

CONSOLIDATED DIRECTORS' REPORT FOR 2021

		Millions of euros	
		Year ended 31 December	
		2021	2020
EBITDA	Profit from operations, excluding depreciation and amortisation	(129.2)	84.7
Depreciation and amortisation charge and impairment	Depreciation, amortisation and impairment	(27.4)	(43.2)
EBIT	Profit from operations	(156.6)	41.5

Group management confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year, other than as a result of the application of IFRS 16.

Net cash. Net cash is the alternative performance measure used by management to measure the Group's level of liquidity. It is calculated as the difference between 'cash and cash equivalents' plus 'financial assets at fair value through profit or loss' and 'borrowings' (excluding 'borrowings associated with rights of use of leased assets'). Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid investments originally maturing within three months or less. It has been calculated as follows:

		Millions of euros	
		2021	2020
Cash and cash equivalents	Cash on hand, demand deposits in banks and other short-term highly liquid investments maturing within three months or less	666.9	931.5
Borrowings	Non-current and current bank borrowings	(742.9)	(736.0)
Net cash	Cash and cash equivalents, plus financial assets at fair value, less borrowings	(76.0)	195.5

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

15. Statement on Non-Financial Information

15.1. Business model

15.1.1. Description of the business model

The Técnicas Reunidas Group (TR) is dedicated to providing all types of value-added engineering and construction services for industrial plants for the sustainable production of clean fuels, natural gas and chemical products, services that range from feasibility studies or basic and conceptual engineering, to the complete execution of large and complex turnkey projects, including engineering and design, management of procurement and delivery of equipment and materials, construction of facilities and other related or linked services, such as technical assistance, construction supervision, site management, project management, commissioning and training, and offering technical solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO₂ sequestration and capture, etc.).

These technical solutions enable its clients to develop their sustainability policies and meet their emission control targets through the construction and modernisation of highly energy-efficient industrial plants, thereby complying with regulatory requirements and voluntary commitments in this area.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

The Company's business model is based on three fundamental principles that demonstrate TR's commitment to the development of its activity:

- The quality of the plants built by the Group, which makes TR one of the Groups with the best reputation in the market and guarantees a recurring flow of business from its regular clients.
- The flexibility manifested in its capacity to work under very different contractual structures, in diverse geographical environments and in plants of a very different nature. Along these lines, TR's capacity to penetrate new markets is excellent.
- It can constantly adapt to new environments, which in current times allows its rapid incorporation into technologies that require the transition to clean energy, as well as an immediate response to the change in the operating scenario driven by the digital transformation.

15.1.2. Organisation and structure

Appendices I and II to the financial statements contain the corporate structure of the Company.

15.1.3. Business Areas

Técnicas Reunidas, within its engineering and construction services activity, operates through different business lines. Its clean fuels and petrochemicals business lines are included in its sustainable growth activity, while its natural gas, circular economy, hydrogen and carbon capture and storage business lines are included in its decarbonisation activity.

- **Clean Fuels:** the Clean Fuels business line provides management, engineering, procurement, construction and commissioning services for facilities throughout the value chain for the production of fuels that meet the highest specifications (Euro V / Euro VI). These facilities convert waste streams into high quality fuels, optimising the use of natural resources. In addition, the Company has extensive experience in the design and construction of the most advanced technologies for clean fuel production processes. Similarly, TR offers its clients the possibility of modernising existing plants with the aim of improving their efficiency and making progress in the sustainability actions and commitments that they have decided to implement.
- **Petrochemicals:** the Petrochemicals line provides direction, management, engineering, procurement, construction and start-up services for facilities for the production of basic chemical materials for water distribution, the pharmaceutical, health or food industry, and the energy efficiency of buildings and transport systems, among others. Clean fuel production plants are being integrated with petrochemical operations, supplying both markets in an efficient and flexible manner and optimising the consumption of natural resources.
- **Natural Gas:** the Natural Gas line provides direction, management, engineering, procurement, construction and commissioning services for facilities throughout the supply chain, from natural gas production to regasification terminals, as natural gas is a key fuel for advancing decarbonisation objectives. In this regard, TR has designed and built all types of facilities, from production facilities in natural gas fields, to treatment and processing plants, compressor stations, liquefaction, storage tanks and final regasification facilities.
- **Circular economy:** the circular economy lines, Bioenergy and Biochemicals, provide similar services to the other lines for the production of biomethane and the conversion of biomass and waste into fuels (biodiesel, bio-kerosene) and chemical products (bioethanol, biomethanol), electricity and steam. Técnicas Reunidas is actively involved in structuring projects in these technologies for their integration into existing value chains.
- **Hydrogen:** the Hydrogen line provides similar services to the other lines for the production of hydrogen, considered one of the cornerstones of a future clean, safe and affordable energy system. Técnicas Reunidas is actively involved in structuring projects for green hydrogen (produced by electrolysis of water with renewable energies), blue hydrogen (produced by capturing carbon in the reforming of natural gas) and green ammonia from green hydrogen. Green ammonia is used in fertiliser production and will be used as a fuel in shipping.
- **Carbon Sequestration and Storage:** the Carbon Sequestration and Storage line provides similar services to the other lines for carbon capture in industrial processes in energy-intensive activities, such as the production of clean fuels, the chemical industry, the cement industry and the iron and steel industry. Técnicas Reunidas implements carbon capture plants in these industrial processes. The captured carbon is subsequently taken to specialised infrastructures for final storage or converted into synthetic fuels. Significant activity is expected in this market, as other decarbonisation alternatives are not easy to implement in these energy-intensive plants.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

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

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

15.1.4. Business environment and markets

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

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

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

To supply a growing demand for energy, clients need to make investments, and TR is well-positioned and has the credentials demanded by investors and proven over sixty years of worldwide experience and in particular, in regions where most of the investments are likely to be made.

In 2021, market conditions were influenced by the COVID-19 pandemic. The appearance of the COVID-19 coronavirus in China at the end of 2019 and its global expansion during 2020 and 2021, with new variants such as Delta and Omicron, has had a very long and relevant impact on the execution of TR's projects, which prioritised the health of its workers from the start of operations, in full coordination with clients. Despite the advances made regarding vaccines in several countries around the world during the first half of 2021, the emergence of new variants such as those mentioned above delayed the return to normal economic activity. The measures implemented have affected and continue to affect the pace of project execution, which is slower than initially planned, as some clients opted to reschedule the tendering or execution of projects. Nevertheless, TR was awarded a significant number of contracts in 2021, having been awarded important projects for first-tier clients and a year-end order book of more than EUR 10 billion.

These awards are in line with the forecasts of international organisations, which conclude that global demand and energy consumption will continue to grow in the medium to long term.

To supply a growing and environmentally sustainable demand for energy, investments must be made in establishing, upgrading and improving the efficiency of existing facilities, where TR is well positioned and has the credentials required by investors, the technical capacity and sixty years of proven experience worldwide, particularly in those geographies where most of the investments are expected to take place.

Likewise, TR is well positioned, thanks to its leadership in the face of climate change, the diversification of its activities, and its adaptation to new trends that go beyond just legal matters. This enables the Company to take advantage of the opportunities that will arise from increased regulatory pressure on environmental issues, as it has the technology and solutions to help its clients meet these growing environmental demands. This diversification of activities focuses on collaboration with clients in terms of environmental improvement of facilities: production of clean fuels, natural gas and chemical products and a wide range of solutions linked to sustainability, the circular economy, energy transition and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO₂ sequestration, etc.).

CONSOLIDATED DIRECTORS' REPORT FOR 2021

LIST OF MARKETS WHERE TÉCNICAS REUNIDAS OPERATES



ES	EN	ES	EN
Europa	Europe	Asia	Asia
España	Spain	Arabia Saudí	Arabia Saudí
Italia	Italy	Azerbaiyán	Azerbaiyán
Polonia	Poland	Bahréin	Bahrain
Reino Unido	UK	China	China
		Emiratos Árabes Unidos	United Arab Emirates
América del Norte	North America	India	India
Canadá	Canada	Indonesia	Indonesia
Estados Unidos	United States	Jordania	Jordan
México	Mexico	Kuwait	Kuwait
		Malaysia	Malaysia
América del Sur	South America	Omán	Oman
Argentina	Argentina	Qatar	Qatar
Bolivia	Bolivia	Rusia	Russia
Chile	Chile	Singapur	Singapore
Colombia	Colombia	Turquía	Turkey
Perú	Peru		
Rep. Dominicana	Dominican Republic	África	Africa
		Argelia	Algeria
		Egipto	Egypt
		Australia	Australia
		Australia	Australia

CONSOLIDATED DIRECTORS' REPORT FOR 2021

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

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



	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS	<p>Models of Contracting and execution models that spread client chargers (milestone billing rather than progress payments, reduction in prepayments, delays in resolving claims and high level of warranties).</p> <p>Increased tax burden from governments to offset deficits.</p> <p>Volatility of certain emerging market currencies.</p> <p>Evolution of the USD, TR's reference currency.</p> <p>Increased perception of risk by financial institutions with regard to the engineering sector.</p> <p>Uncertainty regarding the evolution of the economic cycle.</p>	<p>Uncertainty regarding the evolution of oil prices, with knock-on effect for investment decisions and execution of projects.</p> <p>Uncertainty arising from the increase in raw material prices and transport costs.</p> <p>Geopolitical uncertainty: Middle East, Russia, the United States, China, the United Kingdom, Latin America and North Africa.</p> <p>Habitual use by of turnkey contracts by clients, transferring greater risks to the contractor.</p> <p>Increased competition in turnkey projects.</p> <p>Increased client and subcontractor litigation.</p> <p>New demands from clients in the execution structure of projects (e.g.:</p>	<p>Adaptation to occupational safety requirements established by the countries where construction projects are carried out.</p> <p>Increased demand from clients regarding the qualifications and requirements of onsite personnel with health and safety responsibilities.</p> <p>Need for more practical works-oriented training programs.</p> <p>Incorporation of new technologies for improved performance and monitoring of safety and health projects.</p> <p>Adaptation to the safety and prevention requirements required by the health institutions of each country in relation to COVID-19.</p>	<p>Growing concern from clients regarding the sustainability requirements of projects.</p> <p>Stricter environmental and social requirements from entities such as clients, World Bank, financial institutions or accredited certification bodies.</p> <p>Assessments by financial institutions with increasingly stringent social and environmental requirements.</p> <p>Increased regulatory pressure.</p> <p>Commitment to process units with highly efficient designs, oriented towards carbon capture, minimisation of emissions and reuse of waste, supporting the circular economy model.</p>

CONSOLIDATED DIRECTORS' REPORT FOR 2021

	<p>OECD regulation on taxation (BEPS)</p> <p>Cash preservation policies for clients.</p>	<p>joint ventures or revamping).</p> <p>Postponement of critical negotiations with clients and suppliers to the final stages of the project.</p> <p>Need for clients to find financing for their projects.</p> <p>Focus on process units with highly efficient designs, oriented towards carbon capture, minimisation of emissions and reuse of waste. Rescheduling of ongoing projects as a result of the evolution of the pandemic and the increase in oil prices.</p> <p>Trend toward prioritising gas use over oil.</p> <p>Certain countries' commitment to petrochemicals and circular economy proposals.</p> <p>Greater use of digital technologies as a more efficient alternative to traditional physical presence.</p>	
--	--	---	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

<p>HOW IS TR PREPARED?</p>	<p>Maintenance of available lines of financing.</p> <p>Customer and supplier management (collection and payment periods, discounts, confirming).</p> <p>Development of policies for allocation of profits to the countries where they are generated (BEPs).</p> <p>Currency hedging policy by using forwards.</p> <p>Development of a highly diversified pool of banks, with greater presence of local banks.</p>	<p>Continuing to monitor the actions to optimise the structure and improve the efficiency arising from the TR-ansforma plan.</p> <p>Geographic and product diversification.</p> <p>Experience in sustainable markets.</p> <p>Selective management of potential projects.</p> <p>Closer integration with clients from the initial phase onwards.</p> <p>Technical capacity and proven experience carrying out highly complex designs.</p>	<p>Implementation of a Compliance System that covers, among others, environmental, health and occupational safety risks (HSE) and criminal risks.</p> <p>Training in international health and safety standards aimed at project managers.</p> <p>Stronger collaboration between human resources and the departments involved in the construction phases.</p> <p>Acquisition of specific software and migration of periodic reports.</p>	<p>Strengthening the system for evaluating the social and environmental compliance of local suppliers.</p> <p>Conducting internal audits on environmental and social matters. Identification and monitoring of environmental risks and opportunities.</p> <p>Strengthening the system for evaluating the social and environmental compliance of local suppliers.</p>
-----------------------------------	---	--	---	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

	<p>Rescheduling of project execution schedules and margin generation.</p> <p>Extension and diversification of liquidity sources.</p> <p>Finding mechanisms to strengthen the Company's capital and liquidity structure (SEPI).</p>	<p>Consolidated know-how and work procedures.</p> <p>Knowledge of suppliers and collaboration with relevant suppliers and subcontractors .</p> <p>Knowledge of the local markets where the Company executes its projects.</p> <p>Alliances with competitors for specific projects.</p> <p>Leverage based on proprietary technologies.</p> <p>Strengthening of legal team and involvement in the various project implementation stages.</p> <p>Providing support to clients in finding sources of financing for project implementation, including bank financing covered by export credit insurance provided by Export Credit Agencies (ECAs).</p> <p>Flexibility and responsiveness in adapting to local requirements and constraints, as well as changes in scheduling.</p> <p>Adaptation of its commercial and</p>	<p>Organisation of meetings with critical suppliers to discuss safety issues.</p> <p>Linking 10% of the executive director's variable remuneration to health and safety aspects.</p> <p>Establishment of the COVID-19 Monitoring Committee, and implementation of specific measures to minimise the effects of the pandemic on workers.</p>	<p>Linking 10% of the variable remuneration of the executive director to environmental aspects.</p> <p>Leading the way in the area of sustainability and climate change trends.</p> <p>Diversification of activities focused on decarbonisation.</p>
--	--	--	---	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

		<p>operational structures to optimise the likelihood of being awarded contracts and immediately starting project implementation.</p> <p>Recasting of the Company's Risk Control System in order to have Predictive Analytics for key execution decisions.</p> <p>Enhancing the economic focus of the operation and its projects.</p> <p>Simplification and adaptation of Reporting and Management Control to the new reality of Técnicas Reunidas, monitoring the economic performance of the Projects with key P&L and Cash reports.</p>		
--	--	---	--	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021



	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS	<p>Increased the importance of sharing processes and management techniques in the supply chain with multicultural and sector companies.</p> <p>Decline in demand, which can reduce the capacity and quality of the supplier market and lead to a growing financial risk linked to increased non-conformities in quality and supply delays.</p> <p>Growing geopolitical uncertainty.</p> <p>Volatility of commodities and currencies.</p> <p>Selection of competitive construction and assembly companies.</p> <p>Protectionism of companies towards local staff.</p> <p>Increased supplier litigation.</p> <p>Delays in the global supply chain.</p>	<p>Importance of digitisation and the use of new technologies to increase efficiency, ensure swifter client responses and reduce costs, among other reasons.</p> <p>Focus on raw materials and especially on certain critical or strategic raw materials for relevant sectors such as telecommunications, defence and aeronautics, and energy.</p> <p>Sustainability, environmental legislation, circular economy etc. as clear business opportunities for the development of technologies related to waste management.</p> <p>Emission reductions in the nitric acid plant regulations for greenhouse gases (NOx, N2O).</p> <p>Improved recovery of effluents with high nitrate content in ammonium nitrate plants in order to minimise soil contamination risks.</p>	<p>Quantitative and qualitative increase in the disclosure of non-financial information.</p> <p>Classification of the global activities of the economy under the Taxonomy criteria.</p> <p>Entry into force of the European Taxonomy regulation.</p> <p>Increased compliance requirements, including anti-corruption, anti-fraud, anti-money laundering and countering of terrorist financing.</p> <p>Impact on diversity in the management bodies of companies.</p> <p>Intensifying activity of corporate governance bodies and need to strengthen internal control and risk management systems, including criminal risks.</p> <p>Need to ensure equitable treatment of</p>	<p>Demand from clients for increasingly skilled human resources to master not only the technical aspects but also management, monitoring, safety and quality assurance skills.</p> <p>Consolidating the internationalisation of the Company's business.</p> <p>Increasingly high demand for maintaining criteria on flexible work hours and work/family balance.</p>

CONSOLIDATED DIRECTORS' REPORT FOR 2021

		<p>Establishing lines of collaboration with clients, partners, suppliers and subcontractors.</p> <p>Increasing importance of technologies aimed at energy transition (e.g. green hydrogen and decarbonisation).</p> <p>Use of by-products derived from energy transition technologies such as hydrogen-derived green ammonia and ammonia by-products such as nitric nitrate.</p> <p>Growing client requirements due to the emergence of the 'digital twin' concept and its implicit data standardisation.</p>	<p>shareholders and take the concerns of other stakeholders into consideration.</p> <p>Particular attention to CSR and sustainability-related matters.</p> <p>Special consideration of sustainability as an aspect of the decision-making process.</p> <p>Increased requirements for all stakeholders in the fight against corruption and fraud, including anti-money laundering and countering of terrorist financing.</p> <p>The need to have highly technically qualified resources with strong management skills, client orientation capacity and results.</p> <p>Supervision of the implementation of the Criminal Compliance Management System by the Audit and Control Committee.</p>	
--	--	---	--	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

<p>HOW IS TR PREPARED ?</p>	<p>Development of technological tools for supply chain management, global and adaptable for use by other Group companies in different locations.</p> <p>Strengthening synergies report with greater focus on the supplier's financial situation.</p> <p>Implementation of historic material price indicators during the tender process, together with spot market correction factor</p> <p>Maximising the use of insurance to minimise commodities volatility.</p> <p>Directing and controlling the activities of assembly and construction subcontractors, at micro-management levels where required.</p> <p>Expanding and updating the Company's worldwide database of subcontractors.</p> <p>Conducting technical and physical analyses to ensure subcontractors' abilities to perform construction works.</p> <p>Subcontracts oriented to</p>	<p>In-house developments in all areas of work and in relation to the energy transition (e.g. green hydrogen, CO₂ capture and recovery).</p> <p>Strategy in the field of digitisation to strengthen competitiveness, adapt to client demands and optimise processes.</p> <p>Specialists in the management of R&D+i and know-how in the development areas.</p> <p>Offering optimal technical solutions for the development of efficient industrial plants that enable clients to implement their sustainability and emission control and reduction strategies.</p> <p>Strengthening of the José Lladó Technology Centre, with specialised capabilities and resources in strategic lines of research.</p> <p>Contact with suppliers of catalysts to implement treatments for minimising greenhouse gases in nitric acid plants.</p> <p>In-depth analysis of projects to</p>	<p>Adoption of new regulatory compliance policies.</p> <p>Creation of a multidisciplinary European Taxonomy Committee, reporting to the Sustainability area, which classifies all the Company's activity in accordance with the criteria of the regulations.</p> <p>Enhancing sustainability actions both at global level and in the projects executed through the Sustainability Policy and the Sustainability Plan, which include both the global principles of action and numerous specific and coordinated actions among the various areas and departments of the Company</p> <p>Reviewing the Policies and procedures that make up the Compliance Management System.</p> <p>Policies and commitments that reinforce the commitment to diversity, such as the Policy for the Selection of Directors and Diversity on the Técnicas Reunidas Board of Directors.</p> <p>Consolidation of the role of the Board</p>	<p>Increased emphasis on training geared towards management skills and competences.</p> <p>Continuous training in technical aspects, innovation and know-how.</p> <p>Globalisation of Human Resources management hand-in-hand with the departments and projects concerned.</p> <p>Multi-country management: adaptation of internal policies to local labour and tax regulations, as well as to the culture in the target country.</p> <p>Development of tools to continuously analyse the labour market and locate availability of highly-qualified professionals.</p> <p>Allocation of key personnel during the implementation phase of the project design.</p> <p>Continuing analysis of the national and international labour market to attract and retain the best professionals in the sector.</p> <p>Making working hours flexible to allow better reconciliation of personal and working life, as well as personalised treatment of</p>
------------------------------------	---	---	--	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

	<p>workshop works by prioritised categories, such as; metallic structure, piping, etc.</p> <p>Implementation of remote systems that make it possible to digitalise processes such as workshop inspections, reducing costs and time.</p>	<p>plan their management throughout the implementation period.</p> <p>Introduction of virtual reality in project design and implementation.</p> <p>Continuing technological surveillance and economic intelligence.</p> <p>Agreements with electrolyser and ammonia technologists to complete the production chain with proprietary nitric and nitrate ammonia-derived technologies, while maintaining an active presence in the industrial ammonia plant business.</p>	<p>committees, mainly in non-financial information, and consolidation of the Risk and Management Committee.</p> <p>Continuous development and adaptation of internal documents aligned with best practices of corporate governance.</p> <p>Supervision by the corporate governance bodies of tax and information security risks.</p> <p>Reinforcing communication channels with key stakeholders.</p> <p>Reporting and verification of sustainability information in accordance with the highest standards.</p> <p>Ongoing adaptation of the Regulatory Compliance Management System and the prevention of criminal risks, and its supervision by the Audit and Control Committee.</p> <p>Incorporation of parameters linked to sustainability in variable remuneration: 20% of total remuneration, 10% linked to environmental aspects, and 10% to health and safety aspects.</p>	<p>requests for adapted working hours for family reasons.</p>
--	---	---	--	---

CONSOLIDATED DIRECTORS' REPORT FOR 2021

			<p>Reviewing third parties to determine whether they have a culture of regulatory compliance, especially in the area of corruption and fraud prevention</p> <p>Supervision by the Audit and Control Committee of the development and implementation of the Criminal Compliance Management System.</p> <p>Third-Party diagnosis of the suitability of the existing compliance management system with proposals for improvements where appropriate, especially in the area of corruption and fraud prevention.</p> <p>Supervision by the Audit and Control Committee of the development and implementation of the Criminal Compliance Management System.</p>	
--	--	--	--	--

CONSOLIDATED DIRECTORS' REPORT FOR 2021

15.1.6. Objectives and strategy

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

a. Methodology:

The methodology is based on the development, systemisation and proper use of all the know-how that TR has acquired since 1960 executing projects around the world. This commitment to the methodology makes it possible to develop the efficiency of the work processes, an aspect that TR has been emphasising in recent years. In this pillar, both the excellent human capital of TR, with highly qualified professionals, and the innovation and digitalisation of work methodologies are essential. These aspects are part of TR's DNA, which allows it to have the necessary technical solutions and human capital to provide its clients with high added value services that enable them to meet their sustainability objectives, in particular those related to the reduction of emissions from their production centres.

b. Diversification:

TR diversifies its client bases, products and geographical areas, contributing to sustainable growth and an effective energy transition. In turn, the Company has clients of recognised prestige who assist in consolidating its presence in the market and their business is highly recurring.

c. Quality:

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

d. Safety:

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

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

General Secretariat Objectives	<ul style="list-style-type: none"> - Implement the Sustainability Plan, in particular those actions to be developed in the short term, under the coordination of the Sustainability Department. - Approve policies for the development of the Company's Corporate Governance system. - Maintain a high percentage of votes in favour of the items on the agenda of the General Meeting of Shareholders of the Company. - Approve a new Remuneration Policy for the Company's Directors. - Form an Internal Non-Financial Information Oversight System (SCIINF) to ensure the quality of the non-financial information published by the company. Objective for 2022 and 2023. - Establish a methodology or model for the quantification and management of ESG risks, which makes it possible to have a map of ESG risks according to their impact and probability of occurrence.
HR Objectives.	<ul style="list-style-type: none"> - Implement an Equality Plan negotiated and agreed with employee representatives, which is uniform for all companies in the TR Group. - Continue to provide HR support in the process of operational integration of the different divisions and companies of the TR Group. - Extend the scope of the remuneration policy based on a flexible remuneration system and management by objectives. - Establish a Job Evaluation system to serve as the basis for the remuneration policy and talent development and retention plans. - Implement and extend the policy of uniform and consensual expatriation conditions to all TR Group companies. - Attract and retain talent to cover staffing needs in all areas of the Company and to respond to the significant workload in 2022.
Environmental Objectives	<ul style="list-style-type: none"> - Conduct a detailed analysis of projects with the aim of reporting on good environmental practices and their commitment to the Sustainable Development Goals. - Fulfil the objectives set out in the Sustainability Plan in relation to the environmental area. - Promote the use of collaborative and digital platforms that contribute to the reduction of the carbon footprint. - Implement measures to promote energy efficiency, such as the use of smart systems and the development of employee awareness raising campaigns. - Develop a circular economy strategy within the framework of the company's Sustainability Policy. - Report in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) - Extend the diversification of Técnicas Reunidas' activities in the field of decarbonisation.
Energy Transition Objectives	<ul style="list-style-type: none"> - Continue to advance and increase the number of research projects in the field of energy transition and present projects for funding in the tenders for PERTE, Horizon, Innovation Funds, etc. - Collaborate with a team of national and international technologists and experts (with whom collaboration agreements could be reached) and with the Técnicas Reunidas sales team in the active search for opportunities, such as consultancy services in the field of energy transition, both in number and diversity, attracting new companies not focused on the oil&gas sector and less traditional Técnicas Reunidas clients.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

	<ul style="list-style-type: none"> - Participate in tenders for energy transition projects and bid for turnkey projects related to green or blue renewable hydrogen. - Position TR as a leading company in the field of energy transition. - Boost TR's image through its participation as an expert in forums or other channels for the dissemination of technologies and businesses associated with the energy transition. - Carry out more active internal communication to disseminate activities related to the department within the company.
Innovation Objectives	<ul style="list-style-type: none"> - Develop the basic engineering for a new 150,000 t/a production line at the Skorpion plant, as well as the revamping of the current Skorpion plant in Namibia, including in both cases the LIP4CATTM and ZINCEXTM technologies. - Continue with the development of technologies in the strategic line of circular economy (solid urban waste, electronic components, plastics, industrial effluents, etc.) - Continue to develop electrolyser technology for the production of green hydrogen (AEM electrolysers and SOEC electrolysers) and contribute to the decarbonisation of industrial activities through the use of blue hydrogen (Celsa and Arcelor). - Continue to develop technologies for obtaining and recovering critical raw materials essential for the energy transition such as lithium, cobalt, rare earths, etc. - Develop pyrolysis projects to recycle carbon fibre and glass for wind turbines. - Finalise the development of the KPI Global application to provide the Company with better decision-making capabilities. - Set up two permanent innovation hubs. - Define and launch the Data Governance project to improve data management by incorporating artificial intelligence. - Work on the preparation of applications for EU projects focusing on energy transition and the circular economy. - Continue to implement the portfolio of active development projects (Shinefleet, FusionFuture, Hymet, Undergy, Zeppelin). - Agree with catalyst suppliers on the possibility of using high-efficiency tertiary N2O abatement catalysts. - Start implementation of the Task Intelligence and Power BI Access Point tools. - Reactivate the WPA tool and implement the Smart Construction 360, Walk & Punch and Connected Work tools in the CRISP project. - Implement the Vendor App tool in the SASA and SOCAR projects. - Implement the Digital Twin and Connected Work tools in the QatarGas project. - Develop the TRIA (Artificial Intelligence), NPL (Natural Language Processing) and Compliance App tools. - Develop a Data Lakehouse.
Financial Objectives	<ul style="list-style-type: none"> - Close the Preliminary Agreement with the Tax Agency. - Obtain liquidity mechanisms associated with EU plans, the COVID-19 situation and the energy transition. - Continue to negotiate bilateral and syndicated guarantee lines for project execution. - Reinforce proactive communication with the market. - Monitor the process of implementing the company's efficiency plan. - Continue to seek mechanisms to strengthen the company's financial lines. - Align business segmentation to sustainability and energy transition lines of activity.
	<ul style="list-style-type: none"> - Continue digitisation of the third-party integrity assessment procedure for Compliance. - Finalise the robotic process automation (RPA) process already underway and identify new repetitive processes to be automated.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Procurement Objectives	<ul style="list-style-type: none"> - Improve, update and identify tools to reduce analogue processes and generate greater traceability and efficiency in their monitoring and execution. - Implement a digital platform that will improve the supervision of the work of Inspection Agencies and subcontracted inspectors, through audits and qualification exams for the jobs to be assigned. - Establish framework agreements with suppliers, inspection agencies and strategic forwarders. - Implement actions linked to the procurement area within the framework of the Sustainability Policy. - Start the process of assessing third parties in the area of cybersecurity and privacy through e-Supplier. - Finalise the unification of work procedures and methodologies following the merger of Initec with Técnicas Reunidas. - Explore new options for subcontracting special heavy cargo shipments. - Strengthen centralised purchasing and the development of local purchasing in the final phase of projects. - Minimise the impact of the volatility of raw materials on the price of equipment through adequate market monitoring and the use of hedging mechanisms.
Construction Objectives	<ul style="list-style-type: none"> - Conclude the review of corporate procedures as part of the integration process. - Complete the IT developments in progress, in particular the HCS web developments and the automation of SQs, MRFs and OSDs and the automation of the generation of loop and pipeline packages. - Promote the recruitment and training of young professionals. - Continue to strengthen the coordination of final purchases and the improvement of the management of surplus material stock. - Start robotic process automation (RPA).
Health and Safety Objectives	<ul style="list-style-type: none"> - Fulfil the objectives set out in the Sustainability policy in relation to safety on site. - Continue to promote the health and safety culture plan, including campaigns to raise awareness among employees. - Promote actions aimed at making Técnicas Reunidas a healthy company. - Give greater visibility to good HSE practices on construction sites within the company and promote the TR (HSE) brand to the outside world, including optimisation of the on-site HSE auditing process. - Improve health and safety protection for workers, taking into account the circumstances arising from COVID-19. - Continue to expand the control of the effectiveness of HSE management systems in construction, with the inclusion of new performance indicators such as the control of Work Permits (Plan the Work, Work the Plan). - Review the communication protocol that ensures that all projects receive the actions and lessons learned from the company's severe and potentially severe incidents.
Regulatory Compliance Unit Objectives	<ul style="list-style-type: none"> - Review and update the policies of the criminal compliance management system to bring them in line with international standards and best practices, based on the internal diagnostic work carried out in 2021. - Obtain compliance statements for senior management on the revised key compliance policies following the internal diagnostic. - Establish a continuous anti-fraud and anti-corruption training programme. - Continue with the deployment of the regulatory compliance function in those geographic areas that, due to volume and business continuity, require it. - Implement a management tool that enables efficient monitoring of the matrix of criminal risks and controls in the areas of the organisation affected by these risks. - Reinforce the Due Diligence procedure, mainly in local operations.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

	<ul style="list-style-type: none">- Review and update the policies, training and effectiveness of the criminal compliance management system to bring it in line with international standards and best practices.- Review and approve the organisation-wide Criminal Compliance Policy.- Update the Corporate Code of Conduct based on best practices in the organisation's sector of activity.- Reassess Criminal Risks, based on organisational changes and new areas of activity.- Establish a global anti-fraud policy.
Social Objectives	<ul style="list-style-type: none">- Ensure a high percentage of local procurement and outsourcing.- Keep a determined effort to contribute to the development of local communities.- Execute the actions planned for 2022 in the Sustainability Plan.

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

Técnicas Reunidas has the necessary tools and procedures to help it identify, prevent, minimise and manage the risks associated with its activity. In this regard, the Company has a comprehensive methodological risk management framework covering all areas and projects in which it is involved.

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

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

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

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Risk	Description	Main risk management and mitigation mechanisms
<p>Changes in project costs.</p>	<p>Several factors may give rise to a change in project cost estimates in turnkey projects (the complete price is closed at the start while execution costs may change), such as the volatility of raw material prices, changes in project scope, performance by construction and assembly subcontractors on time and with required quality, litigation by clients or suppliers, geopolitical decisions with an immediate impact or weather conditions, among others. The COVID-19 and post-Covid environment has increased the impact of all these factors.</p> <p>The assessment of all these factors implies a high level of judgement and estimates.</p> <p>Failure to comply with delivery deadlines may result in having to pay compensation to clients.</p>	<ul style="list-style-type: none"> - Development of new contracting methods to mitigate risks. - Inclusion of indemnity clauses in contracts with suppliers and subcontractors. - Intense acquisition during the first few months of execution of key equipment with a high level of price sensitivity for raw materials. - Use of derivatives that allow the acquisition of certain essential raw materials and equipment in instalments. - Distribution of execution of work among several subcontractors from an early stage of the project. - Increased supervision of construction and assembly subcontractors. - Inclusion of contingencies for deviations in budgets. - Reliance on opinions of external consultants in the preparation of estimates and judgements. - Close monitoring of project execution deadlines to detect delays, which allow acceleration and penalty risk mitigation mechanisms to be implemented.
<p>Changes in the price of crude oil.</p>	<p>The price of crude oil, in addition to other factors, affects the investment, award and execution decisions of the Group's clients and suppliers, competitors and shareholders.</p> <p>The Group's commercial activity is conditioned by the investment efforts of our clients.</p>	<ul style="list-style-type: none"> - Predomination of NOCs (national oil companies) over IOCs (independent oil companies) in the portfolio (which include factors beyond purely financial considerations in their decision-making, such as geopolitical and social criteria). - Diversification of products and geographical areas. - Mitigation of negotiation risks with clients and suppliers by the early detection of those matters that may represent a change in the contractual price.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

<p>Execution of projects in multiple geographical areas.</p>	<p>TR's projects are developed in multiple geographies, each of which presents a different risk profile to mitigate: political and social tensions, locations with limited access, limited legal certainty, local content requirements, potential double taxation due to execution from several jurisdictions simultaneously, increasing tax burden in all geographies where the Group operates, or complexity of the margin allocation process in projects developed simultaneously in multiple geographies, etc.</p> <p>Performance of projects for the first time in a certain geographical area increases the risk of deviations in margins.</p>	<ul style="list-style-type: none"> - Project selection based on a detailed analysis of the client and country (establishing a local presence prior to bidding), and other aspects such as project-specific margins and risks. - Analysis of the tax implications of the projects, always with the advice of reputable top-level firms, and monitoring of the regulations and VAT position of the projects. - Use of modular construction methods in locations with limited labour availability or where the site conditions allow for savings compared with other options. - Where possible, TR includes the resolution of disputes at courts or in arbitration in countries where it has prior experience. - Where possible, the Group's contracts include clauses that allow prices to be changed in the event of amendments to laws. - Flexibility to adapt to domestic content requirements. - Development of BEPS policies. - An Internal Group Tax Risk Manual that establishes the Group's tax strategy and internal tax risk management procedures, which includes training actions and internal investigation plans. - In the bidding phase, tax strategies are defined that minimize risk with local advisers, including in the Group's usual markets. - In the execution phase, the tax settlements presented were monitored, with the support of local advisers and events or deviations from the initial strategies were identified with the aim of correcting them with the support of the Operations area.
<p>Concentration in a low number of clients.</p>	<p>At certain times the portfolio may feature a high concentration in a low number of clients and suppliers in certain countries.</p>	<ul style="list-style-type: none"> - Concentration only in markets in which the Group has sufficient prior experience. - Diversification policy that allows TR to access very different markets. - Deployment of relevant commercial action with new clients in markets in which TR does not yet have a presence. - Atomisation and diversification strategies for construction with local and international suppliers.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

<p>Environmental and safety requirements.</p>	<p>TR carries out projects where incorrect performance entails high risks of impact on the environment or health and safety risks.</p> <p>The Company works to control and minimise those risks by collaborating with its clients, subcontractors and suppliers in this area.</p>	<ul style="list-style-type: none"> - The existence of a Sustainability Policy and Plan and the implementation of measures consistent with it. - The existence of an Environmental and Safety Management System in TR in accordance with ISO 45001 certification. - Assurance of environmental management from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training. - Reinforcement of the safety of processes from the design phase. - Promotion of occupational safety at suppliers and subcontractors. - Update the HSE Policy (ISO 45001 and ISO 14001), introducing concepts of sustainability, consultation and participation, and well-being and health.
<p>Economic variables.</p>	<p>Certain economic circumstances (changes in exchange rates, interest rates, availability of financing, taxes, etc.) can have an impact on TR's business and profits.</p> <p>Period of geopolitical tensions with high impact on economic variables.</p> <p>High weight in our clients' decisions of the entities or organisations that finance their investments.</p> <p>Financial institutions have increased their perception of risk in the sector in recent years, and they are now more conservative in their support for it.</p>	<ul style="list-style-type: none"> - Continuous monitoring of the risks associated with currencies and the arrangement of foreign currency hedges. - Management of a solid balance sheet and availability of adequate financing lines, including those supporting strategic companies managed by the Spanish State-Owned Industrial Holding Company. - Mitigation of the risk of lack of liquidity of clients through active involvement in their financing processes, through banks that support the transactions in which TR participates, as well as through the use of export insurance through banks that support the transactions in which TR participates, and direct contact with the institutions financing its clients, as well as through the use of export insurance.
<p>Information technology.</p>	<p>As the Group's digital presence has increased, the risk of intrusions into its systems by cybercriminals has increased.</p>	<ul style="list-style-type: none"> - Information Security Management System certified in accordance with ISO 27001:2013. - Employee training on cybersecurity matters. - An Information Security Committee has been created to analyse the development of the Strategic Cybersecurity Plan, the results of the audits and the main risks faced and measures taken.
<p>Retention of key personnel and adaptation of resources to the workload.</p>	<p>The loss of key personnel, as well as gaps in their training, may increase the risk of not executing projects adequately. Furthermore, the excessive concentration of projects or delays may give rise to inefficiencies in personnel management.</p> <p>On the other hand, the Company is faced with fewer available qualified personnel due to the increased demand worldwide in areas such as renewable energy and infrastructure.</p>	<ul style="list-style-type: none"> - Procedures to identify essential employees that must be retained and the application of policies that contribute to their retention. - Implementation of a flexible human resource structure to adapt swiftly to market changes. - Global management of human resources to unify the criteria applied at the various subsidiaries.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Integrity and reputation.	Improper or irresponsible behaviour by employees or other third parties with which the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results obtained by TR.	<ul style="list-style-type: none"> - Internal regulations and training to guarantee the proper behaviour of professionals and the availability of a Code of Conduct and a whistleblower channel. - Requirement for suppliers and subcontractors to comply with environmental, human rights, health and safety, anti-corruption and anti-fraud requirements.
Suppliers and subcontractors	<p>Tensions between countries limit access to suppliers and subcontractors.</p> <p>The pandemic has created an atmosphere of instability and uncertainty that makes it difficult to plan and manage projects efficiently.</p> <p>Increased risk of non-compliance and abandonment of projects due to the implications of the pandemic on the construction sector.</p>	<ul style="list-style-type: none"> - Expanded lists of suppliers and subcontractors that meet client requirements. - Subcontractor evaluation processes including compliance and sustainability criteria, and improved financial and HSE evaluation criteria. - Implementation of payment plans with subcontractors to minimise impacts on projects due to non-payment and reinforcement of collaboration with subcontractors in order to establish plans in accordance with the payment possibilities of the projects.
Quality of execution.	Quality in the execution of the works ensures not only the successful completion of the project, but also obtaining projects of a similar nature or with the same client.	<ul style="list-style-type: none"> - Quality supervision mechanisms in all project phases. - Creation of databases recording the Group's know-how and best practices. - Quality procedures are drawn up by all the departments concerned, minimising the possibility of lack of knowledge, and reviewed by the Knowledge Management Department.
Climate Change.	Climate change requirements can impact clients' needs and the way in which TR implements its projects.	<ul style="list-style-type: none"> - The Company has excellent technical engineering capabilities to provide clients with solutions that enable them to develop their sustainability activities and emission reduction initiatives through, for example, retrofitting existing industrial facilities. - The Company has advanced technical procedures that enable it to execute projects in extreme environmental conditions, as it has demonstrated in locations such as Saudi Arabia and Canada.
New energy scenario	The energy transition is a new reality to which both TR's clients and the Company itself must adapt themselves so as to meet the decarbonisation budgets and deadlines to which their countries have committed.	<ul style="list-style-type: none"> - The Company is dedicating more and more resources to the execution of projects in the field of energy transition, helping its clients to adapt to regulatory changes and new market trends. - Técnicas Reunidas has launched a financing framework, called Harvest, with the aim of financing its commitment to decarbonisation and energy transition.

In addition to the operational risks mentioned above, Técnicas Reunidas evaluates other potential non-financial contingencies of minor impact to the Company with the aim of always ensuring the maximum performance levels in terms of sustainability. The details of the

CONSOLIDATED DIRECTORS' REPORT FOR 2021

procedures applied by the Company to manage these risks may be found in each of the related chapters of this document.

On the other hand, it is worth mentioning the special circumstances that have taken place over the last two years (2020 and 2021) as a result of the emergence of COVID-19, in particular the Delta and Omicron variants, which have had an impact on various aspects of the Company's operations:

- First, it has required excellence in the health protection of its employees, which has entailed extraordinary measures, both on site and in offices, including extensive implementation of telecommuting at the Madrid offices.
- Second, it has entailed the rescheduling of relevant projects in the Middle East, Asia and North Africa, which has slowed down the amount of accrued sales, with an immediate impact on cash flow. It has also meant the need to adapt resources to the needs of the projects.
- Lastly, COVID-19 has led to higher costs which are reflected in the notes to the Consolidated Financial Statements. The Group's resilience to an exceptional situation such as the pandemic was demonstrated by its capacity to adapt to clients' schedules, identifying specific financing alternatives for this situation.

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

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

The Company also incurred margin deviations due to the turnkey project structure, which fixes the selling price and leaves open the potential costs associated with the construction of the plant.

In 2021, earnings continued to be heavily impacted by the pandemic and its consequent effects of higher costs, lower productivity, slower milestone achievement making it difficult to meet revenue targets and the rescheduling of more than 50% of the backlog. Despite the challenges posed to the Company by the pandemic, TR was able to preserve all its projects in the pipeline, which in a COVID-19 environment could have been subject to possible cancellations.

During the pandemic, the Group has collaborated with all its clients who requested to reschedule their execution schedules, defining new delivery deadlines and adapting payment schedules to collections with numerous suppliers. In addition, TR has strengthened its alternative lines of financial support that enable it to maintain the ordinary course of its operations and has implemented monitoring and mitigation mechanisms supervised by the Group's General Management and Operations area.

Conversely, the rescheduling of projects has allowed for a slow application of the principles of efficiency that emanate from the Transformation Plan in which the Company has been involved since it began in 2019, which improves the earnings expectations of the portfolio and offsets the possible cost overruns that may arise from the slowdown of some projects.

Similarly, this new scenario has only reinforced TR's commitment to sustainability as a key element of its future business development. In this context, the Company approved the Group's Sustainability Policy in 2020, and has made progress in 2021 with the approval of a Sustainability Plan aligned with the principles of the Policy and the implementation of the initial actions set out in it. These advances represent a milestone in TR's relationship with its main stakeholders, as well as a manifestation of the Company's commitment in this area.

The main result of the development and implementation of this policy has been a greater coordination of the Company's activity in the area of sustainability (dealing with key issues such as the environment, innovation, development and protection of intellectual capital or

CONSOLIDATED DIRECTORS' REPORT FOR 2021

responsible taxation), as well as the establishment of a reference framework containing the Company's principles of action with respect to its stakeholders.

It should be noted that throughout 2021, the Company has deepened its system of internal control of non-financial information (SCIINF) in various ways, including special consideration in the sessions of the corporate bodies responsible for this matter and the consolidation of the assignment of this competence to the Board of Directors (with regard to the approval of the policy of communication of economic-financial, non-financial and corporate information) and to the Audit and Control Committee. Similarly, the Company has integrated ESG factors into internal decision-making processes in multiple areas and procedures, considering ESG aspects (including corporate governance, environmental or regulatory compliance issues) as a relevant element in decision-making processes.

Another aspect that has become very important within TR's business is the initiation of projects in the field of energy transition, an area in which the Company wants to play a central role in the sector. In this regard, with its Energy Transition Division and its Energy Transition Committee, TR is working to become increasingly involved in projects with a clear positive impact related to decarbonisation and to do so as quickly and fairly as possible, supporting its clients on their path towards decarbonisation. To this end, TR draws on its 60 years of experience as a company specialising in advanced engineering and its solid knowledge of a wide range of industrial processes, combined with its technological and innovative capacity.

In this context, Técnicas Reunidas is committed to directing all its present and future projects toward meeting the objectives of decarbonisation and energy transition, both in terms of its traditional business and the new areas in which it is present, through all types of work schemes.

On the other hand, TR's response to the situation caused by COVID-19 has focused on putting in place a set of measures that have facilitated the adaptation of its activity to the operational restrictions, minimising the company's exposure to the risks related to the pandemic and ensuring the continuity of its operations. The health and safety of its employees is its priority.

Among the measures implemented, the COVID-19 Monitoring Committee was set up, coordinated by the ORP and HR areas and advised by a group of external experts, which continued to carry out its responsibilities throughout 2021. Through this Committee, the specific guidelines to be followed in all areas have been established in order to create safe offices and work spaces, and it is responsible for periodically communicating all relevant facts to employees. In addition, throughout 2021, the Contingency Plan for the entire Company, already established in 2020, was updated, while specific plans were adopted for both work centres and projects in terms of COVID-19. The actions carried out by TR in this context are detailed in greater detail in each of the sections contained in this report.

Finally, it should be noted that for the rest of the non-financial issues, Técnicas Reunidas has fortunately not suffered any additional significant impacts in the year.

15.3 Information on environmental matters.

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

For Técnicas Reunidas, environmental management is a priority integrated into the company's strategy, responding to both its own operations and the activities of its value chain, establishing environmental requirements in all its facilities and projects, and based on the corporate policy in this area.

Since 1997, TR has continuously adapted its Environmental Management System to legislative requirements and stakeholder demands. This system is implemented and certified

CONSOLIDATED DIRECTORS' REPORT FOR 2021

in accordance with ISO 14001:2015 for all Group companies, including TR Sagemis in Italy and TR Engineering in India.

Once again this year, as a result of the set of tools and policies applied, TR had no 'non-conformities' in the external assessment of this certification carried out by AENOR, which is valid until July 2022. These excellent results demonstrate the maturity of the management system and the Company's commitment to applying the best available practices in environmental matters.

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

On the other hand, and in line with its commitment to combating climate change, in 2021 TR began implementing the Sustainability Plan in the environment area, setting targets and objectives to contribute to environmental protection and the fight against climate change through the development of technical solutions that allow the construction of sustainable and efficient plants for its clients.

In this context, it is important to mention that environmental regulations affecting Técnicas Reunidas were approved in 2021, reinforcing the Spanish National Integrated Energy and Climate Plan (PNIEC). The Company is also subject to the Spanish Climate Change and Energy Transition Act 7/2021, of 20 May [*Ley de cambio climático y transición energética*] under which Spain is seeking to achieve neutrality in greenhouse gas emissions by 2050.

In line with the company's sustainability strategy, the Sustainability Policy and the commitment to contribute to the fulfilment of the United Nations Sustainable Development Goals (SDGs), TR joined the Spanish Group for Green Growth (*Grupo Español para el Crecimiento Verde*, GECV) in 2021. GECV is an association that brings together 53 companies with the aim of promoting public-private partnerships to overcome the environmental challenges that currently threaten our society and promote a sustainable, circular and efficient economy. In this way, the company contributes to the generation and dissemination of the knowledge necessary for sustainable development and the creation of favourable conditions to achieve a low-carbon economy.

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

Currently, the main environmental risks are those related to climate change (see section 15.3.2) in the geographical areas where TR's projects are developed, and those arising from changes in design limits or applicable legislation during project development.

There are also great opportunities in environmental matters, including a competitive advantage due to a high degree of knowledge of applicable legislation and standards, which gives the Company great flexibility when developing projects anywhere in the world, and waste management within the framework of the circular economy.

On the other hand, the Company offers its clients its capabilities and experience to include performance criteria and environmental consultancy in the design of projects, optimising the performance of the project in its operation phase, achieving greater efficiency during this phase with a lower impact on the environment. In this regard, TR has adopted, among others, the following measures:

- Optimisation of resources with an exhaustive analysis of the environmental impact at the offer stage, allowing the real needs of each project to be identified in the pre-project

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- phases.
- Appointment of an environmental manager as part of the task force team.
- Increased role and responsibilities of the project's environmental manager in terms of internal environmental consulting.
- Real-time monitoring of environmental indicators for each project to avoid deviations.

The effect of TR's activities on the environment derives mainly from greenhouse gas emissions, energy consumption, waste generation and material consumption, which are detailed in each of the following sections. Going forward, it is expected that the material environmental aspects will remain the same. However, given TR's activity as an engineering company, it undertakes different projects each year in different phases of action, so a detailed forecast in quantitative terms would not reflect the reality of its performance for the coming years. The environmental KPIs are subject to the degree of progress of the projects underway, the volume of personnel at peak times, the execution phase and the new projects that may be awarded during each year. Given these circumstances, future estimates associated with environmental KPIs do not represent a reliable view of the Company's actual situation.

Throughout 2021, in order to broaden and improve the scope of its activities, TR focused its efforts on monitoring and analysing the information in detail and has re-established a base year in 2019 for setting environmental targets. In addition, during the previous year, TR homogenised the perimeter of calculation of the statistics on the different environmental indicators, which are now calculated per million euros of revenue, and assimilating it into the perimeter of reporting of the Company's financial information.

It is important to highlight that, depending on the progress of each project, these ratios may vary significantly from year to year. Not surprisingly, the execution of turnkey projects such as the ones performed by Técnicas Reunidas involves different phases with highly variable workloads, supply phases and staff levels.

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

Within the scope of the Sustainability Policy, Senior Management has developed a strategy aimed at creating value in a sustainable manner and providing high added value services that enable the Company to design and build efficient, sustainable and environmentally friendly industrial plants. The aim is for them to contribute to combating climate change and the transition to a low-carbon economy, taking advantage of the business opportunities derived from their high technological qualifications and demonstrating its commitment to the Sustainable Development Goals (SDGs).

This year, Técnicas Reunidas launched a financing framework, called Harvest, with the aim of financing its commitment to decarbonisation and energy transition. This framework is the first of its kind in the sector in which the company operates, and its methodology has been designed following the most demanding international references, with the collaboration of Enea Consulting. In addition, the investor services company ISS-ESG has provided an independent opinion on the alignment of the framework with decarbonisation and the energy transition.

Harvest includes an internal methodology that assesses whether or not a new project is aligned with decarbonisation and energy transition objectives. Those that are will be included in the various financing instruments associated with the energy transition that the company uses in the development of its business. Currently, projects eligible under this framework represent almost 40% of the company's revenues.

This methodology will be applied to TR projects in low-carbon technologies, such as blue and green hydrogen, CO₂ capture and storage, activities along the natural gas value chain (as a transitional energy source), biofuels and biomass electricity production facilities, as well as other activities related to the circular economy.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Lastly, it should be noted that, during 2021, the COVID-19 context was the same as in the previous year and had no notable negative impacts on the Society's Environmental Management. The effects of the pandemic have continued to be mainly reflected in the annual variations of several of the environmental indicators, as detailed in the following sections.

15.3.2. Climate Change

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

In 2021, scope 1 emissions decreased by around 30% compared to 2020, as TR continued with lower overall fuel consumption due to, among other factors, the slowdown or completion of some projects. In scope 2, there was an increase of 51% compared to 2020 due to the opening of some office buildings and the overall reduction of the telecommuting situation. In scope 3, there was an increase of 247% compared to 2020, due to the return to normality in terms of corporate travel and the company's strong commercial work during the year.

Emissions generated*	2020	2021
Scope 1 emissions (tCO ₂ eq)	49,123.31	33,942.85
Scope 2 emissions (tCO ₂ eq)	444.70	669.35
Scope 3 emissions (tCO ₂ eq)	7,453.13	25,863.24
TOTAL	57,021.14	60,475.44

**An estimate was made of the emissions associated with the last quarter of the year. For scopes 1 and 3, the estimate consisted of projecting the months of October to December based on the average emissions of the first 9 months. However, for Scope 2, since electricity consumption is mainly in offices and depends to a large extent on the time of year, the last quarter was estimated on the basis of the consumption recorded from October to December of the previous year. Furthermore, the sources used for the calculation of emissions were: Scope 1 (GHG protocol, April 2014), Scope 2 (CO₂ Emissions from fuel combustion-International Energy Agency, 2014), Scope 3 (UK Government GHG Conversion Factors for Company Reporting, 2021).*

This year, within the framework of the Sustainability Plan, Técnicas Reunidas took on various environmental objectives, including implementing measures to promote energy efficiency, developing new projects related to the energy transition, establishing circular economy plans on site and in the office, and setting emission reduction targets of 30% for the period 2019-30 for scopes 1, 2 and 3 and carbon neutrality by 2040. To this end, the Company works continuously to identify and implement effective measures. This year TR achieved LEED Platinum certification for the office buildings located in the Adequa complex in Madrid. In addition, as part of the Sustainable Mobility plan, TR has increased the timetables of the shuttles available to employees that connect its offices with the city of Madrid, and has improved access to them through a mobile application. The aim is to encourage the use of collective transport over individual transport, adopting all the necessary safety and hygiene measures.

To keep all its objectives and strategies in line, the Company continuously monitors all issues related to climate change.

TR is highly aware of the potential impact that climate change may have on its business, and it has developed a Climate Risk and Opportunity Matrix together with the relevant adaptation plan, transparently reporting its climate change performance through participation in

CONSOLIDATED DIRECTORS' REPORT FOR 2021

initiatives such as the Carbon Disclosure Project (CDP) in which TR has participated for several years. In the 2021 edition, the Company obtained a B in the Climate Change category and an A- in Supplier Engagement.

In terms of responsibility, the CEO is responsible for climate change issues within the company. TR has assigned all sustainability issues to the Board of Directors, including climate issues, and these aspects are therefore directly managed by the highest authority body. The responsibilities of the Executive Chair in this area include the definition of climate targets and the linking of variable remuneration to emission reductions, with the latter currently applied to certain directors with a key role in the fight against climate change.

The Secretary of the Board of Directors of Técnicas Reunidas is responsible for coordinating the activities of the Board of Directors and other areas of the Company in matters of sustainability. This facilitates the implementation of resolutions on climate issues, which is TR's main governance mechanism in relation to climate change.

TR identifies the main climate change risks affecting the entity. In this context, the Company is primarily exposed to transition risks, in particularly those that depend on regulatory developments that could have an impact on various clients. An increasingly demanding regulatory environment, which can translate into significant reputational risk at the corporate level.

The physical risks particularly include the geographic location of some clients, which are subject to extreme temperatures (for example, the Middle East, Russia or Canada), which can lead to changes in working conditions during the performance of projects.

On the other hand, in the area of climate change opportunities, TR is well positioned, thanks to its leadership on climate change, the diversification of its activities and its adaptation to new trends, which go beyond legal issues. This enables the Company to benefit from the opportunities that will arise from increased regulatory pressure on environmental issues, as it has the technology and solutions to help its clients meet these growing environmental demands.

This diversification of activities focuses on working with clients to improve the environmental performance of their facilities: production of clean fuels, natural gas and chemical products, biomass and solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO₂ sequestration and capture) and, therefore, the reduction of greenhouse gas emissions.

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

- **Short term (0-2 years):** the Company will continue with its current strategy in the planning and construction of industrial plants, taking advantage of its technological leadership and the context of growing climate sensitivity to help its clients produce energy more cleanly and efficiently, reducing the carbon footprint in the projects in which it participates and adapting to current legislation.
- **Medium term (2-6 years):** this time horizon will include the progressive adaptation of the Company's current strategies, adapting them to the new regulatory requirements, which are expected to be more restrictive in relation to the reduction of emissions and the objective of decarbonisation. The Company will also advise its clients on the need to produce energy in a cleaner way, offering the best available solution in each case.
- **Long term (6-30 years):** current strategies will be combined with the implementation of new ones to maximise the use of climate opportunities and minimise the Company's exposure to the different risks derived from climate change. To this end, TR bases the development of its future scenarios on the three reference organisations mentioned above. In this regard, TR will increase its efforts and technical capacity to provide solutions that match the needs of its clients in each of the three scenarios, seeking to

CONSOLIDATED DIRECTORS' REPORT FOR 2021

anticipate the confirmation of the scenario as far in advance as possible so that the appropriate operational, technical and financial measures can be taken.

A more comprehensive climate scenario analysis is planned for the near future which, taking into account the best available climate scenarios (including at least one aligned with the objective of limiting the global temperature increase to 1.5°C), will allow TR to obtain greater detail in its estimate of the financial impacts of the risks and opportunities related to climate change.

15.3.2.1. Information on EU Taxonomy eligibility for climate change mitigation and adaptation objectives

a) Introduction

The Taxonomy Regulation (Regulation 2020/852) is a key component of the European Commission's action plan to redirect capital flows toward a more sustainable economy and represents a fundamental step toward achieving the EU's stated goal of achieving GHG neutrality by 2050.

The Taxonomy Regulation also envisages the creation of a classification system for environmentally sustainable economic activities. A first step in shaping this classification system (the 'EU Taxonomy') has been the enactment of Delegated Regulation 2021/2139 of 4 June 2021, which sets out the technical screening criteria for determining whether an economic activity makes a substantial contribution to climate change mitigation or adaptation, and also for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.

Following the publication of those technical criteria, Delegated Regulation 2021/2178 of 6 July 2021 was enacted, which describes the different indicators relating to the EU Taxonomy to be disclosed by the different types of companies, including companies subject to the obligation to publish non-financial information statements (NFI), in accordance with articles 19(a) and 29(a) of Directive 2013/34.

Consequently, Técnicas Reunidas, in response to article 8 of Regulation 2020/852, as well as article 10(2) of Delegated Regulation 2021/2178, reports in this section of its statement of non-financial information the proportion of eligible and non-eligible activities according to the taxonomy in terms of its turnover (billing), its investments in fixed assets (CapEx) and its operating expenses (OpEx). These indicators have been obtained at a consolidated level, i.e. at the Técnicas Reunidas Group level.

The eligible activities of a company according to the taxonomy are defined as those that comply with the description set out in the regulation. Although this year it is sufficient to focus on the description of each of the activities, for subsequent years the same indicators will be published in terms of alignment, i.e., ensuring compliance with the technical criteria for each activity included in the taxonomy.

The Técnicas Reunidas Group (TR) is dedicated to providing all types of value-added engineering and construction services for industrial plants for the production of clean fuels, natural gas and chemical products and to offering its clients a wide range of solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO₂ sequestration and capture, etc.). Consequently, and according to the taxonomy, a relevant part of the activities carried out by TR in the framework of the projects it performs have the potential to contribute substantially to climate change mitigation, and are therefore categorised as eligible.

To identify eligible activities, an exhaustive analysis of each of the Group's project types was first carried out to identify the activities carried out by TR that could be linked to the taxonomy. After this, and to confirm the eligibility of each of the activities identified as 'presumably eligible', these were cross-checked against the definitions in Delegated Regulation 2021/2139. Thus, the following tables list the eligible activities resulting from the study.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Table 1 Eligible Activities in TR¹

Economic activity in accordance with Taxonomy	Description of the activity
3.2. Manufacture of equipment for the production and use of hydrogen	Projects linked to the manufacture of green H ₂ production equipment
4.25. Production of heat/cooling from residual heat	Supply, construction and installation of heat exchangers and recovery boilers
4.7. Generation of electricity from gaseous and liquid fuels from renewable non-fossil fuel sources	Engineering, procurement and assembly of gas and steam turbines
4.8. Electricity generation from bioenergy	Construction of biomass-based power generation facilities
5.1 Construction, extension and operation of water collection, treatment and distribution systems	Operation of desalination plants
5.3. Construction, extension and operation of sewage collection and treatment systems	Networks of oily effluent collection collectors and treatment plants
6.10. Maritime transport of goods, vessels for port operations and ancillary activities	Maritime transport of modules
7.1. Construction of new buildings	Construction of buildings

b) Turnover

The key turnover indicator is calculated as the proportion of revenue derived from eligible activities (numerator) over the company's total revenue (denominator). This revenue corresponds to revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008. The denominator of this key indicator is shown on page 65 of the Notes to the 2021 Consolidated Annual Financial Statements (note 22: 'Revenue').

On the other hand, the numerator referring to revenues from eligible activities set out in Table 1 has been computed by analysing each of the Group's projects from which ordinary revenues were recorded in 2021. In doing so, an exhaustive breakdown of the different activities carried out in the projects was performed and those that meet the eligibility criteria established by the Taxonomy were identified. Projects were considered individually, as were their activities, thus avoiding any possible double counting of information.

Subsequently, the costs derived from each of the activities identified as eligible were extracted. These costs comprise both direct calculation costs, mainly linked to the costs associated with the purchase orders of equipment linked to the eligible activity, as well as the costs of subcontractors, who carry out the site work for the fine-tuning of the industrial processes linked to the eligible activity; and also passed-on costs, referring to costs of activities linked to the project as a whole which, although not specifically destined to a particular eligible activity, contribute to the development and execution of the eligible activities of the project within the framework of the work process as a whole. For these latter items, a different allocation criterion has been established, adjusted to the particularities of each of them.

Lastly, following the models for allocating ordinary income from projects in the Group's consolidated financial statements, the costs linked to eligible activities per project were multiplied by the degree of progress of work in 2021 per project, obtaining the cost incurred in 2021 associated with eligible activities. In turn, this cost incurred per project was increased by the profitability (sales/cost) assigned to each project at year-end, thus obtaining the sales accrued in the year associated with eligible activities (the numerator used in the key indicator).

The following table therefore presents the proportion of TR's turnover associated with eligible activities according to the EU Taxonomy.

¹ *Only eligible activities that are material with respect to the total turnover are included in this list (>0.5 M€). These activities (7.2. and 9.1. of the Taxonomy) are included in the computation of the numerator.*

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Table 2 Proportion of eligible and non-eligible activities according to the taxonomy in turnover.

	Total eligible (kEUR)	Proportion of eligible economic activities (%)	Proportion of ineligible economic activities (%)
Turnover	222,712	7.93%	92.07%

c) CapEx.

This indicator is calculated as the ratio of fixed assets invested in eligible economic activities (numerator) to the total assets acquired in 2021 (denominator).

That denominator (total CapEx) is obtained as the additions to tangible and intangible assets before depreciation, amortisation, revaluations and impairments excluding changes in fair value.

Total CapEx thus covers costs that are accounted for in accordance with:

- a) IAS 16 Property, Plant and Equipment, paragraph 73 (e) (i) and (iii);
- b) IAS 38 Intangible Assets, paragraph 118 (e), point (i);
- c) IAS 40 Investment Property, paragraph 76, points (a) and (b) (for the fair value model);
- d) IAS 40 Investment Property, paragraph 79 (d), points (i) and (ii) (for the cost model);
- e) IAS 41 Agriculture, paragraphs 50 (b) and (e);
- f) IFRS 16 Leases, paragraph 53, point (h).

According to the consolidated financial statements, total CapEx is shown on pages 43, 44 and 46 of our notes to the 2021 consolidated financial statements, in the row for 'increases' (included in notes 6: 'Property, plant and equipment' and 7: 'Other intangible assets', and including increases associated with long-term leases under IFRS 16) included in note 8. In total, in 2021 these items amounted to Euros 14,174 thousand (kEUR).

Técnicas Reunidas' business model, mainly based on providing its clients with engineering services, implies minimal CapEx additions compared to turnover or total expenses. Furthermore, the Group's assets linked to the projects mentioned in the section referring to the turnover KPI are not allocated to eligible activities, but are of a more corporate, interdepartmental or sector-specific nature not covered by the Taxonomy (for example, additions associated with long-term office leases, R&D activities not linked to reduction of GHG emissions or development of solutions for the aerospace industry). Therefore, it has been decided to take a conservative approach and not consider these items in the calculation of the numerator of the CapEx indicator. In addition, an exercise has been carried out to identify other CapEx items that could be eligible, such as those referring to energy efficiency and the installation of renewable energy systems in buildings, and no relevant CapEx additions have been found in this respect. This all means that the proportion of CapEx eligible under the Taxonomy is approximately 0%.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

d) OpEx.

This indicator is defined as the ratio of OpEx eligible for the Taxonomy (numerator) to total Taxonomy OpEx (denominator).

This denominator reduces total operating expenses to non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of tangible fixed assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continuous and efficient operation of these assets. On the other hand, the numerator of this indicator includes the operational costs included in the denominator that are allocated to eligible activities.

In the case of TR, the non-capitalised direct costs covered by the EU Taxonomy, i.e. those included in the denominator, represent less than 5% of the firm's total operating expenses (see Table 4). Therefore, their value is considered non-material and, in accordance with section 1.1.3.2 of Annex I of the Delegated Regulation of 6 July 2021, the numerator of the OpEx key indicator is reported as zero. Also, in compliance with this Delegated Regulation, the denominator of this indicator is shown in the following table.

Table 3 - Ratio of EU Taxonomy OpEx to total OpEx of the company

	Total (kEUR)	Proportion of total OpEx (%)
Non-capitalised expenses²	2,957,176	
Non-capitalised expenses covered under the Taxonomy (indicator denominator)	65,059	2.2%

However, it is worth mentioning that Técnicas Reunidas is committed to corporate initiatives to reduce the Group's GHG emissions, which involve certain expenses not contemplated by the OpEx definition of the EU Taxonomy Regulation, such as the use of carbon footprint management or remote technical attendance tools to reduce the number of trips made by its employees.

Técnicas Reunidas constantly monitors the development of the evolution of Taxonomy regulations and carries out numerous activities that contribute to the development of sustainability policies, the fight against climate change and decarbonisation also in countries outside the European Union, where its main market clients are located, in accordance with the best international practices in this area, improving the requirements of local regulations and being pioneers through our activity in contributing to the energy transition and sustainable development

15.3.3. Circular economy and waste prevention and management

Técnicas Reunidas showed again this year that it is strongly committed to implementing an environmental strategy base on circular economy principles to minimise the potential impacts of its activities.

Within the framework of the Sustainability Policy and its implementation over the next three years, Técnicas Reunidas plans to develop a circular economy strategy for both offices and projects through which it intends to materialise the actions already being carried out, as well as establish new objectives in this area.

The Company is committed to the circular economy as a way of avoiding waste generation and reusing materials, as well as optimising the management of hazardous and non-

² Non-capitalised expenses include procurement and other operating expenses (see note 23 of the consolidated financial statements), employee benefits expenses (note 24) and rent and lease expenses.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

hazardous waste, through systems implemented by setting objectives and targets on, among other aspects, waste reduction, observance of good practices and the use of recycled materials.

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

The Company is currently committed to three main lines of work in this area: optimisation of consumption, use of recycled materials and correct management of waste to promote its conversion into raw materials. This has resulted in the following activities:

Reuse of waste and treated wastewater on site:

- Use of excavated soils and land for backfilling foundations and trenches, levelling of land or similar.
- Use of concrete demolition rubble for the improvement of roads used during the construction of the project.
- Use of waste water after on-site treatment for irrigation required in construction, dust control of roads and paths, and irrigation of landscaped areas.
- Reuse of wood, metal and other waste to make information panels, handrails, pedestals, road barriers and other support elements.
- Reuse of off-site waste:
 - Sale to material management companies of reusable waste materials, such as cable drums, scrap metal, pallets, cable scrap and barrels that will go back into the supply chain.
 - Selection or replacement of waste managers according to the final destination of the waste, promoting the search for managers that ensure the reuse and revaluation of waste.

TR's project-related activities generate a variety of waste types, both hazardous and non-hazardous. The waste generated by the Company in 2021 is shown in the table below.

Compared to 2020, there was an increase of around 14%, due mainly to the increase in office activity compared to the previous year, to which the generation of non-hazardous waste is linked.

Generation of waste*	Amount generated in 2020* (t)	Amount generated in 2021* (t)
Hazardous waste (including oils, electrical and electronic equipment and other minority fractions)	60.45	23.95
Non-hazardous waste (including wood, household equivalent waste and other categories)	19,481.13	22,263.28
TOTAL	19,541.58	22,287.23

* An estimate was made of the waste associated with the last quarter of the year. The estimate consisted of projecting the months of October to December based on the average waste from the first three quarters.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

15.3.4. Actions to combat food waste

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

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

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

15.3.5. Sustainable use of resources

Energy is one of the main resources needed for all the Company's operations. In 2021, the Group consumed 491,076.88 GJ of energy in its activities (mainly in the form of diesel, petrol, electricity and electricity), 30% less than the preceding year. This reduction was due to the degree of progress or completion of some projects, where greater fuel consumption is generated based on their needs and due to the closure of offices, where no electric power was consumed.

Energy consumption*	Amount consumed in 2020 (GJ)	Amount consumed in 2021 (GJ)
Diesel	587,874.25	404,228.53
Petrol	80,012.37	57,520.85
Fuel oil	218.32	0
Total electricity consumption	31,102.84	29,327.49
Total consumption of electricity from renewable sources	28,437.68	25,697.74
TOTAL	699,207.78	491,076.88

* An estimation of fuel consumption for the last quarter was carried out. For fuel, the estimate consisted of projecting the months of October to December based on the average fuel consumed in the first three quarters. For electricity, however since its consumption is mainly in offices and depends to a large extent on the time of year, the last quarter was estimated on the basis of the consumption recorded from October to December of the previous year.

**Renewable energy supply has been implemented in all the Spanish offices: Adequa 3, 5 y 6, Gorbea, Centro Tecnológico and the Cartagena office.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

To ensure the correct management of this consumption, in 2021 TR continued with the various actions initiated in previous years, such as the adoption of energy efficiency plans and the implementation of awareness raising campaigns. Likewise, the strategy to reduce consumption in the offices was completed in 2021, closing three buildings and relocating TR and INITEC staff to the Adequa de las Tablas business complex, with more modern and efficient facilities.

Since 2019, all Técnicas Reunidas offices in Spain have been consuming energy exclusively from 100% renewable sources (with certified guarantee of origin). This renewable energy consumption represents 87.62% of the total electricity consumed, thanks to which Técnicas Reunidas has managed to prevent the emission of 2,177.17 tonnes of CO₂ equivalent into the atmosphere in 2021.

TR has also worked on optimising the use of material resources in all phases of the value chain and the recovery of materials through R&D+i activities. Steel, copper and paper were the main materials consumed by Company as shown in the following table. The variations from one year to another in these indicators are strongly dependent on the degree of progress of the projects, so that depending on the phase and the purchases made in the projects, they can vary greatly, as was the case for the evolution of copper and steel consumption between 2020 and 2021. In the case of paper, the decrease was mainly due to the fact that until October the offices, where the greatest expenditure is generated, were at 50% occupancy.

Raw materials consumption*	Amount generated in 2020* (t)	Amount generated in 2021* (t)
Steel	94,284.25	27,656.88
Copper	932.14	161.11
Paper	58.78	29.43
TOTAL	95,275.17	27,847.41

* To calculate the reported data, an estimate was conducted of the materials consumption associated with the last quarter of the year. The estimate consisted of projecting the months of October to December based on the average materials consumed in the first three quarters.

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

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

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

15.3.6. Other forms of pollution

Técnicas Reunidas does not just focus its efforts on minimising greenhouse gas emissions, reducing its consumption of materials and generating less waste. The Company uses all resources at its disposal to identify the environmental circumstances existing on each occasion and to establish the most appropriate preventive and, where appropriate, mitigation measures in accordance with the best available techniques. In addition to emissions, spills etc., these limits include other forms of contamination, like noise for example. In relation to light pollution, the office buildings have automatic night shutdown systems between 8:00 pm and 6:00 am. In the case of the works, they are illuminated in accordance with the safety and energy efficiency standards corresponding to each country.

For the proper management of all environmental issues, the Company has a wide range of support documents—including the Environmental Management Plan and Construction

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Environmental Management Plan—which identify the limits of mandatory compliance, along with the actions to be implemented at all times. It also has specific Environmental Management Manuals for each certified Environmental Management System.

15.3.7. Protection of biodiversity

One of the principles of action of the Environmental Sustainability Policy is to preserve and promote the biodiversity of the ecosystems, landscapes and species in the territories in which the Company operates, wherever applicable.

Técnicas Reunidas carries out all its projects on industrial land, which is why biodiversity is not among the Company's material aspects. In this regard, the Técnicas Reunidas' activities during 2021 did not give rise to any impact on biodiversity. TR executes its projects in accordance with the environmental impact studies carried out by its clients.

In biodiversity matters, Técnicas Reunidas implements the measures required by the client's contractual scope, offering, when necessary, specific consulting services for client advice and support. When protection of biodiversity is assumed by Técnicas Reunidas in the contractual scope, the Company develops several initiatives, such as planting trees, aimed at offsetting the CO₂ emissions from these projects, hence reducing its carbon footprint.

15.3.8. Provisions and guarantees for environmental risks

The environmental expenses, assets, provisions and contingencies of the Group companies are considered immaterial in relation to their equity, financial position and results. However, the Company identifies these items for each office/subsidiary, as well as for each project through the various applicable accounting items; this facilitates the monitoring of environmental indicators since, based on a sustainable management concept, the verification documents are the invoices that support them.

TR also has a risk and opportunity management system that includes an analysis of both offices and projects (from the bidding phase to completion) for potential environmental impacts. This analysis includes the identification of measures addressing the precautionary principle and reduction of undesirable effects.

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

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

15.3.9. Resources assigned to prevention of environmental risks

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

15.4 Information on social and personnel issues

15.4.1. Employment

Técnicas Reunidas' professionals are the Company's main asset. This workforce has 6,516 employees, which represents a significant management challenge, which has also been growing in recent years due to the need to adapt to the complex scenario arising from the current pandemic.

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

Técnicas Reunidas is aware of the main HR risks to which it is exposed. In 2021, these were mainly the following: staff redundancies (due to the rescheduling of some projects, mainly as a result of COVID-19), selective staff departures (associated with the selective exit of low-performance, high-cost profiles), subcontracting of external personnel (with the risk of transfer of workers, as well as the subsidiary liability of TR derived from possible breaches by the main employer of these workers), redundancy of expatriate staff contracts (due to having employees regulated under two contracts subject to different legislation), hiring local staff (risks regarding compliance with local legislation and requirements), international labour taxation (difficulty in applying tax benefits or exemptions in Spain on many occasions, as well as difficulties in obtaining certain documents in the destination country to benefit from these deductions), high absenteeism due to medical leave and quarantines caused by COVID-19 and talent drain (associated with the difficulties the sector is currently experiencing).

However, TR is prepared to handle all these possible contingencies through a flexible and globalised HR structure, which facilitates the adoption of solutions to prevent and mitigate the risks associated with its activity. Specifically, some of the most noteworthy measures to address the main risks have been: the creation of a specific team in the HR Department to manage the hiring and departure of external personnel, the drafting of specific contractual clauses in the contracts of expatriate personnel, analysis of the legal requirements for hiring local personnel and the implementation of policies that help keep on essential employees.

In line with the above, throughout 2021, the COVID-19 Monitoring Committee (of which HR is a member) continued to promote a series of actions to deal with the pandemic with highly satisfactory results, managing to maintain security measures above the legal requirements, facilitating work/family life balance, protecting vulnerable groups, establishing a safe return to the offices and guaranteeing the continuity of operations, which has prevented the materialisation of significant impacts in this regard. These actions are detailed throughout this document.

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

In this area, TR has implemented a software tool (SAP Success Factors), which enables better management of aspects such as administration, remuneration plans, evaluations of employee performance and absenteeism, and training schemes. In relation to this last point, Técnicas Reunidas has an access control system based on the Company's clocking-in regulations, which reflect the work schedules and the different reasons for clocking in. Through this system, the Personnel Administration team can monitor any irregularities that may occur with time sheets. In addition, each employee uploads weekly work reports that must be approved by the heads of each department. In the event of any absenteeism, the person must justify it to the HR department. Depending on the irregularity, the company may issue a verbal or written warning or impose a penalty that could lead to dismissal.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

The Group's workforce at 31 December 2021 had 6,516 internal employees and 795 subcontracted workers and freelancers, who have a contract with the Company. In addition, Técnicas Reunidas has an average of more than 39,605 subcontracted workers on its projects in construction (see section 15.7.3). However, the Company does not have a direct relationship with these professionals as they are not direct employees of TR. For this reason, as opposed to the financial statements, the reporting scope of this report only covers Técnicas Reunidas' own employees. During 2021, there was a roughly 13% reduction in the workforce, due to cost reduction objectives and the necessary adaptation of available resources to the Company's effective workload. This year TR restructured its job positions, creating homogenisation and efficiencies across the Company.

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

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

Distribution of staff by gender	2020		2021	
	No.	%	No.	%
Men	5,609	75.21%	4,798	73.63%
Women	1,849	24.79%	1,718	26.37%
TOTAL	7,458	100%	6,516	100%

Distribution of staff by professional category	2020		2021	
	No.	%	No.	%
Executive Directors	1	0.01%	1	0.02%
Senior executives	11	0.15%	10	0.15%
1st Management Level	96	1.29%	81	1.24%
2nd Management Level - Middle Managers	240	3.22%	435	6.68%
Graduates, other line personnel and clerical staff	6,794	91.09%	5,813	89.21%
Supervisors	273	3.66%	142	2.18%
Sales staff	43	0.58%	34	0.52%
TOTAL	7,458	100%	6,516	100%

Distribution of staff by age	2020		2021	
	No.	%	No.	%
<30 years old	477	6.40%	312	4.79%
30-50 years of age	5,537	74.24%	4,761	73.07%
50 years old and over	1,444	19.36%	1,443	22.15%
TOTAL	7,458	100%	6,516	100%

	2020	2021
--	------	------

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Employee distribution by country*	No.	%	No.	%
TR SPAIN	4,368	58.57%	4,218	64.73%
TR OMAN	536	7.19%	197	3.02%
TR CHILE	107	1.43%	108	1.66%
TR INDIA	75	1.01%	132	2.03%
TR ARABIA	848	11.37%	610	9.36%
TR KUWAIT	333	4.48%	106	1.63%
TR PERU	309	4.14%	182	2.79%
TR MALAYSIA	30	0.40%	98	1.50%
TR ABU DHABI	565	7.58%	486	7.46%
TR TURKEY	26	0.35%	34	0.52%
TR ALGERIA	45	0.60%	11	0.17%
TR JORDAN	7	0.09%	-	-
TR UK	14	0.19%	-	-
TR AZERBAIJAN	77	1.03%	179	2.75%
TR MEXICO	10	0.13%	9	0.14%
TR CANADA	29	0.39%	19	0.29%
TR SINGAPORE	30	0.40%	14	0.21%
TR POLAND	7	0.09%	23	0.35%
TR FINLAND	-	-	-	-
TR BOLIVIA	-	-	-	-
TR ITALY	8	0.11%	9	0.14%
TR BAHRAIN	4	0.05%	6	0.09%
TR RUSSIA	6	0.08%	12	0.18%
TR USA	2	0.03%	2	0.03%
TR DOMINICAN REPUBLIC	-	-	-	-
TR COLOMBIA	12	0.16%	56	0.86%
TR THAILAND	10	0.13%	5	0.08%
TOTAL	7,458	100%	6,516	100%

* Significant changes in some of the subsidiaries are due to fluctuations in the needs of the Company's various projects in the regions in which it operates projects.

- Total number and distribution of employment contract types:

Distribution of employment contract types	2020		2021	
	No.	%	No.	%
Permanent	4,010	53.77%	4,850	74.43%
Temporary	3,448	46.23%	1,666	25.57%
TOTAL	7,458	100%	6,516	100%

Distribution of employment contract types	2020		2021	
	No.	%	No.	%
Full time*	7,458	100%	6,020	100 %

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Reduced workday	498	6.68%	496	8.24 %
-----------------	-----	-------	-----	--------

* 100 % of TR's contracts are 'full time'; the Company does not have part time contracts. This table includes those employees who have full-time contracts and those that also have a reduction in working hours.

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

Average contracts by gender*	2020			2021		
	Men	Women	TOTAL	Men	Women	TOTAL
Permanent	2,595	1,477	4,072	3,477	1,552	5,029
Temporary	3,841	476	4,317	1,546	191	1,738
TOTAL	6,436	1,953	8,389	5,023	1,744	6,767
	8,389			6,767		

Average contracts by age*	2020			2021		
	<30	>=30, <50	>=50	<30	>=30, <50	>=50
Permanent	75	3,101	896	160	3,749	1,121
Temporary	543	3,094	680	237	1,210	290
TOTAL	618	6,195	1,576	397	4,959	1,411
	8,389			6,767		

Average contracts by professional category*		Executive Directors	Senior executives	1st Management Level	2nd Management Level - Middle Managers	Graduates, other line personnel and clerical staff	Supervisors	Sales staff
2020	Permanent	1	11	90	207	3,657	64	42
	Temporary	0	0	17	19	4,019	257	5
	TOTAL	1	11	107	226	7,676	321	47
2021	Permanent	1	11	74	353	4,442	115	33
	Temporary	0	0	2	90	1,607	37	1
	TOTAL	1	11	77	444	6,049	151	34

* The average was calculated from the average of the employees at the end of the four quarters of 2021 (March, June, September and December).

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Number of dismissals by gender, age and professional category:

No. of dismissals	2020		2021	
	No.	%	No.	%
Distribution by gender				
Men	91	69.47%	92	73.6 %
Women	40	30.53%	33	26.40 %
TOTAL	131	100%	125	100%
Distribution by age	No.	%	No.	%
<30 years old	4	3.05%	8	6.40 %
30-50 years of age	65	49.62%	73	58.40%
50 years old and over	62	47.33%	44	35.20%
TOTAL	131	100%	125	100%
Distribution by professional category	No.	%	No.	%
Executive Directors	0	0.00%	0	0.00%
Senior executives	0	0.00%	0	0.00%
1st Management Level	2	1.53%	0	0.00%
2nd Management Level - Middle Managers	9	6.87%	9	7.20%
Graduates, other line personnel and clerical staff	117	89.31%	107	85.60%
Supervisors	3	2.29%	9	7.20%
Sales staff	0	0.00%	0	0.00%
TOTAL	131	100%	125	100%

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

Average remuneration by gender (€) *	2020	2021
Men	51,089.08	51,141.48
Women	42,911.98	42,440.44
TOTAL	49,061.80	46,790.96

Average compensation by professional category* (€)	2020		2021	
	Men	Women	Men	Women
Senior executives	460,924.88	267,488.96	456,264.56	441,377.10
1st Management Level	186,404.10	204,240.77	180,159.65	175,330.11
2nd Management Level - Middle Managers	99,681.81	80,662.14	91,336.41	70,530.27
Graduates, other line personnel and clerical staff	47,457.59	40,849.44	45,361.89	39,776.26
Supervisors	15,519.29	15,477.62	19,470.23	17,199.27
Sales staff	74,234.69	56,985.55	100,026.47	70,957.34

Average remuneration by age (€)*	2020	2021
<30 years old	26,752.31	26,711.80
30-50 years of age	45,590.86	45,295.17
50 years old and over	69,740.61	67,005.91

*Remuneration calculated on a cash basis

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- Wage gap:

Wage gap by professional category*	2020	2021
Senior executives	41.97%	3.37%
1st Management Level	-9.57%	2.68%
2nd Management Level - Middle Managers	19.08%	22.78%
Graduates, other line personnel and clerical staff	13.92%	12.31%
Supervisors	0.27%	11.66%
Sales staff	23.24%	29.06%

*
 \ The gap was calculated as follows:
 1- (average remuneration of women by professional category/average remuneration of men by professional category).

- Directors' remuneration:

Total average directors' remuneration by gender (€) - executive directors*	2020	2021
Men	1,107,932.74	894,132.00
Women	N/A	N/A
Average total remuneration of directors by sex (€) -non-executive directors*	2020	2021
Men	161,640.44	174,477.37
Women	134,170.00	147,670.00

* Directors' remuneration is broken down in detail in the Company's Annual Director's Remuneration Report. In this report, it was calculated on an accrual basis and the fixed and variable salary was considered.

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

The disconnection policies reflect the new needs of a society that is more aware of the need to reconcile work and personal life. In this respect, the Company has not yet adopted a formalised written procedure in this area. However, TR promotes work-life balance as one of its priorities in human resources management. For many years, the Company has been committed to establishing a flexible working hours model in its offices in Spain, based on trust and commitment to its employees. This model allows workers to manage their time and perform their professional activities while enjoying a better quality of life.

On the other hand, since the beginning of the pandemic, the Company implemented a series of measures in relation to work organisation to reduce the risk of exposure of its employees to the new virus.

In anticipation of the approval of the State of Alarm by the Spanish Government, from 10 March 2020 TR allowed parents/guardians of children under 14 and vulnerable groups to work remotely, extending this recommendation to all workers in Spain from 13 March. Since then, this option has opened up a way to facilitate the reconciliation of work with family responsibilities, resulting in the extension of the Group's work-life balance policies, allowing employees greater flexibility in their working hours (the possibility of starting the working day between 7:00 and 10:00 am, lunch time of between half an hour and two hours, and departure from 4:45 pm from Monday to Thursday and from 1:30 pm on Fridays).

Gradually, from November 2020, TR began to increase the number of personnel incorporated in person at the offices, ensuring a maximum of 50% until October 2021, establishing on 4 October the return of 100%

CONSOLIDATED DIRECTORS' REPORT FOR 2021

of the workers to the Company's central offices. However, on 21 December, with the arrival of the Omicron strain, and the consequent increase in cases, a maximum of 50% of staff working in person at the offices was reintroduced, and the 6 + 2 working system was introduced, allowing 6 hours in person and 2 hours of remote work for all employees.

In the new pandemic context, in which telecommuting has become essential for the development of the activity, cybersecurity has become a critical priority for TR. For this reason, in addition to all the existing measures, new ones have been approved since the start of the pandemic to reinforce the robustness of its IT systems and prevent any type of breach in this regard. These include the following: browsing protection, anti-information leak protection for non-corporate services and equipment, implementation of two-factor authentication, user awareness and training, segmentation of IT assets into layers, improved monitoring of equipment, establishment of on-site IT teams throughout the pandemic, etc.

15.4.3. Disabled employees

In its commitment to effective labour integration and development, Técnicas Reunidas has a total of 27 employees with disabilities, compared to 28 in 2020, offering them stable and quality employment on equal terms.

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

15.4.4. Training

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

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

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

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

To this end, TR analyses the trends in the assessment of skills and knowledge in each area. This procedure was updated this year in order to identify the specific deficiencies and apply specific training programmes (training itineraries) for each job. In addition, after each training session the participants' supervisors receive a questionnaire to assess the effectiveness of the training and identify potential improvements and adjustments to the training for the future.

As a result of the situation arising from the pandemic, in 2020 TR saw the need to restructure the training plan, establishing as a key aspect the commitment to digital solutions, followed by the rest of the Company's areas. In this context, three main lines of action were established, which were continued this year:

- **Virtual Classroom Project:** through a corporate tool and the instruction of internal trainers, numerous training actions planned within the Training Plan have been channelled, both of a technical and skills nature.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- **PHAROS Project:** e-learning platform with more than 350 courses, mainly of a technical nature in the construction, engineering and new technologies sector, which is open 365 days a year to all TR Group employees.
- **Homemade content factory:** production of homemade multimedia material to provide training through the corporate tool TR Aula, including collaborations with HSE, as well as all kinds of small training pills and workshops.

Similarly, to ensure the continued implementation of organisational, hygiene and technical measures related to COVID-19 by employees, the training department has continued with specific courses on this subject, including preventive measures for returning to the offices and general measures for prevention and effective psychological coping with lockdowns.

Training by category (h)*	2020	2021
Senior executives	35	26
1st Management Level	300	574
2nd Management Level - Middle Managers	2,478	3,096
Graduates, other line personnel and clerical staff	154,406	213,815
Supervisors	132	243
Sales staff	410	175
TOTAL	157,760	217,929
Training by type (h)*	2020	2021
Skills	4,906	6,728
Languages	3,407	4,885
Technical	149,447	206,316
TOTAL	157,760	217,929

**In 2021, the methodology for calculating the hours of training given to Técnicas Reunidas employees at worksites (including the categories of Graduates/Technicians/Administrative and Technical training) was revised. To ensure the comparability of the 2021 data with that of 2020, the training data for the previous year has been recalculated using the new estimation methodology.*

The training hours delivered in 2021 increased significantly over 2020 (38% more). This increase is partly due to the implementation of online training platforms (started in May 2020) and the increased use of Virtual Classroom tools. Training hours are gradually returning to the levels that existed before the COVID-19 crisis.

15.4.5. Equality

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

The main policies are based on the principles expressly set out in TR's Code of Conduct (available on the website), which states that TR 'does not accept any discrimination in the work or professional environment on the grounds of age, race, colour, sex, religion, political opinion, nationality, social origin, disability, sexual orientation or any other circumstance that could lead to discrimination'.

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

In 2020, the Company created a new Equality Committee to analyse the current situation and possible conflicts in these areas and, if necessary, take appropriate measures. Throughout this year, TR worked on

CONSOLIDATED DIRECTORS' REPORT FOR 2021

the drafting and negotiation of a new Equality Plan for all Group companies, which is expected to be approved in 2022. In addition, this year, TR has implemented a Sexual Harassment Protocol that gives continuity to the existing Anti-workplace and Sexual Harassment Policy in the Company, which has been negotiated and agreed with the trade union representatives of the different companies of the TR Group. The Company has also established labour contract clauses in certain countries to prevent this type of situation.

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

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

15.4.6. Occupational health and safety

In 2021, both the head office and the construction projects continued to develop significant occupational health and safety management in the context of the pandemic, which has continued to affect the Company globally, albeit in a milder form. Achieving a safe and healthy environment for everyone involved in Técnicas Reunidas' business is a goal that requires constant effort by employees to improve on a daily basis, and that effort must be guided by company management.

To achieve full integration of occupational health and safety throughout the life cycle of Técnicas Reunidas projects, the Company has had an Occupational Health and Safety Management System (SGSST) in place for 14 years. The application of the Occupational Health and Safety System is part of the Corporate Quality, Safety and Environment Policy (QHSE) and is based on three pillars: accident and incident prevention, integration of health and safety in corporate strategy and continuous improvement of methods and processes.

In 2021, TR's Occupational Health and Safety Management System successfully passed the first follow-up audit based on ISO 45001, to which the system was migrated in 2020. In this context, the QHSE Policy was updated in March 2021 in order to adapt it to the new requirements of the new ISO 45001 and 14001 standards.

In HSE matters, TR's leadership is increasingly visible among the Company's management as a standard bearer of a company that cares for the well-being and health of its workers, encouraging their consultation and participation. This commitment became more evident from 2020 and has continued during 2021, thanks to all the efforts and resources aimed at mitigating the risks and effects of COVID-19. It is worth mentioning that during this financial year a single HSE department was created for the entire Company, transferring the functions of the Occupational Risk Prevention Service to the Human Resources Department, thus optimising and centralising all functions in a single department.

During 2021, the impact was less than in 2020 and the risks involved for the Company's activity have been decreasing. However, the COVID-19 Monitoring Committee created in 2020 has continued to correctly manage the risks caused by the virus, adapting the measures implemented to the evolution of the cases and the requirements established in each country.

As a result of its commitment, Técnicas Reunidas has HSE diligence procedures that cover all of the Company's activities, based on an exhaustive analysis of risks and opportunities, as well as an analysis of the needs and expectations of its stakeholders. As a result of these assessments, the following risks associated with TR's HSE activity were identified:

- Hiring of personnel with little experience in health and safety derived from the demands in the increased hiring of local labour by clients.
- Increase in high-risk activities due to the increase in the scope of the commissioning and start-up phases of the projects.
- Adaptation to the characteristics and safety requirements of new countries, clients and subcontractors.
- High rate of potentially serious incidents that can lead to serious accidents if immediate action is not taken.
- Exposure of staff to potential contagions both in offices and on site.
- High volume of workers difficult to manage from an HSE point of view taking into account the factors derived from COVID-19: social distancing, reduced capacity, limited travel of HSE personnel to projects, quarantine periods, etc.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

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

On the other hand, external audits are performed on projects at the construction phase, in order to maintain international Health and Safety management system certifications. In this context, the internal audits carried out in the projects in 2021, the methodology has been homogenised following the merger of TR and INITEC, and as a result, there are no scores but colour codes, maintaining the standard AENOR structure of recommendations and development of corrective actions based on the 'non-conformities' detected. During this financial year, the restrictions derived from the pandemic have continued, however, it has been possible to carry out 9 internal corporate audits for Técnicas Reunidas (compared to the 3 carried out in 2020) in the construction phase of the projects.

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

During 2021 and due to the pandemic situation, the Company maintained the protocols established in the previous year on a temporary basis for as long as the situation persists, to avoid the risks associated with the new virus, adjusting its occupational risk prevention system and approving a battery of extraordinary measures to ensure a safe and healthy working environment. As part of this management, the HSE department and the Group's Occupational Risk Prevention Service have played a decisive role through their direct involvement in the COVID-19 Monitoring Committee. This body, created in February 2020 and advised by external experts in the area of external health and safety, has had as its main objective to ensure the health and safety of all employees through direct contact with the competent authorities and coordination with the different areas of the Company. TR has been setting the guidelines to be followed by the Company in all aspects related to the pandemic and has promoted a corporate Contingency Plan with measures such as:

- Establishment of specific protocols (entrances, exits, action in the event of symptoms, use of common areas, safe return to offices, quarantine periods, etc.).
- Reinforcement of the company's medical services and follow-up of all positive cases and close contacts.
- Remote working option for staff at different times of the year.
- Provision of shuttle buses in offices to avoid the use of public transport.
- Provision of face masks and sanitising products for workers.
- Reducing the capacity and spacing of workplaces beyond the legal requirements.
- Establishment of weekly in-person office shifts to ensure a maximum of 50% in-person.
- Ongoing prevention campaign, including information and training, promotion of employee health and safety.
- Campaigns to carry out rapid tests for employees prior to their return to work.
- Exhaustive signage in offices.
- Daily building inspections and disinfection of buildings.
- COVID-19 mailbox and chatbot in virtual workspaces to answer questions.

As an extension of the corporate Monitoring Committee, local COVID-19 monitoring committees were created in March 2020 in the different geographical areas where the Company operates, comprising HSE, Project Management and HR. These committees have continued to carry out their functions throughout this financial year, with responsibility for providing support to all the countries in each geographical area, in addition to transmitting to the corporate COVID-19 Monitoring Committee the situation in each country and therefore the necessary sensitivity for corporate decision-making, always adapted to local circumstances.

One of the main lines of action carried out in 2020 was the implementation of specific plans for both work centres and projects, which were maintained in 2021. Similarly, similar measures have been taken as for offices, incorporating an annex with preventive measures to combat the virus to the current HSE plans and issuing specific contingency plans against the virus.

In the area of the pandemic, Técnicas Reunidas has also generated a series of indicators to support the monitoring and management of the impacts caused by the pandemic. These include: number of confirmed positive cases; number of close contacts; COVID-19 observations by workers; deviations detected in safety inspections; and non-conformities in internal and external audits. Likewise, in projects in the construction phase, the HSE teams have been responsible for reporting any positive cases and managing their recovery and isolation based on local health and safety protocols.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

In addition, since 2020, the Company has had the e-risk tool for the identification and management of risks and opportunities of the Occupational Health and Safety Management System at all levels of the company, in addition to the updating of the occupational risk assessment taking into account the COVID-19 context and telecommuting.

The Company also works to ensure the standardisation of health and safety procedures throughout the entire organisation, in order to guarantee maximum efficiency in the dissemination and assimilation of corporate policies. This objective is based on an intensive drive toward training. During 2021, there were 1.80 hours of on-site training provided in this area for every 100 hours worked (84% more than in 2020), taking into account the personnel of both the Company and its subcontractors.

In the context of training, this year, an identification of the necessary training in occupational health and safety was carried out according to the job position held.

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

	On-site accident rates					
	Value of the indicator in 2020			Value of the indicator in 2021		
	Women	Men	Total	Women	Men	Total
Lost time incident rate* (LTIR)	-	0.020	0.020	-	0.005	0.005
Total recordable incident rate** (TRIR)	-	0.051	0.051	-	0.026	0.026
Severity Rate*** (SR)	-	0.001	0.001	-	0.001	0.001
Occupational illness rate	-	-	-	-	-	-

	Office accident rates					
	Value of the indicator in 2020			Value of the indicator in 2021		
	Women	Men	Total	Women	Men	Total
Lost time incident rate* (LTIR)	0.605	0.233	0.325	0,077	0,130	0,111
Total recordable incident rate** (TRIR)	1.411	0.465	0.700	0,309	0,391	0,362
Severity rate*** (SR)	0.050	0.051	0.051	0,003	0,005	0,004
Occupational illness rate	0	0	0	0	0	0

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

** TRIR (Total Recordable Incident Rate): (No. of recordable incidents [according to OHSAS] involving lost time/No. of hours worked) * 200,000. This index refers to the frequency of accidents.

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

The construction work in the year involved 120,993,882 working hours (versus 132,739,474 in 2020), including hours worked by subcontractors, meaning that the Company has had to manage a volume of more than 42,394 workers at peak time (including Company and subcontractor workers), 20% less than in the previous year.

It is worth mentioning that this year the number of accidents with sick leave was lower (3) than in 2020 (13), and although the number of hours worked during the year was also lower than in 2020, the accident rate corresponding to accidents with sick leave (LTIR) was significantly reduced (75%). Likewise, the recordable accident rate (TRIR) on construction sites decreased by 48% and the severity rate (SR) decreased by 13%.

In terms of office accident rates, despite the return of staff to the offices in the last quarter of the year, there was also a significant decrease in all indicators (around 69%).

In addition to the data mentioned above, the Group monitors absenteeism rates throughout the Company. The hours of absenteeism for 2021 and their evolution are shown below:

	Value of the indicator in 2020	Value of the indicator in 2021
Total number of absenteeism hours	251,685	507,730

**For 2021, due to the improvement in the information recording systems generated by the implementation of SAP in several Técnicas Reunidas subsidiaries, there is a better recording of types of absenteeism that were not previously included in the calculation of the figure. For this reason, the absenteeism data for 2021 is much higher than in 2020, and cannot be considered comparable to analyse its evolution between years.*

15.4.7. Social relations

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

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

With regard to the mechanisms and procedures the company has in place to promote employee involvement in the management of the company, in terms of information, consultation and participation, the company carries out work climate surveys every two years to find out how satisfied its employees are with their jobs, their relationship with the company and their superiors, and their workload, through which action plans are developed. Because of the implications caused by the impacts of the pandemic, TR has suspended these surveys, focusing these questions largely on the management of COVID-19. However, the Company plans to resume them starting in 2022.

15.4.8. Employees covered by a Collective agreement

For all countries where there is a collective bargaining agreement, 100% of the employees are covered by the collective bargaining agreement associated with the activity licence granted to the Company (engineering, construction, etc.), as in 2020. In addition, health and safety clauses are included in all collective agreement, which are adapted to the corresponding local legislation.

15.5 Information on respect for Human Rights

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

Accordingly, the Company has developed various internal policies and procedures to ensure its consistent compliance everywhere it conducts business, including the Company's Code of Conduct. In the specific area of Human Rights, the Code establishes a commitment to act on all occasions in accordance with the

CONSOLIDATED DIRECTORS' REPORT FOR 2021

legislation in force, obtaining declarations of compliance with these rights with respect to internationally accepted ethical practices.

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

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

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

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

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

With regard to the Code of Conduct, the Company also has a Whistleblower Channel (Code Mailbox) to facilitate the reporting and prevention of breaches and other matters related to the Code of Conduct, such as human rights.

In relation to the Whistleblower Channel, during 2021 and with the aim of adapting to European Directive 2019/1939 on whistleblower protection and best practices in this area, TR has implemented a new, more secure and comprehensive tool that allows, among other things, the submission of anonymous reports without losing the fluidity and continuity of the records of two-way communications with their manager. With this new tool, TR replaced the 'mailbox' through which complaints were received until October 2021, and has made the new 'GlobalSuite' platform available to its employees and third parties with whom it has dealings.

To facilitate the implementation of the new platform and raise awareness of its functions, the Company launched a campaign to inform about its implementation and has developed a user guide that can be downloaded from the TR website.

This year, a total of 9 reports have been received through the Code Mailbox, 7 of which have been resolved to date, with the rest being analysed and investigated.

None of these reports are related to respect for freedom of association and the right to collective bargaining, discrimination in employment and occupation, forced or compulsory labour or child labour, and in no case have they had any impact on the Company as they have all been duly handled.

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

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

15.6 Information related to the fight against corruption and bribery

15.6.1. Management approach

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

The Group also has a Regulatory Compliance Area, tasked with the dissemination of the Code of Conduct and related policies, management of the whistle-blowing channel for complaints about breaches of the Code

CONSOLIDATED DIRECTORS' REPORT FOR 2021

of Conduct and the review and adaptation of prevention and reporting systems, as well as dissemination and training in this area.

Throughout 2021, Técnicas Reunidas continued to implement its Criminal Compliance Management System in new geographical areas such as Colombia and Peru, and has updated its policies, training and effectiveness in order to adapt it to international standards and best practices.

This system enables the Company to minimise risks and enhance its capacity in the prevention, detection and response to critical issues in regulatory compliance and integrity. The Company is currently deploying this system internationally, which is expected to be completed over the next few years, with the implementation of an IT tool that will allow for more optimal monitoring and thus provide greater control of regulatory compliance in all the Company's subsidiaries and projects around the world, thereby reducing the associated risks. In the coming years we also intend to implement these objectives in local operations. In addition, this year TR defined a Risk and Control Matrix within the scope of this system.

TR's risks in relation to corruption and bribery, both active and passive, are located in the establishment of commercial relations with third parties, especially in new markets and during the critical phases of these relations, such as the initial contact phase, the sales phase, the negotiation phase, and the project execution phase, until their completion and delivery to clients.

In this context, to reinforce the integrity of its supply chain, the Company has a specific Code of Ethics for suppliers and subcontractors, detailing the minimum requirements in ethical, social and environmental matters, which was updated over the course of 2021.

Lastly, to strengthen the Criminal Compliance Management System, TR has various integrity policies including: Criminal Compliance Policy (updated over the course of 2021) and Catalogue of Criminal Risks and Expected Conduct, Gifts and Entertainment Policy, Policy on Relations with Public Officials and Equivalents, Anti-corruption Policy, Conflicts of Interest Policy and the Antitrust Policy.

In addition, during the 2021 financial year, TR has implemented the Third Party Due Diligence Policy, which was approved in the previous financial year. It establishes an integrity procedure for its business partners, which includes an analysis prior to the establishment of business relationships to assess and determine whether they, on the one hand, maintain a similar anti-corruption and anti-bribery culture and, on the other hand, allows for the early detection of adverse references of these counterparties in terms of corruption and bribery.

The establishment and dissemination of these policies, through face-to-face and online training sessions, and their internal publication on the TR Group's intranet, lead to the conclusion that the objective of these policies has been met, in that the organisation and all its members have been made aware of the standards of conduct expected of the organisation with regard to corruption and bribery risks, based on the principle of 'Zero tolerance for corruption and bribery'.

In this context, the Compliance team continued its anti-corruption and anti-bribery training, mainly aimed at TR's management team, given their key role in the Group's decision-making chain.

In terms of whistleblowing, during 2021 there was only one report of corruption and bribery, which was satisfactorily resolved, where it was the Company's own employee who reported the offer of bribery by an employee of one of its subcontractors, with TR therefore being in the position of a whistleblower.

15.6.2. Contributions to foundations and non-profit entities

In 2021, Técnicas Reunidas allocated EUR 282,980.51 to foundations and non-profit organisations compared to EUR 265,758.02 in 2020, increasing its contribution by 6.09%. For more information see section 15.7.2.

In relation to the evolution, TR has adjusted the global amount to adapt it to the circumstances of the year 2021, both of the Company itself and of the third parties to whom these actions are destined. However, the Company made a social investment of EUR 1.84 million in 2021, as detailed in section 15.7 below.

15.7 General information on the company

15.7.1. The company's commitment to the sustainable development of local communities

Técnicas Reunidas is one of the most important companies in its sector on an international scale, with a presence in 25 countries and a track record that totals more than 1,000 industrial plants throughout its 60 years of experience.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Técnicas Reunidas' activity is mainly focused on the development of engineering projects, design and construction of industrial plants for the production of clean fuels, natural gas and chemical products, and solutions linked to the energy transition, circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO₂ sequestration and capture, etc.).

Técnicas Reunidas contributes with its activities, which must be carried out in accordance with the principles set out in the Sustainability Policy, to the protection of the environment and the fight against climate change through the development of technical solutions that enable the design and construction of sustainable and efficient plants for its clients. This in turn generates quality employment for its professionals and contributes to the progress of the communities in all the territories in which the Group is present, both economically and from the point of view of business conduct, promoting equality, fostering innovation and carrying out numerous activities so that the execution of its projects makes a significant contribution to the development of the communities present in the places where they are executed.

A determining strategic element for the success of Técnicas Reunidas' business activities is the contribution of its activities to the communities in which the Group operates. In its work, the Company takes as a reference the United Nations Sustainable Development Goals ('SDGs'), whose principles it accepts and supports. The purpose of this approach to its activity is to place the Group at the forefront of best practices in the field of these Goals and to consolidate Técnicas Reunidas as one of the leading companies in this area.

Thus, the Company carries out activities aimed at increasing the social contribution generated by the Group's business activity, as the main source of value creation for the communities in which it operates, contributing with its activity to the production of clean fuels, natural gas and chemical products, and solutions linked to the energy transition, the circular economy and decarbonisation, and implementing measures to contribute to the development of vulnerable groups through sponsorships, collaborations and other actions and, in general, through a committed global institutional strategy that involves its stakeholders and promotes the design and execution of awareness-raising plans on various issues that contribute to sustainable development.

In this sense, Técnicas Reunidas' sustainability strategy is transversal and covers all its activities, both corporate and operational. It includes aspects of corporate governance, the environment and relations with society, all in a coordinated action between the departments involved. This strategy aims to provide added value, reinforcing positive impacts and minimising potentially negative ones, and is subsequently adapted to all the projects executed by Técnicas Reunidas.

As part of the development activities of its Sustainability Policy, Técnicas Reunidas has approved its Sustainability Plan for 2021. This Plan considers the main sustainability actions of the Company as a whole and of its different areas and departments and aims to define specific actions linked to relevant issues for Técnicas Reunidas, which allow the correct implementation of the objectives and priorities expressed in the Técnicas Reunidas Sustainability Policy. The Plan has defined 12 main lines of action (climate and environmental neutrality, sustainable financing, sustainability governance, contribution to the SDGs, regulatory compliance or sustainable supply chain), establishes specific actions in the short, medium and long term and assigns these actions to the various areas related to them.

TR's commitment to sustainability has been rewarded by benchmark organisations in the field, such as Vigeo Eiris (score of 55/100, second best company in the sector), Gaïa (77/100 - sector average 53) and CDP, which has rated its supplier management with an A-

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

The sustainable development strategy promotes the achievement of the goals listed below, based on the principles set out in the SDGs, in particular those in which the Company's activity has a differential value, such as goals 7, 9 and 13, referring to the supply of affordable and clean energy, to building resilient infrastructures, promoting inclusive and sustainable industrialisation and fostering innovation and the fight against climate change, respectively, in which the contribution to the achievement of these objectives is instrumented through the development of technical solutions that enable its clients to have efficient and sustainable industrial plants, thus promoting energy efficiency and universal access to energy services:

- Promoting the fulfilment of Técnicas Reunidas' purpose and continue to collaborate permanently with the implementation of a more sustainable, accessible and cleaner energy model.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- Sharing Técnicas Reunidas' social contribution with all its stakeholders, involving them in its business project.
- Promoting the achievement of the Group's strategic objectives in order to offer safe, reliable, quality and environmentally friendly industrial plants.
- Committing to sustainability, innovative management practices, equal opportunities, profitability, efficiency and productivity as instruments to improve the Group's competitiveness.
- Maximising the positive impacts of its activity in the territories in which the Group operates and minimising, as far as possible, the negative impacts; responsibly managing the risks and opportunities arising from the evolution of the environment, avoiding short-term approaches or approaches that do not adequately consider the interests of all stakeholders, using the most appropriate channels of communication, participation and dialogue with each of them.
- Resolutely promoting the occupational health and safety of its employees, as well as the rest of the associates and subcontractors working on our projects.
- Promoting a culture of ethical behaviour and encourage business transparency as an instrument to generate credibility and trust in stakeholders, including society as a whole.

As a consequence of all this, in its work TR assumes the following principles in relation to the different territories and communities in which it operates:

- Developing strong links with the communities in which the Group operates in order to generate trust and forge a sense of belonging to an excellent Company.
- Adapting the Group's activities in the different countries in which it operates to the different social and cultural realities of each of them.
- Strengthening relations with the different local communities, through support to public administrations or social organisations of reference, as well as by knowing the expectations of the stakeholders of these local communities.
- Respecting the rights of ethnic minorities in all the territories in which the Group operates.
- Conducting campaigns that promote the participation of the Group's professionals in solidarity actions, with the aim of fostering the improvement of people's quality of life, care for the environment and sustainable development.
- Encouraging the conservation and promotion of the cultural and artistic heritage of the territories in which the Group is present.
- Supporting initiatives that contribute to a healthier, more egalitarian and fairer society, such as support for the empowerment of women and promoting a work/life balance.
- Lastly, the Group will collaborate with projects in emerging and developing countries, paying special attention to the provision of sustainable solutions for building industrial plants that allow generalised access to energy.

During the execution of its projects, Técnicas Reunidas prioritises the identification and management of risks related to the local community, the most relevant risk for society being the potential damage to the local environment that could result from the execution of these projects.

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

SOCIAL MANAGEMENT FRAMEWORK	
Evaluation and management of social impact	Specific analysis at the bidding phase of the social impact of each project. Obtaining the 'social license' is the client's responsibility.
Projects supporting the local community	Técnicas Reunidas finds out about the needs and expectations of the local community so that it can analyse the ways in which it can support them according to the characteristics of each project.
Continuous monitoring of the local environment	Técnicas Reunidas continuously monitors the local environment, as well as the performance of third parties involved in the implementation of projects, including suppliers and contractors.
Social impact grievance and reparation mechanisms	Company analyses local regulations in order to detect negative social impacts and provide the appropriate grievance and reparation mechanisms.
Dialogue with local communities	Ongoing dialogue with representatives of the local community during the implementation of all projects is the responsibility of the project manager.

TR considers correctly selecting the employees who will work on its projects as one of the key elements for achieving these objectives to be particularly relevant, which is why the Company pays particular attention to this matter, from the hiring phase of the workers to their transfer to the project's work site. In this regard, TR has a management procedure that allows local hiring requirements to be met and balanced with the need for expatriate labour, within the deadlines established for the successful and timely implementation of projects.

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

- Employment generation in the local environment.
- Engaging local suppliers and subcontractors, which in turn reinforces the Company's positive economic contribution of around EUR 1,869.58 million in local procurement and contracting in 2021, representing 88% of total construction and services procurement and subcontracting expenditure (compared to EUR 2,062.83 million in 2020, or 79%).
- Training local companies and local labour through courses and workshops organised by the Company, available both to its own employees and, upon request, to employees of subcontractors who so request. As part of these efforts, the company made a social investment of EUR 1.84 million in 2021 for the training of local workers in the area where the projects are carried out.
- Strengthening of the local business network.
- Providing employment opportunities with highly skilled jobs.
- Creating key energy infrastructures through the Company's projects, paying special attention to the provision of sustainable solutions to build industrial plants that enable widespread access to energy.
- Developing initiatives with local communities that enable the development of particularly vulnerable groups. In 2021, social contributions of EUR 3,806 were made within the framework of its projects.

Below are some of the social and environmental actions carried out in the different projects in 2021:

- In the Talara project (Peru), employees carried out a series of activities with the local community in addition to specific financial donations both for the municipality and to cover the personal needs of local residents. Among the different actions, it is worth mentioning the donation of wood to make beds, tables and other small furniture for children with special needs and students, as well as various materials for the maintenance of the community's facilities, the purchase, installation and commissioning of a water tank in one of the inhabited areas,

CONSOLIDATED DIRECTORS' REPORT FOR 2021

collaboration both financially and with different materials for the celebration of Women's Day and collaboration with various local entities such as the Association of Enterprising Women, the Association for the Disabled, the Dance Committee and the Municipality of the town of Negritos. As part of the COVID-19 prevention campaign, medicines, masks and supplies for specific groups were donated. Toys, school supplies and sports uniforms were donated to children in various campaigns.

- In the Duqm project in Oman, several activities were carried out throughout the year, including the delivery of 150 food packs during Ramadan to the communities in the area (in cooperation with the Omani Women's Association and the Duqm Charity Association), holding regular meetings with the Minister of Health and representatives of various women's associations, and carrying out work to improve the facilities of the Duqm public park, including the renovation of pipes, as well as the repainting of the walls, with more than 600 hours of work. Also, 2,000 gallons of water were donated weekly to local livestock farming communities and, as part of the collaboration with the Omani Women's Association, a hospital bed for children with special needs, 12 computer screens, printer cartridges, a projection wall and various stationery items were donated. Other activities also included cleaning local buildings, parks and adjacent roads, providing assistance in the installation of the Wali office flag, starting the construction of a fully equipped isolation ward at the Duqm Government Hospital with a capacity of 18 beds, participating in the beach clean-up campaign organised by SEZAD (involving 130 employees cleaning more than 3 kilometres of beach) and finally, at the request of the local community, providing wood for camel shelters.
- Workers on the Gas Train 5 (GT5) project at the Mina al-Ahmadi Refinery in Kuwait have been refurbishing the outdoor areas of the camps, maintaining the environment, cleaning and planting flowers and shrubs, thus fostering team spirit and creating a company culture.
- In the Duqm (Oman) and Marjan (Saudi Arabia) projects, safe driving awareness programmes were carried out for workers in charge of using vehicles on construction sites.
- Several projects took courses on COVID-19 management at the different facilities and on the measures taken, and have been recognised for their performance and monitoring of on-site prevention plans.

Lastly, in terms of impacts, no centres have been identified with significant actual or potential negative impacts, including those derived from COVID-19, on local communities due to the development of Técnicas Reunidas projects or operations during 2021.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

15.7.2. Partnership or sponsorship actions

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

To carry out this social work, the Company locates and evaluates other organisations that share its objectives and with which there is an opportunity to collaborate, both financially and through other instruments, such as participating in working groups or forums. Among others, the following actions stand out:

Main organisations Técnicas Reunidas collaborates with

Promotion of business and entrepreneurial activity



Commitment to social action by Técnicas Reunidas



Culture



Science and research and education



TR collaborates with various leading organisations in the field of sustainability, such as the Global Compact, Carbon Disclosure Project, and the Club de Excelencia en Sostenibilidad (Sustainability Excellence Club).

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

In the area of association and sponsorship, the main risks are those derived from the possibility that improper actions by a third party could generate reputational problems for the Company. To avoid any type of contingency in this regard, TR carries out due diligence procedures in this type of activities, assessing in each specific case whether the organisations with which TR works could be detrimental to the Company.

15.7.3. Subcontracting and suppliers

Técnicas Reunidas' main aim in managing its supply chain is to achieve competitive procurement of materials, equipment and assembly services in line with the standards demanded by the sector. It is also crucial for the Company's supply chain to be aligned with its values and requirements in terms of health and safety, environment, workers' rights, respect for human rights, equality, ethics and integrity.

To reinforce the integrity of its supply chain, the Company has a specific Code of Ethics for suppliers and subcontractors, which was updated over the course of 2021, detailing the minimum ethical, social and environmental requirements, and that the Company requires the companies to adhere to by registering in the e-supplier portal. Alongside this, TR has a series of specific requirements on environmental and labour matters and the protection of human rights, including specific requirements in line with standard ISO 14001, compliance with environmental legislation and sustainability reporting. On the other hand, the Company has a Business Partner Liaison Policy for, among other aspects, carrying out due diligence procedures on suppliers and subcontractors.

In terms of risks, TR carries out an analysis of those non-financial risks that, due to their characteristics, are of greater relevance to the Group, such as collaboration with suppliers and subcontractors that are not committed to Human Rights (according to the framework of action of the United Nations and the International Labour Organisation), included on international corruption lists, that do not have an anti-money laundering and countering of financing of terrorism policy, or that do not have confidentiality policies.

In this context, throughout 2021, the Compliance Unit reinforced and carried out the implementation of the Due Diligence Policy on third parties, the content of which was updated in 2020. This involves the development of analyses prior to the establishment of business relations with subcontractors from the point of view of integrity, especially in the protection of human rights and prevention of corruption. Thanks to this policy, preliminary risk levels are established that give rise to integrity analyses (standard, reinforced or very reinforced), through which it is determined whether third parties maintain a similar culture in this area.

With the aim of seeking a more efficient way of working, Técnicas Reunidas has begun to digitalise the Third Party Integrity Assessment procedure and has established standardised alerts in the database that detect those companies in which compliance risks have been identified.

In addition, to increase security and reduce risk in the supply chain, Técnicas Reunidas expressly regulates the subcontracting of work and services to critical suppliers and subcontractors through clauses included in the corresponding contracts. In 2021, the evaluation of third parties in terms of cybersecurity and privacy has also begun through the e-Supplier tool, in which the new Code of Conduct for Suppliers and Subcontractors has also been updated, as well as the Compliance questionnaires.

The risks in the supply chain include production risks (which are minimised through exhaustive monitoring of the progress of work), financial risks (managed through an assessment of subcontractors prior to awarding contracts) and those associated with lack of quality (which are controlled by monitoring their performance). It is also important to mention that in recent years, due to COVID-19, the Company has seen a particular increase in risks related to delays or cancellations of projects and delivery of materials, as well as the impact on execution costs and commercial conditions of construction work.

The outbreak of COVID-19, although less severe this year, has posed a challenging challenge for TR's business development, the consequences of which have put great pressure on supply chains at all levels. In the particular case of TR, the Company's supply chain management has been exposed, especially in terms of inspection and logistics activities. In particular, the following impacts have occurred as a result of these exceptional circumstances:

- Total and partial shutdowns of workshops and factories worldwide, resulting in delivery delays and reduction of materials, with the consequent slowdown of some projects.
- Extension of investments by clients, causing an overstock of materials and delays in payments.
- Lack of supply of services.
- Cancellation of inspections as a result of travel constraints.
- Travel limitations, which has directly influenced the lack of site personnel.
- Variations in shipping and execution costs.

However, this complex situation has highlighted the creativity, responsiveness and commitment of the different teams involved in the management of the Company's purchases and subcontracting, as well as that of clients, subcontractors and suppliers. As a result, TR has been able to strengthen its operations and

CONSOLIDATED DIRECTORS' REPORT FOR 2021

improve the efficiency of its processes thanks to the way in which the response to this crisis has been handled. The main actions that have been taken to adapt the supply chain and project implementation to the effects of COVID-19 are detailed below:

- Implementation of the safety measures decreed by the health authorities of the different countries in which the Company operates. Creation of the COVID-19 Monitoring Committee, as well as on-site crisis committees.
- Reinforcement of internal communication and coordination.
- Continuous communication with subcontractors in order to adapt contractual terms (with the prior authorisation of clients), as well as to quickly and efficiently solve problems caused by the pandemic in all areas of work on site.
- Negotiation of new terms and agreements with subcontractors.
- Acceleration of the Company's digital transformation process (in relation to the supply chain, the continuous improvement and development of advanced digital platforms for project management, the digitisation of processes and the promotion of remote inspections, among others).
- Finding logistics containers within the same country of origin, to ensure supply to the site.
- Slowing down the awarding of logistics services contracts in projects close to the start of the execution phase, to avoid contractual commitments that would force the project to operate with transport costs affected by the volatility of the markets.
- Coordination of the real need for materials on site between procurement and construction to assess potential delays and avoid extra transport costs.

In addition to the tools mentioned above, TR has a worldwide database of 27,062 material suppliers and construction subcontractors (in 2020 it had 25,808 total suppliers), of which 2,099 suppliers and 1,150 subcontractors have already been approved by the Company (compared to the 2,426 suppliers and 586 subcontractors approved in 2020). This global supplier market with updated information allows the Company to mitigate the risk in the selection of suppliers and subcontractors from the financial, performance and quality points of view, among other aspects.

Due to the nature of its business, each year the Company handles high volumes of purchases and subcontracts. In 2021, the total spending on purchases from suppliers of materials and engineering subcontracts stood at EUR 2,124.20 million. In relation to the employees of construction subcontractors, these exceeded 39,605 workers on average assigned to TR projects (with more than 42,394 at peak times).

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

These two areas manage the TR supply chain in accordance with five axes:

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

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

Within the framework of the Sustainability Policy, in 2021, the procurement area implemented new ESG scopes in project workshop inspections, as well as new ESG requirements for third parties in the forms included in e-Supplier, resulting in the adoption of new ESG criteria within the processes related to the supply chain and reaffirming TR's commitment to improve its social and environmental performance.

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

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

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

In 2021, a total of 920 HSE audits were carried out (716 were carried out in 2020), of which 861 were completed successfully (compared to 652 in 2020) and 73 were not completed successfully (64 were not passed in 2020). All audits featuring incidents will be appropriately addressed by TR with the implementation of improvement plans. The increase in HSE audit indicators is due to the combined effect of the implementation of the 'Inspection Management App' in almost all TR projects during 2021, which has streamlined and facilitated the process of HSE inspections in supplier workshops and will contribute to an improvement in HSE conditions in the workshops with which TR usually works and a gradual increase in recurring activity in TR's projects

In addition, the company carried out, as it does every year, an assessment of the supply chain according to social and environmental criteria. In 2021, a total of 427 suppliers were assessed based on both social and environmental criteria (494 in 2020). In no case were significant impacts identified in the supply chain in relation to these issues.

15.7.4. Consumers

Técnicas Reunidas does not have consumers, according to the concept that this term is associated with Spanish legislation.

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

To guarantee the health and safety of its clients, TR carries out its projects, where appropriate, at sites owned by the clients, who normally start operating the plant once it has been delivered by the Company, with the client assuming responsibility for the health and safety of its own workers.

With respect to the systems for claims, complaints received and their resolution, clients (who are not consumers) have a permanent dialogue with the manager of each specific project and, additionally, they have the possibility of communicating with members of the Operations management. The manager of each project is responsible for receiving any complaints that clients may wish to report to the Company. TR will assess (in each case with the collaboration of the necessary internal and/or external personnel) the merits of the claim and complaint and will approve the measures required for its resolution.

In addition, all contracts signed by the Company with its clients establish mechanisms and procedures for conflict resolution that are fully adapted to the circumstances of each client and project. Likewise, clients have at their disposal, as any other business partner, the Técnicas Reunidas Code of Conduct Mailbox.

TR's risks relating to the management of its clients are integrated into the Company's general risk procedure, and in general consist of the fact that adequate communication with the client is critical for correct execution of the projects. This communication must take place from the bidding phase, clearly defining their needs and the terms of the Company's proposal, through to the full completion of the project. Improper management of a client by the Company can lead to delays in execution, the application of penalties and, ultimately, the

CONSOLIDATED DIRECTORS' REPORT FOR 2021

rescheduling or cancellation of the project. Similarly, a strong COVID-19 impact on the client may hinder the execution of projects by the Company, leading to delays or even cancellation of the project.

The main policy in this area is the Sustainability Policy. With regard to clients, the Policy establishes that the Group must work to understand the needs and expectations of its clients and thus offer them the best solutions, making a continuous effort to care for and increase their satisfaction, strengthening their link to the Group, and to this end it assumes the following principles of action:

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

The Company applies the same due diligence procedures with its clients as it does with the other third parties with which it operates, which it classifies as high, medium or low risk third parties. The clients, in turn, are classified as high-risk third parties.

15.7.5. Tax information

The group operates in countries where it carries out a single project or a set of projects for the same client, and therefore information broken down by country may prejudice the commercial and implementation interests of the projects. The data are presented aggregated by geographical area using the same criteria used for different financial indicators presented in the consolidated financial statements.

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

- Earnings by geographic area

Geographical area	Earnings in thousands of euros	
	2020	2021
America	98,562	- 9,715
Asia	22,804	14,443
Spain	(161,305)	41,513
Europe	(52,676)	- 63,214
Mediterranean	2,668	20,455
Middle East	110,505	- 182,212
	20,558	- 178,729

**The figures for earnings before tax generated in Spain in 2021 do not include the results of the Spanish companies that make up the group but are consolidated using the equity method. The amounts not taken into account amount to EUR 1,072 thousand (EUR 675 thousand in 2020) in losses.*

Countries with earnings in the year by geographical area:

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

Asia: Australia, Bangladesh, India.

Europe: France, Finland, Great Britain, Netherlands, Hungary, Italy, Norway, Poland, Portugal, Russia.

Spain: Spain.

Mediterranean: Algeria, Morocco, Turkey.

Middle East: Abu Dhabi, Azerbaijan, Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia.

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- Corporate income tax paid

Geographical area	Income tax paid in thousands of euros*	
	2020	2021
America	13,806	13,187
Asia	1,439	4,726
Spain	38,020**	28,047***
Europe	267	22
Mediterranean	195	989
Middle East	26,210	10,631
	79,937	57,604

* Information calculated on the basis of tax criteria.

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

*** The amount of income tax paid in Spain in 2021 includes the payment of the 2013 and 2014 tax assessments equivalent to EUR 28,047 thousand.

Public subsidies received: EUR 1,779 thousand (compared to EUR 1,281 thousand in 2020)

15.8 About the non-financial information statement

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

With regard to the scope of this report, it includes all the companies in TR's financial consolidation scope, included in appendices I and II of the annual financial statements. Where there are significant changes in this regard, a clarification note will be included.

To design the contents of this report and select the most relevant aspects, TR has conducted a materiality analysis that has allowed it to identify the most relevant aspects to be reported to its stakeholders (see the stakeholders on pages 126-127 of the 2020 Técnicas Reunidas Integrated Report), and to respond to the requirements for reporting non-financial information based on current regulations.

In addition, in all aspects that are not material for TR, this report addresses the management approach but does not give detailed information on KPIS or other quantitative indicators, given that these are not considered as representative of the Group's activities. The non-material aspects for the Company demanded by law are as follows: light and noise pollution, water consumption, food waste and biodiversity. For further information on the methodology used to conduct the materiality analysis, please see the chapter 'Reporting Practice for the Integrated Report', of TR's Integrated Report, published each year on the corporate website. In relation to this aspect, it should be noted that the Company has not considered it necessary to update its materiality analysis in 2021 as it has not identified any new demands from its stakeholders and its activity has remained stable despite the specific circumstances that occurred this year.

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

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

Content	Section	GRI indicator/associated reporting criterion
Business mode		
- Business environment, organisation and structure, and business model	15.1.1-15.1.4	102-2
- Markets in which the Company operates	15.1.4	102-6
- Objectives and strategies	15.1.6	102-14
- Factors and trends affecting the evolution	15.1.5	102-15
- Policies	15.2 / Section associated with each aspect of the Act	103 - Management approach for each material issue
Risks	15.2 / Section associated with each aspect of the Act	102-15
Environmental issues		
Global		
- Effects of the Company's activities on the environment and health and safety	15.3	103 - Management approach for each material issue related to the Environment
- Environmental evaluation or certification procedures	15.3	103 - Management approach for each material issue related to the Environment
- Application of the Precautionary Principle	15.3.8	102-11
- Provisions and guarantees for environmental risks	15.3.8	103-Environmental compliance
- Resources assigned to prevention of environmental risks	15.3.9	103 - Management approach for each material issue related to the Environment
Pollution		
- Measures associated with carbon emissions	15.3.1/15.3.2	103 - Emissions

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- Measurements associated with atmospheric, light, noise and other types of pollution	15.3.2/15.3.6	Non-material/103-biodiversity/Air emissions, light pollution and noise are not considered relevant, and they do not generate significant impacts given TR's activity.
Circular economy and waste prevention and management		
- Initiatives for promoting the circular economy	15.3.3	103-Effluents and Waste
- Measures associated with waste management	15.3.3	103- Effluents and Waste
Actions to combat food waste	15.3.4	Non-material/103-Effluents and Waste
Sustainable use of resources		
- Water: consumption and supply	15.3.5	Non-material/103 - Water
- Raw materials: consumption and measures	15.3.5	103-Materials
- Energy: consumption, measures and use of renewable sources	15.3.5	302-1
Climate Change		
- Greenhouse gas emissions	15.3.2	305-1/ 305-2/ 305-3
- Climate change adaptation measures	15.3.2	103 - Emissions
- Emissions reduction targets	15.3.2	103 - Emissions
Other indicators		
- Taxonomy	15.3.2.1	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and related Delegated Regulations
Biodiversity		
- Conservation measures	15.3.7	Non-material / 103-biodiversity
- Impacts caused in protected areas	15.3.7	Non-material /304-2
Social and personnel issues		
Employment		
- Total number of staff and distribution by gender, age, country and professional classification	15.4.1	102-8/405-1
- Total number and distribution of employment contract types	15.4.1	102-8
- Annual average of permanent, temporary and part-time contracts by gender, age and professional classification	15.4.1	102-8/405-1
- Number of dismissals by sex, age and professional category	15.4.1	103- Employment
- Average remuneration and its evolution broken down by gender, age and professional category or similar value	15.4.1	405-2

CONSOLIDATED DIRECTORS' REPORT FOR 2021

- Wage gap, remuneration for equivalent jobs or on average for the Company	15.4.1	405-2
- Average remuneration of directors and executives	15.4.1	102-35
- Disconnection from work policies	15.4.2	103- Employment
- Disabled employees	15.4.3	405-1
Organisation of work hours		
- Work organisation	15.4.2	103- Employment
- Number of hours of absenteeism	15.4.6	103- Occupational Health and Safety
- Work/life balance measures	15.4.2	103- Employment
Health and safety		
- Occupational health and safety conditions	15.4.6	103- Occupational Health and Safety
- Work-related accidents, in particular their rate and severity, broken down by gender	15.4.6	103- Occupational Health and Safety
- Work-related illness, broken down by gender	15.4.6	103- Occupational Health and Safety
Social relations		
- Organisation of social dialogue	15.4.7	103- Worker-company relations
- Percentage of workers covered by collective agreements by country	15.4.8	102-41
- Balance of collective agreements on occupational health and safety	15.4.8	403-4
Training		
- Policies implemented in the field of training	15.4.4	103- Training and education
- Total number of training hours by professional category	15.4.4	404-1
Universal accessibility and integration for disabled people	15.4.3	103 - Diversity and equal opportunities/ 103 - Non-discrimination
Equality		
- Measures taken to promote equality, equality plans, employment promotion, anti-harassment protocols and non-discrimination and diversity management policy	15.4.5	103- Diversity and equal opportunity / 103 - Non-discrimination
Human Rights		
Due diligence procedures for human rights matters and if applicable, mitigation, management and repair.	15.5	102-16/102-17/103- Human Rights Assessment/103-Freedom of association and collective bargaining/103

CONSOLIDATED DIRECTORS' REPORT FOR 2021

		-Child labour/103- Forced or compulsory labour
- Complaints about cases of human rights violations	15.5	406-1
- Promotion and enforcement of ILO conventions on freedom of association and collective bargaining	15.5	407-1
Elimination of discrimination at work, forced or compulsory labour and child labour	15.5	406-1/408-1/409-1
Corruption and bribery		
- Measures taken to prevent corruption and bribery	15.6.1	103- Anti-corruption
- Anti-money laundering measures	15.6.1	103- Anti-corruption
- Contributions to foundations and non-profit entities	15.6.2	413-1
Company		
The Company's commitments to sustainable development		
- Impact of the Company's activity: employment, local development, local populations and in the area	15.7.1	103 - Local communities/ 103- Indirect Economic impacts
- Dialogue with local communities	15.7.1	103- Local communities/102-43
- Partnership and sponsorship actions	15.7.2	102-12/102-13
Subcontracting and suppliers		
- Inclusion in the procurement policy of social, gender equality and environmental issues	15.7.3	102-9 / 103 - Management approach to procurement practices
- Consideration of social and environmental responsibility in relations with suppliers and subcontractors	15.7.3	308-2/414-2
- Supervision systems and audits and their results	15.7.3	103 - Management approach to procurement practices
Consumers		
- Measures for the health and safety of consumers	15.7.4	103- Customer health and safety
- Claims systems, complaints received and complaint resolution	15.7.4	103- Customer health and safety
Tax information		
- Operating earnings by geographic area	15.7.5	103- Economic performance
- Corporate income tax paid	15.7.5	103- Tax
- Public subsidies received	15.7.5	201-4

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

CONSOLIDATED DIRECTORS' REPORT FOR 2021

16. Annual Corporate Governance Report and Directors Remuneration Report

The Annual Corporate Governance Report of Técnicas Reunidas, S.A. and the Directors' Remuneration Report for 2021 form part of the consolidated directors' report and, from the date of publication of the consolidated financial statements, are available on the website of the National Securities Market Commission and on the Técnicas Reunidas, S.A. website.



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

Independent Verification Report of the
Statement on Non-Financial Information
31 December 2021



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

Independent verification report

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

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2021 of Técnicas Reunidas, S.A. (Parent company) and subsidiaries (hereinafter "Técnicas Reunidas" or the Group) which forms part of the Técnicas Reunidas' consolidated director's report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in Técnicas Reunidas' consolidated director's report and the content thereof, are the responsibility of the directors of Técnicas Reunidas, S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") selected as per the details provided for each matter in the "15.8. About the non-financial information statement - Table of compliance with Spanish Law 11/2018, of 28 December" of the aforementioned Statement.

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

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

Our independence and quality control

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

Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.



Our responsibility

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

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Técnicas Reunidas that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Group’s personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2021, based on the materiality analysis carried out by Técnicas Reunidas taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2021.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2021.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2021 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Técnicas Reunidas, S.A. and its subsidiaries, for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of the GRI Standards selected as per the details provided for each matter in the “15.8. About the non-financial information statement - Table of compliance with Spanish Law 11/2018, of 28 December” of the aforementioned Statement.



Emphasis of matter

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, establishes the obligation to disclose information on the manner and extent to which the company's activities are associated with economic activities that are considered to be environmentally sustainable in relation to the objectives of climate change mitigation and adaptation to climate change for the first time for the year 2021, provided that the SNFI is published as of 1 January 2022. Consequently, comparative information on this matter has not been included in the accompanying SNFI. In addition, information has been included in respect of the criteria that the directors of Técnicas Reunidas have chosen to apply that, in their opinion, best allow compliance with the new obligation and that are defined in note "15.3.2.1. Information on EU Taxonomy eligibility for climate change mitigation and adaptation objectives" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

Use and distribution

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

PricewaterhouseCoopers Auditores, S.L.

(Originally signed in Spanish)

Pablo Bascones Ilundáin

28 February 2022