TECNICAS REUNIDAS

ANNUAL ACCOUNTS

Auditors' Report, Financial Statements at 31 December 2020 and Management Report for financial year 2020.

This version of the independent auditor's report on the annual accounts is a free translation from the original, which is 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 the annual accounts takes precedence over this translation.

Independent auditors' report on the annual accounts

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

Report on the annual accounts

Opinion

We have audited the annual accounts of Técnicas Reunidas, S.A. (the Company) consisting of the balance sheet at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes to the annual accounts, for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, as well as its financial performance and cash flows, for the year then ended, in accordance with the financial information applicable (identified and described in Note 2), and particularly with accounting principles and standards described in the note.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters	How our audit addressed the key audit matter
Recognition of revenue from construction contracts The revenue recognition criteria applied by the Company are based on the percentage completion method in accordance with applicable law for Constructions contracts. When applying the percentage of completion method the Company applies significant estimates using relevant judgments regarding the total costs that are necessary to execute the contract, and regarding the amount of any claims or scope changes of the project that may be included as more revenue from the contract. The Company has implemented processes and controls to adequately recognize and oversee long-term contracts from the bidding phase, during execution and until the project is closed. These processes include, among other things: organization of the project, documentation, risk management, financial reviews and reporting, as well as controls over the adequate application of accounting principles. The information regarding construction contracts is set out in Notes 3.14, 10, and 24 a) to the annual accounts. Given the relevance of the estimates used when recognizing revenue and their quantitative importance, and considering the situation caused by COVID-19 pandemic, this has been considered to be a key audit matter within our audit.	During our audit work we have taken into consideration our understanding of the controls over the process of estimating the margin obtained on long-term contracts. Our procedures include, among other things, the performance of tests of the design, implementation and operating effectiveness of certain relevant controls that mitigate the risks associated with the process of recognizing revenue from these types of construction contracts. To perform substantive tests we first selected a sample by applying quantitative and qualitative criteria, such as the identification of those relevant contracts either due to the total selling price of the contract or the amount of the revenue or margins recognized during the year, or the risk associated with the costs yet to be incurred to complete the contract. Additionally, we performed a selection based on statistical criteria for all of the remaining projects. We obtained the contracts relating to the selected projects so that we could read them and understand the most relevant clauses and their implications, as well as the budgets and execution oversight reports for those projects, and we performed the following procedures focusing on their main aspects: • We analysed the evolution of margins compared to variations in both the selling price and total budgeted costs , considering the impact of COVID-19 pandemic on the projects development. • We evaluated the coherence of the estimates made by the Company last year by comparing them with the actual data deriving from contracts the current this year. • We recalculated the percentage of completion of each stage of the selected projects and compared it with the results obtained from the Company's calculations. • In relation to contract amendments and claims in negotiation with clients, we obtain evidence of technical approvals and the status of economic negotiations. • We obtained explanations regarding the reconciliation between the financial information and the follow-up reports for the projects provided by project management.

Key Audit Matters	How our audit addressed the key audit matter
	Finally, we have verified that the information disclosures included in Notes 3.14, 10 and 24 a) to the accompanying annual accounts regarding the recognition of revenue from contracts based on the percentage of completion method are adequate in terms of those required by applicable accounting legislation. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.
Tax inspection action Over the past few years the Company underwent an inspection of the Spanish Tax Group regarding corporate income tax for the years 2008 through 2011. After the tax inspection action was completed in 2015, the Company received a proposed settlement totalling €138.2 million, plus interest due to discrepancies in transfer pricing. The Company contested the assessment and appealed the decision through administrative processes and provided the necessary financial guarantees. During 2018, The Spanish Central Economic-Administrative Court (TEAC) partially resolved in favor of the Company reducing the amount of the settlement by €20.9 million plus interest and establishing the current amount of the claim at €117.3 million (plus interests). The Company maintains the necessary guarantees corresponding to these assessments. The Company has implemented processes and controls to assess the risks and probability that a potential liability must be recognized in the annual accounts. It considers that there are legal arguments that support its position and that no provision has been recognised in this regard. The information relating to the inspection action taken by the tax authorities is set out in Note 23 to the annual accounts.	During the course of the audit we gained an understanding of the processes and evaluated the estimates used by management. To do so we obtained confirmation letters from attorneys to compare the assessment of the expected outcome, all related information and we identified potential liabilities and compared them against the Company's estimates. To analyse the reasonableness of the Company's estimate, we have involved internal tax specialists and, as part of our substantive work, we held interviews with the Company's attorneys regarding the actions taken by the tax authorities to date. We have analysed the probability of success that the Company's challenge of the conclusions reached by the tax authorities will have, which corroborate the estimate made by the Company and the information regarding this matter set out in the annual accounts is adequate in the terms of applicable accounting legislation. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.

Key Audit Matters	How our audit addressed the key audit matter
Given the relevance of the estimates used regarding the probability that the risk will materialize and the amount claimed by the tax authorities in the assessments raised, we have considered this to be a key audit matter.	
Deferred tax assets The balance sheet at 31 December 2020 includes a balance of €208,530 thousand in deferred tax assets that mainly relate to temporary differences due to losses incurred in foreign businesses that will be recoverable within the context of the Spanish tax group led by the Company when the companies engaging in those businesses are liquidated. At the end of the year Company management prepares revenue and profitability projections per project to assess the capacity of recovering deferred tax assets taking into consideration legislative changes and updates in the profitability of the various projects. This projections have been prepared including the best estimation of the impact of COVID-19 pandemic, based on the available information at the date of the preparation of these annual accounts. The information relating to the deferred tax assets is disclosed in Note 23 to the annual accounts. We identified this matter as a key audit matter since the preparation of these projections requires a high level of judgment, basically with respect to the evolution of the project projections that affect the estimate made regarding the recovery of the deferred tax assets, considering the situation caused by COVID-19 pandemic.	We have obtained an understanding and analysed the estimation process applied by directors and by management, focusing our procedures on matters such as: • The process of preparing the business plan, which is substantially supported on projects in progress, projects in the portfolio and estimates regarding new project intake based on past information and considering the efect of COVID-19 pandemic, prepared with the objective of evaluating the recognition, measurement and the capacity to recover the deferred tax assets. • The criteria used when calculating the deferred tax assets. • The base information used by management in its analysis regarding the recovery of deferred tax assets, verifying its congruence with the estimates regarding projects used in other areas of the audit such as revenue recognition or the assessment of the application of the going-concern principle. We have involved our internal tax experts when considering the reasonableness of the tax assumptions used based on applicable legislation, to ensure that they are complete and adequate. Finally, we have verified that Note 23 to the accompanying annual accounts contains the appropriate disclosures in this respect. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.

Liquidity risk due to impact of COVID-19

The outbreak of COVID_19 in the first quarter of the year and its growing spread has had a significant impact on the oil and gas industry and therefore on the Company's business, specifically affecting its collection and payment flows. In this regard, the Company's net cash has fallen as a result of the delays in settlement by certain customers and the re-scheduling of some projects. The figure for cash during 2021 will continue to be impacted by the COVID-19 environment, and particularly by customers' investment decisions and the rate at which work completed but not yet invoiced converts into cash (Note 2 to the annual accounts).

The Company monitor its liquidity needs in order to ensure that it has the necessary financial resources to cover its operating needs. In this respect, in June 2020, the Company carried out a refinancing process amounting to EUR 437 million.

The Company has concluded with respect to the sufficiency of its financial resources and compliance with financing conditions for a period of less than 12 months as from the year end using treasury projections which have been updated to reflect the Company's best estimate of the impacts of COVID-19, applying the assumptions indicated in Note 2 to the annual accounts.

We identified this matter as a key audit matter since the preparation of these projections requires a high level of judgement and estimates and is a significant area in the analysis of the going -concern principle.

Our audit procedures were performed by increasing the level of professional scepticism in the performance of our tests, including the design of audit procedures aimed at reinforcing the assessment of the evidence obtained in the performance of our work and the analysis of different scenarios in the process for evaluating the assumptions used by the Company.

We verified the terms and conditions of the most significant financial debts incurred during the refinancing process signed in June 2020 for which we obtained the relevant agreements and other supporting documentation.

We obtained the latest projections prepared by management which have been adapted to the current circumstances of the market in which the Company operate. With respect to these projections, we performed our own independent sensitivity analysis to evaluate other possible scenarios. Similarly, we verified the assumptions used in the evaluation for consistency with the evidence obtained in other audit areas.

Lastly, we evaluated the disclosures included in Note 2 to the accompanying annual accounts in relation to this matter to ensure that they provide adequate transparency regarding the consequences of the pandemic, and are compliant with the requirements of the applicable legislative framework, revealing the existing uncertainties caused by the pandemic.

The results of the procedures performed have enabled the audit objectives for which such procedures were designed to be reasonably attained.

Other information: directors' report

Other information comprises only the management report for the 2020 financial year, the formulation of which is the responsibility of the Company´s directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information and certain information included in the Annual Corporate Governance Report, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee at the Company for the annual accounts

The Company´s directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company´s directors are responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Company´s audit and control committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company´s directors.

- Conclude on the appropriateness of the Company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company´s audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company´s audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company´s audit and control committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor´s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report for the Company's audit and control committee

The opinion expressed in this report is consistent with the statements made in our additional report for the Parent Company's audit and control committee dated 26 February 2021.

Contract term

The General Shareholders Meeting held on 25 June 2020 appointed PricewaterhouseCoopers Auditores, S.L. and Deloitte, S.L. as the Company's co-auditors for one year, for the year ended 31 December 2020.

PricewaterhouseCoopers Auditores, S.L. had been previously designated for an initial period by a resolution adopted by the General Shareholders Meeting and has performed audit work without interruption since the year ended 31 December 1989.

Deloitte, S.L. had been previously designated for an initial period by a resolution adopted by the General Shareholders Meeting and has performed audit work without interruption since the year ended 31 December 2017.

Services rendered

Services other than audit rendered to the Company are those described in Note 32 to the accompanying annual accounts.

PricewaterhouseCoopers Auditores, S.L.

Registered with R.O.A.C. No. S0242

Original signed in Spanish by
Goretty Álvarez González
Registered with R.O.A.C. No. 20,208

26 February 2021

Deloitte, S.L.

Registered with R.O.A.C. No. S0692

Original signed in Spanish by
F. Javier Peris Álvarez
Registered with R.O.A.C. No. 13,355

26 February 2021

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TÉCNICAS REUNIDAS, S.A.

Annual Accounts at 31 December 2020

and Directors' Report for 2020

TÉCNICAS REUNIDAS, S.A.

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TÉCNICAS REUNIDAS, S.A.

BALANCE SHEET AT 31 DECEMBER 2020

(Expressed in thousands of euros)

ASSETS	Notes	At 31 December 2020	At 31 December 2019
NON-CURRENT ASSETS		**743,516**	**735,730**
Intangible assets	**5**	**50,634**	**52,532**
Property, plant and equipment	**6**	**14,346**	**23,048**
Non-current investments in Group companies and associates	**8**	**377,757**	**381,996**
Non-current financial investments	**7**	**92,249**	**97,128**
Shares and non-current equity interests		197	197
Loans to third parties		392	692
Derivatives	7-11	2,299	295
Other financial assets		89,361	95,944
Deferred tax assets	**23**	**208,530**	**181,026**
CURRENT ASSETS		**2,998,894**	**2,642,033**
Inventories	**12**	**17,750**	**14,498**
Advances to suppliers	**13**	**205,773**	**176,357**
Trade and other receivables	**7-10**	**1,533,822**	**1,582,982**
Current investments in Group companies and associates	**8**	**754,110**	**447,948**
Current financial investments		**33,433**	**53,726**
Financial assets at fair value	7-9	-	42,252
Derivatives	7-11	26,156	6,234
Other financial assets		7,277	5,240
Cash and other liquid equivalents	**14**	**454,006**	**366,522**
TOTAL ASSETS		**3,742,410**	**3,377,763**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

TÉCNICAS REUNIDAS, S.A.

BALANCE SHEET AT 31 DECEMBER 2020

(Expressed in thousands of euros)

EQUITY AND LIABILITIES	Notes	At 31 December 2020	2019
EQUITY		**505,604**	**449,757**
Shareholders' equity		**539,940**	**462,566**
Share capital	15	5,590	5,590
Registered capital		5,590	5,590
Share premium	15	8,691	8,691
Reserves	16	521,024	531,642
Legal and statutory reserves		1,137	1,137
Capitalisation reserve		3,056	3,056
Other reserves		516,831	527,449
(Treasury shares)	15	(73,109)	(73,830)
Profit/(Loss) for the year	17	77,744	(9,527)
Adjustments for changes in value		**(34,336)**	**(12,809)**
Hedging transactions	11	5,534	(13,611)
Translation differences	18	(39,870)	802
NON-CURRENT LIABILITIES		**485,232**	**391,493**
Long-term provisions		**105,487**	**77,111**
Other provisions	19	105,487	77,111
Non-current payables	**20**	**371,459**	**298,183**
Bank borrowings		363,931	288,554
Derivatives	11	-	2,928
Other financial liabilities		7,528	6,701
Liabilities from differed taxes	**23**	**8,286**	**16,199**
CURRENT LIABILITIES		**2,751,574**	**2,536,513**
Short-term provisions	**19**	**23,057**	**36,063**
Current payables	**20**	**321,567**	**275,650**
Bank borrowings		316,092	233,578
Derivatives		4,712	41,543
Other financial liabilities		763	529
Current payables to group companies and associates	**21**	**304,750**	**241,450**
Trade and other payables	**22**	**2,102,200**	**1,983,350**
TOTAL EQUITY AND LIABILITIES		**3,742,410**	**3,377,763**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

TÉCNICAS REUNIDAS, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 December 2020

(Expressed in thousands of euros)

		Year ended 31 December	
	Notes	**2020**	**2019 (*)**
Net turnover	**24**	**1,907,260**	**2,333,535**
Sales and services rendered		1,907,260	2,333,535
Changes in inventories of finished goods and work in progress		(31)	(609)
Procurements		**(1,492,087)**	**(1,839,476)**
Consumption of goods		(1,492,087)	(1,839,476)
Other operating income		**5,554**	**5,455**
Non-core and other current operating income		4,558	4,898
Income-related grants transferred to profit or loss		996	557
Staff costs	**24.c**	**(290,447)**	**(314,396)**
Wages, salaries and similar expenses		(239,503)	(261,128)
Employee benefit costs		(49,557)	(51,815)
Provisions		(1,387)	(1,453)
Other operating expenses	**24.d**	**(181,082)**	**(167,951)**
Outside services		(173,708)	(156,441)
Taxes other than income tax		(3,836)	(5,840)
Losses on, impairment of and change in allowances for trade receivables		(2,977)	(5,208)
Other current operating expenses		(561)	(462)
Amortization of property	5 and 6	(6,619)	(8,791)
Impairment and gains or losses on disposals of non-current assets		1,377	(27)
PROFIT/(LOSS) FROM OPERATIONS		**(56,075)**	**7,740**
Finance income		124,915	39,975
Finance costs		(13,273)	(23,478)
Changes in fair value of financial instruments		(1,444)	214
Exchange differences		20,677	14,020
Impairment and gains or losses on disposal of financial instruments		(37,140)	(23,997)
FINANCIAL LOSS	25	**93,735**	**6,734**
PROFIT/(LOSS) BEFORE TAX		**37,660**	**14,474**
Income tax	23	40,084	(24,001)
PROFIT/(LOSS) FOR THE YEAR		**77,744**	**(9,527)**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

(*) See Note 2

TÉCNICAS REUNIDAS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December	
	Notes	2020	2019
Profit/(Loss) for the year per income statement		**77,744**	**(9,527)**
Income and expense recognised directly in equity			
Arising from cash flow hedges	11	43,067	(48,017)
From actuarial gains and losses and other adjustments	18	(40,672)	3,541
Tax effect	23	(10,867)	12,147
Total income and expense recognised directly in equity		**(8,472)**	**(32,329)**
Transfers to profit or loss			
Arising from cash flow hedges	11	(17,407)	38,263
Tax effect	23	4,352	(9,566)
Total transfers to profit or loss		**(13,055)**	**28,697**
TOTAL RECOGNISED INCOME AND EXPENSES		**56,217**	**(13,159)**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

TÉCNICAS REUNIDAS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of euros)

	Capital (Note 15)	Share premium (Note 15)	Reserves (Note 16)	Treasury shares (Note 15)	Prior years' profit/(loss)	Profit/(loss) for the year (Note 17)	Share dividend (Note 17)	Adjustments for changes in value (Notes 18 and 11)	TOTAL
ADJUSTED BALANCE AT BEGINNING OF 2019	5,590	8,691	556,836	(74,116)	-	(23,411)	-	(13,091)	460,499
Total recognised income and expense	-	-	-	-	-	(9,527)	-	(3,632)	(13,159)
Transactions with shareholders or owners									
- Dividends paid	-	-	-	-	-	-	-	-	-
- Other transactions with shareholders or owners	-	-	(156)	286	-	-	-	-	130
Other changes in equity									
- Distribution of profit	-	-	(23,411)	-	-	23,411	-	-	-
- Other changes	-	-	(1,627)	-	-	-	-	3,914	2,287
BALANCE AT END OF 2019	**5,590**	**8,691**	**531,642**	**(73,830)**	**-**	**(9,527)**	**-**	**(12,809)**	**449,757**
ADJUSTED BALANCE AT BEGINNING OF 2020	5,590	8,691	531,642	(73,830)	-	(9,527)	-	(12,809)	449,757
Total recognised income and expense	-	-	-	-	-	77,744	-	(21,527)	56,217
Transactions with shareholders or owners									
- Dividends paid	-	-	-	-	-	-	-	-	-
- Other transactions with shareholders or owners	-	-	(1,091)	721	-	-	-	-	(370)
Other changes in equity									
- Distribution of profit	-	-	(9,527)	-	-	9,527	-	-	-
- Other changes	-	-	-	-	-	-	-	-	-
BALANCE AT END OF 2020	**5,590**	**8,691**	**521,024**	**(73,109)**	**-**	**77,744**	**-**	**(34,336)**	**505,604**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

TÉCNICAS REUNIDAS, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in thousands of euros)

	Notes	Year ended 31 December 2020	2019
Cash flows from operating activities			
1. Loss for the year before tax		**37,660**	**14,474**
2. Adjustments for:			
- Depreciation and amortisation charge	5 and 6	6,619	8,791
- Changes in provisions, impairment on commercial transactions	19	2,977	6,227
- Impairment losses	8	37,140	40,211
- Gains/Losses on derecognition and disposal of non-current assets		(1,377)	27
- Finance income	25	(124,915)	(39,975)
- Finance costs	25	12,120	9,222
- Changes in profit or loss on derivatives and exchange differences		(17,407)	38,263
- Changes in fair value of financial instruments	9	1,444	(214)
- Other income and expenses		827	1,423
3. Changes in working capital:			
- Inventories and advances	12 and 13	(32,668)	(2,145)
- Trade and other receivables		44,064	(72,815)
Other accounts receivable		23,785	(71,196)
- Trade payables		139,803	133,521
- Other financial assets		39,498	(442)
- Settlements of hedging derivatives and other changes		(18,624)	(44,578)
4. Other cash flows from operating activities			
- Interest paid		(12,120)	(9,222)
- Dividends received		85,028	13,500
- Interest received		16,515	26,475
- Other amounts received (paid)		-	14,256
- Income tax recovered/paid		(34,649)	-
Cash flows from operating activities		**205,720**	**65,803**
Cash flows from investing activities			
6. Payments due to investments			
- Acquisition of property, plant and equipment	6	(1,275)	(4,700)
- Acquisition of intangible assets	5	(150)	(320)
- Investments in Group companies and associates		(5,041)	(45,113)
7. Proceeds from disposals			
- Property, plant and equipment		6,682	-
- Revenue from sales in associates		-	2,469
8. Cash flows from investing activities		**216**	**(47,664)**
Cash flows from financing activities			
9. Proceeds and payments relating to equity instruments			
- Acquisition and disposal of treasury shares, net		(370)	129
10. Receipts and payments from financial liability instruments			
a) Issuance			
- Bank borrowings		703,020	863,000
- Borrowings from Group companies and associates		342,047	338,819
b) Return			
- Bank borrowings		(545,128)	(755,328)
- Borrowings from Group companies and associates		(618,021)	(460,877)
13. Cash flows from financing activities		**(118,452)**	**(14,257)**
Net change in cash and cash equivalents		**87,484**	**3,882**
Cash and cash equivalents at beginning of year		**366,522**	**362,640**
Cash and cash equivalents at end of year		**454,006**	**366,522**

The accompanying Notes 1 to 32 and Appendix I are an integral part of these annual financial statements.

1. General information

Técnicas Reunidas, S.A. (“the Company”) was incorporated on 6 July 1960 as a public limited liability company. It is registered with the Commercial Registry of Madrid in volume 1,407, sheet 5,692, page 129. The latest adaptation and amendment of its Articles of Association is registered in volume 22,573, section 8, book 0, page 197, sheet M-72319, entry 157.

The registered office of Técnicas Reunidas, S.A. is located at calle Arapiles 14, Madrid, Spain. Its headquarters are located at calle Arapiles 13.

The Company’s corporate purpose is described in Article 4 of the Articles of Association and consists of the performance of all manner of engineering and construction services for industrial plants, ranging from viability or basic and conceptual engineering studies to large and complex turnkey engineering and design projects, management of supply, equipment and material deliveries and construction of plants and related or associated services, such as technical assistance, construction supervision, project management, technical management, start-up and training.

Within its engineering services business, the Company operates through various business lines, mainly in the refining, gas and power sectors.

Since 21 June 2006, all shares of Técnicas Reunidas, S.A. have been admitted to trading, and are listed on the continuous market of the Spanish Stock Exchange.

As indicated in Note 8, the Company is the parent of a group of companies (“the Group”). The accompanying annual financial statements were prepared on an unconsolidated basis. On 25 February 2021, the Board of Directors prepared the consolidated financial statements of Técnicas Reunidas, S.A. and its subsidiaries at 31 December 2020, which were prepared using the international financial reporting standards adopted by the European Union (EU-IFRS). In accordance with the content of these consolidated annual financial statements, the Net Equity amounts to EUR 283,593 thousand (2019: EUR 330,028 thousand), including a profit for 2020 of EUR 12,982 thousand (2019: a loss of EUR 9,995 thousand), of which EUR 11,049 thousand is attributable to the shareholders of the Company (2019: EUR 9,230 thousand).

2. Basis of presentation

<u>Regulatory financial reporting framework applicable to the Company</u>

These financial statements were prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a. The Spanish Commercial Code and all other Spanish corporate law;
b. The National Chart of Accounts approved by Royal Decree 1514/2007, which was amended by Royal Decree 602/2016, and its industry adaptations.
c. The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the National Chart of Accounts and its supplementary rules.
d. All other applicable Spanish accounting legislation.

<u>Fair presentation</u>

The annual financial statements for 2020 were prepared from the Company’s accounting records and are presented in accordance with current corporate and commercial law and the rules established in the Spanish National Chart of Accounts (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007 and amended by Royal Decree 1159/2010, Royal Decree 602/2016 and Ministry of Economy and Finance Order EHA/3362/2010, of 23 December, approving the rules adapting the National Chart of Accounts for public infrastructure concession companies (the

"Concession company sector plan"). They were authorised for issue by the Company's directors in order express fairly its equity, financial position, results from its operations, changes in equity and cash flows in accordance with the aforementioned current law.

Effects of COVID-19 on the Company's activity

The unexpected outbreak of the pandemic affected economic, goods, services and financial markets in 2020. The challenges and uncertainties associated with the delay and effectiveness of vaccines and possible outbreaks complicate the assessment of the economy in general and the oil and gas sector in particular. This uncertainty has lead to a slowdown in the implementation of projects in 2020, the rescheduling of some of them at the request of our customers and the postponement of final decisions regarding new investments. All of this has contributed to delaying sales and reducing the Company's performance and cash position.

During this year, the Company, in addition to prioritising the health protection of its employees, developed a set of activities aimed at strengthening its business and liquidity. This basically includes the implementation of the efficiency plan that it had been developing since 2019 and the replacement on maturity of the current syndicated financing by another financing agreement with repayment terms of over three years.

With the information available, the Company assessed the main impacts of the pandemic on these consolidated annual financial statements, which are described below:

Operational risk: The Company has a backlog of projects awarded in recent years. None of the EPC projects in this backlog have been cancelled. However, the COVID-19 crisis is substantially affecting the Company's operations. In general, project performance has slowed down, especially in the procurement and construction phases, and some relevant projects have been rescheduled at the request of customers, extending their execution time.

No additional rescheduling is expected. Geographical diversification, constant communication with our customers and suppliers, and legal and contractual mechanisms to offset the effects of significant changes in contracts allow us to mitigate, but not eliminate, the associated risks.

The beginning of 2021 is characterised by new investments in the oil and gas sector in the first half of the year, which represents a change in trend. Therefore, the Directors of the Company consider that new projects will be awarded to the Company in 2021 and that, if there are delays, they will not entail the cancellation of the opportunities in progress.

Liquidity risk: The coronavirus crisis affects the flow of collections and payments. In this regard, the Company's net cash was reduced in 2020, as a result of delays in payment by certain customers and the rescheduling of certain projects.

The Company monitors its liquidity needs in order to ensure that it has the funds necessary to cover its operating requirements. In this regard, the Company has strengthened its financial position through the agreement signed on 26 June 2020 (see note 20).

In accordance with the requirements and priorities of the ESMA for these annual financial statements, the Company assessed the adequacy of its funds and the fulfilment of the financing terms for the next twelve months by applying the following assumptions:

• Progressive recovery of the activity and its financial flows since the second quarter of 2021 and sustained improvement in it during the year.

• Progress on projects in accordance with the schedules agreed with customers.

• Progressive recovery of the level of new project awards and their cash impact.

• Progress of the ongoing plans to improve efficiency and cash flows.

• Cash conversion of our work completed but not billed according to a standard scenario.

To the extent that the evolution of COVID-19 may lead to changes in expectations and although the Company's Directors consider that they could carry out extraordinary remediation actions in the event of a substantial adverse change affecting the financing clauses in 2021, a waiver of compliance with the financial ratio of the syndicated financing was obtained for 2021 (see note 20).

Valuation risk of on-balance-sheet assets and liabilities There have been no cancellations of EPC projects included in the backlog, or significant increases in the risk of non-payment due to deterioration in the financial position of customers or in the assessment of expected losses due to the quality and solvency of the customer portfolio. Likewise, the Company has assessed the recoverability of the assets related to the work performed but pending certification and especially those relating to exchange orders and claims, as well as the recoverability of deferred tax assets based on the estimation of the performance of the transactions in the medium and long term, which do not vary substantially due to the effect of COVID-19, concluding that they may be recovered.

Comparative information

For information comparison purposes, the Company presents, together with the balance sheet, the income statement, the statement of cash flows and the statement of changes in equity for the years ended 31 December 2020 and 2019. The Company presents comparative information in the explanatory notes to the financial statements when it is relevant for a better understanding of the current year's annual financial statements.

In 2019, EUR 291,720 thousand was reclassified from the "External services" heading to the "Consumption of goods" heading for the purpose of presenting comparative information.

The figures contained in these annual financial statements are shown in thousands of euros, unless expressly stated otherwise.

Accounting estimates and judgements

When preparing the annual financial statements, the Company must make assumption estimates and assumptions with regard to the future that may affect the accounting policies adopted and the amount of assets, liabilities, income and expenses and the breakdowns related thereto. Estimates and assumptions are evaluated on an ongoing basis and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, per se, rarely match the corresponding outcomes in real life.

The following is a breakdown of the main estimates made by Company management:

a) **Revenue recognition**

The Company uses the percentage of completion method to recognise revenue. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated costs for each contract. This revenue recognition method is applied only when the outcome of the contract can be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract cannot be reliably estimated, revenue is recognised to the extent that costs are recovered. When it is likely that the costs of the contract will exceed contract revenue, the loss is immediately recognised as an expense. When applying the percentage of completion method, the Company analyses various factors that may give rise to changes in the estimated costs of the projects with regard to that plant and, based on this analysis, makes significant estimates relating to the total costs necessary to perform the contract. These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue applying the percentage-of-completion method or whether it is necessary to re-estimate the expected margin on the project.

Contract revenue arising from claims made by the Company against customers or from changes in the scope of the project are included as contract revenue when approved by the end customer or when it is likely that the Company will receive an inflow of funds.

b) Income tax and deferred tax assets

The calculation of income tax requires the interpretation of tax legislation applicable to the Company. There are also several factors linked mainly, but not exclusively, to changes in tax laws and to changes in the interpretations of the tax laws currently in force, which requires Company management to make certain estimates. The Company also assesses the recoverability of deferred tax assets based on the existence of future taxable profit against which these assets may be utilised. With regard to uncertain tax positions, the management of the Company, as the head of the tax group (see Note 23), assesses the probability of these positions and quantifies them based on the Group's experience with similar transactions, consulting its tax advisers when necessary and obtaining other additional expert reports when needed.

c) Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require an outflow of resources and when the amount of the obligation may be reliably estimated. Significant estimates are required to fulfil the applicable accounting requirements. The Company's management makes estimates, evaluating all relevant information and events, the probability of a contingency occurring and the amount of the liability to be settled in the future.

d) Accounts receivable

The Company makes estimates relating to the collectability of trade receivables for projects affected by ongoing disputes or litigation in progress as a result of not accepting the work carried out or failure to comply with contractual clauses related to the performance of the assets delivered to customers.

e) Fair value of unlisted financial instruments

The Company determines the fair value of financial instruments (financial assets and liabilities) not traded on an active market using valuation techniques. The Company exercises judgement in selecting a variety of methods and making assumptions that are based mainly on prevailing market conditions at the reporting date. The Company used the discounted cash flow analysis for certain derivative financial instruments that are not traded on active markets, or other objective evidence of the fair value of the financial instrument, such as by reference to transactions recently performed or the value of purchase or sale options existing as of the balance sheet date.

f) Warranty claims

The Company generally offers warranties of 24 or 36 months on its work and services. Management estimates the relevant provision for future warranty claims based on past information regarding such claims, as well as recent trends that may suggest that past information regarding costs may differ from future claims.

g) Investment of equity investments in Group companies, jointly controlled entities and associates

The impairment of investments in Group companies, jointly controlled entities and associates is verified in accordance with the accounting policy described in Note 3.5.d. Given that the companies are unlisted, the underlying carrying amount adjusted by the unrealised gains existing at the measurement date are considered to be the recoverable amounts. Estimates need to be used for these calculations.

h) Useful lives of items of property, plant and equipment and intangible assets

The Company's management determines the estimated useful lives and the related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The useful lives of its non-current assets are estimated based on the period over which the assets will generate economic benefits. At each reporting date, the Company reviews the useful lives of its assets and if the estimates differ from those previously made, the effect of the change is recognised prospectively as from the year in which the change is made.

i) Impairment of concession assets

The estimated recoverable amounts of the concessions operated by the Company were determined using the discounted cash flows based on the budgets and expected projections for these concession assets and using appropriate discount rates for these businesses.

In applying the accounting policies, different judgments have not been applied to the estimates detailed above.

j) Grouping of items

In order to make it easier to understand the balance sheet, the income statement, and the statement of cash flows, these statements have been presented grouped together, with the required analysis included in the report's corresponding notes.

3. Accounting criteria

3.1. Intangible assets

a) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred, while development expenditure incurred in a project is recognised as an intangible asset if it is viable from a technical and commercial perspective, sufficient technical and financial resources are available to complete it, the costs incurred can be reliably determined and profit is likely to be generated.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not capitalised in subsequent years. Capitalised development costs with a finite useful life are amortised on a straight-line basis over the estimated useful life of each project, which may not exceed five years.

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount (Note 3.4).

If there are changes in the favourable circumstances of the project that made it possible to capitalise the development costs, the unamortised portion is charged to income in the year in which these circumstances change.

b) Computer software

This includes the title to and the right to use the computer programs, both acquired from third parties and developed by the Company, that are expected to be used over several years. Computer program licences acquired from third parties are capitalised based on the costs incurred for acquiring them and preparing them for their use with the program in question. Accordingly, the costs directly related to producing unique and identifiable computer programs controlled by the Company that are likely to generate profit for more than one year that will exceed their costs, are recognised as intangible assets. These direct costs include the staff costs for the computer program developers and a suitable portion of related overheads.

The cost is amortised on a straight-line basis over a period of four years from the time the software has been in use. Computer software maintenance costs are recognised as an expense for the year in which they are incurred.

c) Patents, licenses, brands and others

This heading includes the amount paid for the title to or the right to use the different forms of the intellectual property. They have a finite useful life and are amortised on a straight-line basis over their term.

d) Concession arrangement, regulated asset

Concessions refer to the administrative authorisations granted by various municipal councils for the construction and subsequent operation of car parks and other assets for a period of time stipulated in each agreement. The accounting treatment of these assets has been defined based on the classification of the concession assets as intangible assets measured at fair value (understood to be the value resulting from their construction). Once the concession assets become operational, the proceeds for operating the various concessions are recognised as revenue, the operating expenses are expensed currently, and the intangible assets are amortised on a straight-line basis over the term of the concession. The profitability of the project is reviewed at each year-end to assess whether there is any indication of impairment, i.e., an indication that the value of the assets may not be recoverable through the revenue generated while in use.

Throughout the term of the concession, the concession operator is required to repair and maintain the facilities and to keep them in proper working order. Repair and upkeep expenses are recognised in the income statement. No liabilities were recognised since the present value of the obligation is not significant.

3.2. Property, plant and equipment

Items of property, plant and equipment are recognised at their acquisition cost less any accumulated depreciation and any accumulated losses recognised.

In-house work on property, plant and equipment is calculated by adding the direct or indirect costs attributable to these assets to the acquisition cost of the consumables.

Costs for expanding, modernising or improving tangible fixed assets are incorporated into the asset as increased value of the goods only when they represent an increase in their capacity or productivity, or an increase in their lifespan, and provided that it is possible to calculate or estimate the book value of the items that were removed from inventory due to their being replaced.

Major repair costs are capitalised and depreciated over their estimated useful life, while maintenance expenses are charged to the income statement in the year in which they are incurred.

(Expressed in thousands of euros)

The depreciation of property, plant and equipment (except for land, which is not depreciated) is calculated systematically using the straight-line method, on the basis of their estimated useful life, based on the actual decline in value caused by their use and by wear and tear. The estimated useful lives of the various asset categories are the following:

	Rate
Buildings	2%
Laboratory facilities	20%
Reproduction equipment	10%
General fixtures	6%
Air-conditioning installations	8%
Topographical stations	10%
Furniture and office equipment	10%-25%
Other fixtures	15%
Data processing equipment	25%
Transport equipment	14%

The residual value and useful life of the assets are reviewed and adjusted, if necessary, at the end of each reporting period.

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount (Note 3.4).

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the proceeds from the sale with the carrying amount and are then recognised in the income statement.

3.3. Borrowing costs

Financing costs directly attributable to acquiring or constructing fixed assets that would need over a year to be in usable condition are incorporated into the assets' costs until they are operational.

3.4. Impairment losses to non-financial assets

The Company does not recognise intangible assets with indefinite useful lives on its balance sheet.

At each year-end, the Company reviews the assets subject to amortisation to verify if there is any event or change in circumstances that indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the excess of the carrying amount of the asset over its recoverable amount, which is understood to be the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are largely independent cash flows (cash-generating units). For assets that do not generate independent cash flows, the recoverable amount is determined for the cash-generating units to which the asset belongs. Any non-financial assets that have undergone an impairment loss are reviewed on each balance sheet date, to see if their losses have been reversed.

3.5. Financial assets

For measurement purposes, the Company determines the classification of its investments when they are initially recognised and reviews the classification at each reporting date. The classification depends on the purpose for which the financial assets were acquired, and are measured in accordance the following criteria:

a. **Loans and receivables:** This category includes the financial assets arising from the sale of goods and provision of services in relation to the Company's operating activities. This category also includes non-trade receivables, which are defined as those financial assets that, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

   These financial assets are initially measured at their fair value, including any directly attributable transaction costs, and subsequently at amortised cost, whereby the interest income is recognised on the basis of the effective interest rate, which is considered to be the discount rate that matches the carrying amount of the instrument to all its estimated cash flows until maturity. However, trade receivables maturing within twelve months are measured, both on initial recognition and subsequently, at their nominal value when the effect of not discounting the cash flows is not material.

   At least at each reporting date, the necessary impairment losses are recognised if there is objective evidence that not all amounts owed will be collected. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate at the time of initial recognition. Impairment losses and any subsequent reversal are recognised in the income statement.

b. **Investments held to maturity:** These are debt securities with fixed or determinable payments and fixed maturity that are traded on an active market and that the Company has the intention to hold to maturity. If the Company sells a not insignificant sum of its financial assets held to maturity, the entire category will be reclassified as available for sale. These financial assets are considered non-current assets, except for those maturing within 12 months from the balance sheet date, which are classified as current assets. The measurement bases for these investments are the same as for loans and receivables.

c. **Financial assets held for trading and other financial assets at fair value through profit or loss.** Those assets held for trading acquired for the purpose of selling them in the short term or that form part of a portfolio of instruments identified and managed jointly to obtain short-term gains, as well as financial assets designated by the Company upon initial recognition to be included under this category as they provide more relevant information, are considered financial assets at fair value through profit or loss. Derivatives are also classified as held for trading provided that they are not financial guarantee contracts and they have not been designated as hedging instruments (Note 3.11).
   These financial assets are recognised, both initially and subsequently, at their fair value, and the changes that arise therein are recognised in the income statement for the year. Transaction costs directly attributable to the acquisition are recognised in the income statement for the year.

d. **Investments in the equity of group, multigroup and associated companies**: This category includes the investments in the capital of Group companies, jointly controlled entities and associates. These investments are recorded for the cost less the cumulative amount of any corrections for impairment losses. Nevertheless, where investments have been made in a company before it was classified as a group, multigroup or associated company, their book value before such classification is used as the cost of the investment. Previous valuative adjustments recorded directly in equity are kept there until they are derecognised.

   At year-end, the Company assesses whether there is objective evidence that the carrying amount is not recoverable, and if so, the necessary valuation adjustments are made for the difference between the carrying amount and the recoverable amount, which is the higher of fair value less costs to sell and the present value of the cash flows from the investment. Unless there is better evidence of the recoverable amount, the net equity of the investee company will be taken into consideration in the estimate of the impairment loss of these investments, adjusted for any unrealised gains on the valuation date. The value correction and any reversal of its value is recorded in the income statement for the fiscal year in which it occurred.

e. **Financial assets available for sale:** This category includes values representing debt and equity instruments that were not classified in any of the preceding categories. Non-current assets are included under this heading unless management intends to dispose of the investment within 12 months from the reporting date.

They are assessed at fair value, recording any changes directly in net equity until the asset is written off or impaired, at which point the cumulative profit and losses in net equity are allocated to the profit and loss account, provided that the aforementioned fair value can be determined. If not, they are recorded for their costs less any impairment losses to their value.

For financial assets available for sale, valuative corrections are made if their is objective evidence that their value has been impaired due to a reduction or delay in estimated future cash flows from acquired debt instruments or due to the asset's book value not being recoverable in the case of investments in equity instruments. The valuative adjustment is the difference between the asset's cost or amortised cost less any valuative adjustments previously recorded in the profit and loss account, and the fair value at the time of the appraisal. In the case of equity instruments that are measured at cost, as a result of not being able to determine their fair value, the impairment loss is calculated in the same manner as that of equity investments in Group companies, jointly controlled entities and associates.
If there is objective evidence of impairment, the Company recognises in the income statement the accumulated losses previously recognised in equity due to a decrease in the fair value. Impairment losses on the amount recognised in the income statement for equity instruments are not reversed through the income statement.

The fair value of listed investments is based on the current purchase price. If the market for a financial asset is inactive (and for unlisted securities), the Company establishes its fair value using valuation techniques that include using recent transactions between willing and duly informed parties, references to other instruments that are substantially the same, methods for discounting estimated future cash flows and option pricing models that make maximum use of observable market data and rely as little as possible on subjective considerations of the Company.

Financial assets are derecognised from the balance sheet when substantially all the risks and rewards incidental to ownership of the leased asset are transferred. As for actual cases of accounts receivable, these situations are generally understood to have occurred when the risks of insolvency and default have been transferred.

Assets designated as hedged items are subject to the measurement requirements for hedge accounting (Note 3.11).

3.6. Inventories

Inventories include the costs related to the submission of bids to be awarded for works in Spain and abroad.

The costs associated with the bids are recognised as inventories when it is likely or certain that the contract will be secured or when it is known that these costs will be reimbursed or included in the contract revenue. These costs are taken to the income statement depending on the stage of completion of the related project.

3.7. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits in banks and other short-term highly liquid investments originally maturing within three months or less that are not subject to significant changes in value. Bank overdrafts are classified as borrowings under current liabilities on the balance sheet. At 31 December 2020 and 2019, the Company had no bank overdrafts.

3.8. Equity

Share capital is represented by ordinary shares.

The costs of issuing new shares or options are recognised directly against equity, as a reduction in reserves.

If the Company acquires any treasury shares, the consideration paid, including any directly attributable incremental cost, is deducted from equity until their redemption, re-issue or disposal. When these shares are sold or are later re-issued, any proceeds received, net of any directly attributable incremental cost of the transactions, is included in equity.

3.9. Financial liabilities

Debits and payables:

Accounts payable includes both trade and non-trade payables. These borrowed funds are classified as current liabilities, unless the Company has the unconditional right to defer settlement at least 12 months after the balance sheet date.

These debts are initially recognised at fair value adjusted by the directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. This effective interest rate is the discount rate that matches the carrying amount of the instrument to its expected future cash flows until the liability matures.

However, the debts from commercial transactions that mature in no more than one year and which do not bear a contractual interest rate are measured, both initially and thereafter, at their nominal value when the effect of not applying the present value of cash flows is not significant.

These financial liabilities are recognised, both initially and subsequently, at their fair value, and the changes that arise therein are recognised in the income statement for the year. Transaction costs directly attributable to the issue are recognised in the income statement in the year in which they arise.

A financial liability is derecognised when the corresponding obligation has extinguished.

3.10. Grants received

Refundable government grants are recognised at fair value when there is reasonable assurance that the grant will be received and the Company will comply with all conditions established.

Grants related to the acquisition of property, plant and equipment or intangible assets are included under non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

3.11. Financial derivatives and accounting hedges

Financial derivatives are measured both initially and in subsequent valuations at their fair value. Resulting gains and losses are recognised depending on whether or not the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as cash flow hedges. At the inception of the hedge, the Company documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and the strategy for undertaking various hedging transactions.

The effective portion of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is temporarily recognised as equity. The gain or loss relating to the ineffective portion is recognised immediately in financial profit or loss in the income statement. The cumulative balance under equity is transferred to the income statement in the year in which the hedged transaction affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred and are included in the cost of the asset when it is acquired or the liability when it is assumed.

However, if it is no longer probable that this transaction will take place, any cumulative gains or losses recognised under equity are immediately transferred to the income statement.

For derivative financial instruments not designated as hedging instruments or that do not qualify to be designated as such, any changes in fair value at each measurement date are recognised as finance income or costs in the income statement.

3.12. Current and deferred taxes

Expenditures (income) for income tax is the amount accrued for this item. It is accrued in the fiscal year and includes both the amount outlaid (received) for current taxes and the amount for deferred taxes.

Expenditures (income) for both current and deferred taxes are recorded in the income statement. However, the tax effect related to items that are recognised directly in equity is likewise recognised in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, in accordance with the law in force at the reporting date. The deferred tax assets and liabilities are measured without taking into account the effect of the financial discount.

Deferred taxes are calculated using the liability method, based on the temporary differences arising between the tax bases for assets and liabilities and their book values.

Deferred tax assets are recorded insofar as there will likely be future fiscal income from them that could be used to offset the temporary differences.

Yet if the taxes are deferred due to an initial recognition of an asset or liability in a transaction that is not a business combination that at the time of the transaction does not affect the accounting results or tax base of the tax, they are not recorded.

Deferred tax is determined by applying regulations and tax rates that have been approved or are about to be approved at the time of the statement date, and which are expected to be applicable when the corresponding deferred tax asset is registered or when the deferred tax liability is paid.

Técnicas Reunidas, S.A. files consolidated tax returns with certain Group companies (see Note 23).

3.13. Provisions and contingent liabilities

The Company recognises provisions when it has a present obligation (legal or constructive) as a result of past events, it is more likely than not that an outlay of resources will be needed to settle the obligation and when the amount can be reliably estimated. No provisions are recognised for future operating losses, although they are recognised for estimated losses from engineering contracts.

Provisions are recognised at the best estimate of the liability to be settled by the Company, taking into account the effects of exchange rate fluctuations, for those amounts denominated in foreign currency, and the time value of money, if the effect is significant.

On the other hand, contingent liabilities are considered to be any obligations arising from past events, the occurrence of which is conditional upon whether one or more future events occur that are beyond the Company's control. These contingent liabilities are not recognised for accounting purposes, but rather are disclosed in Note 26.

3.14. Revenue recognition

Revenue includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Company's business activities. Revenue is presented net of value added tax, returns, rebates and discounts, and after having excluded sales within the Company. The Company recognises revenue when the amount thereof can be reliably measured, when it is probable that the future economic benefits will flow to the Company and when the specific conditions for each of the activities are met, as detailed below. In relation to inventories, the Company recognises sales and profit or loss when ownership is transferred to the buyer. The amount of revenue cannot be reliably determined until all contingencies related to the sale have been resolved. The Company bases its estimates on past results, taking into account the type of customer, type of transaction and specific terms of each agreement.

<u>Service agreements</u>

Revenue from the rendering of services under service agreements is recognised in the financial year in which the services are provided by reference to the stage of completion of the actual service provided. The price payable by the end customer consists of the direct costs incurred, to which a fixed margin is applied for indirect costs and industrial profit.

<u>Turnkey engineering contracts</u>

When the outcome of a contract cannot be reliably estimated, contract revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable.

When the outcome of a contract can be reliably estimated and it is probable that the contract will be profitable, contract revenue is recognised over the term of the contract. The method for recognising revenue for turnkey engineering contracts varies depending on the estimated outcome of the contract. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. However, profit is recognised over the term of the contract and based on the stage of completion of the project.

The Company uses the percentage of completion method to calculate the amount to be recognised in a given accounting period. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated tasks and costs for each contract.

The Company recognises an account receivable for the gross amount owed by customers for work performed under all contracts in progress for which the costs incurred plus the recognised profits (less recognised losses) exceed the amount of progress billings. Progress billings outstanding and withholdings are included in trade and other receivables.

The Company recognises a liability for the gross amount owed to customers for work performed under all contracts in progress for which the progress billings exceed the costs incurred plus the recognised profits (less recognised losses).

The Company occasionally negotiates and signs two or more contracts with the same customer. They are usually contracts in which the cost and turnaround times of one affect the terms of the other, in addition to being performed simultaneously or having part of the term of each contract overlap and being carried out in the same industrial area. In these cases, the Company treats them as a single contract.

At other times, a single contract may have clearly differentiated parts with different budgets signed with the same customer. In these types of agreements, the customer benefits from each part of the contract, and the Company has different performance obligations. If the income and costs of the different parts can be clearly identified, each part is treated separately.

Given the nature of the business activity, contracts are often modified while in progress due to changes in the scope of the work that needs to be carried out under the terms of the contract. A change may lead to an increase or a decrease in contract revenue. Changes are recognised as increases in the value of the contract when it is likely that the customer will approve the change in scope and the resulting price increase and when the amount of the additional income can be reliably calculated.

Likewise, claims may arise in the performance of the contracts that the contractor seeks to collect from the customer or another party as reimbursement for costs not included in the contract price. The grounds for such claims are related to and supported by the clauses of the contract or situations of force majeure. Income from contracts arising from claims is included as contract revenue when negotiations have reached an advanced stage and, therefore, it is sufficiently certain that the customer will approve the change and it is likely that the Company will receive the additional income. When evaluating the probability of a claim being successful, in addition to the technical analysis of each case, past experience in situations that are similar either because of their nature or the counterparty involved are also analysed, as well as the communications with the customer in relation to the case.

Depending on the types of projects in the portfolio, negotiations with customers regarding claims may go on during the entire life of the project.

<u>Concession arrangements</u>

Revenue from concession-related activities is recognised based on the services rendered at the contractually agreed prices.

Dividend income

Dividend revenue is recorded as revenue in the income statement when the right to receive payment for it is established. If, however, the dividends that are distributed come from profits earned prior to the acquisition date, they are not recorded as revenue, thus reducing the book value of the investment.

Interest income

Interest income is recognised using the effective interest method. When an account receivable suffers an impairment loss, the Company reduces its book value to its recoverable value, reducing the estimated future cash flows at the instrument's original effective interest rate, and the reduction is carried over as reduced interest revenue. Interest income from loans that have become impaired is recognised using the effective interest method.

3.15. Foreign currency transactions

Functional and presentational currency

The Company's financial statements are presented in thousands of euros, which is its presentation and functional currency.

Transactions and balances

Transactions in foreign currency are converted into the functional currency using the rates in effect at the time of each transaction. Profits and losses in foreign currencies that are the result of settling these transactions and converting their currency at the closing rate of the monetary assets and liabilities denominated in foreign currencies, are recorded in the income statement, except where they differ in net assets, such as qualified cash hedges or qualified net investment hedges.

3.16. Leases

Financial leases

Leases of property, plant and equipment in which the Company is the lessee and has substantially all the risks and rewards arising from ownership of the assets are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. In order to calculate the actual value, the implicit interest rate from the contract is used, but if this rate cannot be determined, the interest rate the Company uses for similar transactions is used.

Each lease payment is distributed between reducing the debt and the finance charges. The total finance charges are distributed over the term of the lease and are allocated to the income statement for the year in which they are incurred. The payment obligation arising from the lease, net of finance charges, is recognised under non-current payables, except for the portion falling due within 12 months. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which the lessor substantially retains the risks and rewards arising from ownership of the asset are classified as operating leases. In operating leases where the Company is the lessee, the payments made (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

3.17. Group companies and associates

For the purposes of presenting the annual financial statements, a company will be considered to form part of the Group when both are related by a relationship of control. Control is presumed to exist when the ownership interest exceeds half of the voting rights or, if less, when other reasons or events demonstrate the existence of control (for example, shareholder agreements).

Associates are all entities over which the Company exercises significant influence but not control. Significant influence is presumed to exist when the ownership interest is between 20% and 50% of the voting rights or, when the interest is less, there are events and circumstances that demonstrate significant influence is exercised.

3.18. Joint ventures – Joint ventures (UTEs) and consortiums

The Company has interests in a series of UTEs (see Appendix I). The Company recognises its proportional share of the jointly controlled assets and the jointly incurred liabilities in proportion to the percentage of ownership, as well as the assets assigned to the joint operation that are under its control and the liabilities incurred as a result of the joint venture.

It also recognises in the income statement its share of the income earned and expenses incurred by the joint venture. In addition, the expenses incurred in relation to the ownership interest of the joint venture are recognised.

Unrealised gains or losses arising from reciprocal transactions are eliminated in proportion to the ownership interest, as well as the amounts of assets, liabilities, income, expenses and reciprocal cash flows.

None of the UTEs use accounting policies that differ from those applied by the Company.

Ownership interest in jointly controlled entities is recognised in accordance with the provisions for equity investments in Group companies, jointly controlled entities and associates (Note 3.5.d).

3.19. Business combinations

In the case of business combinations arising as a result of the acquisition of shares or investments in the share capital of a company, the Company recognises the investment in line with that established for equity investments in Group companies, jointly controlled entities and associates (Note 3.5.d).

3.20. Related party transactions

In general, transactions between group companies are recognised initially at fair value. In the event that the price agreed upon in a transaction differs from its fair value, the difference is recognised in accordance with the economic substance of the transaction. These transactions are subsequently measured in accordance with the corresponding regulations.

3.21. Statement of cash flows

The following terms are used in the statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents (Note 14).

- Cash flows from operating activities: payments and collections from the Company's ordinary activities and other activities that are not investing or financing activities.

- Cash flows from investing activities: payments and collections that arise from acquisitions and disposals of non-current assets.

- Cash flows from financing activities: payments and collections from the placement and settlement of financial liabilities, equity instruments or dividends.

4. Financial risk management

4.1. Financial risk factors

The Company's activities are exposed to several financial risks: market risk (including foreign currency risk, price risk and interest rate risk). The Company's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise potential adverse effects on its financial returns. The Company uses derivative financial instruments to hedge certain risk exposure.

Risk management is carried out by the Company's Finance Department, Business Units and Corporate Treasury Department in accordance with policies approved by the Company's Board of Directors and supervised by the Audit and Control Committee. This Department identifies, assesses and covers financial risks.

a) Market risk

a.1) Exchange rate risk

The Company operates in the international market and, therefore, is exposed to foreign currency risk on the transactions it performs in foreign currencies, particularly the US dollar (USD), the Saudi rial (SAR) and, to a lesser extent, the Peruvian sol and the SGD. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities.

In accordance with the hedging policy established, the Company uses forward contracts, negotiated by the Company's Treasury Department (the Company's Corporate Treasury Department), to hedge the foreign currency risk arising from future commercial transactions and recognised assets and liabilities. Foreign currency risk arises when the future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency. The Group's Treasury Department is responsible for managing the net position in each foreign currency using external foreign currency forward contracts (also taking into account the risks arising from currencies tied to the USD, where the hedge arranged protects the USD risk). In addition, the Company tries to hedge foreign currency risk via 'multicurrency' contracts with its customers, separating the sale price in the various currencies from the foreseen expenses and preserving the projected margins in euros.

The Company's risk management policy is based on hedging a portion of the most highly probable forecast transactions, for ongoing projects, in each of the main currencies during the months the project is scheduled to be carried out. For each new project contracted with foreign currency risk, the percentage of risk to be hedged in relation to projected sales in each of the main currencies varies by project. These hedges are classified as highly probable forecast transactions for hedge accounting purposes.

The nature of the Company's business operations means that it is very common to contract transactions with customers in US dollars, while the corresponding costs are usually denominated in multiple currencies, albeit mainly USD. If, at 31 December 2020, the euro had been estimated/depreciated by 10% against the USD, with the remaining constant variables remaining, the profit or loss before tax for the year would have been higher/lower by EUR 18,354 thousand (2019: EUR 14,810 thousand higher/lower) mainly as a result of the gains/losses generated by the appreciation/depreciation of the USD positions.

If the euro had appreciated / depreciated against the US dollar by a hypothetical 10%, equity would have been EUR 68,652 thousand higher / lower in the year ended 31 December 2020 (2019: EUR 61,160 thousand higher / lower); these amounts were calculated based on the changes in profits outlined in the paragraph above and the estimated changes in value of the hedging derivatives recognised in the equity reserve (all before considering the related tax effect).

This effect would occur as long as the variation in the USD compared to the EUR took place within a period of less than 144 days, since that is the average maturity at which the hedging transactions are contracted.

a.2) Price risk

The Company is exposed to price risk with regard to equity securities. Exposure to price risk on account of the investments held by the Company and classified in the balance sheet at fair value through profit or loss is limited because they correspond primarily to fixed-income investment funds that invest in very short-term assets (assets maturing in less than six months and not exposed to interest rate risk) (Note 9).

The Company is partially exposed to commodity price risk, basically tied to metals and oil, to the extent that they affect the price of the equipment supplied and materials used in the construction projects. As a general rule, all peer contractors operating in the sector effectively pass on these impacts in sales prices.

The Company reduces and mitigates price risk through the policies established by the Group's Corporate Management, which basically consist of accelerating or slowing the rate of placements and selecting the currencies and countries of origin. An additional mechanism used to mitigate this risk consists of using contracting models that allow a portion of the price to be allocated to cover possible cost deviations, and of purchasing derivatives.

a.3) Cash flow interest rate risk and fair value risk

The Company generally endeavours to self-finance its projects, establishing invoicing and collection milestones with customers that cover the payment deadlines undertaken with suppliers. However, the Company maintains debt instruments to meet its operating needs. The majority of these credit lines are negotiated at variable interest rates tied to EURIBOR. In the current situation where the EURIBOR is negative, the variable interest rates established in the credit lines are considered the best policy to minimise the impact of interest rate risk. In addition, and, as part of the policy of prudence and control of interest rate risk and the impact that the change in interest rate risk may have on the income statement, there are fixed rate debt instruments amounting to EUR 296,826 thousand (2019: EUR 171,000 thousand).

(Expressed in thousands of euros)

The exposure to variable interest rate risk at the reporting date is as follows:

						Thousands of euros
	2020			**2019**		
	Tied to Euribor	**Other reference rates**	**Total**	**Tied to Euribor**	**Other reference rates**	**Total**
Borrowed funds at variable rates (Note 20)	(383,561)	-	(383,561)	(351,132)	-	(351,132)
Interest-earning cash and cash equivalents (Note 14)	213,601	240,405	454,006	165,929	200,593	366,522
	(169,960)	**240,405**	**(70,445)**	**(185,203)**	**200,593**	**15,390**

Based on the sensitivity analyses performed on cash and cash equivalents, the impact on profit of a 25 basis point fluctuation in interest rates would imply, at most, an increase/decrease of EUR 601 thousand (2019: EUR 916 thousand).

In the case of financial debt at variable interest rates, an upward/downward change by 10 basis points of the interest rate would have an impact on the consolidated result of a decrease/increase of EUR 0 thousand. (2019: EUR 347 thousand).

b) Credit risk

Credit risk is managed by the Company taking into account the following groups of financial assets:

- Assets under derivative financial instruments (Note 11)
- Various balances included in cash and cash equivalents (Note 14).
- Balances related to Loans and other receivables (see Note 10).

Derivative financial instruments and transactions with financial institutions included as cash and cash equivalents are arranged with financial institutions of renowned prestige.

In relation to trade and other receivables, it is worth mentioning that, due to the nature of the business, there is a high concentration based on the Company's most significant projects. These counterparties are generally state-owned or multinational oil companies, along with major Spanish energy groups.

The main customers represented 81% (2019: 86%) of the total recognised under "Trade receivables" (including trade and other receivables) at 31 December 2020, and are tied to transactions with the aforementioned entities. Therefore, the Company considers credit risk to be very low. In addition to the credit analyses performed before entering into a contract, the global position of trade and other receivables is monitored on an ongoing basis, while the most significant exposures (including exposure to the type of entities mentioned above) are monitored at the individual level.

Trade receivables are generally not secured by collateral or subject to other credit enhancements, except when warranted by specific circumstances.

(Expressed in thousands of euros)

c) Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient amount of committed debt instruments and the capacity to settle market positions.

The trend in customer contracts, which include tighter cash flows, has led the Company to optimise its financing lines.

Management monitors the projected liquidity reserve on the basis of expected cash flows. The Company has debt instruments that offer an additional liquidity buffer. The Company's liquidity risk is therefore considered to be appropriately managed.

The table below provides a breakdown of the significant liquidity information:

	Thousands of euros	
	2020	**2019**
Non-current bank borrowings (Note 20)	(680,023)	(522,132)
Financial assets at fair value (Note 7 and 9)	-	42,252
Cash and cash equivalents (Note 14)	454,006	366,522
Net cash position and FAFV	**(226,017)**	**(113,358)**
Undrawn credit lines and other loans (Note 20)	205,500	366,979
Total liquidity reserves	**(20,517)**	**253,621**

The two signed syndicated credit lines, as well as the private placement and placing on the market of German promissory notes signed by TR in force at the date of preparation of these financial statements, the total provision of which amounts to EUR 453.5 million, requires, among other requirements, that the consolidated financial debt/EBITDA ratio be less than or equal to 2.5 (syndicated loans)/3 (other financial debt). These requirements were met as of the date of authorisation for issue of these individual annual financial statements.

Likewise, the Company additionally fulfils all the requirements required at 31 December 2020 in relation to its debt instruments.

At the date of preparation of these annual financial statements, the financial entities participating in the two syndicated credit lines authorised the waiver of the Company's obligation to meet the financial ratio (Net financial debt/consolidated EBITDA must be less than or equal to 2.5) in 2021.

These two agreements contain the following limitation on distributing profits for the years 2021-24: 30% of the consolidated net profit for the years 2021/2022, 40% of the consolidated net profit for 2023 and 50% of the consolidated net profit for 2024.

The table below shows an analysis of the Company's financial liabilities that will be settled net, grouped by maturities, in accordance with the remaining periods at the balance sheet date until the contractual maturity date. The amounts shown in the table correspond to the undiscounted cash flows stipulated in the contract. The balances payable within 12 months are equivalent to their carrying amounts, given that the discount effect is not significant.

(Expressed in thousands of euros)

				Thousands of euros
	Within one year	From 1 to 2 years	From 2 to 5 years	More than 5 years
At 31 December 2020				
Borrowed funds	316,092	199,789	104,205	59,937
Derivative financial instruments	4,712	-	-	-
Trade and other payables	2,102,200	-	-	-
Total	**2,423,004**	**199,789**	**104,205**	**59,937**
At 31 December 2019				
Borrowed funds	233,578	157,000	69,448	62,106
Derivative financial instruments	41,543	2,928	-	-
Trade and other payables	1,983,350	-	-	-
Total	**2,258,471**	**159,928**	**69,448**	**62,106**

4.2. Capital risk management

The Company's objectives in relation to managing capital are based on guaranteeing its commercial activity, offering customers and potential customers sufficient capital to guarantee our ability to handle their projects.

In order to maintain and adjust the capital structure, the Company may adjust the amount of dividends payable to shareholders, return capital to shareholders, or take other actions considered appropriate.

The Company monitors capital on the basis of a leverage ratio. This ratio is calculated dividing debt by equity. Debt is calculated as total borrowings. Total capital is calculated as equity, as show in the financial statements.

		Thousands of euros
	2020	**2019**
Borrowings (Note 20)	(680,023)	(522,132)
Net cash position and FAFV	(226,017)	(113,358)
Equity	**507,479**	**449,757**
% Borrowings / Equity	**(134%)**	**(116%)**

4.3. Estimate of fair value

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are mainly investments in equity securities classified as trading securities or available for sale.

The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates.

Specific valuation techniques used to value financial instruments include:

Quoted market prices or dealer quotes for similar instruments.

The fair value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value. Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

With regard to financial instruments, credit risk must be included in measurements at fair value, whereby credit risk is understood to be the credit risk of the counterparty and the Company's own credit risk, where applicable.

Due to the nature of the Company's portfolio, the application of credit risk mainly affects the portfolio of financial derivatives designated as cash flow hedges, given that they are measured at fair value.

These instruments are unique in that the expected cash flows are not pre-determined; rather, they vary based on the underlying financial variable, so the determination of the credit risk to be applied, i.e., the Company's own credit risk or that of the counterparty, is not intuitive, but rather depends on market conditions at any given time and must therefore be quantified using measurement models. The derivatives arranged by the Company relate to currency futures and commodities futures.

Currency forwards consist of the purchase of one currency against the sale of a different currency in which the exchange rate is fixed on the date of the contract to be delivered or settled in the future, starting on the third business day after the contract date.

Commodity forwards consist of the future purchase or sale of a raw material in which the exchange rate is fixed on the date of the contract and that are to be delivered or settled in the future, starting on the third business day after the contract date.

The effect of credit risk on the value of currency and commodity forwards will depend on future settlements. If the settlement is favourable for the Company, a credit spread is incorporated for the counterparty to quantify the probability of default upon maturity; otherwise, if the settlement is expected to be negative for the Company, the credit risk is applied to the Company's final settlement. To determine whether or not the settlement of the forwards will be favourable for the Company, a stochastic model is used to simulate the derivative's behaviour in different scenarios using complex mathematical models that consider the volatility of the underlying asset and applying the resulting credit spread to each simulation.

It is assumed that the carrying amount, less any provisions for impairment losses on accounts receivable and payable, is similar to their fair value. The fair value of financial liabilities, for the purposes of presenting financial information, is estimated by discounting future contractual cash flows at the current market interest rate from the cash flows the Company could have for similar financial instruments.

(Expressed in thousands of euros)

5. Intangible assets

The details and movements of the items included under intangible fixed assets are as follows:

	Thousands of euros			
	Concession arrangement, regulated asset	**Patents, licences and trademarks**	**Computer software**	**Total**
Balance at 1/1/19				
Cost	74,361	370	10,565	85,296
Accumulated amortisation and impairment	(22,364)	-	(8,211)	(30,575)
Book value	**51,997**	**370**	**2,354**	**54,721**
Additions	-	-	320	320
Disposals	-	-	-	-
Amortisation charge	(1,483)	-	(1,026)	(2,509)
Balance at 31/12/19				
Cost	74,361	370	10,885	85,616
Accumulated amortisation and impairment	(23,847)	-	(9,237)	(33,084)
Book value	**50,514**	**370**	**1,648**	**52,532**
Additions	-	-	150	150
Disposals	-	-	-	-
Amortisation charge	(1,483)	-	(565)	(2,048)
Other changes in cost	-	-	(11)	(11)
Other changes in depreciation	-	-	11	11
Balance at 31/12/20				
Cost	74,361	370	11,024	85,755
Accumulated depreciation and amortisation	(25,330)	-	(9,791)	(35,121)
Book value	**49,031**	**370**	**1,233**	**50,634**

Concessions

In the second half of 2018, the negotiations that were being carried out for the sale of the concessions of the sports complex in Alcobendas and the sports complex, car park and public spaces at the La Viña Shopping Centre in San Sebastián de los Reyes were concluded, and the Company's managing bodies therefore decided to reclassify the assets related to these concessions as intangible assets.

This heading also includes the concessions for the operation of the Huercal-Overa underground car park (Almería) and the underground car park in Alcobendas. The most relevant aspects regarding these concession arrangements for public services are as follows:

	Concession	Term	Remuneration	Redemption
1	Alcobendas sports complex	50 years	User charges	At end of concession term
2	Sports complex, car park and public spaces at the La Viña Shopping Centre in San Sebastián de los Reyes	50 years	User charges	Period may be extended up to 60 years upon approval by the Municipal Council
3	Underground car park at Huercal - Overa (Almeria)	30 years	User charges	Subject to successive term extensions
4	Alcobendas underground car park	75 years	User charges	At end of concession term

(Expressed in thousands of euros)

Concession assets are financed by borrowings amounting to EUR 15,108 thousand (2019: EUR 16,886 thousand).

Operating income from operating these concessions amounted to EUR 4,727 thousand in 2020 (2019: EUR 5,989 thousand).

In 2020 and 2019, no finance costs were capitalised and no impairment losses in addition to those already existing were recognised.

“Computer software” includes the title to and the right to use computer programs acquired from third parties. The main additions during the year relate to the acquisition of management software licenses.

At 31 December 2020, the cost of the Group's fully depreciated items of property, plant and equipment included on the balance sheet amounted to EUR 7,634 thousand (2019: EUR 6,540 thousand) and it corresponds mainly to computer applications.

6. Property, plant and equipment

The details and movements of the items included under property, plant and equipment are as follows:

			Thousands of euros
	Land and buildings	**Technical facilities and other tangible fixed assets**	**Total**
Balance at 1/1/19			
Cost	2,708	83,155	85,863
Accumulated depreciation and amortisation	(1,075)	(59,887)	(60,962)
Book value	**1,633**	**23,268**	**24,901**
Additions	-	4,700	4,700
Disposals	-	(78)	(78)
Amortisation charge	(93)	(6,189)	(6,282)
Derecognition of depreciation	-	51	51
Other changes in cost	-	238	238
Other changes in depreciation	-	(482)	(482)
Balance at 31/12/19			
Cost	2,708	88,015	90,723
Accumulated depreciation and amortisation	(1,168)	(66,507)	(67,675)
Book value	**1,540**	**21,508**	**23,048**
Additions	-	1,275	1,275
Disposals	(1,180)	(7,634)	(8,814)
Amortisation charge	(88)	(4,483)	(4,571)
Derecognition of depreciation	858	2,651	3,509
Other changes in cost	-	(2,270)	(2,270)
Other changes in depreciation	-	2,169	2,169
Balance at 31/12/20			
Cost	1,528	79,386	80,914
Accumulated depreciation and amortisation	(398)	(66,170)	(66,568)
Book value	**1,130**	**13,216**	**14,346**

(Expressed in thousands of euros)

The decreases under the heading "Technical facilities and other items of property, plant and equipment" correspond to a decrease in facilities due to disuse.

a) Impairment losses

In 2020 and 2019 no impairment losses were recognised or reversed for individual property, plant and equipment.

b) Property, plant and equipment abroad

At 31 December 2020, the carrying amount of the assets located abroad, which relate to plant and other items of property, plant and equipment, amounted to EUR 1,219 thousand (2019: EUR 4,712 thousand), including total amortisation of EUR 12,799 thousand (2019: EUR 14,793 thousand).

c) Fully depreciated assets

At 31 December 2020, the cost of the fully depreciated items of property, plant and equipment still in use on the balance sheet amounted to EUR 34,799 thousand (2019: EUR 30,163 thousand).

d) Assets under operational leases

“Outside services” in the income statement includes operating lease expenses corresponding to the lease of offices amounting to EUR 15,517 thousand (2019: EUR 17,944 thousand).

e) Insurance

The Company has taken out several insurance policies to cover the risks to which property, plant and equipment assets are exposed. The cover provided by these policies is considered sufficient.

7. Analysis of financial instruments

7.1 Analysis by category

The carrying amount of each of the categories of financial instruments established in recognition and measurement basis “Financial instruments”, except for equity investments in Group companies, jointly controlled entities and associates (Note 8.a), and advances to suppliers and inventories, is as follows:

a) Financial assets:

					Thousands of euros
At 31 December 2020	**Other**	**Fair value through profit or loss (Note 9)**	**Loans and receivables (Notes 7 and 10)**	**Hedging derivatives (Note 11)**	**Cash and cash equivalents (Note 14)**
Equity instruments	197	-	-	-	-
Derivatives	-	-	-	2,299	-
Other financial assets	-	-	89,753	-	-
Non-current	**197**	**-**	**89,753**	**2,299**	**-**
Values representing debts	-	-	-	-	-
Derivatives	-	-	-	26,156	-
Other financial assets	-	-	2,255,448	-	454,006
Current	**-**	**-**	**2,255,448**	**26,156**	**454,006**

(Expressed in thousands of euros)

					Thousands of euros
At 31 December 2019	**Other**	**Fair value through profit or loss (Note 9)**	**Loans and receivables (Notes 7 and 10)**	**Hedging derivatives (Note 11)**	**Cash and cash equivalents (Note 14)**
Equity instruments	197	-	-	-	-
Derivatives	-	-	-	295	-
Other financial assets	-	-	96,636	-	-
Non-current	**197**	**-**	**96,636**	**295**	**-**
Values representing debts	-	42,252	-	-	-
Derivatives	-	-	-	6,234	-
Other financial assets	-	-	2,006,610	-	366,522
Current	**-**	**42,252**	**2,006,610**	**6,234**	**366,522**

b) Financial liabilities:

				Thousands of euros
	2020		**2019**	
	Accounts payable (Notes 20 and 22)	**Hedging derivatives (Note 11)**	**Accounts payable (Notes 20 and 22)**	**Hedging derivatives (Note 11)**
Non-current bank borrowings (Note 20)	363,931	-	288,554	-
Derivatives	-	-	-	2,928
Other financial liabilities	7,528	-	6,701	-
Non-current	**371,459**	**-**	**295,255**	**2,928**
Non-current bank borrowings (Note 20)	316,092	-	233,578	-
Derivatives	-	4,712	-	41,543
Other financial liabilities	2,348,062	-	2,101,697	-
Current	**2,664,154**	**4,712**	**2,335,275**	**41,543**

In relation to trade and other receivables, a high portion of these balances relate to transactions with private sector customers, and a very significant portion of these balances relate to national and international companies with a high credit rating that do not have a history of default. The global position of trade and other receivables is monitored on an ongoing basis, while the most significant exposures are monitored at an individual level and, therefore, the Company considers credit risk to be very low.

“Other non-current financial assets” includes mainly the amounts transferred to customers as security for compliance with any obligations that may arise from the outcome of lawsuits. The Company includes the estimated probable cost that could arise from the outcome of the aforementioned lawsuits under “Non-current provisions”.

(Expressed in thousands of euros)

8. Holdings in Group companies, jointly controlled entities and associates

The breakdown of investments in Group companies, jointly controlled entities and associates it is as follows:

	Thousands of euros	
	2020	**2019**
Investments in Group companies, jointly controlled entities and associates (a)	377,757	381,996
Current investments in Group companies, jointly controlled entities and associates (b)	754,110	447,948
	1,131,867	**829,944**

a) Investments in Group companies, jointly controlled entities and associates

This heading relates to investments in Group companies, jointly controlled entities and associates.

In 2020, the dividends received totalled EUR 108,400 thousand (2019: EUR 13,500 thousand) and are reflected as financial income in the income statement (Note 25).

In 2020 shares in Técnicas Reunidas Global for Engineering Consultancy Company Limited were recognised.

In 2019 shares were recognised in the following companies: TR Argentina, TR Colombia, S.A.S, TR Duqm LLC, TR Alberta and TR Projeler Insaat ve Mühendislisk A.S.

In 2019, 50% of the company Ibérica del Espacio S.A, was acquired, reaching a share of 89.99%.

In 2019, the Company's stake in the companies Empresarios Agrupados Internacional and Empresarios Agrupados A.I.E. was also sold off.

The changes in investments in Group companies, jointly controlled entities and associates at 31 December 2020 and 2019 are as follows:

	Thousands of euros			
	1 January 2020	**Additions**	**Disposals**	**31 December 2020**
Holdings in Group companies, jointly controlled entities and associates	532,442	17,459	(53,642)	496,259
Unpaid capital	(1,150)	-	-	(1,150)
Impairment of investments	(149,296)	(22,427)	54,371	(117,352)
Total	**381,996**	**(4,968)**	**729**	**377,757**

(Expressed in thousands of euros)

	1 January 2019	Additions	Disposals	31 December 2019
Holdings in Group companies, jointly controlled entities and associates	372,227	160,548	(333)	532,442
Unpaid capital	(34,844)	-	33,694	(1,150)
Impairment of investments	(110,231)	(42,935)	3,870	(149,296)
Total	**227,152**	**117,613**	**37,231**	**381,996**

The shares recognised in group companies, jointly controlled entities and associates correspond mainly to the shareholder contribution to INITEC Infrastructures, S.A.U. for EUR 11,751 thousand and to the capital injection in TR Global for Engineering for EUR 1,471 thousand.

The derecognition corresponds to the reduction of capital by offsetting of losses in TSGI Muhendislik INSAAT LTD. SIRKETI for EUR 53,642 thousand, in turn, has been reversed in the same company, an impairment provision for EUR 53,642 thousand. This operation had no effect on the income statement.

Regarding the impairment, a provision of EUR 3,385 thousand was made for the stake in TR Gulf, and a provision of EUR 9,874 thousand was also provided for TSGI Muhendislik INSAAT LTD. SIRKET.

In 2019, the recognition of shares in group companies, jointly controlled entities and associates corresponded mainly to the capital increase of TR Saudia for EUR 140,718 thousand, to the capital increase and disbursement of TSGI Muhendislik INSAAT LTD. SIRKETI for EUR 43,901 thousand, and to the shareholder contribution to INITEC Infraestructuras, S.A.U. for EUR 7,185 thousand.

In 2019, Empresarios Agrupados was derecognised.

In 2019, EUR 31,902 thousand was allocated in relation to the Company's participation in TSGI Muhendislik INSAAT LTD. SIRKETI.

The detail of the investments in Group companies, jointly controlled entities and associates at 31 December

2020 and 2019 is as follows:

(Expressed in thousands of euros)

Investments in Group companies, jointly controlled entities and associates in 2020

Company	Registered Address	Business activity	Indirect Stake	Indirect Stake	Net book value	Equity			Dividends (Note 25)
						Share capital	Reserves	Results	
Técnicas Reunidas Internacional, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	120	120	979	(89)	1,837
Técnicas Reunidas Australia Pty.	AUSTRALIA	ENGINEERING SERVICES	100.00%	-	-	-	1,497	1,879	1,148
Termotécnica, S.A.	SPAIN	WHOLESALE MACHINERY	40.00%	60.00%	300	781	1,237	50	-
TR Construcción y Montaje S.A.	SPAIN	REAL ESTATE DEVELOPMENT	100.00%	-	150	332	1,342	37	-
Técnicas Reunidas Ecología, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	120	120	1,776	(265)	-
Técnicas Reunidas Metalúrgicas, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	60	120	1,695	44	-
Técnicas Reunidas Trade Panamá, S.A.	PANAMA	COMMERCIAL DEVELOPMENT	100.00%	-	46	46	43	(8)	-
Española de Investigación y Desarrollo S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	438	90	865	(490)	8,947
TR Proyectos Internacionales, S.A.	SPAIN	DEVELOPMENT AND CONTRACTING	100.00%	-	421	1,503	(9,335)	11,160	12,587
Técnicas Reunidas Venezuela S.A	VENEZUELA	COMMERCIAL DEVELOPMENT	100.00%	-	9	-	-	-	-
Layar, S.A.	SPAIN	COMPANY MANAGEMENT	100.00%	-	2,950	1,085	(23,744)	25,609	24,961
Initec Plantas Industriales, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	124,613	6,600	59,785	(65,982)	-
Initec Infraestructuras, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	6,312	1,800	4,993	(361)	-
Técnicas Reunidas Ecuador S.A.	ECUADOR	ENGINEERING SERVICES	100.00%	-	3	-	-	-	-
Técnicas Reunidas Gulf L.T.D.	SAUDI ARABIA	ENGINEERING SERVICES	100.00%	-	26,875	550	27,282	(957)	-
ReciclAguilar, S.A.	SPAIN	ENGINEERING SERVICES	80.00%	-	-	60	(488)	-	-
TR SNG Alliance Ltd.	CYPRUS	ENGINEERING SERVICES	30.00%	-	38	-	-	-	-
Servicios Unidos S.A.	VENEZUELA	ENGINEERING SERVICES	100.00%	-	74	-	-	-	-
TR Hungary Dufi CCGT Kft	HUNGARY	ENGINEERING SERVICES	85.00%	15.00%	8	10	(254)	317	352
TR Brasil Participaçoes Ltd.	BRAZIL	ENGINEERING SERVICES	50.00%	-	7	-	-	-	-
TR Tec Ltda	BOLIVIA	ENGINEERING SERVICES	12.40%	87.60%	208	2	1,862	(185)	-
TR Canada INC	CANADA	ENGINEERING SERVICES	3.96%	96.04%	-	133,937	(206,621)	(18,379)	-
TR Engineers India Private LTD	INDIA	ENGINEERING SERVICES	100.00%	-	10	7	2,182	395	-
TR Saudi Arabia LLC	SAUDI ARABIA	ENGINEERING SERVICES	50.00%	50.00%	-	479	(552)	0	-
Al Hassan Técnicas Reunidas Project LLC	OMAN	ENGINEERING SERVICES	100.00%	-	19	-	-	-	-
TR Saudia for Services and Contracting Co. Limited	SAUDI ARABIA	ENGINEERING SERVICES	97.00%	3.00%	173,729	149,220	(201,518)	(61,828)	-
Heymo Ingeniería, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	757	903	6,172	(1,017)	-
TR Servicios S.R.L. de C.V.	MEXICO	ENGINEERING SERVICES	75.00%	25.00%	4	6	390	224	-
Técnicas Reunidas USA L.L.C.	USA	ENGINEERING SERVICES	100.00%	-	27	27	3,194	25	-
TR Sagemis Italia S.R.L.	ITALY	ENGINEERING SERVICES	100.00%	-	80	10	11	(50)	-
TR Canadá E&C INC	CANADA	ENGINEERING SERVICES	15.00%	85.00%	5	36	450	1,943	335
TR Perú Ingeniería y Construcción	PERU	ENGINEERING SERVICES	100.00%	-	9	9	838	(134)	35
Deportes Valdavia 2017 SL	SPAIN	ENGINEERING SERVICES	100.00%	-	3	3	(6)	(2)	-
TR México Ingeniería y Construcción	MEXICO	ENGINEERING SERVICES	75.00%	25.00%	4	6	12,042	(6,913)	-
TR Italy	ITALY	ENGINEERING SERVICES	100.00%	-	10	10	1,049	(831)	-
TR Duqum Proyect LLC	OMAN	ENGINEERING SERVICES	65.00%	-	360	554	30,907	8,505	-
Ibérica del Espacio	SPAIN	ENGINEERING SERVICES	89.99%	10.01%	4,791	4,459	9,330	(8,849)	-
TR Colombia	COLOMBIA	ENGINEERING SERVICES	100.00%		6	6	(2)	431	-
TR Alberta	CANADA	ENGINEERING SERVICES	50.00%	50.00%	17	34	56	1,432	-
TR LLC Duqum	OMAN	ENGINEERING SERVICES	100.00%		288	575	(19,524)	18,354	11,287
TR Projeler	TURKEY	ENGINEERING SERVICES	100.00%		16	16	(9)	(8)	-
TR Global for Engeneeing	SAUDI ARABIA	ENGINEERING SERVICES	100.00%		1,418	-	1,353	-	-
Single-project companies with positive equity *		ENGINEERING SERVICES			30,592	148,821	(44,002)	91,660	46,911
Single project companies with an equity default *		ENGINEERING SERVICES			-	3,554	(35,453)	(23,991)	-
Other					8				
Total stake in Group companies					**374,905**				

(Expressed in thousands of euros)

Investments in Group companies, jointly controlled entities and associates in 2020

Company	Registered Address	Business activity	Indirect Stake	Indirect Stake	Net book value	Share capital	Reserves	Results	Dividends (Note 25)
ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES									
Master S.A. de Ingeniería y Arquitectura	SPAIN	ENGINEERING SERVICES	40.00%	-	(675)	152	(1,003)	(1,687)	-
Proyectos Ebramex, S. de R.L. de C.V.	MEXICO	ENGINEERING SERVICES	33.33%	-	-	21,953	(32,223)	-	-
Minatrico, S. de R.L. de C.V.	MEXICO	ENGINEERING SERVICES	33.33%	-	3,527	41,214	(30,632)	-	-
Total investments in associates and jointly controlled entities					**2,852**				
Total					**377,757**				

* Companies incorporated for the sole purpose of providing support in carrying out a single project are grouped together.

Investments in Group companies, jointly controlled entities and associates in 2019

Company	Registered Address	Business activity	Indirect Stake	Indirect Stake	Net book value	Equity: Share capital	Equity: Reserves	Equity: Results	Dividends (Note 25)
Técnicas Reunidas Internacional, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	120	120	2,953	(137)	-
Técnicas Reunidas Australia Pty.	AUSTRALIA	ENGINEERING SERVICES	100.00%	-	-	-	1,907	692	860
Termotécnica, S.A.	SPAIN	WHOLESALE MACHINERY	40.00%	60.00%	300	781	967	107	-
TR Construcción y Montaje S.A.	SPAIN	REAL ESTATE DEVELOPMENT	100.00%	-	150	332	1,208	133	-
Técnicas Reunidas Ecología, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	120	120	1,742	34	-
Técnicas Reunidas Metalúrgicas, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	60	120	1,803	(108)	-
Técnicas Reunidas Trade Panamá, S.A.	PANAMA	COMMERCIAL DEVELOPMENT	100.00%	-	46	46	61	(10)	-
Española de Investigación y Desarrollo S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	438	90	10,505	(693)	-
TR Proyectos Internacionales, S.A.	SPAIN	DEVELOPMENT AND CONTRACTING	100.00%	-	421	1,503	(784)	4,036	-
Técnicas Reunidas Venezuela S.A	VENEZUELA	COMMERCIAL DEVELOPMENT	100.00%	-	9	-	-	-	-
Layar, S.A.	SPAIN	COMPANY MANAGEMENT	100.00%	-	2,222	1,085	904	314	4,501
Initec Plantas Industriales, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	124,613	6,600	24,484	24,418	-
Initec Infraestructuras, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	1,205	1,800	1,308	(8,066)	-
Técnicas Reunidas Ecuador S.A.	ECUADOR	ENGINEERING SERVICES	100.00%	-	3	-	-	-	-
Técnicas Reunidas Gulf L.T.D.	SAUDI ARABIA	ENGINEERING SERVICES	100.00%	-	30,260	550	29,727	(17)	-
ReciclAguilar, S.A.	SPAIN	ENGINEERING SERVICES	80.00%	-	-	60	(369)	(119)	-
TR SNG Alliance Ltd.	CYPRUS	ENGINEERING SERVICES	30.00%	-	38	-	-	-	-
Servicios Unidos S.A.	VENEZUELA	ENGINEERING SERVICES	100.00%	-	74	-	-	-	-
TR Hungary Dufi CCGT Kft	HUNGARY	ENGINEERING SERVICES	85.00%	15.00%	8	10	603	687	-
TR Brasil Participaçoes Ltd.	BRAZIL	ENGINEERING SERVICES	50.00%	-	7	-	-	-	-
TR Tec Ltda	BOLIVIA	ENGINEERING SERVICES	12.40%	87.60%	250	2	2,741	(728)	-
TR Canada INC	CANADA	ENGINEERING SERVICES	3.96%	96.04%	553	133,937	(241,894)	28,602	-
TR Engineers India Private LTD	INDIA	ENGINEERING SERVICES	100.00%	-	10	7	1,532	933	-
TR Saudi Arabia LLC	SAUDI ARABIA	ENGINEERING SERVICES	50.00%	50.00%	3	479	(558)	0	-
Al Hassan Técnicas Reunidas Project LLC	OMAN	ENGINEERING SERVICES	100.00%	-	19	-	-	-	-
TR Saudia for Services and Contracting Co. Limited	SAUDI ARABIA	ENGINEERING SERVICES	97.00%	3.00%	173,729	149,220	(71,981)	(138,614)	-
Heymo Ingeniería, S.A.	SPAIN	ENGINEERING SERVICES	100.00%	-	757	903	7,546	(1,374)	-

(Expressed in thousands of euros)

Investments in Group companies, jointly controlled entities and associates in 2019

Company	Registered Address	Business activity	Indirect Stake	Indirect Stake	Net book value	Share capital	Reserves	Results	Dividends (Note 25)
TR Servicios S.R.L. de C.V.	MEXICO	ENGINEERING SERVICES	75.00%	25.00%	4	6	175	273	-
Técnicas Reunidas USA L.L.C.	USA	ENGINEERING SERVICES	100.00%	-	27	27	1,192	2,297	-
TR Sagemis Italia S.R.L.	ITALY	ENGINEERING SERVICES	100.00%	-	80	10	14	(3)	-
TR Canadá E&C INC	CANADA	ENGINEERING SERVICES	15.00%	85.00%	5	36	2,140	786	-
TR Perú Ingeniería y Construcción	PERU	ENGINEERING SERVICES	100.00%	-	9	9	1,037	(10)	-
Deportes Valdavia 2017 SL	SPAIN	ENGINEERING SERVICES	100.00%	-	3	3	(2)	(4)	-
TR México Ingeniería y Construcción	MEXICO	ENGINEERING SERVICES	75.00%	25.00%	4	6	11,559	2,378	-
TR Italy	ITALY	ENGINEERING SERVICES	100.00%	-	10	10	211	838	420
TR Duqum Proyect LLC	OMAN	ENGINEERING SERVICES	65.00%	-	360	554	7,781	26,537	-
Ibérica del Espacio	SPAIN	ENGINEERING SERVICES	89.99%	10.01%	4,791	4,459	(465)	9,796	-
TR Colombia	COLOMBIA	ENGINEERING SERVICES	100.00%		5	6	-	(6)	
TR Alberta	CANADA	ENGINEERING SERVICES	50.00%	50.00%	17	34	2	93	
TR LLC Duqum	OMAN	ENGINEERING SERVICES	100.00%		288	575	(2)	4,512	
TR Projeler	TURKEY	ENGINEERING SERVICES	100.00%		16	16	(1)	(7)	
Single-project companies with positive equity *		ENGINEERING SERVICES			36,879	298,934	(99,314)	415	7,269
Single project companies with an equity default *		ENGINEERING SERVICES			19	3,580	(35,509)	(1,563)	-
Total stake in Group companies					**377,932**				

Investments in Group companies, jointly controlled entities and associates in 2019

Company	Registered Address	Business activity	Indirect Stake	Indirect Stake	Net book value	Share capital	Reserves	Results	Dividends (Note 25)
ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES									
Master S.A. de Ingeniería y Arquitectura	SPAIN	ENGINEERING SERVICES	40.00%	-	-	152	(349)	(654)	-
Proyectos Ebramex, S. de R.L. de C.V.	MEXICO	ENGINEERING SERVICES	33.33%	-	-	21,953	(33,769)	-	-
Minatrico, S. de R.L. de C.V.	MEXICO	ENGINEERING SERVICES	33.33%	-	4,058	41,214	(29,038)	-	-
Other					6				450
Total investments in associates and jointly controlled entities					**4,064**				
Total					**381,996**				

(Expressed in thousands of euros)

None of the Group companies, jointly controlled entities or associates are officially listed.

b) Current investments in Group companies, jointly controlled entities and associates

	Thousands of euros	
	2020	**2019**
Loans and receivables	754,110	447,948
Total current	**754,110**	**447,948**

The detail of loans to Group companies at 31 December 2020 is as follows:

	Tax receivables	**Other loans**
Initec Plantas Industriales, S.A.U.	16,341	73,052
TR Saudia LTD	-	397,890
TR De Construcao Unip. LDA	-	39,223
TR Canada INC	-	55,658
Técnicas Reunidas UK	-	114,131
Other Group companies, associates and joint ventures	2,125	55,690
Total current	**18,466**	**735,644**

The detail of loans to Group companies at 31 December 2019 was as follows:

	Tax receivables	**Other loans**
Initec Plantas Industriales, S.A.U.	20,527	40,218
TR Saudia LTD	-	226,904
TR De Construcao Unip. LDA	-	38,869
TR Canada INC	-	38,912
Técnicas Reunidas UK	-	31,454
Other Group companies, associates and joint ventures	4,212	46,852
Total current	**24,739**	**423,209**

At 31 December 2020, the balance of loans to Group companies includes EUR 18,466 thousand (2019: 24,739 thousand) related to the balances of income tax payable for each of the subsidiaries that form part of the consolidated tax group (see Note 23).

The remaining part of this balance relates to trade receivables from Group companies, associates and UTEs relating mainly to engineering services.

(Expressed in thousands of euros)

Técnicas Reunidas assessed the recoverability of the loans to Group companies on the basis of the business plans supplied by these subsidiaries, which are based on their current customer portfolios.

The average interest rate on loans to venturers in UTEs and joint ventures is the market rate of Euribor +2% (2019: Euribor +1%).

There are no significant differences between the carrying amounts and the fair values of these loans to Group companies and other financial assets.

9. Financial assets at fair value through profit or loss

The detail of this heading and of the changes therein is as follows:

	Thousands of euros	
	2020	**2019**
- Short-term fixed-income investments	-	28,401
- Short-term equity investments	-	13,851
	-	**42,252**

All financial assets are designated as held for trading.

Financial assets at fair value through profit or loss, which are presented in “Changes in fair value of financial instruments” under cash flows from operating activities in the statement of cash flows, had a negative effect of EUR 1,444 thousand (see Note 25).

All of the financial assets were settled in 2020. In 2019, there were no funds invested or disposals.

Financial assets at fair value through profit or loss represent investments in listed equities and short-term fixed-income funds. Returns on fixed-income securities are tied to trends in interest rates in the euro zone. The Company’s maximum exposure to credit risk at the reporting date is the fair value of the assets.

The changes in these investments in 2020 and 2019 were as follows:

	Thousands of euros	
	2020	**2019**
Balance at 1 January	**42,252**	**42,038**
Additions	-	-
Disposals	(40,808)	-
Gains/(Losses) on changes in fair value (Note 25)	(1,444)	214
Balance at 31 December	**-**	**42,252**

(Expressed in thousands of euros)

10. Loans and receivables

	Thousands of euros	
	2020	**2019**
Customers from sales and services rendered	1,026,066	1,144,842
Trade receivables from Group companies and associates	427,290	348,154
Sundry accounts receivable	7,827	22,870
Receivable from Group companies	39,185	42,929
Employee receivables	533	722
Current tax assets	1,570	6,481
Other accounts receivable from public authorities	38,191	23,824
Provisions for impairment	(6,840)	(6,840)
	1,533,822	**1,582,982**

There are no significant differences between the carrying amounts and the fair values of the trade and other receivables.

At 31 December 2020, the Receivables account includes EUR 884,610 thousand for Work performed but not certified (2019: EUR 981,775 thousand), which is calculated using the criteria established in Note 3.14.

The detail of “Trade receivables from Group companies and associates” is as follows:

	Thousands of euros	
	2020	**2019**
Initec Plantas Industriales, S.A.U.	292,425	230,680
TR DUQUM Proyect L.L.C.	36,948	32,158
TR De Construcao Unip. LDA	20,272	20,272
TR Bapco	4,046	7,495
Initec Infraestructuras, S.A.U.	586	169
TSGI Mühendislik İnşaat Limited Şirketi	10,781	10,608
Técnicas Reunidas UK	26,033	3,455
Técnicas Reunidas Ecología, S.A	4,692	3,217
Other Group companies, associates and joint ventures	31,507	40,100
Total trade and other receivables from Group companies and associates	**427,290**	**348,154**

The movements of provisions for impairment losses of accounts receivable are as follows:

	Thousands of euros	
	2020	**2019**
Opening balance	**6,840**	**7,307**
Period provisions	-	-
Amounts used	-	(467)
Ending balance	**6,840**	**6,840**

(Expressed in thousands of euros)

At 31 December 2020, there were receivables from customers amounting to EUR 165,781 thousand (2019: EUR 117,864 thousand), of which 25% correspond to accounts matured within 6 months.

Accounts receivable from customers past their due date by less than six months are not considered to be impaired.

The other accounts included under "Accounts receivable" have not become impaired.

The accounting values of commercial customers are denominated in the following currencies:

	Thousands of euros	
	2020	**2019**
Euro	749,500	784,730
USD	462,539	389,057
KWD	152,294	253,670
Other currencies	169,489	155,525
Total	**1,533,822**	**1,582,982**

The Company's maximum exposure to credit risk at the date of the financial statement is the fair value from each of the receivable categories indicated above.

11. Derivative financial instruments

The detail of derivative financial instruments at the end of 2020 and 2019 is as follows:

	Thousands of euros			
	2020		**2019**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign currency forward contracts - cash flow hedges	25,531	4,712	5,723	44,471
Commodity forward contracts	2,924	-	806	-
Total	**28,455**	**4,712**	**6,529**	**44,471**
Less: non-current portion				
Foreign currency forward contracts - cash flow hedges	2,299	-	295	2,928
Commodity forward contracts	-	-	-	-
Non-current portion	**2,299**	**-**	**295**	**2,928**
Current portion	**26,156**	**4,712**	**6,234**	**41,543**

The derivative financial instruments arranged by the Company relate mainly to the foreign currency forwards to cover highly probable future cash flows.

The Company assesses the effectiveness of the hedges by conducting prospective and retrospective efficacy tests in which the changes in hedged cash flows are compared with the changes in the cash flows of the assigned derivative.

The detail of the maturities by year of the notional amounts of the contracts in force at 31 December 2020 and 2019 is as follows:

(Expressed in thousands of euros)

	Fair value (thousands of euros)	**Currency**	**Notional maturities (thousands)**			
Type of instrument	**2020**		**2021**	**2022**	**2023**	**Total**
USD / EUR	24,575	USD	683,933	116,200	-	800,133
USD/SGD	956	SGD	21,362	-	-	21,362
Commodity forward contracts	2,924					
Assets	**28,455**					
Foreign currency forward contracts						
USD / EUR	4,331	USD	218,636	-	-	218,636
USD/JPY	381	JPY	395,760	-	-	395,760
Liabilities	**4,712**					
Net balances	**23,743**					

	Fair value (thousands of euros)	**Currency**	**Notional maturities (thousands)**			
Type of instrument	**2019**		**2020**	**2021**	**2022**	**Total**
USD / EUR	5,691	USD	92,895	51,000	-	143,895
USD/CHF	15	CHF	3,702	-	-	3,702
USD/JPY	17	JPY	204,000	-	-	204,000
Commodity forward contracts	806					
Assets	**6,529**					
Foreign currency forward contracts						
USD / EUR	43,374	USD	727,083	191,136	-	918,219
EUR/CAD	77	CAD	19,000	-	-	19,000
GBP / EUR	106	GBP	5,000	-	-	5,000
EUR / KWD	246	KWD	6,000	-	-	6,000
USD/JPY	554	JPY	569,160	-	-	569,160
EUR/PLN	114	PLN	41,000	-	-	41,000
Liabilities	**44,471**					
Net balances	**(37,942)**					

The detail of the maturities by year of the fair values of the contracts in force at 31 December 2020 and 2019 is as follows:

(Expressed in thousands of euros)

	2020	2021	2022	Total fair value
Total assets 2020	-	26,156	2,299	28,455
Total liabilities 2020	-	4,712	-	4,712
Total assets 2019	6,234	295	-	6,529
Total liabilities 2019	41,543	2,928	-	44,471

The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining term to maturity of the hedged item is over 12 months, and as a current asset or liability if the remaining term to maturity of the hedged item is less than 12 months.

The highly probable forecast transactions denominated in foreign currency that have been hedged are expected to materialise according to the expected maturities.

The statement of recognised income and expense discloses the impact of cash flow hedges on equity and the transfers to the income statement. In 2020 and 2019, no ineffectiveness worthy of mention arose as a result of foreign currency hedges, which is recognised in the income statement.

12. Inventories

This heading includes the following items and amounts:

	Thousands of euros	
	2020	**2019**
Construction projects in progress and finished projects	7,182	3,793
Costs of submitting bids	10,568	10,705
	17,750	**14,498**

“Construction projects in progress and finished projects” includes the cost of various assets (mainly car parks allocated for sale), related to the concessions described in Note 5 on intangible assets.

The cost of submitting tenders includes the amount of the contracts obtained or likely to be obtained.

In 2019, the "finished goods” heading included, among others, the parking spaces marked for sale provided by UTE TR/ASF Construcción Aparcamiento de Alcobendas in which the Company held a 50% stake. In 2020, an agreement was reached with the partner whereby the Company held 100% of it, which explains the increase in that heading.

13. Advances to suppliers

This heading includes a breakdown of advances to suppliers.

(Expressed in thousands of euros)

	Thousands of euros	
	2020	**2019**
Group	167,425	167,753
Non-Group	38,348	8,604
	205,773	**176,357**

The detail of the balances with the Group is as follows:

	Thousands of euros	
	2020	**2019**
Initec Plantas Industriales, S.A.	154,704	154,704
Other	12,721	13,049
	167,425	**167,753**

14. Cash and cash equivalents

	Thousands of euros	
	2020	**2019**
Cash	254,602	180,195
Other equivalent liquid assets	199,404	186,327
	454,006	**366,522**

This heading includes cash (cash on hand and demand deposits) and cash equivalents (short-term, highly liquid investments, easily convertible into cash within a maximum period of three months, the value of which is subject to an insignificant risk of changes in value).

In 2020, the effective interest rate on short-term deposits with credit institutions was 0% for deposits in euros (2019: 0%) and 0.1% for USD deposits (2019: 1.6%) and the average maturity of these deposits is 14 days (2019: 14 days In addition, the Company held outstanding balances during the year in Saudi rials (SAR) at 0.3% and KWD at 0.3%.

Of the total included under Cash and cash equivalents at 31 December 2020, EUR 339,662 thousand (2019: EUR 220,810 thousand) came from the integration of the joint ventures in which the Company participates.

There were no cash or cash equivalents with restricted availability at 31 December 2020 or at 31 December 2019, however, the cash from the joint arrangements with other partners is allocated in full to the project subject to such joint venture or UTE.

For the purposes of the statement of cash flows, the cash balance includes cash and cash equivalents.

(Expressed in thousands of euros)

15. Capital and share premium

	Share capital	Share premium	Treasury shares	Total
Balance at 01 January 2019	**5,590**	**8,691**	**(74,116)**	**(59,835)**
Other changes, net	-	-	286	286
Balance at 31 December 2019	**5,590**	**8,691**	**(73,830)**	**(59,549)**
Other changes, net	-	-	721	721
Balance at 31 December 2020	**5,590**	**8,691**	**(73,109)**	**(58,828)**

a) Share capital

A 31 December 2020 and 2019, the total authorised number of ordinary shares was 55,896,000 shares, with a par value of EUR 0.10 each. All of the shares issued are fully paid and carry the same voting and dividend rights. There are no restrictions on the free transferability of the shares.

The share capital of Técnicas Reunidas, S.A. is represented as follows:

	2020	2019
Shareholder	**% ownership interest**	**% ownership interest**
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.10%	5.10%
Araltec Corporación, S.L.U.	31.99%	31.99%
Franklin Templeton Investment Management Ltd	3.00%	3.00%
Norges Bank	2.96%	5.04%
Ariel Investments. L.L.C.	3.01%	3.01%
Columbia Management Investment Advisers LLC	3.12%	0.00%
Other shareholders (including free float)	46.89%	47.94%
Treasury shares	3.93%	3.92%
TOTAL	**100.00%**	**100.00%**

Since 21 June 2006, all shares of Técnicas Reunidas, S.A. have been admitted to trading on the four Spanish stock exchanges, and are listed on the continuous market.

b) Share premium

This reserve is unrestricted.

(Expressed in thousands of euros)

c) Treasury shares

The changes in “Treasury shares” in 2020 and 2019 were as follows:

	2020		2019	
	Number of treasury shares	**Thousands of euros**	**Number of treasury shares**	**Thousands of euros**
At beginning of year	**2,193,424**	**73,830**	**2,201,389**	**74,116**
Increases/purchases	3,338,697	42,423	2,756,598	63,675
Decreases/sales	(3,334,087)	(43,144)	(2,764,563)	(63,961)
At end of year	**2,198,034**	**73,109**	**2,193,424**	**73,830**

The treasury shares at 31 December 2020 represent 3.93% of the share capital (2019: 3.92%) of the Company and total 2,198,034 shares (2019: 2,193,424 shares) and have a weighted average price of EUR 33.26 per share (2019: EUR 33.66 per share).

In accordance with the notice filed with the Spanish National Securities Market Commission (CNMV), on 12 December 2017 José Lladó Fernández-Urrutia held direct and indirect ownership interest of 37.20% in Técnicas Reunidas, S.A. through Araltec Corporación, S.L.U. and Aragonesas Promoción de Obras y Construcciones, S.L.U.

The shareholders at the Parent’s Annual General Meeting held on 25 June 2020 agreed to authorise the Board of Directors to acquire treasury shares up to the maximum number of shares established by law, at a price that may not be more than 5 % higher or lower than the weighted average share price on the day the purchase is made (or the minimum and maximum prices allowed by law at any given time) and with a maximum daily volume that may not be more than 15 % of the average daily volume traded on the market for orders of the regulated market or the Spanish multilateral trading system over the previous thirty sessions.

The Parent Company entered into a liquidity agreement with Santander Investment Bolsa, Sociedad de Valores, S.A.U. The framework of this agreement is the Spanish Stock Exchanges and its purpose is to create added liquidity for transactions. The one-year agreement was renewed on 10 July 2017 pursuant to CNMV Circular 1/2017 of 26 April, and it was extended, tacitly, for additional years from 10 July 2019. The number of shares allocated to the securities account associated with the agreement is 74,500 shares and the amount allocated to the cash account associated with the agreement is EUR 2,537 thousand.

16. Reserves

a) Reserves

	Thousands of euros	
	2020	**2019**
- Legal reserve	1,137	1,137
- Capitalisation reserve	3,056	3,056
- Other reserves	516,831	527,449
	521,024	**531,642**

(Expressed in thousands of euros)

Legal reserve

The legal reserve, which has reached the stipulated level in accordance with section 274 of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*], cannot be distributed to shareholders and the balance from the income statement may only be used to offset losses if other reserves are not available for this purpose. Under certain conditions, it may also be used to increase share capital.

Capitalisation reserve

The Capitalisation Reserve is provided in accordance with section 25 of Spanish Corporation Tax Act [*Ley 27/2014 del Impuesto de Sociedades*]. This reserve is unavailable for five years in accordance with the conditions established under that section.

Other reserves

This reserve is unrestricted.

17. Loss for the year

Proposal for distributing profit/loss

The proposed distribution of the 2020 results to be submitted at the Annual General Meeting, as well as the approved distribution of profit for 2019, is as follows:

	Thousands of euros	
	2020	**2019**
Basis of allocation		
Profit/(loss)	77,744	(9,527)
	77,744	**(9,527)**
Allocation		
Other reserves	77,744	(9,527)
	77,744	**(9,527)**

The Company's Board of Directors did not approve the distribution of dividends on account in 2020 or 2019.

18. Translation differences

	Thousands of euros	
	2020	**2019**
Cumulative translation differences	(39,870)	802

(Expressed in thousands of euros)

The breakdown, by permanent establishment, of the cumulative translation differences at the end of 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Abu Dhabi branch	(5,636)	3,790
Algeria branch	(5,984)	(2,720)
Australia branch	(2,520)	(3,684)
Ankara branch	327	118
Moscow branch	(2,147)	(2,412)
Kuwait branch	(23,505)	7,035
Other	(405)	(1,093)
	(39,870)	**802**

The translation differences are mainly due to the depreciation in the year of the the Kuwaiti dinar, compared to the rates prevailing at the time the earnings were generated, by 8%.

19. Provisions

	Thousands of euros	
	2020	**2019**
Provisions for contingencies and charges	105,487	77,111
Non-current	**105,487**	**77,111**
Other provisions	23,057	36,063
Current	**23,057**	**36,063**

The changes in 2020 and 2019 were as follows:

	Thousands of euros	
	2020	**2019**
Beginning balance	113,174	106,947
Period provisions	30,197	9,645
Amounts used/reversed	(14,827)	(3,418)
Ending balance	**128,544**	**113,174**

The charges for the year are mainly due to provisions to cover the equity deficit of subsidiaries (Note 8) and provisions for contingencies and charges.

(Expressed in thousands of euros)

Provisions for contingencies and charges - Non-current

This heading includes mainly provisions made to cover the negative equity of subsidiaries amounting to EUR 64,485 thousand (2019: EUR 49,043 thousand) (Note 8) as well as other provisions for litigation risks and other payments to be made in the long term.

Provisions for contingencies and charges - Current

This line item relates to provisions arranged to cover other contingencies and current expenses.

20. Non-current and current payables

	Thousands of euros	
	2020	**2019**
Bank borrowings a)	363,931	288,554
Derivatives (Note 11)	-	2,928
Other financial liabilities	7,528	6,701
Non-current payables	**371,459**	**298,183**
Bank borrowings a)	316,092	233,578
Derivatives (Note 11)	4,712	41,543
Other financial liabilities	763	529
Current payables	**321,567**	**275,650**

The carrying amount of current and non-court borrowings approximates their fair value.

a) Bank borrowings

The carrying amount approximates their fair value. The borrowings are tied mainly to the Euribor and are reviewed up to every six months. Loans amounting to EUR 15,108 thousand (2019: EUR 16,886 thousand) were taken out as collateral for concession assets (Note 5), which are recognised under “Intangible assets”.

At the date of preparation of these annual financial statements, out of EUR 316,092 thousand, EUR 116,100 thousand were renewed renewed in the long term. This renewal enters into force on 28 March 2021 and therefore remains in the short term at 31 December 2020.

At the end of June 2020, the Company refinanced the syndicated loans amounting to EUR 437 million. This refinancing consists of a loan guaranteed by the ICO for an amount of EUR 244 million (COVID-19 ICO line), as well as a loan of EUR 127 million and a credit facility in the amount of EUR 66 million, both backed by CESCE. This financing requires a consolidated net financial debt/EBITDA ratio that is less than or equal to 2.5. This condition was met as of the date of authorisation for issue of these financial statements.

(Expressed in thousands of euros)

In addition, these two agreements contain the following limitation on distributing profits for the years 2021-24: 30% of the consolidated net profit for the years 2021/2022, 40% of the consolidated net profit for 2023 and 50% of the consolidated net profit for 2024.

In addition, in 2020 the Company issued short-term promissory notes on the Alternative Fixed-Income Market (MARF) at 31 December 2020 amounting to EUR 67,715 thousand. The average interest rate is 0.50%. Likewise, bonds were issued on the MARF amounting to EUR 29,435 thousand, at an interest rate of 2.75% and maturing in December 2024.

The long-term private debt placement agreements and the German promissory note financing in force at 31 December 2020 require that the net financial debt/EBITDA ratio be less than or equal to 3. This condition was met as of the date of authorisation for issue of these financial statements.

At the date of preparation of these annual financial statements, the financial entities participating in the two syndicated credit lines authorised the waiver of the Company's obligation to meet the financial ratio (Net financial debt/consolidated EBITDA must be less than or equal to 2.5) in 2021.

The detail of the maturities by year of the contracts in force at 31 December 2020 and 2019 is as follows:

	2020	2021	2022	2023 and subsequent years	Total
2020	-	316,092	118,549	245,382	**680,023**
2019	233,578	157,000	131,554	131,554	**522,132**

The carrying amounts of the bank borrowings are denominated in euros, with an average effective interest rate at the balance sheet date of 1.52% (2019: 0.96%).

The carrying amount of current and non-current borrowings approximates their fair value, as the impact of discounting is not significant.

The Company has the following undrawn credit lines and other loans:

	Thousands of euros	
	2020	**2019**
- maturing within one year	170,500	246,979
- maturing in more than one year	35,000	120,000
	205,500	366,979

(Expressed in thousands of euros)

21. Payable to Group companies and associates

	Thousands of euros	
	2020	**2019**
Group companies	286,022	238,692
Associates	18,728	2,758
	304,750	**241,450**

The detail of the items in this heading is as follows:

	Thousands of euros	
	2020	**2019**
Engineering services	192,703	109,880
Short-term loans	93,319	128,812
Group companies	**286,022**	**238,692**
Inclusion of joint ventures	-	2,758
Short-term loans	18,728	-
Associates	**18,728**	**2,758**

In 2020, the loans with Group companies carried an average interest rate of Euribor +2% (2019: Euribor +1%).

22. Trade and other payables

	Thousands of euros	
	2020	**2019**
Payables to suppliers	1,398,474	1,341,457
Payable to suppliers - Group companies and associates	367,075	302,233
Supplier retainings	86,380	78,677
Sundry accounts payable	1,712	4,635
Remuneration payable	5,707	4,436
Other accounts payable to public authorities	59,651	120,041
Customer advances	183,201	131,871
	2,102,200	**1,983,350**

There was no significant effect on the fair values of payable to suppliers and trade payables. The nominal values are considered an approximation of their fair values.

(Expressed in thousands of euros)

The detail of "Payable to suppliers - Group companies and associates" is as follows:

	Thousands of euros	
	2020	**2019**
Initec Plantas Industriales, S.A.U.	237,846	222,597
Initec Infraestructuras, S.A.U.	2,188	2,006
Técnicas Reunidas Internacional, S.A.U.	311	2,293
Técnicas Reunidas Malaysia SDN	2,247	18,092
Técnicas Reunidas UK	103,096	37,015
Other	21,387	20,230
	367,075	**302,233**

The carrying amounts of trade payables in foreign currency are denominated in the following currencies:

	Thousands of euros	
	2020	**2019**
Euro	576,565	464,904
US dollar	652,830	650,794
Other currencies	169,079	225,759
	1,398,474	**1,341,457**

Information on the average period of payment to suppliers. Additional provision three. "Disclosure obligation" provided for in Spanish Law 15/2010, of 5 July (under the new wording given by final provision two of Spanish Law 31/2014 reforming the Corporate Enterprises Act)

As established by the reference law, as well as the resolution of 29 January 2017, the following information is broken down in reference to the average period of payment to suppliers:

	2020	**2019**
	Days	**Days**
Average period of payment to suppliers	83	64
Ratio of transactions paid	85	60
Ratio of transactions payable	78	88

	Amount (thousands of euros)	**Amount (thousands of euros)**
Total payments made	1,265,945	964,135
Total payments pending	460,026	112,261

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Company may, as an exception, exceed the stipulated due dates in cases of invoices that do not comply with the terms of the agreement because they are not officially fulfilled, due to guarantees not being received or due to breach of other obligations of suppliers under the signed service agreement or order, or other reasons related to the normal performance of the transaction.

(Expressed in thousands of euros)

The data in the table above was calculated in accordance with that established in the resolution of 4 February 2016 on the basis of all companies in which the Company holds interests. For the purposes of this note, the trade payables item includes the heading of suppliers and sundry payables for debts to goods suppliers or service providers included in the scope of the regulation on legal payment deadlines.

23. Income taxes and tax situation

The companies of the Técnicas Reunidas group included in the Consolidated Taxation Regime are the following: Técnicas Reunidas, S.A., Técnicas Reunidas Internacional, S.A., Termotécnica, S.A., Técnicas Reunidas Construcciones y Montajes, S.A., Técnicas Reunidas Ecología, S.A Técnicas Siderúrgicas, S.A., Española de Investigación y Desarrollo, S.A., Técnicas Reunidas Proyectos Internacionales, S.A. Técnicas Reunidas Metalúrgicas, S.A., Layar, S.A, Layar Real Reserva, S.A., ReciclAguilar, S.A Initec Plantas Industriales, S.A.U. Initec Infraestructuras, S.A.U., S.L, Heymo, S.A., Deportes Valdavia 2017, S.L., Valdavia Gym, S.L., Valdavia Pádel, S.L. and Ibérica del Espacio, S.A.

The reconciliation of net income and expenses for the year to the tax loss for income tax purposes for 2020 is as follows:

			Thousands of euros 2020 Income statement
Income and expenses for the year	77,744		77,744
	Additions	**Reductions**	
Income tax	-	(40,084)	(40,084)
Permanent differences	4,648	(241,975)	(237,327)
Temporary differences	76,429	(10,192)	66,237
Taxable profit/Tax loss			**(133,430)**

The income tax expense is composed of the following:

	Thousands of euros	
	2020	**2019**
Current tax	-	-
Deferred tax on temporary differences	(16,559)	29,103
Deferred tax credits	(14,476)	(60,581)
Other	(9,049)	55,479
	(40,084)	**24,001**

(Expressed in thousands of euros)

The heading "Other' includes, mainly in 2019, the provision of the Certificates for 2012 to 2014.

The detail of the tax carryforwards accumulated in the Spanish Consolidated Tax Group for which no tax assets have been recognised are as follows:

2020		2019	
Base	Tax charge	Base	Tax charge
112,688	28,172	-	-

Increases due to permanent differences relate to the following:

	Thousands of euros	
	2020	2019
Reversal of tax-deductible provisions (Royal Decree 3/2016)	4,637	4,614
Non-deductible expenses	11	1,145
	4,648	**5,759**

Decreases due to permanent differences relate to the following:

	Thousands of euros	
	2020	2019
Profit/(loss) from abroad	132,268	235,863
Exemption for foreign dividends	108,400	13,499
Capital gains on sales of investees and Other	1,308	13,193
	241,976	**262,555**

Deferred tax assets	Thousands of euros	
	2020	2019
Deferred tax assets		
- recoverable in over 12 months	206,651	167,956
- recoverable in under 12 months	1,879	13,070
	208,530	**181,026**
Deferred tax liabilities		
- payable in over 12 months	8,286	16,199
- payable in under 12 months	-	-
	8,286	**16,199**

(Expressed in thousands of euros)

The changes in the deferred tax assets and liabilities are as follows:

	2020		2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
At 1 January	181,026	16,199	113,593	28,576
Reversals/amounts used	(10,192)	(9,758)	(4,500)	(12,781)
Period provisions	37,696	1,845	71,933	404
At 31 December	**208,530**	**8,286**	**181,026**	**16,199**

Deferred taxes arose from the following:

Deferred tax assets	Thousands of euros	
	2020	**2019**
Tax losses recognised in permanent establishments	43,284	35,779
Recognition of portfolio allowances	53,310	34,158
Provisions for contingencies and charges and other	25,482	35,159
Depreciation	245	415
Concessions	3,722	3,896
Taxes arising from permanent establishments	-	4,539
Tax loss carryforwards *	82,487	62,543
Hedging reserve	-	4,537
	208,530	**181,026**

*This account includes the Spanish Tax Consolidated Group tax credit.

Deferred tax liabilities

	Thousands of euros	
	2020	**2019**
Hedging reserve	1,845	-
Taxes arising from permanent establishments	6,441	16,199
	8,286	**16,199**

On 28 June 2014, the Tax Agency communicated to Técnicas Reunidas, S.A., as Parent of the Tax Group, the initiation of inspection proceedings for the 2008-11 corporation tax.

In June 2015, the Parent Company received a settlement proposal for an amount of EUR 138.2 million plus interest, and signed the assessment on a contested basis. The settlement agreement is based on the discrepancies of the Tax Agency with the criteria on which the Group's transfer pricing strategy is based.

In July 2015, the settlement proposal was unsuccessfully appealed for reconsideration before the Tax Agency. The Company filed an appeal for judicial review against this ruling before the Central Judicial Review Court on 15 September 2015.

In 2018, the Central Judicial Review Court (TEAC) partially ruled in favour of the Group, reducing the settlement amount by EUR 20.9 million plus interest and establishing the current amount of the claim at EUR 117.3 million plus interest. The Spanish Tax Agency has not filed an appeal against this ruling.

In October 2018, the Group filed an administrative appeal with the National High Court against the corresponding decision of the Central Judicial Review Court. In 2020, the statement of claim for all the proceedings was filed and the response to the claim by the State Attorney was received in all the proceedings, and the parties are waiting for the National Appellate Court to rule on the request for expert evidence made by TRSA and the joint ventures.

The Parent Company's management and its tax advisers have concluded that it is not likely that the amount of the tax assessments appealed before the National Appellate Court will have to be paid. Management considers that there are technical arguments for the opinions of Técnicas Reunidas to be upheld in their entirety, and that likelihood is higher in the judicial review phase. Técnicas Reunidas' opinion is based on the fact that the agreed assessments signed in 2010 recognised the right of exemption of the unincorporated temporary joint ventures with which the Técnicas Reunidas Group operates abroad and, moreover, defined the intragroup transactions model on which Técnicas Reunidas developed its new transfer pricing model, with the support of its tax advisers.

Consequently, management considered that it was not necessary to recognise any liability.

At the date of preparation of these annual financial statements, the Parent did not have to make any payments related to the Certificates of Non-Conformity, since both the payment and the interest are guaranteed.

On 3 July 2017, the tax audit began with regard to income tax for 2012 to 2014 and all other taxes for 2014 to 2015.

In October 2019, the certificates of conformity for 2012 were signed, and the settlement associated with these certificates amounted to EUR 26,826 thousand (EUR 21,251 thousand for the payment and EUR 5,576 thousand in interest). This amount was paid in January 2020.

In January 2020, the certificates of conformity for 2013 and 2014 were signed, and the settlement associated with these certificates amounted to EUR 28,324 thousand for 2013 (EUR 23,456 thousand for the payment and EUR 4,868 thousand in interest), while for 2014 the settlement figure was EUR 11,924 thousand (EUR 10,293 thousand for the payment and EUR 1,631 thousand in interest).

The amount for 2014 was paid in January 2020, while of the amount corresponding to 2013, EUR 1,045 thousand was paid in 2020 (EUR 1,030 thousand for the payment and EUR 15 thousand in interest) with the amount of EUR 28,047 thousand pending payment for the first quarter of 2021 (EUR 27,294 thousand for the payment and EUR 753 thousand in interest). At the date of preparation of these financial statements, all outstanding certificates were paid.

The agreements reached relate to the application of tax exemptions to the execution of projects through joint ventures. The Company and the Tax Inspectorate agreed that this exemption is partially applicable.

The signing of these Certificates of Conformity is intended to reduce the risks associated with the tax litigation that the Company bears. In addition, and in the opinion of the Director and the Company's tax advisers, the signing of that agreement does not change the estimate that the claim before the National High Court will be concluded favourably.

Likewise, as a result of the inspection for 2012-14, there are a number of points regarding the tax on companies that have been the subject of certificates signed in non-conformity. The amount of these non-conformities amounted to EUR 3,566 thousand for 2012 (EUR 2,823 thousand for the payment and 744 thousand euros corresponding to interest), while for 2013 and 2014 these certificates contained a settlement proposal amounting to EUR 5,002 thousand euros (EUR 4,169 thousand euros for the payment and 833 thousand euros corresponding to interest).

(Expressed in thousands of euros)

In response to the settlement agreements and proposals for sanctions, TRSA filed a judicial review claim in the Central Judicial Review Court, requesting suspension of payment of the debt (an application that has been granted), and the case is currently awaiting a docket to file submissions.

The Company's Management and its tax advisers have concluded that it is unlikely that the amount of the certificates appealed to the Central Judicial Review Court will have to be paid, so no provision has been made for these items.

The detail of the years open for inspection is as follows:

Tax	Years
Income tax	2015-2020
Value-added tax	2016-2020
Personal income tax	2016-2020
Taxes other than income tax	Last 4 years

The varying interpretations of current tax legislation in force, inter alia, could give rise to additional liabilities as a result of a tax audit. In any case, the Company’s directors consider that these liabilities, should they arise, would not have a material effect on the annual financial statements.

24. Revenue and expenses

a) Turnover

The revenue from the Company's normal activities was distributed geographically in the following way:

Market	**Thousands of euros**	
	2020	**2019**
Spain, Europe, Mediterranean	59,518	158,607
Middle East	1,375,945	2,020,866
Other	471,797	154,062
	1,907,260	**2,333,535**

(Expressed in thousands of euros)

Likewise, turnover by activity category is as follows:

Business activity	Thousands of euros	
	2020	2019
Oil and Gas	1,741,723	2,096,267
Power	143,630	205,761
Other industries	21,907	31,507
Total	**1,907,260**	**2,333,535**

In 2020 and 2019, the Company did not recognise any significant penalty or bonus for delays, advances or for any other reason.

b) Foreign currency transactions

The amounts of transactions performed in foreign currencies were as follows:

	Thousands of euros	
	2020	2019
Sales	1,611,925	901,733
Purchases	1,126,979	919,480
Services received	218,142	171,391

c) Staff costs

	Thousands of euros	
	2020	2019
Wages and salaries	237,586	260,228
Termination benefits	1,917	900
Employee benefit costs	49,557	51,815
Provisions/reversals for employee benefits	1,387	1,453
	290,447	**314,396**

(Expressed in thousands of euros)

The average number of employees in the year, by professional category, is as follows:

	2020	2019
Executive directors and senior executives	11	12
Graduates, line personnel and clerical staff	3,081	3,284
Non-graduates/Unqualified staff	25	21
Sales staff	23	33
	3,140	**3,350**

The breakdown of the Company's staff by gender at the balance sheet date is as follows:

	2020			2019		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Executive directors and senior executives	9	1	10	10	2	12
Graduates, line personnel and clerical staff	1,823	1,010	2,833	2,154	1,129	3,283
Non-graduates/Unqualified staff	22	1	23	18	1	19
Sales staff	12	9	21	19	14	33
	1,866	**1,021**	**2,887**	**2,201**	**1,146**	**3,347**

The above figures include 63 subcontracted workers (2019: 398 workers).

In 2020 there were 23 employees, included in the category of "Graduates, line personnel and clerical staff", with a degree of disability of 33% or more (2019: 21 employees).

(Expressed in thousands of euros)

d) Other operating expenses

The detail of this heading in the income statement is as follows:

	Thousands of euros	
	2020	**2019**
Services	27,816	24,493
Rent and royalties	39,315	39,280
Independent professional services	43,430	32,282
Transport	7,518	12,799
Repairs and upkeep	7,818	5,546
Insurance premiums	9,088	7,630
Banking and similar services	36,702	28,642
Other	2,021	5,769
Outside services	**173,708**	**156,441**
Taxes other than income tax	3,836	5,840
Losses on, impairment of and change in trade allowances	2,977	5,208
Other current operating expenses	561	462
	181,082	**167,951**

25. Financial results

	Thousands of euros	
	2020	**2019**
Finance income:		
From investments in equity instruments:		
Group companies and associates (Note 8)	108,400	13,500
From marketable securities and other financial instruments		
Group companies and associates	15,411	24,484
Third parties	1,104	1,991
	124,915	**39,975**
Finance costs:		
On debts to Group companies and associates	(2,461)	(2,182)
On debts to third parties	(9,659)	(7,450)
Other finance costs	(1,153)	(13,846)
	(13,273)	**(23,478)**
Changes in fair value of financial instruments		
Financial assets and liabilities held for trading and others (Note 9)	(1,444)	214
	(1,444)	**214**
Net exchange differences	**20,677**	**14,021**

(Expressed in thousands of euros)

	Thousands of euros	
	2020	**2019**
Impairment and gains or losses on disposal of financial instruments	(37,140)	(40,211)
Gains or losses on disposals (Note 8)	-	18,931
Other	-	(2,717)
	(37,140)	**(23,997)**
Financial results	**93,735**	**6,734**

26. Contingencies

a) Contingent liabilities

The Company has contingent liabilities for bank guarantees and other collateral related to the normal course of business, which are not expected to give rise to any significant liability in addition to those cases for which provisions were made. In the normal course of the activities, and as is usual among companies dedicated to engineering and construction activities, the Company has issued guarantees to third parties for a value of EUR 5,033,692 thousand (2019: EUR 5,861,288 thousand) to guarantee the adequate fulfilment of agreements.

The total guarantees provided includes syndicated guarantee lines amounting to EUR 560,429 thousand (2019: EUR 709,316 thousand) which are subject to certain covenants, whose performance was waived at 31 December 2020. The Company's directors expect that the ratios or covenants included in the syndicated guarantee contracts will be met at the end of the next financial year.

In accordance with the general contracting terms and conditions of the Company, they are obliged to issue technical guarantees in relation to the execution of the work that may be arranged in cash or for bank guarantees (the latter being the most representative) and they must be held for a certain period.

As mentioned in Note 20, the bank borrowings in the amount of EUR 15,108 thousand (2019: EUR 16,886 thousand) financed the construction of the concessions. Those loans (except for EUR 1,200 thousand) are secured with the stated concession assets.

In relation to the tax audits mentioned in Note 23, guarantees have been presented before the Tax Agency in an amount of EUR 139.7 million for the tax payable and EUR 45 million for late-payment interest. At the Company's request, on 14 February 2020, the Revenue Agency agreed to reduce the amount of these guarantees in order to reduce the guarantee by approximately EUR 25 million, in line with the reduction in tax liabilities achieved as a result of the partial sustaining of the judicial review claim.

The Company is party to certain judicial and arbitration disputes, framed in the closure process of the projects, with customers and suppliers. Based on the opinion of the Company's legal advisers, formulated based on the best available information, the Company considers that, except for the disputes for which the provision corresponding to the best estimate made on the potential impact of the ruling has been recognised (see Note 19), their outcome will not significantly influence the Company's financial position.

Specifically, in 2021, a customer initiated arbitration against Técnicas Reunidas, asking the arbitrator to validate the actions related to the termination of the contract and a supplemental amount. Técnicas Reunidas, submitted its counterclaim and its Directors, based on the information available, do not expect any additional liabilities to arise from it.

b) Commitments

Fixed asset purchase commitments

There are no significant investment commitments in relation to asset purchases at the balance sheet date.

Operating lease commitments

The Company leases several premises under non-cancellable operating leases (see Note 6). These leases have variable terms, clauses by tranches and renewal rights. As a general rule, the Company is required to give notification six months prior to the end of these agreements.

The minimum future payments to be made for leases under non-cancellable operating leases are as follows:

	2020	2019
Less than 1 year	16,589	16,346
From 1 to 5 years	14,099	28,571

Suppliers and subcontractor purchase commitments

The Company has payment commitments with its suppliers, in addition to those recognised under “Trade payables”, as a result of orders in the preparation or construction phase that cannot be invoiced until the contractual milestones are reached. In this respect, the invoices to customers of the Company are issued in accordance with contractual milestones of a similar nature to those that the Company maintains with its suppliers.

(Expressed in thousands of euros)

27. Unincorporated temporary joint ventures (UTEs) and consortiums

Appendix I lists the UTEs and consortiums in which the Company has interests. The amounts shown below represent the Company's ownership interest, in accordance with the corresponding percentages, in the assets and liabilities, and the income and expenses of the UTEs. These amounts were included in the balance sheet and the income statement:

Assets:	**2020**	**2019**
Non-current assets	52,216	54,044
Current assets	779,958	892,406
	832,174	**946,450**
Liabilities:		
Non-current liabilities	26,337	31,520
Current liabilities	763,356	821,381
	789,693	852,901
Net assets	**42,481**	**93,550**
Revenue	1,425,019	1,852,086
Expenses	(1,342,489)	(1,757,505)
Profit after tax	**82,530**	**94,581**

There are no contingent liabilities corresponding to the Company's share in the UTEs, or contingent liabilities of the UTEs and consortiums.

28. Remuneration of directors and senior executives

a) Remuneration of Board members

The overall remuneration received by the members of the Company's Board of Directors during the years ended 31 December 2020 and 2019 is presented below:

- Allowances for attendance at Board of Directors meetings, received by all the Board members: EUR 1,865 thousand (2019: EUR 1,809 thousand).
- Wages and salaries: EUR 2,073 thousand (2019: EUR 2,310 thousand).
- Life insurance premiums and pension plans: EUR 38 thousand (2019: EUR 39 thousand).
- Services rendered to the Group: EUR 301 thousand (2019: EUR 303 thousand).

Furthermore, the Group paid EUR 145 thousand in 2020 and EUR 137 thousand in 2019 for third-party liability insurance for managers and directors.

b) Remuneration of senior executives

The total remuneration paid in 2020 to senior executives amounted to EUR 3,694 thousand (2019: EUR 4,306 thousand). The gross amounts paid to unrelated persons who are no longer part of senior management amount to EUR 1,415 thousand (2019: EUR 0 thousand).

In 2020, no advances were granted to senior management (2019: EUR 92 thousand). Also in 2020, no loans were granted (2019: EUR 95 thousand).

c) Situations of conflict of interest involving the directors

In their duty to avoid conflicts of interest with those of the Company, the directors that held positions on the Board of Directors during the year complied with the obligations stipulated in section 228 of the consolidated text of the Corporate Enterprises Act. Similarly, the directors and those persons related thereto were not involved in any of the conflicts of interest envisaged in section 229 of this Act, except in those cases where the corresponding authorisation was obtained.

Any direct or indirect ownership interest that the directors and those related to them hold in the share capital of a company engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose is as follows:

- Juan Lladó Arburúa is a non-executive director of Master S.A. de Ingenieria y Arquitectura. Moreover, he is also Deputy Chairman of Técnicas Reunidas Internacional, S.A. and Española de Investigación y Desarrollo, S.A., and Joint Director of Técnicas Reunidas Proyectos Internacionales, S.A.

29. Other transactions with related parties

As indicated in Note 1, the Company is the head of a group of companies. The transactions performed with related parties are as follows:

a) Transactions executed with main shareholders of the Company

The Company did not perform transactions with any of its main shareholders in 2020 or 2019.

b) Transactions executed with Directors and Executives of the Company and entities linked to them

No transactions were performed with the Company’s directors in 2020 or 2019, except as detailed below:

(Expressed in thousands of euros)

Transactions performed with Banco Sabadell in 2020 and 2019:

The Company director for whom the information is included was not a director until the Annual General Meeting held on 27 June 2018; this information relates to 2020 and 2019.

Transactions performed in the year:

	2020	2019
Finance costs	493	781
Finance income	3	22
Credit lines	10,000	10,000
Drawn balances	5,000	1,800
Guarantee lines	77,000	77,000
Used guarantees	36,757	51,756
Foreign exchange hedge	-	-
Cash and cash equivalents	5,401	32,323

Note 28 includes information on the remuneration paid to the directors of Técnicas Reunidas, S.A. and the Company's executives.

c) Transactions with Group companies, jointly controlled entities and associates

The table below details the aggregates of the transactions with Group companies, jointly controlled entities and associates included in Note 8:

	Group companies	Jointly controlled entities and associates
2020		
Services received	107,987	-
Finance costs	1,908	-
Total expenses	**109,895**	**-**
Services rendered	108,776	538,644
Finance income	14,718	-
Dividends received (Note 25)	108,400	-
Total income	**231,894**	**538,644**

(Expressed in thousands of euros)

	Group companies	Jointly controlled entities and associates
2019		
Services received	110,199	-
Finance costs	2,179	-
Total expenses	**112,378**	**-**
Services rendered	84,897	436,189
Finance income	24,268	-
Dividends received (Note 25)	13,049	451
Total income	**122,214**	**436,640**

The services received and provided arise from the Company's normal business transactions and have been performed on an arm's-length basis.

In addition, the Company did not carry out any sale and purchase transactions for non-current assets with Group companies in 2020 or 2019.

30. Environmental information

In view of the business activities carried on by the Group companies, the Group does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

31. Events after the reporting date

From the reporting date to the date on which these annual financial statements were authorised for issue, there were no significant events that are not included in the annual financial statements.

In addition, we declare that the annual financial statements we have prepared were not prepared and submitted in European Single Electronic Format (ESEF) in accordance with the content of Commission Delegated Regulation (EU) 2019/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, having adopted the option of deferring the use of this format contained in the communiqué issued by the Institute of Accounts and Audit of Accounts (ICAC) on 12 February 2021, which forms the basis of the resolution to amend the aforementioned Directive by the European Parliament and of the Council, reached in December 2020, to allow listed companies to defer the obligation to prepare and publish their financial reports in accordance with the EU for a period of one year.

(Expressed in thousands of euros)

32. Fees paid to auditors

The fees accrued for services engaged by the Company in 2020 from its auditors and other companies related to them are detailed as follows:

Fees:

	2020		2019	
	PwC	**Deloitte**	**PwC**	**Deloitte**
Financial audit services	379	334	228	344
Other assurance services provided by the auditor	125	54	194	36
Other services rendered by the auditor	6	-	9	-
Other services rendered by entities of the auditor network	309	28	438	117
	819	**416**	**869**	**497**

TÉCNICAS REUNIDAS, S.A.

APPENDIX I: UNINCORPORATED TEMPORARY JOINT VENTURES AND CONSORTIUMS IN WHICH THE COMPANY HAS INTERESTS

2020

Name	Business activity	% ownership	Name	Business activity	% ownership
TR Abu Dhabi BRANCH	CONSTRUCTION SUPERVISION AND START-UP	100%	UTE Damietta LNG	ENGINEERING AND PROCUREMENT SERVICES	85%
TR TURQUÍA BOTAS	CONSTRUCTION SUPERVISION AND START-UP	100%	UTE RAMBLA	ENGINEERING AND PROCUREMENT SERVICES	40%
TR AUSTRALIA	CONSTRUCTION SUPERVISION AND START-UP	100%	UTE Villamartin	ENGINEERING AND PROCUREMENT SERVICES	50%
TR BRANCH VOLGOGRADO	CONSTRUCTION SUPERVISION AND START-UP	100%	UTE Puerto de Barcelona	ENGINEERING AND PROCUREMENT SERVICES	50%
TReunidas Branch Argelia	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE Edif.Servs. Múltiples	ENGINEERING AND PROCUREMENT SERVICES	50%
TR SA ODDZIAL W POLSCE	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE JV Hawiyah GPE	ENGINEERING AND PROCUREMENT SERVICES	15%
TR EP UTE OPTARA BELGIUM	Engineering Services and Project Execution	100%	UTE Centro de día	ENGINEERING AND PROCUREMENT SERVICES	50%
EP BANGLADESH	Engineering Services and Project Execution	50%	UTE TR/INIT. P.I. Rabigh	ENGINEERING AND PROCUREMENT SERVICES	85%
EP JORDANIA	Engineering Services and Project Execution	50%	UTE TR/TREC OPER.DESALAD	ENGINEERING AND PROCUREMENT SERVICES	50%
TR KUWAIT BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE TR/INITEC INFRA CONST	ENGINEERING AND PROCUREMENT SERVICES	85%
TR FINLAND	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE INITEC/TR SAIH RAWL	ENGINEERING AND PROCUREMENT SERVICES	15%
UTE Ju'aymah GPE	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR Altamarca C. Viña	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE INITEC/TR RKF ARGELIA	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR/Duro F. CTCC Besós	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TFT ARGELIA	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE PEIRAO XXI	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE INITEC/TR PISCINA HO	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR/GEA 21 COL.PLUVIA	ENGINEERING AND PROCUREMENT SERVICES	80%
UTE TR/IN CONS.COMPL.VIÑA	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE PERELLÓ	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE INITEC P.I./TR Mejill	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TSK TR ASHUGANJ NORTH	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IPI Refi. de Sines	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR JJC	ENGINEERING AND PROCUREMENT SERVICES	51%
TR ELEFSINA	ENGINEERING AND PROCUREMENT SERVICES	65%	UTE TR/ SGS PISTA 18R	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE HYDROCRAKER HUNG.	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR PHB JORDAN	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IPI TR POWER	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE ELORRIO-ELORRIO	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE ALQUILACION CHILE	ENGINEERING AND PROCUREMENT SERVICES	15%	SAMSUNG-TR JOINT VENTURE	ENGINEERING AND PROCUREMENT SERVICES	29%
TR ABU DHABI	ENGINEERING AND PROCUREMENT SERVICES	15%	TR OMAN BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%
TRSA INDIA 37007	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE HPP Gepesa	ENGINEERING AND PROCUREMENT SERVICES	60%

2020

TÉCNICAS REUNIDAS, S.A.

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UTE TR RUP	ENGINEERING AND PROCUREMENT SERVICES	80%	TR MOSCU BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE EP SINES	ENGINEERING AND PROCUREMENT SERVICES	80%	TECNICAS REUNIDAS FR BR.	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR YANBU REFINERY	ENGINEERING AND PROCUREMENT SERVICES	80%	JV DARSAIT	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR-IPI ABU DHABI SHAH	ENGINEERING AND PROCUREMENT SERVICES	15%	JV SOHAR	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR-IPI TANQUE MEJILLO	ENGINEERING AND PROCUREMENT SERVICES	15%	TR QATAR	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR DUFI HUNGRIA	ENGINEERING AND PROCUREMENT SERVICES	85%	JV RAILWAY	Engineering Services and Project Execution	34%
UTE PERLA	ENGINEERING AND PROCUREMENT SERVICES	15%	JV KUWAIT	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE VOLGOGRAD	ENGINEERING AND PROCUREMENT SERVICES	15%	TRSA INDIA 33059	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE INTEGRATED PROJECT	ENGINEERING AND PROCUREMENT SERVICES	65%	TRSA INDIA 33065	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR JRTP JAZAN	ENGINEERING AND PROCUREMENT SERVICES	85%	TRSA INDIA 33117	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR TALARA	ENGINEERING AND PROCUREMENT SERVICES	85%	TR BRANCH AZERBAIJAN	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR OPTARA	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR HARADH GAS COMPES	ENGINEERING AND PROCUREMENT SERVICES	30%
UTE STURGEON	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE BU HASA	ENGINEERING AND PROCUREMENT SERVICES	15%
UTE TR INTEGRATED GAS	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR ADGAS	ENGINEERING AND PROCUREMENT SERVICES	15%
UTE FORT HILLS	ENGINEERING AND PROCUREMENT SERVICES	50%	TRD DUQUM PROJECT	ENGINEERING AND PROCUREMENT SERVICES	65%
UTE TR MINATITLAN	ENGINEERING AND PROCUREMENT SERVICES	75%	TR SHARJAH	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE IGD	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR BALONGAN	ENGINEERING AND PROCUREMENT SERVICES	85%
UTE TR ETO	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE MARJAN	ENGINEERING AND PROCUREMENT SERVICES	45%
UTE FAHDILI	ENGINEERING AND PROCUREMENT SERVICES	50%	UTE TR NEC	ENGINEERING AND PROCUREMENT SERVICES	85%
UTE TR NAPHTHA RT	ENGINEERING AND PROCUREMENT SERVICES	70%	UTE TR JURONG	ENGINEERING AND PROCUREMENT SERVICES	85%
TR SINGAPORE	ENGINEERING AND PROCUREMENT SERVICES	100%	EP UTE HASSI Mesaoud	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR MERCURY	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE HASSI Mesaoud	ENGINEERING AND PROCUREMENT SERVICES	55%

TÉCNICAS REUNIDAS, S.A.

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2019

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TR EP UTE OPTARA BELGIUM	Engineering Services and Project Execution	100%	UTE JV Hawiyah GPE	ENGINEERING AND PROCUREMENT SERVICES	15%
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TR KUWAIT BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE TR/TREC OPER.DESALAD	ENGINEERING AND PROCUREMENT SERVICES	50%
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UTE Ju'aymah GPE	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE INITEC/TR SAIH RAWL	ENGINEERING AND PROCUREMENT SERVICES	15%
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UTE INITEC/TR PISCINA HO	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE PEIRAO XXI	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IN CONS.COMPL.VIÑA	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR/GEA 21 COL.PLUVIA	ENGINEERING AND PROCUREMENT SERVICES	80%
UTE TR/Initec Pl. Fenoles	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE SANHER EL CARAMBOLO	ENGINEERING AND PROCUREMENT SERVICES	40%
UTE TR/Initec Pl. Bio Bio	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE PERELLÓ	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IPI Offsites Abudh	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE PALMAS ALTAS SURL	ENGINEERING AND PROCUREMENT SERVICES	40%
UTE INITEC P.I./TR Mejill	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TSK TR ASHUGANJ NORTH	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IPI Refi. de Sines	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR JJC	ENGINEERING AND PROCUREMENT SERVICES	51%
UTE P.I./TRSA KHABAROVSK	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR/ SGS PISTA 18R	ENGINEERING AND PROCUREMENT SERVICES	50%
TR ELEFSINA	ENGINEERING AND PROCUREMENT SERVICES	65%	UTE TR PHB JORDAN	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE HYDROCRAKER HUNG.	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE ELORRIO-ELORRIO	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR/IPI TR POWER	ENGINEERING AND PROCUREMENT SERVICES	85%	SAMSUNG-TR JOINT VENTURE	ENGINEERING AND PROCUREMENT SERVICES	29%
UTE ALQUILACION CHILE	ENGINEERING AND PROCUREMENT SERVICES	15%	TR OMAN BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%
TR ABU DHABI	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE HPP Gepesa	ENGINEERING AND PROCUREMENT SERVICES	60%

2019

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UTE EP SINES	ENGINEERING AND PROCUREMENT SERVICES	80%	TR MOSCU BRANCH	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR YANBU REFINERY	ENGINEERING AND PROCUREMENT SERVICES	80%	TECNICAS REUNIDAS FR BR.	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR-IPI ABU DHABI SHAH	ENGINEERING AND PROCUREMENT SERVICES	15%	JV DARSAIT	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR-IPI TANQUE MEJILLO	ENGINEERING AND PROCUREMENT SERVICES	15%	JV SOHAR	ENGINEERING AND PROCUREMENT SERVICES	50%
UTE TR DUFI HUNGRIA	ENGINEERING AND PROCUREMENT SERVICES	85%	TR QATAR	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE PERLA	ENGINEERING AND PROCUREMENT SERVICES	15%	JV RAILWAY	Engineering Services and Project Execution	34%
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UTE INTEGRATED PROJECT	ENGINEERING AND PROCUREMENT SERVICES	65%	TRSA INDIA 33059	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR JRTP JAZAN	ENGINEERING AND PROCUREMENT SERVICES	85%	TRSA INDIA 33065	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR TALARA	ENGINEERING AND PROCUREMENT SERVICES	85%	TRSA INDIA 33117	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR OPTARA	ENGINEERING AND PROCUREMENT SERVICES	85%	TR BRANCH AZERBAIJAN	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE STURGEON	ENGINEERING AND PROCUREMENT SERVICES	15%	UTE TR HARADH GAS COMPES	ENGINEERING AND PROCUREMENT SERVICES	30%
UTE TR INTEGRATED GAS	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE BU HASA	ENGINEERING AND PROCUREMENT SERVICES	15%
UTE FORT HILLS	ENGINEERING AND PROCUREMENT SERVICES	50%	UTE TR ADGAS	ENGINEERING AND PROCUREMENT SERVICES	15%
UTE TR MINATITLAN	ENGINEERING AND PROCUREMENT SERVICES	75%	TRD DUQUM PROJECT	ENGINEERING AND PROCUREMENT SERVICES	65%
UTE IGD	ENGINEERING AND PROCUREMENT SERVICES	15%	TR SHARJAH	ENGINEERING AND PROCUREMENT SERVICES	100%
UTE TR ETO	ENGINEERING AND PROCUREMENT SERVICES	85%	UTE TR BALONGAN	ENGINEERING AND PROCUREMENT SERVICES	85%
UTE FAHDILI	ENGINEERING AND PROCUREMENT SERVICES	50%	UTE MARJAN	ENGINEERING AND PROCUREMENT SERVICES	45%
UTE TR NAPHTHA RT	ENGINEERING AND PROCUREMENT SERVICES	70%	UTE TR NEC	ENGINEERING AND PROCUREMENT SERVICES	85%
TR SINGAPORE	ENGINEERING AND PROCUREMENT SERVICES	100%	UTE TR JURONG	ENGINEERING AND PROCUREMENT SERVICES	85%
UTE TR MERCURY	ENGINEERING AND PROCUREMENT SERVICES	85%			

1. Business performance

The macroeconomic environment

The year 2020 was a year marked by the global pandemic caused by COVID-19, with devastating health and economic consequences, of unprecedented intensity and affecting all areas and corners of the planet. The fight against the virus in all countries has paralysed activities that account for about 70% of the world economy, leading to a contraction of 3.5% in 2020 according to the IMF. This contraction has affected virtually all economic activities. To try to mitigate the effects and combat the economic shock, the world's leading central banks and governments have introduced monetary and fiscal aid programs of unprecedented intensity and size.

The energy sector, a pillar of the world economy and directly affected by the downturn or expansion of the economy, has reflected a huge impact. Indeed, the reduction in mobility in land and air transport affected the demand for oil, which saw a decline of about 9 million barrels per day, or around 10% of demand in 2019. With regard to natural gas, the reduction in demand due to lower industrial activity, mainly, is estimated at 2.5%.

The Brent barrel prices began 2020 at around USD 68/barrel. The decline in demand reduced the price in March to USD 15/barrel, with it recovering from that date almost continuously and reaching levels slightly above USD 50/barrel.

This reduction in demand and this price uncertainty caused a slowdown in the investment activity of the oil and gas industry. The companies in the sector, greatly affected by price reductions and doubts about the duration of the pandemic, significantly reduced investment in existing projects and the launch of new projects during the middle months of 2020.

This environment significantly affected the activity of Técnicas Reunidas. The customers of Técnicas Reunidas, among the most important in the industry, also adapted their investment pace to this scenario. As a result, some of the newly awarded projects were rescheduled, with new timetables and execution conditions agreed jointly by Técnicas Reunidas and its customers. None of the significant projects have been suspended, but delivery of some of them has been postponed for more than 12 months.

With regard to new awards, the activity was also affected by the effects of the pandemic. Still, Técnicas Reunidas was awarded the relevant project of the Hassi Messaoud refinery, Algeria, for the Algerian national company, Sonatrach. This award was supplemented by other environmental units of existing refineries in Saudi Arabia and Chile.

However, oil demand is recovering significantly in emerging countries. At the same time, prices are evolving upwards, anticipating possible shortfalls in medium-term supply due to the lack of investment in productive oil and natural gas resources in recent years.

In this regard, the investment activity of the customers of Técnicas Reunidas is being revived and the prospects for medium-term contracting are improving significantly, supported by a portfolio of opportunities for very high bids. Increased demand in emerging economies, investments to achieve greater profitability in existing refineries, the adaptation of oil products to the most demanding environmental standards and the growing role of natural gas in the global energy matrix continue to make investments in refining and gas essential. On the other hand, the factors that, among others, boost investments in petrochemicals are human development and subsequent urban development, the motorisation of emerging economies, and the integration of petrochemical plants with refining processes to optimise operations.

A very significant development in 2020 was the acceleration of the energy transition process. Greater participation in the supply of energy to non-carbon primary energy sources and the launching of investments with the aim of achieving a global emission-free energy supply by the middle of the twenty-first century are their fundamental consequences.

The reaction of Técnicas Reunidas

In this environment, Técnicas Reunidas reacted with enormous agility to adapt to the new scenario. The initial priority was to ensure the working conditions of all its employees, by introducing teleworking in the corporate offices and implementing measures at project sites aimed at health protection. However, the COVID-19 pandemic had a significant impact on the implementation of the projects, slowing down and conditioning many of them. The total impact of COVID-19 on earnings is estimated to be EUR 58 million.

At the same time, a process of adapting the cost structure was initiated. In this regard, in 2020 it reaped the fruits of the TR-ansforma project, initiated in 2019, aimed at redefining the Company's cost structure and optimising the company's operations.

The TR-ansforma Project focuses on four fronts: revision and reduction of structural costs; implementation of operational cost-saving strategies; optimisation of engineering and oversight procedures; and strategic actions linked to the supply, cash flow and planning stages.

On the other hand, the company has established a new organisational structure that is more agile and closer to the execution of the projects, which will result in additional optimisation of operations and a reduction in execution costs. The digitisation of project implementation processes and activities, which will allow better control of the risks and cost overruns of project implementation, is also significant.

At the same time, the company initiated an asset optimisation process, with the sale of non-strategic holdings and some real estate assets. In this regard, in 2020 it recorded the sale of 80% of the company’s share in Eurocontrol, as well as non-significant real estate assets.

Main financial figures

With respect to the Company's performance, sales in 2020 declined by 18% to EUR 1,907 million. The net operating loss was negative at EUR 56 million. Net profit was positive at EUR 77 million.

The evolution of the result is mainly explained by the impact of the slowdown of some projects on turnover, as well as the cost overruns resulting from the management of COVID-19, which to date have not been recovered. In addition, the Energy Division has experienced serious difficulties in two projects, which has contributed to the deterioration of the Group's consolidated profit.

At the 2020 year-end, the Group’s net cash flow was EUR 196 million. From the start of the crisis, the management of the financial position has been gaining importance in the sector from the viewpoint of the customers, the supply chain and the contractors. Having a sound financial position has become one of the Company's priorities to be able to meet liquidity needs across the life of the projects and to opt for the major projects performed in the sector. In this regard, in 2020, several extension operations were carried out that made it possible to adapt the debt maturity profile of Técnicas Reunidas to the new scenario.

Share performance

Due to the scenario of the energy industry caused by the pandemic, the entire oil and gas engineering and construction sector performed negatively in the market in 2020. The evolution of the share price of Técnicas Reunidas was no exception, suffering a 55% decline on the year as a whole.

With respect to shareholders' remuneration, due to the crisis situation that the sector has been experiencing in recent years, the resulting fall in profits that Técnicas Reunidas has experienced and the Company's objective of preserving its cash flow, the Company held to its decision not to propose the distribution of dividends in the 2020 General Shareholders Meeting.

Main projects awarded to Técnicas Reunidas

The main award included in the portfolio in 2020 for new refining contracts was the Hassi Messaoud project in Algeria. In the first quarter of 2020, Técnicas Reunidas was selected by Sonatrach, the Algerian State oil company, to perform an EPC (Engineering, Purchase and Construction) project for a new oil refinery in Haoud el-Hamra, Hassi Messaoud, Algeria. This project will be implemented in consortium with Samsung Engineering Ltd. Co., of which Técnicas Reunidas will be a leader with a share of 55%.

The approximate amount of the agreement amounts to USD 3,700 million, with the participation of Técnicas Reunidas amounting to more than USD 2,000 million. This new refinery will have a processing capacity of five million tonnes per year. The scope of the project includes the comprehensive construction of a new refinery, including all its process and environmental units, as well as the necessary ancillary services. The project includes some of the most advanced processing units with focused technologies for deep conversion, clean fuel production and compliance with the most demanding environmental requirements.

The new Hassi Messaoud refinery is one of the largest projects in Algeria and is part of an ambitious program that aims to increase local energy production to respond to the growing demand in the country, while adapting the oil products consumed to European environmental standards (Euro V). The design of the plant will meet the highest safety and environmental standards in both its construction and operation.

Other projects awarded to Técnicas Reunidas in 2020 were as follows:

- Saudi Aramco, Saudi Arabia's state-owned oil company, awarded a contract for the execution of the turnkey project of the new acid water treatment unit at the Ras Tanura refinery on the east coast of Saudi Arabia.

  The contract, amounting to more than USD 80 million, has a duration of 34 months until the completion of the work. The scope of this contract includes engineering, procurement, construction and commissioning assistance. The acidic water treatment unit is designed to strengthen the hydrogen sulphide and amino collection system of the refinery's water network and thus improve the quality of these systems, which may be reused in other units of the complex from a circular economy perspective.

- In Chile, the national oil and gas company ENAP awarded Técnicas Reunidas a contract for a sulphur recovery plant, an acid water treatment plant and an amino recovery plant for the Bío Bío refinery.

  This contract--the largest one awarded by ENAP in the last three years--is a turnkey contract that has an approximate value of USD 100 million and with a completion period of 27 months. The scope of the contract includes engineering, supply of equipment and materials, construction, pre-commissioning, commissioning, testing and startup. The project is included in the investment activities for compliance with the Environmental Regulations required by the authorities in Chile. With the construction of these plants, Técnicas Reunidas is helping ENAP in its evolution towards more environmentally friendly refining processes.

- In petrochemicals, already in early 2021, Técnicas Reunidas was awarded a major project for Sasa Polyester for the implementation of the project for a new purified terephthalic acid (PTA) production plant to be built in Adana, Turkey. The plant will have a production capacity of 1.5 million tonnes per year and will be performed in fast-track mode, with a completion period of only 27 months.

  The project entails a total investment estimated by the customer of USD 935 million, including the part corresponding to the Group. The scope of the contract includes provision of the engineering, supply of equipment and materials, and supervision of construction.

- Also in 2021, Técnicas Reunidas signed a long-term agreement with Saudi Aramco for the next six years, thus becoming part of an exclusive group of eight contractors. This agreement is part of Aramco's new procurement strategy and aims to improve the cost efficiency and quality and safety of its projects to improve its oil and gas facilities and implement ambitious environmental standards.

  The scope of the contract includes the engineering, procurement, construction, startup and commissioning of each project, as well as the improvement of the facilities in the operational areas identified.

Energy transition

The year 2020 saw the acceleration of the phenomenon called the energy transition, aimed at transitioning a greater share of the energy supply to non-carbon primary energy sources and the launching of investments with the objective of achieving a global supply of emission-free energy by the middle of the twenty-first century.

Major global institutions, multilateral agencies, industrial companies and financial entities have expressed their commitment to contribute to this zero emission scenario (*net zero*). The oil and gas industry is no stranger to this movement. On the contrary, the customers of Técnicas Reunidas have taken a proactive position to be part of the energy transition.

In this regard, in mid-2020 Técnicas Reunidas formed the Energy Transition Committee, under the Executive Committee, which coordinates the entire activity of the company in relation to the new energy scenario. The strategy of Técnicas Reunidas in this regard entails five pillars of action:

- Positioning Técnicas Reunidas in the financing markets as a company committed to the energy transition.
- Establishing continuous monitoring of the technologies necessary for the transition, with the aim of identifying additional business opportunities and capacity gaps to be completed.
- Defining the sales offer to maximise the activity of Técnicas Reunidas in this new technological environment.
- Analysing in depth the method for implementing these projects, minimising costs to ensure competitiveness.
- Structuring a communication policy to convey to the various stakeholders the capabilities of Técnicas Reunidas and its commitment to the new energy environment.

As a result of this commitment, the company's business activity has been intense in recent months, with multiple opportunities in the portfolio linked to green hydrogen projects, carbon sequestration and capture and circular economy.

2. Research and Development Activities.

Técnicas Reunidas continues with its firm commitment to research and development of new technologies, to the generation and consolidation of knowledge and technologies already developed and to diversification into new sectors and applications.

The strategic research lines of Técnicas Reunidas are mainly focused on the circular economy.

At its José Lladó Technology Center, one of the most modern in Spain, where more than 70 people work between graduates and doctors of different disciplines, Research and Technological Development projects are developed with special attention to the technological needs of the company. In addition, the centre provides technological and technical assistance services, collaborates with the transfer of research findings between various public research centres, technology centres and Técnicas Reunidas, and promotes and participates in the development of cooperative research between companies.

The Technology Centre makes facilitates and boosts the company's participation in innovation and R&D activities. It has more than 5000 m^2 of state-of-the-art facilities and equipment, allows activities to be conducted at all levels, from the laboratory to the pilot plant, as well as carrying out demonstration plants for the developed technologies. It also has the capability to carry out basic or advanced engineering design for the selected option, completing the whole R&D value chain, from idea to industrial implementation of the developed technology.

R&D spending in 2020 at Técnicas Reunidas was EUR 2.5 million while maintaining its R&D investment policy, considering not only pure investment in R&D, but also patents, software, marketing of new technologies, etc.

Its current R&D activities are oriented towards research and development related to the circular economy, critical raw materials and biorefining processes as an alternative to conventional refineries.

In this regard, in 2020, Técnicas Reunidas continued to work in these areas on its new technologies already developed and on five Spanish and European research and development projects:

Circular Economy

- Halomet Technology^{TM}: Waste treatment technology for the incineration of urban waste to recover zinc and other metals.
- SEA4VALUE: European project (HORIZON 2020) to develop valuable metal recovery technologies from brine produced in desalination plants.

Critical Raw Materials

- PHOS4LIFE^{TM} Technology: Technology for the production of technical grade phosphoric acid from wastewater sewage sludge.
- PUREPHOS R&D Project: R&D (CDTI) project for the development of new technologies for the purification of phosphoric acid from unconventional mineral raw materials.
- REMSELAN R&D project: R&D (CDTI) project for obtaining rare earths (Cerium, Neodymium, Praseodymium, Lanthanum and Europium) through the separation and purification of lanthanum.
- BIORECOVER R&D project: European project (HORIZON 2020) for the recovery of rare earths and platinum from primary and secondary sources.

Biorefining

- WALEVA^{TM} Technology: Technology for the recovery of agro-food waste, which is currently burned with high CO2 emissions, through a chemical process that makes it possible to obtain levulinic acid.
- WALEVA-TECH R&D project: R&D (CDTI) project to obtain high value-added products from residues of lignocellulosic biomass.

There is currently a portfolio of business opportunities for the industrial implementation of these technologies in the coming years.

3. Capital structure.

Share capital consists of 55,896,000 shares with a par value of EUR 0.10 per share. There is only one class of shares and therefore they all have the same rights and obligations. There are no restrictions on the transfer of the shares.

Significant shareholdings are as follows:

Shareholder	2020 % ownership interest	2019 % ownership interest
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.10%	5.10%
Araltec Corporación, S.L.U.	31.99%	31.99%
Franklin Templeton Investment Management Ltd	3.00%	3.00%
Norges Bank	2.96%	5.04%
Ariel Investments. L.L.C.	3.01%	3.01%
Columbia Management Investment Advisers LLC	3.12%	0.00%

4. Restrictions on voting rights

In accordance with Article 16 of the Articles of Association, at least 50 shares must be held in order to attend the General Meetings.

5. Shareholder agreements.

There are no agreements of this type.

6. Rules applicable to the appointment and replacement of the Board members and to the amendment of the Company's Articles of Association.

The Annual Corporate Governance Report provides a detailed description of these rules relating to the Board of Directors. The most relevant aspects are:

Articles 17 to 22 of the Board Regulations govern the appointment and termination of the Directors of Técnicas Reunidas; stating that:

1. The Directors will be appointed, following a report by the Appointment and Remuneration Commission, by the General Meeting or by the Board of Directors in accordance with the provisions of the Corporate Enterprises Act.

2. The Board of Directors will ensure that the selection of candidates involves persons of recognised solvency, competence and experience.

3. In order to In order to fill an independent director position the Board of Directors may not propose or designate persons that hold any executive position at the Company or in its Group or that are associated through family and/or professional relationships with the executive directors, other senior executives and/or shareholders of the Company or its group.

4. Directors will be appointed for terms of four (4) years, notwithstanding the possibility that they may be removed early by the General Shareholders Meeting. They may be re-elected one or more times for equal terms at the end of their mandate.

5. Independent directors will cease in their positions when they have held the seat for an in interrupted period of 12 years as from the time of the listing of the Company's shares on the market.

6. Directors must place their offices at the disposal Board of Directors and, at the board's discretion, formalise the resignation in the following cases:

   - When they cease to hold the executive position with which their appointment as Board members is associated.

   - When they become subject to any incompatibility or prohibition provided for by law.

   - When they receive any serious reprimand from the Board of Directors for failing to have carried out their duty as Directors.

   - When their remaining on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of his/her interest in the Company).

7. Powers of the Board members, and in particular those relating to the possibility of issuing or repurchasing shares.

The Board of Directors has the usual management and representation powers, in accordance with the powers envisaged by the Corporate Enterprises Act, and it is the Company's highest decision-making body except in matters reserved to the General Meeting.

The Chair also holds the same powers as the Board of Directors (except for those established by Article 25 relating to the election of the Chair and the Vice Chairs, or those that cannot be delegated in accordance with the law or internal corporate regulations) and is considered to be the top executive at the Company by virtue of Article 28 of the Articles of Association.

Article 5 of the Board Regulations stipulates that the Board's functions regarding the powers relating to the possibility of issuing or buying back shares:

- The execution of the treasury share policy within the framework of the authorisation provided by shareholders at a general meeting.

- The approval of the Company's general policies and strategies, including the treasury share policy and particularly its limits.

- The approval of the Company's most relevant operating decisions concerning investments and shareholdings in other companies, financial transactions, contracting and staff remuneration.

8. Significant agreements entered into by the Company that may come into effect, be amended or terminated in the event of a change in control in the Company as a result of a takeover bid.

No agreements of this type exist.

9. Agreements between the Company and its administrative or management personnel that provide for termination benefits in the event of resignation or unfair dismissal or if the employment relationship ends as a result of a takeover bid

There are agreements with three senior executives who, in the event of unfair dismissal, are entitled to an indemnity as decided by the courts and in the event of a dismissal for objective purposes, layoff or any other reason deriving from a decision taken by the Company, the indemnity would total EUR 5,957 thousand.

10. Average period of payment to suppliers

The average period of payment is as follows:

	2020	2019
	Days	**Days**
Average period of payment to suppliers	83	64
Ratio of transactions paid	85	60
Ratio of transactions payable	78	88
	Amount (thousands of euros)	**Amount (thousands of euros)**
Total payments made	1,265,945	964,135
Total payments pending	460,026	112,261

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Company may, as an exception, exceed the stipulated due dates in cases of invoices that do not comply with the terms of the agreement because they are not officially fulfilled, due to guarantees not being received or due to breach of other obligations of suppliers under the signed service agreement or order, or other reasons related to the normal performance of the transaction.

11. Significant events after the reporting period

From 31 December 2020 until the date of formulation of these consolidated annual financial statements, there have been no subsequent relevant facts that need to be broken down.

12. Treasury shares

The treasury shares at 31 December 2020 represent 3.93% of the share capital (2019: 3.92%) of the Company and total 2,198,034 shares (2019: 2,193,424 shares), with a weighted average price of EUR 33.26 per share (2019: EUR 33.6 per share).

13. Financial instruments

See Note 7 to the financial statements.

Non-financial information of the Técnicas Reunidas Group, to which the Company belongs:

In accordance with Spanish Law 11/2018, of 28 December, and by virtue of the new wording of section 262.5 of the Spanish Commercial Code, the Company is not required to present the Non-Financial Reporting Statement, as this information is included in the Consolidated Management Report of the Técnicas Reunidas Group, the head of which is Técnicas Reunidas, S.A., and that will be filed, together with the Consolidated Financial Statements, with the Mercantile Registry of Madrid.

Corporate Governance Report

The 2019 Annual Report of Corporate Governance of Técnicas Reunidas forms part of the Directors Report and, from the date of publication of the annual financial statements, is available on the website of the National Securities Market Commission and on the website of Técnicas Reunidas.

ANNUAL CORPORATE GOVERNANCE REPORT
FOR PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DATA

Date of fiscal year end: 31/12/2020

Company Tax No. CIF: A-28092583

Corporate Name:

TECNICAS REUNIDAS, S.A.

Registered office:

ARAPILES, 14 MADRID

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Capital share (€)	Number of shares	Number of voting rights
30/05/2006	5.589.600,00	55.896.000	55.896.000

Indicate whether there are different share classes with different associated rights:

[ ] Yes
[√] No

A.2. Provide details of the direct or indirect holders of significant shares at the close of the fiscal year, excluding directors:

Name or Corporate name of the shareholder	% voting rights corresponding to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
ARIEL INVESTMENTS, LLC	0,00	3,01	0,00	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	0,00	3,00	0,00	0,00	3,00
NORGES BANK	2,96	0,00	1,35	0,00	4,31
ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	0,00	0,00	5,10
ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	0,00	0,00	31,99
COLUMBIA MANAGEMENT INVESTMENT ADVISERS LLC	3,12	0,00	0,00	0,00	3,12

Name or corporate name of indirect shareholder	% of voting rights corresponding to shares		% of voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	0,11	37,09	0,00	0,00	37,20

Breakdown of indirect shareholding:

Name or Corporate name of indirect shareholder	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights
ARIEL INVESTMENTS, LLC	ARIEL INVESTMENTS, LLC	3,01	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	3,00	0,00	3,00
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	31,99
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	5,10

Indicate the most significant changes in the shareholding structure during the fiscal year:

Most significant changes

Columbia Management Investment Advisers LLC entity holds a significant share at the year-end.

A.3. Complete the following tables on members of the company's board of directors with voting rights from company shares:

Name or Corporate name of the Director	% of voting rights corresponding to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights transferable through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. FERNANDO DE ASÚA ÁLVAREZ	0,02	0,00	0,00	0,00	0,02	0,00	0,00
MR. PEDRO LUIS URIARTE SANTAMARINA	0,01	0,01	0,00	0,00	0,02	0,00	0,00
MR. RODOLFO MARTÍN VILLA	0,00	0,00	0,00	0,00	0,00	0,00	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	0,00	0,02	0,00	0,00	0,02	0,00	0,00

% of total voting rights held by the board of directors	0,06

Breakdown of indirect shareholding:

Name or Corporate name of Director	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights transferable through financial instruments
MR. PEDRO LUIS URIARTE SANTAMARINA	CASTILLO DEL POMAR, S.L.	0,01	0,00	0,01	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MRS. MARÍA ISABEL ALONSO MENDIGUREN	0,02	0,00	0,02	0,00

A.4. Indicate, where applicable, any familiar, commercial, contractual or corporate relationships between significant shareholders, to the extent that these are known to the company, unless they are of negligible relevance or derive from the ordinary course of business, with the exception of those detailed in section A.6:
:

Name or Corporate name	Type of relationship	Brief description
No data		

A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless these are of negligible relevance or derive from the ordinary course of business:

Name or Corporate name	Type of relationship	Brief description
No data		

A.6. Describe any relationships, unless they are of negligible relevance to the two parties, between the significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of legal entities.

Explain, where appropriate, how significant shareholders are represented. Specify any directors who have been appointed on behalf of significant shareholders and any directors whose appointments were promoted by significant shareholders or were linked to significant shareholders and/or entities in their group, detailing the nature of these relationships. In particular, indicate the existence, identity and position of any members of the board or representatives of directors of the listed company who are also members of the board of directors, or their representatives, of companies with significant shareholdings in the listed company or in entities from the significant shareholder's group:

Name or Corporate name of the related Director or representative	Name or Corporate name of the related significant shareholder	Corporate name of the company in the significant shareholder's group	Description of relationship/position
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	Mr. José Manuel Lladó Arburúa was re-elected in the General Meeting held on 25/06/2020 as proprietary director of the company at the proposal of the significant shareholder Aragonesas Promoción de Obras y Construcciones, S.L.U.

A.7. Indicate whether the company has been informed of any shareholders' agreements which might affect it, in accordance with the provisions of Articles 530 and 531 of the Companies Act. Where applicable, describe these briefly and list the shareholders bound by the agreement:
:

[ ] Yes
[√] No

Indicate whether the company is aware the existence of concerted actions between its shareholders. If applicable, describe these briefly:

[ ] Yes
[√] No

If any modification or termination of these agreements or concerted actions has occurred during the fiscal year, provide details below:

A.8. Indicate whether there is any natural or legal person who exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. Where applicable, identify:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's own shares:

At fiscal year-end:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
2.198.034		3,93

(*) Held through:

Name or Corporate name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the fiscal year:

Explain the significant changes

There were no significant changes during the fiscal year.

The Company has issued quarterly reports on the transactions carried out under the liquidity agreement with Santander Investment Bolsa which entered into force on 11 July 2017, in accordance with the provisions of National Securities Market Commission Circular 1/2017 of 26 April on Liquidity Agreements, for the purposes of their classification as an accepted market.

A.10. Provide details on the conditions and term of the current resolution by general meeting of shareholders authorizing the board of directors to issue, buy back or transfer own shares:

The Ordinary General Meeting of Shareholders on 25 June 2020 adopted the following resolutions:

Ninth

To delegate to the Board of Directors, in accordance with the general rules on bond issues and pursuant to the provisions of Articles 297.1.b), 417 and 511 of the Capital Companies Act, Article 319 of the Mercantile Registry Regulations, and Articles 6 and 20.p) of the Company's Social Statutes, the power to issue negotiable securities in accordance with the following conditions:

1. Securities to be issued.- The marketable securities referred to in this delegation may be bonds, debentures and other fixed-income securities of a similar nature, convertible into newly issued shares of the Company or exchangeable for outstanding shares of the Company, as well as warrants and other financial instruments that incorporate the right of option to subscribe new shares or to acquire outstanding shares of the Company and any securities or financial instruments that grant a participation in the Company's profits.

2. Term of the delegation.- The issuance of the securities that are the object of the delegation may be carried out once or several times, at any time, within a maximum period of five (5) years from the date of adoption of this resolution.

3. Maximum amount of the delegation.- The maximum total amount of the issue or issues of debentures, bonds and other convertible or exchangeable fixed-income securities, as well as warrants or other financial instruments that may be agreed under this delegation shall be two hundred million euros (€200,000,000) or its equivalent in another currency at the time of issue.

4. Scope of the delegation.- The Board of Directors, by virtue of the delegation of powers agreed herein and by way of illustration only, shall be responsible for determining, for each issue, its amount, within the aforementioned overall quantitative limit, the form of disbursement, the place of issue - domestic or foreign - and the currency or currency and, if foreign, its equivalence in euros; the denomination or form, whether bonds or debentures or warrants (which may in turn be settled by physical delivery of the shares or, if applicable, by differences), or any other form permitted by law; the date or dates of issue; the number of securities and their par value, which shall not be less than the par value of the shares; in the case of warrants and similar securities giving the right to subscribe or acquire shares, the issue price and/or premium, the exercise price -which may be fixed (determined or determinable) or variable- the conversion and/or exchange ratio and the procedure, term and other conditions applicable to the exercise of the subscription right of the underlying shares or, if applicable, the exclusion of such right; the interest rate, fixed or variable, dates and procedures for payment of the coupon; the redemption term and the maturity date or dates; the guarantees, the redemption rate, premiums and lots; the form of representation, by physical or book-entry securities or any other system permitted by law; the anti-dilution clauses; the subscription system; the order of priority of the securities and any subordination clauses; the legislation applicable to the issue; to request, as the case may be, the admission to trading on domestic or foreign secondary markets of the securities to be issued with the requirements demanded in each case by the regulations in force; and, in general, any other condition of the issue, as well as, if applicable, appointing the commissioner and approving the fundamental rules that will govern the legal relations between Técnicas Reunidas and the syndicate of holders of the securities issued, if it is necessary or it is decided to create said syndicate .

In addition, the Board of Directors is empowered, when it deems appropriate, and subject, if applicable, to obtaining the appropriate authorizations and the approval of the assemblies of the corresponding unions or equivalent bodies of the holders of the securities, to modify the conditions of the securities issued.

5. Bases and modalities of conversion and/or exchange.- For the purpose of determining the bases and modalities of conversion and/or exchange, it is agreed to establish the following criteria:

(i) The securities issued under this agreement will be convertible and/or exchangeable into shares of the Company in accordance with a fixed or variable conversion and/or exchange ratio, determined or determinable, the Board of Directors being empowered to determine whether they are convertible and/or exchangeable, as well as to determine whether they are necessarily or voluntarily convertible and/or exchangeable, at the discretion or not of the issuer, subject to conditions or only in certain scenarios, and in the event that they are voluntarily so, at the option of the holder or of Técnicas Reunidas, with the periodicity and for the term established in the issue, which may not exceed fifteen (15) years from the date of issue.

[Continues in section H]

A.11. Estimated free float:

	%
Estimated free float	62,80

A.12. Indicate whether there are any restrictions (of a statutory, legislative or other nature) on the transfer of securities and/or any restrictions on voting rights. Specifically, indicate the existence of any kind of restriction which might hinder the takeover of the company through the acquisition of its shares on the market, as well as any prior notice or authorization systems which, with respect to the acquisition or transfer of the company's financial instruments, are applicable to the company under sectoral regulations.

[ ] Yes
[√] No

A.13. Indicate whether the General Meeting has resolved to adopt any neutralization measures against potential takeover bids, in virtue of the provisions of Law 6/2007.

.

[ ] Yes
[√] No

If applicable, explain the approved measures and the terms under which the restrictions will become ineffective:

A.14. Indicate whether the company has issued any securities that are not traded on a regulated European Union market.

[ ] Yes
[√] No

Where applicable, indicate the different share classes and, for each share class, their corresponding rights and obligations:

B. ANNUAL GENERAL MEETING

B.1. Indicate and, where applicable, provide details of any differences between the required minimums set out in the Companies Act and the quorum for general meetings:

[ ] Yes
[√] No

B.2. Indicate and, where applicable, provide details of any differences from the system for passing company resolutions set out in the Companies Act:

[√] Yes
[ ] No

	Enhanced majority different from that stablished in article 201.2 of the Companies Act for the circumstances set out in article194.1 of the Act	Other circumstances for enhanced majority
% established by the entity for passing resolutions	0,00	50,01

The last paragraph of Article 20 of the Articles of Association stipulates that the Annual General Meeting may only issue instructions to the Board of Directors or submit for its authorization the adoption of decisions on management matters by means of resolutions that comply with the information and majority requirements for amendments to the articles of association set out in Articles 194, sections 1 and 2, and 201.2 of the Companies Act.

B.3. Indicate the rules applicable to amendments to the company's articles of association. Specifically, report the majorities required for amendment of the articles of association and, where applicable, the rules set out for the protection of shareholders' rights in the amendment of the articles of association.

Art. 20.g) of the Articles of Association and 7.g) of the Regulations of the General Meeting stipulate that the General Meeting is competent to amend the Articles of Association. The rules applicable to amendments to the Company's Articles of Association are those laid down in the Companies Act. In this regard, the first call for the Annual General Meeting requires attendance by shareholders, whether in person or by proxy, who hold at least 50% of the subscribed capital with voting rights, in which case the resolution may be passed by an absolute majority. The second call requires attendance of 25% of the subscribed capital, in which case this will require a vote in favour by 2/3 of the capital present or represented at the Meeting when the shareholders in attendance represent at least 25% but less than 50% of the subscribed capital with voting rights.

Without prejudice to the above, the Board is competent to change the registered office within the national territory in accordance with the provisions of Article 285.2 of the Companies Act and Article 3 of the Articles of Association.

Shareholders' rights in relation to General Meetings are those set out in the Companies Act, reflected in Articles 14, 16 and 17 of the Articles of Association and detailed in the Regulations of the General Meeting as follows:

Right to information

Article 12 of the Regulations establishes that from the date of publication of the notice of the General Meeting and up to and including the fifth day prior to the date scheduled for the General Meeting, shareholders may request such information or clarifications as they deem necessary regarding the items on the agenda or submit in writing such questions as they deem pertinent. In addition, with the same notice and in the same manner, the shareholders may request from the administrators any clarifications they deem necessary regarding the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the auditor's report.

Requests for information may be made by delivering the request at the registered office, or by sending it to the Company by mail or other means of remote electronic communication addressed to the address specified in the corresponding notice of call or, in the absence of such specification, to the Office of the Shareholder. Those petitions in which the electronic document by virtue of which the information is requested incorporates the legally recognized electronic signature used by the petitioner, or other mechanisms which, by means of a resolution adopted for this purpose in advance, the Board of Directors considers that it meets adequate guarantees of authenticity and identification of the shareholder exercising his right to information, shall be admitted as such.

Whichever means is used to issue the requests for information, the shareholder's request must include his name and surname, accrediting the shares he owns, so that this information may be compared with the list of shareholders and the number of shares in his name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) for the General Meeting in question. by the Company. The shareholder shall be responsible for proving that the request has been sent to the Company in due time and form. The Company's web page will detail the pertinent explanations for the exercise of the shareholder's right to information, under the terms set forth in the applicable regulations.

The requests for information regulated in this article shall be answered in writing, once the identity and shareholder status of the applicant has been verified, up to the date of the General Shareholders' Meeting.

The directors are obliged to provide the information in writing up to the day of the meeting, except in cases in which:

(i) the information requested is unnecessary for the protection of the rights of the shareholder, there are objective reasons to consider that it could be used for non-company purposes or its disclosure would be detrimental to the Company or related companies.
(ii) the request for information or clarification does not refer to matters included in the agenda or to information accessible to the public that has been provided by the Company to the Comisión Nacional del Mercado de Valores since the last Shareholders' Meeting was held.
(iii) the information or clarification requested deserves to be considered abusive; or
(iv) this is the result of legal or regulatory provisions or court rulings.

However, the exception indicated in (i) above shall not apply when the request is supported by shareholders representing at least twenty-five percent (25%) of the capital.

[Continues in section H].

B.4. Indicate the attendance details for the general meetings held during the fiscal year to which this report corresponds and for the two previous fiscal years:

	Attendance details				
Date of general meeting	% present in person	% represented by proxy	% remote voting: Electronic vote	% remote voting: Others	Total
27/06/2018	0,17	61,18	0,00	0,00	61,35
Including free float	0,06	23,93	0,00	0,00	23,99
26/06/2019	3,95	60,24	0,01	0,00	64,20
Including free float	0,06	21,32	0,01	0,00	21,39
25/06/2020	6,57	61,81	0,01	0,00	68,39
Including free float	6,46	24,72	0,01	0,00	31,19

B.5. Indicate whether there were any items on the agenda at the general meetings held during the fiscal year which were not, for any reason, approved by the shareholders:

[ ] Yes
[√] No

B.6. Indicate whether there are any restrictions in the articles of association establishing a minimum number of shares required to attend the general meeting or to cast a remote vote:

[√] Yes
[ ] No

Number of shares required to attend the general meeting	50
Number of shares necessary to cast a remote vote	50

B.7. Indicate whether it has been established that certain decisions, other than those set out by law, which entail the acquisition, disposal or transfer to another company of essential assets or other similar corporate transaction must be submitted for approval at the annual general meeting:

[ ] Yes
[√] No

B.8. Indicate the company's web address and how to access the information on corporate governance and other information about general meetings that must be made available to shareholders through the company website:

The Company's website is www.tecnicasreunidas.es.

Information on corporate governance can be accessed by clicking on the 'Shareholders and Investors/Corporate Governance' tab and then the 'Corporate Governance documents' tab. Information on Annual General Meetings can be found in the same section.

C. COMPANY ADMINISTRATION STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors provided for in the articles of association and the number fixed at the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors fixed at the meeting	14

C.1.2 Complete the following table detailing the members of the board:

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. FERNANDO DE ASÚA ÁLVAREZ		Other external	3rd. DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. PETRA MATEOS-APARICIO MORALES		Independent director	DIRECTOR	29/02/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. WILLIAM BLAINE RICHARDSON		Other external	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. PEDRO LUIS URIARTE SANTAMARINA		Independent director	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA		Other external	2nd. DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ALFREDO BONET BAIGET		Independent director	DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ NIETO DE LA CIERVA		Independent Director	INDEPENDENT COORDINATOR DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN LLADÓ ARBURÚA		Executive	PRESIDENT	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ MANUEL LLADÓ ARBURÚA		Shareholder Director	DIRECTOR	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE		Other External Director	DIRECTOR	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. RODOLFO MARTÍN VILLA		Other External Director	DIRECTOR	26/06/2019	26/06/2019	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ADRIÁN RENÉ LAJOUS VARGAS		Independent Director	DIRECTOR	29/06/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. INÉS ELVIRA ANDRADE MORENO		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Total number of directors	14

Indicate any terminations, whether as a result of resignation or removal or for any other reason, within the board of directors during the reporting:

Name or Corporate name of director	Category of the director at the time of termination	Date of last appointment	Date of termination	Specific committees of which they were members	Indicate whether the termination occurred before the end of their mandate
MR. JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Executive	29/06/2016	25/06/2020	None	NO
MR. ÁLVARO GARCÍA-AGULLÓ LLADÓ	Shareholder director	29/06/2016	25/06/2020	None	NO

Cause of the removal, when it occurred before the end of the term of office and other observations; information on whether the director has sent a letter to the rest of the members of the board and, in the case of removals of explanation or opinion of the director who has been removed by the general shareholders' meeting

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz, and considering that their term of office as directors finished on 29/06/2020 and the date of the General Shareholders' Meeting was scheduled for 25/06/2020, Messrs. LLadó Fernandez-Urrutia and Garcia-Agulló stated at the Board of Directors' meeting held on 25/05/2020 immediately prior to the start of the General Shareholders' Meeting, their desire not to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

C.1.3 Complete the following tables on the members of the board of directors and their categories:

EXECUTIVE DIRECTORS

Name or Corporate name of director	Position within the company structure	Profile
MR. JUAN LLADÓ ARBURÚA	Executive Chairman	Degree in Economics from Georgetown University, Washington DC. Master of Business Administration from the University of Texas at Austin. Treasurer at Argentaria Bank (1997-1998). 1st Deputy Chairperson at Técnicas Reunidas S.A. since 1998 and Executive Chairman since June 25th, 2020.

Total number of executive directors	1
% of total of the board	7,14

EXTERNAL SHAREHOLDER DIRECTORS		
Name or Corporate name of director	Position within the company structure	Profile
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	BSBA from Georgetown University and MBA from the University of Chicago. Manager of the International Corporate Finance Division at Citibank N.A. (1986-1990), General Manager at Chase Manhattan Bank with responsibility for Global Market Sales for Spain (1990-2001). Assistant Deputy General Manager at Banesto, with responsibilities for the International and Treasury divisions (2001-2004). Founding partner of Summa Financial Services (2004-present). Managing Director at Ideon Financial Services (2008-present). Member of the board of directors at Aragonesas Promoción de Obras y Construcciones, S.L. (director), Araltec, S.L. (deputy chairperson), Layar Castilla, S.A. (chairperson), Summa Investment Solutions, S.A. (chairperson), Choice Financial Solutions, S.L. (director), Fintonic Servicios Financieros, S.L. (director) and León Valores S.A., SICAV (director).

Total number of shareholders directors	1
% of total of the board	7,14

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
MRS. PETRA MATEOS-APARICIO MORALES	Doctorate (cum laude) in Economics and Business Studies from the Complutense University of Madrid and Professor of Financial Economics. Vice President of the Executive Committee of the Spain-US Chamber of Commerce since July 2011 and member of the Board of Directors of Unicaja Banco since February 2014. Executive Chairperson at Hispasat (2004-2012), Non-executive Chairperson at Hisdesat (2005-2011), Director at Hispamar Satélites (Brazil), Director at Xtar LLC (United States) (2005-2012) and Independent Member of the Board of Directors at Solvay (2009-2013). From 1983 to July 1985, she was a director at Iberia and Banco Exterior de España, where she was Assistant General Manager from 1985 to 1987. She was also a director at Banco CEISS (2004-2018) in the Unicaja Group, from 2014 until its merger with Unicaja in September 2018. Her extensive academic experience (1982-2015) includes positions as Professor in Financial Economics at the Department of Business Economics and Accounting in the Faculty of Economics and Business Studies at the National Distance Education University and Professor of Financial Economics at the Colegio Universitario de Estudios Financieros. She has been a member of the National Executive Committee of the Spanish Institute of Financial Analysts (IEAF) (2011-2017) and a member of the Board of ANECA (2009 to 2015). She has also been awarded various distinctions including among others Knight of the Legion of Honour of the French Republic, Business Leader of the Year (2010) from the Spain-US Chamber of Commerce and the Women Together Award (2009) from the United Nations Economic and Social Council (ECOSOC).

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
MR. PEDRO LUIS URIARTE SANTAMARINA	Degree in Economics and Law from the Universidad Comercial de Deusto in Bilbao. His extensive professional experience over his 52-year career encompasses 9 years in industry, 23 years in finance, during which he was Deputy Chairperson and CEO at BBV and BBVA, 14 years in consultancy, 2 years in R&D&I and 4 years in Public Administration, as Regional Minister for Economy and Finance in the first Basque Government, from 1980 to 1984. He was a professor at the Universidad Comercial de Deusto for seven years, lecturing in subjects related to business transformation and advanced management. Subsequently, he has collaborated with various business schools, including Deusto Business School, IESE and ESADE. Since 2002, he has been Executive Chairperson at Economía, Empresa, Estrategia, a strategic consulting company that he founded. He combines this position with his duties as director and advisor at various companies and cooperates in different university-based and social activities.
MR. ALFREDO BONET BAIGET	Degree in Economics and Business Studies from the Complutense University of Madrid and State Economics and Trade Expert. Economic and Trade Advisor for Spain in Miami (1987-1991) and Milan (1993-1997). Director General of Altair Asesores (1997-2001). General Manager of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004). Secretary General for Foreign Trade and member of the Board of Directors of Instituto de Crédito Oficial (ICO) and Navantia (2004-2010). Secretary of State for Foreign Trade and President of ICEX and Invest in Spain (2010-2012). Chief Economic and Trade Adviser to the Spanish Delegation to the OECD (2012-2015). International Director at the Spanish Chamber of Commerce (2015-2018). Secretary General of the Círculo de Empresarios (2018-present).
MR. JOSÉ NIETO DE LA CIERVA	Degree in Economics and Business Studies from the Complutense University of Madrid. His career has included holding the following positions: KPMG Spain - Consulting Department (1988-1989), JP Morgan (1989-2002) - Director at the Chase Manhattan Bank (1998-2002) and Managing Director of Corporate Banking at the Chase Manhattan Bank in Spain (1998-2002), Banesto (2002-2010) - Assistant General Manager of Business Banking (2002) and General Manager of Wholesale Banking (2006), Banca March Group (2010-2017) - President of Banco Inversis and CEO at Banca March, Director and member of the Audit Committee at Corporación Financiera Alba, director and member of the Executive Committee at Ebro, director at Consulnor and director at Aegon España. He is also Assistant General Manager at Banco Sabadell (2018-present).
MR. ADRIÁN RENÉ LAJOUS VARGAS	Degree in Economics from the Autonomous University of Mexico and Master's Degree in Economics from King´s College, University of Cambridge. Full-time lecturer and researcher at the College of Mexico (1971-76). He worked at the Energy Secretariat of Mexico between 1977 and 1982, where he was Director General for Energy. In 1983 he joined Pemex, holding a number of executive positions: Executive Coordinator of Foreign Trade, Corporate Director of Planning, COO and Manager of Refining. In 1994 he was appointed CEO of Pemex and chairperson of the boards of directors of Pemex's operating companies, positions from which he resigned in December 1999. Adrián Lajous is currently a visiting researcher at the Center on Global Energy Policy at Columbia University, chairperson at Petrométrica SC, and non-executive director at Ternium and Técnicas Reunidas,

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
	as well as the Oxford Institute of Energy Studies and the Mario Molina Centre. He is also a member of the board at the College of Mexico Foundation. He has chaired the Oxford Institute of Energy Studies and has been a member of the boards of directors at Schlumberger, Repsol, Trinity Industries, the Federal Electricity Commission and other state-owned industrial and financial companies. From 2001 to 2011 he was an advisor at McKinsey & Company and also an advisor to the World Bank.
MRS. INÉS ELVIRA ANDRADE MORENO	Degree in Finance and International Business from Georgetown University and has also completed a Finance and International Trade Program at Oxford University. Professionally, she has been assistant to the Deputy Chairperson of the Financial Analysis, Mergers and Acquisitions Department at JP Morgan, founding partner of Citius, S.A., head of marketing at Socios Financieros, participated in Inversiones Ibersuizas, investment director of iNova Capital and managing director of Grupo Rio Real. Currently, Ms. Andrade is group Vice Chair and partner of Altamar Capital Partners Group.
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	Degree in Economics and Business Administration from the Universidad Comercial de Deusto and MBA with a specialization in Financial Intermediation from The Wharton School - University of Pennsylvania. of Pennsylvania. Professionally, Mr. Ignacio Sánchez-Asiaín Sanz has been a stock market analyst at Prescott Ball & Turben, project manager in Europe, member of the European Senior Advisory Board and Senior Advisor for Iberia at Oliver Wyman & Co., Director of International Business Development, General Manager of Private Banking, General Manager of Systems and Operations and member of the Management Committee at BBVA Group, General Manager of BBK - Bilbao Bizkaia Kutxa, Corporate General Manager of Kutxabank and CEO of Banco Popular. Currently, Mr. Ignacio Sánchez-Asiaín Sanz is Chairman and Director of Gobertia Global, Gobertia CEE, Gobertia España and Gobertia Perú.

Total number of independent directors	7
% of total of the board	50,00

Indicate whether any independent director receives any payment or benefit from the company or its group other than their remuneration as director, and whether they maintain or have maintained a business relationship with the company or any company within its group during the last fiscal year, either in their own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.

Where appropriate, include a reasoned statement from the board, setting out the reasons why it considers that this director may perform their duties as an independent director.

Name or Corporate name of director	Description of relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Mr. Antoñanzas has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Doctorate in Industrial Engineering. He was General Manager of Manufacture and Assembly at Barreiros-Chrysler for 10 years. He also worked for five years at ITT as Operations Manager for Spain and was CEO of Marconi Española and Deputy Chairman of ITT España. He was Director of Planning and President of Instituto Nacional de Industria 1973-1976, CEO of Seat 1977-1984 and Chairperson of the Board of Directors of Uralita 1998-2002.
MR. FERNANDO DE ASÚA ÁLVAREZ	Mr. de Asúa has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Qualified in Economics and Computer Science at the Complutense University of Madrid and graduated in Business Administration and Mathematics at the University of California (USA). His professional experience involves an extensive career at IBM and IBM España between 1959 and 1991, including positions as General Manager for the South America Area and later Europe, CEO of IBM España and director at IBM World Trade Corp. He was Deputy Chairperson of the Board of Grupo Banco Santander from 2004 to February 2015.
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Mr. Gómez-Navarro has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Degree in Industrial Engineering, specializing in Chemistry, from the Madrid School of Industrial Engineers and studies in Economics,.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			He has held various executive and managerial positions at Editorial Tania (1979-1983), the International Tourism Trade Fair (1980-1983), of which he is founder, and Viajes Marsans (1983-1985), where he is Chairperson and CEO. In the public sphere, he was appointed Secretary of State and President of the National Sports Council (1987-1993) and later Minister for Trade and Tourism and International Cooperation (1993-1996), as well as Governor, on behalf of Spain, of the Inter-American, Asian and African Development Banks from 1993 to 1996. He was subsequently appointed President of the Spanish High Council of Chambers of Commerce, Industry and Navigation (2005-2011) and Executive Chairperson at Aldeasa (2005-2012). He currently heads the consulting firm MBD, dedicated to business consulting, mergers and acquisitions, and has been a director of Promotora de Informaciones, S.A. since November 2017. He holds several important Spanish and international decorations, including the Grand Cross of the Order of Carlos III, the Order of Civil Merit and the Royal Order of Sporting Merit and the Gold Medal for Tourism, as well as the highest category of Order of Merit from France, the Gold Olympic Order and the Order of the Condor of the Andes from Bolivia.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. WILLIAM BLAINE RICHARDSON	Mr. Richardson has a contractual relationship with the Company.	TÉCNICAS REUNIDAS, S.A.	Degree in Political Science from Tufts University (Medford/Somerville), 1970. Master's Degree in Foreign Affairs from the Fletcher School of Law and Diplomacy at Tufts University, 1971. Member of the House of Representatives for the State of New Mexico (1983-1997). United States Ambassador to the United Nations (1997-1998). Secretary of State for Energy (1998-2001). Governor of the State of New Mexico in 2002 and re-elected in 2006. President of the International Advisory Council at APCO Worldwide. Member of numerous advisory boards at for-profit and non-profit entities (1983- 1997).
MR. RODOLFO MARTÍN VILLA	Mr. Martín Villa was a member of the Board of Directors of Initec Plantas Industriales, S.A.U., a wholly-owned subsidiary of Técnicas Reunidas, S.A., at the time of his appointment as a director and had received various amounts during the last few years as a director of this entity.	TÉCNICAS REUNIDAS, S.A.	Industrial engineer. Member of the State Financial Inspectorate. Civil Governor of Barcelona (1974-1975). Minister for Trade Union Relations (1975-1976), Minister of the Interior (1976-1979) and Minister for Territorial Administration (1980-1981). Vice-President of the Government (1981-1982) Member of Parliament (1979-1983 and 1989-1997) Chairperson of the Budget Committee (1989-1996), the Justice and Home Affairs Committee (1996-1997) and the Toledo Pact for public pensions.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			President at Ibercobre (1979-1980), U.C.B. Spain (Union Chimique Belge) (1990-97) and the Madrid Savings Bank Control Commission (1993-1997). President at Endesa, S.A. (1997-2002), Endesa Italia (2001-2003) and Enersis (Chile) (1997-1999). Chairperson of Sogecable (2004-2010). Member of the Board of Trustees at the Pontifical University of Salamanca, the Colegio Libre de Eméritos Universitarios and the Ramón Menéndez Pidal Foundation

Total number of other external directors	5
% of total of the board	35,71

Indicate any changes that have occurred during the period with regard to the category of each shareholder:

Name or Corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors at the end of the last 4 fiscal years, as well as the category of such directors:

	Number of female directors				% of total directors in each category			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Executive directors					0,00	0,00	0,00	0,00
Shareholder directors					0,00	0,00	0,00	0,00
Independent directors	2	1	1	1	28,57	20,00	16,67	12,50
Other external directors					0,00	0,00	0,00	0,00
Total	2	1	1	1	14,29	7,14	7,14	7,69

C.1.5 Indicate whether the company has diversity policies in force in relation to the company's board of directors, with respect to aspects such as age, gender, disability, training and professional experience. Small and medium-sized entities, as defined in the Law on Auditing, must at least provide information on any policy they have implemented in relation to gender diversity.

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[√] Yes
[ ] No
[ ] Partial policies

If yes, describe these diversity policies, including their targets and measures, how they have been implemented and their outcomes during the fiscal year. Also state the specific measures taken by the board of directors and the appointments and remuneration committee to achieve balance and diversity among the directors.

If the company does not have a diversity policy, explain why not.

Description of the policies, including targets and measures, how they have been implemented and the outcome

During the 2020 financial year, the Company approved several Corporate policies, including the Policy for the Selection of Directors and Dive rsity on the Board of Directors of Técnicas Reunidas, S.A. (the "Policy").

The purpose of this Policy is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequa te and diverse composition of the Board of Directors. In addition, its general principles include promoting the appropriate composition of the Board for the best performance of its functions, the promotion of diversity in its composition of the Board and its Committees (am ong other aspects, in terms of knowledge, experience, geographical origin, age and gender), non-discrimination and equal treatment (whereby the selection procedures shall not suffer from implicit biases that may imply any discrimination of any kind, be it race, sex, age, disability or for any other reason), transparency in the selection of candidates and compliance with the principles of good governance.

Furthermore, in accordance with Article 14.2 of the Board Regulations, the Appointments and Remuneration Committee is responsible for setting a representation target for the underrepresented sex on the Board of Directors and for drawing up guidelines on how to achieve this target.

In particular, the Company makes a special effort to seek female candidates meeting the required profile for future vacancies, as detailed in section C.1.6 below.

C.1.6 Explain the measures, if any, that the appointments committee has agreed to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and that allows a balanced presence of women and men to be achieved. Also in dicate whether these measures include encouraging the company to have a significant number of female directors. a significant number of female senior managers.

Explanation of the measures

In those cases in which the Company has had the opportunity to initiate a selection procedure due to the existence of a vacancy or other factors, this procedure has taken into account the aforementioned diversity criteria incorporated in the corporate texts and, in particular, the avoidance in the selection procedures of any type of discrimination based on gender and, in this sense, has encouraged the possibility of female candidates. and, in particular, the avoidance in the selection procedures of any type of discrimination based on gende r and, in this sense, has promoted the possibility of female candidates. In addition, during the 2020 financial year, the Company has approved the Policy for the Selection of Directors and Diversity in the Company. of Directors and Diversity in the Board of Directors of Técnicas Reu nidas, S.A. (the "Policy"), which (the "Policy") which, with regard to the selection of female directors, contains the principles mentioned in point C.1.5.

Similarly, with respect to measures to encourage the Company to have a significant number of female senior managers, the Polic y expressly states that "(...) in order to promote gender diversity, the Company shall endeavor to establish measures that encourag e the Company to have a significant number of senior Company to have a significant number of senior managers, without prejudice to the essential criter ia of merit and ability that must govern in all personnel selection processes of the Company and its Group. It shall also ensure cultural diversity and the presence of members with international knowledge and experience".

When, in spite of the measures adopted, if any, there are few or no female directors or senior managers, explain the reasons for this:

Explanation of the reasons

In accordance with the provisions of the preceding sections, in the event of the existence of a new vacancy on the Board, as occurred at the Ordinary General Meeting of June 25, 2020 due to the non-reelection of two of the eight directors who finalized their term of office. The selection procedures for filling such vacancies initiated by the Appointments and Remuneration Committee included among its criteria the compliance with the principle of diversity, without prejudice to the other requirements of competence, experience, availability, personal conditions of freedom of judgment and criteria for the proper performance of the position that the members of the Board of Directors of the Company must meet, also taking into account the needs and composition of the Board of Directors as a whole and not only the individual suitability of its members and also the convenience of providing the structure of the Board of Directors with a certain stability that guarantees a better performance of its functions in the medium term.

In this regard, and without prejudice to the fact that the Company always prioritizes the suitability of the candidates to be appointed as directors regardless of their gender, taking into account the needs of the Company at that time, after an adequate and complete assessment by the Appointments and Remuneration Committee and the Board of Directors, finally the proposal for new appointments submitted to the Ordinary General Meeting of June 25, 2020 included a female Director among the candidates considered most suitable, thus increasing the presence of women on the Board of Directors of the Company.

As a result of this process, in which corporate bodies such as the Appointments and Remuneration Committee and, ultimately, the Board of Directors participated, the Company submitted to the consideration of the Ordinary General Shareholders' Meeting the pr oposal for the appointment of a female and a male director (Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz). These proposals were approved practically unanimously (99.73 % of votes in favor in the case of Ms. Inés Andrade Moreno and 99.66 % in the case of Mr. Ignacio Sánchez-Asiaín Sanz).

Likewise, the Company has focused on the search for female executives when updating its organization chart. In this sense, the Company has made numerous appointments of female executives during the year 2020 in positions which, although they do not meet all the requirements established by the applicable regulations to be considered as senior executives, are in a step immediately below this one, something which increases their possibilities of being considered senior executives in the future.

C.1.7 Explain the findings of the nominating committee on verification of compliance with the policy aimed at favoring an appropriate composition of the board of directors.

The Company's Appointments and Remuneration Committee has concluded that the policy aimed at favoring an appropriate composition of the Board of Directors, formalized after the approval by the Company's Board of Directors of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., has worked satisfactorily, as it has allowed an increase in gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and a reduction in the average age of the Board of Directors during the financial year 2020, incorporating suitable candidates for the Board of Directors. gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and to reduce the average age of the Board of Directors during the 2020 financial year, incorporating suitable candidates according to the characteristics of the vacancies to be filled and the composition of the Company's governing bodies.

C.1.8 Explain, if applicable, the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding interest is less than 3% of the share capital:

Name or Corporate name of shareholder	Reason
No data	

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed have not been met. If so, explain the reasons why these requests have not been met:

[ ] Yes
[√] No

C.1.9 Indicate, if any, the powers and authorities delegated by the board of directors to directors or board committees:

Name or Corporate name of director or committee	Brief description
JUAN LLADÓ ARBURÚA	The Board of Directors delegated to its Executive Chairman all the delegable powers of the Board of Directors except those set forth in Article 25 of the Company's Bylaws regarding the election of the Chairman and Deputy Chairmen or those that cannot be delegated by law or by the Company's internal rules and regulations. Likewise, as established in the same article of the Company's Bylaws, the Chairman, in the event of being an executive Director, shall be considered as the Company's senior executive and shall be vested with the powers necessary for the exercise of this authority, which shall be delegated to him by the Board of Directors. The powers delegated to the Chairman may be delegated to third parties.

C.1.10 Identify, if applicable, the members of the board who assume positions as directors, representatives of directors or executives in other companies that are part of the listed company's group:

Name or Corporate name of director	Corporate name of the entity	Position	Do they have executive functions?

MR. JUAN LLADÓ ARBURÚA	Española de Investigación y Desarrollo, S.A.	Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Internacional, S.A.	1st. Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Master SA de Ingeniería y Arquitectura	Director	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Proyectos Internacionales, S.A.U.	Joint Administrator	YES

C.1.11 List, if applicable, the directors or representatives of directors who are legal persons of your company, who are members of the board of directors or representatives of directors who are legal persons of other entities listed on regulated markets other than your group, which have been reported to the company:

Name or Corporate name of director	Corporate name of the listed entity	Position
No data		

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of company boards of which its directors may form part, identifying, if applicable, where it is regulated:

[ ] Yes
[√] No

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Remuneration paid during the year in favor of the Board of Directors (thousands of euros)	4.240
Amount of the accrued entitlements corresponding to pension rights accumulated by current directors (thousands of euros)	
Amount of the accrued entitlements corresponding to pension rights accumulated by former directors (thousands of euros)	

C.1.14 I Identify the members of senior management who are not executive directors and indicate the total remuneration accrued in their favor during the fiscal year:

Name or Corporate name	Position(s)
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer
MR. MIGUEL PARADINAS MÁRQUEZ	Assistant General Manager
MRS. LAURA BRAVO RAMASCO	Secretary of the Board of Directors
MR. JOSÉ MARÍA GONZÁLEZ VELAYOS	Internal Auditor
MR. ARTHUR W. CROSSLEY SANZ	Chief Commercial Officer
MR. HUGO MÍNGUEZ CAMPOS	Chief Human Resources and General Services Officer
MR. JESÚS ANTONIO RODRÍGUEZ RODRÍGUEZ	Chief Operations Officer
MR. GONZALO PARDO MOCOROA	Energy Division Operations Manager
MR. JUAN JOSÉ FRANCO MERINO	Industrial Division Operations Manager

MR. PABLO ANDRÉS SAEZ	Upstream Division Operations Manager
MR. EMILIO GÓMEZ ACEVEDO	Legal Counsel Director

Number of women in senior management	1
Percentage over total members of senior management	9,09

Total senior management remuneration (thousands of euros)	4.877

C.1.15 Indicate whether any changes were made to the regulations of the board during the fiscal year:

[√] Yes
[ ] No

Description of modification

The Board of Directors of the Company has approved two amendments to the Regulations of the Board of Directors during the 2020 financial year:

- Reform approved in June 2020.

The main purpose of the amendment of the Board Regulations was to incorporate Technical Guides 3/2017 and 1/2019 of the CNMV in relation to the Board Committees:

In relation to the Audit and Control Committee, certain basic principles of the CNMV Technical Guide 3/2017 on Audit Committees ("Technical Guide 3/2017") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of article 13 in accordance with the criteria followed by Technical Guide 3/2017. Likewise, certain CBG Recommendations were expressly incorporated regarding the functions/competencies of the Committee that the Company was already fulfilling but which were not included in its corporate texts.

The current name of the Committee was changed to "Audit and Control Committee", which in turn required the amendment of Articles 3, 5.1.(xii), 12, 36 (former 35) and 40 (former 39) of the Regulations, thus adapting the nomenclature of the Committee to that used in the regulations and recommendations applicable to the Company, among others, the LSC and Technical Guide 3/2017 and thus unifying the name of the Board's Advisory Committees.

In relation to the Appointments and Remuneration Committee, certain basic principles of the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Committees ("Technical Guide 1/2019") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of Article 14 in accordance with the criteria followed by Technical Guide 1/2019.

The composition of the Board (Article 7) is adapted to the number of members provided for in the Bylaws: between 7 and 15 members.

Likewise, articles 10 and 11 were modified to establish that the Secretary and Vice-Secretary of the Board shall also be the Secretary and Vice-Secretary of all the Delegated or Advisory Committees of the Board, in coordination with the proposed modification to Article 25 of the Company's Bylaws in this regard.

On the other hand, article 8 was modified to flexibilize the figure of the Chairman of the Board by allowing the position of Chairman to be held by both an executive and a non-executive director (in line with the proposed modification of Article 25 of the Bylaws).

Likewise, the diversity-related aspects contemplated in the LSC were incorporated into Articles 6 and 14 of the Regulations by Law 11/2018, of December 28, also introducing among the functions of the Appointments and Remunerations Committee that of "Proposing to the Board of Directors the diversity policy on the basis, among others, of the criteria of age, disability, training, professional experience and gender, establishing the objectives in this regard", also in accordance with article 529 quindecies.3.b) LSC.

A new Article 15 was incorporated regarding the new Board Risk and Management Committee, adapting its regime to the recommendations of Technical Guides 3/2017 and 1/2019 of the CNMV in coordination with the regulation of the Audit and Control and Appointments and Remuneration.

In addition, the possibility was added in Article 16 -formerly Article 15- of holding meetings of the Board of Directors by any non-attendance means by using a technical procedure that ensures the authenticity and real-time plurilateral connection of remote attendees.

The remuneration regime for directors provided for in Article 26, formerly Article 25, was adapted to the criteria established in this regard in the Supreme Court Ruling of February 26, 2018, thereby coordinating the Bylaws/Board Regulations, the Directors' Remuneration Policy and the contracts of executive directors.

-Reform approved in December 2020.

The main purpose of the amendment of the Board Regulations was to adapt this corporate text to the provisions of the partial revision of the Good Governance Code for listed companies of June 2020, which updates various recommendations of the Good Governance Code, and to CNMV Circular 1/2020, published in the BOE on October 12, 2020, which modifies the models of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors.

List the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

Article 23 of the Company's Bylaws establishes that the Board of Directors shall be composed of a minimum of 7 members and a maximum of 15, with the General Shareholders' Meeting being responsible for fixing the number of members.

With regard to the selection and appointment of the Board Members, Article 18 of the Board Regulations establishes that the Board Members shall be appointed, following a report from the Appointments and Remuneration Committee, by the General Meeting or by the Board of Directors in accordance with the provisions contained in the Capital Companies Act. In this regard, the proposals for appointment and re-election of directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the appointment resolutions adopted by said body by virtue of the powers of co-option legally attributed to it shall be subject, in all cases, to the policy of diversity on the Board of Directors and selection of directors approved by the Board at any given time and must be preceded by:

a) the corresponding proposal of the Appointments and Remuneration Committee, in the case of independent directors; and

b) the corresponding proposal of the Board of Directors, in the case of the remaining directors, which must be accompanied by a supporting report evaluating the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or of the Board itself. The proposal for appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

In turn, Article 19 of the Board Regulations establishes, with respect to the appointment of external directors, that the Board of Directors shall endeavor to ensure that the selection of candidates is made by persons of recognized solvency, competence and experience, and shall be extremely rigorous with respect to those called upon to fill the independent directorships contemplated in Article 6 of the Regulations. This article also provides that the Board of Directors shall ensure that the procedures for the selection of its members favor diversity with respect to issues such as age, gender, disability or professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of the members of the Board of Directors, Likewise, the persons appointed as Board Members must be persons of recognized commercial and professional honorability and must possess adequate knowledge and experience to perform their duties and be in a position to exercise good governance in the entity. Likewise, in addition to the conditions required by Law and the Bylaws, they must also meet the conditions set forth in the Regulations, formally undertaking at the time of taking office to comply with the obligations and duties set forth herein.

For the re-election of directors, in addition to the above requirements, Article 20 of the Board Regulations provides that the Board of Directors, before proposing the re-election of directors to the Shareholders' Meeting, shall evaluate, with the abstention of the affected parties, the quality of the work and dedication to the position of the proposed directors during the previous term of office.

In accordance with Article 21 ("Term of office"), the directors shall hold office for a term of four years, without prejudice to the possibility of earlier removal by the Board. At the end of their term of office, they may be re-elected one or more times for terms of the same duration.

The appointment of the directors will expire when, once the term has expired, the next Meeting has been held or the legal term for holding the Meeting that must resolve on the approval of the previous year's financial statements has elapsed.

Any vacancies that may occur may be filled by the Board by co-option, in accordance with the law. In the event of vacancies occurring after the Meeting has been convened and before it is held, the Board shall retain the power to co-opt until the next General Meeting is held.

Directors appointed by cooptation shall have their position ratified on the date of the first General Meeting immediately following.

A director who terminates his term of office or for any other reason ceases to hold office may not be a director or hold executive office in another entity having a corporate purpose similar to that of the Company for a period of two years. The Board, if it deems it appropriate, may exempt the outgoing director from this obligation or shorten the period of duration.

[Continues in section H]

C.1.17 Explain to what extent the annual evaluation of the board has led to significant changes in its internal organization and in the procedures applicable to its activities:

Description of modifications

With respect to the evaluation of directors, Article 5.6 of the Board Regulations establishes that the Board of Directors shall conduct an annual evaluation of its performance (based on the report submitted by the Appointments and Remuneration Committee) and that of its Committees, as well as that of its Chairmen, and shall propose, on the basis of its result, an action plan to correct the deficiencies detected (the result of the evaluation shall be recorded in the minutes of the meeting or incorporated as an annex thereto).

Although the annual evaluation of the Board of Directors showed that the composition, internal organization, operation and frequency of the meetings of the Board of Directors was accurate, the Company carried out several actions as a result of the conclusions of the aforementioned annual evaluation, among which the projection of presentations referring to several aspects of the Company that could be improved during the 2020 fiscal year stands out, such as (i) to have an impact on the information sent to the directors - especially considering the information related to the status of the projects-, (ii) to deepen the Company's strategic plan, considering the possible changes in the environment to anticipate the Company's positioning in the medium term, (iii) to deepen the interaction between directors and the management team, and (iv) finally, to deepen the risk control activities.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, if applicable, by an external consultant, with respect to the operation and composition of the board and its committees, and any other area or aspect that has been the object of the evaluation.

Description of the evaluation process and the areas assessed

The evaluation of the 2020 fiscal year of the different Committees was based on the report they submitted to the Board of Directors and, for the Board of Directors, on the report submitted by the Appointments and Remuneration Committee.

In addition, as part of the process, an evaluation questionnaire was sent to all directors which, after having been completed by each director, was analyzed in order to obtain a homogeneous result of the members of the Board of Directors.

In the evaluation process, the Board of Directors has been assisted by the external consultant Ackermann International, which has held individual interviews with the members of the Board as part of the evaluation process.

The areas evaluated during the Board's evaluation process have included the following aspects:

- Efficiency of the operation and diversity in the composition of the Board of Directors.
- The skills and powers of the Board of Directors.
- The functioning and composition of its Committees.
- The performance of the Executive Chairman and the Secretary of the Board of Directors and the performance and contribution of each director.

C.1.18 Provide a breakdown, for the fiscal years in which the evaluation has been assisted by external consultants, of any business relationships between the consultants or any company in their group and the company or any company in its group.

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The external consultant Ackermann International has not provided the Company and other companies of its group during the 2020 financial year with services other than assistance in the evaluation of the Board of Directors and its Committees.

C.1.19 Indicate the cases in which directors are obliged to resign.

As indicated in section C.1.16 above, as established in Article 22.2 of the Regulations of the Board of Directors, the directors must tender their resignation to the Board of Directors and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions with which their appointment as Board Member was associated.
b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company).

Likewise, the directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their subsequent procedural vicissitudes.

The Board of Directors, having been informed or having otherwise become aware of any of the situations mentioned in this section, shall examine the case as soon as possible and, taking into account the specific circumstances, shall decide, following a report from the Appointments and Remuneration Committee, on the measures to be adopted, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal to the General Shareholders' Meeting. This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes. This is without prejudice to the information that the Company must disclose, if appropriate, at the time of the adoption of the corresponding measures.

Similarly, Article 22.1 of the Regulations of the Board of Directors of the Company establishes that the independent external directors of the Company shall cease to hold office "(...) when they have held such office for an uninterrupted period of 12 years (...)".

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

[√] Yes
[ ] No

If applicable, describe the differences.

Description of the differences

Article 25 of the Company's Bylaws (and, in the same sense, Article 8.3 of the Regulations of the Board of Directors) establishes that the position of Chairman of the Board of Directors may be held by an executive Director, in which case the appointment of the Chairman shall require the favorable vote of two thirds of the members of the Board of Directors. For this resolution, provided for in Article 245.2 of the 245.2 of the Capital Companies Act, Article 248.1 of the same text requires an absolute majority of the directors attending the meeting.

C.1.21 Explain whether there are specific requirements, other than those relating to directors, for appointment as chairperson of the board of directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the articles of association or the regulations of the board establish any age limit for directors:

[ ] Yes
[√] No

C.1.23 Indicate whether the articles of association or the regulations of the board establish a limited term of office or any other requirement that is more stringent than those established by law for independent directors, other than that set out in the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific rules for proxy voting in the board of directors in favor of other directors, the manner of doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limitation has been established as to the categories in which it is possible to delegate, beyond the limitations imposed by law. If so, give a brief description of these rules.

Article 26 of the Company's Bylaws establishes that any director may authorize in writing another director to represent him/her. Non-executive directors may only delegate their representation to another non-executive director.

Likewise, Article 17 of the Regulations of the Board of Directors provides that the directors shall make every effort to attend the meetings of the Board and, when they are unable to do so in person, they shall endeavor to grant their representation in writing and specifically for each meeting to another member of the Board, including the appropriate instructions and informing the Chairman of the Board of Directors thereof.

C.1.25 Indicate the number of meetings held by the Board of Directors during the fiscal year. Also indicate, if applicable, the number of times the board has met without the attendance of its chairman. In the computation, attendances shall be considered to be the representations made with specific instructions.

Number of board meetings	9
Number of board meetings without the chairperson's assistance	4

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the various board committee:

Number of meetings of the Audit and Control Committee	9

Number of meetings of the Management and Risk Committee	5

Number of meetings of the Nomination and Compensation Committees	7

The meetings that the Chairman of the Company was unable to attend during the 2020 financial year were in any event chaired by the 1st. Deputy Chairman, in accordance with the provisions of Article 9.1 of the Regulations of the Board of Directors.

C.1.26 Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

Number of meetings attended in person by at least 80% of the board members	9
% of in-person attendance out of total votes during the fiscal year	96,83
Number of meetings attended in person, or by proxies with specific instructions, by all directors	9
% of votes cast through in-person attendance and by proxies with specific instructions, out of total votes during the fiscal year	100,00

The Board of Directors is composed of 14 members and has held 9 meetings (126 maximum attendances), with 4 absences, so that the number of attendances is 122 out of 126 (96.8254 %).

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for formulation have been previously certified:

[√] Yes
[ ] No

Identify, if applicable, the person(s) who has/have certified the individual and consolidated financial statements of the company, for their preparation by the board:

Name	Position
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

The Board of Directors of the Company, in exercise of the powers conferred by the Capital Companies Act and the Company's Bylaws, has approved a Regulation of the Board of Directors which establishes various mechanisms to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting standards.

In particular, Article 13 of the Regulations of the Board of Directors establishes in Article 13.2 that, in relation to the supervision of financial and non-financial information, the Audit and Control Committee is responsible for: a) to report to the General Shareholders' Meeting on the matters that arise within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process; b) to supervise and evaluate the process of preparation and presentation of the mandatory financial and non-financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding their integrity; and c) to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the Chairman of the Audit and Control Committee shall clearly explain at the General Shareholders' Meeting the opinion of the Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board.

In addition, Article 13.2 of the Board of Directors Regulations establishes that the Audit and Control Committee shall be responsible for "(...) supervising compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted clearly and accurately, as well as evaluating the results of each audit and, likewise, ensuring that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors".

C.1.29 Is the secretary of the board also a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name or Corporate name of the secretary	Representative
MRS. LAURA BRAVO RAMASCO	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of external auditors, as well as any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Article 40 of the Board Regulations establishes that the Audit and Control Committee shall refrain from proposing to the Board of Directors, and the Board in turn shall refrain from submitting to the Shareholders' Meeting, the appointment as auditors of the Company of any auditing firm that is subject to a cause of incompatibility in accordance with the legislation on auditing of accounts, as well as those firms in which the fees that the Company expects to pay them, for all concepts, are greater than five percent of their total income during the last fiscal year.

The Audit and Control Committee is, therefore, responsible for relations with the Company's external auditors, receiving information on matters that may jeopardize their independence and any other matters related to the auditing process, as well as any other communications provided for in auditing legislation and technical auditing standards (Article 29.e) of the Company's Bylaws and Article 13.2 of the Board of Directors Regulations).

In addition, the Audit and Control Committee has agreed, in order to safeguard the auditor's independence, to limit the amount of services invoiced by the audit firm for non-audit work.

On the other hand, Article 39 of the Board Regulations regulates the Company's relations with the markets in general. In this regard, Técnicas Reunidas' relationship with financial analysts and investment banks, among others, is based on the principles of transparency and non-discrimination. The Company coordinates its dealings with them, handling both their requests for information and those of institutional or individual investors.

With respect to rating agencies, the Company is not subject to credit rating.

C.1.31 Indicate whether during the fiscal year the Company has changed its external auditor. If so, identify the incoming and outgoing auditors:

[ ] Yes
[√] No

If there were any disagreements with the outgoing auditor, explain their basis:

[ ] Yes
[√] No

C.1.32 Indicate whether the auditing firm carries out any non-audit work for the company and/or its group and, where applicable, state the fees for this work and the percentage this represents of all fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Companies in the group	Total
Fees for non-audit work (thousands of euros)	522	92	614
Fees for non-audit services/auditing fees (%)	26,44	4,66	31,10

C.1.33 Indicate whether the audit report on the financial statements for the previous fiscal year includes any reservations or qualified opinions. If applicable, indicate the explanations given to shareholders at the General Meeting by the chairperson of the audit committee on the content and scope of these reservations or qualified opinions.

[ ] Yes
[√] No

C.1.34 Indicate the number of consecutive years that the current auditing firm has been auditing the individual and/or consolidated annual accounts of the company. Also indicate the percentage that the number of fiscal years audited by the current auditing firm represents over the total number of fiscal years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	4	4

	Individuals	Consolidated
No. of years audited by the current audit firm / No. of years that the company or its group has been audited. (in %)	20,00	20,00

Since the fiscal year 2017, the Company has had a joint audit system for its annual accounts developed by the auditing firms PricewaterhouseCoopers and Deloitte. PricewaterhouseCoopers has audited the individual and consolidated financial statements for all fiscal years since the Company's IPO (fiscal year 2006), while Deloitte has audited the individual and consolidated financial statements since the fiscal year 2017.

C.1.35 Indicate and, where applicable, detail whether there is any procedure for ensuring that directors can obtain the information needed in sufficient time to prepare for meetings of the management bodies:

[√] Yes
[ ] No

Details of the procedure

According to Article 27.a) of the Board Regulations, among the duties of the director is to inform himself and adequately prepare the meetings of the Board and, if applicable, of the delegated bodies to which he belongs.

In this regard, among the duties of the Secretary of the Board is to provide the directors with the necessary advice and information, assisting the Chairman so that the directors receive the relevant information for the performance of their duties sufficiently in advance and in the appropriate format, all in accordance with the provisions of Article 10 of the Board Regulations.

In addition, Article 24 ("Powers of information and inspection") of the Regulations of the Board of Directors establishes the following procedure for the director to exercise his right to information:

1. The director may request information on any aspect of the Company and examine its books, records, documents and other documentation. The right to information is extended to investee companies whenever possible.

2. The request for information shall be addressed to the Secretary of the Board of Directors, who shall forward it to the Chairman of the Board of Directors and to the appropriate contact person within the Company.

3. The Secretary shall advise the director of the confidential nature of the information he/she requests and receives and of his/her duty of confidentiality in accordance with the provisions of these Regulations.

4. The Chairman may refuse to provide the information if he considers: (i) that it is not necessary for the proper performance of the duties entrusted to the director or (ii) that its cost is unreasonable in view of the importance of the issue and the Company's assets and revenues.

On the other hand, Article 25 of the Board Regulations, which regulates the assistance of experts to external directors, establishes that the director may request the hiring of legal, accounting, financial or other experts at the Company's expense. The assignment must necessarily deal with specific problems of a certain importance and complexity that arise in the performance of the position.

The decision to hire must be communicated to the President of the Company and may be vetoed by the Board of Directors if it is proven that:

a) That it is not necessary for the full performance of the functions entrusted to the external directors;
b) That its cost is not reasonable in view of the importance of the problem and the assets and income of the Company; or
c) That the technical assistance sought can be adequately provided by experts and technicians of the Company.

C.1.36 Indicate and, if applicable, provide details on whether the company has established rules that oblige directors to inform and, if applicable, resign when situations arise that affect them, whether or not related to their performance in the company that could damage the credit and reputation of the company:

[√] Yes
[ ] No

Explain the rules

Article 22.2.d) of the Regulations of the Board of Directors of the Company establishes that directors must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation (...) when their remaining on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed disappear (for example, when a shareholder director disposes of his interest in the Company).

In addition, Article 22.3 of the Board Regulations establishes that directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their procedural vicissitudes.

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company, that could damage the credit and reputation of the company:

[ ] Yes
[√] No

C.1.38 List any significant agreements entered into by the company that come into force, are amended or terminate in the event of a change of control of the company following a takeover bid, and their effects.

The Company has not signed agreements of this type.

C.1.39 Identify, on an individual basis in the case of directors and on an aggregated basis in other cases, any agreements between the company and its directors and managers or employees that provide for compensation, guarantees or golden handshakes on their resignation or unfair dismissal, or if the contractual relationship is terminated because of a public takeover bid or other type of operation.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Honorary Chairman and Executive Chairman	The employment contract of the Honorary Chairman and the Executive Chairman provides for financial compensation in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if applicable, have been signed. The aggregate amount of these 2 indemnities would amount to 5,765 thousand euros.

Indicate whether, in addition to the cases provided for in the regulations, these contracts must be reported to and/or approved by the bodies of the company or its group. If so, specify the procedures, the cases envisaged and the nature of the bodies responsible for their approval or for making the communication:

	Board of Directors	General Meeting
Body authorizing the clauses	√	

	Yes	No
Is the general meeting notified of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Provide details of all the committees of the board of directors, their members and their proportions of executive, shareholder, independent and other external directors:

Committee for Audit and Control

Name	Position	Category
MRS. PETRA MATEOS-APARICIO MORALES	CHAIRPERSON	Independent
MR. PEDRO LUIS URIARTE SANTAMARINA	MEMBER	Independent
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MEMBER	Independent

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	80,00
% of other external directors	0,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in art. 13 of the Board Regulations and art. 29 of the Bylaws:

The Chairman of the Committee is elected by the Board from among the independent directors for a term not to exceed 4 years and must be replaced at the end of that term and may be re-elected after a period of 1 year has elapsed since he ceased to hold office.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In connection with the monitoring of financial and non-financial information:

a) Report to the General Shareholders’ Meeting on matters arising within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process.

b) Supervise and evaluate the process of preparation and presentation of the mandatory financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.

c) To ensure that the annual financial statements that the Board of Directors seeks to present to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases, in which the auditor has included in its audit report any qualification, the Chairman of the Audit and Control Committee shall clearly explain at the General Meeting the opinion of the Committee on its content and scope, making available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board, a summary of such opinion.

In relation to the supervision of internal control and internal audit:

d) Periodically supervise the effectiveness of the Company's internal control and internal audit, as well as discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the above without breaching his/her independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.

e) In relation to the information and internal control systems: (i) to know and supervise the Company's internal control systems, verify their adequacy and integrity and review the appointment or replacement of those responsible for them; (ii) ensuring in general that the policies and systems established for internal control are effectively implemented in practice; (iii) review compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria; and (iv) ensure the independence and effectiveness of the internal audit function, proposing the selection, appointment, re-election and removal of the head of the internal audit function, proposing the selection, appointment and dismissal of the head of the internal audit service, as well as proposing the budget for said service; approve the annual guidance and work plan, ensuring that its activity is primarily focused on the Company's relevant risks (including reputational risks); to receive periodic information on its activities and to verify that senior management takes into account the conclusions and recommendations of its reports.

f) To supervise the unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems and that functionally reports to the Chairman of the Audit and Control Committee.

The head of the unit in charge of the internal audit function shall submit its annual work plan to the Audit and Control Committee, inform it directly of any incidents arising during its implementation and submit an activity report at the end of each fiscal year.

g) Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Board Members, shareholders, suppliers, contractors or subcontractors, to report any irregularities of potential importance, including financial and accounting irregularities, or any other irregularities related to the Company that they may notice within the Company or its Group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistleblower and the reported party.

In relation to the statutory auditor:

h) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process in accordance with the provisions of the applicable regulations, as well as the terms and conditions of his engagement, and for such purpose, shall:

1º. define the procedure for the selection of the auditor; and
2º. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of the re-election of the same.

(Continues in section H).

Identify any members of the audit committee who were appointed considering their knowledge and experience of accounting, auditing or both, and indicate the date of appointment of the current chairperson of this committee.

Name of the directors with experience	MRS. PETRA MATEOS-APARICIO MORALES / MR. PEDRO LUIS URIARTE SANTAMARINA / MR. JOSÉ NIETO DE LA CIERVA / MR. JOSÉ MANUEL LLADÓ ARBURÚA / MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ
Date of appointment of the current chairperson	31/07/2018

Committee for Management and Risk		
Name	Position	Category
MR. JUAN LLADÓ ARBURÚA	CHAIRMAN	Executive director
MR. PEDRO LUIS URIARTE SANTAMARINA	DEPUTY CHAIRMAN	Independent director
MRS. PETRA MATEOS-APARICIO MORALES	MEMBER	Independent director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent director
MR. ALFREDO BONET BAIGET	MEMBER	Independent director

% of executive directors	12,50
% of shareholder directors	12,50
% of independent directors	50,00
% of other external directors	25,00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9 and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either in the law, in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in Article 15 of the Board Regulations and Article 30 Bis of the Company's Bylaws:

The Chairman of the Commission is elected by the Board for a term not to exceed 4 years and may be reelected one or more times for terms of equal duration.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In relation to the supervision of financial information:

a) Periodically review the impact of the operations and planning of the Company and its Group.

b) Analyze the financial and resource efficiency of each project of the Company and its Group.

c) Analyze the guidelines of the commercial policies and analyze the conditions of the most relevant offers of the Company and its Group.

d) Periodically monitor the Company's projects, and in particular, those that are most relevant for economic, technical or reputational reasons.

e) To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group operate.

f) Develop periodic analyses of customer and supplier solvency ratios.

g) Develop and monitor the risk map of the Company and its Group.

h) Analyze and report on the overall approach and strategy of the Company and its Group.

i) With respect to all the foregoing points, to promote the regulatory compliance system and activities of the Company and its Group.

During the fiscal year 2020, the Risk and Management Committee carried out the following activities:

Monitoring of the evolution and management of the group’s various projects. Including the analysis of all of them, in a more detailed way the most relevant ones, and the implementation of the Plan 100 and the TR-ansforma Plan, aimed at improving efficiency and analysis of the new integrated structure of the company. Likewise, monitoring of the circumstances of each these projects, including the reprogramming of relevant projects in the Middle East, Asia and North Africa as a result of the Covid-19 pandemic, which has led to a slowdown in the sales figure accrued in 2020 and the need to adapt the company’s resources to the specific needs of these projects.

Analysis of the market and the opportunities it offers, by type of project, geographic area and most significant clients. Follow-up of the various tenders for FEED and EPC projects.

Monitoring of the group’s economic, financial and treasury planning, including the forecast of results and procedures in progress and the reprogramming of relevant projects during the 2020 financial year to adapt their execution to the circumstances arising from Covid-19.

Analysis of the Company’s assets, the management of human resources structure and general services, in particular with regard to the evolution of resources and their adaptation to the circumstances of the execution of specific projects, and the adaptation of the office space required for them.

Monitoring and management of exchange orders and deposits on account and of ongoing procedures. The Commission regularly monitors exchange orders and payments on account. During the 2020 financial year, the criteria for recording these exchange orders, the specific movements and the overall evolution of contractual modifications and negotiations with certain particularly significant customers were analyzed in detail.

Appointments and Retributions Committee		
Name	Position	Category
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. ALFREDO BONET BAIGET	CHAIRMAN	Independent director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MRS. INÉS ELVIRA ANDRADE MORENO	MEMBER	Independent director

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	40,00
% of other external directors	40,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, as well as its procedures and rules of organization and operation, are set forth in Article 30 of the Company's Bylaws and are further developed in Article 14 of the Regulations of the Board of Directors.

The Chairman of the Committee shall be appointed by the Board from among its members, for a term of 4 years, and may be re-elected one or more times for periods of the same duration. The Chairman shall be an independent director.

Pursuant to Article 14.2 of the Board Regulations, and without prejudice to other functions that may be assigned to it by the Board, the Committee has, among others, the following basic responsibilities:

In relation to the composition of the Board:

a) Evaluate the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the functions and skills required of the candidates to fill each vacancy and shall evaluate the time and dedication necessary for them to effectively perform their duties, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties.

b) Ensure that corporate policies are oriented towards a goal of representation for the underrepresented sex on the Board of Directors and prepare guidelines on how to achieve this goal, as well as propose to the Board of Directors the policy on diversity of directors.

c) Periodically verify the category of the directors.

In connection with the selection of directors and senior management:

d) To submit to the Board of Directors proposals for the appointment of independent directors for their appointment by cooptation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.

e) To report on the proposals for appointment of the remaining directors for their appointment by cooptation or for their submission to the decision of the General Shareholders' Meeting, as well as the proposals for their re-election or removal by the General Shareholders' Meeting.

f) To report on proposals for the appointment of natural persons to represent a director who is a legal person.

g) Annually verify compliance with the director selection policy.

h) To analyze, formulate and periodically review the proposed policies for hiring, loyalty and dismissal of executives, as well as to formulate and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.

i) Report on proposals for the appointment and removal of senior management.

In relation to the positions on the Board and the composition of the Committees:

j) Propose the members that should form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee.

k) To report to the Board of Directors on the appointment of the Chairman, Deputy Chairmen, members of the Executive Committee and the Honorary Chairman, if any.

l) To report to the Board of Directors on the appointment and, as the case may be, removal of the Secretary and Vice Secretary of the Board of Directors.

m) To propose, as the case may be, the appointment of the Coordinating Director.

n) Examine and organize the succession of the Chairman of the Board of Directors and the chief executive of the Company and, if appropriate, make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.

In relation to the remuneration of directors and senior management:

o) Propose to the Board of Directors the compensation policy for directors and general managers or those who perform their senior management duties under the direct supervision of the Board or delegated committees, verifying compliance therewith.

p) To analyze, formulate and periodically review the compensation policy applied to directors and senior managers, including share-based compensation systems and their application, weighing their adequacy and performance, as well as to ensure that their individual compensation is proportionate to that paid to other directors and senior managers of the Company.

q) Propose to the Board of Directors the individual remuneration and other contractual conditions of the executive Directors, verifying that they are consistent with the remuneration policies in force.

r) Propose the basic conditions of senior management contracts, verifying that they are consistent with current compensation policies.

s) Report to the Board of Directors on the systems and amount of annual remuneration of directors and senior managers and verify the information on remuneration of directors and senior managers contained in corporate documents, including the annual report on directors' remuneration, ensuring the transparency of remuneration.

Other functions:

t) Lead the annual evaluation of the Board regarding the operation and composition of the Board and its Committees and submit to the Board the results of its evaluation together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve its operation.

u) To report annually to the Board of Directors on the evaluation of the performance of the Company's senior management.

v) To design and organize periodic programs to update the knowledge of the Board Members.

(Continues in section H).

C.2.2 Complete the following table with the information regarding the number of female directors who are members of the Board of Directors' Committees at the end of the last four fiscal years:

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	1	20,00	1	20,00	1	20,00	1	20,00

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Management and Risk Committee	1	12,50	1	12,50	1	12,50	0	0,00
Appointments and Remunerations Committee	1	20,00	0	0,00	0	0,00	0	0,00

C.2.3 Indicate, if applicable, the existence of regulations of the board committees, the place where they are available for consultation, and any amendments that have been made during the fiscal year. In turn, indicate whether an annual report on the activities of each committee has been prepared on a voluntary basis.

The rules of organization and operation of the Audit and Control Committee and the Appointments and Remuneration Committee are set forth in the Company's Bylaws and in the Regulations of the Board of Directors, documents that are published for consultation on the Company's website (www.tecnicasreunidas.es), under the "Shareholders and Investors/Corporate Governance" tab in the "Corporate Governance" section. During the 2020 financial year, the Company has made modifications to the Regulations of the Board of Directors and in the Company's Bylaws, in order to adapt their wording and contents to the Technical Guide 3/2017 on audit committees of public interest entities and the Technical Guide 1/2019 on appointments and remuneration committees of the CNMV. Likewise, the Regulations of the Board of Directors of the Company have been modified on a second occasion with the finality of incorporating the modifications derived from the Good Governance Code of Listed Companies.

The Audit and Control Committee, the Appointments and Remuneration Committee and the Risk and Management Committee prepare reports on their activities and performance during the year, which are made available to the shareholders at the Annual General Meeting.

D. RELATED-PARTY AND INTRAGROUP OPERATIONS

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions.

Article 5 of the Regulations of the Board of Directors of the Company establishes the following:

“Except in matters reserved to the competence of the General Meeting, the Board of Directors is the highest decision-making body of the Company, and shall assume those powers legally reserved to its direct knowledge, as well as those others necessary for a responsible exercise of the general supervisory function, including among others and without limitation the functions attributed to it by the Capital Companies Act and, in particular, the following functions assumed on a non-delegable basis:

(...)

(xii) the approval, subject to a report from the Audit and Control Committee, of transactions that the Company, or companies in its group, carries out with directors, executives or shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors, of the Company or of other companies forming part of the same group or with persons related thereto ("Related-Party Transactions").

The directors affected or who represent or are related to the shareholders affected must abstain from participating in the deliberation and voting on the resolution in question.

However, the authorization of the Board of Directors shall not be required for those Related-Party Transactions that simultaneously meet the following three conditions:

1ª. under contracts whose terms and conditions are standardized and applied en masse to a large number of customers ;

2ª. that are carried out at market prices or rates, fixed generally by the party acting as supplier of the good or service in question;

3ª. the amount of the transaction does not exceed one percent (1%) of the annual revenues of the Company.

The approval of Related Transactions shall require a prior favorable report from the Audit and Control Committee. The Board Members affected, in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the transaction”.

On the other hand, Article 13.2 of the Board Regulations establishes that without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors, the Audit and Control Committee has the duty to report to the Board, prior to the adoption by the latter of the corresponding decisions, on transactions that imply or may imply conflicts of interest, and, in particular, Related-Party Transactions, under the terms provided by Law, the Bylaws or these Regulations, establishing in the same way that the report, if any, issued by the Audit and Control Committee on related-party transactions, shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

In addition, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the performance by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

In addition, the Company has commissioned the advice of an expert third party (Gómez Acebo & Pombo) in relation to the Company's related party transactions during the 2020 financial year, which has prepared the corresponding report.

D.2. Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company’s significant shareholders:

Name or Corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
No data				N.A.

D.3. Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company's directors or managers:

Name or corporate name of the director or manager	Name or corporate name of the related party	Link	Type of transaction	Amount (in thousands of euros)
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Financing agreements: loans	10.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Guarantee	77.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Others	5.401
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest paid	3
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest charged	493

At 12/31/2020 the Company had the following transactions with Banco de Sabadell, S.A.:

- Undrawn credit facility: €5,000 thousand.
- Syndicated credit line: 5,000 thousand euros (of which 5,000 thousand euros have been used).
- Guarantee facility: EUR 47,000 thousand (of which EUR 19,064 thousand have been used).
- Syndicated guarantee facility: EUR 30,000 thousand (of which EUR 17,693 thousand were used).
- Cash and cash equivalents: 5,400.60 thousand euros.
- Interest and commissions paid: 493.26 thousand euros.
- Interest paid: 3.14 thousand euros.

D.4. Provide details of any relevant transactions carried out by the company with other entities belonging to the same group, provided these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's normal business in terms of their purpose and applicable conditions.

In any case, report on any intragroup transaction carried out with entities based in countries or territories considered tax havens:

Corporate name of the entity in the group	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

D.5. Provide details of any significant transactions carried out between the company or entities in its group and other related parties which have not been reported in the sections.

Corporate name of the related party	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

D.6. Provide details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board Regulations and the Internal Code of Conduct regulate the mechanisms established to detect and regulate possible conflicts of interest.
In relation to the Board Members, the mechanisms established to detect possible conflicts of interest are regulated in the Board Regulations. Article 30 of the Board Regulations establishes that the Board Member must notify the existence of conflicts of interest to the Board and refrain from attending and intervening in deliberations that affect matters in which he/she has a personal interest. A director's personal interest shall also be deemed to exist when the matter affects any of the following persons:
- The spouse or person with an analogous relationship of affectivity.
- The ascendants, descendants and siblings of the director or of the director's spouse.
- The spouses of the ascendants, descendants and siblings of the director.
- Companies in which the director, either personally or through an intermediary, is in any of the situations contemplated in section one of article 42 of the Code of Commerce.
In the case of a director who is a legal entity, the following shall be deemed to be related parties:
- Shareholders who are, with respect to the legal entity director, in any of the situations contemplated in section one of article 42 of the Code of Commerce.
- The directors, de jure or de facto, the liquidators and the attorneys-in-fact with general powers of attorney of the director legal entity.
- Companies forming part of the same group and their partners.
- Persons who, with respect to the representative of the legal entity director, are considered to be related to the director in accordance with the provisions of the preceding paragraph.
In addition, the Board Regulations establish other obligations relating to the duty to avoid situations of conflict of interest of the directors, and in particular, the following:
- Art. 29 ("Non-competition obligation") establishes that a director may not hold the position of director or executive in companies with the same, similar or complementary type of activity as the Company or perform activities on his own account or on behalf of others that involve effective competition, whether actual or potential, with the Company or that in any other way place him in a permanent conflict with the interests of the Company, unless expressly authorized by the Company, by resolution of the General Shareholders' Meeting, under the terms established by law and with the exception of the positions he may hold, if any, in companies belonging to the group. Notwithstanding the foregoing, the director may provide professional services to entities whose corporate purpose is totally or partially analogous to that of the Company, provided that he/she previously informs the Board of Directors of his/her intention, which may refuse to authorize such activity, stating the reasons for such refusal.
- Article 31 ("Use of Company Assets") of the Regulations provides that a director may not make use of the Company's assets, including the Company's confidential information, or use his position in the Company to obtain a financial advantage, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law.
- Article 33 ("Business opportunities") establishes that a director may not take advantage of a business opportunity of the Company for his own benefit or that of a person related to him under the terms established in the aforementioned Article 30 of the Regulations, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law. For these purposes, a business opportunity is understood to be any possibility of making an investment or commercial transaction that has arisen or has been discovered in connection with the director's performance of his duties, or through the use of means and information of the Company, or under circumstances such that it is reasonable to believe that the third party's offer was in fact directed to the Company.
- Article 34 ("Indirect Transactions") of the Board Regulations establishes that a director violates his duties of fidelity to the Company if, knowing in advance, he permits or fails to disclose the existence of transactions carried out by the persons mentioned above and indicated in Article 30.1 of the Regulations, which have not been subject to the conditions and controls provided for in the preceding articles.
The Company may authorize in singular cases the execution by a director of a transaction with the Company, which authorization must be approved by the Shareholders' Meeting or the Board of Directors in accordance with the provisions of Article 230 of the LSC.
Likewise, the Director must also inform the Company of the positions he/she holds on the Board of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to his/her performance as a director of the Company. In relation to senior executives, the mechanisms established to detect and regulate possible conflicts of interest are regulated in the Internal Code of Conduct, which is also applicable to the directors. Art. 11 of the Internal Rules of Conduct provides that subject persons and insiders must act at all times with freedom of judgment, with loyalty to the Company and its shareholders and independently of their own or other people's interests. Consequently, they shall refrain from prioritizing their own interests at the expense of those of the Company or those of some investors at the expense of others, and shall therefore refrain from intervening or interfering in the making of decisions that may affect persons or entities with which there is a conflict and from accessing confidential information affecting such conflict.

(Continues in section H.1)

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Control and Management System, including those of a fiscal nature:

The Group, at the request of the Audit and Control Committee, has a catalog of key risks, described in section E.3 and drawn up in accordance with the COSO 2013 methodology.

Técnicas Reunidas ("TR") has adopted policies to management of these risks, which include the adoption of the following measures, among others.

- Risks related to cost variations in projects.

Multiple factors can have an impact on the variation of cost estimates in turnkey projects (a total price is locked in at the beginning while the execution costs can suffer deviations), such as the volatility of raw material prices, changes in scope of projects, the performance in terms of time and quality of construction and assembly subcontractors, customer and supplier litigation, geopolitical decisions with immediate impact or weather conditions, among others.

The assessment of all these factors involves a high level of judgment and estimation.

Failure to meet delivery deadlines may result in compensation to the customer.

Control and management mechanisms:

• Development of new contracting formulas to mitigate risks.
• Inclusion of liability exclusion clauses in contracts with suppliers and subcontractors.
• Intensive procurement in the first months of execution of critical equipment with a high level of sensitivity to the price of raw materials.
• Derivative contracts that allow the forward purchase of certain raw materials and essential equipment.
• Distribution of work execution among several subcontractors and incorporation of subcontractors as project partners.
• Increased supervision of construction and assembly contractors.
• Inclusion in the budgets of contingencies for deviations.
• Use of the opinion of external advisors in the preparation of estimates and judgments.
• Close monitoring of project execution deadlines to detect delays, allowing the implementation of acceleration and penalty risk mitigation mechanisms.

- Risks related to variations in the price of crude oil.

The price of crude oil, in addition to other factors, influences the investment, awarding and execution decisions of the Group's customers, as well as those of suppliers, competitors and partners.

Recent drops in crude oil prices have pushed customers to offer worse payment terms and to be more demanding in negotiating scope changes and claims.

The group's commercial activity is conditioned by the investment efforts of our customers.

Control and management systems:

• Predominance of NOCs (national oil companies) over IOCs (private oil companies) in the portfolio (which incorporate into their decision criteria other factors beyond purely economic ones, such as geopolitical and social criteria).
• Product and geographic diversification.
• Risk mitigation with customers and suppliers through early detection of issues that could lead to a change in contract price.

- Risks related to the execution of projects in multiple geographies.

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 security, local content requirements, increasing tax pressure in all the geographies in which the Group operates or the complexity of the margin allocation process in projects developed simultaneously in multiple geographies, etc.

The development of projects for the first time in a given geography increases the risk of deviation in margins.

Control and management systems:

• Project selection based on a detailed analysis of the client, our previous experience in each geography and other aspects such as project-specific margins and risks.
• Use of modular construction schemes in geographies where labor shortages or site conditions allow for savings over other options.
• Inclusion in contracts, whenever possible, of referral of disputes to courts or arbitrators in countries where TR has experience.
• Inclusion in contracts, whenever possible, of clauses that allow for price revisions in the event of changes in the law.
• Flexibility to adapt to local content requirements.
• Development of BEPS policies.
• The Group's Internal Tax Risk Manual, establishes the Group's tax strategy and internal tax risk management procedures, including training actions and internal investigation plans.
• In the offer phase, risk-minimizing tax strategies are defined with local advisors including in the Group's usual markets.
• In the execution phase, the tax assessments submitted are monitored with the support of local advisors and events or deviations from the initial strategies are identified in order to correct them with the support of the operations area.

Continues in section H.1

E.2. Identify the company's bodies responsible for the development and implementation of the Risk Management and Control System, including the tax department:

Article 5 of the Regulations of the Board of Directors establishes that the Board of Directors is responsible for approving the risk control and management policy, including tax risks, as well as the periodic monitoring of internal information and control systems.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, is responsible for supervising the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, he/she will be assisted by internal and external auditors.

The basic responsibilities of the Company's Risk and Management Committee, in accordance with Article 15 of the Regulations of the Board of Directors, include, among others, periodically reviewing the impact of the Company's and its Group operations and planning, periodically monitoring the Company's projects and, in particular, those that are most relevant for economic, technical or reputational reasons. To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group carry out their activities and to develop and monitor the risk map of the Company and its Group.

E.3. Point out the main risks, including tax risks and, to the extent significant those derived from corruption (the latter understood with the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives:

The main risks are:

- Project cost variations.
- Variations in the price of crude oil.
- Execution of projects in multiple geographies.
- Concentration on a small number of customers.
- Environmental and safety requirements.
- Economic variables.
- Information technology.

E.4. Identify whether the entity has risk tolerance levels, including the fiscal risk:

Given the nature of the group's core business, the construction of oil and gas related plants in multiple geographies via EPC contracts, risk assessment measures are systematically applied for each of the contracts in the bid or execution phase within the framework of internal risk control and management procedures:

a) Project and bid analysis phase (i) the procedure starts with a risk identification process in which the proposal department and the technical office identify and evaluate the technical risks of the engineering, procurement and construction activities, and the contracts department reviews the client's draft contracts and prepares a report on problematic points or omissions; the corporate development team makes a first decision on the appropriate modifications to the bid; (ii) the contingency evaluation and, if applicable, approval process is then put in place, in which the corporate development team reviews the technical bid and contract report, adjusts the risks and contingencies from a commercial risk perspective, and prepares a draft bid; the executive committee reviews the draft bid and, if applicable, validates it by setting the final price; (iii) the final contract negotiation process follows, in which the offer and comments on the draft contracts are sent to the client, new versions of the contracts are reviewed and discussed with the client and, finally, the final versions of the contracts are submitted to the executive committee; the executive committee reviews and, if appropriate, accepts the final versions of the contracts and approves the offer.

b) Project execution phase: (i) during the execution of a project there is a process for monitoring risks in which the project team controls the evolution of the risks identified in the contractual documentation and identifies new risks that may arise; the team and the project leader raise the relevant information to the Group's management, being the responsibility of the project leader to report to the management on the evolution of the project and the monitoring of the risks; (ii) the deviation analysis process is then implemented in which the project team analyzes the probability of the risks materializing and their possible impact, following historical and economic analysis criteria; the project team also ranks the risks by their level of probability and identifies those that require decisions or measures to be taken; (iii) finally, the corrective action process is applied, in which the project team identifies and analyzes the causes behind the probable contingencies, evaluates the alternative means, estimates the cost of each measure and selects the specific measure to be adopted.

E.5. Indicate which risks, including tax risks, have materialized during the fiscal year:

The uncertainty associated with the Covid environment has materialized multiple risks, such as:

- Variation in the price of crude oil.
- Variation of economic variables, mainly currency.
- Project cost variation. In this regard, relevant projects have been reprogrammed and new costs associated with the pandemic have been incurred.

The Company has incurred in margin deviations arising from the turnkey project structure, which fixes the selling price and leaves open the potential costs associated with the construction of the plant.

E.6. Explain the response and monitoring plans for the entity's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges that arise:

Técnicas Reunidas is organized into different divisions with their respective areas of competence in Risk Management of the company's activities.

In Operations Management, the Planning, Cost Control and Risk and Opportunity Management Area is responsible for establishing the processes for the execution of Risk and Opportunities (R&O) Management during: (1) the proposal phase of a project until project award; (2) the "OBE" phase of a project until project conversion; (3) the project execution phase, from contract signature to project completion (according to contractual terms). Project R&O Management includes the processes related to the realization of R&O management planning, identification, analysis, response and Tracking/Monitoring and Control in a project.

The Financial Management is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, sufficiency and clarity.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall supervise the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, it shall be assisted by internal and external auditors.
The risk control systems are in a permanent process of revision in relation to the activities carried out by the Company.

In addition, the Company has implemented a "Lessons Learned" policy by virtue of which, at the conclusion of each project, the wrong aspects in the execution of a project are identified and the best procedures to be applied in similar situations in the future are established.

Risks and control systems associated with COVID-19

Given the nature of the Projects, mostly *Lump Sum EPC* of Industrial Plants located in several countries, the limitations of national and international mobility have affected the execution of projects, both in the "Home Office" phase, which takes place mainly in Madrid and in the foreign offices (Saudi Arabia, United Arab Emirates, Chile, Oman, India, among others), and in the construction and start-up phase of the plants, in the different sites where the works are located (UK, Saudi Arabia, Kuwait, United Arab Emirates, Oman, Algeria, Peru, among others).

Despite the global nature of the crisis, COVID-19 has spread at different times and at different rates in each country and region. In addition, the reactions of each State or Administration have been different, for example, in terms of flight limitations, duration of quarantines, duration of curfews, etc., adding an additional element of complexity.

The Company has local offices in each country, and specialized professionals with experience in the problems associated with each country, region and client, at the technical, legal, contractual, logistical, etc. level, which has allowed a better adaptation and response to COVID-19.

Contextually with the implementation of the general measures, the Project Teams, with the support of the regional structures, have activated all the necessary mechanisms to:

- At a very early stage of the outbreak, coordinate the implementation of the first measures of temporary closure of activities, total prohibition of access to the works, confinement of personnel or curfew that have directly affected the works in progress in the different countries;
- Coordinate with customers and local authorities the health control, prevention and health protection measures for our own personnel, subcontractors and collaborators;
- Implement measures to reduce activity, maintain interpersonal distance, control access, increase logistics and transportation associated with each site and its facilities (workshops, camps, offices, etc.);
- Manage and modulate labor volume as efficiently as possible to avoid or limit productivity loss;
- Manage personnel flows within each country, as well as limitations to international mobility (staff expatriation extensions, redistribution of tasks among available staff, quarantine planning, etc.);
- Effectively manage contractual communications with customers, suppliers and subcontractors under general guidelines.

From the outset, the Company has been equipped from the beginning with a set of tools focused on:

- Detect and report in a unified and immediate way the events with impact on each project;
- Classify and monitor such events according to the type of impact;
- Define single criteria for economic impact assessment;
- Facilitate decision making at project and corporate level.

Among these tools are:

- Standardize record of events per project;
- Specific economic calculation methodology associated with COVID-19;
- Simulation of impact in time, providing an estimate of the possible time extension of the project and associated economic impact;
- Methodology for reporting information both in central offices and on site to the different Area Managements, allowing the continuous evaluation of impacts in terms of time and cost based on the visibility available at any given time.

[Continues on section H]

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL INFORMATION ISSUANCE PROCESS (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the process of issuing financial information (ICFR) of your entity.

F.1. Entity's control environment.

Report, indicating its main characteristics, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Article 5 of the Regulations of the Board of Directors establishes among its competencies the approval of the risk control and management policy, as well as the periodic monitoring of the internal information and control systems, from which it follows that the Board of Directors is ultimately responsible for the existence of an adequate and effective Internal Control over Financial Reporting System ("ICFR").

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall perform the functions of supervising the effectiveness of the Company's internal control, internal audit and risk management systems, as well as discussing with the statutory auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the foregoing without infringing his/her independence. In order to perform these functions, the Audit and Control Committee may count on the collaboration of the internal areas in charge of risk management and external auditors.

In this respect and in relation to the aforementioned risk management and control supervision functions, the Audit and Control Committee takes into account the criteria of the supervisory bodies for the prevention of corruption and other irregular practices, as well as for the identification, management and control of the potential associated impacts, acting in this respect under a principle of maximum rigor.

Senior Management, through the Finance Department, is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, suficiency and clarity.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

- Departments and/or mechanisms in charge of: (i) of the design and review of the organizational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) of ensuring that there are suficient procedures for their proper dissemination in the entity

The Board of Directors is the body in charge of designing and reviewing the organizational structure of the corporate group. This organizational structure contains the mechanisms in charge of defining the internal control structure of the same, being the Operations and Finance Departments of the corporate group responsible for implementing the internal control systems over the key processes, both operational and financial reporting.

The Operations Management, through the Standardization and Procedures Department, issues the procedures that regulate the different processes associated with project management, including the engineering, procurement, construction and project control. Periodic audits are conducted on the adequacy of the implementation of these procedures.

The Operations Control Department is responsible for the adequacy of information management from the different operational areas and projects.

The Finance Department is responsible for the different transition processes from the information reported by the Operations Department to the preparation of accounting and financial information to ensure its adequacy and integrity. Periodic audits are conducted on the adequacy of the implementation of these procedures.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body in charge of analyzing non-compliance and proposing corrective actions and sanctions:

The Técnicas Reunidas Code of Conduct (the "Code of Conduct") has remained in force during the 2020 financial year, and the Company has carried out specific training actions on this matter. The body responsible for its approval is the Board of Directors, and the document is available on the Company's website www.tecnicasreunidas.es. The Company has disseminated this document among the members of the organization through online training, dissemination on the corporate intranet and the execution of face-to-face training actions related to certain chapters of the document.

The principles and values on which the Code of Conduct is based, and which should inspire the behavior of Técnicas Reunidas with regard to the stakeholders with which it related in the exercise of its activity, are, among others:

Integrity:

- Respect for legality, human rights and values.
- Use and protection of assets.
- Justification of expenses.
- Information and knowledge processing.
- Regarding free competition in the market.
- Prevention of money laundering and financing of terrorism.
- Image and reputation.
- Prevention of conflicts of interest.

Professionality:

- Quality and innovation.
- Customer orientation.
- Relations with companies, collaborators and suppliers.

Other Principles:

- Professional development, non-discrimination and equal opportunities.
- Training.
- Privacy protection.
- Occupational health and safety.
- Rejection of child forced or compulsory labor.
- Respect for the environment.
- Social commitment.
- Shareholder relations.
- Neutrality.

The Code of Conduct contains specific references to the recording of transactions and the preparation of financial information in section 4.1.5, which is partially reproduced below:

The TR Group considers information and its knowledge as an essential asset for the management of its business, which is why it must be especially protected.

Likewise, it declares that the truthfulness of the information (in particular, financial information, which shall faithfully reflect the economic, financial and equity reality of the Group) shall be one of the basic principles in all its actions.

The Group's Professionals shall share and communicate in a transparent and truthful manner all the information they must transmit internally or externally, and in no case shall they knowingly provide to third parties, or introduce into the computer systems, information that is incorrect, inaccurate or in any way likely to mislead the recipient.

Likewise, all economic transactions of the TR Group must be accurately and clearly reflected in the corresponding records in each case and shall be in accordance with the applicable international financial reporting standards.

With regard to the information that, as a listed entity, Técnicas Reunidas must transmit to the market, the TR Group undertakes to act with total transparency, adopting specific procedures to guarantee the correctness and truthfulness of corporate communications and to prevent the commission of corporate crimes and market abuses. This information shall be all that is necessary to ensure that investors' decisions can be based on knowledge and understanding of corporate strategies and operations. In particular, all information transmitted to the market must be characterized not only by respect for the applicable regulations, but also by an accessible language, an objective, truthful, exhaustive and timely nature and respect for the uniformity of information for all investors. Relevant information must be identified, prepared and communicated in a timely and appropriate manner.

The TR Group promotes that all the knowledge generated in the company is conveniently distributed among all its Professionals and departments, in order to facilitate the best management of its activities and enhance the development of people. In the same way, employees will facilitate the dissemination of the company's knowledge to other Professionals of the Group and will include it in the knowledge management systems that the Group sets up for this purpose.

The Company has a body responsible, i.e., the Regulatory Compliance area, for ensuring compliance with these principles and is in charge of analyzing non-compliance and proposing corrective actions and sanctions as appropriate.

- Regulatory Compliance Policies

In order to reinforce the dissemination and commitment of its professionals and business partners to the values and principles of its Code of Conduct, Técnicas Reunidas has implemented various policies, procedures and training and awareness programs that enable them to know the behavior expected of them in the performance of their activities.

- Third-party due diligence

Técnicas Reunidas has reinforced its Due Diligence procedures in its supply and subcontracting chain, the objective of which is to obtain an Integrity Assessment Report from third parties, prior to establishing a commercial relationship, to prevent and/or detect potential risks at an early stage, as well as their subsequent and continuous monitoring.

· Whistle-blowing channel, which allows the communication to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing, where appropriate, whether it is confidential in nature and whether it allows anonymous communications, respecting the rights of the whistle-blower and the reported party:

The Code of Conduct has implemented a whistle-blowing channel established for this purpose, which allows for the reporting of financial and accounting behavior, in addition to possible breaches of the Code of Conduct and irregular activities in the organization. This whistle-blowing channel is confidential.

During the 2020 financial year, work began on adapting the organization's *Whistleblower Channel User Guide* to the EU European Directive (2019/1937/EU) on whistleblower protection, for which EU Member States have until the end of 2021 to implement the Directive in their own national legislation.

· Training and periodic updating programs for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFR, covering at least accounting standards, auditing, internal control and risk management:

Training courses are planned and conducted annually for people involved in the preparation and review of financial information, including programs for updating accounting standards, as well as other processes that allow a better understanding of the management of financial information. In the 2020 fiscal year, several training actions were carried out specifically for people involved in the generation of financial information.

In addition, within the global training framework implemented in the group by the Human Resources Department, specific financial courses are given to relevant personnel from operational areas involved in processes with an impact on the financial information of the Company and its group.

F.2. Assessment of financial information.

Provide information, of at least:

F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, in terms of:

· If the process exists and is documented:

The Group, at the request of the Company's Audit and Control Committee, has a catalog of key risks, including those with an impact on the internal control over financial reporting. The methodology used for the preparation of this catalog is that of COSO 2013. The homogeneity of the projects carried out over time and the presence of a relatively small number of contracts gives rise to a certain stability in the catalog of key risks related to internal control over financial reporting.

In the process of adapting the ICFR to the recommendations issued by the National Securities Market Commission ("CNMV"), the traceability between the Group's catalog of key risks with an impact on financial information and the key business processes that may affect the financial statements was supervised, verifying that most of the key risks impact and/or are managed in the processes within the foreseen scope.

· Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated, and how often:

The Group has defined the activities and processes that cover transactions that may affect the financial statements, as well as the objectives and risks associated with them, the existing controls and the procedures implemented associated with such controls.

The process covers the objectives of financial reporting (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations).

· The existence of a process to identify the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special purpose entities:

In the consolidated group there are no complex corporate structures, or instrumental or special purpose entities, and therefore it is not considered an area of risk that could affect the financial information. However, the Financial Management reviews the consolidation perimeter on a quarterly basis and the external auditors proceed to review it on a half-yearly basis.

The accounting treatment corresponding to the different group entities as subsidiaries, associates or jointly controlled entities, is in accordance with group regulations and is reviewed by the Financial Management and the external auditors.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

Internal control over the operations performed requires the assessment of associated risks of different nature (legal, technological, environmental, etc.). The process of generating financial information is fed by the information model for the control of operations, which incorporates an adequate assessment of risks.

· Which governing body of the entity oversees the process:

The Risk and Management Committee, and specially the representatives of the Operations and Finance Departments.

Transactions not linked to normal operations are subject to specific analysis by the group's senior management, requesting the assistance of third-party experts when necessary.

F.3. **Control activities.**

Report, indicating its main characteristics, whether it has at least:

F.3.1 Procedures for the review and authorization of the financial information and the description of the ICFR, to be published in the securities markets, indicating those responsible, as well as documentation describing the flow of activities and controls (including those related to fraud risk) of the different types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of relevant judgements, estimates, valuations and projections.

The Company's senior management, mainly through the Finance Department, is responsible for reviewing the financial information. The individual and consolidated financial statements and the half-yearly financial reports are reviewed by the Audit and Control Committee, with the collaboration of the external auditors, who submit their recommendations. The Executive Director reviews and authorizes the annual financial statements, which are subsequently prepared by the Board of Directors. The financial information corresponding to the first and third quarters is also reviewed by the Audit and Control Committee. The Audit and Control Committee is the body in charge of supervising the ICFR, for which it is supported by the Company's internal and external auditors.

The Group has procedures and controls over activities covering the main transactions that may affect its financial statements.

• The Management Committee is responsible for assessing processes that incorporate specific components of judgements, valuations and relevant short and medium-term projections including cash flow projections, economic, planning, portfolio forecasting, workload adaptation, review of judgement components associated with assets and liabilities, among others. There is a process of periodic reporting of relevant information to the Company's Risk and Management Committee.

• The Operations Management with the Project Risk and Control Management is responsible for assessing the processes associated with the execution budget estimates the different project phases during the execution of the projects (estimation of results and determination of project progress), including the management of risks and opportunities inherent to the development of projects with average maturities of five years, as well as the valuation of assets under negotiation with clients and subcontractors and the estimation of the closing of such negotiations.

• The Finance Department is responsible for the specific review of the judgements involved in the valuation processes associated with currency management, cash management and forecasting, taxation, including the valuation of deferred taxes, as well as reporting and consolidation processes, among others.

The procedures considered essential contain a detailed description of the activities and sub-activities, as well as the manner in which they are to be executed. They also define the different levels of responsibility associated with the execution of the various activities. The GWIs (general work instructions) or procedures drawn up by the Company for internal control are available on the Group's corporate intranet.

The Finance Department provides the Operations Department with the accounting criteria contained in the internal valuation standards and the IFRS necessary for the preparation of its estimates.

F.3.2 Internal control policies and procedures for information systems (including, among others, access security, change control, operation, operational continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The financial information gathering system used by Técnicas Reunidas is the SAP system ("Systems, Applications and Products in Data Processing"). The SAP system is within the scope of the Company's Information Security Management System, which has been certified in accordance with international standard ISO/IEC 27001:2013. Access to the system is protected by secure individualized passwords that must be changed quarterly.

Currently, the SAP system has development, test and production environments. Any changes to the programs or parameterization that make up the system is made in the development environment; they are then transported to the test environment and, once their validation has been completed, to the production environment. In this way, every change in the system is recorded in the transport process to the production environment.

The documentation related to the SAP system, which is part of the Information Security Management System in force is as follows:

• The Information Security Policy.
• The Information Security Management System Manual.
• The procedures for change control, access control, operation, continuity and segregation of duties in IT.

All the aforementioned documentation is available on the Técnicas Reunidas corporate intranet.

The group also uses specific applications in the processes of the entire materials and procurement management cycle, activity control and the planning and consolidation of financial statements. For these, there are also security, access control and continuity assurance policies.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of evaluation, calculation or validation entrusted to independent experts, which may materially affect the financial statements.

At year-end 2020, there were no activities carried out by third parties, nor were any processes outsourced that could be considered relevant to the process of preparing the financial information. Independent experts have been entrusted with evaluations, calculations or valuations that may materially affect the financial statements, mainly those related to valuations of labor liabilities, those of advisors related to litigation and those of advisors in the course of tax inspection. In these cases the services are provided by specialized firms of recognized prestige. The Legal Department supervises the valuations performed by third parties.

F.4. Information and communication.

Report, stating its main characteristics, whether it has at least:

F.4.1 A specific function in charge of defining and keeping accounting policies up to date (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an updated accounting policy manual communicated to the units through which the entity operates.

The Accounting and Consolidation unit, which reports to the Finance Department, is responsible for identifying and updating the Group's accounting policies, as well as resolving doubts or conflicts arising from their interpretation.

The Company has local charts of accounts to comply with the accounting, tax, commercial and regulatory requirements of the different legislations of the country in which it operates.

These local charts of accounts are part of the chart accounts of Técnicas Reunidas, which includes the corresponding accounting criteria.

The Accounting and Consolidation Unit is responsible for periodically updating this plan in order to adapt it to changes in IFRS-EU regulations and the group's accounting structure, ensuring traceability between the individual charts of accounts of the group's subsidiaries and Técnicas Reunidas' chart of accounts, which serves as the basis for preparing financial information reports.

Likewise, the Financial Management is responsible for informing the Audit and Control Committee of any regulatory changes that may have a significant impact on the financial statements of the TR Group, as well as for resolving doubts regarding the accounting treatment of those transactions that may be raised by those responsible for the Company's financial information.

The Group's financial information control policy includes the performance of external audits, whether mandatory or voluntary, on practically all the subsidiaries included in the consolidation perimeter, even when they are not material subsidiaries. These audits are carried out by prestigious international firms.

F.4.2 Mechanisms for the capture and preparation of financial information with homogeneous formats, applicable and used by all units in the entity or the group, which support the main financial statements and notes, as well as the information detailed ono the ICFR.

The SAP BPC application, which is an SAP tool for the consolidation management process, is used to prepare the consolidated financial information and its breakdowns.

The process of consolidation and preparation of financial information is carried out in a centralized manner, ensuring homogeneity, consistency and rationalization.

The centralized financial reporting system, which is managed directly by the TR Group's Finance Department, covers more than 95% of the group's turnover.

The remaining financial information comes from financial statements previously reviewed by external auditors, and the Finance Department is responsible for the homogenization process of these financial statements.

The TR Group has control mechanisms in place to ensure that the financial information includes the necessary disclosures for its proper interpretation by the market.

F.5. Supervision of the operation of the system.

Provide information on the following, indicating their main characteristics:

F.5.1 The ICFR monitoring activities carried out by the Audit Committee, as well as whether the entity has an internal audit function whose competencies include supporting the committee in its work of monitoring the internal control system, including ICFR. Likewise, information shall be provided on the scope of the ICFR evaluation carried out during the fiscal year and the procedure by which the person in charge of carrying out the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether its impact on the financial information has been considered.

The Audit and Control Committee annually approves the work plan of the Internal Audit Department, which in turn presents the report on the activities carried out, as well as the incidents identified during the execution of the work plan.

The annual work plan of the Internal Audit Department includes a review of the ICFR. The results of this evaluation are reported to the Audit and Control Committee, as well as the plan of recommendations for improvements to be implemented for subsequent follow-up.

F.5.2 Whether there is a discussion procedure whereby the auditor (in accordance with the provisions of the TAS), the internal audit function and other experts can inform senior management and the audit committee or directors of the entity of any significant internal control weaknesses identified during the review of the annual accounts or any other processes entrusted to them. It shall also report whether it has an action plan that to correct or mitigate the weaknesses observed.

In order to comply with the powers entrusted to it by the Board of Directors, the Audit and Control Committee held a total of 9 meetings during the 2020 financial year, attended by the heads of the Finance Department and the Internal Audit Department, at the invitation of the Chairman and to deal with certain items on the agenda. These include meetings held prior to the publication of the Company's periodic financial information in order to obtain and analyze such information. At these meetings, the individual and consolidated annual accounts, the half-yearly and quarterly financial reports, the informative notes on results sent to the CNMV and any other information considered to be of interest to the Company are reviewed. On the occasion of the meetings of the Audit and Control Committee for the review of the annual accounts, in which presence of external auditors is required, at the invitation of the Chairman to deal with certain items on the agenda, they present a set of recommendations related to, among other things, the internal control resulting from their ordinary work as auditors of the Group's accounts.

Annually, the external auditors are entrusted with the performance of specific work, together with the Internal Audit Department, aimed at assessing the ICFR implemented.

F.6. **Other relevant information.**

There is no relevant information not included in the previous sections.

F.7. **External auditor report.**

Report by:

F.7.1 Whether the ICFR information submitted to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Annex. If this is not the case, it should provide its reasons*.

During the fiscal year 2020, the external auditor issued his report on the review of the ICFR for the fiscal year 2019. Said report has been published on the Company's website and on the website of the National Securities Market Commission. During the fiscal year 2021, the external auditor will also proceed with the review of the ICFR for the fiscal year 2020.

G. EXTENT OF ADHERENCE TO CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations in the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general, have sufficient information to assess the company's actions. Explanations of a general nature will not be acceptable.

1. The bylaws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

   Complies [X] Explain [ ]

2. That, when the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose precisely the following information:

   a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.

   b) The mechanisms provided for resolving possible conflicts of interest that may arise.

   Complies [ ] Partially Complies [ ] Explain [ ] Not applicable [X]

The Company is not controlled by another entity.

3. That during the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the board of directors should verbally inform the shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:

   a) Changes that have occurred since the previous annual general meeting.

   b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules it applies in this matter.

   Complies [ ] Partially complies [X] Explain [ ]

The Company explained during its general meeting the changes that have occurred in corporate governance matters since the previous ordinary general meeting, but not the specific reasons why the Company does not follow certain recommendations of the Corporate Governance Code, considering that it already provides its shareholders with sufficient information on this matter. In particular, on the occasion of the call of its ordinary general meeting it makes available to its shareholders various documentation, including the Annual Corporate

Governance Report, where it explains in detail the specific reasons for partial compliance or failure to follow some of the Recommendations of the Corporate Governance Code.

4. That the company defines and promotes a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors that is fully respectful of the rules against market abuse and gives similar treatment to shareholders who are in the same position. And that the company makes this policy public through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

   And that, without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [X]   Partially complies [ ]   Explain [ ]

5. The board of directors should not submit to the general meeting a proposal to delegate powers to issue shares or convertible securities, excluding preemptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

   And that when the board of directors approves any issue of shares or convertible securities with exclusion of the pre-emptive subscription right, the company immediately publishes on its website the reports on such exclusion referred to in commercial legislation.

   Complies [ ]   Partially complies [ ]   Explain [X]

The Board of Directors submitted to the General Meeting held on June 25, 2020 a proposal to delegate powers to issue shares or convertible securities excluding preemptive subscription rights, for an amount of 50 % of the capital at the time of delegation. This percentage of 50 % is a maximum, so that at the time of the issue the Board of Directors may modulate it, if necessary, if it considers that the corporate interest so requires. On the other hand, with this decision, the Board of Directors has preferred not to self-limit the Company's financing capacities.

Notwithstanding the foregoing, no issue of shares or convertible securities with preemptive subscription rights will be made so far and during the year 2020.

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the ordinary general meeting, even if their dissemination is not mandatory:

   a) Report on auditor Independence .

   b) Reports on the operation of the Audit committee and the appointments and remuneration committee.

   c) Audit committee report on related party transactions.

   Complies [X]   Partially complies [ ]   Explain [ ]

7. That the company broadcasts live, through its website, the holding of the general shareholders' meetings.

   And that the company has mechanisms that allow the delegation and exercise of votes by telematic means and even, in the case of highly capitalized companies and to the extent proportionate, the attendance and active participation in the General Shareholders' Meeting.

   Complies [X]   Partially complies [ ]   Explain [ ]

8. The audit committee should ensure that the financial statements that the board of directors submits to the general shareholders' meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the meeting, together with the rest of the proposals and reports of the board.

   Complies [X]   Partially complies [ ]   Explain [ ]

9. The company should publish on its website, on a permanent basis, the requirements and procedures it will accept for accrediting ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of voting rights.

   And that such requirements and procedures favor attendance and the exercise of their rights by shareholders and are applied in a non-discriminatory manner.

   Complies [X]   Partially complies [ ]   Explain [ ]

10. That when any shareholder entitled to do so has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for resolutions, the company shall:

    a) Immediately disseminate such supplementary items and new agreement proposals.

    b) Make public the model attendance card or proxy or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for resolutions can be voted on in the same terms as those proposed by the board of directors.

    c) Submit all such alternative items or proposals to a vote and apply the same voting rules to them as to those formulated by the board of directors, including, in particular, presumptions or deductions as to the direction of the vote.

    d) Subsequent to the general shareholders' meeting, communicate the breakdown of the vote on such supplementary items or alternative proposals.

    Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

No shareholder has exercised this right during the year 2020.

11. In the event that the company plans to pay premiums for attendance at the general shareholders' meeting, it should establish, in advance, a general policy on such premiums and that such policy should be stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company has not paid any attendance fees for its General Shareholders' Meeting, nor does it plan to do so in 2021.

12. The board of directors should perform its duties with unity of purpose and independence of judgment, treat all shareholders in the same position equally, and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximization of the economic value of the company.

In the pursuit of the social interest, in addition to compliance with laws and regulations and behavior based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies [X] Partially complies [ ] Explain [ ]

13. The board of directors should have the necessary size to achieve an efficient and participatory operation, which makes it advisable for it to have between five and fifteen members.

Complies [X] Explain [ ]

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board of directors and that:

a) Be specific and verifiable.

b) ensures that proposals for appointment or reelection are based on a prior analysis of the competencies required by the board of directors; and

c) favors diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favor gender diversity.

The result of the prior analysis of the competencies required by the board of directors should be included in the nomination committee's report published when convening the general meeting of shareholders to which the ratification, appointment or re-election of each director is submitted.

Compliance with this policy will be verified annually by the nominating committee and reported in the annual corporate governance report.

Complies [X] Partially complies [ ] Explain [ ]

15. The proprietary and independent directors should constitute an ample majority of the board of directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by the executive directors in the company's capital.

And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and thereafter, not being previously less than 30%.

Complies [ ] Partially complies [X] Explain [ ]

The number of shareholder directors and independent directors is 8 directors out of a total of 14, due to the presence of a high number (5) of directors with the category of other external directors who, for the most part, are directors who finalized in 2018 their term of office of 12 continuous years as independent directors and who were re-elected with the category of other external directors by the General Shareholders' Meeting of the Company held in 2018 as the Company's Nomination and Remuneration Committee considered that the extensive experience and knowledge of the Company of these directors made their re-election advisable.

The number of executive directors is one, i.e., the Executive Chairman of the Company, Mr. Juan Lladó Arburúa.

In addition, the number of female directors is currently 2 (14.29 %). In 2020 the Company appointed a new director and a new female director and in December 2020 approved the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., which contains express provisions on diversity in the composition of the Board of Directors and establishes that "(...) in particular, with regard to the presence of female directors on the Board of Directors of the Company, the Board will promote compliance with the objective established at all times by the Good Governance Recommendations".

Finally, in the current circumstances, there are 5 directors who finalize their term of office before the end of 2022, so that, if the Nomination and Remuneration Committee and the Board of Directors deem it appropriate, each in its area of competence, the Company will have the opportunity to appoint more female directors before that date.

16. The percentage of shareholder directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

This criterion may be relaxed:

a) In large cap companies in which there are few shareholdings that are legally considered significant.

b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and they are not related to each other.

Complies [X] Explain [ ]

17. The number of independent directors should be at least half of the total number of directors.

However, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert that control more than 30% of the capital stock, the number of independent directors should represent at least one third of the total number of directors.

Complies [X] Explain [ ]

18. Companies should publish the following information about their board members on their websites and keep them up to date:

a) Professional and biographical profile.

b) Other boards of directors to which they belong, whether or not they are listed companies, as well as other remunerated activities of any kind.

c) An indication of the category of director to which they belong, stating, in the case of shareholder directors, the shareholder they represent or with whom they are related.

d) Date of their first appointment as a director of the company, as well as any subsequent re-elections.

e) Company's shares, and any options on these shares.

Complies [X] Partially complies [ ] Explain [ ]

19. The annual corporate governance report, after verification by the nomination committee, should disclose the reasons for the appointment of shareholder directors at the request of shareholders whose equity interest is less than 3% of capital; and explain any rejection of a formal request for a presence on the board from shareholders whose equity interest is equal to or greater than that of others whose requests for shareholder directors have been denied, as the case may be.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company has not appointed any shareholder director at the request of shareholders whose shareholding is less than 3% of the capital stock, nor has it received formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request shareholder directors have been appointed.

20. Shareholder directors should resign when the shareholder they represent transfers its entire shareholding interest. They should also do so, in the appropriate number, when said shareholder reduces its shareholding to a level that requires a reduction in the number of shareholder directors.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The board of directors should not propose the removal of any independent director before the expiration of the term of office for which he/she was appointed, except where just cause is found by the board of directors, based on a report from the appointments committee. In particular, just cause shall be understood to exist when the director takes on new positions or incurs new obligations that prevent him/her from dedicating the necessary time to the performance of the functions inherent to the position of director, fails to comply with the duties inherent to his/her position or incurs in any of the circumstances that cause him/her to lose his/her independent status, in accordance with the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate operations that entail a change in the capital structure of the company, when such changes in the structure of the board of directors are prompted by the proportionality criterion set forth in recommendation 16 above.

Complies [X] Explain [ ]

22. Companies should establish rules that oblige directors to inform and, if necessary, resign when situations arise that affect them, whether or not related to their performance in the company, that could damage the credit and reputation of the company and, in particular, that oblige them to inform the board of any criminal case in which they are under investigation, as well as the procedural vicissitudes thereof.

And that, having been informed or having otherwise become aware of any of the situations mentioned in the preceding paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal. And to report thereon in the annual corporate governance report, unless there are special circumstances that justify it, which must be recorded in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time the corresponding measures are adopted.

Complies [X] Partially complies [ ] Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. In particular, independent directors and other directors who are not affected by the potential conflict of interest should do the same in the case of decisions that could be detrimental to shareholders not represented on the board of directors.

And that when the board of directors adopts significant or reiterated decisions about which the director has expressed serious reservations, the director should draw the appropriate conclusions and, if he/she chooses to resign, explain the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even if he/she is not a director.

Complies [X]   Partially complies [   ]   Explain [   ]   Not applicable [   ]

24. When, either by resignation or by resolution of the general meeting, a director leaves office before the end of his term, he/she should sufficiently explain the reasons for his/her resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal by the board, in a letter to be sent to all members of the board of directors.

And that, notwithstanding the fact that all this is reported in the annual corporate governance report, to the extent that it is relevant for investors, the company publishes the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies [ ]   Partially complies [X]   Explain [   ]   Not applicable [   ]

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz and considering that their term of office as directors would finalize on 06/29/2020 and the date of the General Shareholders' Meeting was scheduled for 06/25/2020, at the meeting of the Board of Directors held on 05/25/2020 immediately prior to the start of the General Shareholders' Meeting it was stated that Mr. Lladó Fernandez-Urrutia and Mr. Garcia-Agulló Lladó did not wish to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

25. The appointments committee should ensure that non-executive directors have sufficient time available for the proper performance of their duties.

The board regulations should establish the maximum number of company boards on which directors may serve.

Complies [   ]   Partially complies [X]   Explain [   ]

The Company considers that compliance with this Recommendation is partial, since the Board Regulations do not include the maximum number of company Boards on which its directors may sit.

This rule has not been incorporated into the Board Regulations, although it is considered that the purpose of the same is covered by expressly attributing to the Appointments and Remuneration Committee, in Article 14.2 of the Regulations, the function of ensuring that non-executive directors have sufficient time available for the proper performance of their duties". In addition, and to this end, the Regulations of the Board, in Article 35.2, establishes the obligation of the directors to inform the Company of the positions they hold on the Board of Directors of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to their performance as directors of the Company in accordance with the provisions of the Regulations.

It is therefore considered that these provisions are sufficient for the purpose of assessing the time dedication that directors must have, understanding that a fixed rule regarding the maximum number of Boards could be less efficient to achieve this objective, since, taking into account the particular circumstances of each director, the set of activities in addition to the position of director in the Company and the type of dedication required in the companies in question, the limitation could be insufficient or excessive, leading to the ineligibility of persons of extreme professional value to be candidates for directorships or to be excluded from such positions.

26. The board of directors should meet with the necessary frequency to perform its functions effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director having the right to propose other items on the agenda that were not initially foreseen.

Complies [ ]   Partially complies [X]   Explain [   ]

The Company considers that Recommendation 26 is only partially followed, since the Company's corporate texts only state that both the Coordinating Independent Director and the Chairman or, in the absence or incapacity of the Chairman, the Deputy Chairman, may propose additional items to the agenda that were not initially foreseen, although this individual power is not attributed to the other directors.

The Company considers that it is the Coordinating Independent Director who, within the framework of his function of coordinating and bringing together the non-executive directors, as provided in Article 8.3 of the Board Regulations, coordinates and brings together the non-executive directors, who currently number 13 of the 14 members of the Board, and the Coordinating Independent Director may, when he deems it appropriate or when requested by the directors, propose the new agenda items he deems pertinent once he has maintained contact with the other non-executive directors.

Notwithstanding the foregoing, the Board of Directors of the Company is a deliberative body in which constructive dialogue among its members and the free expression of opinion are encouraged, with the directors participating freely in the deliberations and, in fact, throughout all the meetings held during the 2020 financial year, the directors have been able to raise, and have discussed, all the issues and concerns that they have considered relevant or of interest to them.

27. That the non-attendance of directors should be reduced to essential cases and quantified in the annual corporate governance report. And that, when they must occur, representation should be granted with instructions.

Complies [X] Partially complies [ ] Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the board of directors, at the request of the person expressing them, they should be recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. That the company establishes the appropriate channels for directors to obtain the necessary advice for the performance of their duties, including, if circumstances so require, external advice at the company's expense.

Complies [X] Partially complies [ ] Explain [ ]

30. That, regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programs when circumstances so advise.

Complies [X] Explain [ ] Not applicable [ ]

31. The agenda of the meetings should clearly indicate those points on which the board of directors must adopt a decision or resolution so that the directors may study or obtain, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the chairman wishes to submit to the approval of the board of directors decisions or resolutions not included in the agenda, the prior express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ]

32. That the directors are periodically informed of movements in shareholding and of the opinion that significant shareholders, investors and rating agencies have on the company and its group.

Complies [X] Partially complies [ ] Explain [ ]

33. The chairman, as the person responsible for the proper operation of the board of directors, in addition to the duties assigned by law and the bylaws, should prepare and submit to the board of directors a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; be responsible for the management of the board and the effectiveness of its operation; ensure that sufficient time is devoted to the discussion of strategic issues; and agree upon and review refresher programs for each director, when circumstances so advise.

Complies [X] Partially complies [ ] Explain [ ]

34. When there is a coordinating director, the bylaws or the regulations of the board of directors, in addition to the powers corresponding to him by law, should grant him the following: chairing the board of directors in the absence of the chairman and vice chairmen, if any; reflecting the concerns of the non-executive directors; maintaining contacts with investors and shareholders to ascertain their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinating the succession plan for the chairman.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Complies [X] Explains [ ]

36. That the full board of directors should evaluate once a year and adopt, if necessary, an action plan to correct any deficiencies detected with respect to:

a) The quality and efficiency of the operation of the board of directors.

b) The operation and composition of its committees.

c) The diversity in the composition and competencies of the board of directors.

d) The performance of the chairman of the board of directors and the chief executive of the company.

e) The performance and contribution of each director, paying special attention to the heads of the various board committees.

The evaluation of the different committees shall be based on the report they submit to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Appointments Committee.

Every three years, the board of directors shall be assisted in the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the company or any company in its group shall be disclosed in the annual corporate governance report.

The process and areas evaluated shall be described in the annual corporate governance report.

Complies [X] Partially complies [ ] Explain [ ]

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company does not have an Executive Committee.

38. The board of directors should always be informed of the matters discussed and decisions adopted by the executive committee and all members of the board of directors should receive a copy of the minutes of the meetings of the executive committee.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company does not have an Executive Committee.

39. That the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies [X] Partially complies [ ] Explain [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the proper functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Complies [ ]   Partially complies [X]   Explain [ ]

Notwithstanding the fact that the Company has an Internal Audit unit that oversees the proper functioning of the information and internal control systems, this unit reports functionally to the Finance Department and acts under the supervision of the Audit and Control Committee of the Company, and therefore does not report to the Chairman of the Board of Directors or to the Audit and Control Committee.

41. The head of the unit that assumes the internal audit function should submit to the audit committee, for approval by the latter or by the board, its annual work plan, report directly to it on its execution, including any possible incidents and limitations to the scope that may arise in its development, the results and follow-up of its recommendations, and submit an activities report at the end of each fiscal year.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

42. Besides those assigned by law, the audit committee should have the functions set out below:

1. With respect to the systems for internal control and reporting:

a) Supervise and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, if applicable, to the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks- reviewing compliance with compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose approval to the board of the orientation and annual work plan of internal audit, ensuring that its activity is focused primarily on relevant risks (including reputational); receive regular information on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential transcendence, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the whistleblower and the reported party.

d) Ensuring in general that the policies and systems established in the area of internal control are effectively applied in practice.

2. In relation to the external auditor:

a) In the event of resignation of the external auditor, to examine the circumstances that may have led to such resignation.

b) Ensure that the external auditor's remuneration for its work does not compromise its quality or Independence.

c) Supervise that the company notifies the CNMV of the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.

d) Ensure that the external auditor holds an annual meeting with the full board of directors to report on the work performed and on the evolution of the company's accounting and risk situation.

e) Ensure that the company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor Independence.

Complies [X]   Partially complies [ ]   Explain [ ]

43. That the audit committee may summon any employee or officer of the company, and even order their appearance without the presence of any other officer.

Complies [X]   Partially complies [ ]   Explain [ ]

44. The audit committee should be informed of the structural and corporate modifications that the company plans to carry out for its analysis and prior report to the board of directors on their economic conditions and accounting impact and, in particular, if applicable, on the proposed exchange ratio.

Complies [ ]   Partially Complies [ ]   Explain [ ]   Not applicable [X]

The Company has not approved any structural and corporate modifications transactions during the 2020 fiscal year.

45. That the risk control and management policy identifies or determines at least:

a) The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) to be faced by the company, including contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the sectorial regulations provide for it or the corporation deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures foreseen to mitigate the impact of the risks identified, should they materialize.

e) The information and internal control systems to be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [ ]   Partially complies [X]   Explain [ ]

As stated in Section G of the ACGR, the Company's risk control and management systems, described in detail in Section E ("Risk Control and Management Systems") of the ACGR, analyze and develop the financial and non-financial risks related to the bid preparation phases (in particular, operational, technological, legal, social, environmental and political risks) and, if applicable, the execution of the projects by the Company, as well as the internal information and control systems used to control and manage them and the measures foreseen to mitigate the impact of the risks identified above, should they materialize.

Notwithstanding the foregoing, although the Company has implemented the necessary control systems and procedures, it is considered that compliance with this Recommendation is partial since it does not expressly include in a formal document the fixation of the level of risks that the Company considers acceptable, although there are indicators and parameters that those responsible for the different areas must evaluate and take into account.

46. That under the direct supervision of the audit committee or, as the case may be, of a specialized committee of the board of directors, there is an internal risk control and management function exercised by an internal unit or department of the company with the following functions expressly attributed to it:

a) Ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks affecting the company are adequately identified, managed and quantified.

b) To actively participate in the preparation of the risk strategy and in the important decisions on its management.

c) To ensure that the risk control and management systems adequately mitigate risks within the framework of the policy established by the board of directors.

Complies [ ] Partially complies [X] Explain [ ]

Notwithstanding the fact that there is no internal function, unit or department within the Company, the Company's internal audit department performs the functions provided for in the Recommendation with respect to the Company's ICFR risks.

Non-financial risks, in accordance with the Company's risk control and management system described in section E ("Risk Control and Management Systems") of the IAGC, are assessed, if applicable, by the operational areas or non-operational departments of the Company that perform these functions in practice, without there being an express attribution of the same in the Company's corporate documentation.

The aforementioned assignment of risk control and management functions is without prejudice to the other risk control and management systems described in the aforementioned section E ("Risk Control and Management Systems") of this report.

47. That the members of the appointments and remuneration committee -or of the appointments committee and the remuneration committee, if they are separate- are appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, and that the majority of such members are independent directors.

Complies [ ] Partially complies [X] Explain [ ]

The Appointments and Remuneration Committee is composed of 5 members, 2 of whom are independent directors. All of them have been appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, such as human resources, selection of directors and executives and design of remuneration policies and plans, without prejudice to also seeking to favor gender diversity and other diversity criteria of its members.

48. Large cap companies should have a separate nomination committee and a separate remuneration committee.

Complies [ ] Explain [ ] Not applicable [X]

The Company does not have a large capitalization. Therefore, the Company has only one Committee which is responsible for appointments and remuneration, since it considers that, given that the members of such Committee have been chosen from among the Company's directors, taking into account the knowledge, skills and experience appropriate to the duties performed by the Committee, both in the area of appointments and remuneration.

On the other hand, the Committee currently has full functional capacity to assume both functions without there being any circumstances that would prevent the proper performance thereof and, therefore, the existence of a single Committee does not prejudice or limit the exercise of the functions that the Law attributes to the specialized supervisory Committees in matters of appointments and remuneration.

In the event that this aspect were to be modified in the future or some other reason might make it necessary, the Board of Directors would evaluate the convenience of having two separate Committees.

49. The nomination committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

And that any director may request the appointments committee to consider potential candidates to fill vacancies on the board, in case it deems them suitable in its opinion.

Complies [X] Partially complies [ ] Explain [ ]

50. The remuneration committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should be responsible for the following:

a) Propose to the Board of Directors the basic conditions of senior management contracts.

b) Verify compliance with the remuneration policy established by the company.

c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the company.

d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the committee.

e) Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.

Complies [X]   Partially complies [ ]   Explain [ ]

51. The compensation committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior management.

Complies [X]   Partially complies [ ]   Explain [ ]

52. That the rules for the composition and functioning of the supervisory and control committees figure in the regulations of the board of directors and are consistent with those applicable to legally mandatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) The Chairmen should be independent directors.

c) The board of directors should appoint the members of these committees with regard to the knowledge, aptitudes and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and report on their activities at the first board plenary following their meetings, and be accountable for the work performed.

d) The committees should be able to seek external advice when they consider it necessary for the performance of their duties.

e) Minutes should be taken at their meetings and made available to all Board members.

Cumple [ ]   Cumple parcialmente [X]   Explique [ ]   No aplicable [ ]

The rules governing the composition and functioning of the Risk and Management Committee are expressly set forth in the Board of Directors' Regulations for all the points indicated, except for points a) and b) (the Executive Chairman is a member of the Risk and Management Committee, which he chairs) and the final clause of letter c) "to report, at the first plenary meeting of the Board of Directors following its meetings, on its activities and to be accountable for the work performed", although the Risk and Management Committee does perform this task in practice. In addition, the Risk and Management Committee has 8 members, 4 of whom are independent.

53. The supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors that could be The Audit Committee, the Appointments Committee, a committee specializing in sustainability or corporate social responsibility or any other specialized committee that the Board of Directors, in the exercise of its powers of self-organization, has decided to create. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent and be specifically attributed with the minimum functions indicated in the following recommendation.

Complies [X]   Partially complies [ ]   Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

a) Supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order to ensure that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) The supervision that the company's practices in environmental and social matters are in line with the strategy and policy fixed.

e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies [X]   Partially complies [ ]   Explain [ ]

55. That sustainability policies in environmental and social matters identify and include at least:

a) The principles, compromises, objectives and strategy with respect to shareholders, employees, customers, suppliers, social issues, environment, diversity, corporate responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance of policies, associated risks and its management.

c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect the integrity and honor of the company.

Cumple [X]   Cumple parcialmente [ ]   Explique [ ]

56. Directors' remuneration should be sufficient to attract and retain directors of the desired profile and to reward the dedication, qualification and responsibility that the position requires, but not so high as to compromise the independence of judgment of non-executive directors.

Complies [X]   Explain [ ]

57. That variable remuneration linked to the company's performance and personal performance, as well as remuneration through the delivery of shares, options or rights on shares or instruments referenced to the value of the share and long-term savings systems such as pension plans, retirement systems or other social welfare systems are limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditioned to their maintaining them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if applicable, to meet the costs related to their acquisition.

Complies [X]   Partially complies [ ]   Explain [ ]

58. In the case of variable compensation, compensation policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector of activity or other similar circumstances.

And, in particular, that the variable components of the remunerations:

a) Are linked to performance criteria that are predetermined and measurable and that such criteria consider the risk assumed in order to obtain a result.

b) Promote the sustainability of the company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

c) Are configured on the basis of a balance between meeting short-, medium- and long-term objectives, which allow performance to be remunerated for continued performance over a period sufficiently long to appreciate its contribution to the sustainable creation of value, so that the elements for measuring this performance do not revolve solely around one-off, occasional or extraordinary events.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. The entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies [ ] Partially complies [X] Explain [ ] Not aplicable [ ]

In accordance with the Directors' Remuneration Policy 2020-2022, the payment of the variable remuneration shall be deferred and shall only take place after the close of the fiscal year, so that the Company may carry out the evaluation and verification of compliance with the parameters established for the determination of such remuneration. The evaluation shall be carried out, among other aspects, on the basis of the annual results of the Company and its consolidated group, which shall be analyzed by the Audit and Control Committee. After such analysis, the Appointments and Remuneration Committee will submit the proposal for variable remuneration to the Board of Directors, which will approve the amount of variable remuneration, if any.

This information has been added to section A1 of the Company's Annual Report on Directors' Remuneration for the 2019 financial year and will also be included in the same section of the Annual Report on the Remuneration of the Company's Directors for the 2020 financial year.

Finally, the Company would initiate the necessary actions for the reimbursement, if applicable, by the director of remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been proven to be manifestly incorrect, even if such actions are not expressly provided for in the contract signed with the Chief Executive Officer.

60. Remuneration linked to the company's results should take into account any qualifications stated in the external auditor's report and reduce such results.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

61. That a relevant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

The variable remuneration of the executive director does not entail the delivery of shares or financial instruments referenced to their value, since the Company does not consider it necessary due to the fact that the executive director has a historical and shareholding relationship with the Company, so it is understood that his long-term interests are already sufficiently aligned with the Company.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been assigned, executive directors may not transfer ownership or exercise them until a period of at least three years has elapsed.

An exception is made in the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to meet the costs related to their acquisition or, subject to a favorable appraisal by the appointments and remuneration committee, to meet extraordinary supervening situations that so require.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

Remuneration systems do not include the delivery of shares.

63. Contractual agreements should include a clause allowing the company to claim reimbursement of variable components of remuneration when payment has not been in line with performance conditions or when they have been paid on the basis of data subsequently proven to be inaccurate.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

Although the contractual agreement does not include a clause to this effect, the Company would take the necessary measures to claim the reimbursement of the variable components of the remuneration when the payment was not in line with the performance conditions or when they were paid on the basis of data subsequently proven to be inaccurate, if applicable.

64. Payments for termination or extinction of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship between the director and the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [ ] Partially complies [X] Explain [ ] Not applicable [ ]

The Directors' Remuneration Policy limits the compensation for early termination in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if any, have been subscribed. Although it is not expressly contemplated in the Directors' Remuneration Policy or in the contract signed between the Company and the Executive Chairman, the Company shall not proceed to pay this amount until it has been able to verify that the director has complied with the criteria or conditions established for its receipt.

H. OTHER RELEVANT INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or group entities that has not been included in the other sections of this report, but which is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the company or its group, briefly describe them.

2. This section may also include any other information, clarification or nuance related to the previous sections of the report to the extent that they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include the information that it is obliged to provide and which differs from that required in this report.

3. The company may also indicate whether it voluntarily adheres to other codes of ethics or good practices, whether international, sectoral or of another scope. If applicable, identify the code and the date of adherence. Specifically, indicate whether the Company has adhered to the Code of Good Fiscal Practice of 20 July 2010:

Note on section A.2

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED is an investment management company that manages fund and client assets, among others. It is an indirect subsidiary owned by FRANKLIN RESOURCES. INC. which does not intervene through direct or indirect instructions or in any other way in the exercise of the voting rights of FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED.

For its part, ARIEL INVESTMENTS, LLC is an investment advisory firm that is the beneficiary of the shares on behalf of its clients. ARIEL INVESTMENTS, LLC is delegated the right to vote most, but not all, of those shares. ARIEL INVESTMENTS, LLC is a subsidiary of ARIEL CAPITAL MANAGEMENT HOLDINGS, INC. who does not directly or indirectly instruct it how to exercise those voting rights.

Note on section A.3

Mr. Martin Villa holds 100 shares of the Company's capital stock equivalent to 0.00018 % of the share capital.

Note on section A.10

(...)

(ii) The Board may also establish, in the event that the issue is convertible and exchangeable, that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares of Técnicas Reunidas, specifying the nature of the shares to be delivered at the time of conversion or exchange specifying the nature of the shares to be delivered at the time of the conversion or exchange, and may even opt to deliver a combination of newly issued shares with pre-existing shares of Técnicas Reunidas, and even to carry out the settlement by payment of the difference in value in cash. In any case, the issuer must respect equal treatment among all the holders of the fixed income securities converted and/or exchanged on the same date.

(iii) For the purposes of the conversion and/or exchange ratio, the securities will be valued at their nominal amount and the Company's shares at the fixed price (determined or determinable) established in the issue resolution, or at the variable price to be determined on the date or dates indicated in the Board resolution itself, based on the stock market price of the shares of Técnicas Reunidas on the date/s or period/s taken as a reference in the same resolution.

When the conversion and/or exchange ratio is fixed, the price of the Company's shares taken as a reference may not be lower than the higher of (i) the arithmetic or weighted average change, as decided in each issuance resolution, of the Company's shares in the market in which they are admitted to trading, according to the closing prices, during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the date of adoption of the resolution to issue the securities and (ii) the closing price of the shares on the day prior to the date of adoption of the resolution to issue the securities.

(iv) In the event that the conversion and/or exchange ratio is variable, the price of the Company's shares for the purposes of the conversion and/or exchange shall be the arithmetic or weighted average change, as decided in each issue resolution, of the shares in question on the market on which they are admitted to trading during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the conversion and/or exchange date, with a premium or, as the case may be, a discount on such price per share. The premium or discount may be different for each conversion and/or exchange date of each issue (or, as the case may be, each tranche of an issue), although in the event of a discount on the price per share, this may not exceed 20% of the value of the shares taken as a reference in accordance with the above provisions.

(v) When the conversion and/or exchange takes place, the fractions of shares that may correspond to the holder of the debentures shall be rounded down to the next lower whole number and each holder shall receive in cash, if so contemplated in the terms and conditions of the issue, the difference that may arise in such case.

(vi) In no case may the value of the share for the purposes of the conversion ratio of the debentures for shares be less than its par value. Likewise, in accordance with the provisions of Article 415 of the Capital Companies Act, debentures may not be converted into shares when the par value of such debentures is less than the par value of the shares.

At the time of approving an issue of convertible securities under the authorization contained in this resolution, the Board of Directors shall issue a Directors' report developing and specifying, on the basis of the criteria described above, the bases and modalities of the conversion specifically applicable to the aforementioned issue. On this report the accounts auditor other than the auditor of Técnicas Reunidas appointed for this purpose by the Mercantile Registry will issue the report referred to in article 414 of the Capital Companies Act, and both documents will be made available to the first General Shareholders' Meeting to be held.

6. Basis and terms and conditions for the exercise of warrants and other similar securities.-

In the case of issues of warrants, to which the provisions of the Capital Companies Act for convertible debentures shall apply by analogy, for the determination of the bases and modalities of their exercise, the Board of Directors is authorized to determine, in the broadest terms, the criteria applicable to the exercise of the rights to subscribe or acquire shares of the Company or of another company, or a combination of any of them, derived from securities of this class issued under this authorization, applying in relation to such issues the criteria set forth in section 5 above, with the necessary adaptations in order to make them compatible with the legal and financial regime of this class of securities.

The foregoing criteria shall apply, mutatis mutandis and to the extent applicable, in connection with the issuance of fixed income securities (or warrants) exchangeable into shares of other companies.

7. Exclusion of preemptive subscription rights and capital increase - This delegation to the Board of Directors also includes, but is not limited to, the delegation to the Board of Directors of the following Powers:

(i) The power for the Board of Directors, pursuant to the provisions of Article 511 of the Capital Companies Law in connection with Article 417 of said Law, to exclude, in whole or in part, the shareholders' pre-emptive subscription rights. In any case, if the Board of Directors decides to suppress the pre-emptive subscription rights of the shareholders in relation to a specific issue of convertible debentures or bonds, warrants and other securities similar to these, which it may decide to carry out under this authorization, it shall issue, at the time of approving the issue and in accordance with the applicable regulations, a report detailing the specific reasons of corporate interest that justify said exclusion, which will be subject to the correlative report of an independent expert appointed by the Mercantile Registry other than the auditor of Técnicas Reunidas, as referred to in articles 414, 417 and 511 of the Capital Companies Act. These reports will be published on the Company's website as soon as the conditions of the issue have been fixed and will also be made available to the shareholders and communicated to the first General Shareholders' Meeting to be held after the issue resolution.

(ii) The power to increase capital by the amount necessary to meet requests for conversion and/or the exercise of the right to subscribe shares. This power may only be exercised to the extent that the Board, adding together the capital to be increased to meet the issuance of convertible securities or securities giving the right to subscribe shares and the remaining capital increases agreed under the authorizations granted by this General Shareholders' Meeting, does not exceed the limit of half the amount of the share capital provided for in Article 297.1 (b) of the Capital Companies Act. This authorization to increase the capital includes the authorization to issue and put into circulation, on one or more occasions, the shares representing the capital necessary to carry out the conversion and/or exercise of the share subscription rights, as well as the authorization to redraft the article of the Company's Bylaws relating to the amount of the capital and, if applicable, to cancel the part of the capital increase that has not been necessary for the conversion and/or exercise of the share subscription rights.

(iii) The power to develop and specify the bases and modalities of the conversion, exchange and/or exercise of the rights of subscription and/or acquisition of shares, derived from the securities to be issued, taking into account the criteria established in sections 5 and 6 above.

(iv) The delegation to the Board of Directors includes the broadest powers required by law for the interpretation, application, execution and development of the agreements to issue securities convertible or exchangeable into shares of Técnicas Reunidas, on one or several occasions, and the corresponding capital increase, if applicable, also granting it powers to correct and complement them as necessary, as well as to comply with any requirements that may be legally required to carry them to fruition, It may correct any omissions or defects in said resolutions, pointed out by any authorities, officials or bodies, national or foreign, being also empowered to adopt as many resolutions and grant as many public or private documents as it deems necessary or convenient for the adaptation of the previous resolutions for the issue of convertible or exchangeable securities and the corresponding capital increase to the verbal or written qualification of the Mercantile Registrar or, in general, of any other competent national or foreign authorities, officials or institutions.

8. Admission to trading.- Técnicas Reunidas will request, where appropriate, the admission to trading on regulated or unregulated, organized or not, national or foreign, secondary markets of the debentures and/or convertible and/or exchangeable bonds or warrants issued by the Company by virtue of this authorization. by virtue of this authorization, empowering the Board of Directors, as broadly as necessary, to carry out the formalities and actions necessary for the admission to listing before the competent bodies of the different national or foreign securities markets.

It is expressly stated for the record that, in the event of a subsequent request for exclusion from trading, such request shall be adopted with the same formalities as the request for admission, insofar as applicable, and, in such event, the interest of the shareholders or bondholders who oppose or do not vote for the resolution under the terms set forth in the legislation in force shall be guaranteed. Likewise, it is expressly declared that Técnicas Reunidas is subject to the regulations that exist or may be issued in the future regarding Stock Exchanges and, especially, regarding contracting, permanence and exclusion from negotiation.

9. Power of substitution.- The Board of Directors is expressly authorized so that the Board of Directors, in turn, may substitute, under the provisions of the provisions of Article 249 bis of the Capital Companies Act, the powers of development, specification, execution, interpretation and correction of the issue resolutions referred to in this resolution in the First Deputy Chairman and in the Secretary of the Board of Directors, jointly and severally and indistinctly.

Likewise, the Board of Directors is empowered to guarantee, on behalf of Técnicas Reunidas and for the term and conditions set forth in this resolution, the obligations of all kinds that may arise for its subsidiaries from the issuance of negotiable securities referred to in this delegation made by them".

Tenth Agreement:

"(i) To authorize the Board of Directors for the derivative acquisition of the Company's own shares, directly or through companies controlled by it, subject to the following limits and requirements:

• Forms of acquisition: acquisition by purchase and sale, by any other "inter vivos" act for valuable consideration or any other form permitted by law.

• Maximum number of shares to be acquired: acquisitions may be made, at any time, up to the maximum amount permitted by law.

• Minimum and maximum acquisition price: acquisitions may not be made at a price 5% higher or lower than that resulting from the weighted average price on the day on which the purchase is made (or the minimum and maximum prices permitted by Law at any time).

• Maximum trading volume: the maximum daily trading volume referring to the acquisition of treasury stock shall not exceed 15% of the average daily volume traded on the regulated market or the Spanish multilateral trading system in the previous thirty sessions.

• Duration of the authorization: five (5) years as from the date of this resolution.

In the development of these operations, the rules contained in the Company's Internal Rules of Conduct in the Securities Markets shall also be complied with.

(ii) To leave without effect, in the part not used, the authorization agreed on this same matter at the meeting of the General Shareholders' Meeting held on June 26, 2019.

(iii) It is expressly stated for the record that the shares acquired as a result of this authorization may be used, in whole or in part, both for their disposal or redemption and for the application of the remuneration systems that have as their object or involve the delivery of shares or stock options, in accordance with the provisions of section 1 a) of article 146 of the Capital Companies Act, and may be used for delivery to employees and directors of the Company or its Group, or as a consequence of the exercise of option rights held by them, for the achievement of potential operations or corporate or business decisions, as well as for any other legally possible purpose.

Note on section B.3

When, prior to the formulation of a specific question, the information requested is clearly, expressly and directly available to all shareholders on the Company's website in question-answer format, the Board may limit its answer to refer to the information provided in such format.

The Board may empower any of its members, its Secretary or any other person it deems appropriate to respond to requests for information from shareholders on behalf of the Board.

The means for sending the information requested by the shareholders shall be the same through which the request was made, unless the shareholder indicates a different means from among those declared suitable in accordance with the provisions of this article. In any case, the information in question may be sent by registered mail with acknowledgment of receipt or by registered fax.

Valid requests for information, clarifications or questions made in writing and the answers provided in writing by the Board will be posted on the Company's website.

Right to representation

Article 15 of the Regulations establishes that any shareholder entitled to attend may be represented at the General Meeting by another person, even if such person is not a shareholder. Likewise, shareholders owning less than fifty (50) shares may group together for the purpose of exercising their right to attend and vote at the General Meetings by conferring their representation to one of them. Representation is always revocable. In order to be enforceable, the revocation must be notified to the Company in the same terms provided for the notification of the appointment of a proxy. In any case, the attendance at the General Meeting of the represented shareholder, either physically or by remote voting, shall have the value of revocation of the proxy. The proxy shall also be revoked upon the disposal of the shares of which the Company is aware. The proxy must be granted specifically for each General Meeting, in writing or by means of remote communication, the use of which is expressly provided for by the Board of Directors in the notice of meeting, provided that the requirements set forth in the aforementioned notice are met and, in any case, the identity of the represented shareholder and the proxy and the security of the electronic communications are duly guaranteed.

Right to remote voting

Article 28 of the Regulation develops the right to cast remote votes by shareholders with the right to attend, by direct ownership or grouping, by means of postal correspondence or other means of remote electronic communication, empowering the Board to develop these provisions and establish the rules and procedures appropriate to the state of the art to implement the casting of votes and the delegation of representation by electronic means.

Note on section C.1.3

Mr. Adrián René Lajous was re-elected director of the Company with the qualification of independent external director by resolution of the General Meeting of the Company held on June 25, 2020, following the proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors.

In the aforementioned justification report of the Board it was stated that Mr. Adrián René Lajous is not in any of the situations provided in article 529 duodecies 4 of the LSC (which includes those situations that, if present in a director, would prevent his qualification as independent), and in this sense, nor has he received from the Company or its Group, any amount or benefit other than his remuneration as director, having never maintained a business relationship of any kind with the Company or its Group, either in his own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

In turn, the independent non-executive director Mr. Adrián René Lajous has been paid the same remuneration items as the other directors in their capacity as such in accordance with the provisions of Article 22 of the Bylaws, i.e. a fixed annual remuneration and allowances for attending the meetings of the Board and, where appropriate, of the Committees, so that no additional remuneration items have been applied to him and therefore no different from those that have been applied to the other directors in their capacity as such.

In this regard, within the maximum gross annual amount established by the General Meeting of the Company with respect to the overall remuneration corresponding to all the directors of Técnicas Reunidas for the financial year 2020 for the performance of their duties, the Board of Directors was responsible for the distribution of the individual remuneration among its members, in accordance with the provisions of Article 22 of the Articles of Association, i.e. "taking into account the duties and responsibilities attributed to each Director, membership of Board Committees and other objective circumstances that the Board of Directors considers relevant", criteria that are developed and complemented in the Remuneration Policy of the Company's Directors for the financial years 2020 to 2022, in which reference is made to "the membership of the Committees, the positions they hold, their dedication to the service of the Company, as well as the particular contributions that, due to their qualifications and professional experience, such directors may make" (section IV of the Policy).

The Appointments and Remuneration Committee considers that, although the performance of the position of director as such implies the legal attribution of the same functions for all directors linked to the diligent and loyal development of the corporate purpose in accordance with the corporate interest, understood as the common interest of all shareholders, in accordance with the statutory criteria and the Remuneration Policy, it is the objective circumstances linked to the particular contributions that, due to his qualifications and professional experience, Mr. Adrián René Lajous may make to the development of the Board of Directors' own collegiate functions what justifies the annual fixed allowance specifically established for Mr. Lajous by the Board of Directors. In this sense, as shown in his curriculum vitae, available in the "Corporate Governance" section of the Company's website, in addition to the special situation derived from his residence in Mexico, his unique qualification and personal experience in the international field in the energy sector, particularly in Latam, is what gives a singular added value to his incorporation to the Board of Directors of the Company, being considered in this sense very relevant his vision as director, not only regarding the functions of the Board in general, but in particular in relation to the strategic definition of the Company given his international experience.

In addition to the foregoing, it is expressly stated for the record that Mr. Adrián René Lajous does not have any additional functions, whether management or any other type, other than those of a member of the Board of Directors, which all the directors have regardless of their category, nor does he perform any other duties within the Company.

Based on the foregoing, the Appointments and Remuneration Committee considers that the qualification corresponding to Mr. Adrián René Lajous as director is that of independent external director in accordance with the provisions of Article 529 duodecies of the Capital Companies Act.

Note on section C.1.3

Mr. Rodolfo Martín Villa waived payment of the amounts corresponding to his status as a director of Initec Plantas Industriales, S.A.U. from the time of his appointment as director of Técnicas Reunidas, S.A.

Note on sections C.1.3 and D.3

The Company considers that the transactions of Banco de Sabadell with the Company do not affect the performance of Mr. José Nieto de la Cierva as an independent external director of the Company.

Mr. José Nieto was appointed member of the Board of Directors of the Company, upon proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors, with the qualification of independent external director by resolution of the General Meeting of the Company held on June 27, 2018.

In the aforementioned justification report of the Board, it was stated that Mr. José Nieto is appointed in view of his personal and professional conditions, being able to perform his duties without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives, not being incurs in any of the situations provided in Article 529 duodecies 4 of the LSC that would prevent him from being qualified as an independent director.

As a director of the Company, Mr. José Nieto is subject, among others, to the duty of loyalty, having to perform his duties with the loyalty of a representative, acting in good faith and in the best interest of the Company, principles that have governed his actions as a director of the Company at all times, without having been affected in any case by his condition as General Manager of Banco de Sabadell, S.A.

Likewise, and as stated in section D.1 of the ACGR, the Company has a specific procedure for the approval of transactions with related parties. In this regard, Article 5 of the Regulations of the Board of Directors of the Company establishes that the Board of Directors is responsible for approving, following a report from the Audit and Control Committee, the transactions that the Company, or companies of its Group, carries out with Directors, or with shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors of the Company or of other companies that form part of the same group or with persons related to them.

The directors affected or who represent or are related to the shareholders affected shall abstain from participating in the deliberation and voting on the resolution in question, and in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the related-party transaction in.

As an exception to this rule, the authorization of the Board of Directors shall not be required for those related-party transactions that simultaneously meet the following three conditions: (i) that they are carried out under contracts whose conditions are standardized and applied en masse to a large number of customers; (ii) that they are carried out at market prices or rates, fixed on a general basis by whoever acts as supplier of the good or service in question; and (iii) that the amount of the transaction does not exceed one percent of the Company's annual revenues.

In this regard, the Company has a historical relationship with Banco de Sabadell, and the existence of such commercial relationships with Banco de Sabadell, S.A. shall in no way diminish Mr. Nieto's independence.

For its part, the Company will continue to submit to the authorization of the Board of Directors for those transactions related to Banco de Sabadell, S.A. with respect to which this authorization is required in accordance with the provisions of the applicable regulations.

Likewise, the fact that the Company carries out transactions that by their nature are considered to be related to a director, always within the limits and with the requirements established in the Law and in the corporate texts of the Company, in no case should condition the qualification of a director in one category or the other, nor does it imply, therefore, that he/she cannot be qualified as an independent director.

Note on section C.1.16

[Continued]

With regard to the removal of Board Members, Article 22 of the Board Regulations establishes the following:

"l. Board members shall leave office when the term for which they were appointed has elapsed and when so decided by the General Shareholders' Meeting in use of the powers legally or statutorily conferred upon it. In the case of independent directors, when they have held such position for an uninterrupted period of 12 years, from the time the Company's shares are admitted to trading on the Stock Exchange.

2. The Board Members must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions with which their appointment as director was associated.
b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company)".

3. The Board of Directors shall immediately inform the Board of any criminal cases in which they appear as defendants, as well as their subsequent procedural vicissitudes.

As soon as they are indicted or an order is issued to open an oral trial for any of the crimes set forth in Article 213 of the Capital Companies Act, the Board shall necessarily examine the case and, in view of the specific circumstances and its potential effect on the Company's credit and reputation, shall decide whether or not the Director should resign. The Board shall give a reasoned account of all the foregoing in the Annual Corporate Governance Report.

4. When, whether by resignation or otherwise, a director leaves office before the end of his term of office, he shall explain the reasons in a letter to be sent to all the members of the Board. The reason for the resignation shall be disclosed in the Annual Corporate Governance Report".

Finally, all these procedures have been reinforced with the approval by the Company's Board of Directors during the 2020 financial year of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., whose purpose is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequate and diverse composition of the Board of Directors, all in accordance with the applicable regulations, the Company's internal rules and the recommendations and best practices of good corporate governance.

Note on section C.1.31

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system.

Note on section C.1.34

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system. The number of uninterrupted fiscal years PWC has been auditing the Company and its consolidated group is 32 and 19, respectively. For its part, the 2017 financial year was the first audited by Deloitte, S.L. The percentage of years is calculated from the year of the Company's IPO (2006) and not from its date of incorporation (06/07/1960).

Note on section C.2.1

Continuation of the functions of the Audit and Control Committee of the Company:

i) Regularly obtain information from the auditor on the audit plan and its execution, in addition to preserving its independence in the exercise of his functions.

j) Establish the appropriate relations with the external auditor to receive information on those matters that may pose a threat to its independence, in particular any discrepancies that may arise between the auditor and the Company's management, for examination by the Committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited under the terms provided in the applicable regulations, as well as any other communications provided for in the legislation on auditing the accounts and in the auditing standards.

k) In any case, they shall receive annually from the external auditors a declaration of their Independence in relation to the Company or entities directly or indirectly related to it, as well as detailed and individualized information on additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it in accordance with the provisions of the regulations governing the auditing of accounts and other auditing standards.

l) To issue annually, prior to the issuance of the Audit report, a report expressing an opinion as to whether the Independence of the auditors or Audit firms is compromised. This report shall contain, in any case, a reasoned Assessment of the provision of each and every one of the additional services referred to in the previous point, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the auditing activity. This report shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

m) In relation to the external auditor: (i) in the event of resignation of the external auditor, to examine the circumstances giving rise thereto; (ii) to ensure that the external auditor's remuneration for his/her work does not compromise his/her quality or Independence; (iii) to supervise that the Company communicates as other relevant information to the National Securities Market Commission the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content; and (iv) ensure that the external auditor holds an annual meeting with the full Board of Directors to report to it on the work performed and on the evolution of the Company's accounting and risk situation.

n) To supervise compliance with the Audit contract, ensuring that the opinion on the annual accounts and the main contents of the Audit report are drafted clearly and accurately, as well as to evaluate the results of each Audit and, likewise, to ensure that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.

o) Make a final assessment of the auditor's performance and how it has contributed to the quality of the Audit and the integrity of the financial information.

In relation to the supervision of risk management and control:

p) Periodically supervise the effectiveness of the risk management systems.

q) Directly supervise the internal risk control and management functions.

r) Re-evaluate, at least annually, the list of the most significant financial and non-financial risks and assess their level of tolerance, proposing their adjustment to the Board of Directors, as the case may be.

s) Hold, at least annually, a meeting with the heads of the business units in which they explain the business trends and associa ted risks.

t) Evaluate all matters relating to the Company's non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks).

u) To be informed of the tax policies applied by the Company. In this regard, to receive information from the person responsible for tax matters on the tax policies applied, at least prior to the preparation of the annual financial statements and the filing of the corporate income tax return and, when relevant, on the tax consequences of corporate transactions whose approval is submitted to the Board of Directors.

v) Control and supervise compliance with the risk control and management policy, directly or through one or more sub-committees created for this purpose. This activity shall be coordinated with that carried out by the Risk and Management Committee, as the case may be.

In relation to Corporate governance and Corporate social responsibility:

w) To examine compliance with the Company's corporate governance rules. In particular, the Audit and Control Committee shall: (i) shall supervise compliance with the Internal Rules of Conduct in the Securities Markets, these Rules, the Rules of the Audit and Control Committee, if applicable other internal codes of conduct and, in general, the Company's rules of governance, making the necessary proposals for their improvement; (ii) supervise the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders; and (iii) periodically evaluate the adequacy of the Company's corporate governance system, so that it fulfills its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholde rs.

x) To supervise compliance with the Company's Corporate social responsibility policy. In particular, the Audit and Control Committee shall: (i) shall review the Company's corporate social responsibility policy, ensuring that it is oriented towards the creation of value; (ii) shall monitor the corporate social responsibility strategy and practices and evaluate its degree of compliance; (iii) shall supervise and evaluate the relationship with the different stakeholders; and (iv) shall coordinate the reporting process of non-financial and diversity information, in accordance with applicable regulations and international reference standards.

Other functions:

y) To supervise the organization and operation of the Company's Regulatory Compliance system and area.

z) To report to the Board of Directors, prior to the adoption by the latter of the corresponding decisions, on all matters provided for in th e Law, the Bylaws and the Regulations of the Board of Directors and, in particular, on:

a. the financial information that the Company must periodically disclose.

b. the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that a re considered tax havens.

c. transactions that involve or may involve conflicts of interest and, in particular, Related-Party Transactions, as provided by law, the Bylaws or these Regulations.

The report, if any, issued by the Audit and Control Committee on related-party transactions shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting; and

d. the economic conditions and accounting impact and, if applicable, the proposed exchange ratio, of the structural and Corporate modification operations that the Company plans to carry out.

e. Any other reporting and proposal function that may be entrusted by the Board of Directors in general or in particular, or that ma y be stablished by the regulations in force from time to time.

During the fiscal year 2020, the Audit and Control Committee has carried out the following activities:

a) In connection with the monitoring of financial information:

• The annual accounts, individual and consolidated, were favorably reported by the Committee for consideration and, if ap plicable, approval by the Board of Directors. In the previous debate, emphasis was placed on certain issues that were considered particularly relevant, highlighting for these purposes as a novelty the preparation of non-financial information as part of the management report, as a result of the approval of Law 11/2018, of December 28, which was subject to verification in accordance with the provisions of the regulations in force.

In addition, the external auditors, Deloitte and PricewaterhouseCoopers (PwC), stated that no significant risks additional to those identified in the planning process and presented at an earlier meeting in 2019 were brought to light during the joint Audit work and confirmed that no disagreement or scope limitation had occurred during the joint process.

• The Committee, unanimously agreed to submit to the Board of Directors the proposal for the appropriation of the profit for th e year ended December 31st, 2020.

• The statement to be sent to the CNMV was analyzed, indicating that the Committee would report favorably to the Board of Director son the Annual Financial Report for the 2019 fiscal year, for its approval and submission to the CNMV.

The Committee has periodically monitored the progress of the Audit work, appearing, where appropriate, the external auditors to report on issues such as: (i) revenue recognitions; (ii) evolution of tax assessments; (iii) deferred tax assets; (iv) estimation of project cash flows; (v) evolution of deferred tax assets; (vi) review of the evolution of Project closure, focusing on the projects that have represented the most complexity, both in their execution and closure; (vii) regulatory developments that will have an impact on the Group's accounts; (viii) ongoing judicial and arbitration proceedings, both administrative and operational; and (ix) periodic public information regarding the first half of 2020 (the Committee having received from the external auditors an opinion on the limited review of such information for the first half of the year).

Likewise, at the last meeting of the 2020 Committee, the Committee was informed by the external auditors, PwC and Deloitte, of the conclusions of the preliminary review of the audit of the 2020 fiscal year, and a review was also made of relevant issues with a view to the closing, with the intervention of the Board Members requesting additional information on certain issues or making clarifications in relation to others. It was expressly stated that there had been no disagreements regarding the relationship between the two firms.

At its meetings, the Committee has supervised various issues related to financial and non-financial information, including, among others: (i) the advance of the year-end data; (ii) the Group's cash position, in which respect there were several interventions by the directors to make certain clarifications or ask questions; (iii) the periodic public information, both quarterly and half-yearly, of 2020; and (iv) financial presentations to analysts.

The Committee has been periodically informed about the Company's system of internal control over financial reporting (ICFR). In particular:

• Several reports have been presented by the internal auditor on the ICFR. In this regard, he reported the conclusions of the ICFR review (concluding that the Group has internal procedures that include the control activities related to financial information flows, establish responsibilities and define the transactions and documents supporting such controls) as well as the recommendations to be implemented (among others, regarding the multi-year economic planning of EBIT and the economic planning of equity), with the directors actively participating in the assessment of the information presented.

In addition, the Committee has periodically monitored and supervised other matters:

• Verification of the financial information contained in the Corporate website, receiving information on the regulations in force in this regard, verifying that it coincided with the information that appeared on the Company's website of the CNMV and confirming the validity of the information published on the corporate website.

• Recognition of assets for exchange orders and claims, in some cases with the collaboration of the internal auditor in their meetings.

b) In relation to the supervision of internal control and internal auditing:

The Committee unanimously approved the Report on Related-Party Transactions for the year ended December 31, 2019 to be submitted to the Board of Directors.

c) In relation to the statutory auditor

At its meeting held on February 25, 2020, the Committee approved the statement of non-financial information, as an integral part of the management report, summarizing the activity of the Company and its consolidated group in the area of Corporate social responsibility and its application during the year.

d) In connection with the supervision of risk management and risk control.

The Committee has been periodically informed of various matters within its purview, including, among others, the following:

• The area's objectives for the 2020 financial year and, in particular: design of the Compliance Management System, which includes the design aspects (review, and update of the Code of Conduct and review and approval of the quantitative limits of the Gifts and Hospitality Policy, the development of the Donations and Sponsorship Policy and the approval of the Anti-Fraud and Trade Control Policy), implementation and monitoring (implementation of the controls map and its documented monitoring, obtaining the declarations of conformity with the criminal compliance management system and its policies for positions with greater exposure to risks of a criminal nature, verification of the design and effectiveness of the System – internal audit and external review-, implementation, dissemination and monitoring of the Business Partner Liaison Policy and the deployment of the Compliance function in the Asia and Central and South America regions) and training (development and implementation of an online course for all staff on the System, specific training for members of the Board of Directors and specific training for personnel especially exposed to the risk identified in the risk matrix evaluated).

In this regard, the Committee was periodically informed of the status of execution of the Regulatory Compliance objectives, as well as of the proceedings opened, and their status, by means of communications received through the Code of Conduct Mailbox.

• In January 2020, the head of the Compliance area presented the Annual Activities Report for 2019, dealing with aspects related to the design and implementation of the Criminal Compliance Management System (reassessment of criminal risks, preparation of a compliance risk matrix and a training matrix, establishment of contractual clauses for business partners, implementation of the Code of Ethics for suppliers and subcontractors and introduction of improvements in the due diligence process with third parties, incorporating the analysis of the ultimate final beneficiaries), the resources available to the Compliance area, training activities and managers and employees (6 sessions for a total of managers and middle management, 3 face-to-face sessions for procurement and subcontract teams, face-to-face sessions in Rome and Bahrain for Bapco's project team, 35 face-to-face sessions for 643 people in Saudi Arabia and online and awareness courses for 1.500 people), due diligence processes the deployment of the compliance function in other jurisdictions and updated whistleblowing channel information.

• The head of Compliance updated the Audit and Control Committee at the meeting held on September 15, 2020 on the functioning of the

Compliance area. In particular, he discussed the activities by country (in Arabia, the completion of the training activity for all TR Saudi employees on Business Ethics Policy and Compliance System; in Oman, the deployment of the Compliance System in this jurisdiction was completed; in Bahrain, the Compliance Plan for the Bapco Project has been updated; in Kuwait, the risk analysis procedure has been launched and the deployment of the Compliance System has begun; In the United Arab Emirates, a target has been set to complete the deployment of the Compliance System and prepare the risk analysis before the end of the end of the year), training and awareness-raising activities (online training sessions in Saudi Arabia, United Arab Emirates, Oman and Bahrein, awareness campaigns for all employees in Saudi Arabia, development of an online course available on TR Aula for TR staff, which is being adapted to be taken by third parties outside TR), due diligence of counterparties and development of the Compliance Management System (preparation of sponsorship and donation policies, trade compliance, anti-fraud).

In addition, the Committee has been informed at various meetings by the Finance Department of various tax matters, such as the Tax Risk Manual in relation to 2019 taxes, a continuation of the implemented in 2018, within the framework of which the figure of a tax controller and a Tax Mailbox were then created to receive communications on this matter; of the Company's tax situation; and of possible negotiations with the State Tax Administration Agency (AEAT) for the signing of a Prior Agreement with the Administration.

e) In relation to Corporate governance and Corporate social responsibility.

At the meeting held on January 28, 2020, the Internal Auditor presented to the Committee the Internal Audit Annual Report for 2019, which included the following lines of action: Audit of subsidiaries, technical analysis of suppliers' economic solvency, ICFR and contractual modifications recognized as revenue on accounts. Then, at the same meeting, he presented the 2020 Annual Plan, which included the following lines of action: cost optimization Project, Audit of subsidiaries, ICFR, review of income on account derived from contractual modifications and technical analysis of economic solvency of suppliers/providers.

The Committee has periodically monitored the Internal Audit Plan (which was approved in 2018 on a multi-year basis for the years 2018 – 2020). In this regard, at one of its meetings it agreed to propose that an analysis be made by the Financial Management of the assets that could generate liquidity, reviewing the measures and the different impacts on cash. At another of its meetings, the Committee was informed by the internal auditor, among other matters, of the work carried out in Human Resources and General Services, the audit of subsidiaries, the ICFR, interim income associated with contractual modifications and the solvency analysis of suppliers and subcontractors.

f) Other functions

The Company's internal auditor provided the Committee with the Independence declarations of the joint auditors, PricewaterhouseCoopers and Deloitte, copies of which were attached to the minutes of the meeting.

Pursuant to the provisions of Article 529 quaterdecies 4.f) LSC, the Committee unanimously approved the Report on the Independence of the External Auditor in relation to the 2018 fiscal year.

After being reminded by the Chairman of the Committee of the operation of the Company's joint Audit system, executed since 2017 financial year by the Audit firms PwC and Deloitte, a proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group during the 2020 financial year was submitted for the consideration of the Committee, and after a brief deliberation, unanimously approved to propose to the Board of Directors to submit to the Ordinary General Shareholders' Meeting of the Company the proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group for the fiscal year 2020.

The Committee also periodically monitored the factors, if any, that may have affected the Independence of the external auditors. In this sense, it unanimously reported on the increase in the external auditors' fees for Audit work, in view of the data presented. Likewise, the Committee was presented with the Report of the Internal Audit Department on the supervision of compliance with the regulations on the provision of non-audit services and the budget for non-audit services.

g) In relation to the follow-up of the Commission's own action plans

At each meeting, the Committee reviewed compliance with the 2020 annual plan of the Audit and Control Committee.

At its last meeting, the Committee reviewed and unanimously approved the calendar of meetings for 2021, once the appropriate modifications had been made in accordance with its availability, as well as the annual plan of activities of the Audit and Control Committee for the 2021 fiscal year, which establishes the matters to be dealt with by the Committee at each of its meetings.

h) Approval of the Shareholder and Investor Engagement and Communication Policy

At the meeting held on December 21, 2020, the Committee approved the Policy on information, communication, contacts and involvement with shareholders, institutional investors, proxy advisors and other stakeholders, which develops the provisions of the Sustainability Policy Approved by the Company's Board of Directors in October 2020.

i) Other activities

The Committee, after a brief discussion, unanimously agreed to report favorably to the Board of Directors regarding the issuance of simple unsecured and unsubordinated bonds by the Company, as well as their main terms.

After the appropriate discussion among its members and the information received from the Chief Financial Officer, the Committee unanimously approved to report favorably to the Board of Directors a potential treasury stock transaction so that the Board could adopt among its resolutions, if appropriate, both the terms of the transaction and the delegation of powers, all in the terms it deems most convenient.

On the other hand, the Committee unanimously approved its operating report for the 2019 fiscal year, agreeing to submit it to the Board.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Continuation of the authorities of the Company's Appointments and Remuneration Committee

w) Ensure that any conflicts of interest of the advisors do not impair the independence of the external advice provided to the Commission.

The main activities of the Company's Appointments and Remuneration Committee during the 2020 fiscal year were as follows:

a) Regarding the composition of the Board:

The Committee has analyzed the composition of the Board of Directors and analyzed the continuity of the 8 directors whose term of office ends in June 2020, developing the mandatory reports, decisions and recommendations about them and looking for the necessary profiles to fill, if necessary, the vacancies resulting from this analysis. In this regard, the Committee considered that it was advisable to increase the percentage of independent directors to a minimum of 50% of the members of the Board of Directors and, likewise, to increase the percentage of female directors. As a result of this analysis, the Committee considered it appropriate to propose to the Board of Directors the appointment of Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz as new directors of the Company, directors to cover the vacancies of Mr. José Lladó Fernández-Urrutia and Mr. Álvaro García-Agulló Lladó, who were considered executive and proprietary directors, respectively. In this regard, the Company focused its search for potential candidates on those profiles that have recognized personal and professional experience, mainly in the most relevant areas for the Company, that can be considered independent directors and, finally, that allow increasing the percentage and number of female directors, which is why it has deliberately sought female candidates for these positions. Additionally, the Committee has taken into special consideration the position of Mr. José Lladó Fernández-Urrutia, due to the fact that his replacement as Executive Chairman of the Company by Mr. Juan Lladó Arburúa has activated the succession protocol of the first executive of the Company, ensuring at all times through proposals to the Board of Directors that such succession takes place in an orderly and planned manner. As a consequence of the above, the Appointments and Remuneration Committee advised to transfer to Mr. José Lladó Fernández-Urrutia a proposal for appointment as Honorary Chairman of the Company, since it is in the Company's interest to continue taking advantage of his experience and knowledge of the Company, of which he was one of the founders in 1960.

b) In relation to the positions on the Board and the composition of the Committees:

The Committee also proposed to the Board of Directors the directors who should form part of this Committee, taking into account their knowledge, skills and experience as well as the duties of the Committee. In this regard, it proposed to the Board the appointment of Mr. Ignacio Sánchez-Asiaín Sanz as a member of the Audit and Control Committee, the appointment of Ms. Inés Andrade Moreno as a member of the Appointments and Remuneration Committee, replacing Mr. José Nieto de la Cierva, as well as the appointment of Mr. Alfredo Bonet Baiget as a member of the Management and Risk Committee, by virtue of his outstanding academic training and extensive professional experience in the business and banking sectors.

c) In relation to the remuneration of directors and senior management:

The Committee prepared a long-term remuneration plan for executive directors, and therefore initiated the procedure for the approval of a new Directors' Remuneration Policy for the years 2020 – 2022, which as the only modification, would include the main characteristics of this long-term remuneration for executive directors.

d) Other functions:

At various meetings of the Committee, it has been informed of the existing regulatory obligations in matters within its competence and, in particular, in relation to the obligations regarding the remuneration of Board Members.

The Committee has analyzed in different sessions the progress of the new text of the directors' remuneration policy submitted for the approval of the Ordinary General Shareholders' Meeting of June 25, 2020, advised by the external consultants E&Y and Ramón y Cajal Abogados, in which the main characteristics of a long-term remuneration of executive directors were detailed. In this regard, the Committee has been informed by the external consultants on Long Term Incentives (LTI) (instruments that grant the participant the possibility of receiving a variable remuneration, after a certain period of time exceeding one year, and provided that certain conditions are met). The Committee evaluated the information received and agreed to commission an external consultant to design a proposal for the design of a LTI for the two executive directors based on the characteristics of the Company's business and the best market practices, under the premises of simplicity, market value and in accordance with the principle of prudence.

In line with the above, the Committee unanimously agreed to report favorably to the Board of Directors on the implementation of the ILP proposal presented by the external consultant E&Y. In accordance with the current director compensation policy, the ILP that the Company implements for its executive directors must be approved by the General Shareholders' Meeting.

On the other hand, and after the corresponding assessment and weighting of the variable compensation criteria for the executive directors and their different parameters (among which the evaluation of the Company's performance during the corresponding fiscal year is a fundamental issue), the Committee, following a prudent criterion, agreed on the accrual and settlement of the variable compensation corresponding to the fiscal year 2019 for each of the executive directors.

On the other hand, the Committee has been informed in different sessions, with the assistance of different managers of the Human Resources Department, of different issues related to appointments, scorecard, salary review and remuneration of senior executives, including the variable remuneration system based on objectives.

Likewise, the Committee has informed the Board about the proposal for the distribution of the total remuneration of the Board approved by the General Shareholders' Meeting, in order for the Board to set the specific amount corresponding to each of its members, taking into account the functions and responsibilities attributed to each director, the membership of Board Committees and any other objective circumstances that the Board of Directors considers relevant, in accordance with the provisions of Article 22 of the Company's Bylaws.

It is also worth mentioning the good coordination between the Appointments and Compensation Committee and the heads of the Human Resources Department, which has favored the smooth functioning of this Committee.

e) Other matters:

The Committee was informed by the Company's Chief Financial Officer of the 100 Plan, the main objective of which is to optimize the Company's resources, identifying various opportunities for improvement.

Within the framework of the evaluation of the Board and its Committees, the Committee unanimously approved its operating report corresponding to fiscal year 2019, agreeing to submit it to the Board. Additionally, in relation to the evaluation corresponding to the 2020 fiscal year, the Committee has carried out a tender, following the guidelines of the Tr-ansforma Plan, for the provision of this service, a tender that has been won by Ackermann International, which presents a methodology focused on the skills of each director and, therefore, on their involvement in the Board of Directors and their contribution or added value of it.

The Committee monitored the evolution of the Covid-19 pandemic and the actions taken by the Company in relation to its employees and facilities, as well as teleworking and the measures adopted by the Human Resources management to ensure the continuity of operations, including the introduction of teleworking measures and the creation of a Covid-19 Committee comprising various professionals from the fields of human resources, occupational health and safety and information systems. The Committee also worked on the development of resources during fiscal year 2020 and on management by objectives.

The Committee also monitored the situation of the Spanish and foreign subsidiaries and the state of liquidation of those subsidiaries whose liquidation was made possible by the Company's activity.

At its last meeting, the Commission reviewed and unanimously approved the calendar of sessions for 2021 after making the appropriate modifications in accordance with its availability.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has been the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Note on section D.6

Continued response.

Likewise, the subject persons and insiders must inform the Chairman of any possible conflicts of interest in which they are involved due to their activities outside the Company, their family relationships, their personal assets, or for any other reason, with (i) the Company or any of the companies comprising the Técnicas Reunidas Group; (ii) suppliers or significant clients of the Company or of the companies of the Técnicas Reunidas Group; or (iii) entities engaged in the same type of business or competitors of the Company or any of the companies of the Técnicas Reunidas Group. Any doubt about the possibility of a conflict of interests must be consulted with the Chairman.

As stated in section D.1 above, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with the directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the execution by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

The Company's Code of Conduct also includes principles and rules for all persons to whom it applies: members of the Board of Directors, the Audit and Control Committee, the Appointments and Remuneration Committee and the other control bodies of Técnicas Reunidas or of any other company belonging to the Técnicas Reunidas business group at national or international level, as well as managers, employees and collaborators linked to the Group, regardless of the position they hold or the place where they perform their work.

In this regard, Article 4.1.1 of the Code of Conduct approved by the Company establishes that the persons subject to the Técnicas Reunidas Group Code shall act in the performance of their duties with loyalty and seeking to defend the interests of the Group. Likewise, they will try to avoid situations where the affected party is or appears to be in a conflict of interests. These conflicts of interest shall be reported to the Compliance Officer.

Note on section E.1

- Risks related to the concentration of projects in a small number of clients.

The portfolio, at certain times, may be highly concentrated in a small number of customers and, in certain countries, suppliers.

Control and management systems:

• Concentration only in markets in which the Group has sufficient prior experience.
• Diversification policy that allows TR to Access very different markets.
• Deployment of a relevant commercial action in markets and customers in which TR does not yet have a presence.
• Atomization strategies and diversification of Construction in several local and international suppliers.

- Risks related to environmental and safety requirements.

TR carries out projects in which an incorrect execution could generate risks with a high impact on the environment or sensitive health and safety risks. The Group Works to control and minimize these risks by collaborating with its customers, subcontractors and suppliers in this area.

Control and management systems:

• Existence of an Environmental and Safety Management System in TR.
• Environmental management assurance from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training.
• Strengthening process safety from the design phase.
• Promotion of occupational safety at suppliers and subcontractors.

- Risks derived from economic variables.

Certain economic circumstances (changes in Exchange rates, interest rates, willingness to finance, taxation, etc.) may have an impact on TR's business and results.

Periods of volatility of economic variables derived from geopolitical tensions.

High weight in our clients' decisions of the entities or organizations that finance their investments.

Management and control systems:

• Continuous monitoring of the risks associated with the currency and contracting of exchange rate insurance.
• Management of a solid balance sheet and availability of adequate financing lines.
• Mitigation of the risk of lack of liquidity of customers through active participation in the processes of obtaining financing from them, through banks that support the operations in which TR participates, as well as through the use of export insurance through banks that support the operations in which TR participates and direct contact with our customers' financing entities, as well as through the use of export insurance.

- Risks derived from information technologies.

With the Group's increased digitalization, the risk of intrusion into its systems by cybercriminals has increased.

Management and control systems:

• Information Security Management System certified according to ISO 27001:2015.
• Cybersecurity training for employees.
• Oversight by the Information Security Committee of the implementation of the strategic cybersecurity plan, the results of audits and the main risks and measures implemented.

- Risks derived from the retention of key personnel and adaptation resources to the workload.

The loss of key personnel, as well as gaps in their training, can increase the risk of not properly executing projects. In addition, excessive project concentration or project delays can lead to inefficiencies in personnel management.

Management and control systems:

• Procedures for identifying key employees to be retained and applying policies to help them stay.
• Implementation of a flexible Human Resources structure to adapt with agility to market variations.
• Globalized human resources management to unify the criteria applied in the different subsidiaries.

- Integrity and reputational risks.

Non-integral or non-responsible behavior on the part of employees or other third parties with whom the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results of Técnicas Reunidas.

Management and control systems:

• Internal regulations and training to ensure the integrity of the professionals and the availability of a Code of Conduct and a Whistleblower Channel.

• Requirement for suppliers and subcontractors to comply with environmental, human rights and health and safety requirements.

- Risks derived from the quality of execution.

The quality of execution ensures not only the peaceful closing of the project, but also that in the future projects of a similar nature or with the same client will be obtained.

Management and control systems:

• Quality supervision mechanisms in all project phases.
• Creation of databases that collect the group's knowhow and best practices.
• Quality department responsible for the development of procedures.

Notwithstanding the foregoing, the Company's Board of Directors is permanently committed to ensuring that the aforementioned risk control and management model, particularly with respect to crime prevention, prevents or reduces as much as possible the probability of the occurrence of irregular conduct and ensures, when detected, the cessation of such practices and the demand for the corresponding responsibilities, striving for a policy of maximum rigor in this respect. In this sense, the Audit and Control Committee takes into account the aforementioned within the framework of its function of supervising the efficiency of internal control and internal auditing, in accordance with the criteria of the supervisory bodies, without prejudice, in any case, to the perceptive information to the markets through the Statement of Non-Financial Information (EINF) and through this Annual Corporate Governance Report.

Note on section E.6

Given the uncertainty caused by the pandemic situation, any forecasting of direct economic impacts due to extended project timelines involves three points:

- Measurement of cumulative productivity and production loss to date;
- Future projection and forecast of normalization scenarios;
- Impact of the tensions of the global situation on the cash flow of all the actors involved in the execution of the projects.

The detection and control tools implemented have enabled a proactive response at both corporate and project level. Decisions have been made taking into account:

- Contractual obligations and customer indications;
- The state of progress of the project and its main execution phase (engineering, procurement, construction);
- Specific impacts by COVID-19 in the country or region of execution of each project.

Based on the above, the best alternatives and scenarios have been evaluated, implementing action plans that include slowdown strategies, acceleration, demobilization, etc.). These strategies must be continuously adapted to the changing scenarios that the evolution of the pandemic itself presents both globally and specifically in each country where the projects are developed, as well as to our clients' own strategies.

Note on section G.40

The Company has an internal audit function which, under the supervision of the Audit and Control Committee, oversees the proper functioning of the internal control and information systems. Since 2008, the Company has had an internal auditor, who is included in the list of senior executives and who continues to perform his duties in the Company.

Note on section G.55

The Company has been a signatory to the United Nations Global Compact since November 2011 and has renewed its commitment to join annually since then.

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting held on:

25/02/2021

Indicate whether any directors voted against or abstained from voting on the approval of this report.

[ ] Yes
[√] No

TECNICAS REUNIDAS

CERTIFICATE OF AUTHORISATION
2020 ANNUAL FINANCIAL REPORT

The Board of Directors:

Juan Lladó Arburúa Chairman	Juan Miguel Antoñanzas Pérez-Egea 1st Deputy Chairman
Fernando de Asúa Álvarez 2nd Deputy Chairman	Javier Gómez-Navarro Navarrete Director
José Manuel Lladó Arburúa Director	Rodolfo Martín Villa Director
Petra Mateos-Aparicio Morales Director	Pedro Luis Uriarte Santamarina Director
William Blaine Richardson Director	Adrian Lajous Vargas Director
Jose Nieto de la Cierva Director	Alfredo Bonet Baiget Director
Inés Elvira Andrade Moreno Director	Ignacio Sánchez-Asiaín Sanz Director

Certificate issued by the Legal Secretary attesting that, following the authorisation for issue by the Board members at its meeting held on 25 February 2021 of the individual financial statements and management report of Técnicas Reunidas, S.A. for the year ended 31 December 2020, all directors have signed the last page of this document, to which I attest, in Madrid on 25 February 2021. I also CERTIFY that these individual annual financial statements and directors report are the same as those approved at the aforementioned Board meeting and, therefore, I sign and initial all of their pages.

Laura Bravo
Secretary to the Board

DECLARATION OF RESPONSIBILITY
2020 ANNUAL FINANCIAL REPORT

The Board of Directors:

Juan Lladó Arburúa Chairman	Juan Miguel Antoñanzas Pérez-Egea 1st Deputy Chairman
Fernando de Asúa Álvarez 2nd Deputy Chairman	Javier Gómez-Navarro Navarrete Director
José Manuel Lladó Arburúa Director	Rodolfo Martín Villa Director
Petra Mateos-Aparicio Morales Director	Pedro Luis Uriarte Santamarina Director
William Blaine Richardson Director	Adrian Lajous Vargas Director
Jose Nieto de la Cierva Director	Alfredo Bonet Baiget Director
Inés Elvira Andrade Moreno Director	Ignacio Sánchez-Asiaín Sanz Director

They state that, to the best of their knowledge, the separate financial statements of Técnicas Reunidas, S.A. (balance sheet, income statement, statement of changes in equity, statement of cash flows, notes to the financial statements and management report), as well as the consolidated financial statements with its Subsidiaries (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements), for the year ended 31 December 2020, prepared by the Board of Directors at its meeting held on 25 February 2021, prepared in accordance with the accounting principles applicable and set forth on 174 and 85 sheets of ordinary paper for the separate financial statements and consolidated financial statements, respectively, written only on the obverse side, all of which were signed by the non-director Secretary to the Board, Laura Bravo Ramasco, present fairly the equity, financial position and results of operations of Técnicas Reunidas, S.A. and subsidiaries, and that the management reports supplementing the separate and consolidated financial statements include a fair analysis of the performance, business results and position of Técnicas Reunidas, S.A. and its subsidiaries, together with a description of the main risks and uncertainties faced by the Company.

Madrid, 25 February 2021

TECNICAS REUNIDAS

CONSOLIDATED ANNUAL ACCOUNTS

Auditors' Report, Financial Statements at 31 December 2020 and Management Report for financial year 2020.

This version of the independent auditors' report on the consolidated annual accounts is a free translation from the original, which is 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 the independent auditors' report on the consolidated annual accounts takes precedence over this translation.

Independent auditors' report on the consolidated annual accounts

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

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Técnicas Reunidas, S.A. (the Parent Company) and its subsidiaries (the Group) consisting of the balance sheet at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes to the consolidated annual accounts, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
Recognition of revenue from construction contracts The revenue recognition criteria applied by the Group are based on the percentage completion method in accordance with IFRS 15. When applying the percentage of completion method the Group applies significant estimates using relevant judgments regarding the total costs that are necessary to execute the contract, and regarding the amount of any claims or scope changes of the project that may be included as more revenue from the contract. The Group has implemented processes and controls to adequately recognize and oversee long-term contracts from the bidding phase, during execution and until the project is closed. These processes include, among other things: organization of the project, documentation, risk management, financial reviews and reporting, as well as controls over the adequate application of accounting principles. The information regarding construction contracts is set out in Notes 2.20, 4.5, 11 and 23 to the consolidated annual accounts. Given the relevance of the estimates used when recognizing revenue and their quantitative importance, and considering the situation caused by COVID-19 pandemic, this has been considered to be a key audit matter within our audit.	During our audit work we have taken into consideration our understanding of the controls over the process of estimating the margin obtained on long-term contracts. Our procedures include, among other things, the performance of tests of the design, implementation and operating effectiveness of certain relevant controls that mitigate the risks associated with the process of recognizing revenue from these types of construction contracts. To perform substantive tests we first selected a sample by applying quantitative and qualitative criteria, such as the identification of those relevant contracts either due to the total selling price of the contract or the amount of the revenue or margins recognized during the year, or the risk associated with the costs yet to be incurred to complete the contract. Additionally, we performed a selection based on statistical criteria for all of the remaining projects. We obtained the contracts relating to the selected projects so that we could read them and understand the most relevant clauses and their implications, as well as the budgets and execution oversight reports for those projects, and we performed the following procedures focusing on their main aspects: • We analysed the evolution of margins compared to variations in both the selling price and total budgeted costs , considering the impact of COVID-19 pandemic on the projects development. • We evaluated the coherence of the estimates made by the Group last year by comparing them with the actual data deriving from contracts the current this year. • We recalculated the percentage of completion of each stage of the selected projects and compared it with the results obtained from the Group's calculations. • In relation to contract amendments and claims in negotiation with clients, we obtain evidence of technical approvals and the status of economic negotiations. • We obtained explanations regarding the reconciliation between the financial information and the follow-up reports for the projects provided by project management.

Key Audit Matters	How our audit addressed the key audit matter
	Finally, we have verified that the information disclosures included in Notes 2.20, 4.5, 11 and 23 to the accompanying consolidated annual accounts regarding the recognition of revenue from contracts based on the percentage of completion method are adequate in terms of those required by applicable accounting legislation. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.
Tax inspection action Over the past few years the Group underwent an inspection of the Spanish Tax Group regarding corporate income tax for the years 2008 through 2011. After the tax inspection action was completed in 2015, the Parent Company received a proposed settlement totalling €138.2 million, plus interest due to discrepancies in transfer pricing. The Parent Company contested the assessment and appealed the decision through administrative processes and provided the necessary financial guarantees. During 2018, The Spanish Central Economic-Administrative Court (TEAC) partially resolved in favor of the Group reducing the amount of the settlement by €20.9 million plus interest and establishing the current amount of the claim at €117.3 million (plus interests). The Parent Company maintains the necessary guarantees corresponding to these assessments. The Group has implemented processes and controls to assess the risks and probability that a potential liability must be recognized in the consolidated annual accounts. It considers that there are legal arguments that support its position and that no provision has been recognised in this regard. The information relating to the inspection action taken by the tax authorities is set out in Note 27 to the consolidated annual accounts.	During the course of the audit we gained an understanding of the processes and evaluated the estimates used by management. To do so we obtained confirmation letters from attorneys to compare the assessment of the expected outcome, all related information and we identified potential liabilities and compared them against the Group's estimates. To analyse the reasonableness of the Group's estimate, we have involved internal tax specialists and, as part of our substantive work, we held interviews with the Group's attorneys regarding the actions taken by the tax authorities to date. We have analysed the probability of success that the Group's challenge of the conclusions reached by the tax authorities will have, which corroborate the estimate made by the Group and the information regarding this matter set out in the consolidated annual accounts is adequate in the terms of applicable accounting legislation. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.

Key Audit Matters	How our audit addressed the key audit matter
Given the relevance of the estimates used regarding the probability that the risk will materialize and the amount claimed by the tax authorities in the assessments raised, we have considered this to be a key audit matter.	
Deferred tax assets The consolidated balance sheet at 31 December 2020 includes a balance of €407,261 thousand in deferred tax assets that mainly relate to temporary differences due to losses incurred in foreign businesses that will be recoverable within the context of the Spanish tax group led by the Parent Company when the companies engaging in those businesses are liquidated. It also includes a tax credit balance totalling €22,453 thousand (primarily relating to tax-loss carry forwards) that will be recoverable in jurisdictions other than Spain. At the end of the year Group management prepares revenue and profitability projections per project to assess the capacity of recovering deferred tax assets taking into consideration legislative changes and updates in the profitability of the various projects. This projections have been prepared including the best estimation of the impact of COVID-19 pandemic, based on the available information at the date of the preparation of these consolidated annual accounts. The information relating to the deferred tax assets is disclosed in Note 27 to the consolidated annual accounts. We identified this matter as a key audit matter since the preparation of these projections requires a high level of judgment, basically with respect to the evolution of the project projections that affect the estimate made regarding the recovery of the deferred tax assets, considering the situation caused by COVID-19 pandemic.	We have obtained an understanding and analysed the estimation process applied by directors and by management, focusing our procedures on matters such as: • The process of preparing the business plan, which is substantially supported on projects in progress, projects in the portfolio and estimates regarding new project intake based on past information and considering the efect of COVID-19 pandemic, prepared with the objective of evaluating the recognition, measurement and the capacity to recover the deferred tax assets. • The criteria used when calculating the deferred tax assets. • The base information used by management in its analysis regarding the recovery of deferred tax assets, verifying its congruence with the estimates regarding projects used in other areas of the audit such as revenue recognition or the assessment of the application of the going-concern principle. We have involved our internal tax experts when considering the reasonableness of the tax assumptions used based on applicable legislation, to ensure that they are complete and adequate. Finally, we have verified that Note 27 to the accompanying consolidated annual accounts contains the appropriate disclosures in this respect. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.

Liquidity risk due to impact of COVID-19 The outbreak of COVID_19 in the first quarter of the year and its growing spread has had a significant impact on the oil and gas industry and therefore on the Group's business, specifically affecting its collection and payment flows. In this regard, the Group's net cash has fallen as a result of the delays in settlement by certain customers and the re-scheduling of some projects. The figure for cash during 2021 will continue to be impacted by the COVID-19 environment, and particularly by customers' investment decisions and the rate at which work completed but not yet invoiced converts into cash (Note 2.2 to the consolidated annual accounts). The Group monitor its liquidity needs in order to ensure that it has the necessary financial resources to cover its operating needs. In this respect, in June 2020, the Group carried out a refinancing process amounting to EUR 437 million. The Group has concluded with respect to the sufficiency of its financial resources and compliance with financing conditions for a period of less than 12 months as from the year end using treasury projections which have been updated to reflect the Group's best estimate of the impacts of COVID-19, applying the assumptions indicated in Note 2.2 to the consolidated annual accounts. We identified this matter as a key audit matter since the preparation of these projections requires a high level of judgement and estimates and is a significant area in the analysis of the going -concern principle.	Our audit procedures were performed by increasing the level of professional scepticism in the performance of our tests, including the design of audit procedures aimed at reinforcing the assessment of the evidence obtained in the performance of our work and the analysis of different scenarios in the process for evaluating the assumptions used by the Group. We verified the terms and conditions of the most significant financial debts incurred during the refinancing process signed in June 2020 for which we obtained the relevant agreements and other supporting documentation. We obtained the latest projections prepared by management which have been adapted to the current circumstances of the market in which the Group operate. With respect to these projections, we performed our own independent sensitivity analysis to evaluate other possible scenarios. Similarly, we verified the assumptions used in the evaluation for consistency with the evidence obtained in other audit areas. Lastly, we evaluated the disclosures included in Note 2.2 to the accompanying consolidated annual accounts in relation to this matter to ensure that they provide adequate transparency regarding the consequences of the pandemic, and are compliant with the requirements of the applicable legislative framework, revealing the existing uncertainties caused by the pandemic. The results of the procedures performed have enabled the audit objectives for which such procedures were designed to be reasonably attained.

Other information: Consolidated directors' report

Other information comprises only the consolidated management report for the 2020 financial year, the formulation of which is the responsibility of the Parent company´s directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information and certain information included in the Annual Corporate Governance Report, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee at the Parent Company for the consolidated annual accounts

The Parent Company´s directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent Company´s directors are responsible for assessing the Group´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent Company´s audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company´s directors.

- Conclude on the appropriateness of the Parent Company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent Company´s audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent Company´s audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent Company´s audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor´s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report for the Parent Company's audit and control committee

The opinion expressed in this report is consistent with the statements made in our additional report for the Parent Company's audit and control committee dated 26 February 2021.

Contract term

The General Shareholders Meeting held on 25 June 2020 appointed PricewaterhouseCoopers Auditores, S.L. and Deloitte, S.L. as the Group's co-auditors for one year, for the year ended 31 December 2020.

PricewaterhouseCoopers Auditores, S.L. had been previously designated for an initial period by a resolution adopted by the General Shareholders Meeting and has performed audit work without interruption since the year ended 31 December 1989.

Deloitte, S.L. had been previously designated for an initial period by a resolution adopted by the General Shareholders Meeting and has performed audit work without interruption since the year ended 31 December 2017.

Services rendered

Services other than audit rendered to the Group are those described in Note 33 b) to the accompanying consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.

Registered with R.O.A.C. No. S0242

Original signed in Spanish by
Goretty Álvarez González
Registered with R.O.A.C. No. 20,208

26 February 2021

Deloitte, S.L.

Registered with R.O.A.C. No. S0692

Original signed in Spanish by
F. Javier Peris Álvarez
Registered with R.O.A.C. No. 13,355

26 February 2021

This version of the consolidated annual accounts is a free translation from the original, which is 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 the annual accounts takes precedence over this translation.

TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts at 31 December 2020 and Consolidated Directors' Report for 2020

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CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED BALANCE SHEET
(Amounts in thousands of euros)

		At 31 December	
	Notes	**2020**	**2019**
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	33,844	51,626
Goodwill	**7**	-	1,242
Other intangible assets	**7**	50,866	53,161
Rights of use on leased assets	**8**	20,905	42,473
Investments in associates	**9**	2,711	3,422
Deferred tax assets	**27**	407,261	387,424
Derivative financial instruments	**10**	3,336	295
Accounts receivable and other financial assets	**10.13**	85,628	92,045
		604,551	**631,687**
Current assets			
Inventories	**12**	8,894	5,457
Trade and other receivables	**10, 11**	2,355,285	2,672,058
Accounts receivable and other assets	**10.13**	6,947	11,766
Derivative financial instruments	**10**	28,855	6,551
Financial assets at fair value through profit or loss	**10.14**	-	65,135
Cash and cash equivalents	**15**	931,535	887,629
		3,331,516	**3,648,596**
Total assets		**3,936,067**	**4,280,283**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED BALANCE SHEET
(Amounts in thousands of euros)

	Notes	At 31 December 2020	2019
EQUITY			
Share capital and Reserves attributable to the Company's shareholders			
Share capital	**16**	5,590	5,590
Share premium	**16**	8,691	8,691
Treasury shares	**16**	(73,109)	(73,830)
Legal reserve	**17**	1,137	1,137
Capitalisation reserve	**17**	3,056	3,056
Hedging reserve	**10**	5,187	(24,206)
Cumulative translation differences	**18**	(117,286)	(37,350)
Retained earnings	**19**	439,391	434,210
Equity attributable to shareholders		**272,657**	**317,298**
Non-controlling interests	**19**	**10,936**	**12,730**
Total equity		**283,593**	**330,028**
LIABILITIES			
Non-current liabilities			
Borrowings	**10, 21**	372,176	296,503
Borrowings associated with rights of use of leased assets	**8, 10**	5,704	17,678
Derivative financial instruments	**10**	-	2,928
Deferred tax liabilities	**27**	72,199	67,497
Other accounts payable	**10, 20**	-	835
Other liabilities	**10**	653	692
Employee benefit obligations		2,140	2,714
Provisions for contingencies and charges	**22**	37,227	34,295
		490,099	**423,142**
Current liabilities			
Trade payables	**10, 20**	2,678,103	2,978,633
Current tax liabilities	**27**	51,509	120,973
Borrowings	**10, 21**	362,857	285,754
Borrowings associated with rights of use of leased assets	**8, 10**	16,534	25,267
Derivative financial instruments	**10**	5,875	53,563
Other accounts payable	**10, 20**	17,556	19,281
Provisions for contingencies and charges	**22**	29,941	43,642
		3,162,375	**3,527,113**
Total liabilities		**3,652,474**	**3,950,255**
Total equity and liabilities		**3,936,067**	**4,280,283**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED INCOME STATEMENT
(Amounts in thousands of euros)

	Notes	Year ended 31 December	
		2020	2019
Revenue	23	3,520,589	4,699,108
Changes in inventories		2,518	(13,975)
Procurements	24	(2,597,251)	(3,665,525)
Employee benefit expenses	25	(561,856)	(610,831)
Depreciation, amortisation and impairment losses	6.7, 8	(43,216)	(42,094)
Lease and royalty expenses		(42,112)	(41,580)
Other operating expenses	24	(257,675)	(264,784)
Other gains/(losses)	24	10,315	-
Other operating income	24	10,152	7,833
Profit from operations		**41,464**	**68,152**
Finance income	26	3,147	7,774
Finance costs	26	(24,053)	(38,126)
Gains on disposal of associated companies	9	-	17,727
Share in profit/(loss) of associates	9	(675)	274
Profit before tax		**19,883**	**55,801**
Income tax	27	(6,901)	(65,796)
Profit/(Loss) for the year		**12,982**	**(9,995)**
Attributable to:			
Company shareholders		11,049	(9,230)
Non-controlling interests		1,933	(765)
		12,982	**(9,995)**
(Loss)/Earnings per share for profit attributable to the equity holders of the Company (expressed in euros per share):			
- Basic and diluted	28	0.21	(0.17)

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in thousands of euros)

	Notes	Year ended 31 December	
		2020	**2019**
Profit/(Loss) for the year		**12,982**	**(9,995)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Changes in the fair value of financial instruments		-	-
Tax effect		-	-
Total items that will not be reclassified to profit or loss		**-**	**-**
Items that may be reclassified to profit or loss			
Cash flow hedges	**10**	36,465	(19,205)
Tax effect		(7,072)	2,291
Cash flow hedges, net of tax		29,393	(16,914)
Exchange differences on translation of foreign operations	**18**	(80,187)	1,197
Total items that may be reclassified to profit or loss		**(50,794)**	**(15,717)**
Other comprehensive income for the year, net of tax		**(50,794)**	**(15,717)**
Total comprehensive income for the year		**(37,812)**	**(25,712)**
Attributable to:			
Owners of the Parent		(39,494)	(24,966)
- Non-controlling interests		1,682	(746)
Total comprehensive income for the year		**(37,812)**	**(25,712)**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Amounts in thousands of euros)

	Attributable to equity holders of the Company							Equity attributable to shareholders	Non-controlling interests (Note 19)	Total equity
	Share capital (Note 16)	Share premium (Note 16)	Treasury shares (Note 16)	Legal and capitalisation reserves (Note 17)	Hedging reserve (Note 10)	Cumulative translation differences (Note 18)	Retained earnings (Note 19)			
Balances at 01/01/2020	**5,590**	**8,691**	**(73,830)**	**4,193**	**(24,206)**	**(37,350)**	**434,210**	**317,298**	**12,730**	**330,028**
Comprehensive income										
Profit/(Loss) for 2020	-	-	-	-	-	-	11,049	11,049	1,933	12,982
Other comprehensive income										
Cash flow hedges, net of tax	-	-	-	-	29,393	-	-	29,393	-	29,393
Changes in the fair value of financial instruments	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(79,936)	-	(79,936)	(251)	(80,187)
Total other comprehensive income	**-**	**-**	**-**	**-**	**29,393**	**(79,936)**	**-**	**(50,543)**	**(251)**	**(50,794)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**29,393**	**(79,936)**	**11,049**	**(39,494)**	**1,682**	**(37,812)**
Transactions with owners in their capacity as such:										
Treasury share transactions (net)	-	-	721	-	-	-	(1,092)	(371)	-	(371)
Distribution of 2019 profit	-	-	-	-	-	-	-	-	(94)	(94)
Other changes	-	-	-	-	-	-	(4,776)	(4,776)	(3,382)	(8,158)
Total transactions with owners in their capacity as such	**-**	**-**	**721**	**-**	**-**	**-**	**(5,868)**	**(5,147)**	**(3,476)**	**(8,623)**
Balance at 31 December 2020	**5,590**	**8,691**	**(73,109)**	**4,193**	**5,187**	**(117,286)**	**439,391**	**272,657**	**10,936**	**283,593**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Amounts in thousands of euros)

	Attributable to equity holders of the Company									
	Share capital (Note 16)	Share premium (Note 16)	Treasury shares (Note 16)	Legal and capitalisation reserves (Note 17)	Hedging reserve (Note 10)	Cumulative translation differences (Note 18)	Retained earnings (Note 19)	Equity attributable to shareholders	Non-controlling interests (Note 19)	Total equity
Balances at 01/01/2019	**5,590**	**8,691**	**(74,116)**	**4,193**	**(7,292)**	**(38,528)**	**446,477**	**345,015**	**13,572**	**358,587**
Comprehensive income										
Profit/(Loss) for 2019	-	-	-	-	-	-	(9,230)	(9,230)	(765)	(9,995)
Other comprehensive income								**-**		**-**
Cash flow hedges, net of tax	-	-	-	-	(16,914)	-	-	(16,914)	-	(16,914)
Changes in the fair value of financial instruments	-	-	-	-	-	-	-	-		-
Exchange differences on translation of foreign operations	-	-	-	-	-	1,178	-	1,178	19	1,197
Total other comprehensive income	-	-	-	-	(16,914)	1,178	-	(15,736)	19	(15,717)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(16,914)**	**1,178**	**(9,230)**	**(24,966)**	**(746)**	**(25,712)**
Transactions with owners in their capacity as such:								**-**		**-**
Treasury share transactions (net)	-	-	286	-	-	-	(236)	50	-	50
Distribution of 2018 profit	-	-	-	-	-	-		-	(96)	(96)
Other changes	-	-	-	-	-	-	(2,801)	(2,801)	-	(2,801)
Total transactions with owners in their capacity as such	**-**	**-**	**286**	**-**	**-**	**-**	**(3,037)**	**(2,751)**	**(96)**	**(2,847)**
Balance at 31 December 2019	**5,590**	**8,691**	**(73,830)**	**4,193**	**(24,206)**	**(37,350)**	**434,210**	**317,298**	**12,730**	**330,028**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in thousands of euros)

	Notes	Year ended 31 December	
		2020	2019
Cash flows from operating activities			
Profit/(Loss) for the year			
Adjustments for:		12,982	(9,995)
– Taxes	**27**	6,901	65,796
– Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use of leased assets	**6, 7 and 8**	43,216	42,094
– Net change in provisions	**22**	(10,769)	8,434
– Share in profit/(loss) of associates	**9**	675	(274)
– Changes in fair value of financial instruments	**14**	2,304	(318)
– Interest income	**26**	(3,455)	(7,450)
– Interest expense	**26**	17,470	26,043
– Proceeds from sales of Group companies and associates	**24 and 9**	(10,315)	(17,727)
– Change in gains/(losses) on derivatives	**10**	(16,667)	33,969
– Exchange differences	**26**	6,583	12,082
– Other income and expenses			
Changes in working capital:		(1,351)	(1,594)
– Inventories		(3,615)	19,113
– Trade and other receivables	*****	259,953	(232,558)
– Other financial assets	**14**	61,744	-
– Trade payables	*****	(356,191)	307,358
– Other accounts payable		(3,668)	(10,142)
– Settlements of hedging derivatives and other changes		(29,189)	(50,820)
Other cash flows from operating activities			
– Interest paid		(16,711)	(13,029)
– Interest received		3,455	7,450
– Taxes paid		(79,937)	(27,246)
Net cash flows from operating activities		**(116,585)**	**151,186**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**6**	(3,934)	(13,325)
Acquisition of intangible assets	**7**	(113)	(568)
Investments in associates	**9**	(3)	(831)
Collections from sales of Group companies and associates	**24, 9**	27,657	2,469
Disposal of non-current assets		7,031	221
Net cash flows used in investing activities		**30,638**	**(12,034)**
Cash flows from financing activities			
Proceeds from borrowings in the year		718,300	863,000
Repayment of borrowings		(560,149)	(766,713)
Lease payments		(28,925)	(28,544)
Dividends paid	**19**	(94)	(96)
Acquisition/disposal of treasury shares (net)	**16**	721	50
Net cash flows generated from financing activities		**129,853**	**67,697**
Net change in cash and cash equivalents		**43,906**	**206,849**
Cash and cash equivalents at beginning of year		**887,629**	**680,780**
Cash and cash equivalents at end of year		**931,535**	**887,629**

* The change under Trade and Other Payables is affected by the change in translation differences by companies described in Note 18. By isolating this effect, the net change in those headings would be EUR 299,705 thousand and EUR 314,337 thousand respectively.

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated annual financial statements.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

Notes to the Consolidated Annual Financial Statements
(Amounts in thousands of euros)

1. General information

Técnicas Reunidas, S.A. (the “Company” or the “Parent”) and its subsidiaries (together, the “Group”) was incorporated on 6 July 1960 as a public limited liability company. It is registered with the Commercial Registry of Madrid in volume 1,407, sheet 5,692, page 129. The latest adaptation and amendment of its Articles of Association is registered in volume 22,573, section 8, book 0, page 216, sheet M-72319, entry 192.

The registered office of Técnicas Reunidas, S.A. is located at calle Arapiles 14, 28015, Madrid, Spain. Its headquarters are located at calle Arapiles 13, 28015, Madrid, Spain.

The Parent Company’s corporate purpose is described in Article 4 of the Articles of Association and consists of the performance of all manner of engineering and construction services for industrial plants, ranging from viability or basic and conceptual engineering studies to large and complex turnkey engineering and design projects, management of supply, equipment and material deliveries and construction of plants and related or associated services, such as technical assistance, construction supervision, project management, technical management, start-up and training.

Within its engineering services business, the Group operates through various lines of business, mainly in the oil and gas, power and infrastructure sectors.

All the shares of Técnicas Reunidas, S.A. were admitted to trading on 21 June 2006. They are listed on the Spanish Stock Exchange's continuous market.

The Group’s consolidated annual financial statements for 2019 were approved by the shareholders at the Annual General Meeting on 25 June 2020.

These consolidated annual financial statements were authorised for issue by the Parent’s Board of Directors on 25 February 2021. The Parent’s directors will submit these consolidated annual financial statements at the Annual General Meeting, and it is expected that they will be approved without any changes.

2. Summary of the main accounting policies

The main accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

2.1. Basis of presentation

The Parent's Directors prepared the Group's consolidated annual financial statements at 31 December 2020 in accordance with the International Financial Reporting Standards adopted for use in the European Union (“EU-IFRS”) and approved by the European Commission Regulations and in force at 31 December 2020, IFRIC interpretations and applicable commercial law applicable to entities preparing information under the EU-IFRS. The consolidated annual financial statements were prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) measured at fair value.

Unless indicated otherwise, the policies explained below were applied consistently to all years in which these consolidated annual financial statements are presented.

These consolidated annual financial statements, which were prepared from the accounting records of Técnicas Reunidas, S.A. and its subsidiaries, present the true and fair view of the Group's consolidated assets, its financial position at 31 December 2020 and its consolidated results, the changes in its consolidated equity and its consolidated cash flows for the year then ended.

The preparation of these consolidated annual financial statements in accordance with EU-IFRSs requires the use of certain critical accounting estimates. It also requires Management to make judgements in the application of the Group’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in note 4.

For information comparison purposes, the Group presents, together with the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years ended 31 December 2020 and 2019.

The Group presents comparative information in the explanatory notes to the consolidated financial statements when is relevant to an understanding of the current year's consolidated annual financial statements.

The figures contained in these consolidated annual financial statements are shown in thousands of euros, unless expressly stated otherwise.

2.1.1. Changes in accounting policies and breakdowns

a) Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2020:

As a result of their approval, publication and entry into force on 1 January 2020, the following standards have been applied:

- IAS 1 (Amendment) and IAS 8 (Amendment) – "Definition of materiality"
- IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) – "Interest rate benchmark reform": Phase 1".
- IFRS 3 (Amendment) – "Definition of a business".
- IFRS 16 (Amendment) "Rental reductions related to COVID-19".

The application of these amendments and interpretations did not have a significant effect on these consolidated annual financial statements.

b) Standards, amendments and interpretations that have not yet entered into force but that may be adopted early.

- IFRS 4 (Amendment) "Extension of the temporary exemption from IFRS 9 "
- IFRS 9 (Amendment), IAS 39 (Amendment), IFRS 7 (Amendment) IFRS 4 (Amendment) and IFRS 16 (Amendment) – "Interest rate benchmark reform" Phase 2".

The Group is currently analysing the impact that the new standards may have on the consolidated annual financial statements, although it does not expect them to be significant.

c) Standards, amendments and interpretations of existing standards that cannot be adopted early or that have not been adopted by the European Union as of the date of this note:

At the date of signing of these consolidated annual financial statements, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations, which are indicated below, and that have not yet been adopted by the EU.

- IFRS 17 "Insurance Contracts and their Amendments"
- IFRS 17 (Amendment) "Amendments to IFRS 17"
- IAS 16 (Amendment) – "Property, plant and equipment - Proceeds before intended use":
- IAS 37 (Amendment) – "Onerous contracts - Cost of fulfilling a contract":
- IFRS 3 (Amendment) – "Reference to the conceptual framework"
- IAS1 (Amendment) – "Classification of liabilities as current or non-current".
- Annual improvements to IFRSs. 2018-20 Cycle
- IAS 8 (Amendment) "Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates.
- IAS 1 (Amendment) "Breakdown of accounting policies".

The Group is currently analysing the impact that the new standards may have on the consolidated annual financial statements.

2.2. Effects of COVID-19 on Group activity

The unexpected outbreak of the pandemic affected economic, goods, services and financial markets in 2020. The challenges and uncertainties associated with the delay and effectiveness of vaccines and possible outbreaks complicate the assessment of the economy in general and the oil and gas sector in particular. This uncertainty has lead to a slowdown in the implementation of projects in 2020, the rescheduling of some of them at the request of our customers and the postponement of final decisions regarding new investments. All of this has contributed to delaying sales and reducing the Group's performance and cash position.

During this year, the Group, in addition to prioritising the health protection of its employees, developed a set of activities aimed at strengthening its business and liquidity. This basically includes the implementation of the efficiency plan that it had been developing since 2019 and the replacement on maturity of the current syndicated financing by another financing agreement with repayment terms of over three years (see Note 21).

With the information available, the Group assessed the main impacts of the pandemic on these consolidated annual financial statements, which are described below:

Operational risk: The Group maintains the backlog awarded in recent years. None of the EPC projects in this backlog have been cancelled. However, the COVID-19 crisis is substantially affecting the Group's operations. In general, project performance has slowed down, especially in the procurement and construction phases, and some relevant projects have been rescheduled at the request of customers, extending their execution time.

No additional rescheduling is expected. Geographical diversification, constant communication with our customers and suppliers, and legal and contractual mechanisms to offset the effects of significant changes in contracts allow us to mitigate, but not eliminate, the associated risks. Likewise, there was a direct impact on additional costs attributable to the effect of COVID-19, with EUR 207.66 million recognised at 31 December 2020, of which EUR 149.96 million are expected to be recovered from the respective customers.

In addition, impairment losses have been recognised on two projects in the energy division due to operational difficulties aggravated by the effects of the pandemic and Brexit (see Note 5).

The beginning of 2021 is characterised by new investments in the oil and gas sector in the first half of the year, which represents a change in trend. Therefore, the Directors of the Parent consider that new projects will be awarded to the Group in 2021 and that, if there are delays, they will not entail the cancellation of the opportunities in progress.

Liquidity risk: The coronavirus crisis affects the flow of collections and payments. In this regard, the Group's net cash was reduced by EUR 174.5 million in 2020, as a result of delays in payment by certain customers and the rescheduling of certain projects. In the second half of 2020, the net cash pool improved by EUR 42.5 million. However, the cash figure in 2021 will continue to be impacted by the COVID-19 environment and, especially, by the investment decisions of our customers and by the cash conversion of our completed but unbilled work (see Note 3.1.3).

The Group monitors its liquidity needs in order to ensure that it has the funds necessary to cover its operating requirements. In this regard, the Group has strengthened its financial position through the agreement signed on 26 June 2020 (see note 21).

In accordance with the requirements and priorities of the ESMA for these consolidated annual financial statements, the Group assessed the adequacy of its funds and the fulfilment of the financing terms for the next twelve months by applying the following assumptions:

• Progressive recovery of the activity and its financial flows since the second quarter of 2021 and sustained improvement in it during the year.

• Progress on projects in accordance with the schedules agreed with customers.

• Progressive recovery of the level of new project awards and their cash impact.

• Progress of the ongoing plans to improve efficiency and cash flows.

• Cash conversion of our work completed but not billed according to a standard scenario.

To the extent that the evolution of COVID-19 may lead to changes in expectations and although the Parent's Directors consider that they could carry out extraordinary remediation actions in the event of a substantial adverse change affecting the financing clauses in 2021, a waiver of compliance with the financial ratio of the syndicated financing was obtained for 2021 (see note 21).

Risk of valuation of assets and liabilities on the balance sheet There have been no cancellations of EPC projects included in the backlog, or significant increases in the risk of non-payment due to deterioration in the financial position of customers or in the assessment of expected losses due to the quality and solvency of the customer portfolio. Likewise, the Group has assessed the recoverability of the assets related to the work performed but pending certification and especially those relating to exchange orders and claims (see note 11), as well as the recoverability of deferred tax assets based on the estimation of the performance of the transactions in the medium and long term, which do not vary substantially due to the effect of COVID-19, concluding that they may be recovered.

2.3. Basis of consolidation

2.3.1. Scope of consolidation

The scope of consolidation of Técnicas Reunidas consists of: Técnicas Reunidas, S.A., the Parent Company, its subsidiaries and associates. The Group also has joined interests with other entities or investees in jointly controlled operations and joint ventures (“UTEs”). Appendices I, II, III and IV to these notes to the financial statements include additional information with regard to the entities included in the scope of consolidation.

For the purpose of preparing these consolidated annual financial statements, a group is considered to exist when the Parent has one or more subsidiaries over which this Parent has direct or indirect control.

The Parent and certain subsidiaries also have interests in UTEs and consortiums, and the figures for the relevant assets, liabilities, income and expenses corresponding to the UTEs and consortiums are included on a proportionate basis. Appendix IV lists the UTEs and consortiums in which the Group companies have interests.

The changes in the scope of consolidation in 2020 were as follows:

The company Técnicas Reunidas Global for Engineering Consultancy Company Limited, with a 100% stake in Técnicas Reunidas, S.A., was incorporated and the shares in Eurocontrol, S.A. were sold, with that company and its subsidiaries, Eurocontrol Internacional Services, S.L. and Euromoody Internacional Services, S.L. leaving the scope of consolidation (see note 7).

The changes in the scope of consolidation in 2019 were as follows:

The following companies were incorporated:

- TR Argentina, TR Colombia, S.A.S, TR Duqm LLC and TR Projeler Insaat ve Mühendislisk A.S., all of which are held 100% by Técnicas Reunidas, S.A.
- TR Alberta held by Técnicas Reunidas, S.A. and Initec Plantas Industriales, S.A.U at 50% each.

In addition, the remaining 50% of the Ibérica del Espacio, S.A., was acquired, thus reaching a 100% stake, making it a subsidiary (see note 9).

The following associates were sold (see Note 9):

- Empresarios Agrupados A.I.E and Empresarios Agrupados Internacional, S.A.

No business combinations occurred in 2020.

In 2019, the only business combination that took place was the aforementioned acquisition of the remaining 50% of Ibérica de Espacio, S.A.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed or has the right to obtain variable returns from its involvement in the investee and has the ability to use its power over this entity to influence these returns. Subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from consolidation on the date on which control ceases to exist.

The subsidiaries are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated annual financial statements after transactions and balances between Group companies are eliminated. The accounting policies of the subsidiaries have been modified when necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in profit or loss and equity of the subsidiaries is shown separately in the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of comprehensive income.

Appendix I to these notes provides a breakdown of the details on the subsidiaries included in the scope of consolidation through full consolidation.

- **Changes in the ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests resulting in a loss of control are recognised as equity transactions, i.e., as transactions with owners in their capacity as such. The difference between the fair value of the consideration paid and the relevant portion acquired of the carrying amount of the subsidiary's net assets is recognised under equity. Gains or losses on the disposal of non-controlling interests are recognised under equity.

- **Disposals and liquidations of subsidiaries**

In 2020, all the shares of Eurocontrol, S.A. were disposed of. The net profit of the sale amounted to EUR 10,315 thousand, which was recorded under "Other income"on the consolidated income statement (see note 24.4).

In 2019 there were no disposals or settlements of subsidiaries.

b) Associates

Associates are all entities over which the Group exercises significant influence but not control, which is generally accompanied by an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or reduced to recognise the investor's interest in the results of the investee following the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

If its ownership interest in an associate is reduced but significant influence is maintained, only the proportionate interest of the amounts previously recognised in other consolidated comprehensive income is reclassified, where appropriate, to the consolidated income statement.

The Group's share of its associates' post-acquisition gains or losses is recognised in the consolidated income statement and its share of post-acquisition changes is recognised in other consolidated comprehensive income with the relevant adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate is equal to or exceeds its interest in the associate, including any other unsecured non-current receivables, it does not recognise further losses, unless it has assumed legal or implicit commitments or made payments on behalf of the associate.

At each financial reporting date, the Group determines whether there is any objective evidence that the investment in the associate has become impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises that amount under "Share of profit/(loss) of an associate" in the consolidated income statement.

Profit and loss resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated annual financial statements only if they correspond to unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment loss on the asset transferred. The accounting policies of the associates have been modified when necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising on investments in associates are recognised in the consolidated income statement.

In 2020, no shares in associates were disposed of. In 2019, the Group sold its stakes in Empresarios Agrupados A.I.E and Empresarios Agrupados, S.A. From this transaction, EUR 17,727 thousand in profit was recognised in the consolidated income statement under the heading "Income from the sale of associates."

Appendix II to these consolidated notes provides a breakdown of the details on the associates accounted for using the equity method.

c) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Técnicas Reunidas Group has assessed the nature of its joint arrangements and determined that they should be classified as joint operations.

Joint operations mean that a venturer has direct rights over the assets, liabilities, income and expenses of the entity in which it has an interest. Accordingly, joint ventures arise when a venturer has the right to the profit or loss or to the net assets of the entity in which it has an interest and, therefore, its interest in the entity is recognised using the equity method.

The proportional amount of the line items of the joint balance sheet and income statement are included in the balance sheet and income statement of the venturer depending on its percentage of ownership interest and the cash flows in the consolidated statement of cash flows.

Appendix III to these notes provides a breakdown of the details on the joint arrangements included in the scope of consolidation.

d) Joint ventures (UTEs)

A joint venture (UTE) is an arrangement between companies, for a specified or unspecified period of time, to carry out or execute works, services or supplies.

The proportional amount of the line items of the UTE's balance sheet and income statement are included in the balance sheet and income statement of the venturer depending on its percentage of ownership interest and the cash flows in the statement of cash flows.

Appendix IV to these notes provides a breakdown of the details on the UTEs whose financial information is recognised by the companies included in the scope of consolidation.

2.4. Segment reporting

The information on segments is presented in accordance with the internal information provided to the chief operating decision maker (note 5).

The accounting policies applied to prepare the segment information are the same as those described in these consolidated annual financial statements.

The chief operating decision maker is the Parent's Board of Directors.

2.5. Foreign currency transactions

a) Functional and presentation currency

The items of each of the Group's entities included in these consolidated annual financial statements are measured using the currency of the main economic setting where the entity operates, which mainly affects income and expenses ("functional currency"). The consolidated annual financial statements are presented in euros.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, unless they are deferred to other consolidated comprehensive income, as in the case of qualifying cash flow hedges.

Foreign exchange gains and losses are recognised under “Gains or losses on foreign currency transactions” included under “Finance income or finance costs” on the consolidated income statement.

c) Group companies

The profit or loss and balance sheet of all Group companies whose functional currency is different from the presentation currency are translated to the presentation currency as follows

- Assets and liabilities on each balance sheet presented are translated at the exchange rate prevailing at each balance sheet date;
- Income and expenses in the income statement and the consolidated statement of comprehensive income are converted at the average exchange rate;
- Equity items (except for income statement headings) are translated at the historical exchange rate;

All resulting translation differences are recognised as a separate component of other consolidated comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences that arise are recognised under “Exchange differences on translation of foreign operations” in the consolidated statement of comprehensive income.

2.6. Property, plant and equipment

The Group follows the historical cost model, whereby the items of property, plant and equipment are recognised at their initial cost less any accumulated depreciation and accumulated impairment losses, except in the case of land, which is not depreciated and is presented net of impairment losses.

The initial historical cost includes the expenses directly attributable to the acquisition of the items of property, plant and equipment.

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be determined reliably. As a general rule, all repairs and maintenance expenses are recognised in the consolidated income statement in the year in which they are incurred.

The depreciation of the assets is calculated using the straight-line method based on their estimated useful lives and the residual value of the assets. The estimated useful lives of the various asset categories are the following:

Classification/Items	Useful life			
Industrial structures and buildings	25	-	50	years
Plant and machinery	5	-	10	years
Complex and general fixtures	12	-	17	years
Furniture and office equipment	3	-	10	years
Computer hardware			4	years
Vehicles			7	years
Other items of property, plant and equipment	7	-	10	years

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at the end of each reporting period.

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

Gains and losses on the sale of property, plant and equipment are determined by comparing the income obtained with the carrying amount and are recognised under "Other operating expenses" or "Other operating income" in the consolidated income statement. The work carried out by the Group on its assets is stated at production cost and recognised as revenue in the consolidated income statement.

2.7. Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's ownership interest in the identifiable net assets of the subsidiary or associate acquired at the date of acquisition.

Goodwill relating to acquisitions of subsidiaries is recognised in intangible assets, while goodwill relating to acquisitions of associates is recognised in investments accounted for using the equity method. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses. Any gains or losses on the sale of an entity include the carrying amount of its goodwill.

Goodwill is assigned to cash-generating units (CGUs) for the purpose of recoverability assessments. Goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill arose, identified in accordance with the operating segments.

The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell. These calculations use cash flow projections based on financial budgets approved by management that cover a period of five years. Cash flows for more than five years are extrapolated using the estimated growth rates.

Goodwill is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment loss.

Any impairment losses are recognised as an expense and are not subsequently reversed.

b) Computer software

Licences for computer software acquired are capitalised based on the costs incurred to acquire them and bring the specific software to use. These costs are amortised over their estimated useful lives (4 years).

Expenses related to software development or maintenance are recognised when they are incurred. The costs directly related to producing unique and identifiable computer software controlled by the Group that is likely to generate economic benefits exceeding the costs for more than one year, are recognised as intangible assets.

These direct costs include the staff costs for the computer program developers and a suitable portion of general overheads. Software development costs recognised as assets are amortised over the software's estimated useful life (4 years).

c) Concessions

Concessions refer to the administrative authorisations granted by various municipal councils for the construction and subsequent operation of car parks and other assets for a period of time stipulated in each agreement. The accounting treatment of these assets has been defined based on the classification of the concession assets as intangible assets measured at fair value (understood to be the value resulting from their construction and the value that is established as the value of their cost). Once the concession assets become operational, the proceeds for operating the various concessions are recognised as revenue, the operating expenses are expensed currently, and the intangible assets are amortised on a straight-line basis over the term of the concession. The profitability of the project is reviewed at each year-end to assess whether there is any indication of impairment, i.e., an indication that the value of the assets may not be recoverable through the revenue generated while in use.

Throughout the term of the concession, the concession operator is required to repair and maintain the facilities and to keep them in proper working order. Repair and upkeep expenses are recognised in the income statement. No liabilities were recognised since the present value of the obligation is not significant.

d) Research and development expenditure

Research expenditure is recognised as an expense when incurred. The costs incurred in development projects are recognised as intangible assets when the following requirements are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management's intent is to complete the intangible asset and use or sell it;
- The intangible asset may be used or sold;
- The manner in which the intangible asset will generate probable future economic benefits can be demonstrated;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not capitalised in subsequent years.

Grants received for research and development projects are transferred to income in accordance with the criteria for recognising research and development expenditure in the income statement.

2.8. Rights of use of leased assets and associated financial debt

Rights of use of leased assets and their associated financial debt represent the right to use the asset in question and the obligation to make payments under the lease, respectively.

Right-of-use assets on leased assets are measured at a cost that includes:

- The amount of the initial measurement of the lease liability,
- any lease payment made at or before the commencement date, less any lease incentives received.
- any initial direct costs; and

- restoration costs.

The right-of-use assets are amortised on a straight-line basis over the useful life of the asset or the lease term, whichever is shorter.

The financial debt associated with the right to use the leased assets includes the net present value of the lease payments.

Lease payments are discounted using the tenant's incremental borrowing rate, which the individual tenant would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, guarantees and conditions.

The Group is exposed to potential future increases in lease payments based on an index or type, which are not included in the lease liability until they take effect. At that time, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and the finance cost. The finance cost is charged to profit or loss during the lease period so that a constant periodic interest rate accrues on the remaining balance of the liability for each period.

The term of the leases is determined as the period when the lease cannot be cancelled. If the Group has a unilateral option of extension or termination and there is reasonable certainty that the option will be exercised, the corresponding extension or early termination period will also be considered. The maximum period estimated for the renewal of a lease is three years, since there is no reasonable certainty that it will be extended beyond that period. In the case of office rentals in companies whose duration is linked to that of the project they perform, the maximum renewal period will be three years provided that it does not exceed the remaining duration of the current project.

The lease term is reassessed whether an option is actually exercised (or not exercised) or the Group becomes required to exercise it (or not to exercise it). The assessment of reasonable certainty is reviewed only if an event or a significant change in circumstances occurs that affects this assessment and that is under the control of the tenant, considering causes of *force majeure* that may occur.

2.9. Borrowing costs

The borrowing costs incurred in the construction of any qualifying asset are capitalised during the period of time necessary to prepare the asset for its intended use. Other borrowing costs are recognised in the income statement in the year in which they are incurred.

2.10. Impairment losses on non-financial assets

Assets with an indefinite useful life and goodwill are not subject to depreciation or amortisation but rather are tested annually for impairment. At each year-end, the Group reviews the assets subject to amortisation to verify if there is any event or change in circumstances that indicates that the carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Impairment losses on goodwill may not be reversed. For the purpose of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows, i.e., in CGUs. Impairment losses are recognised in the income statement.

Previous impairment losses on non-financial assets, other than goodwill, are reviewed for possible reversal at each reporting date.

2.11. Financial assets

a) Classification

Classifications depend on the measurement category that is determined on the basis of the business model and the contractual cash flow characteristics, and the Group only reclassifies investments as debt instruments if there is a change in its business model for managing these assets.

The Group classifies its financial assets into the following categories, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortised cost.

b) Measurement

Acquisitions or disposals of investments are recognised on the trade date, i.e., the date on which the Group undertakes to acquire or sell the asset. Investments are recognised initially at fair value plus the transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are taken to the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards arising from the related ownership.

Interest income on financial assets at fair value through profit or loss is recognised as other income in the income statement when the Group's right to receive payment is established.

The gains and losses on assets measured at fair value are recognised in profit or loss or in other comprehensive income. With regard to investments in equity instruments that are not held for trading, the Group has made an irrevocable election at initial recognition to recognise all equity investments at fair value through other comprehensive income.

c) Financial assets at amortised cost (Loans and receivables)

Investments in debt instruments that are held for collection of contractual cash flows are measured at amortised cost when these cash flows represent only principal and interest payments. They are included under current assets, except for maturities exceeding 12 months from the balance sheet date on which they are classified as non-current assets, unless they are within the Group's normal course of business.

In addition, deposits and guarantees provided to third parties are included in this category. These assets are subsequently recognised at their amortised cost in accordance with the effective interest rate method. Accounts receivable that do not explicitly accrue interest are measured at their nominal value when the effect of not discounting the cash flows is not significant. They are still subsequently measured, where applicable, at their nominal value.

d) Financial assets at fair value through other comprehensive income

The assets held for the collection of contractual cash flows and for the sale of financial assets, in which the cash flows of the assets represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised through other comprehensive income, except for the recognition of impairment losses or gains, interest income, and exchange gains or losses that are recognised in profit or loss. Unrealised gains and losses that arise from changes in fair value are recognised in other comprehensive income. When these financial assets are derecognised from the books, the cumulative adjustments in fair value recognised in equity are included in the consolidated income statement as gains or losses.

The fair value of listed investments is based on the current purchase price. If the market for a financial asset is in active (and for unlisted securities), the Group establishes its fair value using valuation techniques that include the use of recent arm's length market transactions between willing and duly informed parties, references to other instruments that are substantially the same and the discounted cash flows analysis. If none of the techniques mentioned can be used to estimate fair value, the investments are recognised at acquisition cost less any impairment losses.

In the case of equity instruments included in this category, Group management has elected to present the gains and losses in the fair value of equity instruments in other comprehensive income. Gains and losses in fair value are not subsequently reclassified to profit or loss after the disposal of the investment. Impairment losses (and reversals of impairment losses) on equity instruments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

The dividends from these investments continue to be recognised in profit or loss when the Group has the right to receive payment.

e) Financial assets at fair value through profit or loss

Those assets that do not meet the requirements to be recognised at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. Realised and unrealised gains and losses arising from changes in fair value of financial assets at fair value through profit or loss are included in the income statement in the year in which they arise.

f) Impairment

The impairment model requires provisions for impairment to be recognised based on the expected loss model rather than only the incurred credit losses.

With regard to its customer accounts, accounts receivable and other assets, which relate mainly to customers of recognised solvency with which it has extensive experience, the Group applies the simplified approach, recognising the expected credit losses for the entire life of the assets.

With regard to trade receivables and contract assets, provided there is no significant financial component, the Group applies the simplified approach, which requires the allocation of a loss based on the expected loss model throughout the entire life of the asset at each reporting date. The Group's model considers internal information, such as customer balances, external factors such as credit assessments of customers and ratings from risk agencies, as well as the specific circumstances of customers, taking into consideration the information available on past events, current conditions and forward-looking elements.

g) Offsetting of financial instruments

Financial assets and liabilities are offset and presented as net in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The legally enforceable right should not be contingent upon future events and should be enforceable in the ordinary course of the business and in the event of the default, insolvency or bankruptcy of the company or counterparty.

2.12. Inventories

The Inventories heading includes the cost of parking spaces marked for sale.

Parking spaces available for sale are initially measured at acquisition cost and subsequently at the lower of cost and net realisable value.

2.13. Cash and cash equivalents

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.

The following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents (Note 15).
- Operating activities: payments and collections from the Group's ordinary activities and other activities that are not investing or financing activities.
- Investing activities: payments and collections that arise from acquisitions and disposals of non-current assets.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings of the Group that are not operating activities.

2.14. Share capital

The share capital is represented in full by ordinary shares classified as equity.

The incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of the corresponding tax effect, from the income obtained.

When any Group company acquires shares of the Parent (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax), is deducted from the equity attributable to the shareholders of the Company until their redemption, re-issue or disposal. When these shares are sold or are later re-issued, any proceeds received, net of any directly attributable incremental cost of the transaction and the corresponding income tax effects, are included in the equity attributable to the shareholders of the Company.

2.15. Grants

Grants from public administrations are recognised at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all conditions established.

Government grants related to costs are deferred and are recognised in the income statement over the period required to match them with the costs that they are intended to cover.

Government grants related to the acquisition of property, plant and equipment are included under non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Grants received for research and development projects are transferred to the income statement in accordance with the criteria for recognising research and development expenditure in the income statement.

2.16. Financial liabilities

a) Financial liabilities at amortised cost (Borrowings)

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method. The fees paid on the arrangement of loans are recognised as transaction costs for the loan to the extent that it is probable that a portion or all of the loan will be used. In these cases, the fees are deferred until the line of credit is used. If there is no evidence that all or a portion of the line of credit will likely be used, the fee is capitalised as an advance payment for liquidity services and is amortised over the period during which the line of credit is available.

Borrowings are removed from the consolidated balance sheet when the obligations specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any transferred asset other than the cash or liabilities assumed, is recognised under profit or loss for the year as other financial income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

b) Financial liabilities at fair value through profit or loss

These are liabilities acquired for the purpose of being sold in the near term. Derivatives are classified in this category unless they are designated as hedging instruments (see Note 2.20). These financial liabilities are recognised, both initially and subsequently, at their fair value, and the changes that arise therein are recognised in the consolidated income statement for the year.

2.17. Current and deferred taxes

The income tax expense for the year comprises current and deferred taxes. Taxes are recognised in the income statement, unless the tax relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where its subsidiaries and associates operate and generate taxable profit. Management periodically evaluates the positions taken in tax returns with regard to situations in which applicable tax legislation is subject to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are calculated, in accordance with the balance sheet liability method, based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred taxes are not recognised if they arise from the initial recognition of a liability or asset in a transaction other than a business combination, which at the time of the transaction affects neither accounting profit (loss) nor taxable profit (tax loss). Deferred taxes are determined by using the tax rates that have been enacted or substantially enacted by the balance sheet date and that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is considered probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred taxes are recognised based on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except for those cases in which the Group is able to control the date on which the temporary differences are reversed and it is likely that they will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets with current tax liabilities and if the deferred tax assets and deferred tax liabilities are derived from the income tax levied by the same tax authority, which is borne by the same entity or tax subject, or different entities or tax subjects that intend to settle future current tax assets and liabilities at their net amount.

2.18. Employee benefits

a) Termination benefits

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract before the normal retirement date or when the employee agrees to accept voluntary redundancy in exchange for those benefits. The Group recognises these benefits when it is demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan that cannot be withdrawn, or to provide termination benefits as a result of an offer made to encourage voluntary termination. Termination benefits that will not be paid within 12 months of the reporting date are discounted to their present value (see Note 25).

b) Bonus plans

The Group recognises a provision when it is contractually required to do so.

2.19. Provisions

The Group recognises provisions when it has a present obligation (legal or constructive) as a result of past events, where an outlay of resources will likely be needed to settle the obligation and when the amount can be reliably estimated. No provisions are recognised for future operating losses, although provisions are recognised for engineering contracts expected to generate losses (see Note 2.20).

Provisions are recognised at the best estimate of the liability to be settled by the Group, taking into account the direct and indirect costs of each project and the effects of exchange rate fluctuations, for those amounts denominated in foreign currency, the present value of the disbursements, if the effect is significant, that are expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time of value of money and the specific risks of the obligation.

2.20. Revenue recognition

Revenue includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Group's business activities. Revenue is presented net of value added tax, and after having excluded sales within the Group. The Group recognises revenue when the amount thereof can be reliably measured, when it is highly probable that the future economic benefits will flow to the Group and when the specific criteria for each of the activities are met, as detailed below. The amount of revenue cannot be reliably determined until all contingencies related to the sale have been resolved. The Group bases its estimates on past results, taking into account the type of customer, type of transaction and specific terms of each agreement.

In relation to inventories (parking spaces), the Group recognises sales and profit or loss when ownership is transferred to the buyer.

a) Service agreements

Revenue from the rendering of services under service agreements is recognised in the financial year in which the services are provided by reference to the stage of completion of the actual service provided. The price payable by the end customer consists of the direct costs incurred, to which a fixed margin is applied for indirect costs and industrial profit.

b) Turnkey engineering contracts

Residually, when the outcome of a contract cannot be reliably estimated, contract revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable.

When the outcome of a contract can be reliably estimated and it is probable that the contract will be profitable, contract revenue is recognised over the term of the contract. The method for recognising revenue for turnkey engineering contracts varies depending on the estimated outcome of the contract. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. However, profit is recognised over the term of the contract and based on the stage of completion of the project.

The Group uses the percentage of completion method to calculate the amount to be recognised in a given accounting period. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated tasks and costs for each contract.

The measurement of the tasks actually performed at the balance sheet date for each project takes into account the different phases of: engineering, procurement and construction. For engineering, the working hours actually incurred by each project engineer to date are considered; for supplies, based on the progress of the costs incurred up to the delivery of materials and equipment; and for construction, a periodic physical measurement of the progress of the work is carried out is considered, all at cost. The progress of the project is calculated taking into account all the costs incurred in accordance with the above criterion on the total costs of the project and recognises the income associated with it. This measurement method is aligned with the way in which the projects are managed and monitored and provides the best representation of the transfer of goods and services. The risk of termination of contracts is remote based on the Group's history.

The Group recognises an account receivable for the gross amount owed by customers for work performed under all contracts in progress for which the costs incurred plus the recognised profits (less recognised losses) exceed the amount of progress billings. Progress billings outstanding and withholdings are included in trade and other receivables.

The Group recognises a liability for the gross amount owed to customers for work performed under all contracts in progress for which the progress billings exceed the costs incurred plus the recognised profits (less recognised losses).

In the awarded "turnkey" projects carried out by the Group, there is usually a heavy interaction and correlation between the various engineering, procurement and construction phases, which usually overlap. Therefore, regardless of the contractual form, which can sometimes be formalised through several contracts in relation to the tasks performed in different countries, there is a single performance obligation. In other words, regardless of whether there are many tasks to be performed, they are considered jointly as a single obligation, considering them in the context of the contract.

Residually, there may be cases where a single contract may have clearly differentiated parts with different budgets signed with the same customer. In these types of agreements, the customer benefits from each part of the contract, while the Group has different performance obligations. If the income and costs of the different parts can be clearly identified, each part is treated separately.

Given the nature of the business activity, contracts are often modified while in progress due to changes in the scope of the work that needs to be carried out under the terms of the contract. A change may lead to an increase or a decrease in contract revenue. Changes are recognised as increases in the value of the contract when the customer approves the change in scope and the resulting price increase. If the scope of the work has been approved but its valuation is outstanding, the revenue to be recognised will be estimated, provided the revenue is highly likely not to undergo a significant reversal in the future.

Likewise, claims may arise in the performance of the contracts that the Group seeks to collect from the customer or another party as reimbursement for costs not included in the contract price. The grounds for such claims are related to and supported by the clauses of the contract or situations of force majeure. Claims are recognised as a variable consideration. They are included as income measured either using the expected value method or using the most probable amount method (in each case the best method to predict the amount that the entity expects to be entitled to receive) and provided that it is highly probable that in the future there will be no significant reversal of the amount of income recognised when the uncertainties associated with the claims are subsequently resolved. When evaluating the probability of a claim being successful, in addition to the technical analysis of each case, past experience in situations that are similar either because of their nature or the counterparty involved are also analysed, as well as the communications with the customer in relation to the case.

Depending on the types of projects in the portfolio, negotiations with customers regarding claims may go on during the entire life of the project.

In performing its projects, the Group signs sub-contracts with companies that perform the physical construction of the plants. The value of the sub-contracts is adjusted based on the contractually established ranges. Where a reduction in scope results in inadequate performance and entails additional costs for the Group, the Group will pass on this excess cost to the subcontractors based on its contractual rights.

c) Concession arrangements

Revenue from concession-related activities is recognised based on the services rendered at the contractually agreed prices.

d) Dividend income

Dividend income is recognised when the right to receive payment is established.

e) Interest income

Interest income is recognised using the effective interest method.

2.21. Derivative financial instruments and hedging transactions

The Group uses the IFRS 9 general coverage model. This requires the Group to ensure that the hedge accounting relationships are in line with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess the effectiveness of the hedge.

The Group's risk management strategies and documentation of hedges are in line with the requirements of IFRS 9 and these relationships are treated as continuous hedges.

Derivative financial instruments are initially recognised at fair value on the date on which the contract is signed and are subsequently adjusted to their fair value at each balance sheet date. The recognition of the gain or loss resulting from the changes in fair value in each period depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The effective portion of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised under other comprehensive income. The gain or loss corresponding to the ineffective portion is recognised immediately in financial profit or loss in the income statement.

The cumulative balance under "Other consolidated comprehensive profit and loss" is transferred to the consolidated income statement in the year in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedging transaction no longer meets the requirements to qualify for hedge accounting, any cumulative gains or losses recognised under equity until then will remain in equity and are recognised in the income statement when the expected transaction final takes place. However, if it is no longer probable that this transaction will take place, any cumulative gains or losses recognised under "Other consolidated comprehensive profit and loss" are immediately transferred to the consolidated income statement.

The Group designates certain derivatives as hedges of a specific risk associated with a recognised asset or liability or forecast transaction that is highly probable or that can affect the profit or loss on the year (cash flow hedge).

a) Derivatives that do not qualify for hedge accounting

For derivative financial instruments not designated as hedging instruments or that do not qualify to be designated as such, any changes in fair value at each measurement date are recognised as finance income or costs in the consolidated income statement. Financial assets and liabilities at fair value through profit or loss are considered to be included in this category.

2.22. Leases

Leases of property, plant and equipment for a period exceeding one year and with significant value are recognised under "Rights of Use on Leased Assets" and the with the corresponding liability on the date on which the leased asset is available for use by the Group. (see Note 2.7).

2.23. Distribution of dividends

Dividend pay-outs to shareholders of the Parent are recognised as a liability in the Group's consolidated annual financial statements in the year in which the dividends are approved by the Company's shareholders.

2.24. Environmental disclosures

An environmental activity is considered to be any activity whose main purpose is to prevent, reduce or repair environmental damage.

Expenses incurred in protecting and improving the environment are charged to profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain third-party liability, litigation in process and outstanding environmental indemnity payments or obligations of undetermined amount not covered by the insurance policies taken out are recorded when the liability or obligation giving rise to the indemnity or payment arises.

In view of the business activities carried on by the Group companies, the Group does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual financial statements.

2.25. Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to the owners of the Company, excluding any cost of equity service other than ordinary shares.

- By the weighted average number of ordinary shares outstanding during the year, adjusted for any incentives in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

For diluted earnings per share, the figures used to determine basic earnings per share are adjusted to take into account:

- The effect after income tax of interest and other finance costs associated with the dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26. Business combinations

The accounting acquisition method is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The identifiable assets acquired and the contingent liabilities and liabilities assumed in a business combination, with limited exceptions, are initially measured at their fair values at the acquisition date. The Group recognises any non-controlling stakes in the acquired entity on an acquisition basis at fair value or by the proportional share of the non-controlling stake of the acquired company's net identifiable assets.

The costs related to the acquisition are recognised as an expense as they are incurred.

The excess of:

- the consideration transferred;
- the amount of any non-controlling interests in the acquired company, and
- the fair value at the acquisition date of any prior equity interest in the acquired company;

is recognised as goodwill based on the fair value of the net identifiable assets acquired. If these amounts are less than the fair value of the net identifiable assets of the acquired company, the difference is recognised directly in profit or loss as a purchase at highly advantageous terms.

3. Financial risk management

3.1. Financial risk factors

The Group's activities are exposed to a variety financial risks: market risk (including foreign currency risk, interest rate cash flow risk and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Group's financial returns. The Group uses derivative financial instruments to hedge certain risk exposure.

Risk management is carried out by the Group's Finance Department, Business Units and Corporate Treasury Department in accordance with policies approved by the Parent's Board of Directors and supervised by the Audit and Control Committee. This Department identifies, assesses and hedges financial risks in close cooperation with the Group's operating units.

3.1.1. Market risk

a) Foreign exchange risk

The Group operates in the international market and, therefore, is exposed to foreign currency risk on the transactions it performs in foreign currencies, particularly the US dollar (USD) and, to a lesser extent, currencies tied to the USD. There is residual exposure to suppliers operating in other currencies (mainly Japanese yen, Canadian dollars, Saudi rials, Turkish lira, Malaysian ringgit, Peruvian sols, Russian roubles and Kuwaiti dinar). Foreign currency risk arises mainly from future commercial transactions and recognised assets and liabilities.

In accordance with the hedging policy established, the Group companies use forward contracts, negotiated by the Group's Corporate Treasury Department, to hedge the foreign currency risk arising from future commercial transactions and recognised assets and liabilities. Foreign currency risk arises when the future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Group's presentation currency. The Group's Treasury Department is responsible for managing the net position in each foreign currency using external foreign currency forward contracts (also taking into account the risks arising from currencies tied to the USD, where the hedge arranged protects the USD risk). In addition, the Group tries to hedge foreign currency risk via "multicurrency" contracts with its customers, segregating the sale price in the various currencies from the foreseen expenses and preserving the projected margins in euros.

The Group's risk management policy is based on hedging the most highly probable forecast transactions in each of the main currencies during the months the project is scheduled to be completed. For each new project contracted with foreign currency risk, the percentage of risk to be hedged in relation to projected sales in each of the main currencies varies by project. These hedges are classified as highly probable forecast transactions for hedge accounting purposes.

The nature of the Group's business operations means that it is very common to contract transactions with customers in US dollars, while the corresponding costs are usually denominated in multiple currencies, albeit mainly USD and EUR. If at 31 December 2020 the euro had depreciated / appreciated against the US dollar by a hypothetical 10%, leaving all other variables constant, consolidated profit before tax for the year would have been EUR 20,924 thousand higher / lower (2019: EUR 28,013 thousand), mainly due to the gains / losses generated on the appreciation / depreciation of positions in US dollars.

If the euro had appreciated / depreciated against the US dollar by a hypothetical 10%, equity would have been EUR 75,437 thousand higher / lower in the year ended 31 December 2020 (2019: EUR 67,340 thousand higher / lower); these amounts were calculated based on the changes in profits outlined in the paragraph above and the estimated changes in value of the hedging derivatives recognised in the equity reserve (all before considering the related tax effect).

This effect would occur as long as the variation in the USD compared to the EUR took place within a period of less than 144 days (2019: 183 days), since that is the average maturity at which the hedging transactions are contracted.

Accordingly, the Group has various investments in foreign operations, the net assets of which are exposed to foreign currency risk. In general, the Group's policy is to finance its foreign operations with borrowings denominated in the functional currency of that country, so that the risk only affects the portion corresponding to the equity investment. The table below shows the balances of the principal exposures in foreign currency as a result of equity investments in foreign operations:

	2020	2019
Saudi Riyal	71,353	30,260
Turkish Lira	53,479	26,978
Peruvian Sol	126,097	101,390

b) Price risk

The Group was exposed to price risk with regard to equity securities. Exposure to this risk was limited due to the fact that the investments held by the Group and classified in the consolidated balance sheet at fair value through profit or loss related mainly to highly prestigious short-term fixed-income investment funds. In 2020, these investments were settled (see Note 14).

The Group is exposed to commodity price risk, basically tied to metals and oil, to the extent that they affect the price of the equipment supplied and materials used in the construction projects. As a general rule, all peer contractors operating in the sector effectively pass on these impacts in sales prices. The Group reduces and mitigates price risk through the policies established by management, which basically consist of accelerating or slowing the rate of placements and selecting the currencies and countries of origin. An additional mechanism used by the Group to mitigate this risk consists of using contracting models that allow a portion of the price to be allocated to cover possible cost deviations, and of purchasing derivatives.

c) Interest rate risk in cash flows

The Group generally endeavours to self-finance its projects, establishing invoicing and collection milestones with customers that cover the payment deadlines undertaken with suppliers. The Group's net cash position (cash and cash equivalents less borrowings) is therefore positive. However, the Group maintains debt instruments to meet its operating needs. The majority of these credit lines are negotiated at variable interest rates tied to EURIBOR. In the current situation where the EURIBOR is negative, the variable interest rates established in the credit lines are considered the best policy to minimise the impact of interest rate risk. In addition, and, as part of the policy of prudence and control of interest rate risk and the impact that the change in interest rate risk may have on the income statement, there are fixed rate debt instruments amounting to EUR 296,826 thousand (2019: EUR 171,000 thousand).

The exposure to variable interest rate risk at each balance sheet date is the following:

	2020			2019		
	Tied to Euribor	**Other reference rates**	**Total**	**Tied to Euribor**	**Other reference rates**	**Total**
Financial liabilities at variable rate	(392,983)	(45,224)	(438,207)	(367,256)	(44,000)	(411,257)
Interest-earning cash and cash equivalents	183,949	747,586	931,535	197,753	689,876	887,629
	(209,034)	**702,362**	**493,328**	**(169,503)**	**645,876**	**476,372**

According to the simulations carried out on cash and interest-bearing cash equivalents, the impact on the consolidated profit or loss of an upward/downward change of 25 basis points of the interest rate would entail an increase/decrease of EUR 1,869 thousand at 31 December 2020 (2019: EUR 1,724 thousand).

In the case of financial debt at variable interest rates, an upward/downward change by 10 basis points of the interest rate would have an impact on the consolidated result of a decrease/increase of EUR 4.5/438 thousand. (2019: EUR 419 thousand).

3.1.2. Credit risk

Credit risk is managed by the Group taking into account the following groups of financial assets:

- Assets arising from derivative financial instruments (see Note 10) and sundry balances, including cash and cash equivalents (see Note 15).

- Balances related to trade and other receivables (see Note 11).

Derivative financial instruments and transactions with financial institutions included as cash and cash equivalents are arranged or carried out with financial institutions of renowned prestige.

In relation to trade and other receivables, it is worth mentioning that, due to the nature of the business, there is a high concentration based on the Group's most significant projects. These counterparties are generally state-owned or multinational oil companies. At 31 December 2020, 87.22% of the total "Trade" account (included under "Trade and other receivables") is concentrated in 10 customers (2019: 89.69%) and relates to transactions with the aforementioned type of entities, which means that the Group considers its credit risk to be highly recognised.

The variables, assumptions and estimation techniques used to measure expected credit losses consider the risk or probability of a credit loss taking into account the likelihood that it will occur and the likelihood that it will not occur, even if that a likelihood is very low. The expected loss (EL) is the weighted average of the credit losses with the respective risks of non-payment.

The maximum period considered for measuring expected credit losses is the maximum contractual period (including extension options) during which it is exposed to credit risk.

The Group adopts a model of impairment for credit risk based on the expected loss over the entire life of the asset in accordance with the simplified approach, since it presents commercial receivables without a significant component of financing, for the most part, to customers of recognised solvency with whom it has extensive experience, who represent 98% of the Group's work with whom any problems that may arise would be exceptional.

The Group assesses whether a credit risk has increased significantly since its initial recognition. To perform this assessment, it compares the default risk of the financial instrument at the reporting date with the default risk at the date of initial recognition and considers the reasonable and substantiated information that is available without disproportionate costs or effort and that is indicative of significant increases in credit risk since initial recognition.

Lastly, objective evidence of impairment is analysed, considering both quantitative information (e.g., decline in credit rating, very significant price increases for Credit Default Swaps, etc.) and qualitative information (e.g., declaration of insolvency, etc.)

A large part of the credit risk is mitigated by ad-hoc financing of clients linked to the performance of the projects, which constitutes a double guarantee of collection.

Trade receivables are generally not secured by collateral or subject to other credit enhancements, except when warranted by specific circumstances.

3.1.3. Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient amount of committed debt instruments and the capacity to settle market positions.

The trend in customer contracts, which include tighter cash flows, has led the Group to optimise its financing strategy.

Management monitors the Group's projected liquidity reserve on the basis of expected cash flows. As mentioned above, the strategy of self-financing projects results in positive net cash position. In addition, the Group has debt instruments that offer an additional liquidity buffer. Therefore, the Group's liquidity risk is considered to be appropriately managed.

The table below provides a breakdown of the significant liquidity information:

	2020	2019
Borrowings (see Note 21)	(735,033)	(582,257)
Financial assets at fair value through profit or loss (FAFV) (see Note 14)	-	65,135
Cash and cash equivalents (see Note 15)	931,535	887,629
Net cash position and FAFV	196,502	370,507
Undrawn credit lines	226,199	415,013
Total liquidity reserves	**422,701**	**785,520**

*This figure does not include borrowings associated with rights of use of leased assets.

The two signed syndicated credit lines, as well as the private placement and placing on the market of German promissory notes signed by the Group in force at the date of preparation of these financial statements, the total provision of which amounts to EUR 453.5 million, requires, among other requirements, that the consolidated financial debt/EBITDA ratio be less than or equal to 2.5 (syndicated loans)/3 (other financial debt, as described here). These requirements were met as of the date of authorisation for issue of these consolidated annual financial statements.

In addition, the contracts for the two syndicated credit lines contain the following limitation on distributing profits for the years 2021-24: 30% of the consolidated net profit for the years 2021/2022, 40% of the consolidated net profit for 2023 and 50% of the consolidated net profit for 2024.

Likewise, the Group additionally fulfils all the requirements required at 31 December 2020 in relation to its debt instruments.

At the date of preparation of these financial statements, the financial entities participating in the two syndicated credit lines authorised the waiver of the Group's obligation to meet the financial ratio (Net financial debt/consolidated EBITDA must be less than or equal to 2.5) in 2021.

The table below shows an analysis of the financial liabilities, grouped by maturities, in accordance with the remaining periods at the balance sheet date until the contractual maturity date. The amounts shown in the table correspond to the balances resulting from applying the amortised cost method (carrying amounts), which basically coincide with the undiscounted expected cash flows (without including any interest that may accrue in the future). The balances payable within 12 months are equivalent to their carrying amounts, given that the discount effect is not significant.

	Within one year	From 1 to 2 years	From 3 to 5 years	More than 5 years
At 31 December 2020				
Borrowings (Note 21)	362,857	202,488	109,695	59,993
Borrowings associated with rights of use of leased assets (Note 8)	16,534	5,704	-	-
Derivative financial instruments (Note 10)	5,875	-	-	-
Trade and other payables (Note 20)	2,695,659	-	-	-
Total	**3,080,925**	**208,192**	**109,695**	**59,993**
At 31 December 2019				
Borrowings (Note 21)	285,754	157,808	64,455	74,240
Borrowings associated with rights of use of leased assets (Note 8)	25,267	17,678	-	-
Derivative financial instruments (Note 10)	53,563	2,928	-	-
Trade and other payables (Note 20)	2,997,914	835	-	-
Total	**3,362,498**	**179,249**	**64,455**	**74,240**

3.2. Capital risk management

The Group's objectives in relation to managing capital are based on guaranteeing its commercial activity, offering our customers and potential customers sufficient capital to guarantee our ability to handle their projects.

In order to maintain and adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, redeem treasury shares and other assets not related to its primary activity, or take other actions considered appropriate.

The Group monitors capital on the basis of the leverage ratios set out below. The leverage ratio is calculated dividing debt by equity. Debt is calculated as total borrowings. Equity is the amount shown in the consolidated financial statements. The ratio obtained from dividing the net cash position and FAFV by equity is also calculated.

	2020	2019
Borrowings (Note 21)*	(735,033)	(582,257)
Net cash position and FAFV	196,502	370,507
Equity	283,593	330,028
% Borrowings / Equity	259.19%	176.43%
% Net cash position and FAFV / Equity	69.29%	112.27%

*This figure does not include borrowings associated with rights of use of leased assets.

3.3. Fair value

The table below includes an analysis of the financial instruments, classified by valuation method, that are measured at fair value.

The various levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2020 and 2019.

At 31 December 2020	Level 1	Level 2	Level 3	Total balance
Assets				
Financial assets at fair value through other comprehensive income	-	264	-	264
Financial assets at fair value through profit or loss (Note 14)	-	-	-	-
Hedging derivatives (Note 10)	-	32,191	-	32,191
Total assets	**-**	**32,455**	**-**	**32,455**
Liabilities				
Hedging derivatives (Note 10)	-	5,875	-	5,875
Total liabilities	**-**	**5,875**	**-**	**5,875**
At 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Financial assets at fair value through other comprehensive income	-	264	-	264
Financial assets at fair value through profit or loss (Note 14)	65,135	-	-	65,135
Hedging derivatives (Note 10)	-	6,846	-	6,846
Total assets	**65,135**	**7,110**	**-**	**72,245**
Liabilities				
Hedging derivatives (Note 10)	-	56,491	-	56,491
Total liabilities	**-**	**56,491**	**-**	**56,491**

There were no transfers between levels 1 and 2 during the year.

a) Level 1 financial instruments

The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in level 1.

b) Level 2 financial instruments

The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated interest rate curves.
- The fair value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

There were no transfers between levels in 2020 or 2019.

With regard to financial instruments, credit risk must be included in measurements at fair value, whereby credit risk is understood to be the credit risk of the counterparty and the Group's own credit risk, where applicable.

Due to the nature of the Group's portfolio, the application of credit risk mainly affects the portfolio of financial derivatives designated as cash flow hedges, given that they are measured at fair value.

These instruments are unique in that the expected cash flows are not pre-determined; rather, they vary based on the underlying financial variable, so the determination of the credit risk to be applied, i.e., the Company's own credit risk or that of the counterparty, is not intuitive, but rather depends on market conditions at any given time and must therefore be quantified using measurement models.

The derivatives arranged by the Group relate mainly to currency futures and commodities futures.

Currency forwards consist of the purchase of one currency against the sale of a different currency in which the exchange rate is fixed on the date of the contract to be delivered or settled in the future, starting on the third business day after the contract date.

Commodity forwards consist of the future purchase or sale of a raw material in which the exchange rate is fixed on the date of the contract and that are to be delivered or settled in the future, starting on the third business day after the contract date.

The effect of credit risk on the value of currency and commodity forwards will depend on future settlements. If the settlement is favourable for the Group, a credit spread is incorporated for the counterparty to quantify the probability of default upon maturity; otherwise, if the settlement is expected to be negative for the Group, the credit risk is applied to the Group's final settlement. To determine whether or not the settlement of the forwards will be favourable for the Group, a stochastic model is used to simulate the derivative's behaviour in different scenarios using mathematical models that consider the volatility of the underlying asset and applying the resulting credit spread to each simulation.

4. Accounting estimates and judgements

When preparing the consolidated annual financial statements in accordance with EU-IFRSs, management must make estimates and assumptions that may affect the accounting policies adopted and the amount of assets, liabilities, income and expenses and the breakdowns related thereto. Estimates and assumptions are based, among other aspects, on historical experience or other events considered reasonable in view of the facts and circumstances analysed. The resulting accounting estimates may differ significantly from the corresponding outcomes in real life. The main estimates are the following:

4.1. Income tax and deferred tax assets

The Group is subject to income tax in several jurisdictions. A significant degree of judgement is required to determine the provision for income tax at a global level. There are several transactions and calculations for which the final determination of the tax is uncertain. The Group recognises liabilities for potential tax claims based on the estimate of whether or not additional taxes will be necessary. If the final amount of taxes differs from what was initially recorded, any such differences will affect the income tax and the provisions for deferred taxes for the year in which said determination was made.

In this regard, as indicated in Note 27, the effective rate for 2020 is 34.71% (18.6% in 2019 without considering the effect of submitting tax records).

The Group also assesses the recoverability of deferred tax assets based on the existence of future taxable profit against which these assets may be utilised.

4.2. Useful lives of property, plant and equipment and intangible assets

Group management determines the estimated useful lives and the related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The useful lives of its non-current assets are estimated based on the period over which the assets will generate economic benefits.

At each reporting date, the Group reviews the useful lives of its assets and if the estimates differ from those previously made, the effect of the change is recognised prospectively as from the year in which the change is made. Historically, there were no material adjustments made in relation to the useful lives of the assets.

4.3. Accounts receivable

The Group makes estimates relating to the collectability of trade receivables for projects affected by ongoing disputes or litigation in progress as a result of not accepting the work carried out or failure to comply with contractual clauses related to the performance of the assets delivered to customers. In addition and in compliance with IFRS 9, the Group estimates impairment based on expected loss.

4.4. Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require an outflow of resources and when the amount of the obligation may be reliably estimated. Significant estimates are required to fulfil the applicable accounting requirements. Group management makes estimates, evaluating all relevant information and events, the probability of a contingency occurring and the amount of the liability to be settled in the future.

4.5. Revenue recognition

The Group uses the percentage-of-completion method to recognise revenue. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated costs for each contract. This revenue recognition method is applied only when the outcome of the contract can be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract cannot be reliably estimated, revenue is recognised to the extent that costs are recovered. When it is likely that the costs of the contract will exceed contract revenue, the loss is immediately recognised as an expense. When applying the percentage-of-completion method, the Group analyses various factors that may give rise to changes in the estimated costs of the projects with regard to that plant and, based on this analysis, makes significant estimates relating to the total costs necessary to perform the contract.

These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue applying the percentage-of-completion method or whether it is necessary to re-estimate the expected margin on the project. In the case of claims by the Group to customers or changes in the scope of projects, they are included as income from the contract when the Group estimates an inflow of resources to be highly probable (see note 2.20).

4.6. Fair value of unlisted financial instruments

The fair value of those financial instruments that are not traded on an active market (e.g. OTC derivatives) is determined using valuation techniques. The Group exercises judgement in selecting a range of methods and making assumptions that are based mainly on prevailing market conditions at the reporting date. The Group used the discounted cash flow analysis for various exchange rate and commodity contracts that are not traded on an active market.

4.7. Warranty claims

Contracts with customers establish a warranty period of 12 to 24 months. The warranty period does not entail a differentiated service but is related to the proper functioning of the plant. These are industry-specific warranties and they include standard conditions in accordance with the legal requirements of each country where the Group operates. Management estimates the relevant provision for future warranty claims based on past information regarding such claims, as well as recent trends that may suggest that past information regarding costs may differ from future claims. Likewise, the Group has warranties of a similar nature with its main subcontractors.

4.8. Impairment of concession assets

The estimated recoverable amount of the concessions operated by the Group was determined by evaluating the different external and internal circumstances that could give rise to indications of impairment, such as the market value of the asset, offers received for the assets, changes in business plans, changes in management or in the environment (legal, fiscal, economic, etc.), interest rate fluctuations, obsolescence or physical impairment.

In applying the accounting policies, different judgments have not been applied to the estimates detailed above.

5. Segment reporting

The Group classifies its operating segments as follows:

- Oil and Gas
- Power
- Other industries

Although the Group’s core business is the provision of engineering and construction services, the above-mentioned segment reporting format is presented on the understanding that any risks and rewards that may arise from its business activities and the specialisation required to complete the projects in these segments, among other differentiating factors, make this segment distinction necessary to provide optimal insight into the business structure. This segmentation is based on information reviewed by the Board of Directors.

The oil and gas segment focuses on providing engineering, procurement and construction services relating to oil and chemicals processing and production operations, and activities relating to the entire natural gas production and extraction value chain, i.e. production, processing, storage and transport. Activities in the refining sector range from the construction of refineries to the revamping and expansion of existing refining plants. Units designed and built include basic refining plants, plant conversions and octane improvement projects. The Group also designs and builds auxiliary services and other refining units. Petrochemical activities include the design and construction of plants that produce and process monomers, polymers and plastics, chemical plants and fertiliser units. As regards natural gas, the Group mainly designs and builds units used in the extraction and preliminary processing of natural gas, prior to its use in subsequent processes or preparation for export. The Group is highly specialised in regasification and gas transport facilities.

In the power industry, the Group performs consulting, engineering, procurement and construction services for a range of electricity generating plants, such as conventional thermal plants, combined cycle power plants, gasification integrated with combined cycle, nuclear plants, co-generators, solar plants, fuel cells, solid waste and biomass technology. The Group also supplies turnkey plants and occasionally performs plant operation and maintenance (O&M) services.

In the Other Industries segment, the Group carries out projects in multiple arenas, such as airports, industrial facilities, desalination and water treatment plants as well as initiatives for public authorities and other bodies, such as management of car parks and municipal sports centres.

The overhead costs relating to the corporate headquarters and functional departments that do not earn revenue or that may earn revenue that is only incidental to the activities of the Group and that, in any case, cannot be allocated to any operating segment or be included as part of an operating segment, as indicated in IFRS 8.6, are classified as “Unallocated”.

The operating segment analysis is based on an assessment of the segments’ operating profit, adjusted for unallocated Group overheads. In addition, the Group manages financing activities and the effect of income tax. Consequently, finance income and costs and income tax, as well as borrowings and tax payables, have not been allocated by segment. Additionally, non-current assets are not assigned and nor is the relevant depreciation or impairment as they are not considered to be significant.

No sales were made between the various operating segments in the years presented.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2020

	Oil and Gas		Power		Other industries		Unallocated		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Profit/(loss) per segment										
Revenue	3,235,875	4,273,537	205,365	330,876	79,349	94,695	-	-	**3,520,589**	**4,699,108**
Profit from operations	351,836	247,774	(213,967)	(70,966)	10,348	(6,148)	(106,753)	(102508)	**41,464**	**68,152**
Net financial profit (loss) (Note 26)	-	-	-	-	-	-	(20,906)	(30,352)	**(20,906)**	**(30,352)**
Proceeds from sales and share in profit/(loss) of associates	-	-	-	(136)	-	410	(675)	17,727	**(675)**	**18,001**
Profit before tax									**19,883**	**55,801**
Income tax							(6,901)	(65,796)	**(6,901)**	**(65,796)**
Profit/(Loss) for the year									**12,982**	**(9,995)**
Assets and liabilities by segment										
Assets	3,024,552	3,250,136	305,886	289,768	110,583	182,235	492,497	554,921	**3,933,518**	**4,277,059**
Associates	3,563	3,563	-	-	(1,015)	(340)	-	-	**2,548**	**3,223**
Total assets	3,028,116	3,253,699	305,886	289,768	109,568	181,894	492,497	554,921	**3,936,067**	**4,280,283**
Total liabilities	2,479,298	2,893,645	217,189	263,070	54,934	77,865	901,053	715,675	**3,652,474**	**3,950,255**
Investments in non-current assets (Notes 6 and 7)	1,494	6,602	5	8	1,042	2,374	1,505	5,860	**4,046**	**14,845**
Other information by segment										
Depreciation of property, plant and equipment (Note 6)	-	-	-	-	-	-	(10,919)	(11,008)	**(10,919)**	**(11,008)**
Amortisation of intangible assets (Note 7)	-	-	-	-	-	-	(2,306)	(2,631)	**(2,306)**	**(2,631)**
Impairment loss on trade receivables (Note 11)	-	-	-	-	-	-	(1,791)	(1,000)	**(1,791)**	**(1,000)**

The losses in the energy segment were due to impairment losses incurred on a project carried out in the United Kingdom, which was significantly influenced by COVID-19 (see Note 2.2) and by various economic circumstances related the country's political situation, most notably including Brexit and its repercussions, and to provisions recognised in relation to the completion of a project in Finland (see Note 22.2), the commissioning phase of which has been complicated by the pandemic.

Revenue from external customers is allocated based on the country in which the customer is located. The breakdown is as follows:

	2020	2019
Spain	85,490	119,390
Middle East	2,681,084	3,875,921
America	283,557	266,751
Asia	388,586	272,100
Europe	15,249	101,666
Mediterranean	66,623	63,280
	3,520,589	**4,699,108**

Income from the Middle East relates mainly to operations in Saudi Arabia, Abu Dhabi, Kuwait, Bahrain and Oman; in America, income comes primarily from operations in Canada and Peru; in Asia this income is from operations in Malaysia; in Europe the operations were focused primarily in Norway, Poland, Finland and the UK; and in the Mediterranean operations were focused basically on Turkey and Algeria, as well as other countries.

The revenue generated by the Group's top five customers accounted for 77% of total revenue in 2020 (2019: 79%). Revenue generation by customers that individually accounted for over 10% of total consolidated revenue in 2020 amounted to EUR 2,412 million (2019: EUR 2,906 million).

All assets and liabilities allocated to the operating segments are measured using the same criteria as those described in Note 2. These assets and liabilities are allocated by region based on their physical location. The detail of the assets and investments in non-current assets is as follows:

	Assets		Investments in plant, property and equipment	
	2020	**2019**	**2020**	**2019**
Spain	369,437	465,603	1,059	2,391
Middle East	2,538,666	2,669,642	1,442	6,278
America	275,601	303,524	22	215
Asia	223,186	185,232	18	31
Europe	164,206	205,990	-	8
Mediterranean	181,263	146,996	-	63
Total	**3,752,359**	**3,976,987**	**2,541**	**8,985**
Associates	2,548	3,223	-	-
Unallocated	181,160	300,073	1,505	5,860
	3,936,067	**4,280,283**	**4,046**	**14,845**

The reconciliation of the assets and liabilities of the reportable segments to total assets and liabilities is provided as follows:

	2020	2019		2020	2019
Segment assets	3,443,570	3,725,362	Segment liabilities	2,751,421	3,234,580
Unallocated:			Unallocated:		
Non-current assets	359,101	352,907	Non-current liabilities	398,921	246,871
Current assets	133,396	202,014	Current liabilities	502,132	468,804
Total assets	**3,936,067**	**4,280,283**	**Total liabilities**	**3,652,474**	**3,950,255**

6. Property, plant and equipment

The detail of “Property, plant and equipment” and of the changes therein is as follows:

Cost	Land and buildings	Engineering plant	Furniture and equipment	Property, plant and equipment in the course of construction	Other items of property, plant and equipment	Total
Balances at 01 January 2019	**3,323**	**60,998**	**58,226**	**2,537**	**6,033**	**131,117**
Additions	-	4,671	7,037	22	1,591	13,321
Decreases	(79)	(124)	(171)	(42)	(141)	(557)
Entries in the perimeter	12,648	8,529	1,475	64	-	22,716
Translation differences	(57)	74	283	-	2	302
Balances at 31 December 2019	**15,835**	**74,148**	**66,850**	**2,581**	**7,485**	**166,899**
Additions	-	942	2,678	-	314	3,934
Decreases	(1,411)	(6,378)	(1,135)	-	(371)	(9,295)
Perimeter outflows	(745)	(8,942)	(5,898)	(44)	(971)	(16,600)
Translation differences	(121)	(741)	(3,507)	-	(501)	(4,870)
Balances at 31 December 2020	**13,558**	**59,029**	**58,988**	**2,537**	**5,956**	**140,068**

Accumulated depreciation and impairment losses	Land and buildings	Plant and machinery	Furniture and equipment	Property, plant and equipment in the course of construction	Other items of property, plant and equipment	Total
Balances at 01 January 2019	**1,335**	**53,552**	**34,832**	**2,537**	**4,303**	**96,559**
Additions	231	6,498	4,047	-	232	11,008
Decreases	(35)	(66)	(152)	-	(84)	(337)
Entries in the perimeter	760	5,804	1,107	-	-	7,671
Translation differences	(25)	32	345	-	20	372
Balances at 31 December 2019	**2,266**	**65,820**	**40,179**	**2,537**	**4,471**	**115,273**
Additions	120	1,490	8,127	-	1,182	10,919
Decreases	(641)	(1,719)	(973)	-	(307)	(3,640)
Perimeter outflows	(172)	(6,435)	(4,925)	-	(538)	(12,070)
Translation differences	(70)	(413)	(3,034)	-	(741)	(4,258)
Balances at 31 December 2020	**1,503**	**58,743**	**39,374**	**2,537**	**4,067**	**106,224**
Net balance at 1 January 2019	**1,988**	**7,446**	**23,394**	**-**	**1,730**	**34,558**
Net balance at 31 December 2019	**13,569**	**8,328**	**26,671**	**44**	**3,014**	**51,626**
Net balance at 31 December 2020	**12,055**	**286**	**19,614**	**-**	**1,889**	**33,844**

“Land and buildings” includes office buildings that are owned by certain Group companies.

The decreases under the heading "Technical facilities and machinery," correspond to a decrease in facilities due to disuse.

The perimeter outflows correspond to the assets of Eurocontrol, S.A., a company sold in the year. The perimeter entries in 2019 corresponded to the assets of Ibérica del Espacio, S.A. which became integrated globally. (see Note 9).

At 31 December 2020, the Group held property, plant and equipment investments abroad for a cost value of EUR 53,634 thousand (2019: EUR 57,039 thousand), as well as loans in the amount of EUR 48,675 thousand (2019: EUR 41,629 thousand).

The Group takes out all insurance policies it considers necessary to cover the risks that might affect its property, plant and equipment.

7. Goodwill and other intangible assets

The detail of "Intangible assets" and of the changes therein is as follows:

	Administrative concessions	Computer software and other intangible assets	Subtotal	Goodwill	Total
Balances at 01 January 2019	**74,361**	**19,261**	**93,622**	**1,242**	**94,864**
Additions	-	568	568	-	568
Decreases	-	(12)	(12)	-	(12)
Transfers	-	951	951	-	951
Translation differences	-	(9)	(9)	-	(9)
Balances at 31 December 2019	**74,361**	**20,759**	**95,120**	**1,242**	**96,362**
Additions	-	113	113	-	113
Decreases	-	-	-	(1,242)	(1,242)
Perimeter outflows	-	(2,201)	(2,201)	-	(2,201)
Translation differences	-	(64)	(64)	-	(64)
Balances at 31 December 2020	**74,361**	**18,607**	**92,968**	**-**	**92,968**
Accumulated depreciation and impairment losses	**Administrative concessions**	**Computer software and other intangible assets**	**Subtotal**	**Goodwill**	**Total**
Balances at 01 January 2019	**22,377**	**16,179**	**38,556**		**38,556**
Additions	1,497	1,134	2,631	-	2,631
Decreases	-	(12)	(12)	-	(12)
Transfers	-	770	770	-	770
Impairment	-	-	-	-	-
TRANSLATION DIFFERENCES	-	14	14	-	14
Balances at 31 December 2019	**23,874**	**18,085**	**41,959**	**-**	**41,959**
Additions	1,483	823	2,306	-	2,306
Decreases	-		-	-	-
Perimeter outflows	-	(1,990)	(1,990)	-	(1,990)
Impairment	-	-	-	-	-
Translation differences	-	(173)	(173)	-	(173)
Balances at 31 December 2020	**25,357**	**16,745**	**42,102**	**-**	**42,102**
Net balance at 1 January 2019	**51,984**	**3,082**	**55,066**	**1,242**	**56,308**
Net balance at 31 December 2019	**50,487**	**2,674**	**53,161**	**1,242**	**54,403**
Net balance at 31 December 2020	**49,004**	**1862**	**50,866**	**-**	**50,866**

Research and development expenditure charged directly to the income statement during the year amounted to EUR 2,784 thousand (2019: EUR 2,739 thousand).

The derecognition of goodwill occurred when the cash-generating unit (CGU) identified in Eurocontrol, S.A. was taken out of the scope of consolidation (see Note 2.3.1)

"Computer software" includes the title to and the right to use computer programs acquired from third parties. Computer software does not include the amounts related to the internal development of computer programs. The main additions during the year relate to the acquisition of management software licenses.

No finance costs were capitalised in 2020 or 2019.

a) Administrative concessions

This heading also includes the concessions for the operation of the Huercal-Overa underground car park (Almería) and the underground car park in Alcobendas. The most relevant aspects regarding these concession arrangements for public services are as follows:

	Concession	Term	Remuneration	Redemption
1	Alcobendas sports complex	50 years	User charges	At end of concession term
2	Sports complex, car park and public spaces at the La Viña Shopping Centre in San Sebastián de los Reyes	50 years	User charges	Period may be extended up to 60 years upon approval by the Municipal Council
3	Underground car park at Huercal - Overa (Almeria)	30 years	User charges	Subject to successive term extensions

Concession assets are financed by borrowings amounting to EUR 15,108 thousand (2019: EUR 16,886 thousand).

Operating income from operating these concessions amounted to EUR 4,727 thousand (2019: EUR 5,989 thousand).

8. Rights of use over leased assets

The detail of “Rights of use over leased assets” and of the changes under it are as follows:

	Offices	Housing	Vehicles	Total
Cost				
1 January 2019	**49,232**	**3,208**	**6,009**	**58,449**
Additions	-	5,965	4,743	10,708
Changes due to amendments to existing contracts	2,645	(1,258)	6	1,393
Translation differences	200	80	75	355
31 December 2019	**52,077**	**7,995**	**10,833**	**70,905**
Additions	787	5,274	5,055	11,116
Disposals	(2,944)	(1,175)	(485)	(4,604)
Outflows from the scope of consolidation	(2,470)	-	-	(2,470)
Changes due to amendments to existing contracts	13	109	47	170
Translation differences	(437)	(493)	(629)	(1,559)
31 December 2020	**47,026**	**11,710**	**14,820**	**73,557**
Amortisation				
1 January 2019	**-**	**-**	**-**	**-**
Charge for the year	19,032	3,315	6,109	28,456
Translation differences	(10)	(8)	(6)	(24)
31 December 2019	**19,022**	**3,307**	**6,103**	**28,432**
Charge for the year	18,668	4,682	6,631	29,980
Disposals	(1,613)	(511)	(330)	(2,454)
Outflows from the scope of consolidation	(1,824)	-	-	(1,824)
Translation differences	(221)	(419)	(844)	(1,483)
31 December 2020	**34,032**	**7,059**	**11,560**	**52,651**
Net balance at 1 January 2019	**49,232**	**3,208**	**6,009**	**58,449**
Net balance at 31 December 2019	**33,055**	**4,688**	**4,730**	**42,473**
Net balance at 31 December 2020	**12,994**	**4,651**	**3,260**	**20,905**

The amounts paid in respect of rights of use on leased assets at 31 December 2020 amount to EUR 28,925 thousand (2019: EUR 28,544 thousand).

At 31 December 2020, the financial debt associated with the rights of use of rented assets amounted to EUR 22,238 thousand (2019: EUR 42,945 thousand) and the amount of interest charged to the income statement amounted to EUR 756 thousand (2019: EUR 939 thousand).

9. Investments in associates

The detail of and changes in investments in associates is as follows:

	2020	2019
Beginning balance	**3,422**	**12,728**
Additions	3	6
Disposals	-	(6,917)
Changes in the scope of consolidation	(39)	(2,669)
Share of profit/(loss)	(675)	274
Ending balance	**2,711**	**3,422**

The amount of this heading includes the interest in the equity of associates (over which it does not have control). At 31 December 2020, it related mainly to the equity of the company Minatrico S. de. R.L. de C.V.

In 2019, the Group's stake in the companies Empresarios Agrupados Internacional and en Empresarios Agrupados A.I.E. was sold. The result of the sale was a profit of EUR 17,727 thousand that was recorded in the consolidated income statement under the heading "Income from the disposal of associated companies."

On 12 July 2019, the Group acquired the remaining 50% of Ibérica del Espacio, S.A., which meant taking control over this company, with the integration method changed to the global method from that moment.

The amount of the consideration amounted to EUR 825 thousand, which entailed a cash outflow for that amount.

The assets and liabilities recognised as a result of the acquisition were as follows:

	At 12 July 2019
Property, plant and equipment	15,045
Other intangible assets	181
Deferred tax assets	33
Inventories	1,533
Trade and other receivables	4,116
Cash and cash equivalents	45
Non-current payables	(11,966)
Deferred tax liabilities	(193)
Current payables	(3,456)
	5,338

As a result of this acquisition, a positive result of EUR 1,844 thousand was recorded under "Other operating income."

The 2020 "Share in profits or losses of associates" heading includes the participation in the profit or loss of Master S.A: Ingeniería y Arquitectura. In 2019, the results of Empresarios Agrupados Internacional, S.A. (EUR 136 thousand) and Ibérica del Espacio, S.A. (EUR 672 thousand) were included under this heading up to the time of their sale and the change of integration method, respectively.

The reporting date of the annual financial statements of all associates coincides with the reporting date of the Parent's financial statements. The Group's holdings in its main associates, all of which are unlisted, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit/(loss)	Share %
2020						
Master S.A de Ingeniería y Arquitectura	Spain	2,500	5,038	2,727	(1,686)	40.00%
Ebramex S. de R.L. de C.V.	Mexico	178	10,448	-	-	33.33%
Minatrico S. de R.L. de C.V.	Mexico	10,923	341	-	-	33.33%

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit/(loss)	Share %
2019						
Master S.A de Ingeniería y Arquitectura	Spain	6,316	7,167	918	(654)	40.00%
Ebramex S. de R.L. de C.V.	Mexico	204	12,021	-	-	33.33%
Minatrico S. de R.L. de C.V.	Mexico	12,568	392	-	-	33.33%

This balance relates to minor investments in companies that are not listed on any active market and over which the Group does not have control.

No provisions for impairment losses were recognised on investments in associates in 2020 or 2019.

10. Financial instruments

10.1. Financial instruments by category

The detail, by nature and measurement category, of the financial assets (excluding cash and cash equivalents) and financial liabilities for the years ended 31 December 2020 and 2019, is as follows:

	At 31 December 2020			
Financial assets:	**Financial assets at fair value through profit or loss (Note 14)**	**Financial assets through other comprehensive income**	**Amortised cost**	**Hedging derivatives (Note 10.2)**
Nature / Category				
Derivatives	-	-	-	3,336
Accounts receivable and other financial assets (Note 13)	-	264	85,364	-
Long-term/non-current	**-**	**264**	**85,364**	**3,336**
Derivatives	-	-	-	28,855
Loans and receivables (Note 11)	-	-	2,355,285	-
Accounts receivable and other financial assets (Note 13)	-	-	6,947	-
Short-term/current	**-**	**-**	**2,362,232**	**28,855**
Total financial assets	**-**	**264**	**2,447,596**	**32,191**

	At 31 December 2019			
Financial assets:	**Financial assets at fair value through profit or loss (Note 14)**	**Financial assets through other comprehensive income**	**Amortised cost**	**Hedging derivatives (Note 10.2)**
Nature / Category				
Derivatives	-	-	-	295
Accounts receivable and other financial assets (Note 13)	-	264	91,780	-
Long-term/non-current	**-**	**264**	**91,780**	**295**
Derivatives	-	-	-	6,551
Loans and receivables (Note 11)	-	-	2,672,058	-
Accounts receivable and other financial assets (Note 13)	65,135	-	11,766	-
Short-term/current	**65,135**	**-**	**2,683,824**	**6,551**
Total financial assets	**65,135**	**264**	**2,775,604**	**6,846**

	At 31 December 2020		At 31 December 2019	
Financial liabilities	**Accounts payable**	**Hedging derivatives (Note 10.2)**	**Accounts payable**	**Hedging derivatives (Note 10.2)**
Nature / Category				
Borrowings (Note 21)	372,176	-	296,503	-
Borrowings associated with rights of use of leased assets (Note 9)	5,704	-	17,678	-
Derivatives	-	-	-	2,928
Other accounts payable	653	-	1,527	-
Non-current payables/Non-current financial liabilities	**378,533**	**-**	**315,708**	**2,928**
Borrowings (Note 21)	362,857	-	285,454	-
Borrowings associated with rights of use of leased assets (Note 9)	16,534	-	25,567	-
Derivatives	-	5,875	-	53,563
Trade payables	2,678,103	-	2,978,633	-
Other accounts payable	17,556	-	19,281	-
Current payables/Current financial liabilities	**3,075,050**	**5,875**	**3,308,935**	**53,563**
Total financial liabilities	**3,453,583**	**5,875**	**3,624,643**	**56,491**

10.2. Derivative financial instruments

The detail of derivative financial instruments at the end of 2020 and 2019 is as follows:

	2020		2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign currency forward contracts - cash flow hedges	29,267	5,875	6,039	56,491
Commodity forward contracts	2,924	-	807	-
Total	**32,191**	**5,875**	**6,846**	**56,491**
Non-current portion	**3,336**	**-**	**295**	**2,928**
Current portion	**28,855**	**5,875**	**6,551**	**53,563**

The derivative financial instruments arranged by the Group relate mainly to the foreign currency forwards to cover highly probable future cash flows.

The Group assesses the effectiveness of the hedges by conducting efficacy tests (prospective tests) in which the changes in hedged cash flows are compared with the changes in the cash flows of the assigned derivative.

The detail of the maturities by year of the notional amounts of the contracts in force at 31 December 2020 and 2019 is as follows:

			Notional maturities (thousands)		
Type of instrument	**Fair value (thousands of euros) 2020**	**Notional currency**	**2021**	**2022**	**Total**
Foreign currency forward contracts					
US dollar / Euro	28,311	USD	750,663	116,200	866,863
US Dollar (SGD)	956	SGD	21,362	-	21,362
Commodities	2,924		-	-	-
Assets	**32,191**				

			Notional maturities (thousands)		
Type of instrument	**Fair value (thousands of euros) 2020**	**Notional currency**	**2021**	**2022**	**Total**
Foreign currency forward contracts					
US dollar / Euro	5,427	USD	247,847	-	247,847
US dollar / Japanese yen	448	JPY	465,600	-	465,600
Liabilities	**5,875**				
Net balances	**26,316**				

			Notional maturities (thousands)			
Type of instrument	**Fair value (thousands of euros) 2019**	**Notional currency**	**2020**	**2021**	**2022**	**Total**
Foreign currency forward contracts						
						-
US dollar / Swiss franc	49	CHF	3,821	-	-	3,821
US dollar / Euro	5,969	USD	92,895	51,000	-	143,895
US dollar / Japanese yen	21	JPY	204,020	-	-	204,020
Commodities	807					
Assets	**6,846**					

Type of instrument	Fair value (thousands of euros) 2019	Notional currency	Notional maturities (thousands)			
			2020	2021	2022	Total
Foreign currency forward contracts						
KWD / Euro	246	KWD	6,000	-	-	6,000
Canadian dollar / Euro	149	CAD	41,000	-	-	41,000
British pound / Euro	109	GBP	4,750	-	-	4,750
US dollar / Euro	55,220	USD	839,901	191,135	-	1,031,036
US dollar / Japanese yen	652	JPY	669,600	-	-	669,600
Polish zloty / Euro	115	PLN	42,107	-	-	42,107
Liabilities	**56,491**					
Net balances	**(49,645)**					

The detail of the maturities by year of the fair values of the contracts in force at 31 December 2020 and 2019 is as follows:

	2020	2021	2022	Total fair value
Total assets 2020	-	28,855	3,336	**32,191**
Total liabilities 2020	-	5,875	-	**5,875**
Total assets 2019	6,551	295	-	**6,848**
Total liabilities 2019	53,563	2,928	-	**56,491**

The highly probable forecast transactions denominated in foreign currency that have been hedged are expected to materialise.

The Group's maximum exposure to credit risk at the balance sheet date is the fair value of balance-sheet derivative assets.

At 31 December 2020, the accumulated net tax profit in the consolidated equity reserve for foreign currency forward contracts amounted to a profit of EUR 5,187 thousand (2019: a loss of EUR 24,206 thousand). These results are recognised in the consolidated income statement in the period or periods during which the hedged transaction affects the income statement. In 2020, the impact on the consolidated income statement recorded as part of the operating profit, under the heading "Procurement" and "Revenue" was a profit of EUR 10,307 thousand (2019: EUR 34,205 thousand).

The changes in hedging derivatives and the hedging reserve, as well as their impacts on equity and the income statement during the year, are as follows:

	01.01.2020	Income recognised in equity *	Settlements for the year ***	31.12.2020
Hedging derivatives (net asset/liability position)	(49,645)	46,772	29,189	26,316

	01.01.2020	Income recognised in equity *	Transfers to profit or loss **	31.12.2020
Hedging reserve (gross of tax effect)	29,580	(46,772)	10,307	(6,885)

* Refers to the portion of the profit or loss on the hedged instrument that has been determined to be an effective hedge.

** Amount taken to the income statement for the year, to the extent that the hedged transaction impacts profit or loss.

*** Value of the hedging derivatives settled by the Group during the year.

	01.01.2019	Income recognised in equity *	Settlements for the year ***	31.12.2019
Hedging derivatives (net liability position)	(47,055)	(53,410)	50,820	(49,645)

	01.01.2019	Income recognised in equity *	Transfers to profit or loss **	31.12.2019
Hedging reserve (gross of tax effect)	10,375	53,410	(34,205)	29,580

* Refers to the portion of the profit or loss on the hedged instrument that has been determined to be an effective hedge.

** Amount taken to the income statement for the year, to the extent that the hedged transaction impacts profit or loss.

*** Value of the hedging derivatives settled by the Group during the year.

In 2020 and 2019, no ineffectiveness worthy of mention arose as a result of foreign currency hedges, which is recognised, if it arises, in the income statement as financial profit or loss.

11. Trade and other receivables

The detail of this heading at the end of 2020 and 2019 is as follows:

	2020	2019
Trade receivables	2,108,824	2,252,303
Customer retentions	126,511	264,029
Less: Provision for impairment of accounts receivable	(30,568)	(31,972)
Trade receivables, net	2,204,767	2,484,362
Other accounts receivable	5,118	24,426
Prepayments	60,688	68,627
Tax receivables	71,832	82,947
Other	12,880	11,696
Total	**2,355,285**	**2,672,058**

Prepayments refer to the payments made on account for specific supplies to be used in the Group's projects. The increase or decrease in the amount of this heading is cyclical and depends on the stage of completion of each of the projects at the reporting date.

The Tax Receivables heading includes EUR 34,061 thousand (2019: EUR 32,912 thousand) for withholdings and payments on account.

At 31 December 2020, the receivables from unmatured invoiced trade receivables amounted to EUR 123,326 thousand (2019: EUR 196,017 thousand).

At 31 December 2020, there were receivables from customers amounting to EUR 111,017 thousand (2019: EUR 70,846 thousand) that were due but had not suffered impairment losses. These receivables relate to a number of independent customers for whom there is no recent history of default.

The analysis of the age of these accounts receivable is as follows:

	2020	2019
Less than 3 months	30,717	22,393
Between 3 and 6 months	18,794	1,303
More than 6 months	61,506	47,150
	111,017	**70,846**

The Group recognised a loss of EUR 1,791 thousand for the impairment loss on the value of its trade receivables in the year ended 31 December 2020 (2019: EUR 1,000 thousand).

The changes in the provision for impairment of trade receivables are as follows:

	2020	2019
Opening balance	**31,970**	**31,299**
Impairment losses charged to income	1,791	1,000
Amounts used	(3,193)	(329)
Ending balance	**30,568**	**31,970**

Trade receivables include EUR 1,817,705 thousand (2019: EUR 1,960,475 thousand) relating to completed work yet to be billed, which is calculated in accordance with the criteria for recognising revenue established in Note 2.19.

At 31 December 2020, the amount of the work performed but pending certification for a period of more than 12 months amounted to EUR 576 million (EUR 575 million in 2019), which corresponds mainly to exchanges and claims. Of these amounts, 9 million are provisioned (15 million in 2019).

The movements under work performed but pending certification was as follows:

	2020	2019
Initial balance of work performed but pending certification	**1,960,475**	**1,658,952**
Initial work performed but pending certification invoiced in the year	(1,384,728)	(1,083,409)
Changes and complaints	224,798	53,271
Variation in level of progress	1,017,160	1,331,661
Closing work performed but pending certification balance	**1,817,705**	**1,960,475**

The work performed but pending billing heading includes the non-contentious claims expected to be collected from customers that are being negotiated and recognised in accordance with that indicated in Note 2.19. Depending on the types of projects in the portfolio, negotiations with customers regarding claims may go on during the entire life of the project and are usually concluded in the final stage of the project.

In addition, and also under work performed but pending billing, ongoing change orders with customers for changes in the scope or modifications not included in the original contract were recognised in accordance with that indicated in Note 2.19.

In 2020, the progress on negotiation processes was affected by COVID, with consequent changes in timelines, although this is being brought back to normal in 2021.

The changes in exchange orders and claims were as follows:

	Exchange orders	Claims	Total
Balance at 01 January 2019	**178,038**	**221,362**	**399,400**
Additions	125,175	112,126	237,301
Reductions due to approval and closure of projects	(98,397)	(82,440)	(180,837)
Derecognition	(3,193)	-	(3,193)
Balances at 31/12/2019	**201,623**	**251,048**	**452,671**
Additions	120,865	207,481	328,346
Reductions due to approval and closure of projects	(29,117)	(66,865)	(95,982)
Derecognition	(7,566)	-	(7,566)
Balances at 31/12/2020	**285,805**	**391,664**	**677,469**

In the first two months of 2021, favourable agreements were closed with customers in relation to claims and exchange orders recognised at 31 December 2020, amounting to EUR 4,668 thousand and EUR 114,070 thousand, respectively. Therefore, at the date of preparation of these financial statements, the total number of favourably closed claims and exchange orders over the last 14 months amounted to EUR 214,720 thousand.

At 31 December 2020 and the 2019, the total amount sought in claims amounted to EUR 1,436,539 thousand and EUR 1,065,300 thousand, respectively. The breakdown of the geographical areas of the amounts recognised is as follows:

- Middle East: 74%

- Americas: 13%

- Geographical area of the Mediterranean, Europe and Asia: 13%

The total amount sought for exchange orders amounted to EUR 672,784 thousand and EUR 266.400 thousand respectively at 31 December 2020 and 2019

With regard to the EUR 452,671 recognised as income on account for claims and change orders at the end 2019, EUR 338,288 were still in the process of being negotiated as of the date of these consolidated annual financial statements.

The weighted average historical net rate of achievement of the amounts recognised in the balance sheet for claims and exchange orders for the last three years (2017-19) is 95%, with the range being (77% -128%).

There was no significant effect on the fair values of trade and other receivables. Nominal amounts are considered to approximate the fair value of these receivables and the effect of discounting is not significant under any circumstances.

Maximum exposure to credit risk at the reporting date is the carrying amount of the trade and other receivables.

The carrying amounts of the Trade receivables account are denominated in the following currencies:

	2020	2019
Euro	321,390	106,059
US dollar	798,306	1,246,464
KWD	102,165	191,604
SAR	870,817	815,884
Other currencies	142,657	156,322
Total	**2,235,335**	**2,516,333**

The total amount of costs incurred and profit recognised accrued at source for all contracts in progress at the balance sheet date was EUR 21,284,695 thousand (2019: EUR 19,415,890 thousand) and EUR 1,796,047 thousand (2019: EUR 1,045,495 thousand), respectively. The increase in the accrued income from the previous year is due, inter alia, the exclusion of the contracts already concluded.

At 31 December 2020, the outstanding income from the active contracts for the year amounted to EUR 8,346,933 thousand, which will be realised in the coming years based on the annual progress of the various projects (2019: EUR 10,026,352 thousand).

The amount of advances received on projects in progress is disclosed in Note 20. As with advances to suppliers, the increase or decrease in the amount of this heading is cyclical and depends on the stage of completion of each of the projects at the reporting date.

At the end of the year, the Group was performing a single project in Britain. The signed contract establishes safeguards against certain effects that the departure of Britain from the European Union may have on the project.

12. Inventories

The detail of “Inventories” is as follows:

	2020	2019
Commodities	1,681	1,665
Finished goods	7,213	3,792
	8,894	**5,458**

In 2019, the "finished goods” heading included, among others, the parking spaces marked for sale provided by UTE TR/ASF Construcción Aparcamiento de Alcobendas in which the Group held a 50% stake. In 2020, an agreement was reached with the partner whereby the Técnica Reunidas Group held 100% of it, which explains the increase in that heading**.**

13. Accounts receivable and other financial assets

	2020	2019
Accounts receivable and other non-current assets		
Loans to employees	411	753
Long-term loans to associates	264	267
Held-to-maturity investments	6,011	5,758
Loans to public authorities	8,569	8,569
Other non-current assets	78,175	85,266
	93,430	**100,613**
Impairment loss on accounts receivable	(7,802)	(8,569)
	85,628	**92,044**
Accounts receivable and other current assets		
Loans to partners in joint ventures and joint operations	6,791	11,598
Current investments held to maturity	156	168
	6,947	**11,766**

The changes in the provision for impairment of accounts receivable and other financial assets are as follows:

	2020	2019
Beginning balance	**8,569**	**8,569**
Reversals	(767)	-
Ending balance	**7,802**	**8,569**

The carrying amount of accounts receivable and other financial assets is considered to approximate their fair value. Maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable and other financial assets.

“Other non-current assets” includes mainly the amounts transferred to customers as security for compliance with any obligations that may arise from the outcome of lawsuits. The Group includes the estimated probable cost that could arise from the outcome of the aforementioned lawsuits under “Non-current provisions”.

The average interest rate on loans to venturers in UTEs and joint ventures is the market rate of Euribor + 2% and other benchmarks 2% (2019: Euribor + 1.5%, other benchmarks 1.25%).

“Other financial assets at amortised cost” includes mainly guarantees and deposits.

“Loans to public authorities” includes the balances receivable for various concessions. In 2014, the Group decided to withdraw from the operating concessions due to the fact that after the contracts were awarded to Técnicas Reunidas, there were circumstances that significantly affected and altered the agreed legal relationships and ownership arrangements with the respective local authorities. This balance is fully provisioned.

The Group informed the local governments of its decision to withdraw from the concessions. As of today’s date the matter has not yet been definitively resolved and the concessions are not operational at this time.

The termination of the concession agreement should result in a refund of the amounts invested by Técnicas Reunidas.

14. Financial assets at fair value through profit or loss

The detail of this heading and of the changes therein is as follows:

	2020	2019
Opening balance	65,135	64,817
Net additions and disposals (fair value)	(65,135)	318
Closing balance	**-**	**65,135**
Listed securities:		
- Fixed-income investments	-	48,536
- Equity investments	-	16,599
	-	**65,135**

All financial assets are designated as held for trading.

Financial assets at fair value through profit or loss are presented in “Changes in working capital” under cash flows from operating activities in the statement of cash flows. The impact on the profit or loss of financial assets at fair value amounted to a loss of EUR 2,304 thousand (2019: EUR 318 thousand).

All of the financial assets were settled in 2020. In 2019, there were no funds invested or disposals.

Financial assets at fair value through profit or loss represented investments in listed equities and short-term fixed-income funds and their fair value at 31 December 2019 was determined by reference to year-end market prices. Returns on fixed-income securities were tied to trends in interest rates in the euro zone.

15. Cash and cash equivalents

The detail of cash and cash equivalents is as follows:

	2020	2019
Cash on hand and at banks	530,982	420,756
Short-term bank deposits and other cash equivalents	400,553	466,873
	931,535	**887,629**

This heading includes cash (cash on hand and demand deposits) and cash equivalents (short-term, highly liquid investments, easily convertible into cash within a maximum period of three months the value of which is subject to an insignificant risk of changes in value). The short-term bank deposits earn interest at market rates. The average remuneration rates for the deposits were: EUR 0% and USD 0.10% in 2020 and EUR 0% and USD 1.6% in 2019, and the average period was 14 days in both years.

Of the total included under Cash and cash equivalents at 31 December 2020, EUR 682,544 thousand (2019: EUR 596,420 thousand) came from the integration of the joint operations and joint ventures included in the scope of consolidation, as detailed in Annexes III and IV respectively.

There were no cash or cash equivalents with restricted availability at 31 December 2020 and 2019, however, the cash from the joint arrangements with other partners is allocated in full to the project subject to such joint venture or UTE.

For the purposes of the statement of cash flows, the cash balance includes cash and cash equivalents.

16. Share capital

	Share capital	Share premium	Treasury shares	Total
Balances at 01/01/2019	**5,590**	**8,691**	**(74,116)**	**(59,835)**
Other changes	-	-	286	**286**
Balances at 31/12/2019	**5,590**	**8,691**	**(73,830)**	**(59,549)**
Other changes	-	-	721	721
Balances at 31/12/2020	**5,590**	**8,691**	**(73,109)**	**(58,828)**

A 31 December 2020 and 2019, the total authorised number of ordinary shares was 55,896,000 shares, with a par value of EUR 0.10 each. All of the shares issued are fully paid and carry the same voting and dividend rights. There are no restrictions on the free transferability of the shares.

The changes in “Treasury shares” in 2020 and 2019 were as follows:

	2020		2019	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
At beginning of year	2,193,424	73,830	2,201,389	74,116
Increases/purchases	3,338,697	42,423	2,756,598	63,675
Decreases/sales	(3,334,087)	(43,144)	(2,764,563)	(63,961)
At end of year	**2,198,034**	**73,109**	**2,193,424**	**73,830**

The treasury shares at 31 December 2020 represent 3.93% of the share capital (2019: 3.92%) of the Parent and total 2,198,034 shares (2019: 2,193,424 shares), with a weighted average price of EUR 33.26 per share (2019: EUR 33.6 per share).

Since 21 June 2006, all shares of Técnicas Reunidas, S.A. have been admitted to trading on the four Spanish stock exchanges and are listed on the continuous market.

The share capital of Técnicas Reunidas, S.A. is represented as follows:

	2020	2019
Shareholder	**% ownership interest**	**% ownership interest**
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.10%	5.10%
Araltec Corporación, S.L.U.	31.99%	31.99%
Franklin Templeton Investment Management Ltd	3.00%	3.00%
Norges Bank	2.96%	5.04%
Ariel Investments. L.L.C.	3.01%	3.01%
Columbia Management Investment Advisers LLC	3.12%	0.00%
Other shareholders (including free float)	46.89%	47.94%
Treasury shares	3.93%	3.92%
TOTAL	**100.00%**	**100.00%**

In accordance with the notice filed with the Spanish National Securities Market Commission (CNMV), on 12 December 2017 José Lladó Fernández-Urrutia held direct and indirect ownership interest of 37.20% in Técnicas Reunidas, S.A. through Araltec Corporación, S.L.U. and Aragonesas Promoción de Obras y Construcciones, S.L.U.

The shareholders at the Parent's Annual General Meeting held on 25 June 2020 agreed to authorise the Board of Directors to acquire treasury shares up to the maximum number of shares established by law, at a price that may not be more than 5 % higher or lower than the weighted average share price on the day the purchase is made (or the minimum and maximum prices allowed by law at any given time) and with a maximum daily volume that may not be more than 15 % of the average daily volume traded on the market for orders of the regulated market or the Spanish multilateral trading system over the previous thirty sessions.

The Parent Company entered into a liquidity agreement with Santander Investment Bolsa, Sociedad de Valores, S.A.U. The framework of this agreement is the Spanish Stock Exchanges and its purpose is to create added liquidity for transactions. The agreement was signed for a term of one year, which was renewed on 10 July 2017 in accordance with CNMV Circular 1/2017, of 26 April, and was tacitly extended for additional years on 10 July 2019. A total of 74,500 shares were allocated to the securities account associated with the agreement and EUR 2,537 thousand were allocated to the cash account associated with the agreement

17. Other reserves

	2020	2019
Legal reserve	1,137	1,137
Capitalisation reserve	3,056	3,056
	4,193	4,193

17.1. Legal reserve

The legal reserve has reached the stipulated level, cannot be distributed to shareholders and can only be used to offset losses, provided that other reserves are not available for this purpose. Under certain conditions, it may also be used to increase share capital.

17.2. Capitalisation reserve

The Capitalisation Reserve is provided in accordance with section 25 of Spanish Corporation Tax Act [*Ley 27/2014 del Impuesto de Sociedades*]. This reserve is unavailable for five years in accordance with the conditions established under that section.

18. Cumulative translation differences

	Thousands of euros
1 January 2019	**(38,528)**
Translation differences:	
– Transfers	1,003
– Group companies and associates	175
31 December 2019	**(37,350)**
Translation differences:	
– Transfers	-
– Group companies and associates	(79,936)
31 December 2020	**(117,286)**

The translation differences are mainly due to the depreciation in the year of the Peruvian peso, the Kuwaiti dinar and the Turkish lira against the euro, compared to the rates prevailing at the time the earnings were generated, by 8%, 17% and 134% respectively.

The breakdown, by company or subgroup, of the cumulative translation differences at the end of 2020 and 2019 is as follows:

	2020	2019
Company or subgroup		
Técnicas Reunidas, S.A.	(36,538)	802
- Abu Dabhi branch	*(5,636)*	*3,790*
- Australia branch	*(2,520)*	*(3,684)*
- Ankara branch	*327*	*118*
-Moscow branch	*(2,147)*	*(2,412)*
-Kuwait branch	*(23,505)*	*7,035*
-Algeria branch	*(5,984)*	*(2,720)*
-Other	*2,927*	*(1,325)*
Técnicas Reunidas RUP Insaat (Turkey)	(6,880)	(5,689)
Técnicas Reunidas TEC (Bolivia)	(4,607)	(4,456)
Técnicas Reunidas Canada (Canada)	(3,995)	(7,587)
TSGI Mühendislik İnşaat Limited Şirketi (Turkey)	(25,390)	(19,697)
Técnicas Reunidas Australia Pty Ltd (Australia)	(303)	(349)
Técnicas Reunidas Saudia (Saudi Arabia)	(8,606)	(3,529)
Técnicas Reunidas Gulf Ltd. (Saudi Arabia)	251	2,679
Técnicas Reunidas Chile Limitada (Chile)	274	330
Técnicas Reunidas Peru de Talara (Peru)	(24,080)	(1,569)
Técnicas Reunidas Omán LLC (Oman)	(105)	49
Treunidas Mühendislik ve İnsaat A.S (Turkey)	(1,043)	(742)
TR Bapco (Bahrein)	(2,200)	339
R Daewoo LLC (Oman)	(1,967)	249
Técnicas Reunidas LLC (Duqm) (Oman)	(1,463)	(2)
Técnicas Reunidas Méjico (Mexico)	(383)	1,437
Técnicas Reunidas PIC (Peru)	(68)	85
Other	(183)	300
Total	**(117,286)**	**(37,350)**

19. Dividend distribution and non-controlling interests

The proposed distribution of the Parent's loss for 2020 to be submitted at the Annual General Meeting, as well as the approved distribution of profit for 2019, is as follows:

	2020	2019
Basis of allocation		
Profit (loss) attributable to the Parent	79,619	(25,357)
	79,619	**(25,357)**
Allocation		
Other reserves	79,619	(25,357)
	79,619	**(25,357)**

The Board of Directors of the Parent did not approve dividend sharing in 2020 and 2019.

a) Retained earnings

These are unrestricted voluntary reserves that amounted to EUR 439,391 thousand at 31 December 2020 (EUR 434,210 thousand at 31 December 2019).

b) Non-controlling interests

The evolution of non-controlling interests in 2020 and 2019 is as follows:

Balance at 01/01/2019	**13,572**
Profit/(loss)	(765)
Translation differences	19
Dividends paid to non-controlling interests	(96)
Balance at 31/12/2019	**12,730**
Profit/(loss)	1,933
Translation differences	(251)
Perimeter outflows	(3,382)
Dividends paid to non-controlling interests	(94)
Balance at 31/12/2020	**10,936**

20. Trade and other payables

The amount recorded under Trade and other payables comprises the following:

	2020	2019
Payables to suppliers	2,246,246	2,612,381
Supplier retainings	238,698	183,379
Prepayments received for contract work	162,102	156,331
Other	31,057	26,542
	2,678,103	**2,978,633**

The amount recorded under Other accounts payable comprises the following:

	2020	2019
Non-current		
Liabilities arising from finance leases	-	835
	-	**835**
Current		
Social security taxes	6,921	7,131
Tax withholdings payable	9,436	10,954
Other	1,199	1,197
	17,556	**19,281**

The carrying amount of trade and other payables approximates their fair value.

The carrying amounts of the trade payables account are denominated in the following currencies:

	2020	2019
Euro	573,031	620,818
US dollar	1,200,822	1,508,143
Other currencies	472,393	483,420
Total	**2,246,246**	**2,612,381**

21. Borrowings

	2020	2019
Non-current		
Borrowings	372,176	296,503
	372,176	**296,503**
Current		
Borrowings	362,857	285,754
	362,857	**285,754**
Total borrowings	**735,033**	**582,257**

At the date of preparation of these financial statements, EUR 116,100 thousand of the EUR 362,857 thousand in short-term financial debt was renewed in the long term. This renewal enters into force on 28 March 2021 and therefore remains in the short term at 31 December 2020.

At 31 December 2020, of the total financial debt, EUR 296,826 thousand is at a fixed rate (2019: EUR 171,000 thousand) as follows:

2020		2019	
Amount	**Rate**	**Amount**	**Rate**
117,545	0.5%-0.89%	107,000	0.89%
53,257	1%-1.85%	56,000	3.25%
70,024	2.45%-2.75%	8,000	1.45%
56,000	3.25%		
296,826		**171,000**	

The average variable interest rates applicable to the other debt were as follows:

	2020		2019	
	Euros	USD/SAR	Euros	USD
Variable rates	1.66%	1.5%/2.25%	1.02%	1.50%

The carrying amount of current and non-current borrowings approximates their fair value, as the impact of discounting is not significant. Most of the borrowings are tied to variable interest rates, mainly the Euribor, and reviewed on a monthly basis.

The maturities of the borrowings are broken down in Note 3 - Liquidity risk. The carrying amount of the Group's borrowings is denominated in the following currencies:

	2020	2019
Euros	689,809	538,420
US dollars and other currencies	45,224	43,837
	735,033	**582,257**

The Group has the following undrawn credit lines and other loans:

Floating rate:	2020	2019
- maturing within one year	192,450	294,963
- maturing in more than one year	33,749	120,050
	226,199	**415,013**

At the end of June 2020, the Group refinanced the syndicated loans amounting to EUR 437 million. This refinancing consists of a loan guaranteed by the ICO for an amount of EUR 244 million (COVID-19 ICO line), as well as a loan of EUR 127 million and a credit facility in the amount of EUR 66 million, both backed by CESCE. This financing requires a consolidated net financial debt/EBITDA ratio that is less than or equal to 2.5. This condition was met as of the date of authorisation for issue of these financial statements.

In addition, these two agreements contain the following limitation on distributing profits for the years 2021-24: 30% of the consolidated net profit for the years 2021/2022, 40% of the consolidated net profit for 2023 and 50% of the consolidated net profit for 2024.

In addition, in 2020 the Group issued short-term promissory notes at 31 December 2020 amounting to EUR 67,715 thousand. The average interest rate is 0.6%. Likewise, bonds were issued on the Alternative Fixed-Income Market (MARF) amounting to EUR 29,435 thousand. With an interest of 2.75% and maturing in December 2024.

The long-term private debt placement agreements and the German promissory note financing in force at 31 December 2020 require that the net financial debt/EBITDA ratio be less than or equal to 3. This condition was met as of the date of authorisation for issue of these financial statements.

At the date of preparation of these financial statements, the financial entities participating in the two syndicated credit lines authorised the waiver of the Group's obligation to meet the financial ratio (Net financial debt/consolidated EBITDA must be less than or equal to 2.5) in 2021.

22. Provisions for contingencies and charges

22.1. Provisions for contingencies and charges - Non-current

Item	Provision for estimated losses	Provision for infrastructure	Other provisions	Total provisions for contingencies and charges
Balance at 01/01/2019	**3,432**	**4,000**	**32,207**	**39,639**
Reversals/amounts used	(844)	-	(4,500)	(5,344)
Transfers	-	-	-	-
Period provisions	-	-	-	-
Balance at 31/12/2019	**2,588**	**4,000**	**27,707**	**34,295**
Reversals/amounts used	(18,075)	-		(18,075)
Period provisions	18,075	-	2,932	21,007
Balance at 31/12/2020	**2,588**	**4,000**	**30,639**	**37,227**

In compliance with IAS 37, the Group recognises provisions to cover estimated future losses on projects currently in progress.

a) Provision for infrastructure:

For those projects that are completed, the Group also estimates the probable costs that will subsequently be incurred.

b) Other provisions:

This line item relates to provisions arranged to cover other contingencies and charges, provisions for probable risks, provisions for risks of litigation and other non-current payments to be made.

With regard to non-current provisions, given the nature of the risks included, it is not possible to determine a reasonable schedule for the related payments.

22.2. Provisions for contingencies and charges - Current

	Provisions for contingencies and charges - Current
Balances at 01/01/2019	**29,863**
Reversals/amounts used	-
Period provisions	13,779
Balances at 31/12/2019	**43,642**
Reversals/amounts used	(42,483)
Period provisions	28,782
Balances at 31/12/2020	**29,941**

In 2020, the provision related to the Finnish project amounting to approximately EUR 40 million was paid.

23. Revenue

	2020	2019
Income from engineering and construction contracts	3,520,589	4,699,090
Services rendered	-	18
Total revenue	**3,520,589**	**4,699,108**

Note 5 presents the main business segments and geographical areas in which the Group operates.

24. Procurements and other operating income and expenses

24.1. Procurements

The procurement section includes, in particular, the amount of materials and the costs of construction subcontracts, such as metal structures, civil engineering, assembly of equipment, etc., and engineering services.

24.2. Other operating expenses

	2020	2019
Services	93,721	87,520
Independent professional services	54,681	48,067
Repairs and upkeep	13,015	11,223
Banking and similar services	52,766	43,801
Transport costs	13,219	26,370
Insurance premiums	16,769	13,265
Utilities and supplies	7,335	17,598
Other	6,169	16,940
	257,675	**264,784**

24.3. Other operating income

“Services” includes the expenses related to the work performed.

	2020	2019
Grants related to income	1,281	716
Other	8,870	7,117
	10,152	**7,833**

“Other” includes mainly the income obtained from the operation of concessions.

24.4. Other gains/(losses)

Included under this heading is the net profit obtained from the sale of all the shares of Eurocontrol, S.A. (see note 2.3.1), amounting to EUR 10,315 thousand.

25. Employee benefit expenses

	2020	2019
Wages and salaries	469,299	511,287
Social security expense	76,038	82,659
Other staff costs	14,347	14,831
Long-term employee remuneration obligations	2,171	2,053
	561,856	**610,831**

The Wages and salaries heading includes an amount of EUR 6,961 thousand (2019: EUR 5,734 thousand) as severance payments.

26. Financial profit/(loss)

	2020	2019
Finance income		
Interest income from short-term deposits in banks and others	3,455	7,450
Net earnings/(losses) in the fair value of financial instruments at fair value, with changes posted to profit/(loss) and others	(308)	324
Total finance income	**3,147**	**7,774**
Finance costs:		
Interest expense on loans with banks	(14,771)	(10,427)
Net losses from foreign currency transactions	(6,583)	(12,082)
Other finance costs	(1,942)	(14,678)
Interest on lease liabilities	(756)	(939)
Total finance costs	**(24,053)**	**(38,126)**

In 2019, "Other finance costs" included the interest on inspection reports amounting to EUR 12,075 thousand.

Note 9 explains the impact of foreign currency hedging contracts on profit/(loss). That impact, as well as exchange gains/(losses) generated by the hedged instrument, is recognised as part of the operating profits/(losses).

27. Income tax

The companies of the Técnicas Reunidas group included in the Consolidated Taxation Regime are the following: Técnicas Reunidas, S.A., Técnicas Reunidas Internacional, S.A., Termotécnica, S.A., Técnicas Reunidas Construcciones y Montajes, S.A., Técnicas Reunidas Ecología, S.A Técnicas Siderúrgicas, S.A., Española de Investigación y Desarrollo, S.A., Técnicas Reunidas Proyectos Internacionales, S.A. Técnicas Reunidas Metalúrgicas, S.A., Layar, S.A, Layar Real Reserva, S.A., ReciclAguilar, S.A Initec Plantas Industriales, S.A.U. Initec Infraestructuras, S.A.U., S.L, Heymo, S.A., Deportes Valdavia 2017, S.L., Valdavia Gym, S.L., Valdavia Pádel, S.L. and Ibérica del Espacio, S.A.

For the calculation of the tax base of the tax group and the different individual companies included in the scope of consolidation, the accounting profit/(loss) is adjusted in accordance with the temporary and permanent differences that may exist, giving rise to the corresponding deferred tax assets and liabilities. In general, the deferred tax assets and liabilities arise as a consequence of valuation standardisations between accounting criteria and principles of individual companies and those of the consolidated group, to which those of the parent apply.

The breakdown of the tax expense is as follows:

	2020	2019
Current tax	(10,271)	68,325
Deferred tax	15,135	(54,960)
Submission of Certificates	617	55,418
Prior years' adjustments	1,420	(2,987)
Income tax	**6,901**	**65,796**

The tax on the Group's profit before taxes differs from the theoretical amount that would have been obtained using the tax rate applicable to the profits of the consolidated companies as follows:

	2020	2019
Profit/(Loss) before tax	**19,883**	**55,801**
Tax calculated at the tax rate applicable to the profits of the Parent	4,971	13,950
Tax effects of:		
- Tax-exempt profits	(30,656)	(12,709)
Non-deductible expenses/Non-taxable income for tax purposes	(20,464)	4,314
- Effect of difference in tax rates in other countries	4,500	(17)
- Tax losses for which no tax credit has been recognised	48,907	18,000
- Deductions applied and non-recoverable withholdings	-	(1,398)
- Tax loss carryforwards	(1,545)	(8,213)
- Submission of audit certificates	617	55,418
- Other	571	(3,549)
Tax expense	**6,901**	**65,796**

The breakdown of the deferred tax assets and liabilities is as follows:

	2020	2019
Deferred tax assets		
recoverable in over 12 months	402,953	371,354
recoverable in under 12 months	4,308	16,070
	407,261	**387,424**
Deferred tax liabilities		
recoverable in over 12 months	72,199	25,254
recoverable in under 12 months	-	42,243
	72,199	**67,497**

The changes in the deferred tax assets and liabilities are as follows:

	Assets	Liabilities
Balance at 01 January 2019	**319,260**	**54,293**
Generations and reversions with impact on the income statement	68,164	13,204
Generations and reversions with impact on equity	-	-
Balance at 31 December 2019	**387,424**	**67,497**
Generations and reversions with impact on the income statement	19,837	4,702
Generations and reversions with impact on equity	-	-
Balance at 31 December 2020	**407,261**	**72,199**

The prepaid or deferred taxes arise from the following items:

Assets	2020	2019
Tax credits from tax loss carryforwards	107,209	103,892
Losses incurred in subsidiaries and permanent establishments	236,814	202,488
Project valuation standardisation	26,251	21,270
Hedging reserve	946	5,498
Impact of IFRS 15 and IFRS 9	7,245	8,896
Other	28,796	45,380
	407,261	**387,424**

Liabilities	2020	2019
-Timing differences in countries	57,715	60,097
-Project valuation standardisation and others	11,839	7,274
-Hedging reserve	2,645	126
	72,199	**67,497**

Deferred tax assets are recognised to the extent that generation of the related taxable profit is likely to be obtained through future taxable profits.

A breakdown by geographic zone of the tax credits from tax loss carryforwards pending offset activated at 31 December 2020 and 2019 and of the prepaid taxes arising from losses incurred in subsidiaries and permanent establishments is presented below:

	2020	2019
Europe	84,756	62,887
Saudi Arabia	17,128	34,746
America	5,325	6,259
Total tax credits from tax loss carryforwards	**107,209**	**103,892**
Spain	236,814	202,488
Total prepaid taxes from losses incurred in subsidiaries and permanent establishments	**236,814**	**202,488**

In Spain and Saudi Arabia there is no time limit to apply prepaid taxes and deduct tax losses, respectively, pursuant to the legislation in force.

It is expected to recover the tax credits and prepaid taxes generated by losses in branches/subsidiaries of the Parent in a period not exceeding 10 years, as, among other actions, there is a plan set out to liquidate those subsidiaries/branches in a shorter period.

The details of tax loss carryforwards from foreign subsidiaries on which tax assets have not been recognised essentially corresponds to the following:

	2020		2019	
	Base	**Tax charge**	**Base**	**Tax charge**
Spain	112,688	28,172	-	-
Portugal	5,417	1,138	9,842	2,067
Saudi Arabia	261,091	52,218	147,115	29,423

Management does not consider their activation at the year-end as it is not possible to reliably predict their recovery date.

No deferred taxes were generated in 2020 and 2019 from transactions charged or paid directly against equity, in addition to those detailed in the Consolidated Financial Statement.

On 28 June 2014, the Tax Agency communicated to Técnicas Reunidas, S.A., as Parent of the Tax Group, the initiation of inspection proceedings for the 2008-11 corporation tax.

In June 2015, the Parent Company received a settlement proposal for an amount of EUR 138.2 million plus interest and signed the assessment on a contested basis. The settlement agreement is based on the discrepancies of the Tax Agency with the criteria on which the Group's transfer pricing strategy is based.

In July 2015, the settlement proposal was unsuccessfully appealed for reconsideration before the Tax Agency. The Company filed an appeal for judicial review against this ruling before the Central Judicial Review Court on 15 September 2015.

In 2018, the Central Judicial Review Court (TEAC) partially ruled in favour of the Group, reducing the settlement amount by EUR 20.9 million plus interest and establishing the current amount of the claim at EUR 117.3 million plus interest. The Spanish Tax Agency has not filed an appeal against this ruling.

In October 2018, the Group filed an administrative appeal with the National High Court against the corresponding decision of the Central Judicial Review Court. In 2020, the statement of claim for all the proceedings was filed and the response to the claim by the State Attorney was received in all the proceedings, and the parties are waiting for the National Appellate Court to rule on the request for expert evidence made by TRSA and the joint ventures.

The Parent Company's management and its tax advisers have concluded that it is not likely that the amount of the tax assessments appealed before the National Appellate Court will have to be paid. Management considers that there are technical arguments for the opinions of Técnicas Reunidas to be upheld in their entirety, and that likelihood is higher in the judicial review phase. Técnicas Reunidas' opinion is based on the fact that the agreed assessments signed in 2010 recognised the right of exemption of the unincorporated temporary joint ventures with which the Técnicas Reunidas Group operates abroad and, moreover, defined the intragroup transactions model on which Técnicas Reunidas developed its new transfer pricing model, with the support of its tax advisers.

Consequently, management considered that it was not necessary to recognise any liability.

At the date of preparation of these consolidated annual financial statements, the Parent did not have to make any payments related to the Certificates of Non-Conformity, since both the payment and the interest are guaranteed.

On 3 July 2017, the tax audit began with regard to income tax for 2012 to 2014 and all other taxes for 2014 to 2015.

In October 2019, the certificates of conformity for 2012 were signed, and the settlement associated with these certificates amounted to EUR 26,826 thousand (EUR 21,251 thousand for the payment and EUR 5,576 thousand in interest). This amount was paid in January 2020.

In January 2020, the certificates of conformity for 2013 and 2014 were signed, and the settlement associated with these certificates amounted to EUR 28,324 thousand for 2013 (EUR 23,456 thousand for the payment and EUR 4,868 thousand in interest), while for 2014 the settlement figure was EUR 11,924 thousand (EUR 10.293 thousand for the payment and EUR 1,631 thousand in interest).

The amount for 2014 was paid in January 2020, while of the amount corresponding to 2013, EUR 1,045 thousand was paid in 2020 (EUR 1,030 thousand for the payment and EUR 15 thousand in interest) with the amount of EUR 28,047 thousand pending payment for the first quarter of 2021 (EUR 27,294 thousand for the payment and EUR 753 thousand in interest). At the date of preparation of these financial statements, all outstanding certificates were paid.

The agreements reached relate to the application of tax exemptions to the execution of projects through joint ventures. The Group and the Tax Inspectorate agreed that this exemption is partially applicable.

The signing of these Certificates of Conformity is intended to reduce the risks associated with the tax litigation that the Group bears. In addition, and in the opinion of the Director and the Group's tax advisers, the signing of that agreement does not change the estimate that the claim before the National High Court will be concluded favourably.

Likewise, as a result of the inspection for 2012-14, there are a number of points regarding the tax on companies that have been the subject of certificates signed in non-conformity. The amount of these non-conformities amounted to EUR 3,566 thousand for 2012 (EUR 2,823 thousand for the payment and 744 thousand euros corresponding to interest), while for 2013 and 2014 these certificates contained a settlement proposal amounting to EUR 5,002 thousand euros (EUR 4,169 thousand euros for the payment and 833 thousand euros corresponding to interest).

In response to the settlement agreements and proposals for sanctions, TRSA filed a judicial review claim in the Central Judicial Review Court, requesting suspension of payment of the debt (an application that has been granted), and the case is currently awaiting a docket to file submissions.

The Parent's Director and its tax advisers have concluded that it is unlikely that the amount of the certificates appealed to the Central Judicial Review Court will have to be paid, so no provision has been made for these items.

The detail of the years open for inspection is as follows:

Tax	Years
Corporate Income Tax	2015-2020
Value-added tax	2016-2020
Personal income tax	2016-2020
Taxes other than income tax	Last 4 years

The varying interpretations of current tax legislation in force, inter alia, could give rise to additional liabilities as a result of a tax audit. In any case, the Parent's Directors consider that, should they arise, these liabilities would not have a material effect on the consolidated annual financial statements.

28. Profit/(loss) per share

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares acquired by the Parent.

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all the potential dilutive ordinary shares. Given that the Parent does not hold any class of potential dilutive ordinary shares, the diluted earning per share matches the basic earning per share.

	2020	**2019**
(Loss)/Profit for the year attributable to ordinary equity instrument holders of the entity	11,049	(9,230)
Weighted average number of ordinary shares outstanding	53,700,271	53,698,594
(Loss)/Earnings per share of the profit attributable to ordinary equity holders of the entity (EUR per share)	0.21	(0.17)

Dividends per share

No dividends were distributed in 2020 and 2019.

29. Contingencies and security interest provided

The Group has contingent liabilities for bank guarantees and other securities related to the normal course of business. It is envisaged that no significant liability will arise from them in addition to those cases for which provisions were made as mentioned in Note 21. In the normal course of the activities, and as is usual among companies dedicated to engineering and construction activities, the Group has issued guarantees to third parties for a value of EUR 5,033,692 thousand (2019: EUR 5,861,288 thousand) to guarantee the adequate fulfilment of agreements.

The total guarantees provided include syndicated guarantee lines amounting to EUR 560,429 thousand (2019: EUR 709,316 thousand) that are subject to certain covenants, compliance with which was exempted at 31 December 2020. The Parent's directors expect that the ratios or covenants included in the syndicated guarantee contracts will be met at the end of the next financial year.

In accordance with the general contracting terms and conditions of the Company and the Group companies, they are obliged to issue technical guarantees in relation to the execution of their work (bank bonds) and they must be held for a certain period.

As mentioned in Note 7, the bank borrowings in the amount of EUR 15,108 thousand (2019: EUR 16,886 thousand) financed the construction of the Concessions. Those loans (except for EUR 1,200 thousand) are secured with the stated concession assets.

In relation to the tax audits mentioned in Note 27, guarantees have been presented before the Tax Agency in an amount of EUR 139.7 million for the tax payable and EUR 45 million for late-payment interest. At the Group's request, on 14 February 2020, the Revenue Agency agreed to reduce the amount of these guarantees in order to reduce the guarantee by approximately EUR 25 million, in line with the reduction in tax liabilities achieved as a result of the partial sustaining of the judicial review claim.

The Group is party to certain judicial and arbitration disputes, framed in the closure process of the projects, with customers and suppliers. Based on the opinion of the Group's legal advisers, formulated based on the available information, the Parent Company believes that, except for the disputes for which the provision corresponding to the best forecast made on the impact that its resolution could have has been recognised (see Note 22), their outcome will not significantly influence the Group's financial position.

Specifically, in 2021, a customer initiated arbitration against Técnicas Reunidas, asking the arbitrator to validate the actions related to the termination of the contract and a supplemental amount. Técnicas Reunidas, submitted its counterclaim and its Directors, based on the information available, do not expect any additional liabilities to arise from it.

30. Commitments

Fixed asset purchase commitments

There are no significant investment commitments in relation to asset purchases at 31 December 2020 or 31 December 2019.

Supplier and contractor purchase commitments

The Group has payment commitments vis-à-vis its suppliers, in addition to those recognised in the trade payables heading, as a result of orders in the preparation or construction phase that cannot be invoiced until the contractual milestones are reached. In this respect, the invoices to customers of the Group are issued in accordance with contractual milestones of a similar nature to those that the Group maintains with its suppliers.

Information on the average period of payment to suppliers. Additional provision three. "Reporting obligations" under Spanish Law 15/2010, of 5 July. (Under the new wording given by final provision two of Spanish Law 31/2014 reforming the Corporate Enterprises Act [*Ley 31/2014 de reforma de la Ley de Sociedades de Capital*]).

As established by the law in question, as well as the resolution of the Spanish Accounting and Account Auditing Institute of 29 January 2016, the following information is broken down in reference to the average period of payment to suppliers.

	2020	2019
Average period of payment to suppliers	87	69
Ratio of transactions paid	83	64
Ratio of transactions not yet settled	98	104

	2020	2019
Total payments made	3,270,992	3,464,088
Total payments pending	999,130	485,298

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Group may, as an exception, exceed the stipulated due dates in cases of invoices that do not comply with the terms of the agreement because they are not officially fulfilled, due to guarantees not being received or due to breach of other obligations of suppliers under the signed service agreement or order, or other reasons related to the normal performance of the transaction.

The calculation of the data of the above table was performed in accordance with the Spanish Accounting and Account Auditing Institute resolution of 29 January 2016. For the purposes of this note, the trade payables item includes the heading of suppliers and sundry payables for debts to goods suppliers or service providers included in the scope of the regulation on legal payment deadlines.

For the calculation of the information contained in this note, the transactions executed with the Group’s suppliers has been considered after eliminating the reciprocal credits and debits of the subsidiaries and, as applicable, those of the multi-group companies pursuant to the applicable consolidation rules.

The above table only includes the information corresponding to the Spanish entities included in the consolidated group.

31. Related party transactions

The related-party transactions during 2020 and 2019 pertain to the Company's ordinary business. The stated transactions with related parties are as follows:

a) Transactions with the main shareholders of the Company

The Company did not perform transactions with any of its main shareholders in 2020 or 2019.

b) Transactions with directors and executives of the Company and related entities

No transactions were performed with the Company’s directors in 2020 or 2019, except as detailed below:

- **Transactions performed with Banco Sabadell in 2020:**

The above information relates to 2020 and 2019.

Transactions performed in the year:

	2020	2019
Finance costs	493	781
Finance income	3	22
Credit lines	10,000	10,000
Drawn balances	5,000	1,800
Guarantee lines	77,000	77,000
Used guarantees	36,757	51,756
Cash and cash equivalents	5,401	32,323

Note 33 includes information related to the remuneration paid to the directors of Técnicas Reunidas, S.A.

- **Remuneration paid to senior management**

Furthermore, during 2020, remuneration (wages and salaries, both fixed and variable) was paid to senior management of the Group for a total of EUR 4,877 thousand (2019 comparison: EUR 4,761 thousand), as well as loans in the amount of EUR 0 thousand (2019: EUR 92 thousand), as well as loans in the amount of EUR 0 thousand (2019: EUR 95 thousand). The gross amounts paid to unrelated persons who are no longer part of senior management amount to EUR 1,415 thousand (2019: EUR 0 thousand).

c) Transactions with associates

Details of the balances and transactions with the associates included in Appendix II is presented below:

	2020				2019					
	Bank loans	Payables to suppliers	Purchases	Interest	Trade receivables	Payables to suppliers	Purchases	Sales	Bank loans	Interest
Empresarios Agrupados. A.I.E	-	-	-	-	-	16	2,123	2,041	-	-
Empresarios Agrupados Internacional, S.A	-	-	-	-	1,911	878	886	5,746	-	-
Ibérica del Espacio, S A	-	-	-	-	167	-	-	111	-	-
Master. S.A Ingeniería y Aquitectura	3,671	278	1,685	49	-	506	1,725	-	3,003	42

32. Environmental disclosures

In view of the business activities carried on by the Group companies, the Group does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual financial statements.

33. Other information

a) Average number of employees of the Group by category

The average number of people employed over the year by the companies included by global integration in the scope of consolidation, distributed by categories, is as follows:

	2020	2019
Executive directors and senior executives	12	13
Graduates, line personnel and clerical staff	8,022	9,096
Non-graduates/Unqualified staff	306	298
Sales staff	49	54
	8,389	**9,461**

The average number of people employed over the year by the joint ventures included by proportional integration in the scope of consolidation, distributed by categories, is as follows:

	2020	2019
Graduates, line personnel and clerical staff	234	95
Non-graduates/Unqualified staff	-	21
Sales staff	11	2
	245	**118**

Moreover, the gender balance of the staff of companies included by global integration in the scope of consolidation at the year-end is as follows:

	2020			2019		
	Men	Women	Total	Men	Women	Total
Executive directors and senior executives	11	1	12	11	2	13
Graduates, line personnel and clerical staff	5,493	1,892	7,385	6,833	2,201	9,034
Non-graduates/Unqualified staff	264	18	282	284	1	285
Sales staff	25	20	45	31	23	54
	5,793	**1,931**	**7,724**	**7,159**	**2,227**	**9,386**

The above figures include 266 subcontracted workers and independent contractors (2019: 813 workers).

The average number of people employed in 2020 and 2019 by the companies included in the scope of consolidation with a disability level greater than or equal to 33% amounted to 34 and 31 workers respectively, in the “Graduates, other line personnel and clerical staff” category.

b) Fees paid to auditors

The fees for services contracted in 2020 and 2019 by companies of the Técnicas Reunidas Group with their respective auditors are as follows:

	2020		2019	
	PwC	**Deloitte**	**PwC**	**Deloitte**
Financial audit services	808	552	567	599
Other assurance services provided by the auditor	165	54	228	36
Other services rendered by the auditor	12	-	31	-
Other services rendered by entities of the auditor network	344	39	496	158
	1,329	**645**	**1,322**	**793**

c) c) Information required by section 229 of the Spanish Corporate Enterprises Act

The Directors of the Parent do not have any issue to inform in relation to section 229 of the Spanish Corporate Enterprises Act, approved by means of Royal Legislative Decree 1/2010, of 2 July, except the following:

- Juan Lladó Arburúa is a non-executive director of Master S.A. de Ingenieria y Arquitectura. Moreover, he is also Deputy Chairman of Técnicas Reunidas Internacional, S.A. and Española de Investigación y Desarrollo, S.A., and Joint Director of Técnicas Reunidas Proyectos Internacionales, S.A.

d) Remuneration paid to members of the Parent’s Board of Directors

The overall remuneration received by the members of the Company’s Board of Directors during the years ended 31 December 2020 and 2019 is presented below:

Allowances for attendance at Board of Directors meetings, received by all the Board members: EUR 1,865 thousand (2019: EUR 1,851 thousand).

Wages and salaries: EUR 2,073 thousand (2019: EUR 2,310 thousand).

Life insurance and pension plan premiums: EUR 38 thousand (2019: EUR 39 thousand).

Services rendered to the Group: EUR 301 thousand (2019: EUR 303 thousand).

Furthermore, the Group paid EUR 145 thousand in 2020 and 2019 for third-party liability insurance for managers and directors.

34. Events after the balance sheet date

From 31 December 2020 until the date of formulation of these consolidated annual financial statements, there have been no subsequent relevant facts that need to be broken down.

In addition, we declare that the consolidated annual financial statements we have prepared were not prepared and submitted in European Single Electronic Format (ESEF) in accordance with the content of Commission Delegated Regulation (EU) 2019/815 of supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, having adopted the option of deferring the use of this format contained in the communiqué issued by the Institute of Accounts and Audit of Accounts (ICAC) on 12 February 2021, which forms the basis of the resolution to amend the aforementioned Directive by the European Parliament and of the Council, reached in December 2020, to allow listed companies to defer the obligation to prepare and publish their financial reports in accordance with the EU for a period of one year.

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APPENDIX I
Subsidiaries included in the scope of consolidation – 2020

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Técnicas Reunidas Internacional, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Termotécnica, S.A.	Conde Valle Suchil, 20. Madrid, Spain	99.98%	Técnicas Reunidas, S.A. and Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service and Machinery Wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Property Development	Unaudited
Técnicas Reunidas Ecología, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Metalúrgicas, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Trade Panamá, S.A.	Republic of Panama, Panama	100%	Técnicas Reunidas, S.A.	I.G.	Inactive Company	Unaudited
Técnicas Siderúrgicas, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited

Española de Investigación y Desarrollo, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Layar, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Property Activity	Unaudited
Layar Real Reserva, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Layar, S.A.	I.G.	Property Activity	Unaudited
Initec Plantas Industriales, S.A.	Calle Maria de Portugal 9-11, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC/Deloitte
Initec Infraestructuras, S.A.	Calle Rafel Calvo 3-5, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Chile Ltda.	Badajoz Nº 45, Oficina 1901, Edificio Fundadores, Las Condes, Santiago de Chile, Chile	100%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
ReciclAguilar, S.A.	Calle Rafael Calvo 3-5, Spain	80%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	P.O. Box 39561, Dahrahn 31942 (Saudi Arabia)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
TR Engineering LLC – Oman	Safeway Building, 2nd floor, Building No. 68, Way No. 3305, Dohat-Al Abad, Muscat, Sultanate of Oman	49%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
Técnicas Reunidas Omán LLC	Safe Way Building, Building No. 68, Way No. 3305, Dohah-Al Abad Street, Alkhuwair, Muscat, Sultanate of Oman	70%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
Técnicas Reunidas Hellas, S.A. – Greece	Panepisstimiou, 10564, Athens, Greece	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Netherlands B.V.	Parklaan 34, 3016BC Rotterdam, the Netherlands	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited

Técnicas Reunidas de Construcao Unip. LDA - Portugal	Rua Latino Coelho, n.º 87, Distrito: Lisbon, Concelho: Lisbon, Freguesia: Avenidas Novas, 1050, 132 Lisbon, Portugal	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Australia Pty Ltd	Level 8, 44 ST Georges Terrace, Perth WA, 6000, Australia	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas TEC – Bolivia	Edificio el Cubo II, 2º Piso, Avenida las Ramblas, Zona Empresarial Equipetrol Norte, Santa Cruz, Bolivia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	Deloitte
Técnicas ReunidasR RUP INSAAT TAAHHÜT Limited Sirketi	Kozyatağı Nidakule Değirmen Sok. No:18/19A- 10. Kat Oda :26 Kozyatağı Kadıköy - İst.-P.K.34742 Adres No: 2252546268, Turkey	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	PwC
Técnicas Reunidas Dufi CCGT Kft	1077 Budapest, Wesselényi utca 16. 3. em.; new seat: 1138 Budapest, Népfürdő utca 22. Building B. 13th floor, Hungary	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	Unaudited
TR Canada Inc	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

TR Saudi Arabia LLC	P.O. P.o. Box 40.538, Jeddah 21511, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Saudia for Services and Contracting Company Limited	P.O. Box 77076, 31952 Al Khobar, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Mühendislik ve İnsaat A.S	Kozyatağı Nidakule Değirmen Sok. No:18/19A- 10. Kat Oda :26 Kozyatağı Kadıköy - İst.-P.K.34742 Adres No: 2252546268, Turkey	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas engineers India private limited (TREI)	103 Ashoka Estate, Barakhamba Road, New Delhi – 110 001 India	100%	Técnicas Reunidas, S.A.	I.G.	Consultancy and assistance in international engineering projects	LUTHRA-LUTHRA
Tecreun República Dominicana, S.R.L.	Avda. de los Próceres, Diamond Mall, 1º piso, local 25A, Santo Domingo, Dominican Republic	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Perú Ingeniería y Construcción S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, Peru	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited

TReunidas México Ingeniería y Construcción de R.L. de C.V.	Avda Álvaro Obregón 151, piso 6, despacho 601 col Roma Norte CP 06700, Del: Cuauhtemoc, Mexico City, Mexico	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas de Talara, S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, Peru	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Malaysia SDN.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 40100, Kuala Lumpur, Malaysia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
TR Servicios S.R.L. de C.V.	Calle Tiburcio Monteil 76, San Miguel Chapultepec, Miguel Hidalgo, Distrito Federeal, 11850, Malaysia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas USA L.L.C.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Louisiana L.L.C.	Baton Rouge, Louisiana, USA	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Houston L.L.C.	1790 Hugues Landing Boulevard, the Woodlands, Texas 77380, USA	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Heymo Ingeniería, S. A.	Avenida de Burgos 89, Edificio 3, plnta 6ª, núcleo A, Parque empresarial Adequa, 28050-Madrid, Spain	100%	Técnicas Reunidas, S. A.	I.G.	Engineering Services	Deloitte

Técnicas Reunidas Ghana	4 Momotse avenue, Adabraka-Accra Mteropolitan, Greatrer Accra, PO BOX NT 1632, A., Ghana	100%	Técnicas Reunidas Netherlands B.V.	I.G.	Engineering Services	Unaudited
Tecnicas Reunidas Canada E&C INC.	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Sagemis	Via Zucchi 1, 20900 Monza MB, Italy	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Tecnicas Reunidas UK	Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB, United Kingdom	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Metalúrgica Chile	Avda. Bosque Norte, 107, Las Condes, Santiago de Chile	100%	Termotécnica,S.A.	I.G.	Engineering Services	Deloitte
Deportes Valdavia	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Valdavia Padel S.L.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Valdavia Gim S.L.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Ibérica del Espacio, S.A.	Calle Magallanes 3, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC

TR Alberta	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Argentina	MORENO 957 Piso:2 Dpto:1 1091-CIUDAD AUTONOMA BUENOS AIRES	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Colombia	AK 9 # 127 C 60 OF 311 Municipio: Bogotá D.C	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Projeler	Kozyatagi Mahallesi Degirmen Sk. Nida Kule A Blok Apt. Nº: 18/19 Kadikoy/Istanbul	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Tecnicas Reunidas LLC (Duqm)	The Special Economic Zone at Duqm / Al-Duqm / Al Wusta Governorate / P.O. Box: 2991 / Postal Code 112	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Bahrain W.L.L	Sanabis, block 410, road 1010, building 474, flat 211	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TECNICAS REUNIDAS GLOBAL FOR ENGINEERING CONSULTANTS CO. LTD	P.O. Box 30909, Al Khobar 31952, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

APPENDIX I

Subsidiaries included in the scope of consolidation – 2019

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Técnicas Reunidas Internacional, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Termotécnica, S.A.	Conde Valle Suchil, 20. Madrid, Spain	99.98%	Técnicas Reunidas, S.A. and Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service and Machinery Wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Property Development	Unaudited
Técnicas Reunidas Ecología, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Metalúrgicas, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Trade Panamá, S.A.	Republic of Panama, Panama	100%	Técnicas Reunidas, S.A.	I.G.	Inactive Company	Unaudited
Técnicas Siderúrgicas, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Española de Investigación y Desarrollo, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Layar, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Property Activity	Unaudited
Layar Real Reserva, S.A.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Layar, S.A.	I.G.	Property Activity	Unaudited

Eurocontrol, S.A.	Calle Zurbano 48, Spain	80%	Layar, S.A and Layar Real Reserva, S.A.	I.G.	Inpsection, Quality Control, Technical Consulting.	Acisa
Initec Plantas Industriales, S.A.	Calle Maria de Portugal 9-11, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC/Deloitte
Initec Infraestructuras, S.A.	Calle Rafel Calvo 3-5, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Chile Ltda.	Badajoz Nº 45, Oficina 1901, Edificio Fundadores, Las Condes, Santiago de Chile, Chile	100%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
ReciclAguilar, S.A.	Calle Rafael Calvo 3-5, Spain	80%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	P.O. Box 39561, Dahrahn 31942 (Saudi Arabia)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
TR Engineering LLC – Oman	Safeway Building, 2nd floor, Building No. 68, Way No. 3305, Dohat-Al Abad, Muscat, Sultanate of Oman	49%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
Técnicas Reunidas Omán LLC	Safe Way Building, Building No. 68, Way No. 3305, Dohah-Al Abad Street, Alkhuwair, Muscat, Sultanate of Oman	70%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
Técnicas Reunidas Hellas, S.A. – Greece	Panepisstimiou, 10564, Athens, Greece	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Netherlands B.V.	Parklaan 34, 3016BC Rotterdam, the Netherlands	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas de Construcao Unip. LDA - Portugal	Rua Latino Coelho, n.º 87, Distrito: Lisbon, Concelho: Lisbon, Freguesia: Avenidas Novas, 1050, 132 Lisbon, Portugal	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Australia Pty Ltd	Level 8, 44 ST Georges Terrace, Perth WA, 6000, Australia	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas TEC – Bolivia	Edificio el Cubo II, 2º Piso, Avenida las Ramblas, Zona Empresarial Equipetrol Norte, Santa Cruz, Bolivia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	Deloitte

Técnicas ReunidasR RUP INSAAT TAAHHÜT Limited Sirketi	Kozyatağı Nidakule Değirmen Sok. No:18/19A- 10. Kat Oda :26 Kozyatağı Kadıköy -İst.- P.K.34742 Adres No: 2252546268, Turkey	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	PwC
Técnicas Reunidas Dufi CCGT Kft	1077 Budapest, Wesselényi utca 16. 3. em.; new seat: 1138 Budapest, Népfürdő utca 22. Building B. 13th floor, Hungary	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	G.I.	Engineering Services	Unaudited
TR Canadá Inc	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Saudi Arabia LLC	P.O. P.o. Box 40.538, Jeddah 21511, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Saudia for Services and Contracting Company Limited	P.O. Box 77076, 31952 Al Khobar, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Mühendislik ve İnsaat A.S	Kozyatağı Nidakule Değirmen Sok. No:18/19A- 10. Kat Oda :26 Kozyatağı Kadıköy -İst.- P.K.34742 Adres No: 2252546268, Turkey	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Engineers India private limited (TREI)	103 Ashoka Estate, Barakhamba Road, New Delhi – 110 001 India	100%	Técnicas Reunidas, S.A.	I.G.	Consultancy and assistance in international engineering projects	LUTHRA-LUTHRA
Tecreun República Dominicana, S.R.L.	Avda. de los Próceres, Diamond Mall, 1º piso, local 25A, Santo Domingo, Dominican Republic	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

TR Perú Ingeniería y Construcción S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, Peru	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TReunidas México Ingeniería y Construcción de R.L. de C.V.	Avda Álvaro Obregón 151, piso 6, despacho 601 col Roma Norte CP 06700, Del: Cuauhtemoc, Mexico City, Mexico	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas de Talara, S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, Peru	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Malaysia SDN.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 40100, Kuala Lumpur, Malaysia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
TR Servicios S.R.L. de C.V.	Calle Tiburcio Monteil 76, San Miguel Chapultepec, Miguel Hidalgo, Distrito Federeal, 11850, Malaysia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas USA L.L.C.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Louisiana L.L.C.	Baton Rouge, Louisiana, USA	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Houston L.L.C.	1790 Hugues Landing Boulevard, the Woodlands, Texas 77380, USA	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Heymo Ingeniería, S. A.	Avenida de Burgos 89, Edificio 3, plnta 6ª, núcleo A, Parque empresarial Adequa, 28050-Madrid, Spain	100%	Técnicas Reunidas, S. A.	I.G.	Engineering Services	Deloitte

Técnicas Reunidas Ghana	4 Momotse avenue, Adabraka-Accra Mteropolitan, Greatrer Accra, PO BOX NT 1632, A., Ghana	100%	Técnicas Reunidas Netherlands B.V.	I.G.	Engineering Services	Unaudited
Eurocontrol International Services, S.L.	Calle Zurbano 39 bj - 28010 Madrid, Spain	80%	Eurocontrol, S.A.	I.G.	Engineering Services	Unaudited
Euromoody International Services, S.L.	Calle Zurbano 39 - 28010 Madrid, Spain	80%	Eurocontrol, S.A.	I.G.	Engineering Services	Unaudited
Tecnicas Reunidas Canada E&C INC.	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Sagemis	Via Zucchi 1, 20900 Monza MB, Italy	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Tecnicas Reunidas UK	Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB, United Kingdom	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Metalúrgica Chile	Avda. Bosque Norte, 107, Las Condes, Santiago de Chile	100%	Termotécnica, S.A.	I.G.	Engineering Services	Deloitte
Deportes Valdavia	Calle Arapiles 13, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Valdavia Padel S.L.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Valdavia Gim S.L.	Calle Arapiles 13, 28015, Madrid, Spain	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Ibérica del Espacio, S.A.	Calle Magallanes 3, 28015, Madrid, Spain	100%	Técnicas Reunidas, S.A. and TR Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
TR Alberta	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, Canada	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Argentina	MORENO 957 Piso:2 Dpto:1 1091-CIUDAD AUTONOMA BUENOS AIRES	100%	Técnicas Reunidas,S.A.	I.G.	Engineering Services	Unaudited
TR Colombia	AK 9 # 127 C 60 OF 311 Municipio: Bogotá D.C	100%	Técnicas Reunidas,S.A.	I.G.	Engineering Services	Unaudited

TR Projeler	Kozyatagi Mahallesi Degirmen Sk. Nida Kule A Blok Apt. Nº: 18/19 Kadikoy/Istanbul	100%	Técnicas Reunidas,S.A.	I.G.	Engineering Services	Unaudited
Tecnicas Reunidas LLC (Duqm)	The Special Economic Zone at Duqm / Al-Duqm / Al Wusta Governorate / P.O. Box: 2991 / Postal Code 112	100%	Técnicas Reunidas,S.A.	I.G.	Engineering Services	Unaudited

APPENDIX II
Associates included in the scope of consolidation – 2020

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Proyectos Ebramex, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Minatrico, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Máster S.A. de ingeniería y Arquitectura	Ronda General Mitre 126, 4ª planta, 08021- Barcelona, Spain	40.00%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited

APPENDIX II
Associates included in the scope of consolidation – 2019

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Proyectos Ebramex, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Minatrico, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Máster S.A. de ingeniería y Arquitectura	Ronda General Mitre 126, 4ª planta, 08021-Barcelona, Spain	40.00%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited

APPENDIX III

Joint operations included in the scope of consolidation – 2020

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
TSGI Mühendislik İnşaat Limited Şirketi	Turkey	33.33%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	PwC
TR Daewoo LLC	Oman	65.00%	Técnicas Reunidas, S.A.	Proportional	Engineering Services	PwC
TR Bapco	Bahrain	32.00%	Tr Saudia S.C LTD	Proportional	Engineering Services	PwC

APPENDIX III

Joint operations included in the scope of consolidation – 2019

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Construcción e Ingeniería FIM Ltda.	Chile	33.33%	Técnicas Reunidas Chile, S.A.	Proportional	Engineering Services and Project Execution	Unaudited
Construcción e Ingeniería FI Ltda.	Chile	50.00%	Técnicas Reunidas Chile, S.A.	Proportional	Engineering Services and Project Execution	Unaudited
TSGI Mühendislik İnşaat Limited Şirketi	Turkey	33.33%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	PwC
TR Daewoo LLC	Oman	65.00%	Técnicas Reunidas, S.A.	Proportional	Engineering Services	PwC
TR Bapco	Bahrain	32.00%	Tr Saudia S.C LTD	Proportional	Engineering Services	PwC

APPENDIX IV

Unincorporated temporary joint ventures, consortiums and permanent establishments in which the companies included in the scope of consolidation have shares – 2020

Entity name	Business activity	Share percentage
TR Abu Dhabi (BRANCH)	Engineering Services and Project Execution	100%
TR TURQUÍA BOTAS	Engineering Services and Project Execution	100%
TR AUSTRALIA	Engineering Services and Project Execution	100%
TReunidas Branch Argelia	Engineering Services and Project Execution	100%
TR SA ODDZIAL W POLSCE	Engineering Services and Project Execution	100%
BX TR SPOLKA CYWILNA	Engineering Services and Project Execution	50%

Entity name	Business activity	Share percentage
UTE RAMBLA	Engineering Services and Project Execution	80%
UTE Puerto de Barcelona	Engineering Services and Project Execution	50%
UTE Edif.Servs. Múltiples	Engineering Services and Project Execution	50%
UTE TR/INIT. P.I. Rabigh	Engineering Services and Project Execution	100%
UTE TR/TREC OPER.DESALAD	Engineering Services and Project Execution	100%
UTE TR/INITEC INFRA CONST	Engineering Services and Project Execution	100%

TR NORUEGA	Engineering Services and Project Execution	100%	UTE TR/Duro F. CTCC Besós	Engineering Services and Project Execution	50%
EP BANGLADESH	Engineering Services and Project Execution	100%	UTE PERELLÓ	Engineering Services and Project Execution	50%
EP JORDANIA	Engineering Services and Project Execution	100%	UTE TR/IN CONS.COMPL.VIÑA	Engineering Services and Project Execution	100%
TR KUWAIT BRANCH	Engineering Services and Project Execution	100%	UTE TSK TR ASHUGANJ NORTH	Engineering Services and Project Execution	50%
JV KUWAIT CONSORCIO	Engineering Services and Project Execution	50%	UTE TR JJC	Engineering Services and Project Execution	51%
TR FINLAND	Engineering Services and Project Execution	100%	UTE TR/ SGS PISTA 18R	Engineering Services and Project Execution	50%
UTE TR/IPI Refi. de Sines	Engineering Services and Project Execution	100%	UTE TR PHB JORDAN	Engineering Services and Project Execution	50%
TR ELEFSINA	Engineering Services and Project Execution	100%	SAMSUNG-TR JOINT VENTURE	Engineering Services and Project Execution	29%
UTE HYDROCRAKER HUNG.	Engineering Services and Project Execution	100%	TR OMAN BRANCH	Engineering Services and Project Execution	100%
UTE TR/IPI TR POWER	Engineering Services and Project Execution	100%	UTE HPP Gepesa	Engineering Services and Project Execution	60%

UTE ALQUILACION CHILE	Engineering Services and Project Execution	100%	UTE TSGI	Engineering Services and Project Execution	33%
TR ABU DHABI	Engineering Services and Project Execution	100%	TR MOSCU BRANCH	Engineering Services and Project Execution	100%
UTE TR JUBAIL	Engineering Services and Project Execution	100%	TECNICAS REUNIDAS FR BR.	Engineering Services and Project Execution	100%
UTE TR RUP	Engineering Services and Project Execution	100%	JV DARSAIT	Engineering Services and Project Execution	50%
UTE TR YANBU REFINERY	Engineering Services and Project Execution	100%	CONSORCIO TR/JJC PERÚ	Engineering Services and Project Execution	51%
UTE TR-IPI ABU DHABI SHAH	Engineering Services and Project Execution	100%	CONSORC. MOTA ENGIL TRPIC	Engineering Services and Project Execution	50%
UTE TR DUFI HUNGRIA	Engineering Services and Project Execution	100%	JV SOHAR	Engineering Services and Project Execution	50%
UTE VOLGOGRAD	Engineering Services and Project Execution	100%	TR QATAR	Engineering Services and Project Execution	100%
UTE INTEGRATED PROJECT	Engineering Services and Project Execution	100%	JV RAILWAY	Engineering Services and Project Execution	34%
UTE TR JRTP JAZAN	Engineering Services and Project Execution	100%	TRSA INDIA 33059	Engineering Services and Project Execution	100%

UTE TR TALARA	Engineering Services and Project Execution	100%	TRSA INDIA 33065	Engineering Services and Project Execution	100%
UTE TR OPTARA	Engineering Services and Project Execution	100%	TRSA India 33117	Engineering Services and Project Execution	100%
UTE STURGEON	Engineering Services and Project Execution	100%	TR Branch Azerbaijan	Engineering Services and Project Execution	100%
UTE TR INTEGRATED GAS	Engineering Services and Project Execution	100%	UTE TR HARADH GAS COMPRES	Engineering Services and Project Execution	30%
UTE FORT HILLS	Engineering Services and Project Execution	100%	UTE TR ADGAS	Engineering Services and Project Execution	15%
UTE TR MINATITLAN	Engineering Services and Project Execution	100%	UTE TR BU HASA	Engineering Services and Project Execution	15%
UTE TRISA/AST. P. EBRAMEX	Engineering Services and Project Execution	33%	TRD DUQM PROJECT	Engineering Services and Project Execution	65%
UTE TRISA/AST. P. MINATR.	Engineering Services and Project Execution	33%	TR SHARJAH	Engineering Services and Project Execution	100%
UTE IGD	Engineering Services and Project Execution	100%	TR SINGAPOUR	Engineering Services and Project Execution	100%
UTE TR ETO	Engineering Services and Project Execution	100%	UTE TR BALONGAN	Engineering Services and Project Execution	100%

UTE FAHDILI	Engineering Services and Project Execution	100%	UTE TR JURONG	Engineering Services and Project Execution	100%
UTE HAIL	Engineering Services and Project Execution	100%	UTE MARJAN	Engineering Services and Project Execution	100%
UTE TR NAPHTHA RT	Engineering Services and Project Execution	100%	UTE TR MERCURY	Engineering Services and Project Execution	100%
UTE TR NEC	Engineering Services and Project Execution	100%	TR LEDCOR	Engineering Services and Project Execution	100%
UTE HASSI MESSAOUD PRJ.	Engineering Services and Project Execution	55%	UTE VEOLIA-HEYMO BREF CQP	Engineering Services and Project Execution	61.93%
TRSA India 37007	Engineering Services and Project Execution	100%	TR THAILAND BRANCH	Engineering Services and Project Execution	100%
EP UTE Hassi Messaoud	Engineering Services and Project Execution	100%			
UTE Heymo Inclam	Engineering Services and Project Execution	50%			
UTE Presas Miño	Engineering Services and Project Execution	25%			

APPENDIX IV

Unincorporated temporary joint ventures, consortiums and permanent establishments in which the companies included in the scope of consolidation have shares – 2019

Entity name	Business activity	Share percentage	Entity name	Business activity	Share percentage
TR Abu Dhabi (BRANCH)	Engineering Services and Project Execution	100%	UTE Damietta LNG	Engineering Services and Project Execution	100%
TR TURQUÍA BOTAS	Engineering Services and Project Execution	100%	UTE RAMBLA	Engineering Services and Project Execution	80%
TR AUSTRALIA	Engineering Services and Project Execution	100%	UTE Villamartin	Engineering Services and Project Execution	50%
TR BRANCH VOLGOGRADO	Engineering Services and Project Execution	100%	UTE Puerto de Barcelona	Engineering Services and Project Execution	50%
TR EP UTE OPTARA BELGIUM	Engineering Services and Project Execution	100%	UTE Edif.Servs. Múltiples	Engineering Services and Project Execution	50%
TReunidas Branch Argelia	Engineering Services and Project Execution	100%	UTE TR/ASF. Cons.Aparc.Al	Engineering Services and Project Execution	50%
TR SA ODDZIAL W POLSCE	Engineering Services and Project Execution	100%	UTE JV Hawiyah GPE	Engineering Services and Project Execution	100%

BX TR SPOLKA CYWILNA	Engineering Services and Project Execution	50%	UTE Centro de día	Engineering Services and Project Execution	50%
TR NORUEGA	Engineering Services and Project Execution	100%	UTE TR/INIT. P.I. Rabigh	Engineering Services and Project Execution	100%
EP BANGLADESH	Engineering Services and Project Execution	50%	UTE TR/TREC OPER.DESALAD	Engineering Services and Project Execution	100%
EP JORDANIA	Engineering Services and Project Execution	50%	UTE TR/INITEC INFRA CONST	Engineering Services and Project Execution	100%
TR KUWAIT BRANCH	Engineering Services and Project Execution	100%	UTE INITEC/TR SAIH RAWL	Engineering Services and Project Execution	100%
JV KUWAIT CONSORCIO	Engineering Services and Project Execution	50%	UTE TR/Duro F. CTCC Besós	Engineering Services and Project Execution	50%
TR FINLAND	Engineering Services and Project Execution	100%	UTE EVREN/INFRA.JUCAR F.1	Engineering Services and Project Execution	70%
UTE Geocart Catastro RD	Engineering Services and Project Execution	50%	UTE TR/GUEROLA C.TERMOSOL	Engineering Services and Project Execution	50%
UTE Ju'aymah GPE	Engineering Services and Project Execution	100%	UTE PEIRAO XXI	Engineering Services and Project Execution	50%
UTE TFT ARGELIA	Engineering Services and Project Execution	100%	UTE TR/GEA 21 COL.PLUVIA	Engineering Services and Project Execution	80%

UTE INITEC/TR PISCINA HO	Engineering Services and Project Execution	100%	UTE SANHER EL CARAMBOLO	Engineering Services and Project Execution	40%
UTE TR/IN CONS.COMPL.VIÑA	Engineering Services and Project Execution	100%	UTE PERELLÓ	Engineering Services and Project Execution	50%
UTE INITEC/SPIE MEDGAZ	Engineering Services and Project Execution	50%	UTE ROSELL	Engineering Services and Project Execution	50%
UTE TR/Initec Pl. Fenoles	Engineering Services and Project Execution	100%	UTE PALMAS ALTAS SURL	Engineering Services and Project Execution	40%
UTE TR/Initec Pl. Bio Bio	Engineering Services and Project Execution	100%	UTE COLUMBRETES	Engineering Services and Project Execution	50%
UTE TR/IPI Offsites Abudh	Engineering Services and Project Execution	100%	UTE TSK TR ASHUGANJ NORTH	Engineering Services and Project Execution	50%
UTE INITEC P.I./TR Mejill	Engineering Services and Project Execution	100%	UTE TR JJC	Engineering Services and Project Execution	51%
UTE TR/IPI Refi. de Sines	Engineering Services and Project Execution	100%	UTE TR/ SGS PISTA 18R	Engineering Services and Project Execution	50%
UTE P.I./TRSA KHABAROVSK	Engineering Services and Project Execution	100%	UTE TR PHB JORDAN	Engineering Services and Project Execution	50%
TR ELEFSINA	Engineering Services and Project Execution	100%	UTE ELORRIO-ELORRIO	Engineering Services and Project Execution	100%

UTE HYDROCRAKER HUNG.	Engineering Services and Project Execution	100%	SAMSUNG-TR JOINT VENTURE	Engineering Services and Project Execution	29%
UTE TR/IPI TR POWER	Engineering Services and Project Execution	100%	TR OMAN BRANCH	Engineering Services and Project Execution	100%
UTE ALQUILACION CHILE	Engineering Services and Project Execution	100%	UTE HPP Gepesa	Engineering Services and Project Execution	60%
TR ABU DHABI	Engineering Services and Project Execution	100%	UTE TSGI	Engineering Services and Project Execution	33%
UTE TR JUBAIL	Engineering Services and Project Execution	100%	TR MOSCU BRANCH	Engineering Services and Project Execution	100%
UTE TR RUP	Engineering Services and Project Execution	100%	TECNICAS REUNIDAS FR BR.	Engineering Services and Project Execution	100%
UTE TR YANBU REFINERY	Engineering Services and Project Execution	100%	TR KHABAROVSK BRANCH	Engineering Services and Project Execution	100%
UTE TR-IPI ABU DHABI SHAH	Engineering Services and Project Execution	100%	JV DARSAIT	Engineering Services and Project Execution	50%
UTE TR-IPI TANQUE MEJILLO	Engineering Services and Project Execution	100%	CONSORCIO TR/JJC PERÚ	Engineering Services and Project Execution	51%
UTE TR DUFI HUNGRIA	Engineering Services and Project Execution	100%	CONSORC. MOTA ENGIL TRPIC	Engineering Services and Project Execution	50%

UTE PERLA	Engineering Services and Project Execution	100%	JV SOHAR	Engineering Services and Project Execution	50%
UTE VOLGOGRAD	Engineering Services and Project Execution	100%	TR QATAR	Engineering Services and Project Execution	100%
UTE INTEGRATED PROJECT	Engineering Services and Project Execution	100%	JV RAILWAY	Engineering Services and Project Execution	34%
UTE TR JRTP JAZAN	Engineering Services and Project Execution	100%	TRSA INDIA 33059	Engineering Services and Project Execution	100%
UTE TR TALARA	Engineering Services and Project Execution	100%	TRSA INDIA 33065	Engineering Services and Project Execution	100%
UTE TR OPTARA	Engineering Services and Project Execution	100%	TRSA India 33117	Engineering Services and Project Execution	100%
UTE STURGEON	Engineering Services and Project Execution	100%	TR Branch Azerbaijan	Engineering Services and Project Execution	100%
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UTE TRISA/AST. P. MINATR.	Engineering Services and Project Execution	33%	TR SHARJAH	Engineering Services and Project Execution	100%
UTE IGD	Engineering Services and Project Execution	100%	TR SINGAPOUR	Engineering Services and Project Execution	100%
UTE TR ETO	Engineering Services and Project Execution	100%	UTE TR BALONGAN	Engineering Services and Project Execution	100%
UTE FAHDILI	Engineering Services and Project Execution	100%	UTE TR JURONG	Engineering Services and Project Execution	100%
UTE HAIL	Engineering Services and Project Execution	100%	UTE MARJAN	Engineering Services and Project Execution	100%

UTE TR NAPHTHA RT	Engineering Services and Project Execution	100%	UTE TR MERCURY	Engineering Services and Project Execution	100%
UTE TR NEC	Engineering Services and Project Execution	100%	TR LEDCOR	Engineering Services and Project Execution	100%

Directors Report

1. Business performance

The macroeconomic environment

The year 2020 was a year marked by the global pandemic caused by COVID-19, with devastating health and economic consequences, of unprecedented intensity and affecting all areas and corners of the planet. The fight against the virus in all countries has paralysed activities that account for about 70% of the world economy, leading to a contraction of 3.5% in 2020 according to the IMF. This contraction has affected virtually all economic activities. To try to mitigate the effects and combat the economic shock, the world's leading central banks and governments have introduced monetary and fiscal aid programs of unprecedented intensity and size.

The energy sector, a pillar of the world economy and directly affected by the downturn or expansion of the economy, has reflected a huge impact. Indeed, the reduction in mobility in land and air transport affected the demand for oil, which saw a decline of about 9 million barrels per day, or around 10% of demand in 2019. With regard to natural gas, the reduction in demand due to lower industrial activity, mainly, is estimated at 2.5%.

The Brent barrel prices began 2020 at around USD 68/barrel. The decline in demand reduced the price in March to USD 15/barrel, with it recovering from that date almost continuously and reaching levels slightly above USD 50/barrel.

This reduction in demand and this price uncertainty caused a slowdown in the investment activity of the oil and gas industry. The companies in the sector, greatly affected by price reductions and doubts about the duration of the pandemic, significantly reduced investment in existing projects and the launch of new projects during the middle months of 2020.

This environment significantly affected the activity of Técnicas Reunidas. The customers of Técnicas Reunidas, among the most important in the industry, also adapted their investment pace to this scenario. As a result, some of the newly awarded projects were rescheduled, with new timetables and execution conditions agreed jointly by Técnicas Reunidas and its customers. None of the significant projects have been suspended, but delivery of some of them has been postponed for more than 12 months.

With regard to new awards, the activity was also affected by the effects of the pandemic. Still, Técnicas Reunidas was awarded the relevant project of the Hassi Messaoud refinery, Algeria, for the Algerian national company, Sonatrach. This award was supplemented by other environmental units of existing refineries in Saudi Arabia and Chile.

However, oil demand is recovering significantly in emerging countries. At the same time, prices are evolving upwards, anticipating possible shortfalls in medium-term supply due to the lack of investment in productive oil and natural gas resources in recent years.

In this regard, the investment activity of the customers of Técnicas Reunidas is being revived and the prospects for medium-term contracting are improving significantly, supported by a portfolio of opportunities for very high bids. Increased demand in emerging economies, investments to achieve greater profitability in existing refineries, the adaptation of oil products to the most demanding environmental standards and the growing role of natural gas in the global energy matrix continue to make investments in refining and gas essential. On the other hand, the factors that, among others, boost investments in petrochemicals are human development and subsequent urban development, the motorisation of emerging economies, and the integration of petrochemical plants with refining processes to optimise operations.

A very significant development in 2020 was the acceleration of the energy transition process. Greater participation in the supply of energy to non-carbon primary energy sources and the launching of investments with the aim of achieving a global emission-free energy supply by the middle of the twenty-first century are their fundamental consequences.

The reaction of Técnicas Reunidas

In this environment, Técnicas Reunidas reacted with enormous agility to adapt to the new scenario. The initial priority was to ensure the working conditions of all its employees, by introducing teleworking in the corporate offices and implementing measures at project sites aimed at health protection. However, the COVID-19 pandemic had a significant impact on the implementation of the projects, slowing down and conditioning many of them. The total impact of COVID-19 on earnings is estimated to be EUR 58 million.

At the same time, a process of adapting the cost structure was initiated. In this regard, in 2020 it reaped the fruits of the TR-ansforma project, initiated in 2019, aimed at redefining the Group's cost structure and optimising the company's operations.

The TR-ansforma Project focuses on four fronts: revision and reduction of structural costs; implementation of operational cost-saving strategies; optimisation of engineering and oversight procedures; and strategic actions linked to the supply, cash flow and planning stages.

On the other hand, the company has established a new organisational structure that is more agile and closer to the execution of the projects, which will result in additional optimisation of operations and a reduction in execution costs. The digitisation of project implementation processes and activities, which will allow better control of the risks and cost overruns of project implementation, is also significant.

At the same time, the company initiated an asset optimisation process, with the sale of non-strategic holdings and some real estate assets. In this regard, in 2020 it recorded the sale of 80% of the company’s share in Eurocontrol, as well as non-significant real estate assets.

Main financial figures

With respect to the Company's performance, sales in 2020 declined by 25% to EUR 3,520 million. The Group's operating profit/(loss) was EUR 41 million. The costs not allocated to divisions amounted to 4%, up to EUR 107 million, as a result of including expenses associated with the TR-ansforma project. Net profit was positive at EUR 13 million.

The evolution of the result is mainly explained by the impact of the slowdown of some projects on turnover, as well as the cost overruns resulting from the management of COVID-19, which to date have not been recovered. In addition, the Energy Division has experienced serious difficulties in two projects, which has contributed to the deterioration of the Group's consolidated profit.

At the 2020 year-end, the Company’s net cash flow was EUR 196 million. From the start of the crisis, the management of the financial position has been gaining importance in the sector from the viewpoint of the customers, the supply chain and the contractors. Having a sound financial position has become one of the Group’s priorities to be able to meet liquidity needs across the life of the projects and to opt for the major projects performed in the sector. In this regard, in 2020, several extension operations were carried out that made it possible to adapt the debt maturity profile of Técnicas Reunidas to the new scenario.

Share performance

Due to the scenario of the energy industry caused by the pandemic, the entire oil and gas engineering and construction sector performed negatively in the market in 2020. The evolution of the share price of Técnicas Reunidas was no exception, suffering a 55% decline on the year as a whole.

With respect to shareholders’ remuneration, due to the crisis situation that the sector has been experiencing in recent years, the resulting fall in profits that Técnicas Reunidas has experienced and the Company’s objective of preserving its cash flow, the Company held to its decision not to propose the distribution of dividends in the 2020 General Shareholders Meeting.

Main projects awarded to Técnicas Reunidas

The main award included in the portfolio in 2020 for new refining contracts was the Hassi Messaoud project in Algeria. In the first quarter of 2020, Técnicas Reunidas was selected by Sonatrach, the Algerian State oil company, to perform an EPC (Engineering, Purchase and Construction) project for a new oil refinery in Haoud el-Hamra, Hassi Messaoud, Algeria. This project will be implemented in consortium with Samsung Engineering Ltd. Co., of which Técnicas Reunidas will be a leader with a share of 55%.

The approximate amount of the agreement amounts to USD 3,700 million, with the participation of Técnicas Reunidas amounting to more than USD 2,000 million. This new refinery will have a processing capacity of five million tonnes per year. The scope of the project includes the comprehensive construction of a new refinery, including all its process and environmental units, as well as the necessary ancillary services. The project includes some of the most advanced processing units with focused technologies for deep conversion, clean fuel production and compliance with the most demanding environmental requirements.

The new Hassi Messaoud refinery is one of the largest projects in Algeria and is part of an ambitious program that aims to increase local energy production to respond to the growing demand in the country, while adapting the oil products consumed to European environmental standards (Euro V). The design of the plant will meet the highest safety and environmental standards in both its construction and operation.

Other projects awarded to Técnicas Reunidas in 2020 were as follows:

- Saudi Aramco, Saudi Arabia's state-owned oil company, awarded a contract for the execution of the turnkey project of the new acid water treatment unit at the Ras Tanura refinery on the east coast of Saudi Arabia.

  The contract, amounting to more than USD 80 million, has a duration of 34 months until the completion of the work. The scope of this contract includes engineering, procurement, construction and commissioning assistance. The acidic water treatment unit is designed to strengthen the hydrogen sulphide and amino collection system of the refinery's water network and thus improve the quality of these systems, which may be reused in other units of the complex from a circular economy perspective.

- In Chile, the national oil and gas company ENAP awarded Técnicas Reunidas a contract for a sulphur recovery plant, an acid water treatment plant and an amino recovery plant for the Bío Bío refinery.

  This contract--the largest one awarded by ENAP in the last three years--is a turnkey contract that has an approximate value of USD 100 million and with a completion period of 27 months. The scope of the contract includes engineering, supply of equipment and materials, construction, pre-commissioning, commissioning, testing and startup. The project is included in the investment activities for compliance with the Environmental Regulations required by the authorities in Chile. With the construction of these plants, Técnicas Reunidas is helping ENAP in its evolution towards more environmentally friendly refining processes.

- In petrochemicals, already in early 2021, Técnicas Reunidas was awarded a major project for Sasa Polyester for the implementation of the project for a new purified terephthalic acid (PTA) production plant to be built in Adana, Turkey. The plant will have a production capacity of 1.5 million tonnes per year and will be performed in fast-track mode, with a completion period of only 27 months.

  The project entails a total investment estimated by the customer of USD 935 million, including the part corresponding to the Group. The scope of the contract includes provision of the engineering, supply of equipment and materials, and supervision of construction.

- Also in 2021, Técnicas Reunidas signed a long-term agreement with Saudi Aramco for the next six years, thus becoming part of an exclusive Group of eight contractors. This agreement is part of Aramco's new procurement strategy and aims to improve the cost efficiency and quality and safety of its projects to improve its oil and gas facilities and implement ambitious environmental standards.

The scope of the contract includes the engineering, procurement, construction, startup and commissioning of each project, as well as the improvement of the facilities in the operational areas identified.

Energy transition

The year 2020 saw the acceleration of the phenomenon called the energy transition, aimed at transitioning a greater share of the energy supply to non-carbon primary energy sources and the launching of investments with the objective of achieving a global supply of emission-free energy by the middle of the twenty-first century.

Major global institutions, multilateral agencies, industrial companies and financial entities have expressed their commitment to contribute to this zero emission scenario (*net zero*). The oil and gas industry is no stranger to this movement. On the contrary, the customers of Técnicas Reunidas have taken a proactive position to be part of the energy transition.

In this regard, in mid-2020 Técnicas Reunidas formed the Energy Transition Committee, under the Executive Committee, which coordinates the entire activity of the company in relation to the new energy scenario. The strategy of Técnicas Reunidas in this regard entails five pillars of action:

- Positioning Técnicas Reunidas in the financing markets as a company committed to the energy transition.
- Establishing continuous monitoring of the technologies necessary for the transition, with the aim of identifying additional business opportunities and capacity gaps to be completed.
- Defining the sales offer to maximise the activity of Técnicas Reunidas in this new technological environment.
- Analysing in depth the method for implementing these projects, minimising costs to ensure competitiveness.
- Structuring a communication policy to convey to the various stakeholders the capabilities of Técnicas Reunidas and its commitment to the new energy environment.

As a result of this commitment, the company's business activity has been intense in recent months, with multiple opportunities in the portfolio linked to green hydrogen projects, carbon sequestration and capture and circular economy.

2. Research and Development Activities.

Técnicas Reunidas continues with its firm commitment to research and development of new technologies, to the generation and consolidation of knowledge and technologies already developed and to diversification into new sectors and applications.

The strategic research lines of Técnicas Reunidas are mainly focused on the circular economy.

At its José Lladó Technology Center, one of the most modern in Spain, where more than 70 people work between graduates and doctors of different disciplines, Research and Technological Development projects are developed with special attention to the technological needs of the company. In addition, the centre provides technological and technical assistance services, collaborates with the transfer of research findings between various public research centres, technology centres and Técnicas Reunidas, and promotes and participates in the development of cooperative research between companies.

The Technology Centre makes facilitates and boosts the company's participation in innovation and R&D activities. It has more than 5000 m^2 of state-of-the-art facilities and equipment, allows activities to be conducted at all levels, from the laboratory to the pilot plant, as well as carrying out demonstration plants for the developed technologies. It also has the capability to carry out basic or advanced engineering design for the selected option, completing the whole R&D value chain, from idea to industrial implementation of the developed technology.

R&D spending in 2020 at Técnicas Reunidas was EUR 2.5 million while maintaining its R&D investment policy, considering not only pure investment in R&D, but also patents, software, marketing of new technologies, etc.

Its current R&D activities are oriented towards research and development related to the circular economy, critical raw materials and biorefining processes as an alternative to conventional refineries.

In this regard, in 2020, Técnicas Reunidas continued to work in these areas on its new technologies already developed and on five Spanish and European research and development projects:

Circular Economy

- Halomet Technology™: Waste treatment technology for the incineration of urban waste to recover zinc and other metals.
- SEA4VALUE: European project (HORIZON 2020) to develop valuable metal recovery technologies from brine produced in desalination plants.

Critical Raw Materials

- PHOS4LIFE™ Technology: Technology for the production of technical grade phosphoric acid from wastewater sewage sludge.
- PUREPHOS R&D Project: R&D (CDTI) project for the development of new technologies for the purification of phosphoric acid from unconventional mineral raw materials.
- REMSELAN R&D project: R&D (CDTI) project for obtaining rare earths (Cerium, Neodymium, Praseodymium, Lanthanum and Europium) through the separation and purification of lanthanum.
- BIORECOVER R&D project: European project (HORIZON 2020) for the recovery of rare earths and platinum from primary and secondary sources.

Biorefining

- WALEVA™ Technology: Technology for the recovery of agro-food waste, which is currently burned with high CO2 emissions, through a chemical process that makes it possible to obtain levulinic acid.
- WALEVA-TECH R&D project: R&D (CDTI) project to obtain high value-added products from residues of lignocellulosic biomass.

There is currently a portfolio of business opportunities for the industrial implementation of these technologies in the coming years.

3. Capital structure.

Share capital consists of 55,896,000 shares with a par value of EUR 0.10 per share. There is only one class of shares and therefore they all have the same rights and obligations. There are no restrictions on the transfer of the shares.

Significant shareholdings are as follows:

	2020	2019
Shareholder	**% ownership interest**	**% ownership interest**
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.10%	5.10%
Araltec Corporación, S.L.U.	31.99%	31.99%
Franklin Templeton Investment Management Ltd	3.00%	3.00%
Norges Bank	2.96%	5.04%
Ariel Investments. L.L.C.	3.01%	3.01%
Columbia Management Investment Advisers LLC	3.12%	0.00%

4. Restrictions on voting rights

In accordance with Article 16 of the Articles of Association, at least 50 shares must be held in order to attend the General Meetings.

5. Shareholder agreements.

There are no agreements of this type.

6. Rules applicable to the appointment and replacement of the Board members and to the amendment of the Company's Articles of Association.

The Annual Corporate Governance Report provides a detailed description of these rules relating to the Board of Directors. The most relevant aspects are:

Articles 17 to 22 of the Board Regulations govern the appointment and termination of the Directors of Técnicas Reunidas; stating that:

1. The Directors will be appointed, following a report by the Appointment and Remuneration Commission, by the General Meeting or by the Board of Directors in accordance with the Corporate Enterprises Act.

2. The Board of Directors will ensure that the selection of candidates involves persons of recognised solvency, competence and experience.

3. In order to In order to fill an independent director position the Board of Directors may not propose or designate persons that hold any executive position at the Company or in its Group or that are associated through family and/or professional relationships with the executive directors, other senior executives and/or shareholders of the Company or its group.

4. Directors will be appointed for terms of four (4) years, notwithstanding the possibility that they may be removed early by the General Shareholders Meeting. They may be re-elected one or more times for equal terms at the end of their mandate.

5. Independent directors will cease in their positions when they have held the seat for an in interrupted period of 12 years as from the time of the listing of the Company's shares on the market.

6. Directors must place their offices at the disposal the Board of Directors and, at the board's discretion, formalise the resignation in the following cases:

   - When they cease to hold the executive position with which their appointment as Board members is associated.

   - When they become subject to any incompatibility or prohibition provided for by law.

   - When they receive any serious reprimand from the Board of Directors for failing to have carried out their duty as Directors.

   - When their remaining on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of his/her interest in the Company).

7. Powers of the Board members, and in particular those relating to the possibility of issuing or repurchasing shares.

The Board of Directors has the usual management and representation powers, in accordance with the powers envisaged by the Corporate Enterprises Act, and it is the Company's highest decision-making body except in matters reserved to the General Meeting.

The Chair also holds the same powers as the Board of Directors (except for those established by Article 25 relating to the election of the Chair and the Vice Chairs, or those that cannot be delegated in accordance with the law or internal corporate regulations) and is considered to be the top executive at the Company by virtue of Article 28 of the Articles of Association.

Article 5 of the Board Regulations stipulates that the Board's functions regarding the powers relating to the possibility of issuing or buying back shares:

- The execution of the treasury share policy within the framework of the authorisation provided by shareholders at a general meeting.

- The approval of the Company's general policies and strategies, including the treasury share policy and particularly its limits.

- The approval of the Company's most relevant operating decisions concerning investments and shareholdings in other companies, financial transactions, contracting and staff remuneration.

8. Significant agreements entered into by the Company that may come into effect, be amended or terminated in the event of a change in control in the Company as a result of a takeover bid.

No agreements of this type exist.

9. Agreements between the Company and its administrative or management personnel that provide for termination benefits in the event of resignation or unfair dismissal or if the employment relationship ends as a result of a takeover bid

There are agreements with three senior executives who, in the event of unfair dismissal, are entitled to an indemnity as decided by the courts and in the event of a dismissal for objective purposes, layoff or any other reason deriving from a decision taken by the Company, the indemnity would total EUR 5,957 thousand.

10. Average period of payment to suppliers

The average period of payment is as follows:

	2020	2019
Average period of payment to suppliers	87	69
Ratio of transactions paid	83	64
Ratio of transactions not yet settled	98	104

	2020	2019
Total payments made	3,270,992	3,464,088
Total payments pending	999,130	485,298

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Group may, as an exception, exceed the stipulated due dates in cases of invoices that do not comply with the terms of the agreement because they are not officially fulfilled, due to guarantees not being received or due to breach of other obligations of suppliers under the signed service agreement or order, or other reasons related to the normal performance of the transaction.

11. Significant events after the reporting period

From 31 December 2020 until the date of formulation of these consolidated annual financial statements, there have been no subsequent relevant facts that need to be broken down.

12. Treasury shares

The treasury shares at 31 December 2020 represent 3.93% of the share capital (2019: 3.92%) of the Parent and total 2,198,034 shares (2019: 2,193,424 shares), with a weighted average price of EUR 33.26 per share (2019: EUR 33.6 per share).

13. Financial instruments

See Note 10 of the appended notes

14. Alternative Performance Measures

Following the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs), Group management considers that certain APMs provide useful additional financial information that should be considered when assessing their performance.

Management uses these APMs when making financial, operating and planning decisions and to assess the Group’s performance. Management presents the following APMs that it considers useful and appropriate for investor decision-making and that are most reliable about the Group’s performance.

EBITDA

EBITDA (“Earnings before interest, taxes, depreciation and amortisations”): The management uses EBITDA as an indicator of the Group's capacity to generate profits, considering only its productive activity, eliminating amortisation and depreciation, as well as the effect of financial results and income tax. It is calculated by deducting the depreciation and amortisation expense and charges for impairment losses for the period from operating profit.

		Millions of euros	
		Year ended 31 December	
		2020	2019
Revenue	Sales and other income	3,530.7	4,706.9
Operating expenses	Procurement costs, staff costs, other operating expenses, depreciation and amortisation, and impairment	(3,489.3)	(4,638.8)
Profit from operations	**Income - Operating expenses**	**41.5**	**68.2**
Depreciation and amortisation charge and impairment	Depreciation, amortisation and impairment	43.2	42.1
EBITDA	**Profit from operations, excluding depreciation and amortisation**	**84.7**	**110.2**

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.

EBIT ("Earnings before interest and taxes"): is an indicator of the Group's operating profit without taking into account financial or tax results. Management uses this indicator as a complement to EBITDA in comparison with other companies in the sector. EBIT is equivalent to "operating profit". It has been calculated as follows:

		Millions of euros	
		Year ended 31 December	
		2020	2019
EBITDA	Profit from operations, excluding depreciation and amortisation	84.7	110.2
Depreciation and amortisation charge and impairment	Depreciation, amortisation and impairment	(43.2)	(42.1)
EBIT	**Profit from operations**	**41.5**	**68.2**

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

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

15. Statement on Non-Financial Information

15.1 Business model

15.1.1. Description of the business model

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

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

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

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

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

15.1.2. Organisation and structure

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

15.1.3. Business Areas

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

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

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

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

15.1.4. Business environment and markets

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

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

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

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

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

LIST OF MARKETS WHERE TÉCNICAS REUNIDAS OPERATES

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

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

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

		Leverage based on proprietary technologies. Strengthening of legal team and involvement in the various project implementation stages. Support to customers in searching for sources of financing for the implementation of projects, including bank financing covered by secure means to export credit granted by Export Credit Agencies (ECAs). Flexibility and high responsiveness to adapt to local requirements and restrictions, as well as changes in scheduling. Adaptation of its commercial and operational structures in order to optimise the chances of achieving project awards and immediately begin their implementation.	Establishment of the COVID-19 Monitoring Committee and implementation of specific measures to minimise the impact of the pandemic on workers.	

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS	Increased the importance of sharing processes and management techniques in the supply chain with multicultural and sector companies. Decline in demand, which can reduce the capacity and quality of	Importance of digitisation and the use of new technologies to increase efficiency, respond faster to customers and reduce costs, among other reasons. Focus on raw materials and especially on certain critical or	Quantitative and qualitative increase in the dissemination of non-financial information. Increase in compliance requirements, including anti-corruption, fraud, money-laundering and financing of terrorism.	Demand from customers for increasingly skilled human resources to master not only the technical aspects but also management, monitoring, safety and quality assurance skills.

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

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

			parameters into the variable remuneration of executive directors: 20% of the total remuneration, 10% linked to environmental aspects and 10% to health and safety aspects. Review of third parties as to whether they have a culture of enforcement, especially in the area of combating corruption and fraud Supervision by the Audit and Control Commission of the development and implementation of the Criminal Compliance Management System.	

15.1.6. Objectives and strategy

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

a. Methodology:

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

b. Diversification:

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

c. Quality:

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

d. Safety:

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

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

General Secretariat Objectives	- Emphasise the development of corporate policies, in particular those relating to sustainability. - Approve specific regulations for the Audit and Control, Appointments and Retributions, and Management and Risks Commissions. - Complete the adaptation of the corporate documents to the changes resulting from the update of the Code of Good Governance for Listed Companies. - Consolidate the measures that allow the sessions of the corporate bodies to be held remotely. - Develop the Sustainability Policy with a Sustainability Plan. - Emphasise the Company's contribution to the Sustainable Development Goals (SDGs). - Develop the Procedure for Incorporating and Modifying corporate entities. - Include ESG factors in internal decision-making processes. - Establish a list of key performance indicators (KPIs) on sustainability to be regularly reported to the Board of Directors. - Strengthen the Internal Non-Financial Reporting Control System (SCIINF).
HR Objectives HR department.	- Integrate all of Initec Plantas Industriales' HR processes into the corporate HR strategies: policies, procedures, dialogue, homogenisation of jobs, categories, etc. - Prepare a comprehensive labour cost control table that includes all the countries and projects of the TR Group. - Implement corporate tools that control the fulfilment of the resource needs in the projects, ensuring the cost and compliance of the histograms, involving HR in all the resource hiring processes in the projects. - Develop an Equality Plan and a Sexual Harassment Protocol agreed with employee representatives and adapted to current legal and social requirements. - Implement a remuneration policy based on a flexible remuneration system that applies to the main management team. - Establish a homogeneous Expatriation Conditions Policy adapted to the Company's current needs and projects. - Establish local labour policy protocols in all countries to identify risks and best practices to reduce labour costs. - Develop general service policies in the various countries that reduce the costs of contracting services and establish common operating models in all projects adapted to the specific circumstances of each of them. - Extend the activity of the recruitment board to optimise, improve and reduce costs in all home office general service contracts, through supplier approval, evaluation and volume negotiation. - Develop a subsidiary training management system, initially based on HSE training and Pharos platform. - Implement a model of training itineraries associated with professional categories that allows internal professional development.
Environmental objectives	- To reduce 3.5% of electricity consumption, 3% of paper consumption and 80% of plastic bags in the Madrid offices. - Obtain LEED certification for the Adequa offices (currently under approval) in Madrid. - To meet more ambitious targets for the TEIF (0.025) and SSIF (0.007) indicators on projects. - To collaborate in the design of the urban gardens and new green areas in the facilities of the Adequa offices. - To consolidate the merger of the TR and Initec departments with regard to the homogenisation of processes, tools, etc. - To consolidate the measurement of the reuse of materials and products in projects to prevent them from becoming waste.

Innovation Objectives	- Launch of the lead and silver production plant under ECOLEAD™ technology from AMERICAN ZINC RECYCLING (AZR) in the United States and technical startup assistance until maximum production capacity is reached. - Development of basic engineering for a zinc production plant from urban waste. - To complete the basic engineering contracted by SWISS ZINC of the future urban waste recycling complex in Switzerland, which will include ZINCEX™ technologies for the recovery of high purity zinc and ECOLEAD™ for the recovery of lead. - To successfully implement the preliminary engineering of PHOS4LIFE™ contracted by the Swiss company Foundation ZAR for the recovery of phosphorus in the form of technical phosphoric acid from the ash of the sewage sludge for the purpose of industrial deployment. - Revamping of the Skorpion plant in Namibia, including LIP4CAT™ and ZINCEX™ technologies. - To continue with the development of technologies in the circular economy strategic line, such as the recycling of batteries related to mobility for the recovery of the metals present in them and the recovery of metals from steel powders. - To continue with the development of technologies in relation to critical raw materials from primary and secondary sources of rare earths, magnesium, platinum, phosphors, etc. not currently exploited. - Development of electrolyser technology for the production of green hydrogen (2021 and subsequent continuous target). - Continued marketing of the new PHOS4LIFE™, WALEVA™ and HALOMETTM technologies. - Develop proposals for the call for CDTI missions that include several branches: green hydrogen from biomass or green hydrogen through electrolysers and renewable energies. - Decarbonisation using blue hydrogen (Celsa and Arcelor). - Develop pyrolysis projects to recycle fibre carbon and fibreglass for wind mills (circular economy). - Activities to develop solutions for the recycling of fibre carbon and fibreglass.
Financial Objectives	- Close the preliminary agreement with the Tax Administration. - Capture liquidity mechanisms associated with EU plans, the COVID-19 environment and the energy transition. - Strengthen proactive communication with the market.
Procurement Objectives	- Strengthen coordination on final purchases of projects and improve management relating to the stock of surplus materials. - Finalise the implementation of the Third Party Integrity Assessment procedure. - Launch of robotic process automation (RPA). - Establish framework agreements with strategic suppliers. - Develop local (stockist) purchases at the end of projects. - Explore new options for subcontracting special heavy cargo shipments. - Increase centralised purchases. - Establish annual/biannual container shipping agreements. - Strengthen communication channels, through an interdepartmental intranet, with the aim of speeding up problem solving. - Create a new management profile to improve information and monitoring of deliveries and purchases in the final stages of projects.
Construction Objectives	- Reorganise the management of the Construction area as a strategic tool for the optimisation and efficiency of resources. - Perform the integration of the computer tool "eCost" with "eSAM" for the optimisation of construction cost control. - Complete the implementation of the Site Workforce Control software to control construction activities. - Review the structures and optimisation of construction resources. - Perform optimal management of projects that have suffered slowdowns due to the impact of COVID-19. - Strengthen the organisation to adequately manage possible downsizing.
HSE Objectives	- Terminate the implementation of the actions resulting from the Plan for a Secure Commission in all the projects of Técnicas Reunidas.

	- Promote actions aimed at making Técnicas Reunidas a healthy company. - Implement a mobile application to log onsite observations. - Complete the merger of the HSE departments of TR and Initec. - Integrate the Occupational Safety and Health Management Systems (SGSST) based on the recently obtained certification of ISO 450001. - Implement a detailed training program based on employee job profiles, together with the Talent Recruitment and Development Department. - Conduct awareness-raising campaigns based on the investigation of recurring incidents and information to staff on the implications of ISO 45001 to increase the culture of HSE.
Regulatory Compliance Unit Objectives	- Implement the matrix of criminal risks and controls in all areas of the Company. - Increase training activities both online and face-to-face. - Obtain compliance statements for executives on key compliance policies. - Extend the due diligence procedures in full on operations on site, after the completion of the process at corporate level for the purchase, subcontracting and commercial activities. - Review and update the Code of Conduct and existing compliance policies. - Continue with the deployment of the Criminal Compliance Management System in other geographical areas and subsidiaries. - Prepare and approve the Anti-Fraud Policy, the Trade-Control Policy and the Sponsorship and Grants Policy. - Monitor criminal risks through the risk and controls matrix. - Verify and audit the design and effectiveness of the Criminal Compliance Management System. - Implement the integrity assessment process at 100% in transactions with third parties.
Social Objectives	- Ensure a high percentage of local procurement and outsourcing. - Emphasise joint social actions with particularly relevant third parties during the execution of projects (customers or main subcontractors) through partnerships that benefit local communities. - Approve a Sustainability Plan in development of the Sustainability Policy.

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

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

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

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

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

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

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

Risk	Description	Main risk management and mitigation mechanisms
Changes in project costs	Several factors may give rise to a change in project cost estimates in turnkey projects (the complete price is closed at the start while execution costs may change), such as the volatility of raw material prices, changes in project scope, performance by construction and assembly subcontractors on time and with required quality, litigation by customers or suppliers, geopolitical decisions with an immediate impact, and weather conditions, among others. The assessment of all these factors implies a high level of judgement and estimates. Failure to meet delivery deadlines may result in compensation to the customer.	- - Development of new contracting methods to mitigate risks. - - Inclusion of indemnity clauses in contracts with suppliers and subcontractors. - - Intense acquisition during the first few months of execution of key equipment with a high level of price sensitivity for raw materials. - - Use of derivatives that allow the acquisition of certain essential raw materials and equipment in instalments. - - Distribution of the execution of work among several subcontractors and inclusion of subcontractors as project partners. - - Increased supervision of construction and assembly subcontractors. - - Inclusion of contingencies for deviations in budgets. - - Reliance on opinions of external consultants in the preparation of estimates and judgements. - Close monitoring of project implementation deadlines for detecting delays, enabling acceleration and mitigation mechanisms to be implemented.
Changes in the price of crude oil.	The price of crude oil, in addition to other factors, affects the investment, award and execution decisions of the Group's customers and suppliers, competitors and shareholders. Recent drops in the price of crude oil have caused customers to offer more unfavourable payment terms and be more demanding in negotiating changes in scope and claims. The Group's commercial activity is conditioned by the investment efforts of our customers.	- Predomination of NOCs (national oil companies) over IOCs (independent oil companies) in the portfolio (which include factors beyond purely financial considerations in their decision-making, such as geopolitical and social criteria). - Diversification of products and geographical areas. - Mitigation of negotiation risks with customers and suppliers by the early detection of those matters that may represent a change in the contractual price.
Execution of projects in multiple regions.	TR's projects are carried out in multiple regions, with each presenting a different risk profile to mitigate: political and social tensions, locations with limited access, limited legal certainty, requirements related to local content, growth of tax pressure in all the regions where the Group conducts its activities or complexity of the process of allocating margins in projects performed simultaneously in multiple regions, etc. Performance of projects for the first time in a certain geographical area increases the risk of deviations in margins.	- Selection of projects based on a detailed analysis of the customer and the country (establishing a local presence before making offers), and of other aspects such as the specific margins of the project and its risks. - Use of modular construction methods in locations with limited labour availability or where the site conditions allow for savings compared with other options. - Where possible, TR includes the resolution of disputes at courts or in arbitration in countries where it has prior experience. - Where possible, the Group's contracts include clauses that allow prices to be changed in the event of amendments to laws. - Flexibility to adapt to domestic content requirements. - Development of BEPS policies. - Group Internal Tax Risks Manual establishing the Group's tax strategy and internal risk management

		procedures, including training actions and internal audit plans. - At the bidding stage, tax strategies are defined that minimise risk with local advisers, including in the Group's usual markets. - At the performance stage, the tax filings are monitored, with the support of local advisers and events or deviations from the initial strategies are identified with the aim of correcting them with the support of the Operations area.
Concentration in a low number of customers.	At certain times the portfolio may feature a high concentration in a low number of customers and suppliers in certain countries.	- Concentration only in markets in which the Group has sufficient prior experience. - Diversification policy that allows TR to access very different markets. - Deployment of relevant commercial action with new customers in markets in which TR does not yet have a presence. - Atomisation and diversification strategies for construction with local and international suppliers.
Environmental and safety requirements.	TR carries out projects where incorrect performance entails high risks of impact on the environment or health and safety risks. The Group works to control and minimise those risks by collaborating with its customers, subcontractors and suppliers in this area.	- Existence of a Sustainability Policy. - TR has an Environmental Management and Safety System. - Assurance of environmental management from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training. - Reinforcement of the safety of processes from the design phase. - Promotion of occupational safety at suppliers and subcontractors. - Update of the HSE Policy (ISO 45001 and ISO 14001) by introducing concepts of sustainability, consultation and participation, and welfare and health.
Economic variables.	Certain economic circumstances (changes in exchange rates, interest rates, availability of financing, taxes, etc.) can have an impact on TR's business and profits. Period of geopolitical tensions with high impact on economic variables. Extra weight on the decisions of our customers by the entities or bodies that finance their investments.	- Continuous monitoring of the risks associated with currencies and the arrangement of foreign currency hedges. - Management of a sound balance sheet and availability of adequate lines of financing. - Mitigation of the risk of lack of liquidity of customers through active participation in the processes of obtaining financing for them, through banks that support the operations in which TR participates, as well as through the use of export insurance through banks that support the operations in which TR participates and direct contact with financing entities of its customers, as well as through the use of export insurance.
Information technology.	As the Group's digital presence has increased, the risk of intrusions into its systems by cybercriminals has increased.	- Information Security Management System certified in accordance with ISO 27001:2015. - 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.
Retention of key personnel and adaptation of resources to the workload.	The loss of key personnel, as well as gaps in their training, may increase the risk of not executing projects adequately. Furthermore, the excessive concentration of projects or delays may give rise to inefficiencies in personnel management.	- Procedures to identify essential employees that must be retained and the application of policies that contribute to their retention. - Implementation of a flexible human resource structure to adapt swiftly to market changes. - Global management of human resources to unify the criteria applied at the various subsidiaries.
Integrity and reputation.	Improper or irresponsible behaviour by employees or other third parties with which the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results obtained by TR.	- Internal regulations and training to guarantee the proper behaviour of professionals and the availability of a Code of Conduct and a whistleblower channel. - Requirement of environmental, human rights and health and safety requirements and anti-corruption and fraud requirements for suppliers and subcontractors.
Quality of execution	Quality in the execution of the works ensures not only the successful completion of the project, but also obtaining projects of a similar nature or with the same customer.	- Quality supervision mechanisms in all project phases. - Creation of databases recording the Group's know-how and best practices. - Quality Department responsible for drawing up procedures.
Climate Change.	Climate change requirements may affect the needs of customers and the way in which TR executes its projects.	- The Company has excellent engineering skills to provide customers with solutions that enable them to develop their sustainability activities and emission reduction initiatives through, for example, the modernisation of pre-existing industrial facilities. - The Company has advanced technical procedures that enable it to implement projects under extreme environmental conditions, as demonstrated in locations such as Saudi Arabia and Canada.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.3 Information on environmental matters

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

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

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

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

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

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

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

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

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

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

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

The environmental impact of TR's activity arises mainly from greenhouse gas emissions, energy consumption, waste generation and material consumption, which are detailed in each of the following sections. In the future, the environmental aspects are expected to remain the same. However, given the activity of TR as an engineering company, it undertakes various projects every year at various stages of action, so a detailed forecast in quantitative terms would not reflect the reality of its performance for the years to come. Environmental KPIs are subject to the degree of progress on ongoing projects, personnel volume at peak times, implementation phase and new projects that may be won over each year. Given these circumstances, the future estimates associated with the environmental KPIs do not represent a reliable view of the Company's reality.

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

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

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

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

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

15.3.2. Climate Change

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

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

Emission generation *	2019	2020
Scope 1 emissions [tCO2eq]	75,549.98	49,123.31
Scope 2 emissions [tCO2eq]	763.63	444.70
Scope 3 emissions [tCO2eq]	20,495.76	7,453.13
TOTAL	**96,809.37**	**57,021.14**

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

TR is committed to the corporate goal of reducing Scope 1 and 2 emissions by 12 % in the 2017-2030 period. To this end, the Company works continuously in the identification and implementation of effective measures. In 2020, the LEED certification process for sustainable buildings for Adequa buildings in Madrid was launched and is expected to be completed early next year. Likewise, in the framework of the Sustainable Mobility Plan, TR made shuttles available to employees that connect the offices with the city of Madrid. The objective is to encourage the use of collective transport vis-à-vis the individual by taking all necessary health and safety measures, such as the use of electronic tickets to avoid contact in the use of the shuttles.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Reuse of waste off-site:

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

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

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

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

15.3.4. Actions to combat food waste

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

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

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

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

15.3.5. Sustainable use of resources

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

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

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

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

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

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

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

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

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

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

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

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

15.3.6. Other forms of pollution

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

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

15.3.7. Protection of biodiversity

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

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

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

15.3.8. Provisions and guarantees for environmental risks

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

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

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

15.3.9. Resources assigned to prevention of environmental risks

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

15.4 Information on social and personnel issues

15.4.1. Employment

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

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

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

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

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

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

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

The Group's workforce at 31 December 2020 was 7,458 employees and 266 subcontractors and freelancers, who have a contract with the Company. In addition, Técnicas Reunidas has on its projects more than 44,424 subcontracted workers on average in construction (see section 15.7.3). However, the Company does not have a direct link with these professionals since they are not direct employees of TR. For this reason, unlike the annual financial statements, the reporting scope of this report covers only the employees of Técnicas Reunidas. In 2020, there was a decline of around 9% of the workforce, due to cost reduction objectives and the necessary adaptation of the resources available to the Company's effective workload.

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

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

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

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

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

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

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

- Total number and distribution of employment contract types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

** Payment calculated on a cash basis*

- Wage gap:

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

** The gap was calculated using the following formula:*

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

- Directors’ remuneration:

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

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

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

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

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

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

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

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

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

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

Disabled employees

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

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

15.4.3. Training

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

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

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

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

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

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

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

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

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

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

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

15.4.4. Equality

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

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

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

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

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

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

15.4.5. Occupational health and safety

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

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

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

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

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

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

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

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

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

In addition, following COVID-19, the Company has established several protocols temporarily and so long as the pandemic situation persists, to avoid the risks associated with the new virus, adjusting its occupational risk prevention system and approving a battery of extraordinary measures to ensure a safe and healthy working environment. As part of this management, the HSE department has been instrumental in its direct involvement in the COVID-19 Follow-up Committee. This body, established in February 2020 and advised by external experts in the field of health and external security, has aimed primarily at ensuring the safety and health of all employees through direct contact with the competent authorities and coordination with the various areas of the Company. From the same date, TR has marked the guidelines to be followed by the Company in all aspects related to the pandemic and promoted a Corporate Contingency Plan with measures such as:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.4.6. Labour relations

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

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

15.4.7. Employees covered by a Collective agreement

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

15.5 Information on respect for Human Rights

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

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

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

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

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

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

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

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

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

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

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

15.6 Information related to the fight against corruption and bribery

15.6.1. Management approach

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

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

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

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

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

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

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

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

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

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

15.6.2. Contributions to foundations and non-profit entities

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

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

15.7 General information on the company

15.7.1. Company commitments to the sustainable development of local communities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.7.2. Partnership and sponsorship actions

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

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

Main organisations Técnicas Reunidas collaborates with

Promotion of business and entrepreneurial activity

Commitment to social action by Técnicas Reunidas

Culture

Science and research and education

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

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

15.7.3. Subcontracting and suppliers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.7.4. Consumers

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

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

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

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

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

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

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

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

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

15.7.5. Tax information

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

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

- Operating profit earned by geographic area

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

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

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

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

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

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

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

Spain Spain

Mediterranean Algeria, Egypt, Morocco, Turkey.

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

- Corporate income tax paid

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

* Information calculated on the basis of tax criteria.
** The amount of income tax paid in Spain in 2019 was EUR 0 thousand due to the offsetting of prior years' bases.
*** The amount of income tax paid in Spain in 2020 includes payment of the 2012 and 2014 inspection reports amounting to EUR 39,751 thousand and a 2019 tax refund amounting to EUR 5,102 thousand.

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

15.8 About the non-financial information statement

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

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

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

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

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

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

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

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

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

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

Técnicas Reunidas, S.A.
and subsidiaries

Independent Verification Report of the Non-financial information report

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

Independent Verification Report

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

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

Responsibility of the Board of Directors

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

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

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

Our independence and quality control

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

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

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

Our responsibility

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

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

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

- Meetings with the Group´s personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.

- Analysis of the scope, relevance and integrity of the contents included in the SNFI for 2020, based on the materiality analysis carried by Técnicas Reunidas considering the content required under current mercantile legislation.

- Analysis of the procedures used to compile and validate the information presented in SNFI for 2020.

- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the SNFI for 2020.

- Verification, through sample testing, of the information relating to the content of the SNFI for 2020 and its adequate compilation using data supplied by the Group´s sources of information.

- Obtainment of a management representation letter from the directors and the Parent company´s management.

Conclusions

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

Use and distribution

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

PricewaterhouseCoopers Auditores, S.L.

(Originally signed in Spanish)

Pablo Bascones

26 February 2021

ANNUAL CORPORATE GOVERNANCE REPORT
FOR PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DATA

Date of fiscal year end: 31/12/2020

Company Tax No. CIF: A-28092583

Corporate Name:

TECNICAS REUNIDAS, S.A.

Registered office:

ARAPILES, 14 MADRID

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Capital share (€)	Number of shares	Number of voting rights
30/05/2006	5.589.600,00	55.896.000	55.896.000

Indicate whether there are different share classes with different associated rights:

[ ] Yes
[√] No

A.2. Provide details of the direct or indirect holders of significant shares at the close of the fiscal year, excluding directors:

Name or Corporate name of the shareholder	% voting rights corresponding to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
ARIEL INVESTMENTS, LLC	0,00	3,01	0,00	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	0,00	3,00	0,00	0,00	3,00
NORGES BANK	2,96	0,00	1,35	0,00	4,31
ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	0,00	0,00	5,10
ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	0,00	0,00	31,99
COLUMBIA MANAGEMENT INVESTMENT ADVISERS LLC	3,12	0,00	0,00	0,00	3,12

Name or corporate name of indirect shareholder	% of voting rights corresponding to shares		% of voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	0,11	37,09	0,00	0,00	37,20

Breakdown of indirect shareholding:

Name or Corporate name of indirect shareholder	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights
ARIEL INVESTMENTS, LLC	ARIEL INVESTMENTS, LLC	3,01	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	3,00	0,00	3,00
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	31,99
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	5,10

Indicate the most significant changes in the shareholding structure during the fiscal year:

Most significant changes

Columbia Management Investment Advisers LLC entity holds a significant share at the year-end.

A.3. Complete the following tables on members of the company's board of directors with voting rights from company shares:

Name or Corporate name of the Director	% of voting rights corresponding to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights transferable through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. FERNANDO DE ASÚA ÁLVAREZ	0,02	0,00	0,00	0,00	0,02	0,00	0,00
MR. PEDRO LUIS URIARTE SANTAMARINA	0,01	0,01	0,00	0,00	0,02	0,00	0,00
MR. RODOLFO MARTÍN VILLA	0,00	0,00	0,00	0,00	0,00	0,00	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	0,00	0,02	0,00	0,00	0,02	0,00	0,00

% of total voting rights held by the board of directors	0,06

Breakdown of indirect shareholding:

Name or Corporate name of Director	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights transferable through financial instruments
MR. PEDRO LUIS URIARTE SANTAMARINA	CASTILLO DEL POMAR, S.L.	0,01	0,00	0,01	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MRS. MARÍA ISABEL ALONSO MENDIGUREN	0,02	0,00	0,02	0,00

A.4. Indicate, where applicable, any familiar, commercial, contractual or corporate relationships between significant shareholders, to the extent that these are known to the company, unless they are of negligible relevance or derive from the ordinary course of business, with the exception of those detailed in section A.6:
:

Name or Corporate name	Type of relationship	Brief description
No data		

A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless these are of negligible relevance or derive from the ordinary course of business:

Name or Corporate name	Type of relationship	Brief description
No data		

A.6. Describe any relationships, unless they are of negligible relevance to the two parties, between the significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of legal entities.

Explain, where appropriate, how significant shareholders are represented. Specify any directors who have been appointed on behalf of significant shareholders and any directors whose appointments were promoted by significant shareholders or were linked to significant shareholders and/or entities in their group, detailing the nature of these relationships. In particular, indicate the existence, identity and position of any members of the board or representatives of directors of the listed company who are also members of the board of directors, or their representatives, of companies with significant shareholdings in the listed company or in entities from the significant shareholder's group:

Name or Corporate name of the related Director or representative	Name or Corporate name of the related significant shareholder	Corporate name of the company in the significant shareholder's group	Description of relationship/position
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	Mr. José Manuel Lladó Arburúa was re-elected in the General Meeting held on 25/06/2020 as proprietary director of the company at the proposal of the significant shareholder Aragonesas Promoción de Obras y Construcciones, S.L.U.

A.7. Indicate whether the company has been informed of any shareholders' agreements which might affect it, in accordance with the provisions of Articles 530 and 531 of the Companies Act. Where applicable, describe these briefly and list the shareholders bound by the agreement:
:

[ ] Yes
[√] No

Indicate whether the company is aware the existence of concerted actions between its shareholders. If applicable, describe these briefly:

[ ] Yes
[√] No

If any modification or termination of these agreements or concerted actions has occurred during the fiscal year, provide details below:

A.8. Indicate whether there is any natural or legal person who exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. Where applicable, identify:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's own shares:

At fiscal year-end:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
2.198.034		3,93

(*) Held through:

Name or Corporate name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the fiscal year:

Explain the significant changes

There were no significant changes during the fiscal year.

The Company has issued quarterly reports on the transactions carried out under the liquidity agreement with Santander Investment Bolsa which entered into force on 11 July 2017, in accordance with the provisions of National Securities Market Commission Circular 1/2017 of 26 April on Liquidity Agreements, for the purposes of their classification as an accepted market.

A.10. Provide details on the conditions and term of the current resolution by general meeting of shareholders authorizing the board of directors to issue, buy back or transfer own shares:

The Ordinary General Meeting of Shareholders on 25 June 2020 adopted the following resolutions:

Ninth

To delegate to the Board of Directors, in accordance with the general rules on bond issues and pursuant to the provisions of Articles 297.1.b), 417 and 511 of the Capital Companies Act, Article 319 of the Mercantile Registry Regulations, and Articles 6 and 20.p) of the Company's Social Statutes, the power to issue negotiable securities in accordance with the following conditions:

1. Securities to be issued.- The marketable securities referred to in this delegation may be bonds, debentures and other fixed-income securities of a similar nature, convertible into newly issued shares of the Company or exchangeable for outstanding shares of the Company, as well as warrants and other financial instruments that incorporate the right of option to subscribe new shares or to acquire outstanding shares of the Company and any securities or financial instruments that grant a participation in the Company's profits.

2. Term of the delegation.- The issuance of the securities that are the object of the delegation may be carried out once or several times, at any time, within a maximum period of five (5) years from the date of adoption of this resolution.

3. Maximum amount of the delegation.- The maximum total amount of the issue or issues of debentures, bonds and other convertible or exchangeable fixed-income securities, as well as warrants or other financial instruments that may be agreed under this delegation shall be two hundred million euros (€200,000,000) or its equivalent in another currency at the time of issue.

4. Scope of the delegation.- The Board of Directors, by virtue of the delegation of powers agreed herein and by way of illustration only, shall be responsible for determining, for each issue, its amount, within the aforementioned overall quantitative limit, the form of disbursement, the place of issue - domestic or foreign - and the currency or currency and, if foreign, its equivalence in euros; the denomination or form, whether bonds or debentures or warrants (which may in turn be settled by physical delivery of the shares or, if applicable, by differences), or any other form permitted by law; the date or dates of issue; the number of securities and their par value, which shall not be less than the par value of the shares; in the case of warrants and similar securities giving the right to subscribe or acquire shares, the issue price and/or premium, the exercise price -which may be fixed (determined or determinable) or variable- the conversion and/or exchange ratio and the procedure, term and other conditions applicable to the exercise of the subscription right of the underlying shares or, if applicable, the exclusion of such right; the interest rate, fixed or variable, dates and procedures for payment of the coupon; the redemption term and the maturity date or dates; the guarantees, the redemption rate, premiums and lots; the form of representation, by physical or book-entry securities or any other system permitted by law; the anti-dilution clauses; the subscription system; the order of priority of the securities and any subordination clauses; the legislation applicable to the issue; to request, as the case may be, the admission to trading on domestic or foreign secondary markets of the securities to be issued with the requirements demanded in each case by the regulations in force; and, in general, any other condition of the issue, as well as, if applicable, appointing the commissioner and approving the fundamental rules that will govern the legal relations between Técnicas Reunidas and the syndicate of holders of the securities issued, if it is necessary or it is decided to create said syndicate .

In addition, the Board of Directors is empowered, when it deems appropriate, and subject, if applicable, to obtaining the appropriate authorizations and the approval of the assemblies of the corresponding unions or equivalent bodies of the holders of the securities, to modify the conditions of the securities issued.

5. Bases and modalities of conversion and/or exchange.- For the purpose of determining the bases and modalities of conversion and/or exchange, it is agreed to establish the following criteria:

(i) The securities issued under this agreement will be convertible and/or exchangeable into shares of the Company in accordance with a fixed or variable conversion and/or exchange ratio, determined or determinable, the Board of Directors being empowered to determine whether they are convertible and/or exchangeable, as well as to determine whether they are necessarily or voluntarily convertible and/or exchangeable, at the discretion or not of the issuer, subject to conditions or only in certain scenarios, and in the event that they are voluntarily so, at the option of the holder or of Técnicas Reunidas, with the periodicity and for the term established in the issue, which may not exceed fifteen (15) years from the date of issue.

[Continues in section H]

A.11. Estimated free float:

	%
Estimated free float	62,80

A.12. Indicate whether there are any restrictions (of a statutory, legislative or other nature) on the transfer of securities and/or any restrictions on voting rights. Specifically, indicate the existence of any kind of restriction which might hinder the takeover of the company through the acquisition of its shares on the market, as well as any prior notice or authorization systems which, with respect to the acquisition or transfer of the company's financial instruments, are applicable to the company under sectoral regulations.

[ ] Yes
[√] No

A.13. Indicate whether the General Meeting has resolved to adopt any neutralization measures against potential takeover bids, in virtue of the provisions of Law 6/2007.

.

[ ] Yes
[√] No

If applicable, explain the approved measures and the terms under which the restrictions will become ineffective:

A.14. Indicate whether the company has issued any securities that are not traded on a regulated European Union market.

[ ] Yes
[√] No

Where applicable, indicate the different share classes and, for each share class, their corresponding rights and obligations:

B. ANNUAL GENERAL MEETING

B.1. Indicate and, where applicable, provide details of any differences between the required minimums set out in the Companies Act and the quorum for general meetings:

[ ] Yes
[√] No

B.2. Indicate and, where applicable, provide details of any differences from the system for passing company resolutions set out in the Companies Act:

[√] Yes
[ ] No

	Enhanced majority different from that stablished in article 201.2 of the Companies Act for the circumstances set out in article194.1 of the Act	Other circumstances for enhanced majority
% established by the entity for passing resolutions	0,00	50,01

The last paragraph of Article 20 of the Articles of Association stipulates that the Annual General Meeting may only issue instructions to the Board of Directors or submit for its authorization the adoption of decisions on management matters by means of resolutions that comply with the information and majority requirements for amendments to the articles of association set out in Articles 194, sections 1 and 2, and 201.2 of the Companies Act.

B.3. Indicate the rules applicable to amendments to the company's articles of association. Specifically, report the majorities required for amendment of the articles of association and, where applicable, the rules set out for the protection of shareholders' rights in the amendment of the articles of association.

Art. 20.g) of the Articles of Association and 7.g) of the Regulations of the General Meeting stipulate that the General Meeting is competent to amend the Articles of Association. The rules applicable to amendments to the Company's Articles of Association are those laid down in the Companies Act. In this regard, the first call for the Annual General Meeting requires attendance by shareholders, whether in person or by proxy, who hold at least 50% of the subscribed capital with voting rights, in which case the resolution may be passed by an absolute majority. The second call requires attendance of 25% of the subscribed capital, in which case this will require a vote in favour by 2/3 of the capital present or represented at the Meeting when the shareholders in attendance represent at least 25% but less than 50% of the subscribed capital with voting rights.

Without prejudice to the above, the Board is competent to change the registered office within the national territory in accordance with the provisions of Article 285.2 of the Companies Act and Article 3 of the Articles of Association.

Shareholders' rights in relation to General Meetings are those set out in the Companies Act, reflected in Articles 14, 16 and 17 of the Articles of Association and detailed in the Regulations of the General Meeting as follows:

Right to information

Article 12 of the Regulations establishes that from the date of publication of the notice of the General Meeting and up to and including the fifth day prior to the date scheduled for the General Meeting, shareholders may request such information or clarifications as they deem necessary regarding the items on the agenda or submit in writing such questions as they deem pertinent. In addition, with the same notice and in the same manner, the shareholders may request from the administrators any clarifications they deem necessary regarding the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the auditor's report.

Requests for information may be made by delivering the request at the registered office, or by sending it to the Company by mail or other means of remote electronic communication addressed to the address specified in the corresponding notice of call or, in the absence of such specification, to the Office of the Shareholder. Those petitions in which the electronic document by virtue of which the information is requested incorporates the legally recognized electronic signature used by the petitioner, or other mechanisms which, by means of a resolution adopted for this purpose in advance, the Board of Directors considers that it meets adequate guarantees of authenticity and identification of the shareholder exercising his right to information, shall be admitted as such.

Whichever means is used to issue the requests for information, the shareholder's request must include his name and surname, accrediting the shares he owns, so that this information may be compared with the list of shareholders and the number of shares in his name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) for the General Meeting in question. by the Company. The shareholder shall be responsible for proving that the request has been sent to the Company in due time and form. The Company's web page will detail the pertinent explanations for the exercise of the shareholder's right to information, under the terms set forth in the applicable regulations.

The requests for information regulated in this article shall be answered in writing, once the identity and shareholder status of the applicant has been verified, up to the date of the General Shareholders' Meeting.

The directors are obliged to provide the information in writing up to the day of the meeting, except in cases in which:

(i) the information requested is unnecessary for the protection of the rights of the shareholder, there are objective reasons to consider that it could be used for non-company purposes or its disclosure would be detrimental to the Company or related companies.
(ii) the request for information or clarification does not refer to matters included in the agenda or to information accessible to the public that has been provided by the Company to the Comisión Nacional del Mercado de Valores since the last Shareholders' Meeting was held.
(iii) the information or clarification requested deserves to be considered abusive; or
(iv) this is the result of legal or regulatory provisions or court rulings.

However, the exception indicated in (i) above shall not apply when the request is supported by shareholders representing at least twenty-five percent (25%) of the capital.

[Continues in section H].

B.4. Indicate the attendance details for the general meetings held during the fiscal year to which this report corresponds and for the two previous fiscal years:

	Attendance details				
Date of general meeting	% present in person	% represented by proxy	% remote voting: Electronic vote	% remote voting: Others	Total
27/06/2018	0,17	61,18	0,00	0,00	61,35
Including free float	0,06	23,93	0,00	0,00	23,99
26/06/2019	3,95	60,24	0,01	0,00	64,20
Including free float	0,06	21,32	0,01	0,00	21,39
25/06/2020	6,57	61,81	0,01	0,00	68,39
Including free float	6,46	24,72	0,01	0,00	31,19

B.5. Indicate whether there were any items on the agenda at the general meetings held during the fiscal year which were not, for any reason, approved by the shareholders:

[ ] Yes
[√] No

B.6. Indicate whether there are any restrictions in the articles of association establishing a minimum number of shares required to attend the general meeting or to cast a remote vote:

[√] Yes
[ ] No

Number of shares required to attend the general meeting	50
Number of shares necessary to cast a remote vote	50

B.7. Indicate whether it has been established that certain decisions, other than those set out by law, which entail the acquisition, disposal or transfer to another company of essential assets or other similar corporate transaction must be submitted for approval at the annual general meeting:

[ ] Yes
[√] No

B.8. Indicate the company's web address and how to access the information on corporate governance and other information about general meetings that must be made available to shareholders through the company website:

The Company's website is www.tecnicasreunidas.es.

Information on corporate governance can be accessed by clicking on the 'Shareholders and Investors/Corporate Governance' tab and then the 'Corporate Governance documents' tab. Information on Annual General Meetings can be found in the same section.

C. COMPANY ADMINISTRATION STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors provided for in the articles of association and the number fixed at the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors fixed at the meeting	14

C.1.2 Complete the following table detailing the members of the board:

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. FERNANDO DE ASÚA ÁLVAREZ		Other external	3rd. DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. PETRA MATEOS-APARICIO MORALES		Independent director	DIRECTOR	29/02/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. WILLIAM BLAINE RICHARDSON		Other external	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. PEDRO LUIS URIARTE SANTAMARINA		Independent director	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA		Other external	2nd. DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ALFREDO BONET BAIGET		Independent director	DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ NIETO DE LA CIERVA		Independent Director	INDEPENDENT COORDINATOR DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN LLADÓ ARBURÚA		Executive	PRESIDENT	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ MANUEL LLADÓ ARBURÚA		Shareholder Director	DIRECTOR	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE		Other External Director	DIRECTOR	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. RODOLFO MARTÍN VILLA		Other External Director	DIRECTOR	26/06/2019	26/06/2019	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ADRIÁN RENÉ LAJOUS VARGAS		Independent Director	DIRECTOR	29/06/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. INÉS ELVIRA ANDRADE MORENO		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Total number of directors	14

Indicate any terminations, whether as a result of resignation or removal or for any other reason, within the board of directors during the reporting:

Name or Corporate name of director	Category of the director at the time of termination	Date of last appointment	Date of termination	Specific committees of which they were members	Indicate whether the termination occurred before the end of their mandate
MR. JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Executive	29/06/2016	25/06/2020	None	NO
MR. ÁLVARO GARCÍA-AGULLÓ LLADÓ	Shareholder director	29/06/2016	25/06/2020	None	NO

Cause of the removal, when it occurred before the end of the term of office and other observations; information on whether the director has sent a letter to the rest of the members of the board and, in the case of removals of explanation or opinion of the director who has been removed by the general shareholders' meeting

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz, and considering that their term of office as directors finished on 29/06/2020 and the date of the General Shareholders' Meeting was scheduled for 25/06/2020, Messrs. LLadó Fernandez-Urrutia and Garcia-Agulló stated at the Board of Directors' meeting held on 25/05/2020 immediately prior to the start of the General Shareholders' Meeting, their desire not to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

C.1.3 Complete the following tables on the members of the board of directors and their categories:

EXECUTIVE DIRECTORS

Name or Corporate name of director	Position within the company structure	Profile
MR. JUAN LLADÓ ARBURÚA	Executive Chairman	Degree in Economics from Georgetown University, Washington DC. Master of Business Administration from the University of Texas at Austin. Treasurer at Argentaria Bank (1997-1998). 1st Deputy Chairperson at Técnicas Reunidas S.A. since 1998 and Executive Chairman since June 25th, 2020.

Total number of executive directors	1
% of total of the board	7,14

EXTERNAL SHAREHOLDER DIRECTORS		
Name or Corporate name of director	Position within the company structure	Profile
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	BSBA from Georgetown University and MBA from the University of Chicago. Manager of the International Corporate Finance Division at Citibank N.A. (1986-1990), General Manager at Chase Manhattan Bank with responsibility for Global Market Sales for Spain (1990-2001). Assistant Deputy General Manager at Banesto, with responsibilities for the International and Treasury divisions (2001-2004). Founding partner of Summa Financial Services (2004-present). Managing Director at Ideon Financial Services (2008-present). Member of the board of directors at Aragonesas Promoción de Obras y Construcciones, S.L. (director), Araltec, S.L. (deputy chairperson), Layar Castilla, S.A. (chairperson), Summa Investment Solutions, S.A. (chairperson), Choice Financial Solutions, S.L. (director), Fintonic Servicios Financieros, S.L. (director) and León Valores S.A., SICAV (director).

Total number of shareholders directors	1
% of total of the board	7,14

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
MRS. PETRA MATEOS-APARICIO MORALES	Doctorate (cum laude) in Economics and Business Studies from the Complutense University of Madrid and Professor of Financial Economics. Vice President of the Executive Committee of the Spain-US Chamber of Commerce since July 2011 and member of the Board of Directors of Unicaja Banco since February 2014. Executive Chairperson at Hispasat (2004-2012), Non-executive Chairperson at Hisdesat (2005-2011), Director at Hispamar Satélites (Brazil), Director at Xtar LLC (United States) (2005-2012) and Independent Member of the Board of Directors at Solvay (2009-2013). From 1983 to July 1985, she was a director at Iberia and Banco Exterior de España, where she was Assistant General Manager from 1985 to 1987. She was also a director at Banco CEISS (2004-2018) in the Unicaja Group, from 2014 until its merger with Unicaja in September 2018. Her extensive academic experience (1982-2015) includes positions as Professor in Financial Economics at the Department of Business Economics and Accounting in the Faculty of Economics and Business Studies at the National Distance Education University and Professor of Financial Economics at the Colegio Universitario de Estudios Financieros. She has been a member of the National Executive Committee of the Spanish Institute of Financial Analysts (IEAF) (2011-2017) and a member of the Board of ANECA (2009 to 2015). She has also been awarded various distinctions including among others Knight of the Legion of Honour of the French Republic, Business Leader of the Year (2010) from the Spain-US Chamber of Commerce and the Women Together Award (2009) from the United Nations Economic and Social Council (ECOSOC).

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
MR. PEDRO LUIS URIARTE SANTAMARINA	Degree in Economics and Law from the Universidad Comercial de Deusto in Bilbao. His extensive professional experience over his 52-year career encompasses 9 years in industry, 23 years in finance, during which he was Deputy Chairperson and CEO at BBV and BBVA, 14 years in consultancy, 2 years in R&D&I and 4 years in Public Administration, as Regional Minister for Economy and Finance in the first Basque Government, from 1980 to 1984. He was a professor at the Universidad Comercial de Deusto for seven years, lecturing in subjects related to business transformation and advanced management. Subsequently, he has collaborated with various business schools, including Deusto Business School, IESE and ESADE. Since 2002, he has been Executive Chairperson at Economía, Empresa, Estrategia, a strategic consulting company that he founded. He combines this position with his duties as director and advisor at various companies and cooperates in different university-based and social activities.
MR. ALFREDO BONET BAIGET	Degree in Economics and Business Studies from the Complutense University of Madrid and State Economics and Trade Expert. Economic and Trade Advisor for Spain in Miami (1987-1991) and Milan (1993-1997). Director General of Altair Asesores (1997-2001). General Manager of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004). Secretary General for Foreign Trade and member of the Board of Directors of Instituto de Crédito Oficial (ICO) and Navantia (2004-2010). Secretary of State for Foreign Trade and President of ICEX and Invest in Spain (2010-2012). Chief Economic and Trade Adviser to the Spanish Delegation to the OECD (2012-2015). International Director at the Spanish Chamber of Commerce (2015-2018). Secretary General of the Círculo de Empresarios (2018-present).
MR. JOSÉ NIETO DE LA CIERVA	Degree in Economics and Business Studies from the Complutense University of Madrid. His career has included holding the following positions: KPMG Spain - Consulting Department (1988-1989), JP Morgan (1989-2002) - Director at the Chase Manhattan Bank (1998-2002) and Managing Director of Corporate Banking at the Chase Manhattan Bank in Spain (1998-2002), Banesto (2002-2010) - Assistant General Manager of Business Banking (2002) and General Manager of Wholesale Banking (2006), Banca March Group (2010-2017) - President of Banco Inversis and CEO at Banca March, Director and member of the Audit Committee at Corporación Financiera Alba, director and member of the Executive Committee at Ebro, director at Consulnor and director at Aegon España. He is also Assistant General Manager at Banco Sabadell (2018-present).
MR. ADRIÁN RENÉ LAJOUS VARGAS	Degree in Economics from the Autonomous University of Mexico and Master's Degree in Economics from King´s College, University of Cambridge. Full-time lecturer and researcher at the College of Mexico (1971-76). He worked at the Energy Secretariat of Mexico between 1977 and 1982, where he was Director General for Energy. In 1983 he joined Pemex, holding a number of executive positions: Executive Coordinator of Foreign Trade, Corporate Director of Planning, COO and Manager of Refining. In 1994 he was appointed CEO of Pemex and chairperson of the boards of directors of Pemex's operating companies, positions from which he resigned in December 1999. Adrián Lajous is currently a visiting researcher at the Center on Global Energy Policy at Columbia University, chairperson at Petrométrica SC, and non-executive director at Ternium and Técnicas Reunidas,

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
	as well as the Oxford Institute of Energy Studies and the Mario Molina Centre. He is also a member of the board at the College of Mexico Foundation. He has chaired the Oxford Institute of Energy Studies and has been a member of the boards of directors at Schlumberger, Repsol, Trinity Industries, the Federal Electricity Commission and other state-owned industrial and financial companies. From 2001 to 2011 he was an advisor at McKinsey & Company and also an advisor to the World Bank.
MRS. INÉS ELVIRA ANDRADE MORENO	Degree in Finance and International Business from Georgetown University and has also completed a Finance and International Trade Program at Oxford University. Professionally, she has been assistant to the Deputy Chairperson of the Financial Analysis, Mergers and Acquisitions Department at JP Morgan, founding partner of Citius, S.A., head of marketing at Socios Financieros, participated in Inversiones Ibersuizas, investment director of iNova Capital and managing director of Grupo Rio Real. Currently, Ms. Andrade is group Vice Chair and partner of Altamar Capital Partners Group.
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	Degree in Economics and Business Administration from the Universidad Comercial de Deusto and MBA with a specialization in Financial Intermediation from The Wharton School - University of Pennsylvania. of Pennsylvania. Professionally, Mr. Ignacio Sánchez-Asiaín Sanz has been a stock market analyst at Prescott Ball & Turben, project manager in Europe, member of the European Senior Advisory Board and Senior Advisor for Iberia at Oliver Wyman & Co., Director of International Business Development, General Manager of Private Banking, General Manager of Systems and Operations and member of the Management Committee at BBVA Group, General Manager of BBK - Bilbao Bizkaia Kutxa, Corporate General Manager of Kutxabank and CEO of Banco Popular. Currently, Mr. Ignacio Sánchez-Asiaín Sanz is Chairman and Director of Gobertia Global, Gobertia CEE, Gobertia España and Gobertia Perú.

Total number of independent directors	7
% of total of the board	50,00

Indicate whether any independent director receives any payment or benefit from the company or its group other than their remuneration as director, and whether they maintain or have maintained a business relationship with the company or any company within its group during the last fiscal year, either in their own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.

Where appropriate, include a reasoned statement from the board, setting out the reasons why it considers that this director may perform their duties as an independent director.

Name or Corporate name of director	Description of relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Mr. Antoñanzas has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Doctorate in Industrial Engineering. He was General Manager of Manufacture and Assembly at Barreiros-Chrysler for 10 years. He also worked for five years at ITT as Operations Manager for Spain and was CEO of Marconi Española and Deputy Chairman of ITT España. He was Director of Planning and President of Instituto Nacional de Industria 1973-1976, CEO of Seat 1977-1984 and Chairperson of the Board of Directors of Uralita 1998-2002.
MR. FERNANDO DE ASÚA ÁLVAREZ	Mr. de Asúa has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Qualified in Economics and Computer Science at the Complutense University of Madrid and graduated in Business Administration and Mathematics at the University of California (USA). His professional experience involves an extensive career at IBM and IBM España between 1959 and 1991, including positions as General Manager for the South America Area and later Europe, CEO of IBM España and director at IBM World Trade Corp. He was Deputy Chairperson of the Board of Grupo Banco Santander from 2004 to February 2015.
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Mr. Gómez-Navarro has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	Degree in Industrial Engineering, specializing in Chemistry, from the Madrid School of Industrial Engineers and studies in Economics,.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			He has held various executive and managerial positions at Editorial Tania (1979-1983), the International Tourism Trade Fair (1980-1983), of which he is founder, and Viajes Marsans (1983-1985), where he is Chairperson and CEO. In the public sphere, he was appointed Secretary of State and President of the National Sports Council (1987-1993) and later Minister for Trade and Tourism and International Cooperation (1993-1996), as well as Governor, on behalf of Spain, of the Inter-American, Asian and African Development Banks from 1993 to 1996. He was subsequently appointed President of the Spanish High Council of Chambers of Commerce, Industry and Navigation (2005-2011) and Executive Chairperson at Aldeasa (2005-2012). He currently heads the consulting firm MBD, dedicated to business consulting, mergers and acquisitions, and has been a director of Promotora de Informaciones, S.A. since November 2017. He holds several important Spanish and international decorations, including the Grand Cross of the Order of Carlos III, the Order of Civil Merit and the Royal Order of Sporting Merit and the Gold Medal for Tourism, as well as the highest category of Order of Merit from France, the Gold Olympic Order and the Order of the Condor of the Andes from Bolivia.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. WILLIAM BLAINE RICHARDSON	Mr. Richardson has a contractual relationship with the Company.	TÉCNICAS REUNIDAS, S.A.	Degree in Political Science from Tufts University (Medford/Somerville), 1970. Master's Degree in Foreign Affairs from the Fletcher School of Law and Diplomacy at Tufts University, 1971. Member of the House of Representatives for the State of New Mexico (1983-1997). United States Ambassador to the United Nations (1997-1998). Secretary of State for Energy (1998-2001). Governor of the State of New Mexico in 2002 and re-elected in 2006. President of the International Advisory Council at APCO Worldwide. Member of numerous advisory boards at for-profit and non-profit entities (1983- 1997).
MR. RODOLFO MARTÍN VILLA	Mr. Martín Villa was a member of the Board of Directors of Initec Plantas Industriales, S.A.U., a wholly-owned subsidiary of Técnicas Reunidas, S.A., at the time of his appointment as a director and had received various amounts during the last few years as a director of this entity.	TÉCNICAS REUNIDAS, S.A.	Industrial engineer. Member of the State Financial Inspectorate. Civil Governor of Barcelona (1974-1975). Minister for Trade Union Relations (1975-1976), Minister of the Interior (1976-1979) and Minister for Territorial Administration (1980-1981). Vice-President of the Government (1981-1982) Member of Parliament (1979-1983 and 1989-1997) Chairperson of the Budget Committee (1989-1996), the Justice and Home Affairs Committee (1996-1997) and the Toledo Pact for public pensions.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			President at Ibercobre (1979-1980), U.C.B. Spain (Union Chimique Belge) (1990-97) and the Madrid Savings Bank Control Commission (1993-1997). President at Endesa, S.A. (1997-2002), Endesa Italia (2001-2003) and Enersis (Chile) (1997-1999). Chairperson of Sogecable (2004-2010). Member of the Board of Trustees at the Pontifical University of Salamanca, the Colegio Libre de Eméritos Universitarios and the Ramón Menéndez Pidal Foundation

Total number of other external directors	5
% of total of the board	35,71

Indicate any changes that have occurred during the period with regard to the category of each shareholder:

Name or Corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors at the end of the last 4 fiscal years, as well as the category of such directors:

	Number of female directors				% of total directors in each category			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Executive directors					0,00	0,00	0,00	0,00
Shareholder directors					0,00	0,00	0,00	0,00
Independent directors	2	1	1	1	28,57	20,00	16,67	12,50
Other external directors					0,00	0,00	0,00	0,00
Total	2	1	1	1	14,29	7,14	7,14	7,69

C.1.5 Indicate whether the company has diversity policies in force in relation to the company's board of directors, with respect to aspects such as age, gender, disability, training and professional experience. Small and medium-sized entities, as defined in the Law on Auditing, must at least provide information on any policy they have implemented in relation to gender diversity.

.

[√] Yes
[ ] No
[ ] Partial policies

If yes, describe these diversity policies, including their targets and measures, how they have been implemented and their outcomes during the fiscal year. Also state the specific measures taken by the board of directors and the appointments and remuneration committee to achieve balance and diversity among the directors.

If the company does not have a diversity policy, explain why not.

Description of the policies, including targets and measures, how they have been implemented and the outcome

During the 2020 financial year, the Company approved several Corporate policies, including the Policy for the Selection of Directors and Dive rsity on the Board of Directors of Técnicas Reunidas, S.A. (the "Policy").

The purpose of this Policy is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequa te and diverse composition of the Board of Directors. In addition, its general principles include promoting the appropriate composition of the Board for the best performance of its functions, the promotion of diversity in its composition of the Board and its Committees (am ong other aspects, in terms of knowledge, experience, geographical origin, age and gender), non-discrimination and equal treatment (whereby the selection procedures shall not suffer from implicit biases that may imply any discrimination of any kind, be it race, sex, age, disability or for any other reason), transparency in the selection of candidates and compliance with the principles of good governance.

Furthermore, in accordance with Article 14.2 of the Board Regulations, the Appointments and Remuneration Committee is responsible for setting a representation target for the underrepresented sex on the Board of Directors and for drawing up guidelines on how to achieve this target.

In particular, the Company makes a special effort to seek female candidates meeting the required profile for future vacancies, as detailed in section C.1.6 below.

C.1.6 Explain the measures, if any, that the appointments committee has agreed to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and that allows a balanced presence of women and men to be achieved. Also indicate whether these measures include encouraging the company to have a significant number of female directors. a significant number of female senior managers.

Explanation of the measures

In those cases in which the Company has had the opportunity to initiate a selection procedure due to the existence of a vacancy or other factors, this procedure has taken into account the aforementioned diversity criteria incorporated in the corporate texts and, in particular, the avoidance in the selection procedures of any type of discrimination based on gender and, in this sense, has encouraged the possibility of female candidates. and, in particular, the avoidance in the selection procedures of any type of discrimination based on gende r and, in this sense, has promoted the possibility of female candidates. In addition, during the 2020 financial year, the Company has approved the Policy for the Selection of Directors and Diversity in the Company. of Directors and Diversity in the Board of Directors of Técnicas Reu nidas, S.A. (the "Policy"), which (the "Policy") which, with regard to the selection of female directors, contains the principles mentioned in point C.1.5.

Similarly, with respect to measures to encourage the Company to have a significant number of female senior managers, the Polic y expressly states that "(...) in order to promote gender diversity, the Company shall endeavor to establish measures that encourag e the Company to have a significant number of senior Company to have a significant number of senior managers, without prejudice to the essential criter ia of merit and ability that must govern in all personnel selection processes of the Company and its Group. It shall also ensure cultural diversity and the presence of members with international knowledge and experience".

When, in spite of the measures adopted, if any, there are few or no female directors or senior managers, explain the reasons for this:

Explanation of the reasons

In accordance with the provisions of the preceding sections, in the event of the existence of a new vacancy on the Board, as occurred at the Ordinary General Meeting of June 25, 2020 due to the non-reelection of two of the eight directors who finalized their term of office. The selection procedures for filling such vacancies initiated by the Appointments and Remuneration Committee included among its criteria the compliance with the principle of diversity, without prejudice to the other requirements of competence, experience, availability, personal conditions of freedom of judgment and criteria for the proper performance of the position that the members of the Board of Directors of the Company must meet, also taking into account the needs and composition of the Board of Directors as a whole and not only the individual suitability of its members and also the convenience of providing the structure of the Board of Directors with a certain stability that guarantees a better performance of its functions in the medium term.

In this regard, and without prejudice to the fact that the Company always prioritizes the suitability of the candidates to be appointed as directors regardless of their gender, taking into account the needs of the Company at that time, after an adequate and complete assessment by the Appointments and Remuneration Committee and the Board of Directors, finally the proposal for new appointments submitted to the Ordinary General Meeting of June 25, 2020 included a female Director among the candidates considered most suitable, thus increasing the presence of women on the Board of Directors of the Company.

As a result of this process, in which corporate bodies such as the Appointments and Remuneration Committee and, ultimately, the Board of Directors participated, the Company submitted to the consideration of the Ordinary General Shareholders' Meeting the proposal for the appointment of a female and a male director (Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz). These proposals were approved practically unanimously (99.73 % of votes in favor in the case of Ms. Inés Andrade Moreno and 99.66 % in the case of Mr. Ignacio Sánchez-Asiaín Sanz).

Likewise, the Company has focused on the search for female executives when updating its organization chart. In this sense, the Company has made numerous appointments of female executives during the year 2020 in positions which, although they do not meet all the requirements established by the applicable regulations to be considered as senior executives, are in a step immediately below this one, something which increases their possibilities of being considered senior executives in the future.

C.1.7 Explain the findings of the nominating committee on verification of compliance with the policy aimed at favoring an appropriate composition of the board of directors.

The Company's Appointments and Remuneration Committee has concluded that the policy aimed at favoring an appropriate composition of the Board of Directors, formalized after the approval by the Company's Board of Directors of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., has worked satisfactorily, as it has allowed an increase in gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and a reduction in the average age of the Board of Directors during the financial year 2020, incorporating suitable candidates for the Board of Directors. gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and to reduce the average age of the Board of Directors during the 2020 financial year, incorporating suitable candidates according to the characteristics of the vacancies to be filled and the composition of the Company's governing bodies.

C.1.8 Explain, if applicable, the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding interest is less than 3% of the share capital:

Name or Corporate name of shareholder	Reason
No data	

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed have not been met. If so, explain the reasons why these requests have not been met:

[ ] Yes
[√] No

C.1.9 Indicate, if any, the powers and authorities delegated by the board of directors to directors or board committees:

Name or Corporate name of director or committee	Brief description
JUAN LLADÓ ARBURÚA	The Board of Directors delegated to its Executive Chairman all the delegable powers of the Board of Directors except those set forth in Article 25 of the Company's Bylaws regarding the election of the Chairman and Deputy Chairmen or those that cannot be delegated by law or by the Company's internal rules and regulations. Likewise, as established in the same article of the Company's Bylaws, the Chairman, in the event of being an executive Director, shall be considered as the Company's senior executive and shall be vested with the powers necessary for the exercise of this authority, which shall be delegated to him by the Board of Directors. The powers delegated to the Chairman may be delegated to third parties.

C.1.10 Identify, if applicable, the members of the board who assume positions as directors, representatives of directors or executives in other companies that are part of the listed company's group:

Name or Corporate name of director	Corporate name of the entity	Position	Do they have executive functions?

MR. JUAN LLADÓ ARBURÚA	Española de Investigación y Desarrollo, S.A.	Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Internacional, S.A.	1st. Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Master SA de Ingeniería y Arquitectura	Director	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Proyectos Internacionales, S.A.U.	Joint Administrator	YES

C.1.11 List, if applicable, the directors or representatives of directors who are legal persons of your company, who are members of the board of directors or representatives of directors who are legal persons of other entities listed on regulated markets other than your group, which have been reported to the company:

Name or Corporate name of director	Corporate name of the listed entity	Position
No data		

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of company boards of which its directors may form part, identifying, if applicable, where it is regulated:

[ ] Yes
[√] No

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Remuneration paid during the year in favor of the Board of Directors (thousands of euros)	4.240
Amount of the accrued entitlements corresponding to pension rights accumulated by current directors (thousands of euros)	
Amount of the accrued entitlements corresponding to pension rights accumulated by former directors (thousands of euros)	

C.1.14 I Identify the members of senior management who are not executive directors and indicate the total remuneration accrued in their favor during the fiscal year:

Name or Corporate name	Position(s)
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer
MR. MIGUEL PARADINAS MÁRQUEZ	Assistant General Manager
MRS. LAURA BRAVO RAMASCO	Secretary of the Board of Directors
MR. JOSÉ MARÍA GONZÁLEZ VELAYOS	Internal Auditor
MR. ARTHUR W. CROSSLEY SANZ	Chief Commercial Officer
MR. HUGO MÍNGUEZ CAMPOS	Chief Human Resources and General Services Officer
MR. JESÚS ANTONIO RODRÍGUEZ RODRÍGUEZ	Chief Operations Officer
MR. GONZALO PARDO MOCOROA	Energy Division Operations Manager
MR. JUAN JOSÉ FRANCO MERINO	Industrial Division Operations Manager

MR. PABLO ANDRÉS SAEZ	Upstream Division Operations Manager
MR. EMILIO GÓMEZ ACEVEDO	Legal Counsel Director

Number of women in senior management	1
Percentage over total members of senior management	9,09

Total senior management remuneration (thousands of euros)	4.877

C.1.15 Indicate whether any changes were made to the regulations of the board during the fiscal year:

[√] Yes
[ ] No

Description of modification

The Board of Directors of the Company has approved two amendments to the Regulations of the Board of Directors during the 2020 financial year:

- Reform approved in June 2020.

The main purpose of the amendment of the Board Regulations was to incorporate Technical Guides 3/2017 and 1/2019 of the CNMV in relation to the Board Committees:

In relation to the Audit and Control Committee, certain basic principles of the CNMV Technical Guide 3/2017 on Audit Committees ("Technical Guide 3/2017") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of article 13 in accordance with the criteria followed by Technical Guide 3/2017. Likewise, certain CBG Recommendations were expressly incorporated regarding the functions/competencies of the Committee that the Company was already fulfilling but which were not included in its corporate texts.

The current name of the Committee was changed to "Audit and Control Committee", which in turn required the amendment of Articles 3, 5.1.(xii), 12, 36 (former 35) and 40 (former 39) of the Regulations, thus adapting the nomenclature of the Committee to that used in the regulations and recommendations applicable to the Company, among others, the LSC and Technical Guide 3/2017 and thus unifying the name of the Board's Advisory Committees.

In relation to the Appointments and Remuneration Committee, certain basic principles of the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Committees ("Technical Guide 1/2019") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of Article 14 in accordance with the criteria followed by Technical Guide 1/2019.

The composition of the Board (Article 7) is adapted to the number of members provided for in the Bylaws: between 7 and 15 members.

Likewise, articles 10 and 11 were modified to establish that the Secretary and Vice-Secretary of the Board shall also be the Secretary and Vice-Secretary of all the Delegated or Advisory Committees of the Board, in coordination with the proposed modification to Article 25 of the Company's Bylaws in this regard.

On the other hand, article 8 was modified to flexibilize the figure of the Chairman of the Board by allowing the position of Chairman to be held by both an executive and a non-executive director (in line with the proposed modification of Article 25 of the Bylaws).

Likewise, the diversity-related aspects contemplated in the LSC were incorporated into Articles 6 and 14 of the Regulations by Law 11/2018, of December 28, also introducing among the functions of the Appointments and Remunerations Committee that of "Proposing to the Board of Directors the diversity policy on the basis, among others, of the criteria of age, disability, training, professional experience and gender, establishing the objectives in this regard", also in accordance with article 529 quindecies.3.b) LSC.

A new Article 15 was incorporated regarding the new Board Risk and Management Committee, adapting its regime to the recommendations of Technical Guides 3/2017 and 1/2019 of the CNMV in coordination with the regulation of the Audit and Control and Appointments and Remuneration.

In addition, the possibility was added in Article 16 -formerly Article 15- of holding meetings of the Board of Directors by any non-attendance means by using a technical procedure that ensures the authenticity and real-time plurilateral connection of remote attendees.

The remuneration regime for directors provided for in Article 26, formerly Article 25, was adapted to the criteria established in this regard in the Supreme Court Ruling of February 26, 2018, thereby coordinating the Bylaws/Board Regulations, the Directors' Remuneration Policy and the contracts of executive directors.

-Reform approved in December 2020.

The main purpose of the amendment of the Board Regulations was to adapt this corporate text to the provisions of the partial revision of the Good Governance Code for listed companies of June 2020, which updates various recommendations of the Good Governance Code, and to CNMV Circular 1/2020, published in the BOE on October 12, 2020, which modifies the models of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors.

List the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

Article 23 of the Company's Bylaws establishes that the Board of Directors shall be composed of a minimum of 7 members and a maximum of 15, with the General Shareholders' Meeting being responsible for fixing the number of members.

With regard to the selection and appointment of the Board Members, Article 18 of the Board Regulations establishes that the Board Members shall be appointed, following a report from the Appointments and Remuneration Committee, by the General Meeting or by the Board of Directors in accordance with the provisions contained in the Capital Companies Act. In this regard, the proposals for appointment and re-election of directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the appointment resolutions adopted by said body by virtue of the powers of co-option legally attributed to it shall be subject, in all cases, to the policy of diversity on the Board of Directors and selection of directors approved by the Board at any given time and must be preceded by:

a) the corresponding proposal of the Appointments and Remuneration Committee, in the case of independent directors; and

b) the corresponding proposal of the Board of Directors, in the case of the remaining directors, which must be accompanied by a supporting report evaluating the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or of the Board itself. The proposal for appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

In turn, Article 19 of the Board Regulations establishes, with respect to the appointment of external directors, that the Board of Directors shall endeavor to ensure that the selection of candidates is made by persons of recognized solvency, competence and experience, and shall be extremely rigorous with respect to those called upon to fill the independent directorships contemplated in Article 6 of the Regulations. This article also provides that the Board of Directors shall ensure that the procedures for the selection of its members favor diversity with respect to issues such as age, gender, disability or professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of the members of the Board of Directors, Likewise, the persons appointed as Board Members must be persons of recognized commercial and professional honorability and must possess adequate knowledge and experience to perform their duties and be in a position to exercise good governance in the entity. Likewise, in addition to the conditions required by Law and the Bylaws, they must also meet the conditions set forth in the Regulations, formally undertaking at the time of taking office to comply with the obligations and duties set forth herein.

For the re-election of directors, in addition to the above requirements, Article 20 of the Board Regulations provides that the Board of Directors, before proposing the re-election of directors to the Shareholders' Meeting, shall evaluate, with the abstention of the affected parties, the quality of the work and dedication to the position of the proposed directors during the previous term of office.

In accordance with Article 21 ("Term of office"), the directors shall hold office for a term of four years, without prejudice to the possibility of earlier removal by the Board. At the end of their term of office, they may be re-elected one or more times for terms of the same duration.

The appointment of the directors will expire when, once the term has expired, the next Meeting has been held or the legal term for holding the Meeting that must resolve on the approval of the previous year's financial statements has elapsed.

Any vacancies that may occur may be filled by the Board by co-option, in accordance with the law. In the event of vacancies occurring after the Meeting has been convened and before it is held, the Board shall retain the power to co-opt until the next General Meeting is held.

Directors appointed by cooptation shall have their position ratified on the date of the first General Meeting immediately following.

A director who terminates his term of office or for any other reason ceases to hold office may not be a director or hold executive office in another entity having a corporate purpose similar to that of the Company for a period of two years. The Board, if it deems it appropriate, may exempt the outgoing director from this obligation or shorten the period of duration.

[Continues in section H]

C.1.17 Explain to what extent the annual evaluation of the board has led to significant changes in its internal organization and in the procedures applicable to its activities:

Description of modifications

With respect to the evaluation of directors, Article 5.6 of the Board Regulations establishes that the Board of Directors shall conduct an annual evaluation of its performance (based on the report submitted by the Appointments and Remuneration Committee) and that of its Committees, as well as that of its Chairmen, and shall propose, on the basis of its result, an action plan to correct the deficiencies detected (the result of the evaluation shall be recorded in the minutes of the meeting or incorporated as an annex thereto).

Although the annual evaluation of the Board of Directors showed that the composition, internal organization, operation and frequency of the meetings of the Board of Directors was accurate, the Company carried out several actions as a result of the conclusions of the aforementioned annual evaluation, among which the projection of presentations referring to several aspects of the Company that could be improved during the 2020 fiscal year stands out, such as (i) to have an impact on the information sent to the directors - especially considering the information related to the status of the projects-, (ii) to deepen the Company's strategic plan, considering the possible changes in the environment to anticipate the Company's positioning in the medium term, (iii) to deepen the interaction between directors and the management team, and (iv) finally, to deepen the risk control activities.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, if applicable, by an external consultant, with respect to the operation and composition of the board and its committees, and any other area or aspect that has been the object of the evaluation.

Description of the evaluation process and the areas assessed

The evaluation of the 2020 fiscal year of the different Committees was based on the report they submitted to the Board of Directors and, for the Board of Directors, on the report submitted by the Appointments and Remuneration Committee.

In addition, as part of the process, an evaluation questionnaire was sent to all directors which, after having been completed by each director, was analyzed in order to obtain a homogeneous result of the members of the Board of Directors.

In the evaluation process, the Board of Directors has been assisted by the external consultant Ackermann International, which has held individual interviews with the members of the Board as part of the evaluation process.

The areas evaluated during the Board's evaluation process have included the following aspects:

- Efficiency of the operation and diversity in the composition of the Board of Directors.
- The skills and powers of the Board of Directors.
- The functioning and composition of its Committees.
- The performance of the Executive Chairman and the Secretary of the Board of Directors and the performance and contribution of each director.

C.1.18 Provide a breakdown, for the fiscal years in which the evaluation has been assisted by external consultants, of any business relationships between the consultants or any company in their group and the company or any company in its group.

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The external consultant Ackermann International has not provided the Company and other companies of its group during the 2020 financial year with services other than assistance in the evaluation of the Board of Directors and its Committees.

C.1.19 Indicate the cases in which directors are obliged to resign.

As indicated in section C.1.16 above, as established in Article 22.2 of the Regulations of the Board of Directors, the directors must tender their resignation to the Board of Directors and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions with which their appointment as Board Member was associated.
b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company).

Likewise, the directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their subsequent procedural vicissitudes.

The Board of Directors, having been informed or having otherwise become aware of any of the situations mentioned in this section, shall examine the case as soon as possible and, taking into account the specific circumstances, shall decide, following a report from the Appointments and Remuneration Committee, on the measures to be adopted, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal to the General Shareholders' Meeting. This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes. This is without prejudice to the information that the Company must disclose, if appropriate, at the time of the adoption of the corresponding measures.

Similarly, Article 22.1 of the Regulations of the Board of Directors of the Company establishes that the independent external directors of the Company shall cease to hold office "(...) when they have held such office for an uninterrupted period of 12 years (...)".

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

[√] Yes
[ ] No

If applicable, describe the differences.

Description of the differences

Article 25 of the Company's Bylaws (and, in the same sense, Article 8.3 of the Regulations of the Board of Directors) establishes that the position of Chairman of the Board of Directors may be held by an executive Director, in which case the appointment of the Chairman shall require the favorable vote of two thirds of the members of the Board of Directors. For this resolution, provided for in Article 245.2 of the 245.2 of the Capital Companies Act, Article 248.1 of the same text requires an absolute majority of the directors attending the meeting.

C.1.21 Explain whether there are specific requirements, other than those relating to directors, for appointment as chairperson of the board of directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the articles of association or the regulations of the board establish any age limit for directors:

[ ] Yes
[√] No

C.1.23 Indicate whether the articles of association or the regulations of the board establish a limited term of office or any other requirement that is more stringent than those established by law for independent directors, other than that set out in the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific rules for proxy voting in the board of directors in favor of other directors, the manner of doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limitation has been established as to the categories in which it is possible to delegate, beyond the limitations imposed by law. If so, give a brief description of these rules.

Article 26 of the Company's Bylaws establishes that any director may authorize in writing another director to represent him/her. Non-executive directors may only delegate their representation to another non-executive director.

Likewise, Article 17 of the Regulations of the Board of Directors provides that the directors shall make every effort to attend the meetings of the Board and, when they are unable to do so in person, they shall endeavor to grant their representation in writing and specifically for each meeting to another member of the Board, including the appropriate instructions and informing the Chairman of the Board of Directors thereof.

C.1.25 Indicate the number of meetings held by the Board of Directors during the fiscal year. Also indicate, if applicable, the number of times the board has met without the attendance of its chairman. In the computation, attendances shall be considered to be the representations made with specific instructions.

Number of board meetings	9
Number of board meetings without the chairperson’s assistance	4

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the various board committee:

Number of meetings of the Audit and Control Committee	9

Number of meetings of the Management and Risk Committee	5

Number of meetings of the Nomination and Compensation Committees	7

The meetings that the Chairman of the Company was unable to attend during the 2020 financial year were in any event chaired by the 1st. Deputy Chairman, in accordance with the provisions of Article 9.1 of the Regulations of the Board of Directors.

C.1.26 Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

Number of meetings attended in person by at least 80% of the board members	9
% of in-person attendance out of total votes during the fiscal year	96,83
Number of meetings attended in person, or by proxies with specific instructions, by all directors	9
% of votes cast through in-person attendance and by proxies with specific instructions, out of total votes during the fiscal year	100,00

The Board of Directors is composed of 14 members and has held 9 meetings (126 maximum attendances), with 4 absences, so that the number of attendances is 122 out of 126 (96.8254 %).

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for formulation have been previously certified:

[√] Yes
[ ] No

Identify, if applicable, the person(s) who has/have certified the individual and consolidated financial statements of the company, for their preparation by the board:

Name	Position
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

The Board of Directors of the Company, in exercise of the powers conferred by the Capital Companies Act and the Company's Bylaws, has approved a Regulation of the Board of Directors which establishes various mechanisms to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting standards.

In particular, Article 13 of the Regulations of the Board of Directors establishes in Article 13.2 that, in relation to the supervision of financial and non-financial information, the Audit and Control Committee is responsible for: a) to report to the General Shareholders' Meeting on the matters that arise within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process; b) to supervise and evaluate the process of preparation and presentation of the mandatory financial and non-financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding their integrity; and c) to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the Chairman of the Audit and Control Committee shall clearly explain at the General Shareholders' Meeting the opinion of the Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board.

In addition, Article 13.2 of the Board of Directors Regulations establishes that the Audit and Control Committee shall be responsible for "(...) supervising compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted clearly and accurately, as well as evaluating the results of each audit and, likewise, ensuring that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors".

C.1.29 Is the secretary of the board also a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name or Corporate name of the secretary	Representative
MRS. LAURA BRAVO RAMASCO	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of external auditors, as well as any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Article 40 of the Board Regulations establishes that the Audit and Control Committee shall refrain from proposing to the Board of Directors, and the Board in turn shall refrain from submitting to the Shareholders' Meeting, the appointment as auditors of the Company of any auditing firm that is subject to a cause of incompatibility in accordance with the legislation on auditing of accounts, as well as those firms in which the fees that the Company expects to pay them, for all concepts, are greater than five percent of their total income during the last fiscal year.

The Audit and Control Committee is, therefore, responsible for relations with the Company's external auditors, receiving information on matters that may jeopardize their independence and any other matters related to the auditing process, as well as any other communications provided for in auditing legislation and technical auditing standards (Article 29.e) of the Company's Bylaws and Article 13.2 of the Board of Directors Regulations).

In addition, the Audit and Control Committee has agreed, in order to safeguard the auditor's independence, to limit the amount of services invoiced by the audit firm for non-audit work.

On the other hand, Article 39 of the Board Regulations regulates the Company's relations with the markets in general. In this regard, Técnicas Reunidas' relationship with financial analysts and investment banks, among others, is based on the principles of transparency and non-discrimination. The Company coordinates its dealings with them, handling both their requests for information and those of institutional or individual investors.

With respect to rating agencies, the Company is not subject to credit rating.

C.1.31 Indicate whether during the fiscal year the Company has changed its external auditor. If so, identify the incoming and outgoing auditors:

[ ] Yes
[√] No

If there were any disagreements with the outgoing auditor, explain their basis:

[ ] Yes
[√] No

C.1.32 Indicate whether the auditing firm carries out any non-audit work for the company and/or its group and, where applicable, state the fees for this work and the percentage this represents of all fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Companies in the group	Total
Fees for non-audit work (thousands of euros)	522	92	614
Fees for non-audit services/auditing fees (%)	26,44	4,66	31,10

C.1.33 Indicate whether the audit report on the financial statements for the previous fiscal year includes any reservations or qualified opinions. If applicable, indicate the explanations given to shareholders at the General Meeting by the chairperson of the audit committee on the content and scope of these reservations or qualified opinions.

[ ] Yes
[√] No

C.1.34 Indicate the number of consecutive years that the current auditing firm has been auditing the individual and/or consolidated annual accounts of the company. Also indicate the percentage that the number of fiscal years audited by the current auditing firm represents over the total number of fiscal years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	4	4

	Individuals	Consolidated
No. of years audited by the current audit firm / No. of years that the company or its group has been audited. (in %)	20,00	20,00

Since the fiscal year 2017, the Company has had a joint audit system for its annual accounts developed by the auditing firms PricewaterhouseCoopers and Deloitte. PricewaterhouseCoopers has audited the individual and consolidated financial statements for all fiscal years since the Company's IPO (fiscal year 2006), while Deloitte has audited the individual and consolidated financial statements since the fiscal year 2017.

C.1.35 Indicate and, where applicable, detail whether there is any procedure for ensuring that directors can obtain the information needed in sufficient time to prepare for meetings of the management bodies:

[√] Yes
[ ] No

Details of the procedure

According to Article 27.a) of the Board Regulations, among the duties of the director is to inform himself and adequately prepare the meetings of the Board and, if applicable, of the delegated bodies to which he belongs.

In this regard, among the duties of the Secretary of the Board is to provide the directors with the necessary advice and information, assisting the Chairman so that the directors receive the relevant information for the performance of their duties sufficiently in advance and in the appropriate format, all in accordance with the provisions of Article 10 of the Board Regulations.

In addition, Article 24 ("Powers of information and inspection") of the Regulations of the Board of Directors establishes the following procedure for the director to exercise his right to information:

1. The director may request information on any aspect of the Company and examine its books, records, documents and other documentation. The right to information is extended to investee companies whenever possible.

2. The request for information shall be addressed to the Secretary of the Board of Directors, who shall forward it to the Chairman of the Board of Directors and to the appropriate contact person within the Company.

3. The Secretary shall advise the director of the confidential nature of the information he/she requests and receives and of his/her duty of confidentiality in accordance with the provisions of these Regulations.

4. The Chairman may refuse to provide the information if he considers: (i) that it is not necessary for the proper performance of the duties entrusted to the director or (ii) that its cost is unreasonable in view of the importance of the issue and the Company's assets and revenues.

On the other hand, Article 25 of the Board Regulations, which regulates the assistance of experts to external directors, establishes that the director may request the hiring of legal, accounting, financial or other experts at the Company's expense. The assignment must necessarily deal with specific problems of a certain importance and complexity that arise in the performance of the position.

The decision to hire must be communicated to the President of the Company and may be vetoed by the Board of Directors if it is proven that:

a) That it is not necessary for the full performance of the functions entrusted to the external directors;
b) That its cost is not reasonable in view of the importance of the problem and the assets and income of the Company; or
c) That the technical assistance sought can be adequately provided by experts and technicians of the Company.

C.1.36 Indicate and, if applicable, provide details on whether the company has established rules that oblige directors to inform and, if applicable, resign when situations arise that affect them, whether or not related to their performance in the company that could damage the credit and reputation of the company:

[√] Yes
[ ] No

Explain the rules

Article 22.2.d) of the Regulations of the Board of Directors of the Company establishes that directors must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation (...) when their remaining on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed disappear (for example, when a shareholder director disposes of his interest in the Company).

In addition, Article 22.3 of the Board Regulations establishes that directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their procedural vicissitudes.

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company, that could damage the credit and reputation of the company:

[ ] Yes
[√] No

C.1.38 List any significant agreements entered into by the company that come into force, are amended or terminate in the event of a change of control of the company following a takeover bid, and their effects.

The Company has not signed agreements of this type.

C.1.39 Identify, on an individual basis in the case of directors and on an aggregated basis in other cases, any agreements between the company and its directors and managers or employees that provide for compensation, guarantees or golden handshakes on their resignation or unfair dismissal, or if the contractual relationship is terminated because of a public takeover bid or other type of operation.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Honorary Chairman and Executive Chairman	The employment contract of the Honorary Chairman and the Executive Chairman provides for financial compensation in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if applicable, have been signed. The aggregate amount of these 2 indemnities would amount to 5,765 thousand euros.

Indicate whether, in addition to the cases provided for in the regulations, these contracts must be reported to and/or approved by the bodies of the company or its group. If so, specify the procedures, the cases envisaged and the nature of the bodies responsible for their approval or for making the communication:

	Board of Directors	General Meeting
Body authorizing the clauses	√	

	Yes	No
Is the general meeting notified of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Provide details of all the committees of the board of directors, their members and their proportions of executive, shareholder, independent and other external directors:

Committee for Audit and Control

Name	Position	Category
MRS. PETRA MATEOS-APARICIO MORALES	CHAIRPERSON	Independent
MR. PEDRO LUIS URIARTE SANTAMARINA	MEMBER	Independent
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MEMBER	Independent

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	80,00
% of other external directors	0,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in art. 13 of the Board Regulations and art. 29 of the Bylaws:

The Chairman of the Committee is elected by the Board from among the independent directors for a term not to exceed 4 years and must be replaced at the end of that term and may be re-elected after a period of 1 year has elapsed since he ceased to hold office.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In connection with the monitoring of financial and non-financial information:

a) Report to the General Shareholders' Meeting on matters arising within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process.

b) Supervise and evaluate the process of preparation and presentation of the mandatory financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.

c) To ensure that the annual financial statements that the Board of Directors seeks to present to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases, in which the auditor has included in its audit report any qualification, the Chairman of the Audit and Control Committee shall clearly explain at the General Meeting the opinion of the Committee on its content and scope, making available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board, a summary of such opinion.

In relation to the supervision of internal control and internal audit:

d) Periodically supervise the effectiveness of the Company's internal control and internal audit, as well as discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the above without breaching his/her independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.

e) In relation to the information and internal control systems: (i) to know and supervise the Company's internal control systems, verify their adequacy and integrity and review the appointment or replacement of those responsible for them; (ii) ensuring in general that the policies and systems established for internal control are effectively implemented in practice; (iii) review compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria; and (iv) ensure the independence and effectiveness of the internal audit function, proposing the selection, appointment, re-election and removal of the head of the internal audit function, proposing the selection, appointment and dismissal of the head of the internal audit service, as well as proposing the budget for said service; approve the annual guidance and work plan, ensuring that its activity is primarily focused on the Company's relevant risks (including reputational risks); to receive periodic information on its activities and to verify that senior management takes into account the conclusions and recommendations of its reports.

f) To supervise the unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems and that functionally reports to the Chairman of the Audit and Control Committee.

The head of the unit in charge of the internal audit function shall submit its annual work plan to the Audit and Control Committee, inform it directly of any incidents arising during its implementation and submit an activity report at the end of each fiscal year.

g) Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Board Members, shareholders, suppliers, contractors or subcontractors, to report any irregularities of potential importance, including financial and accounting irregularities, or any other irregularities related to the Company that they may notice within the Company or its Group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistleblower and the reported party.

In relation to the statutory auditor:

h) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process in accordance with the provisions of the applicable regulations, as well as the terms and conditions of his engagement, and for such purpose, shall:

1º. define the procedure for the selection of the auditor; and
2º. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of the re-election of the same.

(Continues in section H).

Identify any members of the audit committee who were appointed considering their knowledge and experience of accounting, auditing or both, and indicate the date of appointment of the current chairperson of this committee.

Name of the directors with experience	MRS. PETRA MATEOS-APARICIO MORALES / MR. PEDRO LUIS URIARTE SANTAMARINA / MR. JOSÉ NIETO DE LA CIERVA / MR. JOSÉ MANUEL LLADÓ ARBURÚA / MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ
Date of appointment of the current chairperson	31/07/2018

Committee for Management and Risk		
Name	Position	Category
MR. JUAN LLADÓ ARBURÚA	CHAIRMAN	Executive director
MR. PEDRO LUIS URIARTE SANTAMARINA	DEPUTY CHAIRMAN	Independent director
MRS. PETRA MATEOS-APARICIO MORALES	MEMBER	Independent director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent director
MR. ALFREDO BONET BAIGET	MEMBER	Independent director

% of executive directors	12,50
% of shareholder directors	12,50
% of independent directors	50,00
% of other external directors	25,00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9 and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either in the law, in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in Article 15 of the Board Regulations and Article 30 Bis of the Company's Bylaws:

The Chairman of the Commission is elected by the Board for a term not to exceed 4 years and may be reelected one or more times for terms of equal duration.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In relation to the supervision of financial information:

a) Periodically review the impact of the operations and planning of the Company and its Group.

b) Analyze the financial and resource efficiency of each project of the Company and its Group.

c) Analyze the guidelines of the commercial policies and analyze the conditions of the most relevant offers of the Company and its Group.

d) Periodically monitor the Company's projects, and in particular, those that are most relevant for economic, technical or reputational reasons.

e) To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group operate.

f) Develop periodic analyses of customer and supplier solvency ratios.

g) Develop and monitor the risk map of the Company and its Group.

h) Analyze and report on the overall approach and strategy of the Company and its Group.

i) With respect to all the foregoing points, to promote the regulatory compliance system and activities of the Company and its Group.

During the fiscal year 2020, the Risk and Management Committee carried out the following activities:

Monitoring of the evolution and management of the group's various projects. Including the analysis of all of them, in a more detailed way the most relevant ones, and the implementation of the Plan 100 and the TR-ansforma Plan, aimed at improving efficiency and analysis of the new integrated structure of the company. Likewise, monitoring of the circumstances of each these projects, including the reprogramming of relevant projects in the Middle East, Asia and North Africa as a result of the Covid-19 pandemic, which has led to a slowdown in the sales figure accrued in 2020 and the need to adapt the company's resources to the specific needs of these projects.

Analysis of the market and the opportunities it offers, by type of project, geographic area and most significant clients. Follow-up of the various tenders for FEED and EPC projects.

Monitoring of the group's economic, financial and treasury planning, including the forecast of results and procedures in progress and the reprogramming of relevant projects during the 2020 financial year to adapt their execution to the circumstances arising from Covid-19.

Analysis of the Company's assets, the management of human resources structure and general services, in particular with regard to the evolution of resources and their adaptation to the circumstances of the execution of specific projects, and the adaptation of the office space required for them.

Monitoring and management of exchange orders and deposits on account and of ongoing procedures. The Commission regularly monitors exchange orders and payments on account. During the 2020 financial year, the criteria for recording these exchange orders, the specific movements and the overall evolution of contractual modifications and negotiations with certain particularly significant customers were analyzed in detail.

Appointments and Retributions Committee		
Name	Position	Category
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. ALFREDO BONET BAIGET	CHAIRMAN	Independent director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MRS. INÉS ELVIRA ANDRADE MORENO	MEMBER	Independent director

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	40,00
% of other external directors	40,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, as well as its procedures and rules of organization and operation, are set forth in Article 30 of the Company's Bylaws and are further developed in Article 14 of the Regulations of the Board of Directors.

The Chairman of the Committee shall be appointed by the Board from among its members, for a term of 4 years, and may be re-elected one or more times for periods of the same duration. The Chairman shall be an independent director.

Pursuant to Article 14.2 of the Board Regulations, and without prejudice to other functions that may be assigned to it by the Board, the Committee has, among others, the following basic responsibilities:

In relation to the composition of the Board:

a) Evaluate the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the functions and skills required of the candidates to fill each vacancy and shall evaluate the time and dedication necessary for them to effectively perform their duties, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties.

b) Ensure that corporate policies are oriented towards a goal of representation for the underrepresented sex on the Board of Directors and prepare guidelines on how to achieve this goal, as well as propose to the Board of Directors the policy on diversity of directors.

c) Periodically verify the category of the directors.

In connection with the selection of directors and senior management:

d) To submit to the Board of Directors proposals for the appointment of independent directors for their appointment by cooptation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.

e) To report on the proposals for appointment of the remaining directors for their appointment by cooptation or for their submission to the decision of the General Shareholders' Meeting, as well as the proposals for their re-election or removal by the General Shareholders' Meeting.

f) To report on proposals for the appointment of natural persons to represent a director who is a legal person.

g) Annually verify compliance with the director selection policy.

h) To analyze, formulate and periodically review the proposed policies for hiring, loyalty and dismissal of executives, as well as to formulate and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.

i) Report on proposals for the appointment and removal of senior management.

In relation to the positions on the Board and the composition of the Committees:

j) Propose the members that should form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee.

k) To report to the Board of Directors on the appointment of the Chairman, Deputy Chairmen, members of the Executive Committee and the Honorary Chairman, if any.

l) To report to the Board of Directors on the appointment and, as the case may be, removal of the Secretary and Vice Secretary of the Board of Directors.

m) To propose, as the case may be, the appointment of the Coordinating Director.

n) Examine and organize the succession of the Chairman of the Board of Directors and the chief executive of the Company and, if appropriate, make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.

In relation to the remuneration of directors and senior management:

o) Propose to the Board of Directors the compensation policy for directors and general managers or those who perform their senior management duties under the direct supervision of the Board or delegated committees, verifying compliance therewith.

p) To analyze, formulate and periodically review the compensation policy applied to directors and senior managers, including share-based compensation systems and their application, weighing their adequacy and performance, as well as to ensure that their individual compensation is proportionate to that paid to other directors and senior managers of the Company.

q) Propose to the Board of Directors the individual remuneration and other contractual conditions of the executive Directors, verifying that they are consistent with the remuneration policies in force.

r) Propose the basic conditions of senior management contracts, verifying that they are consistent with current compensation policies.

s) Report to the Board of Directors on the systems and amount of annual remuneration of directors and senior managers and verify the information on remuneration of directors and senior managers contained in corporate documents, including the annual report on directors' remuneration, ensuring the transparency of remuneration.

Other functions:

t) Lead the annual evaluation of the Board regarding the operation and composition of the Board and its Committees and submit to the Board the results of its evaluation together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve its operation.

u) To report annually to the Board of Directors on the evaluation of the performance of the Company's senior management.

v) To design and organize periodic programs to update the knowledge of the Board Members.

(Continues in section H).

C.2.2 Complete the following table with the information regarding the number of female directors who are members of the Board of Directors’ Committees at the end of the last four fiscal years:

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	1	20,00	1	20,00	1	20,00	1	20,00

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Management and Risk Committee	1	12,50	1	12,50	1	12,50	0	0,00
Appointments and Remunerations Committee	1	20,00	0	0,00	0	0,00	0	0,00

C.2.3 Indicate, if applicable, the existence of regulations of the board committees, the place where they are available for consultation, and any amendments that have been made during the fiscal year. In turn, indicate whether an annual report on the activities of each committee has been prepared on a voluntary basis.

The rules of organization and operation of the Audit and Control Committee and the Appointments and Remuneration Committee are set forth in the Company's Bylaws and in the Regulations of the Board of Directors, documents that are published for consultation on the Company's website (www.tecnicasreunidas.es), under the "Shareholders and Investors/Corporate Governance" tab in the "Corporate Governance" section. During the 2020 financial year, the Company has made modifications to the Regulations of the Board of Directors and in the Company's Bylaws, in order to adapt their wording and contents to the Technical Guide 3/2017 on audit committees of public interest entities and the Technical Guide 1/2019 on appointments and remuneration committees of the CNMV. Likewise, the Regulations of the Board of Directors of the Company have been modified on a second occasion with the finality of incorporating the modifications derived from the Good Governance Code of Listed Companies.

The Audit and Control Committee, the Appointments and Remuneration Committee and the Risk and Management Committee prepare reports on their activities and performance during the year, which are made available to the shareholders at the Annual General Meeting.

D. RELATED-PARTY AND INTRAGROUP OPERATIONS

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions.

Article 5 of the Regulations of the Board of Directors of the Company establishes the following:

"Except in matters reserved to the competence of the General Meeting, the Board of Directors is the highest decision-making body of the Company, and shall assume those powers legally reserved to its direct knowledge, as well as those others necessary for a responsible exercise of the general supervisory function, including among others and without limitation the functions attributed to it by the Capital Companies Act and, in particular, the following functions assumed on a non-delegable basis:

(...)

(xii) the approval, subject to a report from the Audit and Control Committee, of transactions that the Company, or companies in its group, carries out with directors, executives or shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors, of the Company or of other companies forming part of the same group or with persons related thereto ("Related-Party Transactions").

The directors affected or who represent or are related to the shareholders affected must abstain from participating in the deliberation and voting on the resolution in question.

However, the authorization of the Board of Directors shall not be required for those Related-Party Transactions that simultaneously meet the following three conditions:

1ª. under contracts whose terms and conditions are standardized and applied en masse to a large number of customers ;

2ª. that are carried out at market prices or rates, fixed generally by the party acting as supplier of the good or service in question;

3ª. the amount of the transaction does not exceed one percent (1%) of the annual revenues of the Company.

The approval of Related Transactions shall require a prior favorable report from the Audit and Control Committee. The Board Members affected, in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the transaction".

On the other hand, Article 13.2 of the Board Regulations establishes that without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors, the Audit and Control Committee has the duty to report to the Board, prior to the adoption by the latter of the corresponding decisions, on transactions that imply or may imply conflicts of interest, and, in particular, Related-Party Transactions, under the terms provided by Law, the Bylaws or these Regulations, establishing in the same way that the report, if any, issued by the Audit and Control Committee on related-party transactions, shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

In addition, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the performance by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

In addition, the Company has commissioned the advice of an expert third party (Gómez Acebo & Pombo) in relation to the Company's related party transactions during the 2020 financial year, which has prepared the corresponding report.

D.2. Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company's significant shareholders:

Name or Corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
No data				N.A.

D.3. Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company's directors or managers:

Name or corporate name of the director or manager	Name or corporate name of the related party	Link	Type of transaction	Amount (in thousands of euros)
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Financing agreements: loans	10.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Guarantee	77.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Others	5.401
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest paid	3
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest charged	493

At 12/31/2020 the Company had the following transactions with Banco de Sabadell, S.A.:

- Undrawn credit facility: €5,000 thousand.
- Syndicated credit line: 5,000 thousand euros (of which 5,000 thousand euros have been used).
- Guarantee facility: EUR 47,000 thousand (of which EUR 19,064 thousand have been used).
- Syndicated guarantee facility: EUR 30,000 thousand (of which EUR 17,693 thousand were used).
- Cash and cash equivalents: 5,400.60 thousand euros.
- Interest and commissions paid: 493.26 thousand euros.
- Interest paid: 3.14 thousand euros.

D.4. Provide details of any relevant transactions carried out by the company with other entities belonging to the same group, provided these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's normal business in terms of their purpose and applicable conditions.

In any case, report on any intragroup transaction carried out with entities based in countries or territories considered tax havens:

Corporate name of the entity in the group	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

D.5. Provide details of any significant transactions carried out between the company or entities in its group and other related parties which have not been reported in the sections.

Corporate name of the related party	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

D.6. Provide details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board Regulations and the Internal Code of Conduct regulate the mechanisms established to detect and regulate possible conflicts of interest.
In relation to the Board Members, the mechanisms established to detect possible conflicts of interest are regulated in the Board Regulations. Article 30 of the Board Regulations establishes that the Board Member must notify the existence of conflicts of interest to the Board and refrain from attending and intervening in deliberations that affect matters in which he/she has a personal interest. A director's personal interest shall also be deemed to exist when the matter affects any of the following persons:
- The spouse or person with an analogous relationship of affectivity.
- The ascendants, descendants and siblings of the director or of the director's spouse.
- The spouses of the ascendants, descendants and siblings of the director.
- Companies in which the director, either personally or through an intermediary, is in any of the situations contemplated in section one of article 42 of the Code of Commerce.

In the case of a director who is a legal entity, the following shall be deemed to be related parties:
- Shareholders who are, with respect to the legal entity director, in any of the situations contemplated in section one of article 42 of the Code of Commerce.
- The directors, de jure or de facto, the liquidators and the attorneys-in-fact with general powers of attorney of the director legal entity.
- Companies forming part of the same group and their partners.
- Persons who, with respect to the representative of the legal entity director, are considered to be related to the director in accordance with the provisions of the preceding paragraph.

In addition, the Board Regulations establish other obligations relating to the duty to avoid situations of conflict of interest of the directors, and in particular, the following:
- Art. 29 ("Non-competition obligation") establishes that a director may not hold the position of director or executive in companies with the same, similar or complementary type of activity as the Company or perform activities on his own account or on behalf of others that involve effective competition, whether actual or potential, with the Company or that in any other way place him in a permanent conflict with the interests of the Company, unless expressly authorized by the Company, by resolution of the General Shareholders' Meeting, under the terms established by law and with the exception of the positions he may hold, if any, in companies belonging to the group. Notwithstanding the foregoing, the director may provide professional services to entities whose corporate purpose is totally or partially analogous to that of the Company, provided that he/she previously informs the Board of Directors of his/her intention, which may refuse to authorize such activity, stating the reasons for such refusal.
- Article 31 ("Use of Company Assets") of the Regulations provides that a director may not make use of the Company's assets, including the Company's confidential information, or use his position in the Company to obtain a financial advantage, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law.
- Article 33 ("Business opportunities") establishes that a director may not take advantage of a business opportunity of the Company for his own benefit or that of a person related to him under the terms established in the aforementioned Article 30 of the Regulations, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law. For these purposes, a business opportunity is understood to be any possibility of making an investment or commercial transaction that has arisen or has been discovered in connection with the director's performance of his duties, or through the use of means and information of the Company, or under circumstances such that it is reasonable to believe that the third party's offer was in fact directed to the Company.
- Article 34 ("Indirect Transactions") of the Board Regulations establishes that a director violates his duties of fidelity to the Company if, knowing in advance, he permits or fails to disclose the existence of transactions carried out by the persons mentioned above and indicated in Article 30.1 of the Regulations, which have not been subject to the conditions and controls provided for in the preceding articles.

The Company may authorize in singular cases the execution by a director of a transaction with the Company, which authorization must be approved by the Shareholders' Meeting or the Board of Directors in accordance with the provisions of Article 230 of the LSC.
Likewise, the Director must also inform the Company of the positions he/she holds on the Board of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to his/her performance as a director of the Company. In relation to senior executives, the mechanisms established to detect and regulate possible conflicts of interest are regulated in the Internal Code of Conduct, which is also applicable to the directors. Art. 11 of the Internal Rules of Conduct provides that subject persons and insiders must act at all times with freedom of judgment, with loyalty to the Company and its shareholders and independently of their own or other people's interests. Consequently, they shall refrain from prioritizing their own interests at the expense of those of the Company or those of some investors at the expense of others, and shall therefore refrain from intervening or interfering in the making of decisions that may affect persons or entities with which there is a conflict and from accessing confidential information affecting such conflict.

(Continues in section H.1)

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Control and Management System, including those of a fiscal nature:

The Group, at the request of the Audit and Control Committee, has a catalog of key risks, described in section E.3 and drawn up in accordance with the COSO 2013 methodology.

Técnicas Reunidas ("TR") has adopted policies to management of these risks, which include the adoption of the following measures, among others.

- Risks related to cost variations in projects.

Multiple factors can have an impact on the variation of cost estimates in turnkey projects (a total price is locked in at the beginning while the execution costs can suffer deviations), such as the volatility of raw material prices, changes in scope of projects, the performance in terms of time and quality of construction and assembly subcontractors, customer and supplier litigation, geopolitical decisions with immediate impact or weather conditions, among others.

The assessment of all these factors involves a high level of judgment and estimation.

Failure to meet delivery deadlines may result in compensation to the customer.

Control and management mechanisms:

• Development of new contracting formulas to mitigate risks.
• Inclusion of liability exclusion clauses in contracts with suppliers and subcontractors.
• Intensive procurement in the first months of execution of critical equipment with a high level of sensitivity to the price of raw materials.
• Derivative contracts that allow the forward purchase of certain raw materials and essential equipment.
• Distribution of work execution among several subcontractors and incorporation of subcontractors as project partners.
• Increased supervision of construction and assembly contractors.
• Inclusion in the budgets of contingencies for deviations.
• Use of the opinion of external advisors in the preparation of estimates and judgments.
• Close monitoring of project execution deadlines to detect delays, allowing the implementation of acceleration and penalty risk mitigation mechanisms.

- Risks related to variations in the price of crude oil.

The price of crude oil, in addition to other factors, influences the investment, awarding and execution decisions of the Group's customers, as well as those of suppliers, competitors and partners.

Recent drops in crude oil prices have pushed customers to offer worse payment terms and to be more demanding in negotiating scope changes and claims.

The group's commercial activity is conditioned by the investment efforts of our customers.

Control and management systems:

• Predominance of NOCs (national oil companies) over IOCs (private oil companies) in the portfolio (which incorporate into their decision criteria other factors beyond purely economic ones, such as geopolitical and social criteria).
• Product and geographic diversification.
• Risk mitigation with customers and suppliers through early detection of issues that could lead to a change in contract price.

- Risks related to the execution of projects in multiple geographies.

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 security, local content requirements, increasing tax pressure in all the geographies in which the Group operates or the complexity of the margin allocation process in projects developed simultaneously in multiple geographies, etc.

The development of projects for the first time in a given geography increases the risk of deviation in margins.

Control and management systems:

• Project selection based on a detailed analysis of the client, our previous experience in each geography and other aspects such as project-specific margins and risks.
• Use of modular construction schemes in geographies where labor shortages or site conditions allow for savings over other options.
• Inclusion in contracts, whenever possible, of referral of disputes to courts or arbitrators in countries where TR has experience.
• Inclusion in contracts, whenever possible, of clauses that allow for price revisions in the event of changes in the law.
• Flexibility to adapt to local content requirements.
• Development of BEPS policies.
• The Group's Internal Tax Risk Manual, establishes the Group's tax strategy and internal tax risk management procedures, including training actions and internal investigation plans.
• In the offer phase, risk-minimizing tax strategies are defined with local advisors including in the Group's usual markets.
• In the execution phase, the tax assessments submitted are monitored with the support of local advisors and events or deviations from the initial strategies are identified in order to correct them with the support of the operations area.

Continues in section H.1

E.2. Identify the company's bodies responsible for the development and implementation of the Risk Management and Control System, including the tax department:

Article 5 of the Regulations of the Board of Directors establishes that the Board of Directors is responsible for approving the risk control and management policy, including tax risks, as well as the periodic monitoring of internal information and control systems.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, is responsible for supervising the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, he/she will be assisted by internal and external auditors.

The basic responsibilities of the Company's Risk and Management Committee, in accordance with Article 15 of the Regulations of the Board of Directors, include, among others, periodically reviewing the impact of the Company's and its Group operations and planning, periodically monitoring the Company's projects and, in particular, those that are most relevant for economic, technical or reputational reasons. To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group carry out their activities and to develop and monitor the risk map of the Company and its Group.

E.3. Point out the main risks, including tax risks and, to the extent significant those derived from corruption (the latter understood with the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives:

The main risks are:

- Project cost variations.
- Variations in the price of crude oil.
- Execution of projects in multiple geographies.
- Concentration on a small number of customers.
- Environmental and safety requirements.
- Economic variables.
- Information technology.

E.4. Identify whether the entity has risk tolerance levels, including the fiscal risk:

Given the nature of the group's core business, the construction of oil and gas related plants in multiple geographies via EPC contracts, risk assessment measures are systematically applied for each of the contracts in the bid or execution phase within the framework of internal risk control and management procedures:

a) Project and bid analysis phase (i) the procedure starts with a risk identification process in which the proposal department and the technical office identify and evaluate the technical risks of the engineering, procurement and construction activities, and the contracts department reviews the client's draft contracts and prepares a report on problematic points or omissions; the corporate development team makes a first decision on the appropriate modifications to the bid; (ii) the contingency evaluation and, if applicable, approval process is then put in place, in which the corporate development team reviews the technical bid and contract report, adjusts the risks and contingencies from a commercial risk perspective, and prepares a draft bid; the executive committee reviews the draft bid and, if applicable, validates it by setting the final price; (iii) the final contract negotiation process follows, in which the offer and comments on the draft contracts are sent to the client, new versions of the contracts are reviewed and discussed with the client and, finally, the final versions of the contracts are submitted to the executive committee; the executive committee reviews and, if appropriate, accepts the final versions of the contracts and approves the offer.

b) Project execution phase: (i) during the execution of a project there is a process for monitoring risks in which the project team controls the evolution of the risks identified in the contractual documentation and identifies new risks that may arise; the team and the project leader raise the relevant information to the Group's management, being the responsibility of the project leader to report to the management on the evolution of the project and the monitoring of the risks; (ii) the deviation analysis process is then implemented in which the project team analyzes the probability of the risks materializing and their possible impact, following historical and economic analysis criteria; the project team also ranks the risks by their level of probability and identifies those that require decisions or measures to be taken; (iii) finally, the corrective action process is applied, in which the project team identifies and analyzes the causes behind the probable contingencies, evaluates the alternative means, estimates the cost of each measure and selects the specific measure to be adopted.

E.5. Indicate which risks, including tax risks, have materialized during the fiscal year:

The uncertainty associated with the Covid environment has materialized multiple risks, such as:

- Variation in the price of crude oil.
- Variation of economic variables, mainly currency.
- Project cost variation. In this regard, relevant projects have been reprogrammed and new costs associated with the pandemic have been incurred.

The Company has incurred in margin deviations arising from the turnkey project structure, which fixes the selling price and leaves open the potential costs associated with the construction of the plant.

E.6. Explain the response and monitoring plans for the entity's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges that arise:

Técnicas Reunidas is organized into different divisions with their respective areas of competence in Risk Management of the company's activities.

In Operations Management, the Planning, Cost Control and Risk and Opportunity Management Area is responsible for establishing the processes for the execution of Risk and Opportunities (R&O) Management during: (1) the proposal phase of a project until project award; (2) the "OBE" phase of a project until project conversion; (3) the project execution phase, from contract signature to project completion (according to contractual terms). Project R&O Management includes the processes related to the realization of R&O management planning, identification, analysis, response and Tracking/Monitoring and Control in a project.

The Financial Management is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, sufficiency and clarity.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall supervise the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, it shall be assisted by internal and external auditors.
The risk control systems are in a permanent process of revision in relation to the activities carried out by the Company.

In addition, the Company has implemented a "Lessons Learned" policy by virtue of which, at the conclusion of each project, the wrong aspects in the execution of a project are identified and the best procedures to be applied in similar situations in the future are established.

Risks and control systems associated with COVID-19

Given the nature of the Projects, mostly *Lump Sum EPC* of Industrial Plants located in several countries, the limitations of national and international mobility have affected the execution of projects, both in the "Home Office" phase, which takes place mainly in Madrid and in the foreign offices (Saudi Arabia, United Arab Emirates, Chile, Oman, India, among others), and in the construction and start-up phase of the plants, in the different sites where the works are located (UK, Saudi Arabia, Kuwait, United Arab Emirates, Oman, Algeria, Peru, among others).

Despite the global nature of the crisis, COVID-19 has spread at different times and at different rates in each country and region. In addition, the reactions of each State or Administration have been different, for example, in terms of flight limitations, duration of quarantines, duration of curfews, etc., adding an additional element of complexity.

The Company has local offices in each country, and specialized professionals with experience in the problems associated with each country, region and client, at the technical, legal, contractual, logistical, etc. level, which has allowed a better adaptation and response to COVID-19.

Contextually with the implementation of the general measures, the Project Teams, with the support of the regional structures, have activated all the necessary mechanisms to:

- At a very early stage of the outbreak, coordinate the implementation of the first measures of temporary closure of activities, total prohibition of access to the works, confinement of personnel or curfew that have directly affected the works in progress in the different countries;
- Coordinate with customers and local authorities the health control, prevention and health protection measures for our own personnel, subcontractors and collaborators;
- Implement measures to reduce activity, maintain interpersonal distance, control access, increase logistics and transportation associated with each site and its facilities (workshops, camps, offices, etc.);
- Manage and modulate labor volume as efficiently as possible to avoid or limit productivity loss;
- Manage personnel flows within each country, as well as limitations to international mobility (staff expatriation extensions, redistribution of tasks among available staff, quarantine planning, etc.);
- Effectively manage contractual communications with customers, suppliers and subcontractors under general guidelines.

From the outset, the Company has been equipped from the beginning with a set of tools focused on:

- Detect and report in a unified and immediate way the events with impact on each project;
- Classify and monitor such events according to the type of impact;
- Define single criteria for economic impact assessment;
- Facilitate decision making at project and corporate level.

Among these tools are:

- Standardize record of events per project;
- Specific economic calculation methodology associated with COVID-19;
- Simulation of impact in time, providing an estimate of the possible time extension of the project and associated economic impact;
- Methodology for reporting information both in central offices and on site to the different Area Managements, allowing the continuous evaluation of impacts in terms of time and cost based on the visibility available at any given time.

[Continues on section H]

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL INFORMATION ISSUANCE PROCESS (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the process of issuing financial information (ICFR) of your entity.

F.1. **Entity's control environment.**

Report, indicating its main characteristics, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Article 5 of the Regulations of the Board of Directors establishes among its competencies the approval of the risk control and management policy, as well as the periodic monitoring of the internal information and control systems, from which it follows that the Board of Directors is ultimately responsible for the existence of an adequate and effective Internal Control over Financial Reporting System ("ICFR").

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall perform the functions of supervising the effectiveness of the Company's internal control, internal audit and risk management systems, as well as discussing with the statutory auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the foregoing without infringing his/her independence. In order to perform these functions, the Audit and Control Committee may count on the collaboration of the internal areas in charge of risk management and external auditors.

In this respect and in relation to the aforementioned risk management and control supervision functions, the Audit and Control Committee takes into account the criteria of the supervisory bodies for the prevention of corruption and other irregular practices, as well as for the identification, management and control of the potential associated impacts, acting in this respect under a principle of maximum rigor.

Senior Management, through the Finance Department, is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, suficiency and clarity.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

· Departments and/or mechanisms in charge of: (i) of the design and review of the organizational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) of ensuring that there are suficient procedures for their proper dissemination in the entity

The Board of Directors is the body in charge of designing and reviewing the organizational structure of the corporate group. This organizational structure contains the mechanisms in charge of defining the internal control structure of the same, being the Operations and Finance Departments of the corporate group responsible for implementing the internal control systems over the key processes, both operational and financial reporting.

The Operations Management, through the Standardization and Procedures Department, issues the procedures that regulate the different processes associated with project management, including the engineering, procurement, construction and project control. Periodic audits are conducted on the adequacy of the implementation of these procedures.

The Operations Control Department is responsible for the adequacy of information management from the different operational areas and projects.

The Finance Department is responsible for the different transition processes from the information reported by the Operations Department to the preparation of accounting and financial information to ensure its adequacy and integrity. Periodic audits are conducted on the adequacy of the implementation of these procedures.

· Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body in charge of analyzing non-compliance and proposing corrective actions and sanctions:

The Técnicas Reunidas Code of Conduct (the "Code of Conduct") has remained in force during the 2020 financial year, and the Company has carried out specific training actions on this matter. The body responsible for its approval is the Board of Directors, and the document is available on the Company's website www.tecnicasreunidas.es. The Company has disseminated this document among the members of the organization through online training, dissemination on the corporate intranet and the execution of face-to-face training actions related to certain chapters of the document.

The principles and values on which the Code of Conduct is based, and which should inspire the behavior of Técnicas Reunidas with regard to the stakeholders with which it related in the exercise of its activity, are, among others:

Integrity:

- Respect for legality, human rights and values.
- Use and protection of assets.
- Justification of expenses.
- Information and knowledge processing.
- Regarding free competition in the market.
- Prevention of money laundering and financing of terrorism.
- Image and reputation.
- Prevention of conflicts of interest.

Professionality:

- Quality and innovation.
- Customer orientation.
- Relations with companies, collaborators and suppliers.

Other Principles:

- Professional development, non-discrimination and equal opportunities.
- Training.
- Privacy protection.
- Occupational health and safety.
- Rejection of child forced or compulsory labor.
- Respect for the environment.
- Social commitment.
- Shareholder relations.
- Neutrality.

The Code of Conduct contains specific references to the recording of transactions and the preparation of financial information in section 4.1.5, which is partially reproduced below:

The TR Group considers information and its knowledge as an essential asset for the management of its business, which is why it must be especially protected.

Likewise, it declares that the truthfulness of the information (in particular, financial information, which shall faithfully reflect the economic, financial and equity reality of the Group) shall be one of the basic principles in all its actions.

The Group's Professionals shall share and communicate in a transparent and truthful manner all the information they must transmit internally or externally, and in no case shall they knowingly provide to third parties, or introduce into the computer systems, information that is incorrect, inaccurate or in any way likely to mislead the recipient.

Likewise, all economic transactions of the TR Group must be accurately and clearly reflected in the corresponding records in each case and shall be in accordance with the applicable international financial reporting standards.

With regard to the information that, as a listed entity, Técnicas Reunidas must transmit to the market, the TR Group undertakes to act with total transparency, adopting specific procedures to guarantee the correctness and truthfulness of corporate communications and to prevent the commission of corporate crimes and market abuses. This information shall be all that is necessary to ensure that investors' decisions can be based on knowledge and understanding of corporate strategies and operations. In particular, all information transmitted to the market must be characterized not only by respect for the applicable regulations, but also by an accessible language, an objective, truthful, exhaustive and timely nature and respect for the uniformity of information for all investors. Relevant information must be identified, prepared and communicated in a timely and appropriate manner.

The TR Group promotes that all the knowledge generated in the company is conveniently distributed among all its Professionals and departments, in order to facilitate the best management of its activities and enhance the development of people. In the same way, employees will facilitate the dissemination of the company's knowledge to other Professionals of the Group and will include it in the knowledge management systems that the Group sets up for this purpose.

The Company has a body responsible, i.e., the Regulatory Compliance area, for ensuring compliance with these principles and is in charge of analyzing non-compliance and proposing corrective actions and sanctions as appropriate.

- Regulatory Compliance Policies

In order to reinforce the dissemination and commitment of its professionals and business partners to the values and principles of its Code of Conduct, Técnicas Reunidas has implemented various policies, procedures and training and awareness programs that enable them to know the behavior expected of them in the performance of their activities.

- Third-party due diligence

Técnicas Reunidas has reinforced its Due Diligence procedures in its supply and subcontracting chain, the objective of which is to obtain an Integrity Assessment Report from third parties, prior to establishing a commercial relationship, to prevent and/or detect potential risks at an early stage, as well as their subsequent and continuous monitoring.

· Whistle-blowing channel, which allows the communication to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing, where appropriate, whether it is confidential in nature and whether it allows anonymous communications, respecting the rights of the whistle-blower and the reported party:

The Code of Conduct has implemented a whistle-blowing channel established for this purpose, which allows for the reporting of financial and accounting behavior, in addition to possible breaches of the Code of Conduct and irregular activities in the organization. This whistle-blowing channel is confidential.

During the 2020 financial year, work began on adapting the organization's *Whistleblower Channel User Guide* to the EU European Directive (2019/1937/EU) on whistleblower protection, for which EU Member States have until the end of 2021 to implement the Directive in their own national legislation.

· Training and periodic updating programs for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFR, covering at least accounting standards, auditing, internal control and risk management:

Training courses are planned and conducted annually for people involved in the preparation and review of financial information, including programs for updating accounting standards, as well as other processes that allow a better understanding of the management of financial information. In the 2020 fiscal year, several training actions were carried out specifically for people involved in the generation of financial information.

In addition, within the global training framework implemented in the group by the Human Resources Department, specific financial courses are given to relevant personnel from operational areas involved in processes with an impact on the financial information of the Company and its group.

F.2. Assessment of financial information.

Provide information, of at least:

F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, in terms of:

· If the process exists and is documented:

The Group, at the request of the Company's Audit and Control Committee, has a catalog of key risks, including those with an impact on the internal control over financial reporting. The methodology used for the preparation of this catalog is that of COSO 2013. The homogeneity of the projects carried out over time and the presence of a relatively small number of contracts gives rise to a certain stability in the catalog of key risks related to internal control over financial reporting.

In the process of adapting the ICFR to the recommendations issued by the National Securities Market Commission ("CNMV"), the traceability between the Group's catalog of key risks with an impact on financial information and the key business processes that may affect the financial statements was supervised, verifying that most of the key risks impact and/or are managed in the processes within the foreseen scope.

· Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated, and how often:

The Group has defined the activities and processes that cover transactions that may affect the financial statements, as well as the objectives and risks associated with them, the existing controls and the procedures implemented associated with such controls.

The process covers the objectives of financial reporting (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations).

· The existence of a process to identify the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special purpose entities:

In the consolidated group there are no complex corporate structures, or instrumental or special purpose entities, and therefore it is not considered an area of risk that could affect the financial information. However, the Financial Management reviews the consolidation perimeter on a quarterly basis and the external auditors proceed to review it on a half-yearly basis.

The accounting treatment corresponding to the different group entities as subsidiaries, associates or jointly controlled entities, is in accordance with group regulations and is reviewed by the Financial Management and the external auditors.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

Internal control over the operations performed requires the assessment of associated risks of different nature (legal, technological, environmental, etc.). The process of generating financial information is fed by the information model for the control of operations, which incorporates an adequate assessment of risks.

· Which governing body of the entity oversees the process:

The Risk and Management Committee, and specially the representatives of the Operations and Finance Departments.

Transactions not linked to normal operations are subject to specific analysis by the group's senior management, requesting the assistance of third-party experts when necessary.

F.3. Control activities.

Report, indicating its main characteristics, whether it has at least:

F.3.1 Procedures for the review and authorization of the financial information and the description of the ICFR, to be published in the securities markets, indicating those responsible, as well as documentation describing the flow of activities and controls (including those related to fraud risk) of the different types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of relevant judgements, estimates, valuations and projections.

The Company's senior management, mainly through the Finance Department, is responsible for reviewing the financial information. The individual and consolidated financial statements and the half-yearly financial reports are reviewed by the Audit and Control Committee, with the collaboration of the external auditors, who submit their recommendations. The Executive Director reviews and authorizes the annual financial statements, which are subsequently prepared by the Board of Directors. The financial information corresponding to the first and third quarters is also reviewed by the Audit and Control Committee. The Audit and Control Committee is the body in charge of supervising the ICFR, for which it is supported by the Company's internal and external auditors.

The Group has procedures and controls over activities covering the main transactions that may affect its financial statements.

• The Management Committee is responsible for assessing processes that incorporate specific components of judgements, valuations and relevant short and medium-term projections including cash flow projections, economic, planning, portfolio forecasting, workload adaptation, review of judgement components associated with assets and liabilities, among others. There is a process of periodic reporting of relevant information to the Company's Risk and Management Committee.

• The Operations Management with the Project Risk and Control Management is responsible for assessing the processes associated with the execution budget estimates the different project phases during the execution of the projects (estimation of results and determination of project progress), including the management of risks and opportunities inherent to the development of projects with average maturities of five years, as well as the valuation of assets under negotiation with clients and subcontractors and the estimation of the closing of such negotiations.

• The Finance Department is responsible for the specific review of the judgements involved in the valuation processes associated with currency management, cash management and forecasting, taxation, including the valuation of deferred taxes, as well as reporting and consolidation processes, among others.

The procedures considered essential contain a detailed description of the activities and sub-activities, as well as the manner in which they are to be executed. They also define the different levels of responsibility associated with the execution of the various activities. The GWIs (general work instructions) or procedures drawn up by the Company for internal control are available on the Group's corporate intranet.

The Finance Department provides the Operations Department with the accounting criteria contained in the internal valuation standards and the IFRS necessary for the preparation of its estimates.

F.3.2 Internal control policies and procedures for information systems (including, among others, access security, change control, operation, operational continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The financial information gathering system used by Técnicas Reunidas is the SAP system ("Systems, Applications and Products in Data Processing"). The SAP system is within the scope of the Company's Information Security Management System, which has been certified in accordance with international standard ISO/IEC 27001:2013. Access to the system is protected by secure individualized passwords that must be changed quarterly.

Currently, the SAP system has development, test and production environments. Any changes to the programs or parameterization that make up the system is made in the development environment; they are then transported to the test environment and, once their validation has been completed, to the production environment. In this way, every change in the system is recorded in the transport process to the production environment.

The documentation related to the SAP system, which is part of the Information Security Management System in force is as follows:

• The Information Security Policy.
• The Information Security Management System Manual.
• The procedures for change control, access control, operation, continuity and segregation of duties in IT.

All the aforementioned documentation is available on the Técnicas Reunidas corporate intranet.

The group also uses specific applications in the processes of the entire materials and procurement management cycle, activity control and the planning and consolidation of financial statements. For these, there are also security, access control and continuity assurance policies.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of evaluation, calculation or validation entrusted to independent experts, which may materially affect the financial statements.

At year-end 2020, there were no activities carried out by third parties, nor were any processes outsourced that could be considered relevant to the process of preparing the financial information. Independent experts have been entrusted with evaluations, calculations or valuations that may materially affect the financial statements, mainly those related to valuations of labor liabilities, those of advisors related to litigation and those of advisors in the course of tax inspection. In these cases the services are provided by specialized firms of recognized prestige. The Legal Department supervises the valuations performed by third parties.

F.4. Information and communication.

Report, stating its main characteristics, whether it has at least:

F.4.1 A specific function in charge of defining and keeping accounting policies up to date (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an updated accounting policy manual communicated to the units through which the entity operates.

The Accounting and Consolidation unit, which reports to the Finance Department, is responsible for identifying and updating the Group's accounting policies, as well as resolving doubts or conflicts arising from their interpretation.

The Company has local charts of accounts to comply with the accounting, tax, commercial and regulatory requirements of the different legislations of the country in which it operates.

These local charts of accounts are part of the chart accounts of Técnicas Reunidas, which includes the corresponding accounting criteria.

The Accounting and Consolidation Unit is responsible for periodically updating this plan in order to adapt it to changes in IFRS-EU regulations and the group’s accounting structure, ensuring traceability between the individual charts of accounts of the group’s subsidiaries and Técnicas Reunidas’ chart of accounts, which serves as the basis for preparing financial information reports.

Likewise, the Financial Management is responsible for informing the Audit and Control Committee of any regulatory changes that may have a significant impact on the financial statements of the TR Group, as well as for resolving doubts regarding the accounting treatment of those transactions that may be raised by those responsible for the Company’s financial information.

The Group’s financial information control policy includes the performance of external audits, whether mandatory or voluntary, on practically all the subsidiaries included in the consolidation perimeter, even when they are not material subsidiaries. These audits are carried out by prestigious international firms.

F.4.2 Mechanisms for the capture and preparation of financial information with homogeneous formats, applicable and used by all units in the entity or the group, which support the main financial statements and notes, as well as the information detailed ono the ICFR.

The SAP BPC application, which is an SAP tool for the consolidation management process, is used to prepare the consolidated financial information and its breakdowns.

The process of consolidation and preparation of financial information is carried out in a centralized manner, ensuring homogeneity, consistency and rationalization.

The centralized financial reporting system, which is managed directly by the TR Group’s Finance Department, covers more than 95% of the group’s turnover.

The remaining financial information comes from financial statements previously reviewed by external auditors, and the Finance Department is responsible for the homogenization process of these financial statements.

The TR Group has control mechanisms in place to ensure that the financial information includes the necessary disclosures for its proper interpretation by the market.

F.5. Supervision of the operation of the system.

Provide information on the following, indicating their main characteristics:

F.5.1 The ICFR monitoring activities carried out by the Audit Committee, as well as whether the entity has an internal audit function whose competencies include supporting the committee in its work of monitoring the internal control system, including ICFR. Likewise, information shall be provided on the scope of the ICFR evaluation carried out during the fiscal year and the procedure by which the person in charge of carrying out the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether its impact on the financial information has been considered.

The Audit and Control Committee annually approves the work plan of the Internal Audit Department, which in turn presents the report on the activities carried out, as well as the incidents identified during the execution of the work plan.

The annual work plan of the Internal Audit Department includes a review of the ICFR. The results of this evaluation are reported to the Audit and Control Committee, as well as the plan of recommendations for improvements to be implemented for subsequent follow-up.

F.5.2 Whether there is a discussion procedure whereby the auditor (in accordance with the provisions of the TAS), the internal audit function and other experts can inform senior management and the audit committee or directors of the entity of any significant internal control weaknesses identified during the review of the annual accounts or any other processes entrusted to them. It shall also report whether it has an action plan that to correct or mitigate the weaknesses observed.

In order to comply with the powers entrusted to it by the Board of Directors, the Audit and Control Committee held a total of 9 meetings during the 2020 financial year, attended by the heads of the Finance Department and the Internal Audit Department, at the invitation of the Chairman and to deal with certain items on the agenda. These include meetings held prior to the publication of the Company's periodic financial information in order to obtain and analyze such information. At these meetings, the individual and consolidated annual accounts, the half-yearly and quarterly financial reports, the informative notes on results sent to the CNMV and any other information considered to be of interest to the Company are reviewed. On the occasion of the meetings of the Audit and Control Committee for the review of the annual accounts, in which presence of external auditors is required, at the invitation of the Chairman to deal with certain items on the agenda, they present a set of recommendations related to, among other things, the internal control resulting from their ordinary work as auditors of the Group's accounts.

Annually, the external auditors are entrusted with the performance of specific work, together with the Internal Audit Department, aimed at assessing the ICFR implemented.

F.6. **Other relevant information.**

There is no relevant information not included in the previous sections.

F.7. **External auditor report.**

Report by:

F.7.1 Whether the ICFR information submitted to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Annex. If this is not the case, it should provide its reasons*.

During the fiscal year 2020, the external auditor issued his report on the review of the ICFR for the fiscal year 2019. Said report has been published on the Company's website and on the website of the National Securities Market Commission. During the fiscal year 2021, the external auditor will also proceed with the review of the ICFR for the fiscal year 2020.

G. EXTENT OF ADHERENCE TO CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations in the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general, have sufficient information to assess the company's actions. Explanations of a general nature will not be acceptable.

1. The bylaws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

   Complies [X] Explain [ ]

2. That, when the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose precisely the following information:

   a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.

   b) The mechanisms provided for resolving possible conflicts of interest that may arise.

   Complies [ ] Partially Complies [ ] Explain [ ] Not applicable [X]

The Company is not controlled by another entity.

3. That during the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the board of directors should verbally inform the shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:

   a) Changes that have occurred since the previous annual general meeting.

   b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules it applies in this matter.

   Complies [ ] Partially complies [X] Explain [ ]

The Company explained during its general meeting the changes that have occurred in corporate governance matters since the previous ordinary general meeting, but not the specific reasons why the Company does not follow certain recommendations of the Corporate Governance Code, considering that it already provides its shareholders with sufficient information on this matter. In particular, on the occasion of the call of its ordinary general meeting it makes available to its shareholders various documentation, including the Annual Corporate

Governance Report, where it explains in detail the specific reasons for partial compliance or failure to follow some of the Recommendations of the Corporate Governance Code.

4. That the company defines and promotes a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors that is fully respectful of the rules against market abuse and gives similar treatment to shareholders who are in the same position. And that the company makes this policy public through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

   And that, without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [X]　　Partially complies [ ]　　Explain [ ]

5. The board of directors should not submit to the general meeting a proposal to delegate powers to issue shares or convertible securities, excluding preemptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

   And that when the board of directors approves any issue of shares or convertible securities with exclusion of the pre-emptive subscription right, the company immediately publishes on its website the reports on such exclusion referred to in commercial legislation.

   Complies [ ]　　Partially complies [ ]　　Explain [X]

The Board of Directors submitted to the General Meeting held on June 25, 2020 a proposal to delegate powers to issue shares or convertible securities excluding preemptive subscription rights, for an amount of 50 % of the capital at the time of delegation. This percentage of 50 % is a maximum, so that at the time of the issue the Board of Directors may modulate it, if necessary, if it considers that the corporate interest so requires. On the other hand, with this decision, the Board of Directors has preferred not to self-limit the Company's financing capacities.

Notwithstanding the foregoing, no issue of shares or convertible securities with preemptive subscription rights will be made so far and during the year 2020.

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the ordinary general meeting, even if their dissemination is not mandatory:

a) Report on auditor Independence .

b) Reports on the operation of the Audit committee and the appointments and remuneration committee.

c) Audit committee report on related party transactions.

Complies [X] Partially complies [ ] Explain [ ]

7. That the company broadcasts live, through its website, the holding of the general shareholders' meetings.

And that the company has mechanisms that allow the delegation and exercise of votes by telematic means and even, in the case of highly capitalized companies and to the extent proportionate, the attendance and active participation in the General Shareholders' Meeting.

Complies [X] Partially complies [ ] Explain [ ]

8. The audit committee should ensure that the financial statements that the board of directors submits to the general shareholders' meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the meeting, together with the rest of the proposals and reports of the board.

Complies [X] Partially complies [ ] Explain [ ]

9. The company should publish on its website, on a permanent basis, the requirements and procedures it will accept for accrediting ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of voting rights.

And that such requirements and procedures favor attendance and the exercise of their rights by shareholders and are applied in a non-discriminatory manner.

Complies [X] Partially complies [ ] Explain [ ]

10. That when any shareholder entitled to do so has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for resolutions, the company shall:

a) Immediately disseminate such supplementary items and new agreement proposals.

b) Make public the model attendance card or proxy or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for resolutions can be voted on in the same terms as those proposed by the board of directors.

c) Submit all such alternative items or proposals to a vote and apply the same voting rules to them as to those formulated by the board of directors, including, in particular, presumptions or deductions as to the direction of the vote.

d) Subsequent to the general shareholders' meeting, communicate the breakdown of the vote on such supplementary items or alternative proposals.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

No shareholder has exercised this right during the year 2020.

11. In the event that the company plans to pay premiums for attendance at the general shareholders' meeting, it should establish, in advance, a general policy on such premiums and that such policy should be stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company has not paid any attendance fees for its General Shareholders' Meeting, nor does it plan to do so in 2021.

12. The board of directors should perform its duties with unity of purpose and independence of judgment, treat all shareholders in the same position equally, and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximization of the economic value of the company.

In the pursuit of the social interest, in addition to compliance with laws and regulations and behavior based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies [X] Partially complies [ ] Explain [ ]

13. The board of directors should have the necessary size to achieve an efficient and participatory operation, which makes it advisable for it to have between five and fifteen members.

Complies [X] Explain [ ]

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board of directors and that:

a) Be specific and verifiable.

b) ensures that proposals for appointment or reelection are based on a prior analysis of the competencies required by the board of directors; and

c) favors diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favor gender diversity.

The result of the prior analysis of the competencies required by the board of directors should be included in the nomination committee's report published when convening the general meeting of shareholders to which the ratification, appointment or re-election of each director is submitted.

Compliance with this policy will be verified annually by the nominating committee and reported in the annual corporate governance report.

Complies [X] Partially complies [ ] Explain [ ]

15. The proprietary and independent directors should constitute an ample majority of the board of directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by the executive directors in the company's capital.

And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and thereafter, not being previously less than 30%.

Complies [ ] Partially complies [X] Explain [ ]

The number of shareholder directors and independent directors is 8 directors out of a total of 14, due to the presence of a high number (5) of directors with the category of other external directors who, for the most part, are directors who finalized in 2018 their term of office of 12 continuous years as independent directors and who were re-elected with the category of other external directors by the General Shareholders' Meeting of the Company held in 2018 as the Company's Nomination and Remuneration Committee considered that the extensive experience and knowledge of the Company of these directors made their re-election advisable.

The number of executive directors is one, i.e., the Executive Chairman of the Company, Mr. Juan Lladó Arburúa.

In addition, the number of female directors is currently 2 (14.29 %). In 2020 the Company appointed a new director and a new female director and in December 2020 approved the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., which contains express provisions on diversity in the composition of the Board of Directors and establishes that "(...) in particular, with regard to the presence of female directors on the Board of Directors of the Company, the Board will promote compliance with the objective established at all times by the Good Governance Recommendations".

Finally, in the current circumstances, there are 5 directors who finalize their term of office before the end of 2022, so that, if the Nomination and Remuneration Committee and the Board of Directors deem it appropriate, each in its area of competence, the Company will have the opportunity to appoint more female directors before that date.

16. The percentage of shareholder directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

    This criterion may be relaxed:

    a) In large cap companies in which there are few shareholdings that are legally considered significant.

    b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and they are not related to each other.

    Complies [X]   Explain [ ]

17. The number of independent directors should be at least half of the total number of directors.

    However, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert that control more than 30% of the capital stock, the number of independent directors should represent at least one third of the total number of directors.

    Complies [X]   Explain [ ]

18. Companies should publish the following information about their board members on their websites and keep them up to date:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether or not they are listed companies, as well as other remunerated activities of any kind.

    c) An indication of the category of director to which they belong, stating, in the case of shareholder directors, the shareholder they represent or with whom they are related.

    d) Date of their first appointment as a director of the company, as well as any subsequent re-elections.

    e) Company's shares, and any options on these shares.

    Complies [X]   Partially complies [ ]   Explain [ ]

19. The annual corporate governance report, after verification by the nomination committee, should disclose the reasons for the appointment of shareholder directors at the request of shareholders whose equity interest is less than 3% of capital; and explain any rejection of a formal request for a presence on the board from shareholders whose equity interest is equal to or greater than that of others whose requests for shareholder directors have been denied, as the case may be.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company has not appointed any shareholder director at the request of shareholders whose shareholding is less than 3% of the capital stock, nor has it received formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request shareholder directors have been appointed.

20. Shareholder directors should resign when the shareholder they represent transfers its entire shareholding interest. They should also do so, in the appropriate number, when said shareholder reduces its shareholding to a level that requires a reduction in the number of shareholder directors.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The board of directors should not propose the removal of any independent director before the expiration of the term of office for which he/she was appointed, except where just cause is found by the board of directors, based on a report from the appointments committee. In particular, just cause shall be understood to exist when the director takes on new positions or incurs new obligations that prevent him/her from dedicating the necessary time to the performance of the functions inherent to the position of director, fails to comply with the duties inherent to his/her position or incurs in any of the circumstances that cause him/her to lose his/her independent status, in accordance with the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate operations that entail a change in the capital structure of the company, when such changes in the structure of the board of directors are prompted by the proportionality criterion set forth in recommendation 16 above.

Complies [X] Explain [ ]

22. Companies should establish rules that oblige directors to inform and, if necessary, resign when situations arise that affect them, whether or not related to their performance in the company, that could damage the credit and reputation of the company and, in particular, that oblige them to inform the board of any criminal case in which they are under investigation, as well as the procedural vicissitudes thereof.

And that, having been informed or having otherwise become aware of any of the situations mentioned in the preceding paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal. And to report thereon in the annual corporate governance report, unless there are special circumstances that justify it, which must be recorded in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time the corresponding measures are adopted.

Complies [X] Partially complies [ ] Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. In particular, independent directors and other directors who are not affected by the potential conflict of interest should do the same in the case of decisions that could be detrimental to shareholders not represented on the board of directors.

And that when the board of directors adopts significant or reiterated decisions about which the director has expressed serious reservations, the director should draw the appropriate conclusions and, if he/she chooses to resign, explain the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even if he/she is not a director.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

24. When, either by resignation or by resolution of the general meeting, a director leaves office before the end of his term, he/she should sufficiently explain the reasons for his/her resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal by the board, in a letter to be sent to all members of the board of directors.

And that, notwithstanding the fact that all this is reported in the annual corporate governance report, to the extent that it is relevant for investors, the company publishes the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies [ ] Partially complies [X] Explain [ ] Not applicable [ ]

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz and considering that their term of office as directors would finalize on 06/29/2020 and the date of the General Shareholders' Meeting was scheduled for 06/25/2020, at the meeting of the Board of Directors held on 05/25/2020 immediately prior to the start of the General Shareholders' Meeting it was stated that Mr. Lladó Fernandez-Urrutia and Mr. Garcia-Agulló Lladó did not wish to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

25. The appointments committee should ensure that non-executive directors have sufficient time available for the proper performance of their duties.

The board regulations should establish the maximum number of company boards on which directors may serve.

Complies [ ] Partially complies [X] Explain [ ]

The Company considers that compliance with this Recommendation is partial, since the Board Regulations do not include the maximum number of company Boards on which its directors may sit.

This rule has not been incorporated into the Board Regulations, although it is considered that the purpose of the same is covered by expressly attributing to the Appointments and Remuneration Committee, in Article 14.2 of the Regulations, the function of ensuring that non-executive directors have sufficient time available for the proper performance of their duties". In addition, and to this end, the Regulations of the Board, in Article 35.2, establishes the obligation of the directors to inform the Company of the positions they hold on the Board of Directors of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to their performance as directors of the Company in accordance with the provisions of the Regulations.

It is therefore considered that these provisions are sufficient for the purpose of assessing the time dedication that directors must have, understanding that a fixed rule regarding the maximum number of Boards could be less efficient to achieve this objective, since, taking into account the particular circumstances of each director, the set of activities in addition to the position of director in the Company and the type of dedication required in the companies in question, the limitation could be insufficient or excessive, leading to the ineligibility of persons of extreme professional value to be candidates for directorships or to be excluded from such positions.

26. The board of directors should meet with the necessary frequency to perform its functions effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director having the right to propose other items on the agenda that were not initially foreseen.

Complies [ ] Partially complies [X] Explain [ ]

The Company considers that Recommendation 26 is only partially followed, since the Company's corporate texts only state that both the Coordinating Independent Director and the Chairman or, in the absence or incapacity of the Chairman, the Deputy Chairman, may propose additional items to the agenda that were not initially foreseen, although this individual power is not attributed to the other directors.

The Company considers that it is the Coordinating Independent Director who, within the framework of his function of coordinating and bringing together the non-executive directors, as provided in Article 8.3 of the Board Regulations, coordinates and brings together the non-executive directors, who currently number 13 of the 14 members of the Board, and the Coordinating Independent Director may, when he deems it appropriate or when requested by the directors, propose the new agenda items he deems pertinent once he has maintained contact with the other non-executive directors.

Notwithstanding the foregoing, the Board of Directors of the Company is a deliberative body in which constructive dialogue among its members and the free expression of opinion are encouraged, with the directors participating freely in the deliberations and, in fact, throughout all the meetings held during the 2020 financial year, the directors have been able to raise, and have discussed, all the issues and concerns that they have considered relevant or of interest to them.

27. That the non-attendance of directors should be reduced to essential cases and quantified in the annual corporate governance report. And that, when they must occur, representation should be granted with instructions.

Complies [X] Partially complies [ ] Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the board of directors, at the request of the person expressing them, they should be recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. That the company establishes the appropriate channels for directors to obtain the necessary advice for the performance of their duties, including, if circumstances so require, external advice at the company's expense.

Complies [X] Partially complies [ ] Explain [ ]

30. That, regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programs when circumstances so advise.

Complies [X] Explain [ ] Not applicable [ ]

31. The agenda of the meetings should clearly indicate those points on which the board of directors must adopt a decision or resolution so that the directors may study or obtain, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the chairman wishes to submit to the approval of the board of directors decisions or resolutions not included in the agenda, the prior express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ]

32. That the directors are periodically informed of movements in shareholding and of the opinion that significant shareholders, investors and rating agencies have on the company and its group.

Complies [X] Partially complies [ ] Explain [ ]

33. The chairman, as the person responsible for the proper operation of the board of directors, in addition to the duties assigned by law and the bylaws, should prepare and submit to the board of directors a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; be responsible for the management of the board and the effectiveness of its operation; ensure that sufficient time is devoted to the discussion of strategic issues; and agree upon and review refresher programs for each director, when circumstances so advise.

Complies [X] Partially complies [ ] Explain [ ]

34. When there is a coordinating director, the bylaws or the regulations of the board of directors, in addition to the powers corresponding to him by law, should grant him the following: chairing the board of directors in the absence of the chairman and vice chairmen, if any; reflecting the concerns of the non-executive directors; maintaining contacts with investors and shareholders to ascertain their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinating the succession plan for the chairman.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Complies [X] Explains [ ]

36. That the full board of directors should evaluate once a year and adopt, if necessary, an action plan to correct any deficiencies detected with respect to:

a) The quality and efficiency of the operation of the board of directors.

b) The operation and composition of its committees.

c) The diversity in the composition and competencies of the board of directors.

d) The performance of the chairman of the board of directors and the chief executive of the company.

e) The performance and contribution of each director, paying special attention to the heads of the various board committees.

The evaluation of the different committees shall be based on the report they submit to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Appointments Committee.

Every three years, the board of directors shall be assisted in the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the company or any company in its group shall be disclosed in the annual corporate governance report.

The process and areas evaluated shall be described in the annual corporate governance report.

Complies [X] Partially complies [ ] Explain [ ]

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company does not have an Executive Committee.

38. The board of directors should always be informed of the matters discussed and decisions adopted by the executive committee and all members of the board of directors should receive a copy of the minutes of the meetings of the executive committee.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

The Company does not have an Executive Committee.

39. That the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies [X] Partially complies [ ] Explain [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the proper functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Complies [ ] Partially complies [X] Explain [ ]

Notwithstanding the fact that the Company has an Internal Audit unit that oversees the proper functioning of the information and internal control systems, this unit reports functionally to the Finance Department and acts under the supervision of the Audit and Control Committee of the Company, and therefore does not report to the Chairman of the Board of Directors or to the Audit and Control Committee.

41. The head of the unit that assumes the internal audit function should submit to the audit committee, for approval by the latter or by the board, its annual work plan, report directly to it on its execution, including any possible incidents and limitations to the scope that may arise in its development, the results and follow-up of its recommendations, and submit an activities report at the end of each fiscal year.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

42. Besides those assigned by law, the audit committee should have the functions set out below:

1. With respect to the systems for internal control and reporting:

a) Supervise and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, if applicable, to the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks- reviewing compliance with compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose approval to the board of the orientation and annual work plan of internal audit, ensuring that its activity is focused primarily on relevant risks (including reputational); receive regular information on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential transcendence, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the whistleblower and the reported party.

d) Ensuring in general that the policies and systems established in the area of internal control are effectively applied in practice.

2. In relation to the external auditor:

a) In the event of resignation of the external auditor, to examine the circumstances that may have led to such resignation.

b) Ensure that the external auditor's remuneration for its work does not compromise its quality or Independence.

c) Supervise that the company notifies the CNMV of the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.

d) Ensure that the external auditor holds an annual meeting with the full board of directors to report on the work performed and on the evolution of the company's accounting and risk situation.

e) Ensure that the company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor Independence.

Complies [X]   Partially complies [ ]   Explain [ ]

43. That the audit committee may summon any employee or officer of the company, and even order their appearance without the presence of any other officer.

Complies [X]   Partially complies [ ]   Explain [ ]

44. The audit committee should be informed of the structural and corporate modifications that the company plans to carry out for its analysis and prior report to the board of directors on their economic conditions and accounting impact and, in particular, if applicable, on the proposed exchange ratio.

Complies [ ]   Partially Complies [ ]   Explain [ ]   Not applicable [X]

The Company has not approved any structural and corporate modifications transactions during the 2020 fiscal year.

45. That the risk control and management policy identifies or determines at least:

a) The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) to be faced by the company, including contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the sectorial regulations provide for it or the corporation deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures foreseen to mitigate the impact of the risks identified, should they materialize.

e) The information and internal control systems to be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [ ]   Partially complies [X]   Explain [ ]

As stated in Section G of the ACGR, the Company's risk control and management systems, described in detail in Section E ("Risk Control and Management Systems") of the ACGR, analyze and develop the financial and non-financial risks related to the bid preparation phases (in particular, operational, technological, legal, social, environmental and political risks) and, if applicable, the execution of the projects by the Company, as well as the internal information and control systems used to control and manage them and the measures foreseen to mitigate the impact of the risks identified above, should they materialize.

Notwithstanding the foregoing, although the Company has implemented the necessary control systems and procedures, it is considered that compliance with this Recommendation is partial since it does not expressly include in a formal document the fixation of the level of risks that the Company considers acceptable, although there are indicators and parameters that those responsible for the different areas must evaluate and take into account.

46. That under the direct supervision of the audit committee or, as the case may be, of a specialized committee of the board of directors, there is an internal risk control and management function exercised by an internal unit or department of the company with the following functions expressly attributed to it:

a) Ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks affecting the company are adequately identified, managed and quantified.

b) To actively participate in the preparation of the risk strategy and in the important decisions on its management.

c) To ensure that the risk control and management systems adequately mitigate risks within the framework of the policy established by the board of directors.

Complies [ ] Partially complies [X] Explain [ ]

Notwithstanding the fact that there is no internal function, unit or department within the Company, the Company's internal audit department performs the functions provided for in the Recommendation with respect to the Company's ICFR risks.

Non-financial risks, in accordance with the Company's risk control and management system described in section E ("Risk Control and Management Systems") of the IAGC, are assessed, if applicable, by the operational areas or non-operational departments of the Company that perform these functions in practice, without there being an express attribution of the same in the Company's corporate documentation.

The aforementioned assignment of risk control and management functions is without prejudice to the other risk control and management systems described in the aforementioned section E ("Risk Control and Management Systems") of this report.

47. That the members of the appointments and remuneration committee -or of the appointments committee and the remuneration committee, if they are separate- are appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, and that the majority of such members are independent directors.

Complies [ ] Partially complies [X] Explain [ ]

The Appointments and Remuneration Committee is composed of 5 members, 2 of whom are independent directors. All of them have been appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, such as human resources, selection of directors and executives and design of remuneration policies and plans, without prejudice to also seeking to favor gender diversity and other diversity criteria of its members.

48. Large cap companies should have a separate nomination committee and a separate remuneration committee.

Complies [ ] Explain [ ] Not applicable [X]

The Company does not have a large capitalization. Therefore, the Company has only one Committee which is responsible for appointments and remuneration, since it considers that, given that the members of such Committee have been chosen from among the Company's directors, taking into account the knowledge, skills and experience appropriate to the duties performed by the Committee, both in the area of appointments and remuneration.

On the other hand, the Committee currently has full functional capacity to assume both functions without there being any circumstances that would prevent the proper performance thereof and, therefore, the existence of a single Committee does not prejudice or limit the exercise of the functions that the Law attributes to the specialized supervisory Committees in matters of appointments and remuneration.

In the event that this aspect were to be modified in the future or some other reason might make it necessary, the Board of Directors would evaluate the convenience of having two separate Committees.

49. The nomination committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

And that any director may request the appointments committee to consider potential candidates to fill vacancies on the board, in case it deems them suitable in its opinion.

Complies [X] Partially complies [ ] Explain [ ]

50. The remuneration committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should be responsible for the following:

a) Propose to the Board of Directors the basic conditions of senior management contracts.

b) Verify compliance with the remuneration policy established by the company.

c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the company.

d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the committee.

e) Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.

Complies [X] Partially complies [ ] Explain [ ]

51. The compensation committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior management.

Complies [X] Partially complies [ ] Explain [ ]

52. That the rules for the composition and functioning of the supervisory and control committees figure in the regulations of the board of directors and are consistent with those applicable to legally mandatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) The Chairmen should be independent directors.

c) The board of directors should appoint the members of these committees with regard to the knowledge, aptitudes and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and report on their activities at the first board plenary following their meetings, and be accountable for the work performed.

d) The committees should be able to seek external advice when they consider it necessary for the performance of their duties.

e) Minutes should be taken at their meetings and made available to all Board members.

Cumple [ ] Cumple parcialmente [X] Explique [ ] No aplicable [ ]

The rules governing the composition and functioning of the Risk and Management Committee are expressly set forth in the Board of Directors' Regulations for all the points indicated, except for points a) and b) (the Executive Chairman is a member of the Risk and Management Committee, which he chairs) and the final clause of letter c) "to report, at the first plenary meeting of the Board of Directors following its meetings, on its activities and to be accountable for the work performed", although the Risk and Management Committee does perform this task in practice. In addition, the Risk and Management Committee has 8 members, 4 of whom are independent.

53. The supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors that could be The Audit Committee, the Appointments Committee, a committee specializing in sustainability or corporate social responsibility or any other specialized committee that the Board of Directors, in the exercise of its powers of self-organization, has decided to create. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent and be specifically attributed with the minimum functions indicated in the following recommendation.

Complies [X] Partially complies [ ] Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

a) Supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order to ensure that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) The supervision that the company's practices in environmental and social matters are in line with the strategy and policy fixed.

e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies [X]   Partially complies [ ]   Explain [ ]

55. That sustainability policies in environmental and social matters identify and include at least:

a) The principles, compromises, objectives and strategy with respect to shareholders, employees, customers, suppliers, social issues, environment, diversity, corporate responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance of policies, associated risks and its management.

c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect the integrity and honor of the company.

Cumple [X]   Cumple parcialmente [ ]   Explique [ ]

56. Directors' remuneration should be sufficient to attract and retain directors of the desired profile and to reward the dedication, qualification and responsibility that the position requires, but not so high as to compromise the independence of judgment of non-executive directors.

Complies [X]   Explain [ ]

57. That variable remuneration linked to the company's performance and personal performance, as well as remuneration through the delivery of shares, options or rights on shares or instruments referenced to the value of the share and long-term savings systems such as pension plans, retirement systems or other social welfare systems are limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditioned to their maintaining them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if applicable, to meet the costs related to their acquisition.

Complies [X]   Partially complies [ ]   Explain [ ]

58. In the case of variable compensation, compensation policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector of activity or other similar circumstances.

And, in particular, that the variable components of the remunerations:

a) Are linked to performance criteria that are predetermined and measurable and that such criteria consider the risk assumed in order to obtain a result.

b) Promote the sustainability of the company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

c) Are configured on the basis of a balance between meeting short-, medium- and long-term objectives, which allow performance to be remunerated for continued performance over a period sufficiently long to appreciate its contribution to the sustainable creation of value, so that the elements for measuring this performance do not revolve solely around one-off, occasional or extraordinary events.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. The entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies [ ] Partially complies [X] Explain [ ] Not aplicable [ ]

In accordance with the Directors' Remuneration Policy 2020-2022, the payment of the variable remuneration shall be deferred and shall only take place after the close of the fiscal year, so that the Company may carry out the evaluation and verification of compliance with the parameters established for the determination of such remuneration. The evaluation shall be carried out, among other aspects, on the basis of the annual results of the Company and its consolidated group, which shall be analyzed by the Audit and Control Committee. After such analysis, the Appointments and Remuneration Committee will submit the proposal for variable remuneration to the Board of Directors, which will approve the amount of variable remuneration, if any.

This information has been added to section A1 of the Company's Annual Report on Directors' Remuneration for the 2019 financial year and will also be included in the same section of the Annual Report on the Remuneration of the Company's Directors for the 2020 financial year.

Finally, the Company would initiate the necessary actions for the reimbursement, if applicable, by the director of remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been proven to be manifestly incorrect, even if such actions are not expressly provided for in the contract signed with the Chief Executive Officer.

60. Remuneration linked to the company's results should take into account any qualifications stated in the external auditor's report and reduce such results.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

61. That a relevant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

The variable remuneration of the executive director does not entail the delivery of shares or financial instruments referenced to their value, since the Company does not consider it necessary due to the fact that the executive director has a historical and shareholding relationship with the Company, so it is understood that his long-term interests are already sufficiently aligned with the Company.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been assigned, executive directors may not transfer ownership or exercise them until a period of at least three years has elapsed.

An exception is made in the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to meet the costs related to their acquisition or, subject to a favorable appraisal by the appointments and remuneration committee, to meet extraordinary supervening situations that so require.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

Remuneration systems do not include the delivery of shares.

63. Contractual agreements should include a clause allowing the company to claim reimbursement of variable components of remuneration when payment has not been in line with performance conditions or when they have been paid on the basis of data subsequently proven to be inaccurate.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

Although the contractual agreement does not include a clause to this effect, the Company would take the necessary measures to claim the reimbursement of the variable components of the remuneration when the payment was not in line with the performance conditions or when they were paid on the basis of data subsequently proven to be inaccurate, if applicable.

64. Payments for termination or extinction of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship between the director and the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [ ] Partially complies [X] Explain [ ] Not applicable [ ]

The Directors' Remuneration Policy limits the compensation for early termination in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if any, have been subscribed. Although it is not expressly contemplated in the Directors' Remuneration Policy or in the contract signed between the Company and the Executive Chairman, the Company shall not proceed to pay this amount until it has been able to verify that the director has complied with the criteria or conditions established for its receipt.

H. OTHER RELEVANT INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or group entities that has not been included in the other sections of this report, but which is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the company or its group, briefly describe them.

2. This section may also include any other information, clarification or nuance related to the previous sections of the report to the extent that they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include the information that it is obliged to provide and which differs from that required in this report.

3. The company may also indicate whether it voluntarily adheres to other codes of ethics or good practices, whether international, sectoral or of another scope. If applicable, identify the code and the date of adherence. Specifically, indicate whether the Company has adhered to the Code of Good Fiscal Practice of 20 July 2010:

Note on section A.2

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED is an investment management company that manages fund and client assets, among others. It is an indirect subsidiary owned by FRANKLIN RESOURCES. INC. which does not intervene through direct or indirect instructions or in any other way in the exercise of the voting rights of FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED.

For its part, ARIEL INVESTMENTS, LLC is an investment advisory firm that is the beneficiary of the shares on behalf of its clients. ARIEL INVESTMENTS, LLC is delegated the right to vote most, but not all, of those shares. ARIEL INVESTMENTS, LLC is a subsidiary of ARIEL CAPITAL MANAGEMENT HOLDINGS, INC. who does not directly or indirectly instruct it how to exercise those voting rights.

Note on section A.3

Mr. Martin Villa holds 100 shares of the Company’s capital stock equivalent to 0.00018 % of the share capital.

Note on section A.10

(...)

(ii) The Board may also establish, in the event that the issue is convertible and exchangeable, that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares of Técnicas Reunidas, specifying the nature of the shares to be delivered at the time of conversion or exchange specifying the nature of the shares to be delivered at the time of the conversion or exchange, and may even opt to deliver a combination of newly issued shares with pre-existing shares of Técnicas Reunidas, and even to carry out the settlement by payment of the difference in value in cash. In any case, the issuer must respect equal treatment among all the holders of the fixed income securities converted and/or exchanged on the same date.

(iii) For the purposes of the conversion and/or exchange ratio, the securities will be valued at their nominal amount and the Company's shares at the fixed price (determined or determinable) established in the issue resolution, or at the variable price to be determined on the date or dates indicated in the Board resolution itself, based on the stock market price of the shares of Técnicas Reunidas on the date/s or period/s taken as a reference in the same resolution.

When the conversion and/or exchange ratio is fixed, the price of the Company's shares taken as a reference may not be lower than the higher of (i) the arithmetic or weighted average change, as decided in each issuance resolution, of the Company's shares in the market in which they are admitted to trading, according to the closing prices, during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the date of adoption of the resolution to issue the securities and (ii) the closing price of the shares on the day prior to the date of adoption of the resolution to issue the securities.

(iv) In the event that the conversion and/or exchange ratio is variable, the price of the Company's shares for the purposes of the conversion and/or exchange shall be the arithmetic or weighted average change, as decided in each issue resolution, of the shares in question on the market on which they are admitted to trading during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the conversion and/or exchange date, with a premium or, as the case may be, a discount on such price per share. The premium or discount may be different for each conversion and/or exchange date of each issue (or, as the case may be, each tranche of an issue), although in the event of a discount on the price per share, this may not exceed 20% of the value of the shares taken as a reference in accordance with the above provisions.

(v) When the conversion and/or exchange takes place, the fractions of shares that may correspond to the holder of the debentures shall be rounded down to the next lower whole number and each holder shall receive in cash, if so contemplated in the terms and conditions of the issue, the difference that may arise in such case.

(vi) In no case may the value of the share for the purposes of the conversion ratio of the debentures for shares be less than its par value. Likewise, in accordance with the provisions of Article 415 of the Capital Companies Act, debentures may not be converted into shares when the par value of such debentures is less than the par value of the shares.

At the time of approving an issue of convertible securities under the authorization contained in this resolution, the Board of Directors shall issue a Directors' report developing and specifying, on the basis of the criteria described above, the bases and modalities of the conversion specifically applicable to the aforementioned issue. On this report the accounts auditor other than the auditor of Técnicas Reunidas appointed for this purpose by the Mercantile Registry will issue the report referred to in article 414 of the Capital Companies Act, and both documents will be made available to the first General Shareholders' Meeting to be held.

6. Basis and terms and conditions for the exercise of warrants and other similar securities.-

In the case of issues of warrants, to which the provisions of the Capital Companies Act for convertible debentures shall apply by analogy, for the determination of the bases and modalities of their exercise, the Board of Directors is authorized to determine, in the broadest terms, the criteria applicable to the exercise of the rights to subscribe or acquire shares of the Company or of another company, or a combination of any of them, derived from securities of this class issued under this authorization, applying in relation to such issues the criteria set forth in section 5 above, with the necessary adaptations in order to make them compatible with the legal and financial regime of this class of securities.

The foregoing criteria shall apply, mutatis mutandis and to the extent applicable, in connection with the issuance of fixed income securities (or warrants) exchangeable into shares of other companies.

7. Exclusion of preemptive subscription rights and capital increase - This delegation to the Board of Directors also includes, but is not limited to, the delegation to the Board of Directors of the following Powers:

(i) The power for the Board of Directors, pursuant to the provisions of Article 511 of the Capital Companies Law in connection with Article 417 of said Law, to exclude, in whole or in part, the shareholders' pre-emptive subscription rights. In any case, if the Board of Directors decides to suppress the pre-emptive subscription rights of the shareholders in relation to a specific issue of convertible debentures or bonds, warrants and other securities similar to these, which it may decide to carry out under this authorization, it shall issue, at the time of approving the issue and in accordance with the applicable regulations, a report detailing the specific reasons of corporate interest that justify said exclusion, which will be subject to the correlative report of an independent expert appointed by the Mercantile Registry other than the auditor of Técnicas Reunidas, as referred to in articles 414, 417 and 511 of the Capital Companies Act. These reports will be published on the Company's website as soon as the conditions of the issue have been fixed and will also be made available to the shareholders and communicated to the first General Shareholders' Meeting to be held after the issue resolution.

(ii) The power to increase capital by the amount necessary to meet requests for conversion and/or the exercise of the right to subscribe shares. This power may only be exercised to the extent that the Board, adding together the capital to be increased to meet the issuance of convertible securities or securities giving the right to subscribe shares and the remaining capital increases agreed under the authorizations granted by this General Shareholders' Meeting, does not exceed the limit of half the amount of the share capital provided for in Article 297.1 (b) of the Capital Companies Act. This authorization to increase the capital includes the authorization to issue and put into circulation, on one or more occasions, the shares representing the capital necessary to carry out the conversion and/or exercise of the share subscription rights, as well as the authorization to redraft the article of the Company's Bylaws relating to the amount of the capital and, if applicable, to cancel the part of the capital increase that has not been necessary for the conversion and/or exercise of the share subscription rights.

(iii) The power to develop and specify the bases and modalities of the conversion, exchange and/or exercise of the rights of subscription and/or acquisition of shares, derived from the securities to be issued, taking into account the criteria established in sections 5 and 6 above.

(iv) The delegation to the Board of Directors includes the broadest powers required by law for the interpretation, application, execution and development of the agreements to issue securities convertible or exchangeable into shares of Técnicas Reunidas, on one or several occasions, and the corresponding capital increase, if applicable, also granting it powers to correct and complement them as necessary, as well as to comply with any requirements that may be legally required to carry them to fruition, It may correct any omissions or defects in said resolutions, pointed out by any authorities, officials or bodies, national or foreign, being also empowered to adopt as many resolutions and grant as many public or private documents as it deems necessary or convenient for the adaptation of the previous resolutions for the issue of convertible or exchangeable securities and the corresponding capital increase to the verbal or written qualification of the Mercantile Registrar or, in general, of any other competent national or foreign authorities, officials or institutions.

8. Admission to trading.- Técnicas Reunidas will request, where appropriate, the admission to trading on regulated or unregulated, organized or not, national or foreign, secondary markets of the debentures and/or convertible and/or exchangeable bonds or warrants issued by the Company by virtue of this authorization. by virtue of this authorization, empowering the Board of Directors, as broadly as necessary, to carry out the formalities and actions necessary for the admission to listing before the competent bodies of the different national or foreign securities markets.

It is expressly stated for the record that, in the event of a subsequent request for exclusion from trading, such request shall be adopted with the same formalities as the request for admission, insofar as applicable, and, in such event, the interest of the shareholders or bondholders who oppose or do not vote for the resolution under the terms set forth in the legislation in force shall be guaranteed. Likewise, it is expressly declared that Técnicas Reunidas is subject to the regulations that exist or may be issued in the future regarding Stock Exchanges and, especially, regarding contracting, permanence and exclusion from negotiation.

9. Power of substitution.- The Board of Directors is expressly authorized so that the Board of Directors, in turn, may substitute, under the provisions of the provisions of Article 249 bis of the Capital Companies Act, the powers of development, specification, execution, interpretation and correction of the issue resolutions referred to in this resolution in the First Deputy Chairman and in the Secretary of the Board of Directors, jointly and severally and indistinctly.

Likewise, the Board of Directors is empowered to guarantee, on behalf of Técnicas Reunidas and for the term and conditions set forth in this resolution, the obligations of all kinds that may arise for its subsidiaries from the issuance of negotiable securities referred to in this delegation made by them".

Tenth Agreement:

"(i) To authorize the Board of Directors for the derivative acquisition of the Company's own shares, directly or through companies controlled by it, subject to the following limits and requirements:

• Forms of acquisition: acquisition by purchase and sale, by any other "inter vivos" act for valuable consideration or any other form permitted by law.

• Maximum number of shares to be acquired: acquisitions may be made, at any time, up to the maximum amount permitted by law.

• Minimum and maximum acquisition price: acquisitions may not be made at a price 5% higher or lower than that resulting from the weighted average price on the day on which the purchase is made (or the minimum and maximum prices permitted by Law at any time).

• Maximum trading volume: the maximum daily trading volume referring to the acquisition of treasury stock shall not exceed 15% of the average daily volume traded on the regulated market or the Spanish multilateral trading system in the previous thirty sessions.

• Duration of the authorization: five (5) years as from the date of this resolution.

In the development of these operations, the rules contained in the Company's Internal Rules of Conduct in the Securities Markets shall also be complied with.

(ii) To leave without effect, in the part not used, the authorization agreed on this same matter at the meeting of the General Shareholders' Meeting held on June 26, 2019.

(iii) It is expressly stated for the record that the shares acquired as a result of this authorization may be used, in whole or in part, both for their disposal or redemption and for the application of the remuneration systems that have as their object or involve the delivery of shares or stock options, in accordance with the provisions of section 1 a) of article 146 of the Capital Companies Act, and may be used for delivery to employees and directors of the Company or its Group, or as a consequence of the exercise of option rights held by them, for the achievement of potential operations or corporate or business decisions, as well as for any other legally possible purpose.

Note on section B.3

When, prior to the formulation of a specific question, the information requested is clearly, expressly and directly available to all shareholders on the Company's website in question-answer format, the Board may limit its answer to refer to the information provided in such format.

The Board may empower any of its members, its Secretary or any other person it deems appropriate to respond to requests for information from shareholders on behalf of the Board.

The means for sending the information requested by the shareholders shall be the same through which the request was made, unless the shareholder indicates a different means from among those declared suitable in accordance with the provisions of this article. In any case, the information in question may be sent by registered mail with acknowledgment of receipt or by registered fax.

Valid requests for information, clarifications or questions made in writing and the answers provided in writing by the Board will be posted on the Company's website.

Right to representation

Article 15 of the Regulations establishes that any shareholder entitled to attend may be represented at the General Meeting by another person, even if such person is not a shareholder. Likewise, shareholders owning less than fifty (50) shares may group together for the purpose of exercising their right to attend and vote at the General Meetings by conferring their representation to one of them. Representation is always revocable. In order to be enforceable, the revocation must be notified to the Company in the same terms provided for the notification of the appointment of a proxy. In any case, the attendance at the General Meeting of the represented shareholder, either physically or by remote voting, shall have the value of revocation of the proxy. The proxy shall also be revoked upon the disposal of the shares of which the Company is aware. The proxy must be granted specifically for each General Meeting, in writing or by means of remote communication, the use of which is expressly provided for by the Board of Directors in the notice of meeting, provided that the requirements set forth in the aforementioned notice are met and, in any case, the identity of the represented shareholder and the proxy and the security of the electronic communications are duly guaranteed.

Right to remote voting

Article 28 of the Regulation develops the right to cast remote votes by shareholders with the right to attend, by direct ownership or grouping, by means of postal correspondence or other means of remote electronic communication, empowering the Board to develop these provisions and establish the rules and procedures appropriate to the state of the art to implement the casting of votes and the delegation of representation by electronic means.

Note on section C.1.3

Mr. Adrián René Lajous was re-elected director of the Company with the qualification of independent external director by resolution of the General Meeting of the Company held on June 25, 2020, following the proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors.

In the aforementioned justification report of the Board it was stated that Mr. Adrián René Lajous is not in any of the situations provided in article 529 duodecies 4 of the LSC (which includes those situations that, if present in a director, would prevent his qualification as independent), and in this sense, nor has he received from the Company or its Group, any amount or benefit other than his remuneration as director, having never maintained a business relationship of any kind with the Company or its Group, either in his own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

In turn, the independent non-executive director Mr. Adrián René Lajous has been paid the same remuneration items as the other directors in their capacity as such in accordance with the provisions of Article 22 of the Bylaws, i.e. a fixed annual remuneration and allowances for attending the meetings of the Board and, where appropriate, of the Committees, so that no additional remuneration items have been applied to him and therefore no different from those that have been applied to the other directors in their capacity as such.

In this regard, within the maximum gross annual amount established by the General Meeting of the Company with respect to the overall remuneration corresponding to all the directors of Técnicas Reunidas for the financial year 2020 for the performance of their duties, the Board of Directors was responsible for the distribution of the individual remuneration among its members, in accordance with the provisions of Article 22 of the Articles of Association, i.e. "taking into account the duties and responsibilities attributed to each Director, membership of Board Committees and other objective circumstances that the Board of Directors considers relevant", criteria that are developed and complemented in the Remuneration Policy of the Company's Directors for the financial years 2020 to 2022, in which reference is made to "the membership of the Committees, the positions they hold, their dedication to the service of the Company, as well as the particular contributions that, due to their qualifications and professional experience, such directors may make" (section IV of the Policy).

The Appointments and Remuneration Committee considers that, although the performance of the position of director as such implies the legal attribution of the same functions for all directors linked to the diligent and loyal development of the corporate purpose in accordance with the corporate interest, understood as the common interest of all shareholders, in accordance with the statutory criteria and the Remuneration Policy, it is the objective circumstances linked to the particular contributions that, due to his qualifications and professional experience, Mr. Adrián René Lajous may make to the development of the Board of Directors' own collegiate functions what justifies the annual fixed allowance specifically established for Mr. Lajous by the Board of Directors. In this sense, as shown in his curriculum vitae, available in the "Corporate Governance" section of the Company's website, in addition to the special situation derived from his residence in Mexico, his unique qualification and personal experience in the international field in the energy sector, particularly in Latam, is what gives a singular added value to his incorporation to the Board of Directors of the Company, being considered in this sense very relevant his vision as director, not only regarding the functions of the Board in general, but in particular in relation to the strategic definition of the Company given his international experience.

In addition to the foregoing, it is expressly stated for the record that Mr. Adrián René Lajous does not have any additional functions, whether management or any other type, other than those of a member of the Board of Directors, which all the directors have regardless of their category, nor does he perform any other duties within the Company.

Based on the foregoing, the Appointments and Remuneration Committee considers that the qualification corresponding to Mr. Adrián René Lajous as director is that of independent external director in accordance with the provisions of Article 529 duodecies of the Capital Companies Act.

Note on section C.1.3

Mr. Rodolfo Martín Villa waived payment of the amounts corresponding to his status as a director of Initec Plantas Industriales, S.A.U. from the time of his appointment as director of Técnicas Reunidas, S.A.

Note on sections C.1.3 and D.3

The Company considers that the transactions of Banco de Sabadell with the Company do not affect the performance of Mr. José Nieto de la Cierva as an independent external director of the Company.

Mr. José Nieto was appointed member of the Board of Directors of the Company, upon proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors, with the qualification of independent external director by resolution of the General Meeting of the Company held on June 27, 2018.

In the aforementioned justification report of the Board, it was stated that Mr. José Nieto is appointed in view of his personal and professional conditions, being able to perform his duties without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives, not being incurs in any of the situations provided in Article 529 duodecies 4 of the LSC that would prevent him from being qualified as an independent director.

As a director of the Company, Mr. José Nieto is subject, among others, to the duty of loyalty, having to perform his duties with the loyalty of a representative, acting in good faith and in the best interest of the Company, principles that have governed his actions as a director of the Company at all times, without having been affected in any case by his condition as General Manager of Banco de Sabadell, S.A.

Likewise, and as stated in section D.1 of the ACGR, the Company has a specific procedure for the approval of transactions with related parties. In this regard, Article 5 of the Regulations of the Board of Directors of the Company establishes that the Board of Directors is responsible for approving, following a report from the Audit and Control Committee, the transactions that the Company, or companies of its Group, carries out with Directors, or with shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors of the Company or of other companies that form part of the same group or with persons related to them.

The directors affected or who represent or are related to the shareholders affected shall abstain from participating in the deliberation and voting on the resolution in question, and in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the related-party transaction in.

As an exception to this rule, the authorization of the Board of Directors shall not be required for those related-party transactions that simultaneously meet the following three conditions: (i) that they are carried out under contracts whose conditions are standardized and applied en masse to a large number of customers; (ii) that they are carried out at market prices or rates, fixed on a general basis by whoever acts as supplier of the good or service in question; and (iii) that the amount of the transaction does not exceed one percent of the Company's annual revenues.

In this regard, the Company has a historical relationship with Banco de Sabadell, and the existence of such commercial relationships with Banco de Sabadell, S.A. shall in no way diminish Mr. Nieto's independence.

For its part, the Company will continue to submit to the authorization of the Board of Directors for those transactions related to Banco de Sabadell, S.A. with respect to which this authorization is required in accordance with the provisions of the applicable regulations.

Likewise, the fact that the Company carries out transactions that by their nature are considered to be related to a director, always within the limits and with the requirements established in the Law and in the corporate texts of the Company, in no case should condition the qualification of a director in one category or the other, nor does it imply, therefore, that he/she cannot be qualified as an independent director.

Note on section C.1.16

[Continued]

With regard to the removal of Board Members, Article 22 of the Board Regulations establishes the following:

"l. Board members shall leave office when the term for which they were appointed has elapsed and when so decided by the General Shareholders' Meeting in use of the powers legally or statutorily conferred upon it. In the case of independent directors, when they have held such position for an uninterrupted period of 12 years, from the time the Company's shares are admitted to trading on the Stock Exchange.

2. The Board Members must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation in the following cases:

a) When they cease to hold the executive positions with which their appointment as director was associated.
b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company)".

3. The Board of Directors shall immediately inform the Board of any criminal cases in which they appear as defendants, as well as their subsequent procedural vicissitudes.

As soon as they are indicted or an order is issued to open an oral trial for any of the crimes set forth in Article 213 of the Capital Companies Act, the Board shall necessarily examine the case and, in view of the specific circumstances and its potential effect on the Company's credit and reputation, shall decide whether or not the Director should resign. The Board shall give a reasoned account of all the foregoing in the Annual Corporate Governance Report.

4. When, whether by resignation or otherwise, a director leaves office before the end of his term of office, he shall explain the reasons in a letter to be sent to all the members of the Board. The reason for the resignation shall be disclosed in the Annual Corporate Governance Report".

Finally, all these procedures have been reinforced with the approval by the Company's Board of Directors during the 2020 financial year of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., whose purpose is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequate and diverse composition of the Board of Directors, all in accordance with the applicable regulations, the Company's internal rules and the recommendations and best practices of good corporate governance.

Note on section C.1.31

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system.

Note on section C.1.34

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system. The number of uninterrupted fiscal years PWC has been auditing the Company and its consolidated group is 32 and 19, respectively. For its part, the 2017 financial year was the first audited by Deloitte, S.L. The percentage of years is calculated from the year of the Company's IPO (2006) and not from its date of incorporation (06/07/1960).

Note on section C.2.1

Continuation of the functions of the Audit and Control Committee of the Company:

i) Regularly obtain information from the auditor on the audit plan and its execution, in addition to preserving its independence in the exercise of his functions.

j) Establish the appropriate relations with the external auditor to receive information on those matters that may pose a threat to its independence, in particular any discrepancies that may arise between the auditor and the Company's management, for examination by the Committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited under the terms provided in the applicable regulations, as well as any other communications provided for in the legislation on auditing the accounts and in the auditing standards.

k) In any case, they shall receive annually from the external auditors a declaration of their Independence in relation to the Company or entities directly or indirectly related to it, as well as detailed and individualized information on additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it in accordance with the provisions of the regulations governing the auditing of accounts and other auditing standards.

l) To issue annually, prior to the issuance of the Audit report, a report expressing an opinion as to whether the Independence of the auditors or Audit firms is compromised. This report shall contain, in any case, a reasoned Assessment of the provision of each and every one of the additional services referred to in the previous point, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the auditing activity. This report shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

m) In relation to the external auditor: (i) in the event of resignation of the external auditor, to examine the circumstances giving rise thereto; (ii) to ensure that the external auditor's remuneration for his/her work does not compromise his/her quality or Independence; (iii) to supervise that the Company communicates as other relevant information to the National Securities Market Commission the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content; and (iv) ensure that the external auditor holds an annual meeting with the full Board of Directors to report to it on the work performed and on the evolution of the Company's accounting and risk situation.

n) To supervise compliance with the Audit contract, ensuring that the opinion on the annual accounts and the main contents of the Audit report are drafted clearly and accurately, as well as to evaluate the results of each Audit and, likewise, to ensure that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.

o) Make a final assessment of the auditor's performance and how it has contributed to the quality of the Audit and the integrity of the financial information.

In relation to the supervision of risk management and control:

p) Periodically supervise the effectiveness of the risk management systems.

q) Directly supervise the internal risk control and management functions.

r) Re-evaluate, at least annually, the list of the most significant financial and non-financial risks and assess their level of tolerance, proposing their adjustment to the Board of Directors, as the case may be.

s) Hold, at least annually, a meeting with the heads of the business units in which they explain the business trends and associa ted risks.

t) Evaluate all matters relating to the Company's non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks).

u) To be informed of the tax policies applied by the Company. In this regard, to receive information from the person responsible for tax matters on the tax policies applied, at least prior to the preparation of the annual financial statements and the filing of the corporate income tax return and, when relevant, on the tax consequences of corporate transactions whose approval is submitted to the Board of Directors.

v) Control and supervise compliance with the risk control and management policy, directly or through one or more sub-committees created for this purpose. This activity shall be coordinated with that carried out by the Risk and Management Committee, as the case may be.

In relation to Corporate governance and Corporate social responsibility:

w) To examine compliance with the Company's corporate governance rules. In particular, the Audit and Control Committee shall: (i) shall supervise compliance with the Internal Rules of Conduct in the Securities Markets, these Rules, the Rules of the Audit and Control Committee, if applicable other internal codes of conduct and, in general, the Company's rules of governance, making the necessary proposals for their improvement; (ii) supervise the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders; and (iii) periodically evaluate the adequacy of the Company's corporate governance system, so that it fulfills its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholde rs.

x) To supervise compliance with the Company's Corporate social responsibility policy. In particular, the Audit and Control Committee shall: (i) shall review the Company's corporate social responsibility policy, ensuring that it is oriented towards the creation of value; (ii) shall monitor the corporate social responsibility strategy and practices and evaluate its degree of compliance; (iii) shall supervise and evaluate the relationship with the different stakeholders; and (iv) shall coordinate the reporting process of non-financial and diversity information, in accordance with applicable regulations and international reference standards.

Other functions:

y) To supervise the organization and operation of the Company's Regulatory Compliance system and area.

z) To report to the Board of Directors, prior to the adoption by the latter of the corresponding decisions, on all matters provided for in th e Law, the Bylaws and the Regulations of the Board of Directors and, in particular, on:

a. the financial information that the Company must periodically disclose.

b. the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that a re considered tax havens.

c. transactions that involve or may involve conflicts of interest and, in particular, Related-Party Transactions, as provided by law, the Bylaws or these Regulations.

The report, if any, issued by the Audit and Control Committee on related-party transactions shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting; and

d. the economic conditions and accounting impact and, if applicable, the proposed exchange ratio, of the structural and Corporate modification operations that the Company plans to carry out.

e. Any other reporting and proposal function that may be entrusted by the Board of Directors in general or in particular, or that ma y be stablished by the regulations in force from time to time.

During the fiscal year 2020, the Audit and Control Committee has carried out the following activities:

a) In connection with the monitoring of financial information:

• The annual accounts, individual and consolidated, were favorably reported by the Committee for consideration and, if ap plicable, approval by the Board of Directors. In the previous debate, emphasis was placed on certain issues that were considered particularly relevant, highlighting for these purposes as a novelty the preparation of non-financial information as part of the management report, as a result of the approval of Law 11/2018, of December 28, which was subject to verification in accordance with the provisions of the regulations in force.

In addition, the external auditors, Deloitte and PricewaterhouseCoopers (PwC), stated that no significant risks additional to those identified in the planning process and presented at an earlier meeting in 2019 were brought to light during the joint Audit work and confirmed that no disagreement or scope limitation had occurred during the joint process.
• The Committee, unanimously agreed to submit to the Board of Directors the proposal for the appropriation of the profit for th e year ended December 31st, 2020.
• The statement to be sent to the CNMV was analyzed, indicating that the Committee would report favorably to the Board of Director son the Annual Financial Report for the 2019 fiscal year, for its approval and submission to the CNMV.

The Committee has periodically monitored the progress of the Audit work, appearing, where appropriate, the external auditors to report on issues such as: (i) revenue recognitions; (ii) evolution of tax assessments; (iii) deferred tax assets; (iv) estimation of project cash flows; (v) evolution of deferred tax assets; (vi) review of the evolution of Project closure, focusing on the projects that have represented the most complexity, both in their execution and closure; (vii) regulatory developments that will have an impact on the Group's accounts; (viii) ongoing judicial and arbitration proceedings, both administrative and operational; and (ix) periodic public information regarding the first half of 2020 (the Committee having received from the external auditors an opinion on the limited review of such information for the first half of the year).

Likewise, at the last meeting of the 2020 Committee, the Committee was informed by the external auditors, PwC and Deloitte, of the conclusions of the preliminary review of the audit of the 2020 fiscal year, and a review was also made of relevant issues with a view to the closing, with the intervention of the Board Members requesting additional information on certain issues or making clarifications in relation to others. It was expressly stated that there had been no disagreements regarding the relationship between the two firms.

At its meetings, the Committee has supervised various issues related to financial and non-financial information, including, among others: (i) the advance of the year-end data; (ii) the Group's cash position, in which respect there were several interventions by the directors to make certain clarifications or ask questions; (iii) the periodic public information, both quarterly and half-yearly, of 2020; and (iv) financial presentations to analysts.

The Committee has been periodically informed about the Company's system of internal control over financial reporting (ICFR). In particular:

• Several reports have been presented by the internal auditor on the ICFR. In this regard, he reported the conclusions of the ICFR review (concluding that the Group has internal procedures that include the control activities related to financial information flows, establish responsibilities and define the transactions and documents supporting such controls) as well as the recommendations to be implemented (among others, regarding the multi-year economic planning of EBIT and the economic planning of equity), with the directors actively participating in the assessment of the information presented.

In addition, the Committee has periodically monitored and supervised other matters:

• Verification of the financial information contained in the Corporate website, receiving information on the regulations in force in this regard, verifying that it coincided with the information that appeared on the Company's website of the CNMV and confirming the validity of the information published on the corporate website.
• Recognition of assets for exchange orders and claims, in some cases with the collaboration of the internal auditor in their meetings.

b) In relation to the supervision of internal control and internal auditing:

The Committee unanimously approved the Report on Related-Party Transactions for the year ended December 31, 2019 to be submitted to the Board of Directors.

c) In relation to the statutory auditor

At its meeting held on February 25, 2020, the Committee approved the statement of non-financial information, as an integral part of the management report, summarizing the activity of the Company and its consolidated group in the area of Corporate social responsibility and its application during the year.

d) In connection with the supervision of risk management and risk control.

The Committee has been periodically informed of various matters within its purview, including, among others, the following:

• The area's objectives for the 2020 financial year and, in particular: design of the Compliance Management System, which includes the design aspects (review, and update of the Code of Conduct and review and approval of the quantitative limits of the Gifts and Hospitality Policy, the development of the Donations and Sponsorship Policy and the approval of the Anti-Fraud and Trade Control Policy), implementation and monitoring (implementation of the controls map and its documented monitoring, obtaining the declarations of conformity with the criminal compliance management system and its policies for positions with greater exposure to risks of a criminal nature, verification of the design and effectiveness of the System – internal audit and external review-, implementation, dissemination and monitoring of the Business Partner Liaison Policy and the deployment of the Compliance function in the Asia and Central and South America regions) and training (development and implementation of an online course for all staff on the System, specific training for members of the Board of Directors and specific training for personnel especially exposed to the risk identified in the risk matrix evaluated).

In this regard, the Committee was periodically informed of the status of execution of the Regulatory Compliance objectives, as well as of the proceedings opened, and their status, by means of communications received through the Code of Conduct Mailbox.

• In January 2020, the head of the Compliance area presented the Annual Activities Report for 2019, dealing with aspects related to the design and implementation of the Criminal Compliance Management System (reassessment of criminal risks, preparation of a compliance risk matrix and a training matrix, establishment of contractual clauses for business partners, implementation of the Code of Ethics for suppliers and subcontractors and introduction of improvements in the due diligence process with third parties, incorporating the analysis of the ultimate final beneficiaries), the resources available to the Compliance area, training activities and managers and employees (6 sessions for a total of managers and middle management, 3 face-to-face sessions for procurement and subcontract teams, face-to-face sessions in Rome and Bahrain for Bapco's project team, 35 face-to-face sessions for 643 people in Saudi Arabia and online and awareness courses for 1.500 people), due diligence processes the deployment of the compliance function in other jurisdictions and updated whistleblowing channel information.

• The head of Compliance updated the Audit and Control Committee at the meeting held on September 15, 2020 on the functioning of the

Compliance area. In particular, he discussed the activities by country (in Arabia, the completion of the training activity for all TR Saudi employees on Business Ethics Policy and Compliance System; in Oman, the deployment of the Compliance System in this jurisdiction was completed; in Bahrain, the Compliance Plan for the Bapco Project has been updated; in Kuwait, the risk analysis procedure has been launched and the deployment of the Compliance System has begun; In the United Arab Emirates, a target has been set to complete the deployment of the Compliance System and prepare the risk analysis before the end of the end of the year), training and awareness-raising activities (online training sessions in Saudi Arabia, United Arab Emirates, Oman and Bahrein, awareness campaigns for all employees in Saudi Arabia, development of an online course available on TR Aula for TR staff, which is being adapted to be taken by third parties outside TR), due diligence of counterparties and development of the Compliance Management System (preparation of sponsorship and donation policies, trade compliance, anti-fraud).

In addition, the Committee has been informed at various meetings by the Finance Department of various tax matters, such as the Tax Risk Manual in relation to 2019 taxes, a continuation of the implemented in 2018, within the framework of which the figure of a tax controller and a Tax Mailbox were then created to receive communications on this matter; of the Company's tax situation; and of possible negotiations with the State Tax Administration Agency (AEAT) for the signing of a Prior Agreement with the Administration.

e) In relation to Corporate governance and Corporate social responsibility.

At the meeting held on January 28, 2020, the Internal Auditor presented to the Committee the Internal Audit Annual Report for 2019, which included the following lines of action: Audit of subsidiaries, technical analysis of suppliers' economic solvency, ICFR and contractual modifications recognized as revenue on accounts. Then, at the same meeting, he presented the 2020 Annual Plan, which included the following lines of action: cost optimization Project, Audit of subsidiaries, ICFR, review of income on account derived from contractual modifications and technical analysis of economic solvency of suppliers/providers.

The Committee has periodically monitored the Internal Audit Plan (which was approved in 2018 on a multi-year basis for the years 2018 – 2020). In this regard, at one of its meetings it agreed to propose that an analysis be made by the Financial Management of the assets that could generate liquidity, reviewing the measures and the different impacts on cash. At another of its meetings, the Committee was informed by the internal auditor, among other matters, of the work carried out in Human Resources and General Services, the audit of subsidiaries, the ICFR, interim income associated with contractual modifications and the solvency analysis of suppliers and subcontractors.

f) Other functions

The Company's internal auditor provided the Committee with the Independence declarations of the joint auditors, PricewaterhouseCoopers and Deloitte, copies of which were attached to the minutes of the meeting.

Pursuant to the provisions of Article 529 quaterdecies 4.f) LSC, the Committee unanimously approved the Report on the Independence of the External Auditor in relation to the 2018 fiscal year.

After being reminded by the Chairman of the Committee of the operation of the Company's joint Audit system, executed since 2017 financial year by the Audit firms PwC and Deloitte, a proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group during the 2020 financial year was submitted for the consideration of the Committee, and after a brief deliberation, unanimously approved to propose to the Board of Directors to submit to the Ordinary General Shareholders' Meeting of the Company the proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group for the fiscal year 2020.

The Committee also periodically monitored the factors, if any, that may have affected the Independence of the external auditors. In this sense, it unanimously reported on the increase in the external auditors' fees for Audit work, in view of the data presented. Likewise, the Committee was presented with the Report of the Internal Audit Department on the supervision of compliance with the regulations on the provision of non-audit services and the budget for non-audit services.

g) In relation to the follow-up of the Commission's own action plans

At each meeting, the Committee reviewed compliance with the 2020 annual plan of the Audit and Control Committee.

At its last meeting, the Committee reviewed and unanimously approved the calendar of meetings for 2021, once the appropriate modifications had been made in accordance with its availability, as well as the annual plan of activities of the Audit and Control Committee for the 2021 fiscal year, which establishes the matters to be dealt with by the Committee at each of its meetings.

h) Approval of the Shareholder and Investor Engagement and Communication Policy

At the meeting held on December 21, 2020, the Committee approved the Policy on information, communication, contacts and involvement with shareholders, institutional investors, proxy advisors and other stakeholders, which develops the provisions of the Sustainability Policy Approved by the Company's Board of Directors in October 2020.

i) Other activities

The Committee, after a brief discussion, unanimously agreed to report favorably to the Board of Directors regarding the issuance of simple unsecured and unsubordinated bonds by the Company, as well as their main terms.

After the appropriate discussion among its members and the information received from the Chief Financial Officer, the Committee unanimously approved to report favorably to the Board of Directors a potential treasury stock transaction so that the Board could adopt among its resolutions, if appropriate, both the terms of the transaction and the delegation of powers, all in the terms it deems most convenient.

On the other hand, the Committee unanimously approved its operating report for the 2019 fiscal year, agreeing to submit it to the Board.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Continuation of the authorities of the Company's Appointments and Remuneration Committee

w) Ensure that any conflicts of interest of the advisors do not impair the independence of the external advice provided to the Commission.

The main activities of the Company's Appointments and Remuneration Committee during the 2020 fiscal year were as follows:

a) Regarding the composition of the Board:

The Committee has analyzed the composition of the Board of Directors and analyzed the continuity of the 8 directors whose term of office ends in June 2020, developing the mandatory reports, decisions and recommendations about them and looking for the necessary profiles to fill, if necessary, the vacancies resulting from this analysis. In this regard, the Committee considered that it was advisable to increase the percentage of independent directors to a minimum of 50% of the members of the Board of Directors and, likewise, to increase the percentage of female directors. As a result of this analysis, the Committee considered it appropriate to propose to the Board of Directors the appointment of Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz as new directors of the Company, directors to cover the vacancies of Mr. José Lladó Fernández-Urrutia and Mr. Álvaro García-Agulló Lladó, who were considered executive and proprietary directors, respectively. In this regard, the Company focused its search for potential candidates on those profiles that have recognized personal and professional experience, mainly in the most relevant areas for the Company, that can be considered independent directors and, finally, that allow increasing the percentage and number of female directors, which is why it has deliberately sought female candidates for these positions. Additionally, the Committee has taken into special consideration the position of Mr. José Lladó Fernández-Urrutia, due to the fact that his replacement as Executive Chairman of the Company by Mr. Juan Lladó Arburúa has activated the succession protocol of the first executive of the Company, ensuring at all times through proposals to the Board of Directors that such succession takes place in an orderly and planned manner. As a consequence of the above, the Appointments and Remuneration Committee advised to transfer to Mr. José Lladó Fernández-Urrutia a proposal for appointment as Honorary Chairman of the Company, since it is in the Company's interest to continue taking advantage of his experience and knowledge of the Company, of which he was one of the founders in 1960.

b) In relation to the positions on the Board and the composition of the Committees:

The Committee also proposed to the Board of Directors the directors who should form part of this Committee, taking into account their knowledge, skills and experience as well as the duties of the Committee. In this regard, it proposed to the Board the appointment of Mr. Ignacio Sánchez-Asiaín Sanz as a member of the Audit and Control Committee, the appointment of Ms. Inés Andrade Moreno as a member of the Appointments and Remuneration Committee, replacing Mr. José Nieto de la Cierva, as well as the appointment of Mr. Alfredo Bonet Baiget as a member of the Management and Risk Committee, by virtue of his outstanding academic training and extensive professional experience in the business and banking sectors.

c) In relation to the remuneration of directors and senior management:

The Committee prepared a long-term remuneration plan for executive directors, and therefore initiated the procedure for the approval of a new Directors' Remuneration Policy for the years 2020 – 2022, which as the only modification, would include the main characteristics of this long-term remuneration for executive directors.

d) Other functions:

At various meetings of the Committee, it has been informed of the existing regulatory obligations in matters within its competence and, in particular, in relation to the obligations regarding the remuneration of Board Members.

The Committee has analyzed in different sessions the progress of the new text of the directors' remuneration policy submitted for the approval of the Ordinary General Shareholders' Meeting of June 25, 2020, advised by the external consultants E&Y and Ramón y Cajal Abogados, in which the main characteristics of a long-term remuneration of executive directors were detailed. In this regard, the Committee has been informed by the external consultants on Long Term Incentives (LTI) (instruments that grant the participant the possibility of receiving a variable remuneration, after a certain period of time exceeding one year, and provided that certain conditions are met). The Committee evaluated the information received and agreed to commission an external consultant to design a proposal for the design of a LTI for the two executive directors based on the characteristics of the Company's business and the best market practices, under the premises of simplicity, market value and in accordance with the principle of prudence.

In line with the above, the Committee unanimously agreed to report favorably to the Board of Directors on the implementation of the ILP proposal presented by the external consultant E&Y. In accordance with the current director compensation policy, the ILP that the Company implements for its executive directors must be approved by the General Shareholders' Meeting.

On the other hand, and after the corresponding assessment and weighting of the variable compensation criteria for the executive directors and their different parameters (among which the evaluation of the Company's performance during the corresponding fiscal year is a fundamental issue), the Committee, following a prudent criterion, agreed on the accrual and settlement of the variable compensation corresponding to the fiscal year 2019 for each of the executive directors.

On the other hand, the Committee has been informed in different sessions, with the assistance of different managers of the Human Resources Department, of different issues related to appointments, scorecard, salary review and remuneration of senior executives, including the variable remuneration system based on objectives.

Likewise, the Committee has informed the Board about the proposal for the distribution of the total remuneration of the Board approved by the General Shareholders' Meeting, in order for the Board to set the specific amount corresponding to each of its members, taking into account the functions and responsibilities attributed to each director, the membership of Board Committees and any other objective circumstances that the Board of Directors considers relevant, in accordance with the provisions of Article 22 of the Company's Bylaws.

It is also worth mentioning the good coordination between the Appointments and Compensation Committee and the heads of the Human Resources Department, which has favored the smooth functioning of this Committee.

e) Other matters:

The Committee was informed by the Company's Chief Financial Officer of the 100 Plan, the main objective of which is to optimize the Company's resources, identifying various opportunities for improvement.

Within the framework of the evaluation of the Board and its Committees, the Committee unanimously approved its operating report corresponding to fiscal year 2019, agreeing to submit it to the Board. Additionally, in relation to the evaluation corresponding to the 2020 fiscal year, the Committee has carried out a tender, following the guidelines of the Tr-ansforma Plan, for the provision of this service, a tender that has been won by Ackermann International, which presents a methodology focused on the skills of each director and, therefore, on their involvement in the Board of Directors and their contribution or added value of it.

The Committee monitored the evolution of the Covid-19 pandemic and the actions taken by the Company in relation to its employees and facilities, as well as teleworking and the measures adopted by the Human Resources management to ensure the continuity of operations, including the introduction of teleworking measures and the creation of a Covid-19 Committee comprising various professionals from the fields of human resources, occupational health and safety and information systems. The Committee also worked on the development of resources during fiscal year 2020 and on management by objectives.

The Committee also monitored the situation of the Spanish and foreign subsidiaries and the state of liquidation of those subsidiaries whose liquidation was made possible by the Company's activity.

At its last meeting, the Commission reviewed and unanimously approved the calendar of sessions for 2021 after making the appropriate modifications in accordance with its availability.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has been the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Note on section D.6

Continued response.

Likewise, the subject persons and insiders must inform the Chairman of any possible conflicts of interest in which they are involved due to their activities outside the Company, their family relationships, their personal assets, or for any other reason, with (i) the Company or any of the companies comprising the Técnicas Reunidas Group; (ii) suppliers or significant clients of the Company or of the companies of the Técnicas Reunidas Group; or (iii) entities engaged in the same type of business or competitors of the Company or any of the companies of the Técnicas Reunidas Group. Any doubt about the possibility of a conflict of interests must be consulted with the Chairman.

As stated in section D.1 above, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with the directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the execution by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

The Company's Code of Conduct also includes principles and rules for all persons to whom it applies: members of the Board of Directors, the Audit and Control Committee, the Appointments and Remuneration Committee and the other control bodies of Técnicas Reunidas or of any other company belonging to the Técnicas Reunidas business group at national or international level, as well as managers, employees and collaborators linked to the Group, regardless of the position they hold or the place where they perform their work.

In this regard, Article 4.1.1 of the Code of Conduct approved by the Company establishes that the persons subject to the Técnicas Reunidas Group Code shall act in the performance of their duties with loyalty and seeking to defend the interests of the Group. Likewise, they will try to avoid situations where the affected party is or appears to be in a conflict of interests. These conflicts of interest shall be reported to the Compliance Officer.

Note on section E.1

- Risks related to the concentration of projects in a small number of clients.

The portfolio, at certain times, may be highly concentrated in a small number of customers and, in certain countries, suppliers.

Control and management systems:

• Concentration only in markets in which the Group has sufficient prior experience.
• Diversification policy that allows TR to Access very different markets.
• Deployment of a relevant commercial action in markets and customers in which TR does not yet have a presence.
• Atomization strategies and diversification of Construction in several local and international suppliers.

- Risks related to environmental and safety requirements.

TR carries out projects in which an incorrect execution could generate risks with a high impact on the environment or sensitive health and safety risks. The Group Works to control and minimize these risks by collaborating with its customers, subcontractors and suppliers in this area.

Control and management systems:

• Existence of an Environmental and Safety Management System in TR.
• Environmental management assurance from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training.
• Strengthening process safety from the design phase.
• Promotion of occupational safety at suppliers and subcontractors.

- Risks derived from economic variables.

Certain economic circumstances (changes in Exchange rates, interest rates, willingness to finance, taxation, etc.) may have an impact on TR's business and results.

Periods of volatility of economic variables derived from geopolitical tensions.

High weight in our clients' decisions of the entities or organizations that finance their investments.

Management and control systems:

• Continuous monitoring of the risks associated with the currency and contracting of exchange rate insurance.
• Management of a solid balance sheet and availability of adequate financing lines.
• Mitigation of the risk of lack of liquidity of customers through active participation in the processes of obtaining financing from them, through banks that support the operations in which TR participates, as well as through the use of export insurance through banks that support the operations in which TR participates and direct contact with our customers' financing entities, as well as through the use of export insurance.

- Risks derived from information technologies.

With the Group's increased digitalization, the risk of intrusion into its systems by cybercriminals has increased.

Management and control systems:

• Information Security Management System certified according to ISO 27001:2015.
• Cybersecurity training for employees.
• Oversight by the Information Security Committee of the implementation of the strategic cybersecurity plan, the results of audits and the main risks and measures implemented.

- Risks derived from the retention of key personnel and adaptation resources to the workload.

The loss of key personnel, as well as gaps in their training, can increase the risk of not properly executing projects. In addition, excessive project concentration or project delays can lead to inefficiencies in personnel management.

Management and control systems:

• Procedures for identifying key employees to be retained and applying policies to help them stay.
• Implementation of a flexible Human Resources structure to adapt with agility to market variations.
• Globalized human resources management to unify the criteria applied in the different subsidiaries.

- Integrity and reputational risks.

Non-integral or non-responsible behavior on the part of employees or other third parties with whom the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results of Técnicas Reunidas.

Management and control systems:

• Internal regulations and training to ensure the integrity of the professionals and the availability of a Code of Conduct and a Whistleblower Channel.

• Requirement for suppliers and subcontractors to comply with environmental, human rights and health and safety requirements.

- Risks derived from the quality of execution.

The quality of execution ensures not only the peaceful closing of the project, but also that in the future projects of a similar nature or with the same client will be obtained.

Management and control systems:

• Quality supervision mechanisms in all project phases.
• Creation of databases that collect the group's knowhow and best practices.
• Quality department responsible for the development of procedures.

Notwithstanding the foregoing, the Company's Board of Directors is permanently committed to ensuring that the aforementioned risk control and management model, particularly with respect to crime prevention, prevents or reduces as much as possible the probability of the occurrence of irregular conduct and ensures, when detected, the cessation of such practices and the demand for the corresponding responsibilities, striving for a policy of maximum rigor in this respect. In this sense, the Audit and Control Committee takes into account the aforementioned within the framework of its function of supervising the efficiency of internal control and internal auditing, in accordance with the criteria of the supervisory bodies, without prejudice, in any case, to the perceptive information to the markets through the Statement of Non-Financial Information (EINF) and through this Annual Corporate Governance Report.

Note on section E.6

Given the uncertainty caused by the pandemic situation, any forecasting of direct economic impacts due to extended project timelines involves three points:

- Measurement of cumulative productivity and production loss to date;
- Future projection and forecast of normalization scenarios;
- Impact of the tensions of the global situation on the cash flow of all the actors involved in the execution of the projects.

The detection and control tools implemented have enabled a proactive response at both corporate and project level. Decisions have been made taking into account:

- Contractual obligations and customer indications;
- The state of progress of the project and its main execution phase (engineering, procurement, construction);
- Specific impacts by COVID-19 in the country or region of execution of each project.

Based on the above, the best alternatives and scenarios have been evaluated, implementing action plans that include slowdown strategies, acceleration, demobilization, etc.). These strategies must be continuously adapted to the changing scenarios that the evolution of the pandemic itself presents both globally and specifically in each country where the projects are developed, as well as to our clients' own strategies.

Note on section G.40

The Company has an internal audit function which, under the supervision of the Audit and Control Committee, oversees the proper functioning of the internal control and information systems. Since 2008, the Company has had an internal auditor, who is included in the list of senior executives and who continues to perform his duties in the Company.

Note on section G.55

The Company has been a signatory to the United Nations Global Compact since November 2011 and has renewed its commitment to join annually since then.

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting held on:

25/02/2021

Indicate whether any directors voted against or abstained from voting on the approval of this report.

[ ] Yes
[√] No

CERTIFICATE OF AUTHORISATION
2020 ANNUAL FINANCIAL REPORT

The Board of Directors:

Juan Lladó Arburúa Chairman	Juan Miguel Antoñanzas Pérez-Egea 1st Deputy Chairman
Fernando de Asúa Álvarez 2nd Deputy Chairman	Javier Gómez-Navarro Navarrete Director
José Manuel Lladó Arburúa Director	Rodolfo Martín Villa Director
Petra Mateos-Aparicio Morales Director	Pedro Luis Uriarte Santamarina Director
William Blaine Richardson Director	Adrian Lajous Vargas Director
Jose Nieto de la Cierva Director	Alfredo Bonet Baiget Director
Inés Elvira Andrade Moreno Director	Ignacio Sánchez-Asiaín Sanz Director

Certificate issued by the Legal Secretary attesting that, following the authorisation for issue by the Board members at its meeting held on 25 February 2021 of the consolidated financial statements and directors report of Técnicas Reunidas, S.A. for the year ended 31 December 2020, all directors have signed the last page of this document, to which I attest, in Madrid on 25 February 2021. I also CERTIFY that these consolidated annual financial statements and directors report are the same as those approved at the aforementioned Board meeting and, therefore, I sign and initial all of their pages.

Laura Bravo
Secretary to the Board

DECLARATION OF RESPONSIBILITY
2020 ANNUAL FINANCIAL REPORT

The Board of Directors:

Juan Lladó Arburúa Chairman	Juan Miguel Antoñanzas Pérez-Egea 1st Deputy Chairman
Fernando de Asúa Álvarez 2nd Deputy Chairman	Javier Gómez-Navarro Navarrete Director
José Manuel Lladó Arburúa Director	Rodolfo Martín Villa Director
Petra Mateos-Aparicio Morales Director	Pedro Luis Uriarte Santamarina Director
William Blaine Richardson Director	Adrian Lajous Vargas Director
Jose Nieto de la Cierva Director	Alfredo Bonet Baiget Director
Inés Elvira Andrade Moreno Director	Ignacio Sánchez-Asiaín Sanz Director

They state that, to the best of their knowledge, the separate financial statements of Técnicas Reunidas, S.A. (balance sheet, income statement, statement of changes in equity, statement of cash flows, notes to the financial statements and management report), as well as the consolidated financial statements with its Subsidiaries (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements), for the year ended 31 December 2020, prepared by the Board of Directors at its meeting held on 25 February 2021, prepared in accordance with the accounting principles applicable and set forth on 174 and 85 sheets of ordinary paper for the separate financial statements and consolidated financial statements, respectively, written only on the obverse side, all of which were signed by the non-director Secretary to the Board, Laura Bravo Ramasco, present fairly the equity, financial position and results of operations of Técnicas Reunidas, S.A. and subsidiaries, and that the management reports supplementing the separate and consolidated financial statements include a fair analysis of the performance, business results and position of Técnicas Reunidas, S.A. and its subsidiaries, together with a description of the main risks and uncertainties faced by the Company.

Madrid, 25 February 2021