



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.



Corporate Governance

102-1, 102-3 AND 102-5

GRI Renewable Industries S.L. was incorporated in June 22, 2008 under the name "Gonvarri Infraestructuras Eólicas", later it was denominated "Gestamp Wind Steel", before taking on its current name, GRI Renewable Industries, and absorbing "Gonvarri Eólica".

The headquarters are located in: 3 Ombu St. 2th Floor. 28045 Madrid - Spain.

In 2015, the Japanese group Mitsui & CO Ltd joined the company's shareholding as a partner, with the acquisition of 25% of the Company. In December 2019, 100% of the Spanish

company FIHI Forging Industry, S.L. (trading name: GRI Flanges Iraeta) was sold. (trade name: GRI Flanges Iraeta), constituted through the segregation of the activity branch of Forjas Iraeta Heavy Industry, S.L. on July 26, 2019 to the Chinese company Iraeta Energy Equipment CO. Ltd.

The members of the Board are responsible for approving and committing to comply with the Code of Ethics and Code of Conduct. They are permanently informed of social, environmental and economic issues through the different communication channels.





Governance structure. Composition and its committees

102-18, 102-22 AND 102-23

The company's governing bodies are the General Meeting of Shareholders and a Board of Directors, the Company's highest governing, supervisory, decision-making and control body.

The Company's Bylaws include the functioning of the Board of Directors, as well as the requirements and deadlines established for convening the General Shareholders' Meeting. They do not provide for different ways of administering the company, so that a change in the administrative body would imply a change in the Company's Bylaws.

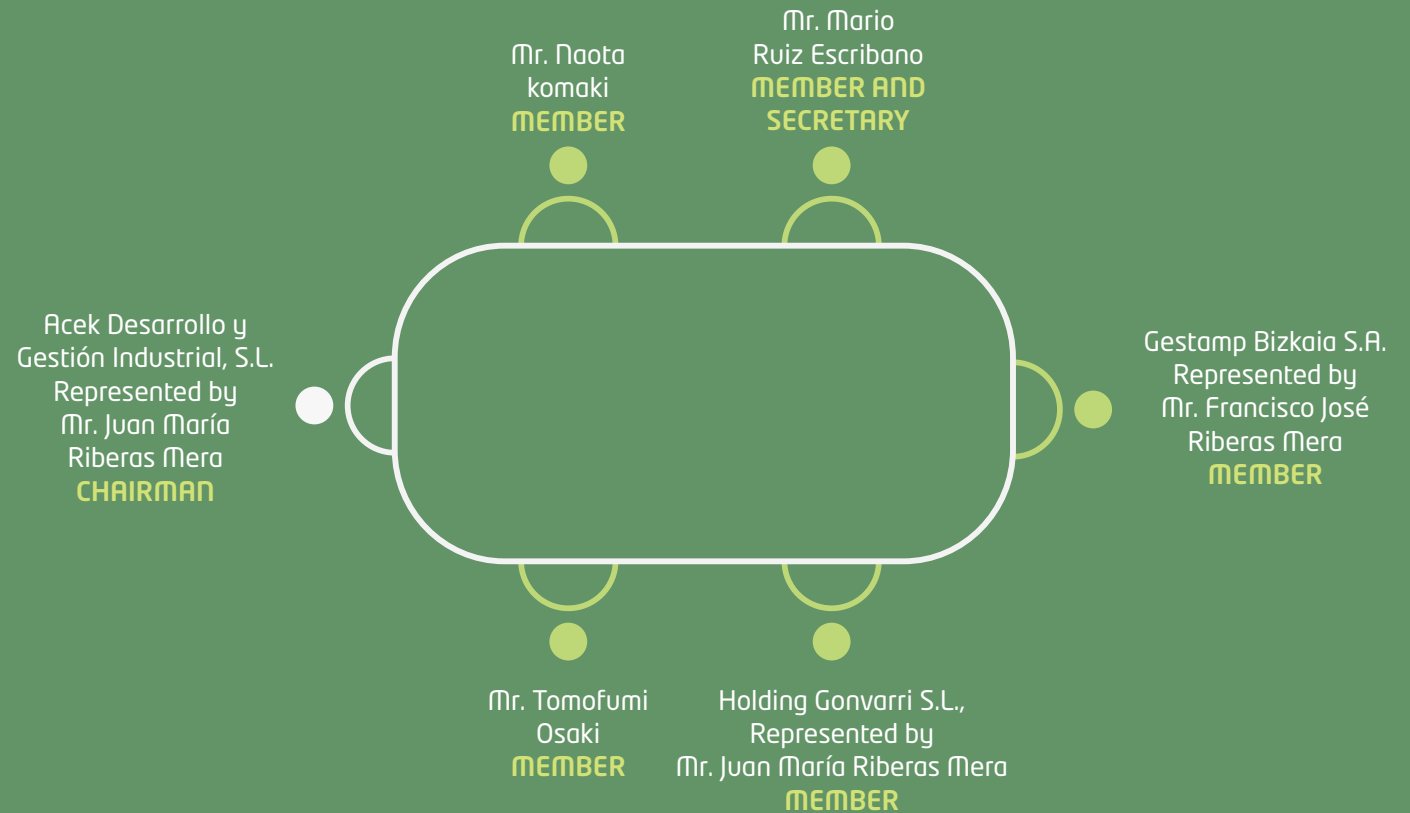
The performance of the Board of Director is not evaluated, since the members thought their shares are the owners of the company their shares and represent all the partners.

The Board of Directors shall represent the Company in all matters within the corporate purpose and relating to the business or trade of the Company, without any limitation whatsoever, binding it by its acts and contracts, and may exercise any powers not expressly reserved by law or by the Bylaws to the General Shareholders' 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 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).

As of December 31, 2020, the Board of Directors of the Company comprises of six members, namely (102-28).
102-18



The company ACEK Desarrollo y Gestión Industrial, S.L., represented by D. Juan María Riberas Mera held the position of Managing Director of the Company at 31 December 2020, 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.



Delegation, economic, social and environmental responsibilities

102-20

The members of the Board of Directors shall perform their duties with the diligence of an orderly businessman and a loyal representative and shall keep confidential information secret, even after leaving office. The Board's responsibilities include the approval of and commitment to comply with the Code of Ethics and Conduct and the Sustainability Policy.

The Board of Directors, in plenary session, makes the pertinent decisions and delegates, if necessary, the execution thereof. Specific or general powers of attorney may be granted in favour of company employees or third parties to undertake specific aspects of those operations previously approved by this body.

It is the highest authority responsible for the company's economic, environmental, and social affairs (102-19).

Likewise, 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 with the periodicity of the annual meetings to be determined. (102-31).

Appointment and Selection Processes. Conflicts of interest

102-24 AND 102-25

The Chairman of the Board has executive functions and is also the Chief Executive Officer. The powers to appoint Board Members are vested exclusively in the General Meeting, which represents the interests of all shareholders. (see KPI 102-18).

The members of the Board of Directors are appointed by their own members, and therefore other aspects relating to diversity, minorities, etc. are not taken into consideration. They shall hold office for an indefinite term, without prejudice to the power of the General Shareholders' Meeting to proceed at any time and moment to remove them and/or dismiss them, in accordance with the provisions of the Law and the Bylaws.

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.

In line with our sustainability objectives, the "2030/50 Carbon Neutral Plan" was approved in December 2020. For its monitoring and measurement, a carbon neutral government was defined:

- **Carbon Neutral Committee**, formed by the General Manager, the Sustainability Director, the Commercial Director, the Purchasing Director and the Operations Director. The committee will include the participation of the managers of the various plants (102-18).
- **Operational team**, made up of the QEHS Director, the Sustainability Manager, the KAM of the Customer area and the Indirect Purchasing Manager, and the project managers at the different plants.

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 highest managers 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

102-28

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 2020, the Board of Directors met 9 times.

The notice of meeting shall be sent by letter, telegram, fax or any other written or electronic means. The notice shall be addressed personally to each of the members of the Board of Directors, and shall include the matters to be discussed at the meeting, together with such information as will enable the directors to participate in an informed discussion of the items on

the agenda. Where appropriate, the notice of the meeting shall state that the meeting may be attended, either in person or by proxy, either in person or by telephone conference, video-conference, or equivalent system, and shall indicate and make available the technical means required for this purpose which, in any event, shall enable direct and simultaneous communication between all the 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.



Taxation

Tax approach and management

207-1 Y 207-3

Rising concern over the management of tax matters by corporate groups and the implementation of legislation by governments intended to ensure that their tax systems generate the expected revenue, has contributed to the development of a growing call for more transparent tax information. Against this background it is essential that corporate groups manage both mandatory and voluntary tax information, and that such information matches the parameters demanded by the different stakeholders.

The **Board of Directors**, through its President, Chief Executive Officer, its Managers and, especially through the corporate tax and the internal control divisions, promotes compliance with obligations and good tax practices, being responsible for the approval and updating of the group's tax policies and all relevant operations that require so; in addition, it is ultimately responsible to shareholders for the occurrence, operation, and supervision of proper tax risk management.

Principles and guidelines related to taxation are aligned with the Group's long-term development strategy, as well as with its mission, vision, and ethical values, according to which all Group professionals and entities have a firm purpose to pursue an ongoing improvement in all its areas by carrying out sustainable development.

Likewise, when developing its Tax Strategy, the Group has considered guidelines from the Organization for Economic Cooperation and Development (OECD) for multinational companies in tax matters and its recommendations with regards to cooperative tax compliance, as well as the best national and international practices in matters of tax governance.

Tax governance, control, and risk management

207-2

The aforementioned Tax Strategy is applicable to all the companies comprising the Group, directly or indirectly holds a majority stake. With regard to those Group companies in which the parent company does not hold a majority stake but does exert a significant influence, the Group shall promote principles and guidelines coherent with those established in the Tax Strategy and shall retain proper information channels to ensure proper awareness of those principles and guidelines.

Likewise, Tax Strategy applies to all Group personnel in the exercise of their duties and responsibilities, and in all professional areas in which they represent the Group, meaning the Group's directors, executives, employees, and collaborators, regardless of their functions, responsibilities or location.

In addition, Tax Strategy includes all tax obligations to which the Group is subject in the different countries and territories in which it operates.

GRI Renewable Industries is aligned with the Gonvarri Industries Group's Tax Policy, which aims to ensure compliance with applicable tax regulations and to ensure adequate coordination of the policy followed by the entities belonging to the Group, all of which avoids risks and tax inefficiencies in the execution of business decisions.



Compliance by the Group with its tax obligations and its relationships with Tax Authorities shall be governed by the following principles:

- a Compliance with tax legislation in the different countries and territories in which the Group operates, paying the required taxes according to the respective tax laws.
In this regard, making of tax decisions based on a reasonable interpretation of the applicable legislation.
- b Ensuring that there is a proper relationship between taxable income and the structure and location of activities, human and material resources.
- c Compliance with the principle of transparency, fostering a loyal relationship with the tax authorities based on respect for the law, trust, professionalism, collaboration, reciprocity, and good faith.
- d Establishes policies, principles and good practices, the different levels of approval and the roles and responsibilities in relation to controlling and managing Group tax risks.
- e GRI avoids using opaque entities for tax purposes, meaning entities whose owners cannot be held accountable by Tax Authorities because they have been designed via instrumental companies, in tax havens, in territories that do not cooperate with tax authorities, or in territories with low or no taxation.

Therefore, when a Group company has its headquarters in a territory classified as a tax haven, it shall only be due to industrial or commercial strategies.

- f Carrying out transactions between related entities according to their market value, following the principle of full concurrence, and complying with their obligation to document transfer pricing as required by applicable regulations and in line with OECD guidelines.

The Group will periodically review its transfer pricing policy with the advice of top-level experts, to update and adapt it to regulations in force and the reality of its business.

- g Making use of technology in terms of taxation to offer stakeholders and the Tax Administration a guarantee that tax returns contain quality information that is complete and truthful.
- h Before preparing annual accounts and presenting the Corporate Tax return, the Group's Corporate Tax Department will inform the Board of Directors of policies followed during the year, as well as the evolution of significant tax risks.
- i Avoiding the use and generation of intangible assets purely for tax purposes.

With regard to risk control and management, GRI Renewable Industries has an Internal Control Framework that sets out the key control requirements for tax matters, as well as responsibilities and roles, recording and updating the different stages of the process through a "Key Controls Matrix".

The process includes the analysis of new tax legislation, jurisprudence and doctrinal developments in tax matters and identifies and assesses tax risks, monitoring possible tax contingencies by country and updating the Tax Risk Map.

The whistle-blowing channels are used to manage concerns or complaints from employees and external personnel. With regard to actions in the event of potential litigation, requirements, inspections, sanctions, risks arising, etc., once detected, the process of communication and coordinated risk management is initiated.



Compliance Model

GRI Renewable Industries Policies 102-17, 205-1 AND 205-2

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 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.

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

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.

In 2020 GRI Renewable Industries signed the "Declaration for a Renewed Global Partnership" promoted by the United Nations.

Sustainability Policy

The Sustainability Policy aims to reinforce the main commitments in terms of ethics, sustainability and human rights, in all the countries where we operate. The first version was approved by the Board of Directors at the end of 2015 and in 2020 it has been revised, aligned with the Sustainable Development Goals and approved in early 2021.

Code of Ethics and Conduct

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

Approved by the Board of Directors in January 2014 and revised during the 2019 fiscal year, publishing a new version that came into force on January 21, 2020 and is available for consultation on the website.

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 and it is available for its consultation on the web.

Anti-fraud and anti-corruption policy

This Policy aims to reinforce GRI Renewable Industries' opposition to any conduct that may involve an act of fraud or corruption contrary to the company's values and principles and the guidelines set out in the Code of Ethics and Conduct.

The Policy was approved in November 2020 and is available for consultation on the following website.



Behavioural 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 and it is available for its consultation on the web.

In 2020, several compliance policies were developed and formally approved in the first quarter of 2021. In particular, the Corporate Policy on Conflict of Interest Management, the Corporate Policy on Insider Trading and Confidential Information and the Corporate Protocol for the Management of Industrial and Intellectual Property.



Code of Ethics and Conduct

102-16 AND 102-17

The code is a referent for decision making by all employees of GRI Renewable Industries. 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.

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 centralized manner through the group’s official ethics channel, without it having any repercussions or being contrary to the legal requirements applicable in each country.

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 communi-

cate any incident. The channel is available in all the languages the group operates in.

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.



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



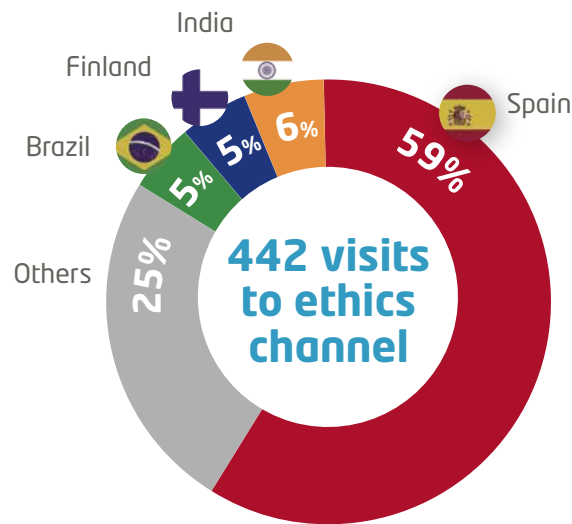
Ethics Committee

102-34

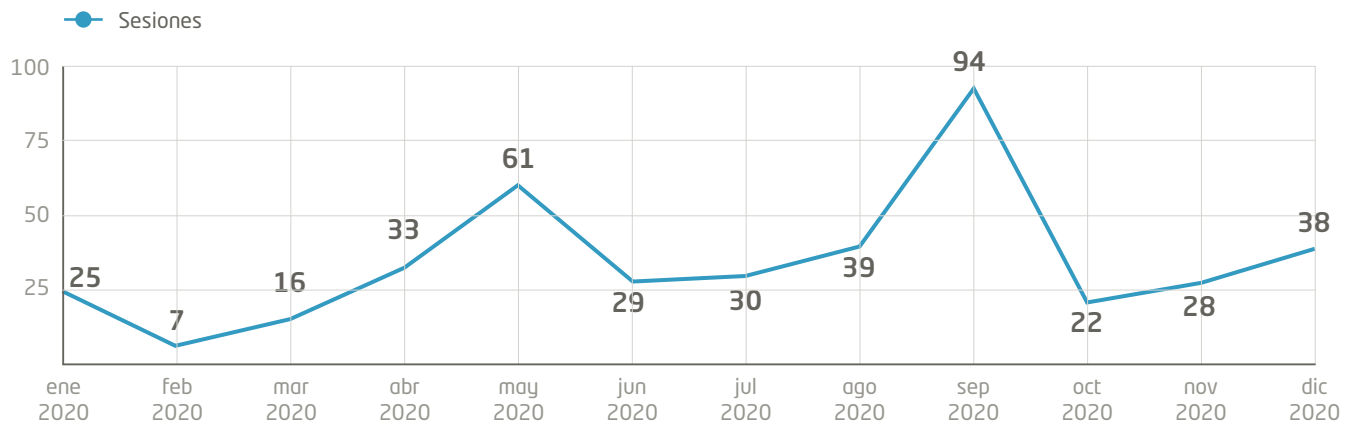
This is the body responsible for the promotion of the values and conduct of GRI Renewable Industries, and for the tracking, the communication, and the dissemination of the Code of Ethics, as well as to assist in the resolution of doubts regarding possible claims or incidents, all through the complaint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

During fiscal year 2020, the Ethics Committee received 30 complaints, of which only one is pending resolution. The table below shows the complaints per type.

During the period under analysis, 442 visits to the ethical channel were recorded from 21 countries, mainly from Spain (59%), India (6%), Finland (5%) and Brazil (5%).



Behaviour	Complaints received 2020	Pending resolution
Acceptance and offer of gifts	0	0
Harassment (406-1)	0	0
Illicit trade, trade sanctions	0	0
Fair competition	0	0
Conflict of interest	0	0
Corruption and bribery	0	0
Discrimination	2	0
Forced employment	0	0
Falsified data	0	0
Fraud	0	0
Environmental impact	0	0
Tax issues	0	0
Group information and image	0	0
Prevention of money laundering	0	0
Intellectual and industrial property	0	0
Health and safety	1	0
Violation of personal data	0	0
Violation of confidential information	0	0
Other	27	1
> Total	30	1



The online channel was the preferred one for complainants with 66% of the total in a direct way and 23% through the link on the company's website.

The time the channel was available and online (SLA - Service Level Agreement) during 2020 was 99.998%.

Regarding other proceedings brought against the company, litigation in progress and penalties, in 2020 there was an occupational accident which could result in both an administrative penalty and compensation for damages. No new administrative sanction has been received during 2020 because of occupational accidents (403-2).

With regards 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 analysed operations (205-3). All the analysed risks, which may or may not have a relation to fraud/corruption, are linked to a control for its mitigation (205-1).

Training

205-2 AND 412-2

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.

In 2019, 2,720 professionals (684 online 25% and 2,036 face-to-face 75%) were trained through an online course and face-to-face mode, which represents 68% of the workforce.

In 2020, with the entry into force of the new Code of Ethics and Conduct, the new "online" training model has been designed and defined through the GRI Academy, which is mandatory for all employees. It is scheduled to be launched on March 24, 2021 in all Iberia factories and offices, to be gradually extended to the rest of the countries.

This training includes general aspects of human rights and anti-corruption. In order to reinforce training in these areas, a mandatory course on "Fraud and Corruption" was approved in 2021 for all employees.



Risks and opportunities 102-15, 102-29, 102-30, 103-1 AND 103-2

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



Risk on financial information

Since 2015, GRI Renewable Industries counts with a “General Internal Control Framework”, based on COSO methodology, which includes:

- Internal Control Committee and Policy
- Entity Level Key Controls Structure (ELC)
- Structure of key controls at process level

GRI has documented those processes it considers with risk of material impact on the preparation of financial information. These describe the controls that enable and adequate response to the risk associated to the achievement of the objectives related to the reliability and integrity of the financial information in such a way that the risk of errors is prevented, detected, mitigated and corrected.

The disclosure of processes, flowcharts and matrices is done through the specific portal in Leading the Change, remaining available for consultation by any member of the organization, constituting another working tool.

To ensure proper Internal Controls, key posts are evaluated annually. To this end, processes with risks affecting financial information are evaluated, assessing their probability and impact from a qualitative and quantitative point of view.

As a result of said analysis, for FY20 two main methodologies have been followed to evaluate the effectiveness of such con-

trols. On the one hand (and globally for all GRI plants) there has been a self-assessment process. On the other hand, independent testing was carried out for local processes in a total of 4 production centers, as well as for 7 centralized processes. Both procedures have given total coverage to the processes and production centers in the scope of FY20. Action plans are mostly implemented or in progress at the end of the financial year; all of which helps ensure the reliability of financial information, as well as compliance with applicable regulations and legislation.

It should be noted that due to the exceptional circumstances derived from the COVID-19 pandemic, all initiatives (except for one on domestic territory) have been carried out and supervised electronically.

Additionally, during 2020, for the sake of continuous improvement, a general re-evaluation of processes was planned considering those with the greatest impact on financial information. This initiative, with a time horizon of completion in 2020-2022, contemplates a complete review of key processes, risks, and related controls.

During 2020, a total of 12 processes were reviewed and/or defined. It is estimated that during 2021-2022 the initiative will be completed thus shaping a renewed framework for key processes and controls.



Risk management: new projects

Deriving from possible changes in the company’s strategic lines or in the country’s situation, such as political or regulatory changes, currency devaluations, changes in energy policies, trade restrictions, etc.

For the development and execution of our new projects, an exhaustive study is done in which all quantitative and qualitative aspects of the project, as well as the potential risks, are analyzed and assessed by the distinct departments prior to their presentation to the Board of Directors.

All proceedings and their derived risks are continuously analyzed by the management and the teams of the company, which allows for their detection and for the quick and agile implementation of correcting measures and opportunities for improvement to be implemented.



Operational risks

These are those derived from technological or quality failures, management problems, etc. that imply quality failures in the product, in delivery times, among others.

The company's efforts are aimed at maintaining and improving relations with customers, adapting to their needs, expanding its portfolio of products and services and increasing its global presence.

To mitigate this, we have risk policies in place and are developing numerous initiatives and projects for improvement, measurement and efficiency, contingency plans, etc.

A clear opportunity derives from efficiency in products and processes, which reduces consumption, production times, waste, etc., thereby improving costs and profitability. In addition, through innovation we adapt to market needs.



Reputational, ethical and human right risks

These are caused by possible behaviors which are contrary to the guidelines indicated in the policies and codes of GRI Renewable Industries regarding ethics, human rights and anticorruption.

Through the new Management of Corporate Compliance and the managers of the different plants, an ambitious training plan covering the compliance codes and policies for all personnel has been executed.

In addition, a Compliance Committee and the Ethical Channel belong have been defined to respond to complaints and conflicts that may arise.

Through these mechanisms, we have mitigated the risks and improved communication and management regarding the economic impact of our factories (business opportunities to local providers, employment, improving the local economy, tax payments, etc.).

Among the opportunities are the numerous actions that allow us to strengthen the Group's ethical principles, minimize risks and boost the company's reputation.

With respect to project financing, compliance clauses or commitments in labour, environmental and human rights matter in 2020, directly related to compliance with international treaties and/or the Equator Principles, have been required in 3 contracts, in addition to sustainable financing from the ICO, in 2020 (412-3).



Risks related to health and safety

The Health and Safety of our employees is a key aspect, always present in the decision-making process and in the development of work plans aimed at constantly improving safety and working conditions in all our factories and offices.

We actively manage all identified risks, through our policy, through awareness and training measures, through our management system certified under the ISO 45001 standard and through the IPRL excellence system. We implement preventive and corrective measures to reduce both the probability and the severity of any undesired event that might occur, through common criteria and through requirements which are stricter than those stipulated by the applicable legislation.

This allows us to identify and develop improvement actions that contribute to improving our employees' work environment.



Climate change risks 201-2

Today's atmosphere shows us that risks related to environmental, social and governance (ESG) issues, such as climate change, water scarcity and human rights, are increasingly relevant. It is therefore necessary to incorporate them into the company's decision-making process, its business strategy, management, and performance.

Proper management in such issues plays down many risks: reputational, regulatory, labor, access to capital and credit risks, among others. Likewise, principles of precaution and continuous improvement are enabled via the Code of Ethics and Conduct, the Integrated Policy and the Sustainability Policy (102-11).

Among such risks, "climate change" stands out. Several initiatives have been put into effect, such as the EU's "New Green Deal" as well as more restrictive regulations responding to civil society demands.

For GRI Renewable Industries, FY20 has been a period of reflection to define a roadmap towards a climate-neutral future through the "2030/50 Carbon Neutral Plan".

Hence, it is essential to know our risks facing climate change and what measures will help mitigate such risks.

In 2020, 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). Such an analysis was carried out in collaboration with the different corporate departments which are part of the carbon neutral project, together with the Internal Audit area.

The result of such process was integrated into GRI Renewable Industries' global risk map, within the scope of ethics and sustainability risks. The result shows that the Company has the appropriate processes in place to manage emerging risks and climate change risks in the medium and long-term, so its final impact is considered to be low or very low. Likewise, mitigation measures have been defined and opportunities for business improvement, growth and development have been identified.



Type of risk: Physical	Impact
Acute risks	<ul style="list-style-type: none"> • Damage to factories and facilities (production problems). • Damage to processes/logistics and delivery delays (supply chain). • Product damage or delivery logistics problems (customer).
Chronic risks	<ul style="list-style-type: none"> • Factories and facilities (water shortages, restrictions, price increases, etc.). • Upstream and downstream (lack of supply, price increases, offshoring, etc.).
Type of risk: Transition	Impact
Regulatory and legal risks	<ul style="list-style-type: none"> • Current and emerging regulations (climate change, carbon pricing, etc.). • Legal (non-compliance)
Technological risks	<ul style="list-style-type: none"> • Loss of value of equipment • Technological investments • Product adaptation
Market risk	<ul style="list-style-type: none"> • Scarcity and price of raw materials and natural resources • Product and process adaptation • Changes in consumer and government trends
Reputational risk	<ul style="list-style-type: none"> • Image and brand damage



IT security, process and data protection risks

Business process support

Systems are a fundamental element for the execution of business processes and for the implementation of our strategy, even more so in this innovative and collaborative environment that relies on emerging technologies in an increasingly turbulent business environment.

Systems and IT organization are essential to harness the most powerful wave of digital transformation.

The IT department of GRI Renewable Industries faces a challenging balance between the need for digital innovation on a company-wide scale and the need to maintain and operate with today's most advanced systems and processes in order to maintain operational excellence.

2020 has been a very challenging year in this regard: The Group's centralised ERP SAP system, infrastructure services and communications were both maintained and improved, with a focus on business support, efficiency, and profitability.

The scenario created by the COVID-19 pandemic has put to the test the IT services previously provided to provide everyone in the organization with capabilities for flexible and secure access to company resources, as well as interaction with customers and suppliers, not only increasing productivity and user experience, but also guaranteeing business process continuity in lock-down scenarios.

At the same time, transformation projects have been launched to align the business strategy with the systems strategy and continue moving forward together on the journey towards digital transformation.

Work continued on technological initiatives to enable the addition of IT capabilities and new operating models, such as the Mill real-time production control system, based on so-called "hyper-convergence" technology.

Hyper-convergence provides a "hybrid cloud" approach in an industrial environment, which keeps critical infrastructure and data under GRI control, but allows for their integration with machines at the plants and with applications and data in the cloud.

In some cases, in order to manage the scalability of IT capacities, it may be necessary to collaborate with third parties, which are selected through an impartial process of publishing specifications, receiving and evaluating bids and making the final selection based on the quality criteria for business support and system efficiency.

At GRI Renewable Industries we are convinced that information has become a strategic asset for the company and ensuring its security is one of the Group's greatest challenges.

Information security

Cyberthreats continue to grow in ingenuity and frequency, online fraud continues to evolve thanks to new social engineering techniques, and these are responsible for million-dollar losses in companies worldwide.

In this aspect, the scenario created by the COVID-19 pandemic, if on the one hand has boosted the use of digital tools for work and collaboration, on the other hand has expanded the surface of exposure to possible attacks, including techniques that have even used people's sensitivity to everything inherent to the pandemic and in general their health as an entry point for possible attacks.

The rapid proliferation of intelligent devices and the connectivity given by the Internet of Things (IoT), coupled with the lack of global security standards makes many of these devices very vulnerable and exposes personal and business information.

This trend is shown by the increase in the kidnapping of corporate computer equipment by hackers, with the aim of "mining" crypto currencies. This is done through a modern malware that is designed to go after business networks which can make these collapse or even damage the hardware.



According with what we mentioned above, also has increased the phishing fraud, so every day it is necessary to adequate all the security policies and the devices with the aim to protect the actives and the people's security.

For this reason, the necessary mechanisms have been established to safeguard information privacy and to protect the data of customers and providers, as well as to manage and treat documentation adequately according to its level of relevance, and to enhance security, information security procedures are periodically reviewed and systems are continually tested to ensure they are watertight.

In the year 2020, the following measures, among others, have been taken to improve security policies:

- Periodical system scans to detect external and internal vulnerabilities and their correction based on their level of criticality.
- Diagnosis of information security and its risks based on the ISO 27000 standard.
- To reinforce awareness and training of the group's employees, campaigns and training courses took place.

We have also continued to support and improve the relevant measures to adapt to the new European data privacy regulations (GDPR). This implies a more transversal level of supervision on the protection of personal data information.

Main risk 2020

In 2020, GRI Renewable Industries faced, in addition to the various risks arising from the market situation in the countries in which it operates, all those arising from the situation generated as a result of the global pandemic of COVID-19. The effects of the pandemic have been multiple, affecting at some point, to a greater or lesser extent, all geographic areas.

- The worsening of the general economic and social situation as a consequence of the COVID-19 pandemic.
- The change in the wind market's pricing model in countries where GRI Renewable Industries has a presence (Turkey, South Africa, USA, India).
- The stress on supply chains as a result of logistical and production misalignments due to COVID-19.
- Concerns related to data fraud, cyber-attacks and other technological vulnerabilities.
- The tendency to concentrate on large customers, which reduces their number.
- Risks arising from protectionist policies and the establishment of tariffs among the main players in international trade.
- Currency devaluation in some countries we are present.
- Volatility in the price of raw materials and, therefore, in the valuation of the stock available in factories. This, together with increased price pressure from customers, is leading to a narrowing of margins at every step of the supply chain.
- Growing environmental, social and governance (ESG) awareness, in addition to risks from climate change, natural disasters and disease.

The Pandemic has generated varying levels of uncertainty and prolonged economic effects, which will affect future fiscal years in unquantifiable ways. The enormous extent of the pandemic and the lack of information on its duration make us foresee a very complicated macroeconomic scenario.



Associations and organizations

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GRI Renewable Industries establishes relations with local public authorities on an altruistic basis with complete transparency, in accordance with the guidelines of the Code of Ethics. The company does not make any economic or in-kind contributions to

political parties, nor through sponsorships or donations, which are against the law.

Its relationship with local administration is transparent and responsible. It is mainly related to issues affecting its sector, which are normally channelled by associations (415-1).



GRI Renewable Industries

GRI HEAD QUARTERS

- Seres



GRI Castings

GRI CASTINGS

- Asociación de Fundidores del País Vasco



GRI Flanges Iraeta

GRI FLANGES IRAETA

- Asociación empresarios de Gipuzkoa (ADEGI)



GRI Calviño Towers Argentina

GRI ARGENTINA

- Cámara Eólica Argentina



GRI Towers Galicia

GRI TOWERS GALICIA

- AICA
- Asociación de Industriales Metalúrgicos de Galicia (ASIME)
- Centro Tecnológico AIMEN



GRI Towers Sevilla

GRI TOWERS SEVILLA

- Asociación Empresarial para la Promoción del Puerto de Sevilla



GRI Towers South Africa

GRI TOWERS SOUTH AFRICA

- Steel and Engineering Industries Federation of South Africa
- South African Wind Industry Association



GRI Towers Texas

GRI TOWERS TEXAS

- Amarillo Chamber of Commerce
- Panhandle Human Resources



GRI Towers Turkey

GRI TOWERS TURKEY

- Bandirma Organize Industrial Zone (BOSB)
- Gönen Chamber of Commerce (GTO)
- Balıkesir Chamber of Industry (BSO)
- Istanbul Metal and Mining Exporter Commerce del Noroeste (IMMIB)