process.	<ul style="list-style-type: none">• Production licences for all forms and uses of nitric acid.• Production licences for all forms of ammonium nitrate.• Production licences for granular fertilizer (DAP, NPA, CAN).• Production licences for nitrate-urea (UAN).

Técnicas Reunidas also has a Proprietary Technology Development Division and a Technology Centre, focused on creating outstanding proprietary solutions that contribute to its business leadership.

The company is a global leader in the field of nitric acid, prilled ammonium nitrate for mining, and Zinc base metal recovery with its Zincex solvent extraction technology.

Another focus of Técnicas Reunidas’s efforts in innovation is the development of clean technology.

In this area, in addition to having established a close working relationship with catalyst suppliers in order to reduce emissions in nitric acid projects², it has promoted to clients the development of so-called ‘dual plants’ which optimise energy consumption.

In addition to this, the company is developing technology in the field of energy storage, as well as metal recovery from all types of waste, aligning itself with European environmental policies on a more rational use of resources and promoting the circular economy. Técnicas Reunidas is strengthening its leadership in this area, participating as a solid technology partner in various research and development projects.

José Lladó technology centre



Since 1974, Técnicas Reunidas relies on a technology centre that is run within the Division for the Development of Own Technology.

The José Lladó technology centre is a facility with a surface area of more than 5,000 m2, located in San Fernando de Henares (Madrid, Spain), that is entirely devoted to RDI. It is staffed by more than 70 professionals and boasts the most advanced technology. At the moment there are more than a dozen projects under development, including the mass storage of power or petro chemistry based on biomass, among others.

² The activities developed have resulted in a reduction of emissions from nitric acid plant stacks from a traditional range of 1000-1500 ppm of N₂O (a greenhouse gas) to values of 50-150 ppm.

R&D projects for new technologies involving Técnicas Reunidas

LIFE + WALEVA PROJECT	LIFE + ZAESS PROJECT	SAMER PROJECT
<p>Purpose. Scaling of the technology to obtain levulinic acid from biomass to study its technical-financial feasibility.</p> <p>Participation of Técnicas Reunidas. Leadership of the consortium and responsible for the scaling that is underway in the technology centre. Owner of the technology that is developed.</p>	<p>Purpose. Scaling of zinc-air flow battery technology to study its technical-financial feasibility.</p> <p>Participation of Técnicas Reunidas. Leadership of the consortium and responsible for the scaling that is underway in the technology centre. Owner of the technology that is developed</p>	<p>Purpose. Development of more durable components for flow batteries with zinc-air technology for mass energy storage.</p> <p>Participation of Técnicas Reunidas. Developer of components in collaboration with Norwegian Technology Centre Sintef. Intellectual and industrial owner of the technology that is developed.</p>
SDIL PROJECT	GREENLION PROJECT	RECLAIM PROJECT
<p>Purpose. Development of direct leaching technology of zinc sulphide to extend the field of application of Zincex technology.</p> <p>Participation of Técnicas Reunidas. Developer and owner of the technology that is developed.</p>	<p>Purpose. Development of greener, low-cost ion-lithium batteries for application to electric vehicles.</p> <p>Participation of Técnicas Reunidas. Developer of technology for the recovery of the lithium in the batteries.</p>	<p>Purpose. Recovery of gallium, iridium and rare earth based on photovoltaic panels, fluorescent tubes and electronic waste.</p> <p>Participation of Técnicas Reunidas. Development of technology for the recovery of rare earth.</p>



6.4 EXCELLENCE IN ENVIRONMENTAL PERFORMANCE

We integrate environmental sustainability into all our projects, right from the engineering phase and throughout project implementation, as well as in plant design, providing added value to our service provision.



KEY INDICATORS

INDICATOR	2015 DATA	2013-2015 PROGRESS***
Energy consumption (GJ)	356,840	-
Greenhouse gas emissions - Scopes 1, 2 and 3 (tCO ₂ eq)*	46,962	-
Steel consumption (t)**	43,806	-
Copper consumption (t)	17	-
Waste generated (t) (hazardous and non-hazardous)	2,961	-



2015 MILESTONES

- Improvement in the CDP (Carbon Disclosure Project) score for the third consecutive year, achieving a 96B.
- Implementation of an automation tool for environmental data collection and reporting.
- Promotion of environmental training in specific content on sustainability (environment, employees health and security) at the site (giving 4 hours of training per 1,000 hours or work), and the establishment new specific courses on this item with the aim of making this subject known to the employees.
- Implementation of awareness-raising schemes for sustainable use of resources among office workers.
- Linking of the environmental management certificates for the Group's different constituent companies.
- Environmental audits at 30% and 70% completion for projects in the engineering phase and on a quarterly basis in the construction phase.

* Within Scope 3, only data from the category 'Business Travel' of the offices of Técnicas Reunidas, INITEC and projects of INITEC are included.

** Includes consumption of structural steel, carbon steel and steel alloys and stainless steel in pipes and sheets.

*** Técnicas Reunidas has significantly widened the report boundary for its environmental indicators throughout the 2013-2015 period. As a result, the values for the indicators in different years are not comparable and data variation is therefore not shown. 2015 data covers the own company's activities and the projects participated by Técnicas Reunidas in more than 50%.



MANAGEMENT APPROACH [G4-DMA]

For the last 15 years, Técnicas Reunidas' Environmental Management System (EMS), based on ISO 14001, has been in constant operation and subject to ongoing improvement.

The EMS is designed to maintain a suitable level of environmental integration throughout all company services and products, in line with the global strategy set out by the Management.

Alongside environmental management, Técnicas Reunidas also has a specific Quality Management System, certified according to ISO 9001.



PILLARS OF THE ENVIRONMENT AND QUALITY STRATEGY		
<p>Efficiently incorporating of Quality and Environment aspects within the Operations and Business Management Strategic Plan and all activities.</p> 	<p>Establishing and periodically reviewing quality and environment targets.</p> 	<p>Meeting client requirements and complying with applicable legislation, codes and standards, as well as other requirements.</p> 
<p>Creating adequate and efficient communication channels with employees and interested parties.</p> 	<p>Performing adequate and ongoing training for employees and collaborators.</p> 	<p>Knowing and evaluating the level of client satisfaction and implementing improvement proposals that are considered feasible and adequate.</p> 
<p>Promoting a culture of continuous improvement of the work methods and procedures, favouring prevention over correction.</p> 	<p>Promoting employee and collaborator knowledge and awareness on the subject of Quality and Environment.</p> 	<p>Establishing follow-up channels that allow the ongoing improvement in the effective use of energy, environmental protection and contamination prevention.</p> 

ENVIRONMENTAL MANAGEMENT ALONG THE VALUE CHAIN

Besides ensuring the management of environmental aspects related to its activities, Técnicas Reunidas adapts its EMS so that all its projects comply with standard ISO 14001. This ensures compliance with applicable legislation, as well as other contractual requirements, and the incorporation, at the client's request, of sustainability criteria in plant design.

Técnicas Reunidas also monitors its activities to ensure the quality of services provided through an ISO 9001 Quality Management System. This monitoring is carried out in person, by Quality Department personnel working on the projects, who are integrated into the project team both in the office and at the site. The Quality Management System also extends to the activities of suppliers and subcontractors working for the company.



ENVIRONMENTAL MANAGEMENT IN COMPANY ACTIVITIES

The EMS enables the identification and management of environmental aspects that arise directly from Técnicas Reunidas' activities. Once these aspects are identified, the company implements mitigation measures, in addition to setting targets and follow-up based on a balanced scorecard of indicators.

The environmental aspects of most relevance to Técnicas Reunidas are grouped into four areas: emissions, energy,

waste and materials. These mostly correspond to office activities, although they also arise during the company's activities on project construction sites.

Técnicas Reunidas also monitors other aspects such as water consumption by source, significant environmental sanctions, and number and volume of spills and discharges, although these tend to be less significant.

For the third consecutive year, Técnicas Reunidas has improved its Carbon Disclosure Project score

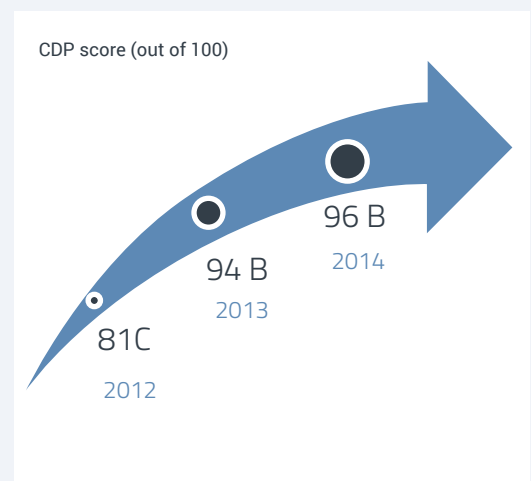
Transparency is important to Técnicas Reunidas. In addition to reporting its main environmental indicators through its sustainability report, the company has been involved over the last three years in the Carbon Disclosure Project.

Técnicas Reunidas fills out a public questionnaire for the Project, reporting its emissions, its strategy and its risks and opportunities in the field of climate change. Based on the responses, the CDP awards a score to the company according to its transparency in the reporting of information, as well as its management performance.

In 2015, for the third consecutive year, Técnicas Reunidas improved its score, receiving a 96B.



For more information, go to:
www.cdp.net



ENVIRONMENTAL REQUIREMENTS FOR PROJECT IMPLEMENTATION

Técnicas Reunidas extends the coverage of its EMS to ensure that the suppliers and subcontractors responsible for the construction of projects - often local companies - comply with environmental requirements.

ADAPTATION OF THE EMS TO EACH OF THE COMPANY'S ACTIVITIES AND PROJECTS

1	IDENTIFICATION OF PROJECT REQUIREMENTS	2	FOLLOW-UP PLANS	3	AUDIT OF COMPLIANCE
	<p>Identification of the environmental requirements that apply to each project, considering aspects such as:</p> <ul style="list-style-type: none"> • Type of project • Country of execution • Contracting company • Environmental impact assessment • Applicable legislation and permits • Client-specific procedures • Other aspects 	<p>Development of specific plans to follow up on environmental requirements.</p> <ul style="list-style-type: none"> • Environmental management plan during the engineering and procurement stage • Environmental management plan during the construction stage 		<p>Periodic audits to ensure compliance with the established procedures.</p> <ul style="list-style-type: none"> • Annual internal audit in the offices* • Internal audits at 30% and 70% project progress during the engineering stage • Quarterly internal audit during the construction stage • External audit by SGA 	

Capacities of Técnicas Reunidas to develop projects in highly ecologically sensitive areas



Técnicas Reunidas has been awarded the development of the crude oil early production infrastructure in the Hail oil field (Abu Dhabi). This oil field is located close to the Marawah marine area, a UNESCO marine biosphere reserve.

The award of this project in an area of delicate biodiversity highlights the ability of Técnicas Reunidas to tackle projects in ecologically sensitive areas. As a matter of fact, the area is known for its large populations of green turtles, cetaceans and sea birds, as well as for a large expanse of coral.

The company has envisioned a series of measures, both for mitigation and monitoring, to minimize environmental risks in the area.

* In 2015 an environmental audit was made to the offices and to six projects in engineering phase.

SUSTAINABILITY CRITERIA FOR PLANT DESIGN

Técnicas Reunidas gives its clients the opportunity to request its expertise in integrating sustainability criteria into the design of projects. This offers important added value to the client, who benefits from the project's improved environmental performance during its operational phase.

Within this context, the need to find solutions for combatting climate change has influenced the company's long-term strategy on diversification of its activities and services, requiring the development of innovative solutions that respond to market demand.

SOLUTIONS FOR REDUCING OUR CLIENTS' CARBON FOOTPRINTS

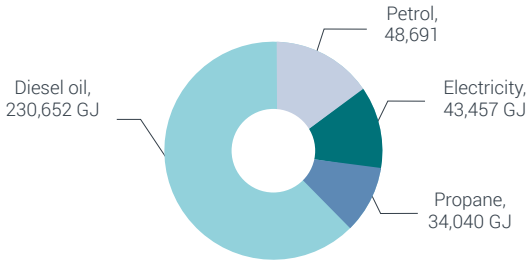
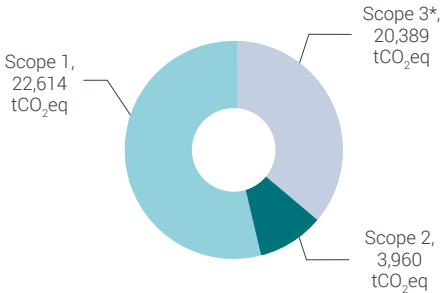


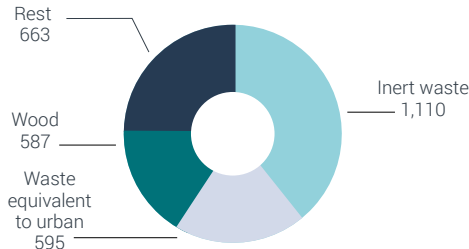
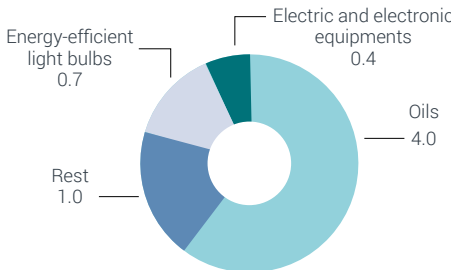
A good example of an innovative solution is the company's application of its technical capacity in the design of LEED certified buildings (Leadership in Energy & Environmental Design). This can be provided, at the client's request, in order to verify the efficiency of facilities using objective standards and quantifiable parameters.



TÉCNICAS REUNIDAS' ENVIRONMENTAL PERFORMANCE IN 2015

Técnicas Reunidas has made a major effort to expand the boundary for activities covered by its reporting on environmental performance indicators. In 2015, this boundary has been extended to include the company's own activities and the projects participated by Técnicas Reunidas in more than 50%.

ASPECT	2015 TARGETS AND INDICATORS*	2015 COURSES OF ACTION AND MILESTONES
ENERGY [G4-DMA]; [G4-EN3]; [G4-EN5]	<p>Target: 2 % reduction in electricity consumption over the period 2015-2018.</p> <p>Power consumption (GJ)</p>  <p>Total energy consumption: 356,840 GJ</p> <p>Energy consumption intensity: 4,872 GJ/million work hours</p>	<ul style="list-style-type: none"> Preventive maintenance plans for electromechanical equipment and construction machinery. Environmental monitoring checklists and definition of objectives for process optimisation.
EMISSIONS [G4-DMA]; [G4-EN15]; [G4-EN16]; [G4-EN17]; [G4-EN18]	<p>Target: 12 % reduction over the period 2012-2020.</p> <p>GHG emissions (t-CO₂ equivalent)</p>  <p>Greenhouse gas emissions: 46,962** tCO₂eq</p> <p>Intensity of emissions: 641.21 tCO₂eq/million work hours</p> <p>* Scope 3 only considers emissions correspondent to the category "Business travels" of the offices of TR, INITEC and the projects of INITEC. In 2013, Técnicas Reunidas accounted, with a methodology Environmental Extended Input-Output Analysis, its GEI emissions along the supply chain, without including this data in the graphic to ensure its comparability with previous years.</p> <p>** Total amount may not be equal to the addition of the scopes due to effects of rounding.</p>	<ul style="list-style-type: none"> Awareness campaigns, both face-to-face and web-based. Replacement of lighting in common areas and lifts with LED lamps and installation of occupancy sensors. Gradual renewal of computer hardware with Green IT equipment. Promotion of transparency in the field of climate change through initiatives such as the CDP. Analysis of the available options for electric/hybrid vehicles on sites.

ASPECT	2015 TARGETS AND INDICATORS*	2015 COURSES OF ACTION AND MILESTONES																				
MATERIALS [G4-DMA]; [G4-EN1]	<p>Materials consumption (t)</p>  <table><tr><th>Material</th><th>Consumption (t)</th></tr><tr><td>Steel</td><td>43,806</td></tr><tr><td>Copper</td><td>17</td></tr><tr><td>Paper</td><td>276</td></tr></table> <p>Use intensity: Steel: 598 t/million work hours Copper: 0.23 t/million work hours Paper: 3.76 t/million work hours</p>	Material	Consumption (t)	Steel	43,806	Copper	17	Paper	276	<ul style="list-style-type: none">• Optimisation in the use of material resources along all stages of the value chain.• Recovery of materials through R&D activities, e.g. development of technologies for recovery of non-ferrous metals.• Participation in European technological development consortia, e.g. Greenlion (recovery of lithium from batteries) and Reclaim (recovery of rare earth elements, gallium and indium from photovoltaic panels, fluorescent tubes and electronic waste).• Use of environmentally friendly paper in offices and awareness campaigns.												
Material	Consumption (t)																					
Steel	43,806																					
Copper	17																					
Paper	276																					
WASTE	<p>Generation of usable non-hazardous waste</p>  <table><tr><th>Category</th><th>Generation (t)</th></tr><tr><td>Inert waste</td><td>1,110</td></tr><tr><td>Rest</td><td>663</td></tr><tr><td>Wood</td><td>587</td></tr><tr><td>Waste equivalent to urban</td><td>595</td></tr></table> <p>Total of non-hazardous waste: 2,955 t Intensity of generation: 40.35 t/million work hours</p> <p>Generation of hazardous waste</p>  <table><tr><th>Category</th><th>Generation (t)</th></tr><tr><td>Oils</td><td>4.0</td></tr><tr><td>Rest</td><td>1.0</td></tr><tr><td>Energy-efficient light bulbs</td><td>0.7</td></tr><tr><td>Electric and electronic equipments</td><td>0.4</td></tr></table> <p>Total of hazardous waste: 6.1 t Intensity of generation: 0.08 t/t/million work hours</p>	Category	Generation (t)	Inert waste	1,110	Rest	663	Wood	587	Waste equivalent to urban	595	Category	Generation (t)	Oils	4.0	Rest	1.0	Energy-efficient light bulbs	0.7	Electric and electronic equipments	0.4	<ul style="list-style-type: none">• Encouraging prevention, reuse and recycling instead of waste generation and dumping. 20,2 % of non hazardous waste has been recovered or recycled during 2015.• Prevention, mitigation and management of waste through the integration of more advanced techniques in the environmental design of plant processes.• Awareness-raising campaigns in offices and at sites.
Category	Generation (t)																					
Inert waste	1,110																					
Rest	663																					
Wood	587																					
Waste equivalent to urban	595																					
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Rest	1.0																					
Energy-efficient light bulbs	0.7																					
Electric and electronic equipments	0.4																					

* Only the 2015 environmental data is included. The 2013 and 2014 data is not comparable since the company has been progressively expanding the reporting boundary for activities included in the calculations for this indicator.

6.5 SAFETY

The elimination of occupational accidents is a goal shared between Técnicas Reunidas and its clients and subcontractors. To this end, the company has a certified Health and Safety Management System, which shows improvement year after year that aims to prevent this kind of incidents.



KEY INDICATORS

INDICATOR	2015 DATA	2013-2015 PROGRESS
Hours worked (number)	73,239,883	+ 3.83%
LTIR - lost time incident rate during project implementation*	0.02	**
TRIR - total recordable incident rate*	0.134	- 48.26%
Average level of compliance in corporate internal audits (%)	90.42%	+ 1.42***

* Data for Técnicas Reunidas' personnel and subcontractors at construction sites.

** The data is the same for 2013 and 2015.

*** Percentage points.



2015 MILESTONES

- Consolidation of the Safety Inspection System in suppliers' workshops.
- Achievement of various awards and recognition from clients for good results in the field of occupational safety.
- Launch of the 'Construction HSE Fundamentals', a campaign to be disseminated across all sites, detailing ten key aspects to take into account in terms of health, safety and the environment.
- Development of a 'Preventive Observation Programme' to ensure all personnel understand the importance of reporting breaches in matters of health, safety and the environment in the construction phase of projects.
- Consolidation of the website for Health, Safety and the Environment in Construction, through which any company employee can access information on the projects in this phase.
- Presentation of awards for safety achievements in Middle Eastern projects, attended by clients and subcontractors.



MANAGEMENT APPROACH [G4-DMA]; [G4-CRE6]

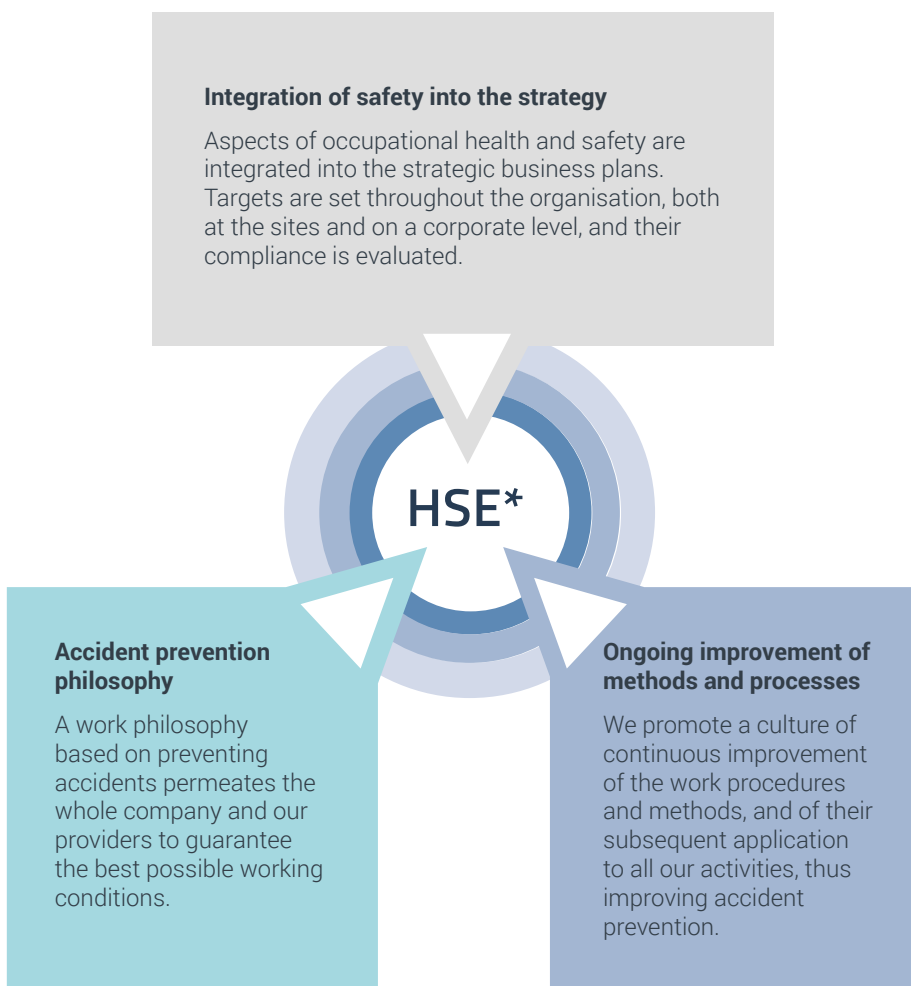
Since 2008, the company has used an Occupational Health and Safety Management System certified according to the OHSAS 18001 standard. This covers all phases of the project life cycle, from design through to construction and maintenance.

To ensure that this is implemented correctly and that it is adequately tailored to the objectives set out, internal health and safety audits are carried out on the system, as well as follow-up audits, as defined in the plans.

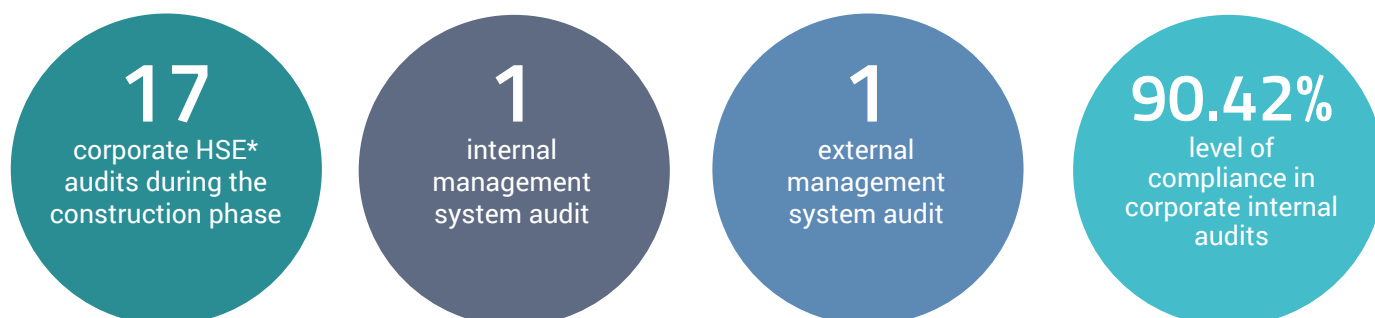
At the same time, corporate audits on projects in the construction phase are conducted (3 per year), where results are discussed with the client or subcontractor in situ to reflect on the effectiveness of actions taken to correct deficiencies.

During 2015, 17 internal audits were carried out during the construction phase of projects, resulting in the detection of 979 deviations. Of these, 68 % were due to on-site execution and 32 % to management systems. The average level of compliance identified in the audits was 90.42 %.

Key principles for the management of occupational health and safety



Audits within the Health and Safety Management System



*HSE: Health, Safety and Environment

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT IN THE VALUE CHAIN

Within the management system, the project co-ordinators play an essential role in ensuring the implementation of the specific health and safety plans which define the scope of the work to be carried out, as well as the preventive actions necessary in each case.

All those responsible for the management of health and safety aspects on sites report directly to the Project Management, which reinforces its advisory capacity.

Alongside them, the prevention team is responsible for carrying out regular information campaigns on safety, risk prevention, healthy habits and good practices in the field of health and safety.

Técnicas Reunidas' commitment in this area extends beyond the employees of the company itself to include suppliers and contractors. In this regard, Técnicas Reunidas applies a set of assessment criteria and, based on the results, these companies may be excluded or required to raise standards in aspects of safety, occupational health and environment in the workplace, implement an action plan or increase their number of audits.



PROJECT COORDINATORS

- a. Provide information and training for workers and contractors, who also need to identify hazards and preventive actions.
- b. Report incidents and accidents.
- c. Hold safety meetings with all interested parties (clients, suppliers and contractors, local community, employees and other bodies).
- d. Provide documentation, homologation and certification of equipment, tools and machinery.



PREVENTION TEAMS

- a. Verify the adequacy of the facilities through visual inspections.
- b. Draft the emergency plans that define the actions required in the event of an alarm or evacuation.
- c. Complete drills.
- d. Train the brigades in each building.
- e. Carry out information campaigns on safety, occupational risk prevention, healthy habits and good health and safety practices.

CORPORATE CULTURE BASED ON SAFETY [G4-LA9]

Técnicas Reunidas fosters the creation of a specific corporate culture, promoting staff training processes, encouraging their active participation in the tasks of preventing and addressing problems with working conditions and encouraging joint responsibility in the different levels of the organisation.

Técnicas Reunidas also works to ensure standardisation of health and safety procedures throughout the entire organisation, in order to guarantee maximum efficiency in the dissemination and assimilation of corporate policies. This objective is reinforced through an intensive drive towards training.

Some 180,000 hours of training in the field of occupational health and safety were provided during 2015. This corresponds to a ratio of 0.47 hours of training for every 100 hours worked, taking into account both company employees (in offices) and Técnicas Reunidas' subcontractors.

The 2015 training projects most notably included an advanced course on electrical safety for personnel involved in electrical work, and courses were developed for personnel involved in the construction phases of projects, enabling them to be taken via E-learning through the TR@aula platform.

Corporate culture in occupational safety



Occupational health and safety training



OFFICE PERSONNEL

- Training for all newly hired workers in prevention of the risks associated to their workplace.
- Yearly specific training to all personnel, as required.
- Yearly training for the emergency brigades on their role.
- Safety campaigns in offices.



SITE PERSONNEL

- Initial mandatory course on safety, both for own and subcontracted personnel, prior to their incorporation to the project site activities.
- Specific training on safety depending on the job to be performed, renewable in a period of between one and five years.
- Matrix of 42 courses for personnel participating in the construction stages of project, with mandatory and recommended courses.

OUR PERFORMANCE IN 2015 [G4-LA6]

Técnicas Reunidas monitors safety indicators and outcomes both in projects where it acts as lead contractor and in those where it participates as part of a consortium and has responsibility for the management of health and safety.

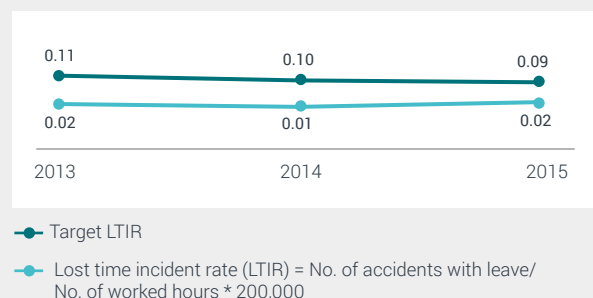
Based on this monitoring, the company evaluates the level of achievement of the established objectives and analyses the reasons for any deviations. Likewise, Técnicas Reunidas records and reports any near misses and draws up targeted action plans for specific increases.

The outcomes achieved in the field of safety are reported to all of the companies involved, and the most significant incidents are also addressed in safety talks (toolbox meetings) given to workers by their managers. Additionally, every incident triggers a specific investigation with the aim of implementing corrective measures to prevent repetition.

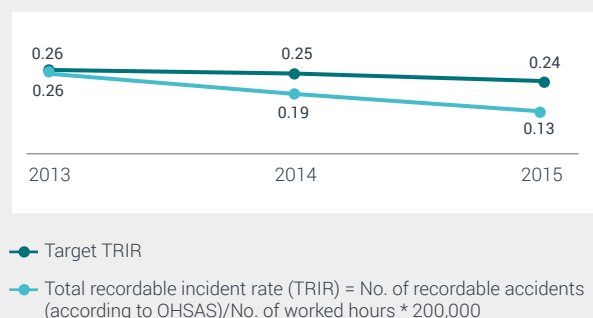
During 2015, Técnicas Reunidas maintained excellent performance in the implementation of safety at its sites, with a noticeable improvement (28 %) on the previous year in the recordable incident rate (TRIR), over a total of more than 73 million hours of work. Both this rate and the lost time incident rate (LTIR) remained well below the targets set by the company.

Development of safety indicators and comparison with targets set

LTIR - Lost time injury rate*



TRIR - Total recordable incident rate*



* LTIR and TRIR data of the graphic are rounded to the second decimal (as the goals set by the company for these parameters are set with this number of decimals).

Consolidated results for safety at Técnicas Reunidas' sites

	2013	2014	2015
Hours worked	70,540,790	97,578,023	73,239,883
Number of on-site employees (Técnicas Reunidas and subcontractors)	20,977	27,248	19,315
Deaths	0	2*	0
LTIR (lost time incident rate)	0.02	0.01	0.02
TRIR (total recordable incident rate)	0.26	0.19	0.13
Number of incidents recorded	90	92	49

* Deaths of two subcontractor employees that were working on a company project.

RECOGNITION AND INVOLVEMENT IN EXTERNAL SAFETY FORUMS

Técnicas Reunidas' commitment and performance with regard to occupational health and safety has earned the recognition of clients.

In 2015, the most significant included the following:



The **Kenia Saudi Elastomers** received the Green Flag for the Best EHSS mega project performer from the client, for the work developed during the third quarter of 2014.



The **SADARA CHEM III** project received a prize from the client when it reached 16, 20 and 25 million man-hours without LTI accidents.



The **Jazan Refinery Project** (units 10 & 11) received recognition from the client when it reached 5 million hours without LTI accidents.

The high level of performance achieved by the company has meant that it has been invited to participate in various forums related to safety management. The most important during 2015 was the EHS Seminar sponsored by General Electric, which the company attended alongside other companies in the sector, setting out best practices and lessons learned in the management of occupational health and safety, and showing how good performance in this area has a dramatic impact not only on the reduction of personal injuries but also on cost savings and improved productivity.



Success story

'FLAWLESS OPERATION'

Técnicas Reunidas has applied a new tool in the Sadara project to improve safety implementation. This tool, called 'Beyond Injury Free', focuses on the 'flawless operation' of management systems, by means of integrating safety culture into each of the fundamental pillars of a project: safety, quality, planning and cost.

This approach to safety management will be essential in eliminating risk situations in the workplace and, therefore, ensuring the highest levels of protection for the most precious commodity of all: people.

A fundamental part of this process is the complete involvement of managers across all fields, as well as the so-called 'Consequence Assessment' programme.

This programme takes into account both positive safety behaviours, which must be recognised, and the actions to take in the event of breaches, which should result in disciplinary action.

To date, this project has achieved excellent results in safety, totalling over 25 million safe hours (without lost time incidents).



6.6 EFFICIENT SUPPLY CHAIN MANAGEMENT

Having a supply chain aligned with the company's level of demand is essential for a company like Técnicas Reunidas, working on diverse operations in different environments throughout the world.



KEY INDICATORS

[G4-EN32]; [G4-EN33]; [G4-LA14]; [G4-HR10]; [G4-SO9]; [G4-SO10]

INDICATOR	2015 DATA	2013-2015 PROGRESS
Purchasing of materials and services (million €)*	2,296	+ 68.2%
Construction subcontracting (€)**	654,319,828	+4.5%
Efficiency in procurement tasks (hours spent per order)	341	+ 23.1%
Non-compliance by suppliers (number)	257	-11.4%
Average score in supplier performance evaluation	2.11/3	+1.4%
Suppliers subject to audits or evaluations (%)	57%	+25 ***
Approved suppliers (number)	1,505	+ 23.3%
Purchasing from suppliers in countries of project implementation (%)	22.5%	+5.5***



2015 MILESTONES

- Development of the B2B portal (E-Supplier), a Supplier Management Module that will enable greater accessibility and improve communication with the supplier market.
- Establishment of materials and currency analysis that includes a quarterly market analysis with three-month development forecasts.
- Launch of framework agreements for commercial terms and conditions.
- Launch of communication actions aimed at suppliers, regarding improvements to adopt in the area of safety.
- Opening of a new procurement office in Malaysia and expansion of the existing offices in the USA and India.
- Implementation of the section on Lessons Learned from suppliers within the corporate tool.
- Establishment of the Annual Meeting and Actions Plan with strategic suppliers.
- Provision of training for suppliers, with practical and theoretical courses.

* Final figure considering dates of order and not of invoice

** The data refers to the total value of all subcontracting contracts for the projects in which Técnicas Reunidas is involved, regardless of the share of the company's involvement in any consortia. Although the aggregate figure is expressed in €, some of the contracts were negotiated in other currencies. Only subcontracts and orders made by construction management have been included; orders for general services for the works made by the company's subsidiaries are not included. Data from the Socar project is likewise not included.

*** Percentage points

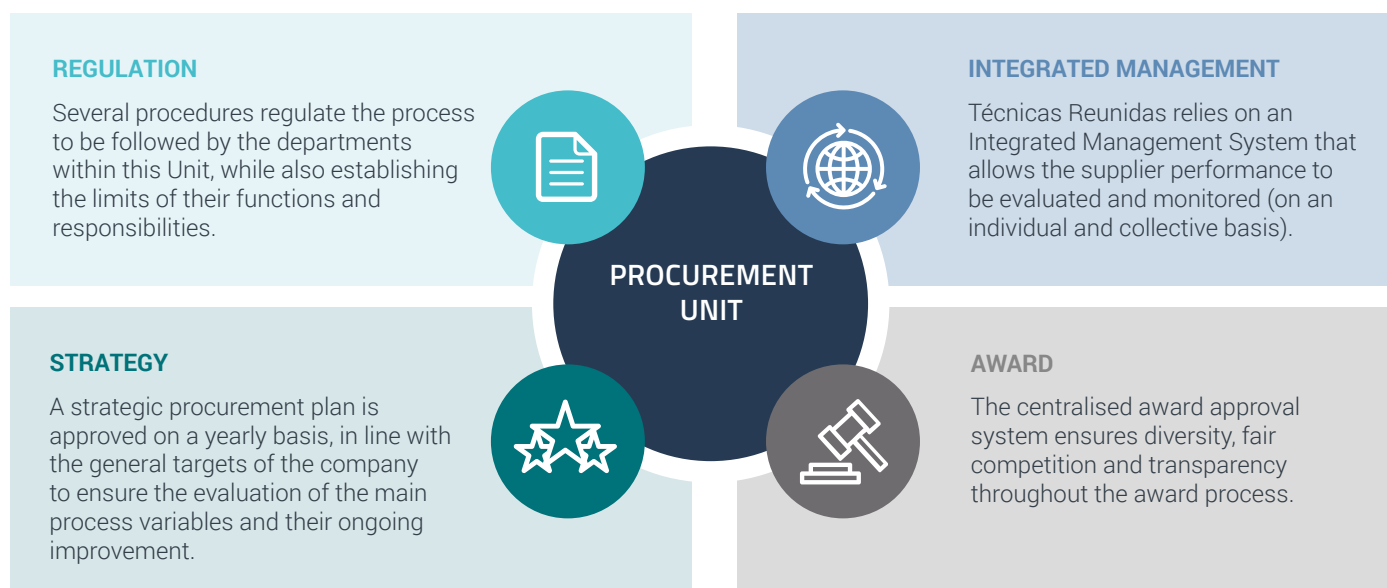
MANAGEMENT APPROACH

Técnicas Reunidas' main aim in managing its supply chain is to achieve competitive procurement of materials and equipment in line with the sector's required standards.

The company's main goals are focused on having a global supplier market with up-to-date information, which mitigates

risk in the selection of suppliers from the standpoints of finance, performance and quality.

To this end, the management framework governing the activities of the Procurement Unit, which is responsible for this task, is structured around four key areas (see diagram).



CENTRALISED PURCHASING MANAGEMENT

Técnicas Reunidas provides a centralised purchasing service for any equipment and materials that are not custom made for each project, enabling a streamlined process. Dealing with products with similar characteristics³ means repeat business in the supplier market.

Centralised management results in commercial improvements, greater economic efficiency from bulk order negotiations, shorter purchase processes and the possibility of establishing agreements with repeat suppliers.

Working within the supply management organisation are 'Category Managers', who identify and manage the synergies between projects and coordinate the company's position with suppliers for the various projects. They also cultivate understanding of the technical and economic levers in each category of materials and constantly seek the most competitive sources.

The specific scope of centralised purchasing is established within the Procurement Strategy set out for each project. Acquisition of the remaining equipment and materials is made in a decentralised manner and tends to be quite specific for each project.

The combination of centralised and decentralised approaches in supply management enables greater optimisation of project costs and deadlines.

³ Primarily bulk material such as pipework and accessories, valves, cables and electrical equipment and instrumentation.

TÉCNICAS REUNIDAS' INTERNAL PURCHASING CODE ^[G4-DMA]

Managing the supply chain involves seeking reliable partners who, besides offering soundness and value, also share the company's commitment to sustainability.

In order to reinforce this section, Técnicas Reunidas is establishing an Internal Purchasing Code, based on the Code of Conduct of the Company, which establishes guidelines for employees involved in the purchasing process and their various interactions with suppliers and contractors. Approval of this Code will take place in 2016.



INTERNAL PURCHASING CODE MAIN ASPECTS IT WILL ADDRESS

- Compliance with regulations and legislation.
- Undue payments and bribes.
- Gifts.
- Conflict of interest.
- Minimum working age/child labour.
- Forced labour.
- Freedom of association and right to collective bargaining.
- Non discrimination.
- Terms of employment.
- Rights of minorities.
- Safety, health and environment.
- Confidentiality of information.
- Transparency.
- Fair and equal treatment.
- Others.



TÉCNICAS REUNIDAS' SUPPLY CHAIN

[G4-DMA]; [G4-12]; [G4-EN32]; [G4-EN33]; [G4-LA14]; [G4-HR10]; [G4-SO9]; [G4-SO10]

Técnicas Reunidas has a global database consisting of more than 20,320 suppliers, of which 1,505 have already been approved by the company (the approval process is described in the following section).

The suppliers listed in the database provide mainly mechanical and fixed equipment, as well as materials for pipework, electricity and instrumentation.

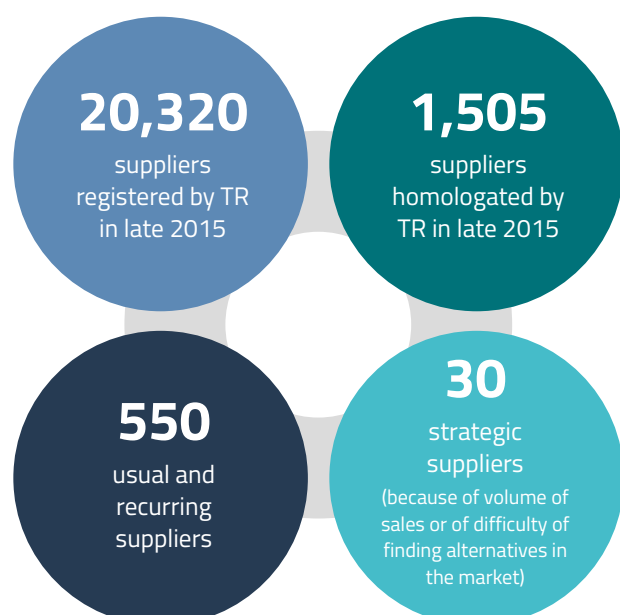
Around 550 are repeat suppliers (2014-2015), with around 20 % considered significant due to the volume of purchasing. Approximately 30 are strategic because of their importance to the company in terms of volume of contracting or due to the difficulty of finding alternatives.

Técnicas Reunidas encourages purchasing from local suppliers operating within the geographical areas of the projects, and has a specific procedure that ensures the best handling of this type of supply management.

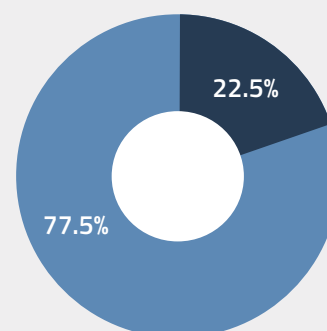
In 2015, purchase orders for materials and services totalled €2,296 million, of which 22.5 % corresponded to local purchasing. This figure does not include local sub-contracting, which would raise the amount to almost 32.5 %.

Having local suppliers brings the company a series of advantages, above all in terms of delivery deadlines. It also accelerates the company's establishment in the country. With regard to suppliers, collaboration with Técnicas Reunidas brings them not only economic benefits, but also offers them the opportunity to work with an international company, which can act as a lever of growth.

The Técnicas Reunidas supply chain in 2015



Local purchases made by Técnicas Reunidas ^{G4-EC9}



Local purchases: 515,943,070€
International purchases: 1,780,375,669€

Total purchases in 2015: 2,296,318,739€

BOOSTING INTERNATIONALISATION AND INNOVATION IN SPANISH COMPANIES

Técnicas Reunidas contributes to the internationalisation and innovation of Spanish suppliers:

- It keeps a large number of national suppliers within its database for consideration during the bidding processes, and offers them chances of participating in international projects.
- It establishes a thorough communication within the framework of the projects to improve their competitiveness.
- It provides assistance for their internationalisation and client homologation process.
- It informs them of existing project opportunities, regardless of whether the company intervenes in them or not.



SUPPLIER APPROVAL AND RISK MANAGEMENT IN THE SUPPLY CHAIN

[G4-12]; [G4- DMA]; [G4-EN32]; [G4-EN33]; [G4-LA14]; [G4-HR10]; [G4-SO9]; [G4-SO10]

Técnicas Reunidas requires that its suppliers comply with an approval process. This includes specific requirements which depend on the type of goods and services contracted.

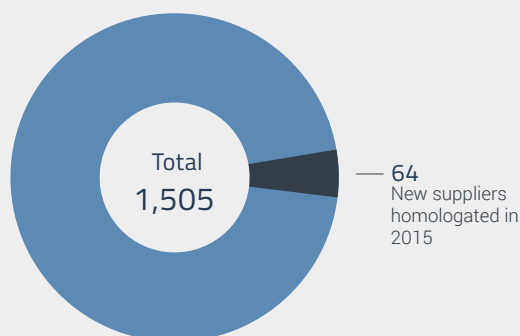
The process is overseen by the person in charge of approval in the Quality Department division which is responsible for coordinating these activities.

Subsequently, whether or not the supplier is approved, the Procurement Coordinator may request additional measures for technically complex orders, as well as those involving a high economic volume or client-specific requirements.

In this last case, the company's SPMat system enables the evaluation of awarded orders selected by the Approvals Committee. The information obtained from the process is available to be consulted by purchasers and will be taken into account in the supplier's purchase recommendation.

During 2015, the company approved 64 new suppliers, bringing the total number of approved suppliers at the end of the year to 1,505.

Homologated Técnicas Reunidas suppliers



RISK MANAGEMENT

The company has an established procedure for identifying risks associated with the purchasing process.

Additionally, in order to improve safety and reduce risk in the supply chain, Técnicas Reunidas expressly regulates the subcontracting of works and services from critical suppliers through clauses included in the corresponding contracts. This ensures that the goods used and services performed are always controlled.

If significant risks are detected during an award procedure, valid alternatives are sought and the supplier is excluded from the procedure. If alternatives do not exist and/or the risk can be kept under control, a series of risk minimisation measures are set out in the requirements for the order, and manufacturing is more closely monitored.

With regard to risks associated with sustainability, Técnicas Reunidas imposes a series of requirements related to protection of human rights, labour and the environment.



SUSTAINABILITY REQUIREMENTS FOR SUPPLIERS. MAIN REQUIREMENTS

- Applying measures to comply with environmental legislation
- Informing about any environmental incident during the projects.
- Responding to any incident that causes environmental damage.
- Taking the necessary preventive measures.
- Reporting its carbon footprint in the supplier prequalification questionnaire.
- Health and safety requirements in line with code OHSAS 18001.
- Human rights requirements.

EXTRAORDINARY COST OVERRUNS DUE TO DELAYS BY THE MAIN SUPPLIER FOR THE UPGRADE PROJECT FOR CANADIAN NATURAL RESOURCES LIMITED (CNRL) IN ALBERTA, CANADA

Despite the robust risk mitigation system integrated into its supply chain, Técnicas Reunidas has been affected during 2015 by the impact of the collapse in the price of crude oil on the main supplier for one of its projects.

The long delay in the supplier's delivery of some of the modules for the project and the cost overruns associated with the acceleration plan, which have been exacerbated by the country's high wage costs and low productivity, have had an impact on the company's net profit.

Whatever the situation, however, Técnicas Reunidas' priority with regard to its clients lies in completing projects according to the terms agreed and maintaining its reputation as a reliable, high-quality contractor. The company has therefore decided to take the measures necessary to deliver the plant to CNRL in June 2016 and absorb the associated costs.

MONITORING OF SUPPLIERS

Técnicas Reunidas constantly monitors its suppliers' performance and training. For each order, inspections are conducted in the workshop to check compliance with the conditions of the order.

After delivery of supplies, various aspects of the supplier's performance are evaluated. The suppliers are informed of the outcomes of these evaluations, which serve as baselines for identifying measures for improvement.

Safety and environmental performance are two of the aspects included in Técnicas Reunidas's evaluations. In 2014, the company introduced a specific audit on these areas, which is performed during visits to the workshops.

This audit applies to suppliers, who are visited by inspectors from the company. An initial audit report is drawn up for each supplier on the first of these visits. A second report is drawn up, coinciding with a subsequent visit (the interval between inspections depends on the type of equipment and the manufacturing time), which enables the identification of any improvements and/or deteriorations.

Evaluation of suppliers in 2015



Técnicas Reunidas has performed 429 order evaluations and 330 supplier evaluations, with an average score of 2.11 out of 3



66 % of critical suppliers are audited by means of inspections at their production facilities and interviews



30 % of suppliers implement corrective action plans and 20 % improve their performance in terms of sustainability



Over 125 health, safety and environment audits were performed in 2015

COOPERATION WITH SUPPLIERS

Técnicas Reunidas has established various mechanisms to strengthen its relationship with its suppliers, especially those of strategic importance. These include the development of framework agreements containing global commercial conditions for different projects and the creation of joint improvement groups.

Thanks to these groups and the lessons learned from the evaluation processes, the company and its suppliers are able to define and implement corrective measures that prevent technical and management errors.

Técnicas Reunidas also cooperates with its suppliers through training initiatives.

In 2015, the company developed a Training Plan aimed at partner Inspection Agencies, as well as other specific actions for suppliers from China, Brazil, Indonesia and Spain.

Finally, the company is working together with its suppliers through other mechanisms, such as the plan for annual meetings and the meetings held with managers at projects with the aim of performing more detailed monitoring.

BENEFITS OF COLLABORATING WITH SUPPLIERS

Dialogue and collaboration with suppliers has a positive influence on the company.



They not only improve synergies and improve communication, but also provide a better visibility of the execution schedule, thus anticipating the management of changes and improving delivery deadlines.

2015 illustrated these advantages, with the case of an Asian supplier who, after this follow-up, was advised to relocate the manufacturing quality control within its organization, from a centralised arrangement to its location within its various workshops. This recommendation resulted in a drop in quality non-conformities and in improved performance, not only with Técnicas Reunidas, but also with the rest of its clients.



6.7 RELATIONSHIP WITH SOCIETY AND INTEREST GROUPS

Técnicas Reunidas' activity has a social dimension that the company manages through dialogue with its interest groups, analysis of the implications of its projects and support for social initiatives in partnership with local organisations.

 KEY INDICATORS			 2015 MILESTONES	
INDICATOR	2015 DATA	2013-2015 PROGRESS	<ul style="list-style-type: none"> Progress in developing methodology for management of the social impact of projects, based on improved coordination of the areas involved. Cooperation with more than 25 organisations in the development of social interest projects. Start of collaboration with the <i>Instituto Cervantes</i>. 	
Amount assigned to social action projects (€)	507,151.77	-7.71%		
Partner organisations in social areas (number)	25	+4.17%		
Local purchases (€)	515,943,070	+67.29%		

MANAGEMENT APPROACH

[G4-DMA]

Técnicas Reunidas structures its relationship with interest groups around three core concepts:

- **Dialogue** - Maintaining a dialogue with interested parties enables their expectations of the company to be known. It can also help identify aspects which might result in better performance by Técnicas Reunidas.
- **Social management of projects** - The implementation of projects can give rise to diverse social impacts which require management. The company responds to this by identifying potential consequences and defining the actions required to manage them.
- **Social action** - Técnicas Reunidas promotes various actions and projects of social interest in order to increase its positive impact on society beyond its own commercial activity.

Core concepts in the management of relationships with society and interest groups



DIALOGUE WITH INTEREST GROUPS [G4-24]; [G4-26]; [G4-27]

Dialogue with interest groups offers Técnicas Reunidas an opportunity to plan its activities with greater certainty, manage reputational risks and demonstrate its accessibility.

Técnicas Reunidas has several specific channels for establishing this dialogue.



SOCIAL MANAGEMENT OF PROJECTS

[G4-DMA]; [G4-EC7]; [G4-EC8]; [G4-EC9]; [G4-SO1]; [G4-SO2]

Management of projects' social implications for workers and local communities requires close coordination established right from the start.

A response procedure involving local labour authorities is needed as early as the initial posting of workers.

This procedure aims to meet the needs of local contracting, within time frames enabling the completion of the projects awarded to Técnicas Reunidas.

In order to meet this need for coordination, the company has local representatives from the various areas involved in the implementation of projects.

With regard to the local community, Técnicas Reunidas manages the social implications of its activities in accordance with five core concepts (see figure).

Although the majority of these implications are positive (mainly job creation and revitalisation of the local economy), the company oversees its projects to ensure that any negative impacts identified are mitigated through the implementation of appropriate measures.

Positive social impacts on local environments associated with Técnicas Reunidas' projects

REVITALISATION OF THE LOCAL ECONOMY

€516 million in local purchasing (22.5 % of total purchasing).

Opportunity for the local business sector and labour force to participate in technologically advanced projects.

Through its social management framework, Técnicas Reunidas analyses the consequences of its activities for the community as well as its progress in responding to their demands and suggestions.

Social management of Técnicas Reunidas projects

Social management framework



Evaluation and management of the social impact

Técnicas Reunidas analyses the impacts of each project, including social aspects, during the bidding stage. The client is responsible for obtaining the 'social licence'.

Communication with the local community

The project manager is responsible for the constant communication with local authorities and community representatives during the execution of all the projects.

Mechanisms for the reclamation and restoration of social impacts

Although the impacts of the company are for the most part positive, the company analyses local regulations so as to provide adequate social impact reclamation and restoration mechanisms.

Performance of projects in support of local communities

Técnicas Reunidas analyses the needs and expectations of communities regarding each project, and then provides and performs projects to support it.

Constant monitoring of the local environment

Técnicas Reunidas performs a constant monitoring of the local environment and of the performance of suppliers and contractors in their interaction with the project scope.

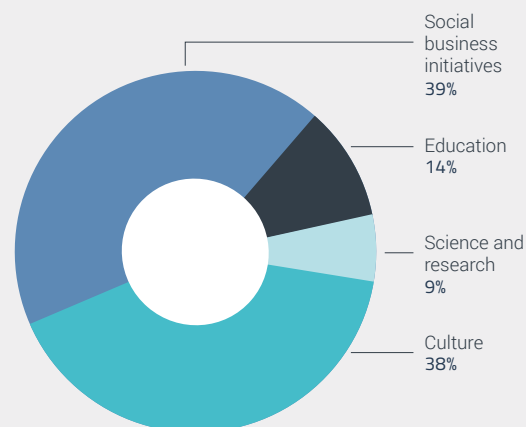
COMMITMENT TO SOCIAL ACTION

Técnicas Reunidas' commitment to social action focuses on four areas and comprises a wide variety of activities and projects.

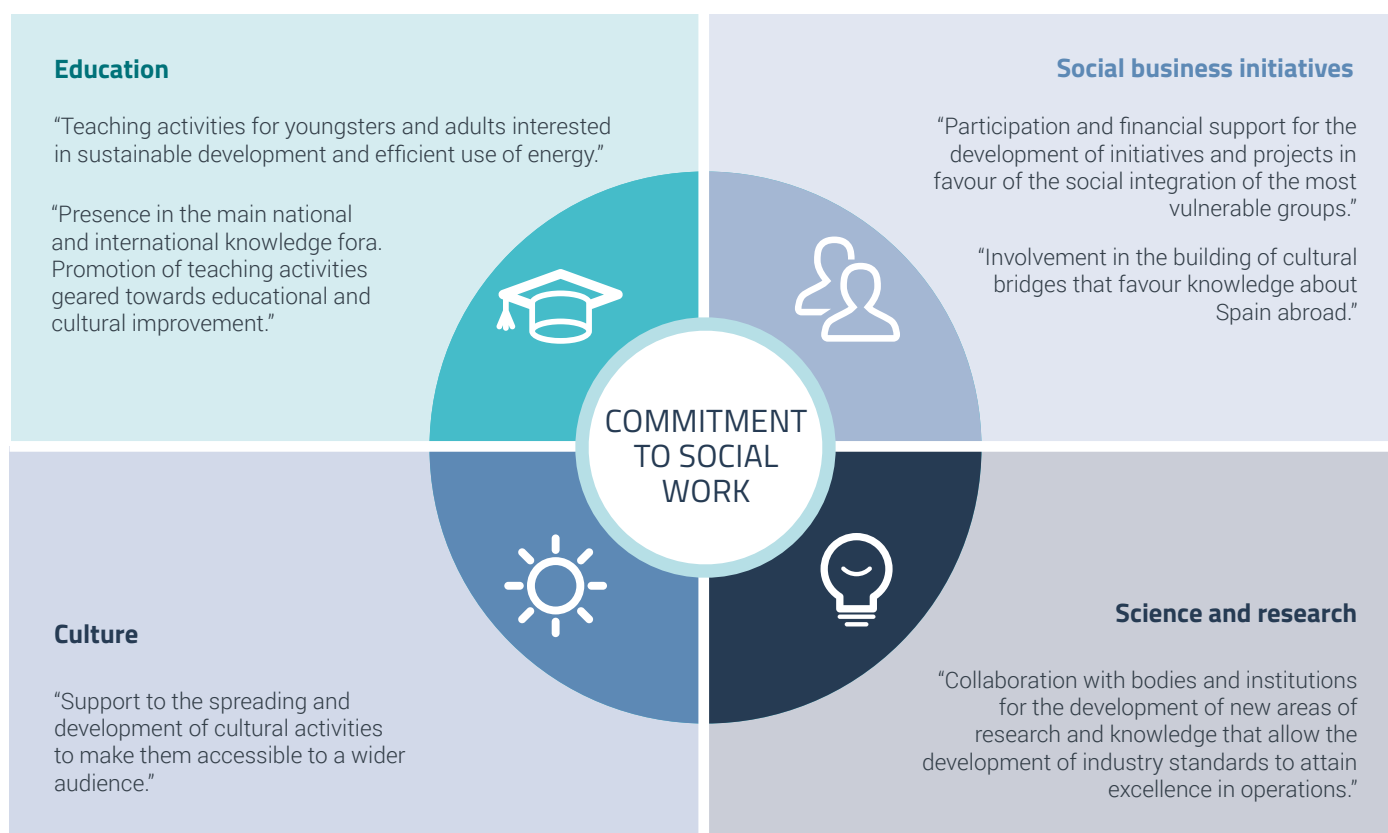
The company cooperates in this area with other organisations that share its objectives, forming partnerships for both economic and other purposes (dissemination of knowledge through forums, participation in working groups, etc.).

In 2015, Técnicas Reunidas invested €507,151 euros in this area, an amount that was distributed as shown in the adjoining diagram.

Financial investment in relevant social projects.
Distribution per category.



Commitment to social work by Técnicas Reunidas



TÉCNICAS REUNIDAS' MAIN PARTNER ORGANISATIONS [G4-16]

Social business initiatives



Culture



Science, research and education

At the sectoral level, Técnicas Reunidas participates in various associations related to its business activities, collaborating on initiatives related to the promotion of business and entrepreneurial activity.

Other organisations in which Técnicas Reunidas participates

Promotion of business and entrepreneurial activity





7 BASES FOR THE PREPARATION OF THE INTEGRATED REPORT

This is Técnicas Reunidas' first integrated report and it has been developed according to the recommendations set out in the International Integrated Reporting Framework (<IR> Framework), developed by the International Integrated Reporting Council (IIRC).

This report constitutes another step forward for the company in its corporate reporting and provides continuity with previous sustainability reports. Using this new approach, Técnicas Reunidas aims to improve the quality of the information it provides to its stakeholders.

In this new report, in addition to the <IR> framework, Técnicas Reunidas has followed the Global Reporting Initiative's GRI-G4

Guidelines. G4 indicators associated with the published contents are identified throughout the report, and the Annex includes a G4 Content Index containing a list of reported indicators and the pages where the relevant information can be found. Técnicas Reunidas has chosen the 'Core' option for this reporting standard when following its guidelines.

MATERIAL ASPECTS CONSIDERED IN THE PREPARATION OF THIS REPORT [G4-18]

Both the <IR> framework and the GRI-G4 Guidelines require the company to design the contents of its report to take into account 'matters that substantively affect the organization's ability to create value over the short, medium and long term'. These matters, termed **material aspects**, 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, it has been necessary to update the materiality analysis carried out by the company in 2014, as described below:

1. Identification of material issues

- Review of material issues identified throughout 2014 and of those identified by GRI G-4
- Industry benchmarking to identify the issues that competing companies consider relevant
- Evaluation of any issue considered relevant by investors and proxy advisors (Vigeo, FTSE4Good, DJSI, Glass Lewis&Co, ISS, MSCI, etc)
- Opinion from other interest groups: analysis of news from the 2015 fiscal year, meetings with business managers, evaluation of legal news, etc

2. Prioritisation of relevant issues

- Assignment of priorities to each of the issues identified during the previous stage, based on the meetings with managers

3. Materiality matrix and content development

- Development of a materiality matrix that establishes priorities depending on the relevance of each item for interest groups and for Técnicas Reunidas (see graph)
- Identification of GRI indicators that require a response and development of contents of the 2015 report



The following table shows the correspondence between the material aspects identified and the name under which they are included within the GRI-G4 Guide. It also indicates the scope of the impact (within or outside the organisation) and the corresponding indicators through which Técnicas Reunidas conveys information about its performance and management.

Categories of material aspects [G4-19]; [G4-20]; [G4-21]

MATERIAL ASPECT FOR TÉCNICAS REUNIDAS	CORRESPONDENCE WITH GRI ASPECTS	IMPACT OUTSIDE THE ORGANISATION BY INTEREST GROUP*	GRI INDICATORS
Economic performance	Economic performance	Shareholders	G4-EC1
Operational health and safety	Occupational health and safety	Employees Suppliers	G4-LA6, G4-CRE6
Supply chain	-	Suppliers	-
Regulatory compliance	Compliance	Public Administrations Society	G4-EN29, G4-SO8
Training and development	Training and education	Employees Suppliers	G4-LA9, G4-LA11
Anti-corruption	Anti-corruption	Shareholders Clients Suppliers	G4-SO3, G4-SO4
Taxation	Economic performance	Public Administrations Society	G4-EC1
Reputation	-	Shareholders Clients Public Administrations	-
Equal opportunities	Diversity and equal opportunities	Employees	G4-LA12
Materials and raw materials	Materials	Society	G4-EN1
Energy	Energy	Society	G4-EN3, G4-EN5
Supplier review	Procurement practices	Suppliers	G4-EC9
	Supplier assessment (labour practices, environment, impacts on society, human rights, child labour, forced or compulsory labour)	Suppliers	G4-LA 14, G4-HR5, G4-HR6, G4-HR10, G4-SO9, G4-SO10, G4-EN32, G4-EN33
	Safety practices	Suppliers	G4-HR7
	-	Suppliers Clients	-
Innovation and R&D	-	Suppliers Clients	-
Employment	Employment	Society	G4-LA1
GHG emissions	Emissions	Society	G4-EN15, G4-EN16, G4-EN17, G4-EN18
Effluents and waste	Effluents and waste	Society	G4-EN24
Community relations	Local communities	Public Administrations Society	G4-SO1, G4-SO2

MATERIAL ASPECT FOR TÉCNICAS REUNIDAS	CORRESPONDENCE WITH GRI ASPECTS	IMPACT OUTSIDE THE ORGANISATION BY INTEREST GROUP*	GRI INDICATORS
Freedom of association	Freedom of association and collective bargaining	Public Administrations Society Employees	G4-HR4
Unfair competition	Anti-competitive behaviour	Public Administrations Society	G4-S07
Local revitalisation	Indirect economic impacts	Public Administrations Society	G4-EC7, G4-EC8
Grievance mechanisms	Environmental grievance mechanisms	Public Administrations Society	G4-EN34
	Labour practices grievance mechanisms	Public Administrations Society	G4-LA16
	Human rights grievance mechanisms	Public Administrations Society	G4-HR12
	Grievance mechanisms for impacts on society	Public Administrations Society	G4-S011
Corporate certification	-	Clients	-

* All the aspects listed are material within the organisation. The column marked with an asterisk also indicates other stakeholders that consider each aspect material.

EXTERNAL ASSURANCE [G4-33]

Técnicas Reunidas has been subject to an external review process on its non-financial information corresponding to the corporate responsibility indicators for the general and specific standard disclosures proposed by the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI-G4).

To this end, PricewaterhouseCoopers Auditores, S.L. has performed an external verification of the report, according to the International Standard on Assurance Engagements 3000 (ISAE 3000 - reviewed), which is included in the Annex.

CONTACT INFORMATION

[G4-5]; [G4-31]

Readers of this report can send questions, queries, requests or suggestions through the following channels:

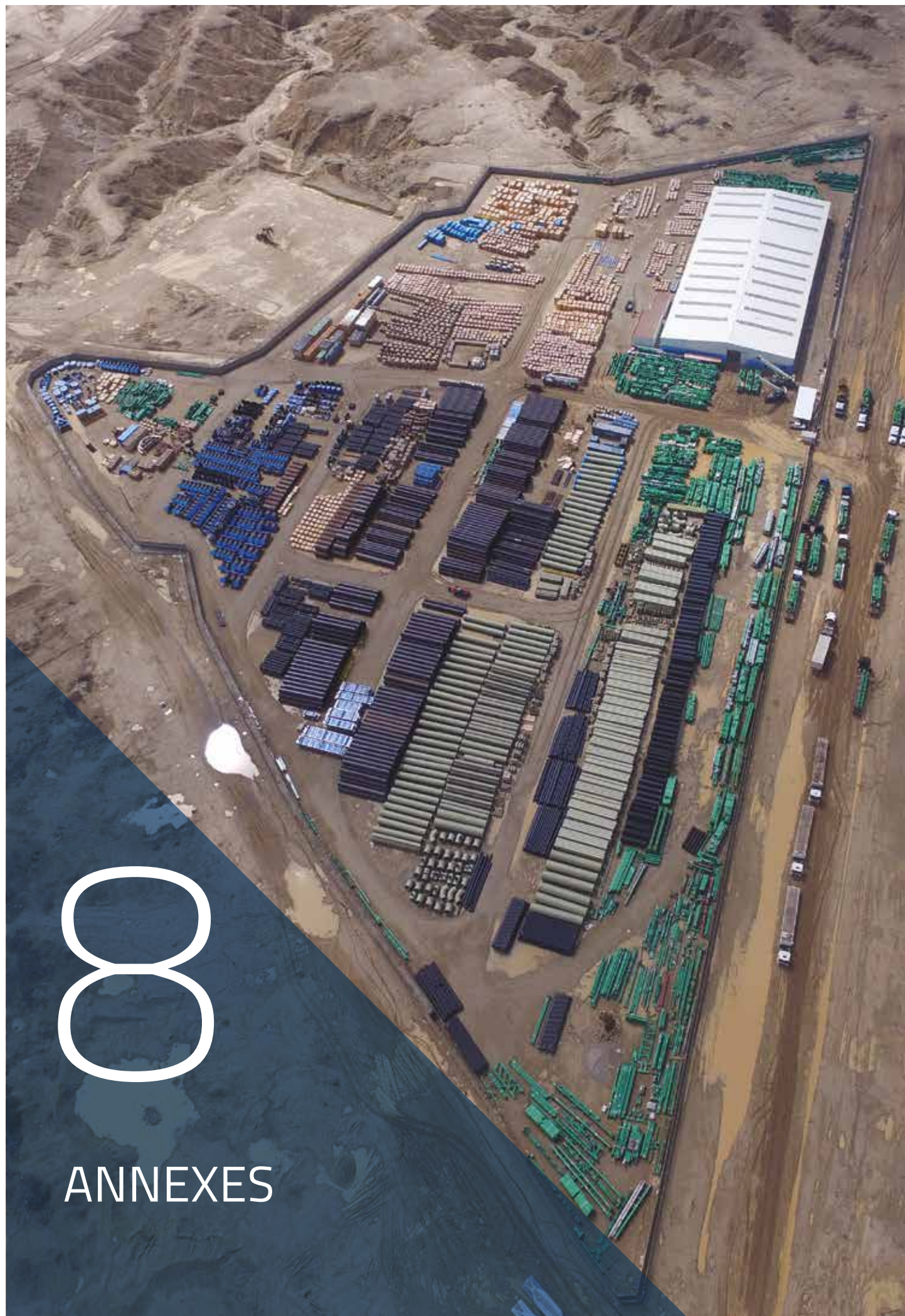


Website: www.tecnicasreunidas.es/en

Email: tr@tecnicasreunidas.es



Mail:
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C/Arapiles, 14
CP. 28015 Madrid, España



8

ANNEXES

8.1 GRI G4

Content Index [G4-32]



General Standard Disclosures

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
Strategy and Analysis		
G4-1	6	✓
G4-2	14, 15, 29	✓
Organisational Profile		
G4-3	8	✓
G4-4	11-13	✓
G4-5	79	✓
G4-6	8-9	✓
G4-7	24 Técnicas Reunidas is a public company listed on the Spanish IBEX-35. Section 5.1 sets out its ownership structure.	✓
G4-8	9	✓
G4-9	8, 35 Information on the company's capitalisation can be found in the Annual Reports available at www.tecnicasreunidas.es/en (pages 4-6).	✓
G4-10	40 Técnicas Reunidas outsources parts of construction projects to specialist subcontractors. Page 58 (Health and Safety Section) provides an indicator of the number of hours worked. Number of employees per employment contract and gender: <ul style="list-style-type: none"> • In 2015 there were 3,778 permanent contracts, 2,456 of men and 1,322 of women. • In 2015 there were 1,625 temporary contracts, 1,124 of men and 501 of women. • In 2015 70% of all the contracts were permanent. Staff per gender and geographic area; <ul style="list-style-type: none"> • Internal employees in Spain on 2015 amounted 5,403, 1,823 women (34%) and 3,580 men (66%). 	✓
G4-11	100% of the internal employees are covered by collective agreements.	✓
G4-12	67	✓
G4-13	There have been no significant changes during the period of analysis related to the organisation's size, structure, share ownership or supply chain.	✓
G4-14	29 Técnicas Reunidas has a risk and opportunities management programme including analysis of projects for potential environmental impacts from the bidding phase through to completion of the project. This analysis includes the identification of measures, addressing the precautionary principle and/or reduction of undesired effects.	✓

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
G4-15	Técnicas Reunidas is equipped with various management systems certified by independent third parties. In addition, the company supports various initiatives in the field of sustainability, including the United Nations Global Compact, with which it has been involved for several years.	✓
G4-16	75	✓
Identified Material Aspects and Boundaries		
G4-17	Financial data corresponds to the Técnicas Reunidas Group. For more information, see the Annual Reports available at www.tecnicasreunidas.es/en .	✓
G4-18	77	✓
G4-19	78	✓
G4-20	78	✓
G4-21	78	✓
G4-22	The impact of the restatement of the information provided has been explained in the corresponding section.	✓
G4-23	Any changes in the scope and aspect boundaries have been explained in the corresponding sections of the report.	✓
Stakeholder Engagement		
G4-24	72	✓
G4-25	The selection criterion for stakeholders is based on their relevance to the company and its activities.	✓
G4-26	72 Técnicas Reunidas frequency of engagement with its main stakeholders is dependent on business needs. In some cases, regular processes are established, as indicated in Section 6.7 (page 72). With regard to the preparation of the report, Técnicas Reunidas has taken into account the main expectations voiced by these stakeholders. To this end, it has requested information and opinions from company managers, with whom it has worked to define the contents of the report.	✓
G4-27	72 The contents of the report respond to the main expectations expressed by stakeholders.	✓
Report Profile		
G4-28	The information in the report corresponds to the period 2013-2015.	✓
G4-29	The date of the most recent previous report was 2014.	✓
G4-30	Técnicas Reunidas prepares its reports annually.	✓
G4-31	79	✓
G4-32	81 Técnicas Reunidas has prepared this report in accordance with the Core option in the GRI-G4 Guidelines.	✓
G4-33	79	✓

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
Governance		
G4-34	25-26	✓
G4-35	The Board of Directors has delegated committees that monitor some of the company's key materials and its shareholders in all of the company's areas, including ethical, social and environmental aspects. These committees convey their guidelines to company executives through specific channels, and also conduct performance evaluations.	✓
G4-36	At their meetings, the Board and its Delegated Committees analyse the achievement of the objectives set out in the various areas of the organisation's management.	✓
G4-37	The governing body is informed of all relevant issues on economic, environmental and social matters that have arisen during the company's dialogue with its stakeholders.	✓
G4-38	25-26	✓
G4-39	25-26	✓
G4-40	25-26 Técnicas Reunidas also complies with 90 % of the recommendations of the Good Governance Code for Listed Companies issued in 2015 by the CNMV.	✓
G4-41	The Board Regulations and the Internal Code of Conduct govern the mechanisms established for detecting and regulating potential conflicts of interest. The body that settles directors' conflicts of interest is the Audit Committee. For further information, see the Annual Corporate Governance Report (Section D6, page 26).	✓
G4-42	25-26	✓
G4-43	The highest governing body receives regular communications on the main economic, environmental and social topics that may affect the company and its stakeholders.	✓
G4-44	25-26	✓
G4-45	25-26	✓
G4-46	25-26	✓
G4-49	25-26 The Audit and Control Committee is responsible for reporting to the Board any critical concerns in economic, environmental and social matters.	✓
G4-51	25-27	✓
G4-52	25-27	✓
Ethics and Integrity		
G4-56	28	✓
G4-57	28	✓
G4-58	28	✓

Specific Standard Disclosures

DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC			
Material aspect: Economic performance			
G4-DMA	33		✓
G4-EC1	36		✓
Material aspect: Indirect economic impacts			
G4-DMA	73		✓
G4-EC7	73		✓
G4-EC8	73		✓
Material aspect: Procurement practices			
G4-DMA	67		✓
G4-EC9	67, 73		✓
CATEGORY: ENVIRONMENTAL			
Material aspect: Materials			
G4-DMA	52, 57		✓
G4-EN1	57		✓
Material aspect: Energy			
G4-DMA	52, 56		✓
G4-EN3	56		✓
G4-EN5	56		✓
Material aspect: Emissions			
G4-DMA	52, 56		✓
G4-EN15	56		✓
G4-EN16	56		✓
G4-EN17	56		✓
G4-EN18	56		✓
Material aspect: Effluents and waste			
G4-DMA	52		✓
G4-EN24	In 2015, there were a total of 14 non-significant spills, amounting to a total volume of 5.57 m ³ .		✓

DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
Material aspect: Compliance			
G4-DMA	Certification according to ISO 14001 on Environmental Management Systems ensures the identification of legal requirements and the adoption of measures necessary for compliance.		✓
G4-EN29	No environmental sanctions have been imposed on Técnicas Reunidas, either with regard to its facilities or to the works carried out over the last five years.		✓
Material aspect: Supplier environmental assessment			
G4-DMA	66-68		✓
G4-EN32	64, 67-68		✓
G4-EN33	64, 67-68 In 2015 no negative environmental or social impacts have been detected, real or potential, in the supply chain. By means of the homologation process of Técnicas Reunidas and the assessments to suppliers Técnicas Reunidas ensures that this kind of negative impacts does not occur.		✓
Material aspect: Environmental grievance mechanisms			
G4-DMA	73		✓
G4-EN34	No formal claims have been made against the company during the last five years.		✓
CATEGORY: SOCIAL			
SUBCATEGORY: LABOR PRACTICES AND DECENT WORK			
Material aspect: Employment			
G4-DMA	39		✓
G4-LA1	<p>Recruits 2015: recruitment rate in 2015 was 7% of the internal workforce, which means 363 new recruitments, 288 men and 75 women.</p> <p>Age distribution of the recruitments of 2015 was:</p> <ul style="list-style-type: none"> • 20-30 years: 21.49%. • 31-40 years: 42.15%. • 41-50 years: 23.42%. • 51-60 years: 11.02%. • >60 years: 1.93%. <p>Turnover 2015: 3% of the internal workforce, which means 165 voluntary leaves, 129 men and 36 women.</p> <p>Age distribution of the voluntary leaves of 2015 was:</p> <ul style="list-style-type: none"> • 20-30 years: 25.45%. • 31-40 years: 50.91%. • 41-50 years: 15.76%. • 51-60 years: 5.45%. • >60 years: 2.42%. 		✓

DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
Material aspect: Occupational health and safety			
G4-DMA	59		✓
G4-LA6	62 Absenteeism rate for the total internal workforce in 2015 was 3.54. Absenteeism rate for women in the total internal workforce in 2015 was 6.25 and 2.19 for men. Absenteeism rate is calculated as follows: Definite hours lost (permits + illness + maternity/paternity) * 100 hours/theoretical hours.		✓
Material aspect: Training and education			
G4-DMA	41		✓
G4-LA9	41, 61 In 2015, 81% of the total training hours to the internal workforce (150,049 hours) were provided to the work category "University graduates, technicians and administrative staff" and 19% to "Officials".		✓
G4-LA11	41 In 2015, 4,187 employees (77.5% of the internal workforce) received professional evaluations, 65% of which were received by men and 35% by women. In what respect to the professional category, 73% of the evaluations were received by "University graduates, technicians and administrative staff" and 27% to Officials".		✓
Material aspect: Diversity and equal opportunities			
G4-DMA	40		✓
G4-LA12	25, 40		✓
Material aspect: Supplier Assessment for Labour Practices			
G4-DMA	66, 68		✓
G4-LA14	64, 67-68		✓
Material aspect: Labour practices grievance mechanisms			
G4-DMA	73		✓
G4-LA16	In 2015 no relevant claims were made against labour practices.		✓
SUBCATEGORY: HUMAN RIGHTS			
Material aspect: Freedom of association and collective bargaining			
G4-DMA	66 Técnicas Reunidas is a signatory to the principles of the UN Global Compact, which include upholding workers' rights to freedom of association.		✓

DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
G4-HR4	<p>Técnicas Reunidas provides the necessary means in the countries in which it operates so that employees and suppliers may exercise their rights to freedom of association and affiliation.</p> <p>In the event that a significant risk is identified that the supplier or the order may fail to respect the minimum standards requested by the company in this area, the supplier is excluded from the award procedure.</p>		✓
Material aspect: Child labour			
G4-DMA	<p>66</p> <p>Técnicas Reunidas is a signatory to the principles of the UN Global Compact, which include upholding the effective abolition of child labour.</p>		✓
G4-HR5	<p>Técnicas Reunidas undertakes its activities in the countries in which it is active to the requirements of local legislation in this area, as well as respecting other commitments signed by the company, such as the principles of the Global Compact.</p> <p>In the event that a significant risk is identified that the supplier or the order may fail to respect the minimum standards requested by the company in this area, the supplier is excluded from the award procedure.</p>		✓
Material aspect: Forced or compulsory labour			
G4-DMA	<p>66</p> <p>Técnicas Reunidas is a signatory to the principles of the UN Global Compact, which include upholding the elimination of all forms of forced and compulsory labour.</p>		✓
G4-HR6	<p>Técnicas Reunidas undertakes its activities in the countries in which it is active to the requirements of local legislation in this area, as well as respecting other commitments signed by the company, such as the principles of the Global Compact.</p> <p>In the event that a significant risk is identified that the supplier or the order may fail to respect the minimum standards requested by the company in this area, the supplier is excluded from the award procedure.</p>		✓
Material aspect: Security practices			
G4-DMA	The approval procedure for suppliers ensures that they operate in accordance with the legal frameworks in force and meet specific requirements in the area of human rights, appropriate to their activities and level of risk.		✓
G4-HR7	Técnicas Reunidas ensures that all its security staff counts have the required expertise and knowledge according to the environment where the company executes its activities.		✓
Material aspect: Supplier human rights assessment			
G4-DMA	66, 68		✓
G4-HR10	66, 67-68		✓

DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
Material aspect: Human rights grievance mechanisms			
G4-DMA	73		✓
G4-HR12	In 2015 there have been no relevant claims against practices related to human rights.		✓
SUBCATEGORY: SOCIETY			
Material aspect: Local communities			
G4-DMA	71, 73		✓
G4-S01	73		✓
G4-S02	73 In 2015 no work centres with relevant negative impacts, real or potential, on the local communities due to the development of projects or operations of TR have been identified.		✓
Material aspect: Anti-Corruption			
G4-DMA	28		✓
G4-S03	23, 29 Técnicas Reunidas has also completed the analysis of 100% of its business units from the standpoint of ethics and integrity.		✓
G4-S04	28		✓
Material aspect: Anti-competitive behaviour			
G4-DMA	28		✓
G4-S07	In 2015 there has been no claims for unfair competition.		✓
Material aspect: Compliance			
G4-DMA	28		✓
G4-S08	In 2015 there has been no relevant claims for the violation of any law.		✓
Material aspect: Supplier assessment for impacts on society			
G4-DMA	66		✓
G4-S09	64, 67-68		✓
G4-S010	64, 67-68 In 2015 no relevant negative environmental or social impacts, real or potential, on the supply chain have been identified. By means of the homologation process of Técnicas Reunidas and the assessments to suppliers Técnicas Reunidas ensures that this kind of negative impacts does not occur.		✓
Material aspect: Grievance mechanisms for impacts on society			
G4-DMA	73		✓
G4-S011	In 2015 there have been no relevant claims for social practices.		✓

Specific Content for Construction and Real Estate

SPECIFIC CONTENT FOR CONSTRUCTION AND REAL ESTATE	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: SOCIAL			
SUBCATEGORY: LABOUR PRACTICES			
Material aspect: Health and safety at work			
G4-DMA	59		✓
G4-CRE6	59 OHSAS certificate of the company covers the whole of the operations with internal workforce.		✓

8.2 PwC Review Report



Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS

To the Management of Técnicas Reunidas S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in "Annex 8.1—GRI G4 Content Index" of the 2015 Integrated Report (hereinafter "CSR Indicators") of Técnicas Reunidas S.A. (hereinafter "Técnicas Reunidas") for the year ended 31 December 2015, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Report of the Global Reporting Initiative (GRI) version G4 (hereinafter GRI G4 Guidelines) and Sector Supplement Construction and Real Estate.

Responsibility of the Management

Management of Técnicas Reunidas is responsible for the preparation, content and presentation of the Integrated Report in accordance with the Core option of the GRI G4 Guidelines and Sector Supplement Construction and Real Estate. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

Management of Técnicas Reunidas is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators, is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Técnicas Reunidas' personnel from various areas who have been involved in the preparation of the Integrated Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

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1



- Analysis of the Técnicas Reunidas' CSR indicators adaptation to the requirements established by the GRI G4 Guidelines for the preparation of reports and to the Construction and Real Estate Sector Supplement.
- Verification, through random sampling tests revisions and substantive tests on the quantitative and qualitative information used to determine Técnicas Reunidas' CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by Técnicas Reunidas' sources of information.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that Técnicas Reunidas' CSR indicators, for the financial year ending 31st December 2015, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines and the Construction and Real Estate Sector Supplement.

Use and Distribution

Our report is only issued to the Management of Técnicas Reunidas, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Técnicas Reunidas' Management.

PricewaterhouseCoopers Auditores S.L.

A handwritten signature in blue ink, appearing to read 'Mª Luz Castilla', with a stylized flourish at the end.

Mª Luz Castilla
23 June 2016



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