

GOVERNANCE AND COMPLIANCE MODEL

All the members of the Board have as a function of approving and the committing to the rules of the Code of Ethics and Conduct.

A new version of the Code of Ethics and Conduct entered into force on 21 January 2020. Among its new features is the new Ethical Channel.

Constitution ▶

GRI Renewable Industries S.L. was founded on June 22 of **2008**



◀ Sustainability Policy

Approved by the Board of Directors in 2015



Code of Ethics ▶

New version of the Code of Ethics and Conduct since January 21, 2020



◀ Ethical training

Online and onsite training



Ethical Channel ▶

The Ethical Channel has media accessible to all employees and third parties





Corporate Governance

GRI Renewable Industries S.L. was founded on June 22 of 2008 under the name "Gonvarri Infraestructuras Eolica", later it was denominated "Gestamp Wind Steel" before taking on its current name, GRI Renewable Industries, and absorbing Gonvarri Eolica (102-5).

In 2015, the Japanese group Mitsui & CO Ltd was integrated as a partner, with the acquisition of 25% of the Company.

On 20 December 2019, 100% of the Spanish company FIHI Forging Industry S.L was sold (trade name: GRI Flanges Iraeta), which was set up through the spinoff of the Forjas Iraeta Heavy Industry S.L. branch on 26 July 2019 to the Chinese company Iraeta Energy Equipment CO. Ltd.

Structure of Governance. Composition and its committees

102-18, 102-22 AND 102-23

The governing bodies of the company are the General Shareholders' Meeting and the Board of Directors, the highest body of governance, supervision decision-making and control of the company.

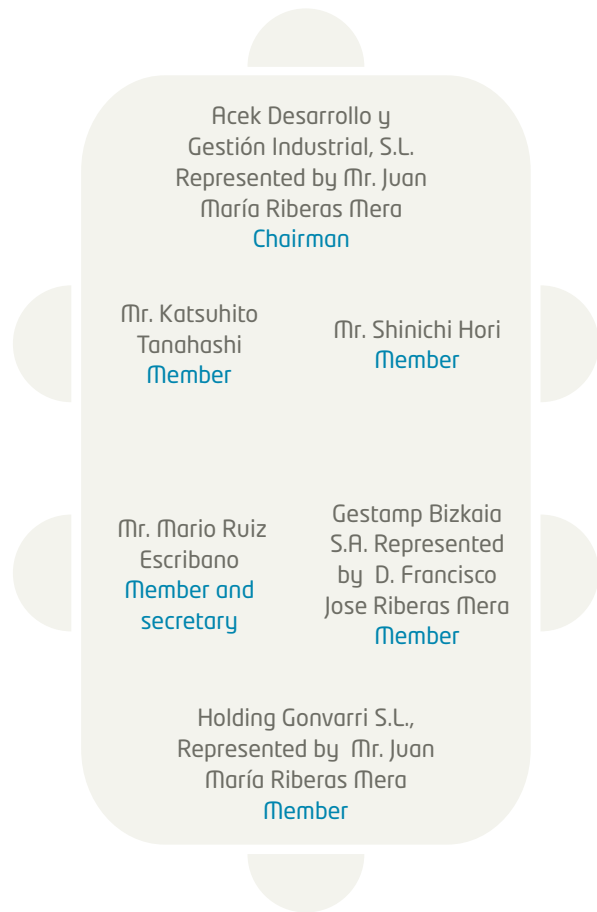
The Articles of Association of the company set out the functioning of the Board of Directors, as well as the requirements and established deadlines to convene the General Shareholders' Meeting. No provisions are made for other means to manage the company, and the modification of the executive body would, therefore, entail a modification to the Articles of Association.

The performance of the Board of Director is not evaluated, since a part of the members thought their shares are the owners of the company their shares and represent all the partners (102-28).

The Board of Directors will represent the Company in all the matters lying within the corporate purpose and those associated with the trade or dealings thereof, subject to no form of limitation, placing obligations upon the Company with its acts and contracts, with the entitlement to exercise all powers not expressly reserved by the Act or by these Bylaws for the General Meeting.

The company is not listed on the Stock Market and its members of the Board of Directors represent the total number of partners and therefore, there is no legal obligation to count with representatives from other stakeholders.

As of December 31, 2019, the Board of Directors of the Company comprises of six members, namely.



The company ACEK Desarrollo y Gestion Industrial, S.L., represented by D. Juan Maria Riberas Mera held the position of Managing Director of the Company at 31 December 2019, being delegated each one of the powers vested to the Board, except those that may not be delegated by Law or according to the Articles of Association.

As for executive staff, 100% are aged more than 46 years old. Furthermore, 66.6% hold the local nationality and all (100%) are male (405-1).

Delegation, economic, social and environmental responsibilities

102-19 AND 102-20

The members of the Board of Directors will perform their duties with the diligence of a responsible business owner and loyal representative, and they must maintain secrecy as to confidential information, even after leaving office. The responsibilities of the Board include the approval and commitment to the Code of Ethics and Conduct and the Sustainability Policy.

The Board of Directors takes relevant decisions at its plenary sessions and delegates, where relevant, the execution of said decisions. The Board of Directors may agree to vest special powers of attorney in company employees to address specific aspects of operations previously approved by the Board.

Similarly, the Company integrates its social, environmental and economic responsibilities at the various Departments, whose most senior management figures refer any decision to be taken to the Board of Directors.

Appointment and Selection Processes. Conflicts of interest

102-24 AND 102-25

The President of GRI Renewable Industries does not hold an executive position. Power to appoint Board Members lies solely with the General Shareholders' Meeting, which represents the interests of all partners (see KPI 102-18).

The members of the Board of Directors are appointed by the shareholders themselves, and therefore other aspects regarding diversity, minorities, etc. are not taken into consideration. They will perform their duties indefinitely, without prejudice to the General Shareholders' Meeting' power to proceed at any time or moment with the severance or termination, in accordance with the Law and with these Articles of Association.

Shareholder status is not required to be appointed as a director, and the position may be held by both natural and legal persons.

Likewise, the Articles of Association establish the conditions that prohibit the performance of said functions.

Shareholders may not exercise their voting rights corresponding to their shares when they are subject to any case of conflict of interest as established in Article 190 of the Royal Legislative Decree 1/2010, of 2 July, which approves the Consolidated Text of the Capital Companies Act.

Functions and knowledge regarding sustainability

102-26, 102-27 AND 102-32

The functions of the Board of Directors include the approval and commitment to comply with the standards of the Code of Ethics and Conduct. They are kept permanently informed regarding social, environmental and economic issues, through the communication channels such as: periodic meetings with the management of the different areas, the Sustainability Report and actions and initiatives of the company.

The Sustainability Report is coordinated through the sustainability team, which is part of the Communication, Marketing and Sustainability Department. After its elaboration, a revision and supervision process is conducted by the different departments, to finally be approved by the Chairman. Similarly, to ensure the reliability of the information, the Report is externally verified by an independent body.

Communication with the senior body of governance

102-33

The General Meeting is called by the Board of Directors when it is deemed necessary or desirable in the corporate interests, and, in all cases, on the dates or during the periods established in the Law on Corporations.

Additionally, the meeting must be called in case one or several shareholders representing at least five (5) percent of the share capital request so, stating the matters to be discussed in their request. In this case, the General Meeting must be invoked to be held within two (2) months of the date when the notarial demand was served on the Board of Directors to call the meeting. The order of business must necessarily include the matters which formed the object of the request.

Unless any other mandatory requirements are established, the General Meetings will be called by means of a written, individual announcement sent by registered mail with confirmation of receipt, by telegram, by registered fax services or any other written or remote electronic means that guarantee the receipt of said announcement by all the shareholders, at the address they have designated for this purpose or at the address recorded in the Company's documentation.

Those responsible for the various departments keep a fluid and permanent communication with the Board of Directors and the Company.

Any major concern is immediately conveyed, which, if necessary, is immediately referred to the Board of Directors.

Meanwhile, periodic meetings are organized in which all the corporate experts participate.

These are bidirectional meetings, with the CEO communicating all the relevant aspects regarding the management and situation of the company, and in turn, receiving feedback from the experts to these issues and to other aspects of interest.

Finally, the consultation processes between stakeholders and the senior body of governance (102-21) are done through mechanisms for the exchange of information between the Board of Directors and the stakeholders.

Nature, performance and number of issues raised at the Board of Directors

The General Meeting will be held within the first six months of each financial year to scrutinize the corporate management and to approve, where applicable, the accounts for the previous year, and to rule on any matter regarding the results. The General Meeting will be validly established to deal with any issue, without the need for prior notification, as long as all the share capital is present or represented and those present unanimously agree to hold the meeting and its Order of Business.

Unless any other majority is mandatorily established, and except for the provisions of the adoption of the Key Decisions for which the General Shareholders' Meeting is responsible, corporate agreements will be passed by a majority of validly cast votes, provided that they represent at least a third (1/3) of the votes corresponding to the shares into which the share capital is divided. Blank ballots will not be counted.

Regarding the Board of Directors, it will convene whenever so decided by its President, either on his own initiative or when so requested by two of its members, and it will meet at least once per quarter, and in all cases within ninety (90) days of the end of the financial year. In 2019, the Board of Directors met 7 times.

The announcement will be sent by letter, telegram, fax or any other written or electronic means. The announcement will be addressed personally to each of the members of the Board of Directors, listing the matters to be dealt with in the meeting, along with the required information to allow the Board Members to participate in an informed discussion of the matters set out in the order of business. Where applicable, the announcement of the meeting must mention the fact that it may be attended in person or by proxy, physically in person or through teleconferencing, videoconferencing or any other equivalent system, with the requirement to indicating and providing the necessary technical resources for this purpose, which must, in all cases, allow for the direct and simultaneous communication between all attendees.

Unless all the Board Members should agree otherwise, the announcement will be served thirty calendar days prior to the date when the meeting is to be held, except in cases of extreme urgency, in the judgement of the President or at the request of any Board Member, when it may be served five (5) days in advance. An announcement will not be required provided that all Board Members are present and decide to hold a meeting.

The Board of Directors will be validly convened whenever the meeting is attended by five (5) of the members, each Board Member entitled to be represented by another Board Member, through a written authorization, signed by the represented party, on an individual basis for each meeting. Nevertheless, if a Board Meeting could not be held due to lack of the established quorum, it may be convened again just 7 days in advance, with the same order of business, in which case it will be deemed validly convened if the meeting is attended, in person or represented, by the majority of its members.

Resolutions may be passed in writing, without a meeting being held (including through written electronic means), provided that no Board Member opposes this procedure.

Remuneration of the Board of Directors

102-35, 102-36 AND 102-37

The position of director is unremunerated in said capacity, notwithstanding payment of any fees or salaries that might be payable by the Company for the provision of professional service or an employment relationship, as applicable, resulting from a contractual relationship other than those derived from the directorial position. Said fees will be subject to the legal regime that would be applicable.

Additionally, and irrespective of the above, whenever the administration and representation of the Company is entrusted to a Board of Directors, and a member of the Board of Directors is appointed managing director or is attributed executive functions by virtue of some other title, a contract must be made between the Company and said individual in accordance with the Law.

The contract will detail all the items for which a remuneration for the performance of executive functions may be received, including, where applicable, the possible compensation for premature dismissal from said functions and the amounts payable by the Company for insurance payments or contributions to saving plans.

The contract must comply with the remunerations policies approved, where applicable, by the General Meeting.

This financial year the indicators 102-38 and 102-39 are not reported. We do not have a uniform method to obtain a result that would comply with the requirements of the indicators and in some cases the information is considered to be confidential.



Compliance Model

Our Policies

102-17

The Company has developed a global corporate culture that has kept the same values and principles since its origin, but which are adapted to the local necessities of each country, to the current market conditions and to the requests of stakeholders.

In 2017 the Compliance Department was created to coordinate all the initiatives in Compliance, as the monitoring and

follow-up of the training in Ethic Code of all employees. This Management was formally approved by the Board of Directors.

Also, as planned for the year 2019, a detailed criminal risk analysis was developed at the national and international levels.

GRI Renewable Industries has formally established common policies and guidelines, as detailed below:

Code of Ethics and Conduct

The Code as a reference for all decisions taken by all employees and collaborators of GRI Renewable Industries.



Sustainability Policy

Approved by the Board of Directors at the end of 2015, its aim is to reinforce the main commitments on ethics, sustainability and human rights in all the countries we operate in.

The Sustainability Policy is available on our web.



United Nations Global Compact

Since 2014 we have adhered to the United Nations Global Compact. We have renewed our commitment once again with the interest of promoting and implementing the 10 universally accepted principles.

Harassment prevention guidelines and action protocol

This incorporates the measure for prevention and reporting of possible situations of harassment, with the minimum aspects of obligatory compliance in all the countries we operate in.



Behavioral guidelines to offers of incentives, gifts or invitations

These regulate bribery and corruption in the countries we operate in with the objective to comply with all the laws, regulations and standards.



Code of Ethics and Conduct

102-16

The code is a benchmark for decision making by all employees and GRI Renewable Industries partners.

It was approved by the Board of Directors in January 2014 and was revised in 2019. The new version of the Code of Ethics and Conduct came into force on January 21st, 2020.

One of the most significant changes is the new "Ethical Channel". The Ethical Channel is available to all employees, directors, administrators and partners of GRI Renewable Industries, as well as other external stakeholders: customers, suppliers or the society in general, which serves a double function:

- It allows the reception of queries, incidents and reports related to alleged irregularities contrary to the behaviour guidelines of the Code of Ethics and Conduct, as well as those actions contrary to the law and likely to generate criminal or economic responsibilities to individuals or companies.
- It is also a means of consultation for doubts that may arise from the very application of the Code of Ethics, policies, rules and laws.

A new development is that the primary management of the channel is now managed by an external provider, i2 Ethics (www.i2ethics.com), which is also the intermediary between the user of the Ethical Channel and the Compliance Committee, thus guaranteeing confidentiality as one of the principles of operation of the channel.

The Ethical Channel has various means of communication accessible to all employees and to third parties. Via these means, it will be possible to make any consultation, report or communicate any incident. The channel is available in all the languages the group operates in.

We also initiated an in-depth review of the internal complaint channels in some of the group's factories in accordance with local legislation and customs. The aim is to unify and collect all complaints, incidents and queries in a centralised manner through the group's official ethics channel, without it having any repercussions or being contrary to the legal requirements applicable in each country.

Once this information is centralized, a global dissemination campaign on GRI Renewable Industries' new "Code of Ethics and Conduct" and "Ethical Channel" will be launched.



Web application

<https://gri.i2-ethics.com>



Email address

ethicalcode@gri.com.es



Postal service

Att./ Compliance Committee
C/. Ombú, 3. 12th floor
28045 Madrid. Spain

Ethics Committee

102-34

This is the body responsible for the promotion of the values and conduct of GRI Renewable Industries, and for the tracking, the communication and the dissemination of the Code of Ethics, as well as to assist in the resolution of doubts regarding possible claims or incidents, all through the complaint channels: by email, by telephone or by post.

During fiscal year 2019, the Ethics Committee received two complaints of harassment in the workplace (406-1), which were handled by the Ethics Committee, which reported its conclusions and recommendations to the Steering Committee. The company has not received any complaints from third parties, nor any related to labour practices nor related to human right violations. These were resolved with disciplinary measures of varying degrees of severity, depending on the seriousness of the facts proved after the investigation.

Regarding to other proceedings against the company, ongoing litigation and sanctions, there are none that have a significant economic impact on the Group, in terms of unfair competition and antitrust practices (206-1), impacts on the health and safety of product and service categories (416-2), substantiated claims relating to violations of customer privacy and loss of customer data (418-1), non-compliance with laws and regulations in the social, environmental and economic fields (307-1 and 419-1).

At the end of the year, no claims nor significant fines, that exceed €100,000 or that have a special impact on the Company by nature, related to social, environmental, economic aspects nor to labor practices and/or human rights were received.

It should be noted that no fraudulent activity or corruption was found in the analyzed operations (205-3). All the analyzed risks, which may or may not have a relation to fraud/corruption, are linked to a control for its mitigation (205-1).

Training

In order to provide all employees with information on the policies and guidelines, a Training Plan has been developed, which includes both online and face-to-face training.

This training has been given by the Compliance area through an online and classroom format course, in which 2,720 people have participated (684 online 25% and 2,036 classroom 75%), representing 68% of the workforce (205-2 and 412-2).

In order to spread the new Code of Ethics and Conduct, in force since January 2020, the training model to be carried out during the financial years 2020 and 2021 is being designed and defined. In addition, the necessary support materials will be designed for their proper dissemination (posters, etc.).