

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer, Transition Financing Framework and asset pool

Técnicas Reunidas
2 June 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Energy Transition Financing Instruments
Relevant standards	<ul style="list-style-type: none">• Climate Transition Finance Handbook as administered by the International Capital Market Association (ICMA)
Scope of verification	<ul style="list-style-type: none">• Técnicas Reunidas Transition Financing Framework (as of May 2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• The SPO is valid as long as the eligibility criteria in the Transition Financing Framework stays the same

CONTENTS

SCOPE OF WORK.....	3
ISS ESG ASSESSMENT SUMMARY	4
ISS ESG SPO ASSESSMENT.....	5
PART I: TRANSITION FINANCING FRAMEWORK’S LINK TO THE ISSUER’S SUSTAINABILITY STRATEGY	5
A. TÉCNICAS REUNIDAS’ INDICATIVE SUSTAINABILITY PROFILE.....	5
B. CONSISTENCY OF THE TRANSITION FINANCING FRAMEWORK WITH TÉCNICAS REUNIDAS SUSTAINABILITY STRATEGY.....	6
PART II: Implementation of the CLIMATE TRANSITION FINANCE HANDBOOK	10
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE	20
A. CONTRIBUTION OF THE TRANSITION FINANCING FRAMEWORK TO THE UN SDGs	20
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE TRANSITION FINANCING FRAMEWORK.....	21
ANNEX 1: Methodology	24
ANNEX 2: Quality management processes	25
About ISS ESG SPO	26

SCOPE OF WORK

Técnicas Reunidas commissioned ISS ESG to assist with its Transition Financing Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. The framework's link to Técnicas Reunidas' sustainability strategy – drawing on Técnicas Reunidas overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Técnicas Reunidas' Transition Financing Framework (May 2021 version) – benchmarked against the International Capital Market Association's (ICMA)'s Climate Transition Finance Handbook.
3. Eligible project categories – whether the projects categories financed contribute positively to the UN SDGs and perform against ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 1).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Energy Transition Financing Framework's link to issuer's sustainability strategy	Técnicas Reunidas is an engineering and construction company which designs and builds facilities for enabling a sustainable growth and decarbonization. The Use of Proceeds financed through this framework are consistent with the issuer's sustainability strategy and address material ESG topics for the issuer's industry. The rationale for issuing transition financing instruments is clearly described by the issuer.	Consistent with issuer's sustainability strategy
Part 2: Implementation of CTFH	<p>The issuer has defined a formal concept for its Transition Financing Framework in line with the recommended guidance in the Climate Transition Finance Handbook (CTFH). The concept includes a climate strategy with targets for the issuer's Scope 1 and 2 emissions, a detailed process and eligibility criteria for selecting the projects to be financed by its Transition Financing Framework. The eligibility criteria have been reviewed by an external expert, to evaluate whether they are in line with the issuer's stated climate targets and strategy</p> <p>There is not sufficient information to show a full implementation of the guidance within the Climate Transition Finance Handbook. There is limited evidence available on whether the climate transition strategy is science-based because common reference points to conduct such benchmarks are currently not available for this sector and therefore there is not yet an external verification of the overall strategy. The issuer commits to such external verification of the overall strategy at a later date, when possible.</p>	Implementation of the ICMA Climate Transition Handbook, other than the verification element
Part 3: Sustainability quality of the example projects mentioned in the Framework	<p>The overall sustainability quality of the Transition Financing Framework in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment.</p> <p>Most of the use of proceeds categories contained within this Transition Financing Framework have no net impact to SDGs 7 'Affordable and clean energy' and 13 'Climate action'. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive sustainability quality management

¹ ISS ESG's evaluation is based on Técnicas Reunidas' Energy Transition Financing Framework (May 2021 version), on the example asset pool as received on the 31.03.2021, and on the ISS ESG Indicative Corporate Rating applicable at the SPO delivery date. ISS ESG underwent a controversy screening of the example asset pool on the 14.05.2021.

ISS ESG SPO ASSESSMENT

PART I: TRANSITION FINANCING FRAMEWORK'S LINK TO THE ISSUER'S SUSTAINABILITY STRATEGY

A. TÉCNICAS REUNIDAS' INDICATIVE SUSTAINABILITY PROFILE

Methodological note: Please note that Técnicas Reunidas is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Oil & Gas Equipment/Services sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification

Oil & Gas Equipment/Services²

Key Issues of the industry

- Environmental impacts of oil and gas activities
- Sustainable product design
- Worker safety and incident prevention
- Government relations and prevention of corruption

Indicative ESG risk and performance assessment

Técnicas Reunidas SA provides engineering and construction services. It operates through the following segments: Oil and Gas, Power and Water, and Other Industries. Thus, it is assumed that Técnicas Reunidas executes projects for its clients that faces significant sustainability risks such as its impact on land use and biodiversity, which the company addresses in a general sense by carrying out all its projects on industrial land and by performing appropriate environmental impact assessments. In terms of the integration of energy and resource efficiency in its operations, the company commits to include sustainability in the design of its projects. The material aspect of resource efficiency is tackled through the integration of the circular economy concept in its environmental management system. However, energy and water efficiency of its construction activities are not sufficiently addressed. Regarding the company's social performance, on the issue of labor rights, occupational health and safety and incident prevention appears to be addressed through company's health and safety management system, which is certified to an international standard. In fact, the company is currently working towards adapting the ISO 45001 standard, which is a more stringent system compared to the current management system, OHSAS 18001. As concerns business ethics, Técnicas Reunidas puts great value on integrity and compliance through the establishment of a crime prevention management system. Moreover, the company is currently adapting an anti-bribery management system certified to ISO 37001, which could adequately address issue of corruption in the industry. Several policies are also in place to address further business ethics issues, such as conflicts of interest, antitrust violations, and gifts and entertainment. Overall, the company seems to

² As per ISS ESG industry classification.

sufficiently address potential ESG risks being a signatory of the United Nations Global Compact (UNGC) and an active member of the CDP.

Indicative product portfolio assessment

Social impact of the product portfolio:

As a provider of engineering and construction services mainly for state oil companies and other private energy and infrastructure companies, the company has no projects with significant impacts on global social objectives. The company's overall project portfolio is therefore considered to have neutral social impact.

Environmental impact of the product portfolio:

The company has a total of 69 projects, where 40 projects are assumed to be oil related (including petrochemicals and refineries) and 17 projects assumed to be gas related. There are 11 projects attributed to the design and construction of power plants and 1 water treatment facility (1%). The company's portfolio of power plants is mainly based on natural gas and to a limited extent on waste-to-energy and biomass. Thus, a large share of the company's activities is based on oil, implying a negative impact on the mitigation of climate change and sustainable energy use. The other large shares of the business are related to natural gas, which is considered neutral regarding their contribution to global sustainability objectives and water treatment, which is assumed to account for a minor revenue share only.

Controversy risk assessment: Based on a review of controversies logged from 1 January 2019, the greatest risk reported against companies operating in the Oil & Gas/Equipment Services sector relates to business malpractice. This is followed by activities that may have adverse impacts on labor rights. The top three issues that have been reported against companies within the industry are as follows: alleged failure to prevent bribery, failure to respect just and favourable conditions of work, and failure to respect safe and healthy working conditions. This is closely followed by the alleged failure to assess environmental impacts, failure to mitigate climate change impacts and failure to prevent workplace discrimination.

A high-level controversy assessment was conducted on the company, which revealed no known controversy.

B. CONSISTENCY OF THE TRANSITION FINANCING FRAMEWORK WITH TÉCNICAS REUNIDAS SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Técnicas Reunidas performs their business with two main global commitments: the enablement of a sustainable growth and the development of technologies and energy sources to achieve a low carbon energy supply. They facilitate decarbonization through two business lines: the design and build of plants for the natural gas value chain and for low carbon energy technologies. They are also focusing efforts to strengthen their current portfolio of services in the known technologies of hydrogen

production, carbon capture and storage, bio energies and projects that apply circular economy principles.

Enabling a sustainable growth is a key reference for their business. By building the facilities of their clients, they are helping to reach the United Nations Sustainable Development Goals (SDGs) that are closely linked to the production of clean and affordable energy that minimizes the impact on health and the SDGs that promote zero hunger, access to drinkable water, a better health system and sustainable urbanization.

Regarding climate change, Técnicas Reunidas is fully committed to achieving the goals of the 2°C scenario of the Paris Agreement. They want to play a relevant role in the global effort towards a low carbon energy supply by working closely with their stakeholders in implementing solutions and technologies that contribute to the 2°C scenario.

Rationale for issuance

Técnicas Reunidas considers that Transition Financing Instruments are key financing instruments to support its efforts towards the climate transition. Through its Transition Strategy, Técnicas Reunidas is reinforcing its positioning in activities that are contributing to a 2°C scenario. The implementation of this strategy will be monitored by a set of Transition KPIs that will be continuously reviewed. The KPIs include increasing the current contribution to the company’s overall revenues of the decarbonization business lines from 37% to 45%, as well as specific emissions targets for the overall company (see next section).

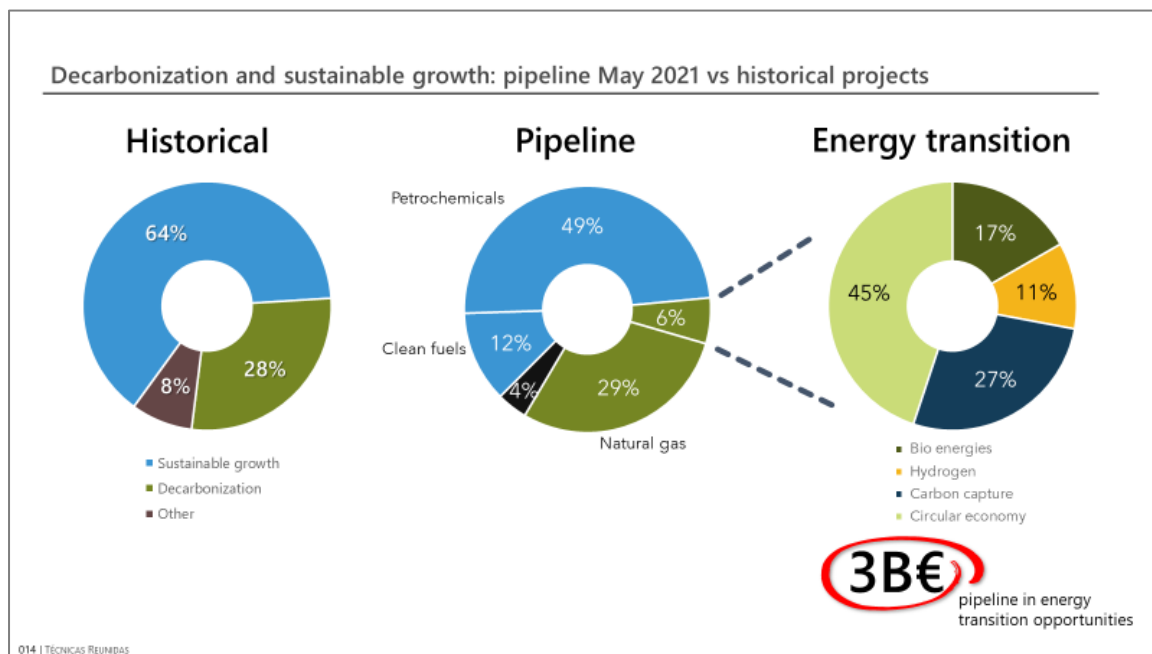


Figure 1 Técnicas Reunidas chart showing growth in decarbonisation related business areas

Share of sustainable growth and decarbonization in revenues

Figure 1 shows that Técnicas Reunidas has been reorienting its business towards projects related to its decarbonization business lines: natural gas and energy transition technologies to replace higher emitting technologies for its customers. The decarbonization business has grown from 28% to 35% of its business in recent years. The company aims to grow this to 45% by 2025 and has already identified EUR 3bn worth of opportunities relating to bioenergy, hydrogen production, carbon capture and circular economy projects.

Decarbonization targets

Técnicas Reunidas currently has the objective of reducing their scope 1 and 2 emissions by 12% in 2030, compared to the base year 2017. The company is currently assessing a commitment to comply with a corporate decarbonization KPI target of net zero emissions (scopes 1, 2 and 3) by 2040, with an interim target of 30% by 2030 from base year 2019.

The final new goal will be monitored and approved by an independent third party, such as the Science Based Targets Initiative (SBTI). The decarbonization KPI will be progressively reported in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The decarbonization KPI evolution will be published yearly in the Integrated Report, which information has been verified for several years by a renowned independent third party.

On top of the corporate decarbonization targets, Técnicas Reunidas uses additional KPIs to measure their effort in decarbonization in every single project and at a project portfolio level.

Opinion: *ISS ESG finds that the rationale for issuing transition financing instruments is clearly described by the issuer. The issuer has laid out a clear climate target, of net zero emissions for their Scope 1 and 2 emissions by 2040, with a more ambitious target under consideration. The issuer will use the proceeds from the transition financing instruments to develop and grow its services in delivering projects which enable decarbonization for its customers.*

Contribution of issuance to sustainability objectives and priorities

ISS ESG mapped the example types of projects to be financed under this Transition Financing Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Indicative Rating methodology for the Oil & Gas Equipment/Services sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Natural gas power generation	✓	✓	Contribution to a material objective
Natural gas production	✓	✓	Contribution to a material objective
Biomass power generation	✓	✓	Contribution to a material objective
Green Hydrogen	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the example Use of Proceeds projects financed through this financing framework are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry.

PART II: Implementation of the CLIMATE TRANSITION FINANCE HANDBOOK

A. Climate Transition Strategy and Governance

Técnicas Reunidas is fully committed to play a relevant role in the global effort towards a low carbon energy supply by working closely with its stakeholders in implementing solutions and technologies that contribute to the 2°C scenario.

The proposed energy transition financing framework is the backbone upon which Técnicas Reunidas wants to build its strategy to contribute to a net zero carbon energy supply scenario. They aim to offer their technological capabilities and execution skills to help deliver the projects necessary to help the society decarbonize.

The International Energy Agency (IEA) has defined the Sustainable Development Scenario (SDS) which takes into accounts the concurrent challenges of sustainability and decarbonization in a realistic and cost-effective way. Técnicas Reunidas is committed in working closely with its stakeholders to achieve the goals stated in the IEA's SDS. Their corporate goal is to get increasingly involved in projects where there is a clear positive impact related to decarbonization. Técnicas Reunidas wants to make the transition to a net zero-carbon energy supply happen as fast and as fair as possible.

Técnicas Reunidas currently has the objective of reducing scope 1 and 2 emissions by 12% in 2030, compared to the base year 2017. The company is currently assessing a commitment to comply with a corporate decarbonization KPI target of net zero emissions (scopes 1, 2 and 3) by 2040, with an interim target of 30% by 2030 from base year 2019.

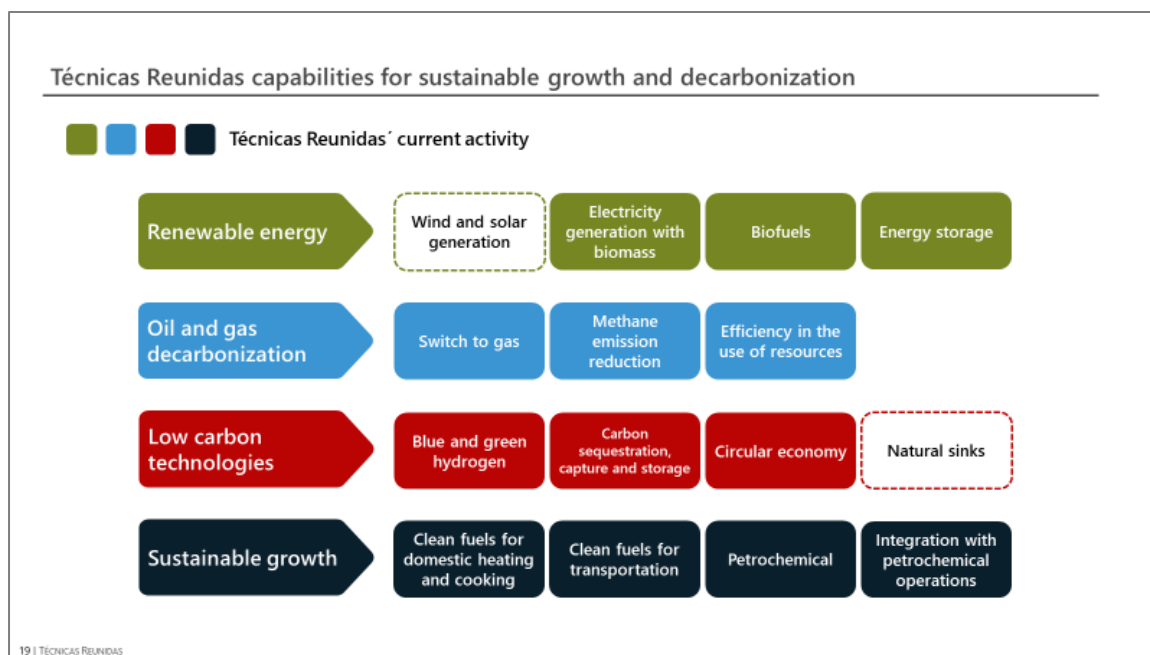
The final goal will be monitored and approved by an independent third party, such as the Science Based Targets Initiative (SBTI). The decarbonization KPI evolution will be published yearly in the Integrated Report, which has been verified for several years by a renowned independent third party.

Opinion: ISS ESG finds that the information detailed in Técnicas Reunidas' Transition Financing Framework communicates Técnicas Reunidas' overall goal of contributing to the goals of the Paris Agreement. It references the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA) as a pathway. Técnicas Reunidas has a clear long-term emissions target. ISS ESG highlights the importance of obtaining validation of its decarbonisation pathway and emissions targets by the SBTi or a similar organisation when possible. ISS ESG emphasises the relevance of the Scope 3 emissions for Técnicas Reunidas' decarbonization strategy.

B. Business Model Environmental Materiality

Técnicas Reunidas is an engineering and construction company which designs and builds facilities for enabling a sustainable growth and decarbonization. They have identified certain decarbonization levers within their business model in the upcoming years.

These can be found below:



Use of Proceeds

Proceeds of Técnicas Reunidas' Transition Financing Instruments will be allocated to finance or refinance in whole or in part the services delivered through Técnicas Reunidas' clients projects that fall within the eligible categories set under the current section.

ELIGIBLE CATEGORY	SUSTAINABILITY OBJECTIVES
<p>Deployment of projects considered to clearly contribute to the energy transition</p> <p>Investments and expenses dedicated to projects demonstrating a clear contribution to climate change mitigation and energy transition and meeting the most stringent GHG emissions thresholds for the technology/sector defined in recognized frameworks that can be considered above industry standard without specific consideration of the local context (including EU Taxonomy, EIB Energy Lending Policy, and others).</p> <p>Example of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Design and construction of green hydrogen manufacturing plant ▪ Design and construction of green ammonia plants. 	<ul style="list-style-type: none"> • Climate change mitigation • Access to clean and affordable energy • Innovation and infrastructure
<p>Deployment of projects contributing to the energy transition according to emissions metrics</p> <p>Investments and expenses dedicated to projects demonstrating a contribution to energy transition based on metrics derived from scenarios (IEA Sustainable Development Scenario) or sectorial trajectories defined by frameworks (e.g. Science-Based Targets Initiative).</p> <p>Example of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Design and construction of biomass CHP plants ▪ Design and construction of renewable fuels production plants 	<ul style="list-style-type: none"> • Climate change mitigation • Access to clean and affordable energy • Innovation and infrastructure

<ul style="list-style-type: none"> Construction of a CCGT plant meeting emissions thresholds based on absolute emissions and/or relative savings (e.g. replacement of more polluting fuel) 	
<p>Deployment of projects contributing to energy transition in the local context</p> <p>Investments and expenses dedicated to projects demonstrating:</p> <ul style="list-style-type: none"> GHG emissions at operational stage are below a relevant baseline scenario defined based on recognized frameworks (e.g. EIB Carbon Footprint Methodology); best practices/BAT are applied to minimize the project’s negative environmental and social externalities; and a contribution to energy transition in the local context can be demonstrated (e.g. evolution of the energy mix, contribution to grid stability, country’s NDC, etc.) minimization of social and environmental impact during the execution of the project. <p>Example of eligible projects include:</p> <ul style="list-style-type: none"> Construction of a CCGT plant demonstrating GHG reduction compared to the local energy context. Natural gas production or processing projects, with low unitary emission impacts compared to world average and strict methane venting and flaring standards 	<ul style="list-style-type: none"> Climate change mitigation Access to clean and affordable energy Innovation and infrastructure
<p>Research, development and innovation in low carbon technologies.</p> <p>Investments and expenses dedicated to projects and research activities in waste to chemical, carbon capture, utilization and storage; green and blue hydrogen; biorefineries and circular economy.</p> <p>Eligible projects R&D expenditure will be directed towards technologies aiming at eligibility under one of the 3 first categories, as per relevant Enea methodology.</p>	<ul style="list-style-type: none"> Climate change mitigation Access to clean and affordable energy Innovation and infrastructure Responsible consumption
<p>Reduction of Técnicas Reunidas’ corporate carbon footprint</p> <p>Investments and expenses dedicated to projects that aim at reducing Técnicas Reunidas corporate carbon footprint (Scope 1+2):</p> <ul style="list-style-type: none"> Corporate expenses in renewable energy power. Digitalization of operations with impact in carbon footprint reduction Reforestation 	<ul style="list-style-type: none"> Climate change mitigation Innovation and infrastructure

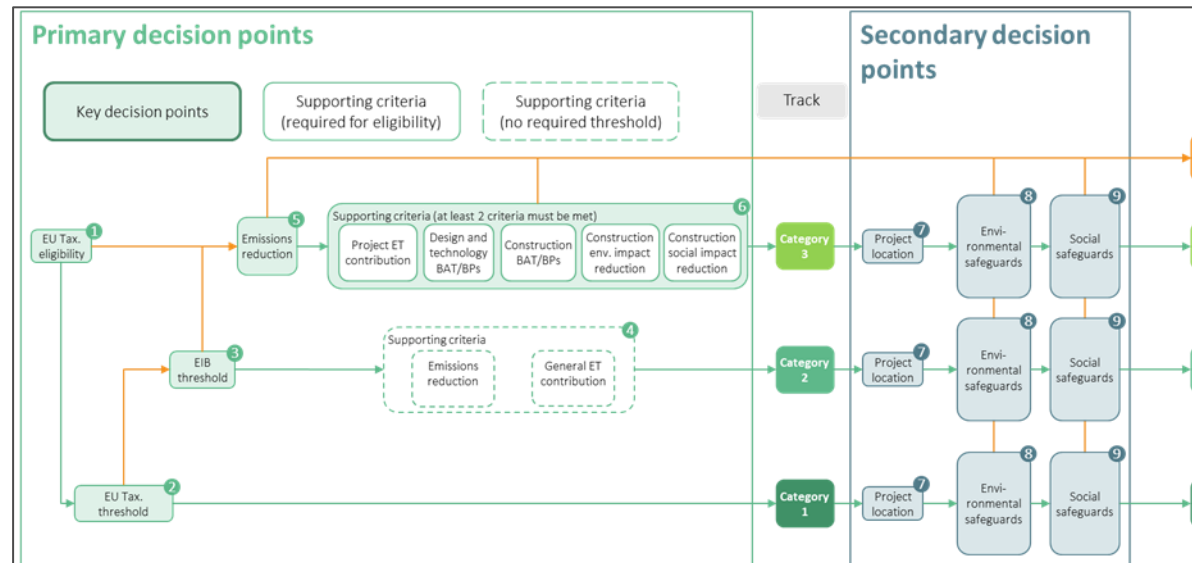
Refer to the Explanatory Document – Methodology for evaluating the contribution of projects to the Energy Transition eligibility of projects developed and executed by Técnicas Reunidas, published on Técnicas Reunidas’ website.

Specific and detailed eligibility criteria have been developed on a sector by sector basis and are presented in this methodology document for the following typologies of projects:

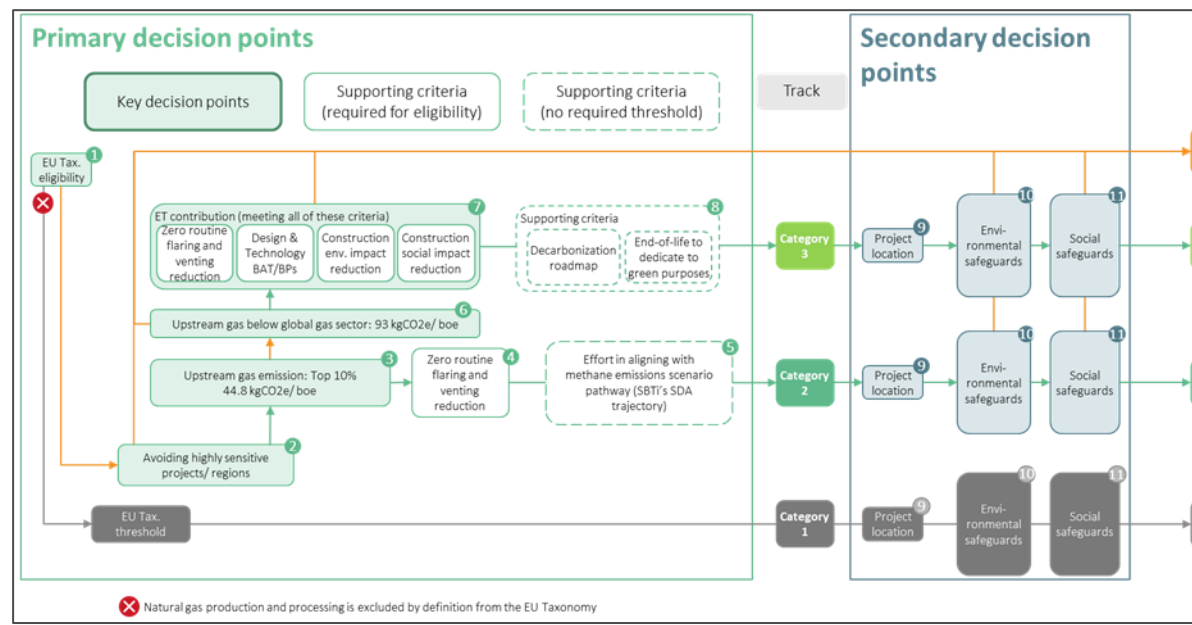
- Power generation (with a special focus on gas and biomass fueled power plants)
- Natural gas production and processing
- Hydrogen production
- Biofuel production

The decision trees which summarise the eligibility criteria developed by the external expert, as included in the Annex of the Framework are shown below.

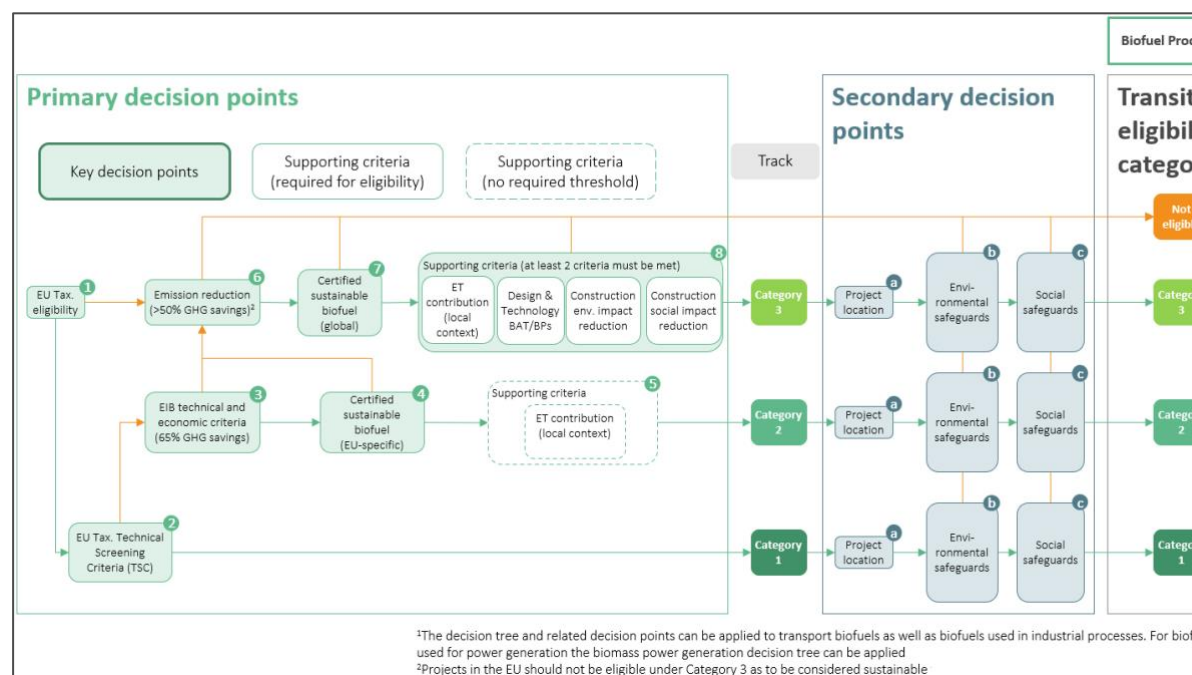
Power generation decision tree



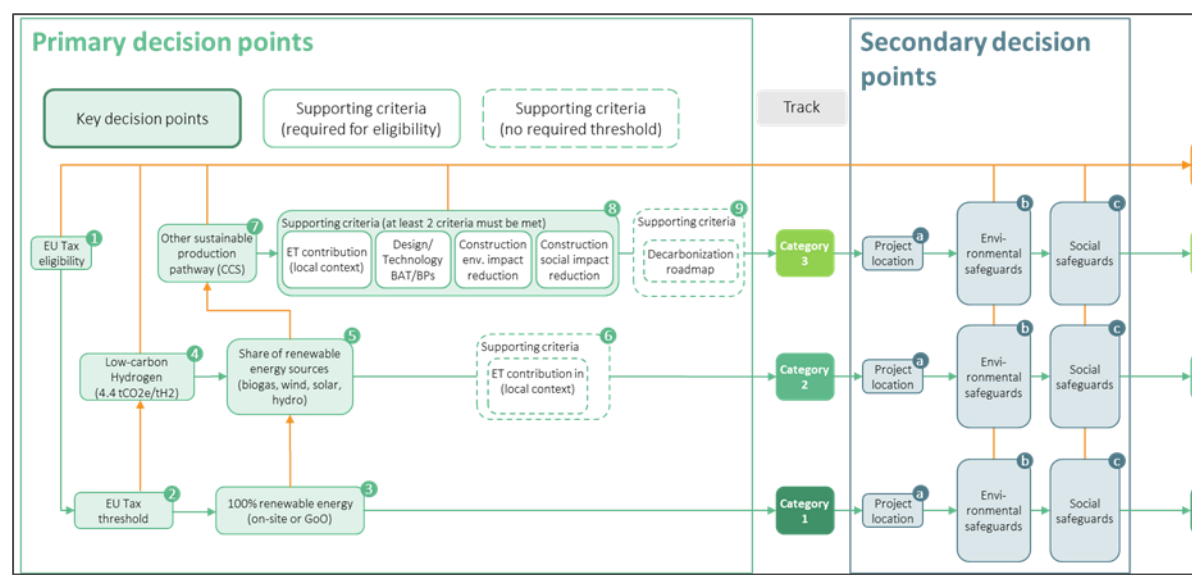
Natural gas production and processing decision tree



Biofuel production decision tree



Hydrogen production decision tree



For future projects falling outside of these typologies, sector-specific eligibility criteria will be developed in line with the eligibility categories and criteria of this framework and with the assistance of relevant external expert.

Opinion: ISS ESG has reviewed the analysis conducted by Técnicas Reunidas' external expert, who created a methodology to determine project eligibility under most of the categories. The analysis shows that the projects nominated in the project categories are consistent with the issuer's climate strategy, i.e. helping to build projects that provide lower carbon alternatives for its customers. The

methodology includes references to the EU Taxonomy, EIB Project Carbon Footprint Methodology and other external standards. There is limited quantitative information regarding to what extent would these projects contribute to the Paris Agreement. ISS ESG recommends that the external expert’s analysis is disclosed as much as possible, particularly on how the projects contribute to the Energy Transition and the technical details and decision points used. ISS ESG highlights the importance of involving the external expert to evaluate new projects for financing by the Transition Framework instruments as well as regularly revisiting projects that have been included, to assess their contributions against the company’s overall decarbonisation strategy. The external expert will also review the impacts of the R&D expenditure, as mentioned in the Reporting section of the Framework. More detail on how the Scope 1 and 2 emissions reductions will be achieved is also welcome.

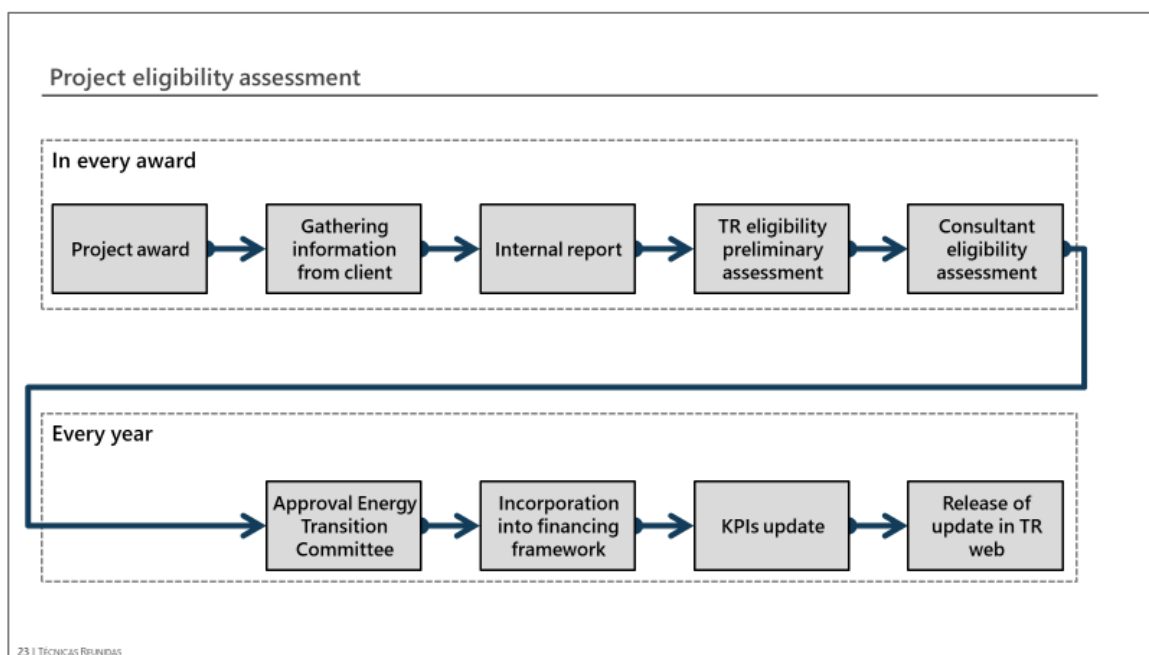
C. Climate transition strategy to be “science-based”

The issuer shows in the Framework a qualitative analysis of how their business model is aligned with the IEA SDS, which itself is aligned with the Paris Agreement. For example, the issuer is active in the areas of energy efficiency, biofuels, low carbon natural gas production and power generation, and low carbon technologies, such as carbon capture and utilization and storage and production of blue and green hydrogen, which are highlighted in the SDS as key areas for development.

Opinion: ISS ESG finds that there is some evidence in the Framework on how the issuer’s strategy is aligned with the SDS. The issuer has mentioned that they would apply for validation by the Science Based Target Initiative (SBTI) at a later date. ISS ESG recommends external verification when possible.

D. Implementation Transparency

Decision process for including a project into the energy transition financing framework



The decision process for selecting any given project will be managed by the Secretariat of the Committee for the Energy Transition³, under the following procedure:

- Técnicas Reunidas will annually preselect projects of its backlog that, under its understanding, could be eligible under the energy transition financing framework.
- Técnicas Reunidas will check the eligibility with a relevant external expert, who will evaluate each project using the evaluation methodology and eligibility criteria. The consultant will classify the projects within one of the eligible categories defined in section 2 of this framework⁴.
- Once projects have been preselected and classified by the external consultant, the Committee for the Energy Transition will verify each project against Técnicas Reunidas' ESG internal policies and other regulations. Projects that pass all the checks, will be selected to be financed under the transition financing framework.
- Técnicas Reunidas has established a lookback period of 36 months for the refinancing of activities.
- The selected projects will be reviewed annually by the Committee for the Energy Transition for their alignment with the eligibility criteria to ensure that they continue to comply with the current framework.
- The Committee for the Energy Transition will also review the management of proceeds as described in Section 4 and facilitate reporting as described in Section 5.

Opinion: ISS ESG finds that the Decision process for project selection is well aligned with best market practice. There is a dedicated committee involved, which is comprised of senior executives of the company. The eligibility screening criteria for the projects has been developed in conjunction with an external consultant, who provided a review of what projects may contribute to the company's stated sustainability strategy. Summaries of the screening criteria are provided in Section II.B. ISS ESG emphasizes the importance of the external expert's involvement in ensuring that the projects contribute substantially to the Energy Transition.

Management of Proceeds

On an annual basis, the Financing Department of Técnicas Reunidas will allocate the proceeds of the transition financing instrument to the projects in accordance with the use of proceeds and evaluation and selection process presented above. The proceeds will be recorded separately in order to clearly track the use and allocation of the funds for the eligible projects.

Técnicas Reunidas will do its best to fully allocate the proceeds within 3 months after the issuance date of each transition financing instrument. In case that the eligible projects are being executed, the

³ Decision sub body of the Executive Management Committee which includes the Executive President, the Corporate Managing Director, the Chief Commercial Officer, the Chief Financial Officer and the Chief Operations Officer.

⁴ Specific and detailed eligibility criteria have been developed on a sector by sector basis and are presented in this methodology document for the following typologies of projects:

- Power generation (with a special focus on gas and biomass fuelled power plants)
- Natural gas production and processing
- Hydrogen production
- Biofuel production
- Waste to chemical

For future projects falling outside of these typologies, sector-specific eligibility criteria will be developed in line with the eligibility categories and criteria of this framework and with the assistance of relevant external expert.

proceeds will be directly applied to them. In case that any portion of the financing instrument proceeds could not be allocated temporarily, it will be held in short term and liquid instruments.

Opinion: ISS ESG finds that the Management of Proceeds proposed by Técnicas Reunidas is well aligned with best market practice. The net proceeds will be tracked in an appropriate manner. Moreover, the intended types of temporary placement for the balance of unallocated net proceeds have been disclosed.

Reporting

Técnicas Reunidas will produce an allocation report (the “Allocation Report”) as well as an impact report (the “Impact Report”) during the life of the financing instrument issued under this Framework.

Allocation report

Técnicas Reunidas will publish on its website and within the annual non-financial report a disclosure of the allocation of the funds, including a breakdown of allocated proceeds by category, geography and remaining balance of unallocated proceeds. External verification of the ‘Allocation reporting’ by the company auditor will be provided annually.

Impact report

Técnicas Reunidas will include within the annual non-financial report summarized information of the environmental and sustainability benefits of its transition financing instrument. It will also include the list of projects that are included in the transition financing instrument.

The impact report will include, whenever possible, the following metrics:

Category	Impact reporting metrics
Deployment of projects considered to clearly contribute to the energy transition	<ul style="list-style-type: none"> ▪ Annual GHG emissions during operations (in tonnes of CO₂e/year) ▪ GHG emissions avoided (in tonnes of CO₂e/year) ▪ Renewable fuel produced (in tonnes/year) – where relevant
Deployment of projects contributing to the energy transition according to emissions metrics	<ul style="list-style-type: none"> ▪ Annual GHG emissions during operations (in tonnes of CO₂e/year) ▪ GHG emissions avoided (in tonnes of CO₂e/year) ▪ Contribution of the project to energy transition in the local context
Deployment of projects contributing to energy transition in the local context	<ul style="list-style-type: none"> ▪ Annual GHG emissions during operations (in tonnes of CO₂e/year) ▪ GHG emissions avoided (in tonnes of CO₂e/year) ▪ Contribution of the project to energy transition in the local context
Research, development and innovation in low carbon technologies	<ul style="list-style-type: none"> ▪ Total expenditures ▪ Example case studies of R&D investments (where available) ▪ Potential qualitative and/or quantitative impact of the outcome of R&D activities in energy transition
Reduction of Técnicas Reunidas’s corporate carbon footprint	<ul style="list-style-type: none"> ▪ Annual GHG reduction (in tonnes of CO₂e/year)

Técnicas Reunidas will provide the detailed methodology behind the calculation for impact reporting metrics under its annual Impact Report.

External review

Técnicas Reunidas has engaged ISS – ESG to provide a pre-issuance external review in the form of a Second Party Opinion on the Técnicas Reunidas Transition Financing Framework. ISS ESG assessment is available on Técnicas Reunidas website.

Técnicas Reunidas Transition Financing instruments reporting will also be subject to annual post-issuance external reviews by third party consultants, with regards to allocation, eligibility criteria alignment and impacts measures, which will be accessible on the company’s website.

Opinion: *ISS ESG finds that the issuer provides detailed transparency on the underlying types of projects and the expected growth of the decarbonization business lines which support its strategy. They have provided examples of their recent projects which have contributed to their sustainability goals. The issuer also follows best practice in terms of reporting on the allocation and environmental impacts of the projects financed by the financing instrument. ISS ESG finds that the issuer has committed to best market practice in terms of management proceeds, reporting.*

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE









A. CONTRIBUTION OF THE TRANSITION FINANCING FRAMEWORK TO THE UN SDGs

Using a proprietary methodology, ISS ESG assessed the contribution of the Técnicas Reunidas' Transition Financing Framework to the UN Sustainable Development Goals (SDGs). This assessment is based on the example projects proposed in the Framework and which were evaluated by ENEA.

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
------------------------------------	--------------------------------	--------------------------	---------------------------------	-------------------------------------

The SDG contribution or obstruction of the example project categories mentioned in the Framework categories have been assessed as below. Future project categories may be added to the Framework also:

Example projects	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Natural gas power generation	No Net Impact	 
Natural gas production	No Net Impact	 
Biomass power generation (from non-certified biomass)	No Net Impact	 
Green hydrogen production	Significant Contribution	 

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE TRANSITION FINANCING FRAMEWORK

ISS ESG KEY PERFORMANCE INDICATORS

The Framework nominates four example projects in the natural gas power generation, natural gas production, and biomass power generation project categories, as well as categories for future projects to be added.

The ISS ESG KPI ensures that environmental and social risks attached to the projects financed are taken into consideration and have been minimized. This assessment is based on the issuer's policies and strategy regarding ESG risks minimization in its assets selection process.

ASSESSMENT AGAINST ISS ESG KPI

Impact of operations on biodiversity

- ✓ The issuer's selection process ensures all projects must comply with international and local standards and regulation related to the project environmental impacts.
- ✓ All financed projects are covered by a certified environmental management system in line with relevant international standards (ISO 14001, EMAS or equivalent).

Labour standards

- ✓ All financed projects ensure compliance with ILO core conventions (e.g. as part of eligibility criteria, general financing policies or company policy in case of corporate issuances).

Health and safety standards

- ✓ All relevant employees are covered by a health and safety management system that is certified to the OHSAS 18001 or ISO 45001 standard.

Waste management and pollution prevention

- ✓ All financed projects are covered by a certified environmental management system in line with relevant international standards (ISO 14001, EMAS or equivalent)

Dialogue with local communities

- ✓ For all financed projects, material social impacts are addressed in line with the local context and minimum international standards. This includes stakeholder management, and grievance mechanisms.

Energy efficiency of biomass power generation

- ✓ The financed biomass power plant ensures cogeneration technology, as it is a combined heat and power plant.

Environmental and social impacts of biomass power generation

- There is limited information on the source of the biomass that is used in the biomass power generation plant provided as an example in the asset pool.

Emissions intensity of natural gas power generation plants

- The analysis of the projects conducted by the external expert compares the emissions intensity of the power generated with the different local situations of the customer, to ensure that the power plants financed are only built if they deliver substantial avoided emissions.

Environmental aspects of natural gas production and processing

- ✓ The financed projects ensure measures to minimise the environmental impacts of natural gas production and processing activities. According to EIAs carried out, a Flaring Minimisation Plan (FMP) is to be prepared. The objective of the FMP is to develop a facility specific plan that provides a consistent and focused approach to measure, monitor, control, generate reports and reduce flaring gas.

Controversy assessment

- ✓ The issuer's environmental and social evaluation criteria are required as part of every project evaluation to identify any potential "red flags" that may be associated to the projects. This would lead to the exclusion of the project from the eligible categories.

DISCLAIMER

1. Validity of the SPO: The SPO is valid as long as the eligibility criteria in the Transition Financing Framework stays the same, and there are no material changes to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

ISS is an independent company owned by entities affiliated Genstar Capital ("Genstar"). ISS and Genstar have established policies and procedures to restrict the involvement of Genstar and any of Genstar's employees in the content of ISS' reports. Neither Genstar nor their employees are informed of the contents of any of ISS' analyses or reports prior to their publication or dissemination. The issuer that is the subject of this report may be a client of ISS or ICS, or the parent of, or affiliated with, a client of ISS or ICS.

© 2021 | Institutional Shareholder Services and/or its affiliates

ANNEX 1: Methodology

ISS ESG Use of Proceeds KPIs

The ISS ESG Use of Proceeds KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Técnicas Reunidas' Transition financing instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Use of Proceeds KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Use of Proceeds KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Técnicas Reunidas (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Técnicas Reunidas' Transition Bond contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Técnicas Reunidas commissioned ISS ESG to compile a Transition Financing Framework SPO. The Second Party Opinion process includes verifying whether the Transition Financing Framework aligns with the ICMA Climate Transition Finance Handbook and to assess the sustainability credentials of the Framework, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Climate Transition Finance Handbook
- ISS ESG Use of Proceeds KPI

ISSUER'S RESPONSIBILITY

Técnicas Reunidas' responsibility was to provide information and documentation on:

- Framework
- Example of eligibility check of projects / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Transition Bond to be issued by Técnicas Reunidas based on ISS ESG methodology and in line with the ICMA Climate Transition Finance Handbook.

The engagement with Técnicas Reunidas took place in April-May 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact:

Federico Pezzolato

SPO Business Manager EMEA/APAC

Federico.Pezzolato@isscorporatesolutions.com

+44.20.3192.5760

Miguel Cunha

SPO Business Manager Americas

Miguel.Cunha@isscorporatesolutions.com

+1.917.689.8272

For Information about this Transition Bond SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead

Melanie Comble
Sr. Associate
Head of SPO Operations

Project support

Carman Mak
Associate
ESG Consultant

Project supervision

Viola Lutz
Associate Director
Deputy Head of Climate Services