GRI
Renewable
Industries

Sustainability Report **2020**
Executive Summary

Doing Well

Our Company

Since its beginnings in 2008, GRI Renewable Industries has experienced sustainable and profitable growth.

Currently we are present in 8 different countries and count with 16 operating plants and three business lines: towers, flanges and castings.

GRI Renewable Industries S.L. was founded in 2008 as the main provider of towers, flanges and castings for the renewable energy sector. We apply cutting-edge technology to supply high quality products and services all around the world.

However, it the company has a global corporate culture that has maintained the same values since its origins to the local needs of each country, current market conditions and stakeholder demands.

It is worth noting that 2020, despite the impact of the COVID-19 pandemic, was a good year, with all factories in operation, except for mandatory closures by the respective governments, and where significant improvements were made in the area of efficiency and innovation.

Mission

GRI Renewable Industries mission is to **globally meet the needs of our customers** considering their activity, the safety of our employees and the respect for the environment.

Vision

Global and innovative **leader** in the manufacturing of wind turbine components, **creating a more sustainable** and emission-free future for everybody.
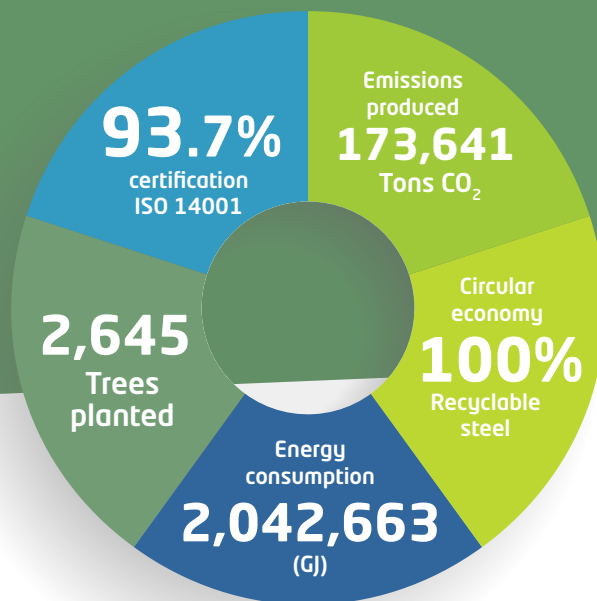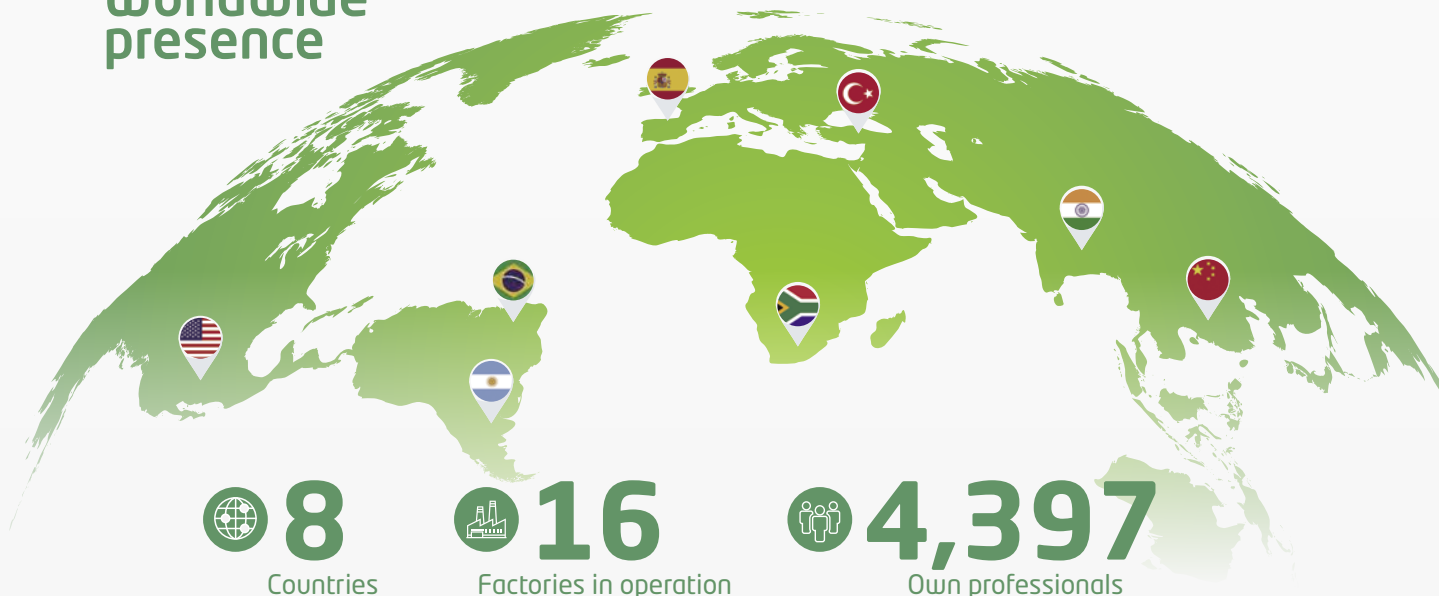
Values

Honesty   Humility   Tenacity   Work

Purpose

Doing **Well** by doing **Green**

2020 GRI figures

Economic Contribution

- **759** Millions € Turnover
- **16** Factories in operation
- **8** Countries Presence
- **28** Investments Millions €
- **645** EVD Millions €
- **79%** of expenditure on local suppliers

Environmental Contribution

- **173,641** Emissions produced Tons CO_2
- **100%** Circular economy Recyclable steel
- **2,042,663** Energy consumption (GJ)
- **2,645** Trees planted
- **93.7%** certification ISO 14001

Social Contribution

- **4,397** Own Professionals
- **+55,000** Hours of training
- **98%** Professionals of local origin
- **69%** CERTIFICATION ISO 45001
- **11%** Turnover
- **>6%** Growth Professionals

Worldwide presence

8
Countries

16
Factories in operation

4,397
Own professionals

AMERICA

USA
- GRI Towers USA

BRAZIL
- GRI Towers Brazil
- GRI Flanges Brazil

ARGENTINA
- GRI Calviño Towers Argentina

EUROPE

SPAIN
Headquarters
- GRI Towers Galicia
- GRI Towers Sevilla
- GRI Flanges Iraeta
- GRI Castings Zestoa

ASIA

TURKEY
- GRI Towers Turkey

CHINA
- GRI Flanges China I
- GRI Flanges China II
- GRI Flanges China III
- GRI Flanges China IV

INDIA
- GRI Towers India I
- GRI Towers India II

AFRICA

SOUTH AFRICA
- GRI Towers South Africa

Factories
- Towers
- Flanges
- Castings

Materiality

In 2020, a materiality study was conducted, including key stakeholder engagement (management, employees, customers and suppliers).

Employees

Customers

Suppliers

Media

Stakeholders

Local communities and administrations

Competition

Shareholders

Materiality analysis findings

Issues	SDG	Chapter
Ethics, compliance, and reporting channels	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	ESG Governance
Supplier certification	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ESG Social
Client and product relationships	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ESG Social
Talent management	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	ESG Social
Health and safety	3 GOOD HEALTH AND WELL-BEING	ESG Social
Managing environmental impact	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	ESG Environmental
Circular Economy	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ESG Environmental
Climate change	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	ESG Environmental

Balance

In recent years, GRI Renewable Industries has made an extraordinary investment effort totalling close to 500 million euros since its creation.

Sustainable funding

In 2020, the first sustainable financing line was signed for the period 2020-2024, following the reference framework of the "Sustainability Linked Loan Principles" (SLLP).

The defined objectives fall into the categories of:

- **Renewable energy**, increasing energy consumption from renewable sources.
- **Global ESG assessment**, with the company's digitalisation project.

Economic performance

Economic Value Generated (EVG) with a total of 769,426 thousand euros, distributed as follows:

Economic Value Generated

(thousand euros)	2019	2020
Turnover	636,827	759,440
Financial revenue	5,308	5,007
Other revenue	2,799	4,979
> Total EVG	**644,934**	**769,426**

Economic Value Distributed (EVD) amounting to a total of 644,547 thousand euros, distributed as follows:

Economic Value Distributed

(thousand euros)	2019	2020
Operational costs	481,881	487,334
CAPEX	30,558	28,234
Payment to capital providers	14,336	10,698
Taxes	16,010	39,134
Personnel	79,844	79,137
Investments in the community	11	10
> Total EVD	**622,640**	**644,547**

Economic Value Retained (EVR): **124,879** thousand euros.
The Net worth: **392,122** thousand euros.

Social

Environmental

Governance

ESG Culture

GRI Renewable Industries believes that integrating Environmental, Social and Governance (ESG) criteria into the company's strategy is the only way to grow as a profitable company that responds to its stakeholders and sustainability challenges.

Environmental

GRI Renewable Industries, faced with the new and challenging situations and challenges of 2020, has strengthened its commitment to the environment and society.

It continues to work to minimize the environmental impacts of its activities. It is worth highlighting the fight against climate change for which the "**2030/2050 Carbon Neutral Plan**" has been defined, as well as the actions related to **Circular Economy**.

Environmental Performance

GRI Renewable Industries monitors the environmental impacts of its activities, measuring its performance and identifying opportunities for improvement. **94%** of the plants are certified under the **ISO 14001:2015**.

Energy

Energy consumption within the company is high due to the industrial processes, and for this reason measures to improve energy efficiency are being incorporated, as well as measures to reduce the environmental impact and the carbon footprint.

The company is aligned with the Sustainable Development Goals (SDGs), mainly with those directly related to climate, such as SDG 13 "climate action" and SDG 7 "affordable and clean energy".

In 2020, **2,042,663 Gj** of energy were consumed.

Energy (Gj)	LPG (Gj) + Propane (Gj)	Natural Gas (Gj)	Diesel (Gj)
32%	3%	64%	1%

15 LIFE ON LAND

Biodiversity and reforestation

- **7 reforestations**
- **2,645 trees** compared to **1,674 towers** manufactured
- **31 tonnes** CO_2/year offset.

Emissions

In 2020 **173,641** tonnes of CO_2 were emitted.

45% Scope 1

55% Scope 2
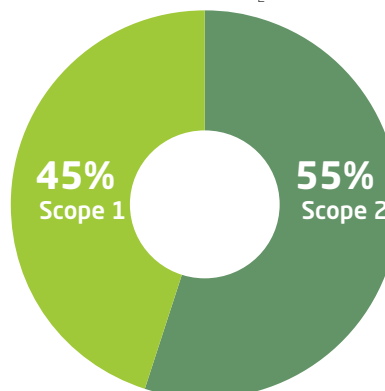
Circular Economy

Steel, the main component of all GRI Renewable Industries processes, contributes to global socio-economic growth, to the development of more sustainable production models and thus to the Circular Economy.

Raw materials management

A total of 635,413 tonnes of steel were consumed in 2020. It is estimated that 73% is of recycled origin.

Steel from conventional siderurgy and maquila: 212,473 tons.

Total product: 635,413 tons.

33%

67%

82% NO Recycled Steel: 174,228 tons.

18% Recycled Steel: 38,245 tons.

Steel from electric siderurgy: 422,940 tons.

Waste management and minimisation

The Circular Economy involves reducing waste to a minimum and keeping the materials and components of a product within the economy when it reaches the end of its useful life, whenever possible. Thus, they have an added value by being productively used over and over again.

- **Non-hazardous waste**: amounts to 155,891 tons, of which 97% consists of steel scrap, with a total of 151,355 tons.
- **Hazardous waste**: amounts to 1,027 tons, of which 97% consists of steel scrap and 9.4m³ of oil. Several projects are being developed focused on reduction or substitution at source.

CARBON NEUTRAL

GRI Renewable Industries **2030**

2030/50 Carbon Neutral Plan

For GRI Renewable Industries, being a carbon neutral company implies being part of an important commitment in the fight against climate change, assuming a series of actions that promote and contribute to mitigate its impact. For this reason, we defined and approved the "**2030/50 Carbon Neutral Plan**" and incorporated it into the company's decision-making, business strategy, management and performance.

For its monitoring and measurement, the figure of "Carbon Neutral Governance" is created, establishing a "CN Governance Model" formed by a Carbon Neutral Committee and an Operational Team.
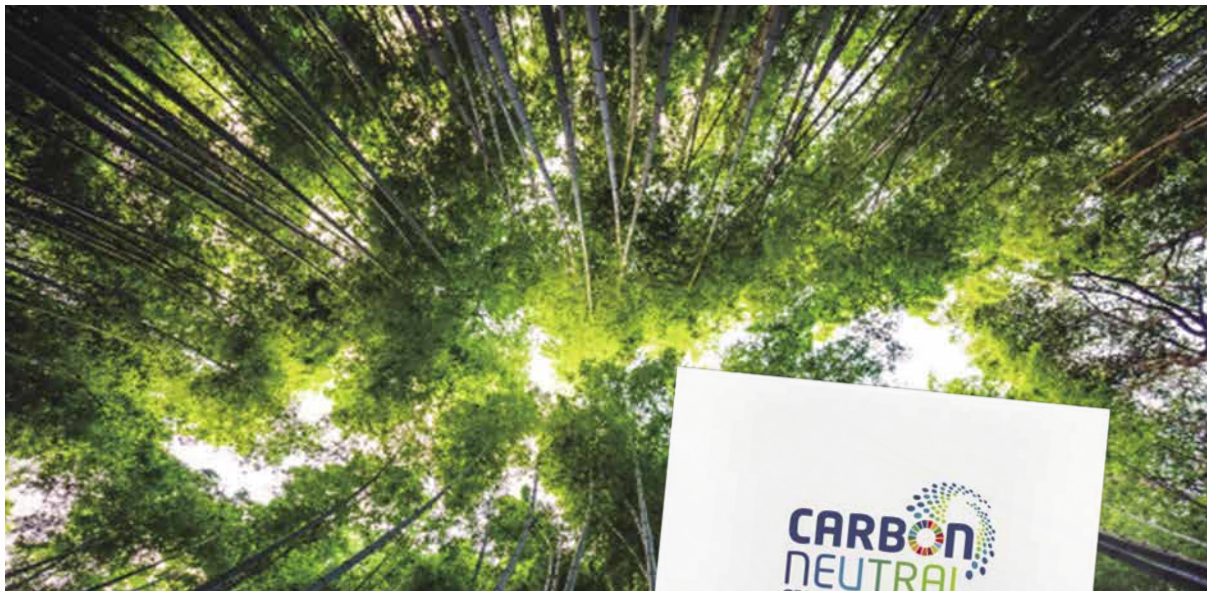
Goals 2030

- **Scope 1:** Reduce CO_2 emissions from fossil fuels by 50%.
- **Scope 2**: Use 100% renewable electricity in our own operations.
- **Scope 3:** Commit to have information and data available in all applicable categories.
- **Supply Chain:** Set targets for the reduction of indirect CO_2 emissions from suppliers.
- **Product:** Reporting on the impact of GRI designed towers.
- Certify reductions achieved (own and in the supply chain) according to **Science Based Targets** - SBTi.
- Communicate results according to the **Carbon Disclosure Project** - CdP.

Goals 2050

To be Carbon Neutral in Scope 1&2&3.

Social

The "Social" criteria include the relationship and response of GRI Renewable Industries with key stakeholders, such as: employees, customers, suppliers and society, mainly in those local communities where it operates.

Own personnel age

9% 18-25 years

35% 26-35 years

34% 36-45 years

22% more than 46 years

Personnel

4,871 employees

90% Own personnel

10% External personnel

Own personnel gender

14% Women

86% Men

Own personnel category

Manager 2%

11% Middle manager

87% Plant personnel
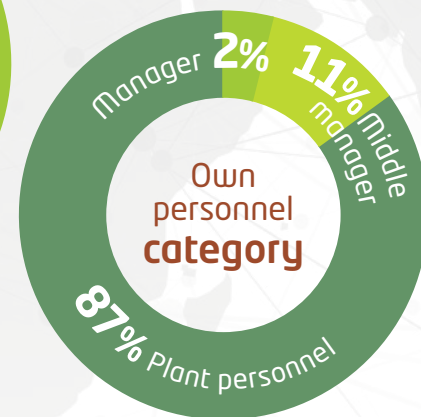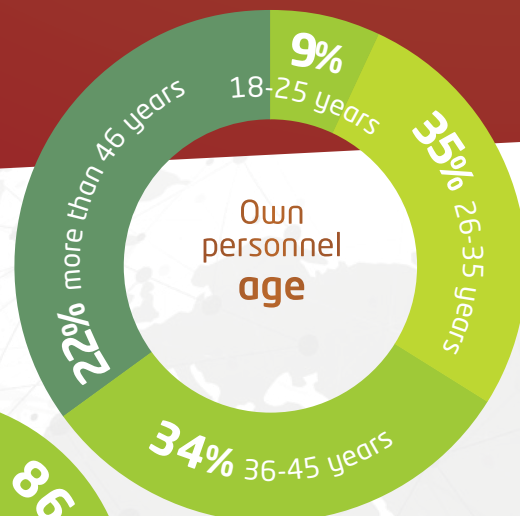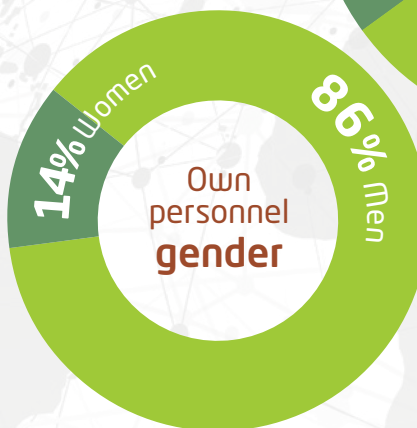
Workforce
Job stability

Job stability is a priority for GRI Renewable Industries. Almost 100% of employees have a full-time contract, and 93% have a permanent contract. The average turnover is 11%.

Freedom of association

Handbook **11%**

Local legislation (China) **29%**

60% Sectoral collective agreements or similar agreements
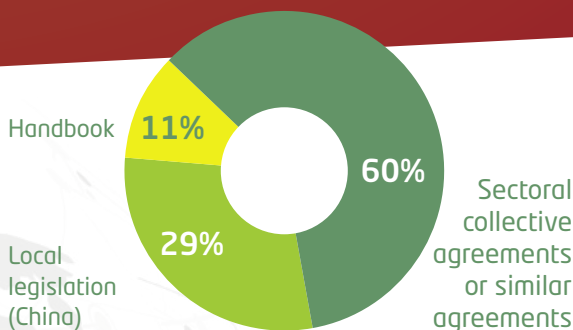
Training and professional development

In 2020 a total of **55,359 hours was trained** . This is an average of 12.6 hours per employee.

Achievement of **Learning Performance Institute** Certification

Health and Safety

To GRI Renewable Industries, the Health and Safety of our employees is key, and is always present in the decision-making process and in the development of work plans focused on the constant improvement of safety and working conditions in all production centres.

ISO 45001
69%
certified plants

Reduction of accidents with leave

+22,300
Training hours

IPRL: Excellence System for Health and Safety Management

IPRL is a proprietary standard on Health and Safety, a tool that allows to accurately assess the Health and Safety performance of all its production plants, through common criteria, which collect all the particularities of the different technologies and processes, as well as a process of good practices based on continuous improvement.

Working Conditions	Health & Safety Management
Improvement 2020	Improvement 2020
8.9%	**15.4%**

Customers and innovation

GRI Renewable Industries understand innovation as a factor of change and adaptation to the new requirements of customers and markets, generating added value to the business and minimizing its environmental impact.

Of particular note are the innovation centres in:

• **GRI Towers Turkey**, with the aim of centrally improving the machinery used in the production of wind towers, thereby reducing production costs and obtaining higher product quality.

• **Elcano University Innovation and Training Center in Seville,** It is expected to be operational in April 2022.

In line with its commitment to innovation, GRI Renewable Industries created in early 2021 a new company GRI I+D ENGINEERING S.L., which brings together various professionals and knowledge in the field of R&D&I.

Supply Chain

GRI Renewable Industries´ suppliers are an indispensable asset within the value chain, both for their importance in project planning and correct execution of projects, as well as in the company's competitiveness by optimising the cost structure.

Procurement

Purchasing

Supplier Quality

Logistics

16 Supplier audits

337 Qualified suppliers

147 fully reliable

62 minimal risk

65 medium risk

Digital WorkPlace

"Digital WorkPlace" project began in 2019 aiming to embrace Microsoft technology and provide employees with the Office 365 tools to continue advancing in the company's digital transformation.

Digital WorkPlace a key element in tackling the COVID-19 pandemic

The satisfactory and effective response capacity of GRI Renewable Industries' professionals to the COVID-19 pandemic in terms of connectivity and work performance, confirmed the company's firm commitment to digital transformation and the adoption of the new Office 365 tools.

Teams

A tool introduced in Q1 2020 records a monthly average of 1,500 video calls and around 105,000 chat messages, both with internal and external parties (information for the months of October to December 2020).

SharePoint

An enterprise collaboration platform used in the company since 2019, has seen its use by employees multiply in 2020.

2020

- 4.91 files shared with external/month (x15 compared to 2019)
- 55.5 files shared with internal/month (x10 compared to 2019)
- 101,260.8 files synchronized (x100 compared to 2019)
- 21,456.5 files viewed/modified (more than x7 compared to 2019)

OneDrive

A file hosting service used by the company since 2019, has seen its use by employees multiply in 2020.

2020

- 374 document owner and third-party accesses / month (more than x3 compared to 2019)
- 28.25 files shared with interns / month (almost x4 compared to 2019)
- 314 files shared with external parties / month (almost x5 compared to 2019)
- 45,042 files synchronized (almost x3 compared to 2019)
- 13,261.67 files viewed/modified (almost x3 compared to 2019)

Social action

Contribution from Corporate

One of GRI Renewable Industries priorities is to support local development in those areas where we are present. Therefore, we have stablished collaboration agreements with non-profit organizations which carrying out various local and corporate activities.

Governance

The governance bodies at GRI Renewable Industries integrate environmental, social and governance (ESG) criteria into their decision making to grow as a profitable and sustainable company.

The Company has developed a global corporative 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. This Management was formally approved by the Board of Directors.

Main policies:

- United Nations Global Compact.
- Sustainability Policy.
- Code of Ethics and Conduct.
- Harassment prevention guidelines and action protocol.
- Anti-fraud and anti-corruption policy.
- Behavioral guidelines to offers of incentives, gifts or invitations.

Sustainability policy has been revised at the beginning of 2021 and in line with new trends.

Code of Ethics and Conduct

The code is a referent for decision making by all employees of GRI Renewable Industries. The new version of the Code of Ethics and Conduct came into force on January 21st, 2020.

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

Telephone and WhatsApp
+34 606 558 932

Web application
https//gri.i2-ethics.com

Email address
ethicalcode@gri.com.es

Postal service
Att./ Compliance Committee
C/. Ombú, 3. 2nd floor
28045 Madrid. Spain

The **Ethics Committee** registered 30 complaints, of which only one is pending of resolution.

Training Plan, which includes online training through the GRI Academy and face-to-face training.

Risks and opportunities

At GRI Renewable Industries we work to mitigate and reduce all possible risks through mechanisms integrated in the organization, as is outlined next:

Risk management: new projects

Risk on financial information

Risks: confidentiality and privacy

Operational risks

Reputational, ethical and human right risks

Risks related to health and safety

Climate change risks

In line with the "**2030/50 Carbon Neutral Plan**", corporate analyzed potential cross-cutting risks that could affect the business with the aim of transferring and specifying such risks, in the next two years, to the different countries and facilities.

Risks are identified by taking as a reference the recommendations and categorizations of the Task Force on Climate related Financial Disclosures (TCFD) standard by the Financial Stability Board (FSB).

Type of risk + Impact

Government Controls Investments Preventive measures Plans and programmes

Risk minimisation Final risk assessment

OPPORTUNITIES:
· **Efficiency**
· **Low emission energy sources**
· **Development and innovation**
· **More competitive products**
· **New markets**
· **Sustainable financing**

Sustainable Development Goals

Climate change and the SDGs

Since the approval of the Sustainable Development Goals by the United Nations and the historic Paris Agreement (COP 21) in 2015, many initiatives have been developed, such as the European Green Deal, which includes a Climate Roadmap for the coming years for a fair transition to a carbon-neutral economy.

1

Offset part of our CO_2 emissions through reforestation projects, by matching or exceeding the total number of produced towers with the total number of planted trees.

Within the framework of the "One tower, one tree" project, in 2020, a total of 2,645 trees were planted in Spain, compared to 1,674 towers produced.

2

Increase annually the CO_2 avoided/off-set with reforestation plans, aiming to avoid 100 tons/year in 2020.

Within the framework of the "One tower, one tree" project, a total of 31 tons were avoided, totalling 114 t/year when added to previous years. Therefore, the planned objective has been exceeded.

3

In order to continue these initiatives and as the 2nd objective has been achieved this year, we summarise below the new objective to be reported on from next year onwards:

To have 30% of the group's renewable energy from renewable sources (purchase, PPA projects and installation of renewables) in the period 2021-2025.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Innovation and the SDGs

We have a team of innovation experts dedicated to the design and improvement in the manufacture of towers and flanges that are increasingly lighter, more efficient and competitive, and to the development of new products adapted to market conditions, to meet the objectives set by each client.

1 **The R&D Center in Turkey, where adhoc projects for our production processes are developed, aims to increase its staff by 30% per year in the 2019-2022 period.**

The project started with 10 employees in 2019, and in 2020 there are a total of 17 professionals, meaning an increase of 59% of the staff, thus exceeding the planned target.

3 **The Seville R&D Centre's goal is to increase the number of PhD graduates (doctorates) by 20% over the next three years (2020-23).**

In 2020 in the Seville Center, 4 doctorates are operational, and 2 more doctorates have been incorporated in January 2021, thus not only meeting the 2020 target, but also the 2021 target.

3 **Collaborate with our customers to improve tower design and efficiency**

In 2020, we collaborated with Vestas on a new 125 m tower design to be installed at three wind farms, as well as a site-specific tower design for another main client.

4 QUALITY EDUCATION
Education and the SDGs

According to the United Nations Development Program (UNDP), since 2000, the goal of universal primary education and school enrollment rates at all levels have increased significantly, especially for girls.

1 **Aiming to create local wealth in the countries where we operate, we have a double objective: to maintain the average local employment and permanent contracts >80%.**

In 2020 local employment was at 98% and 93% of our employees had a permanent contract.

2 **Improve education and qualification of our employees. Increase training hours per employee to an average of 15 hours per employee in 2025.**

In 2020, even with the difficulties caused by the COVID pandemic, a total of 55,359 hours of training were attended, amounting to a total of 12.6 hours per employee.

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by doing **Green**