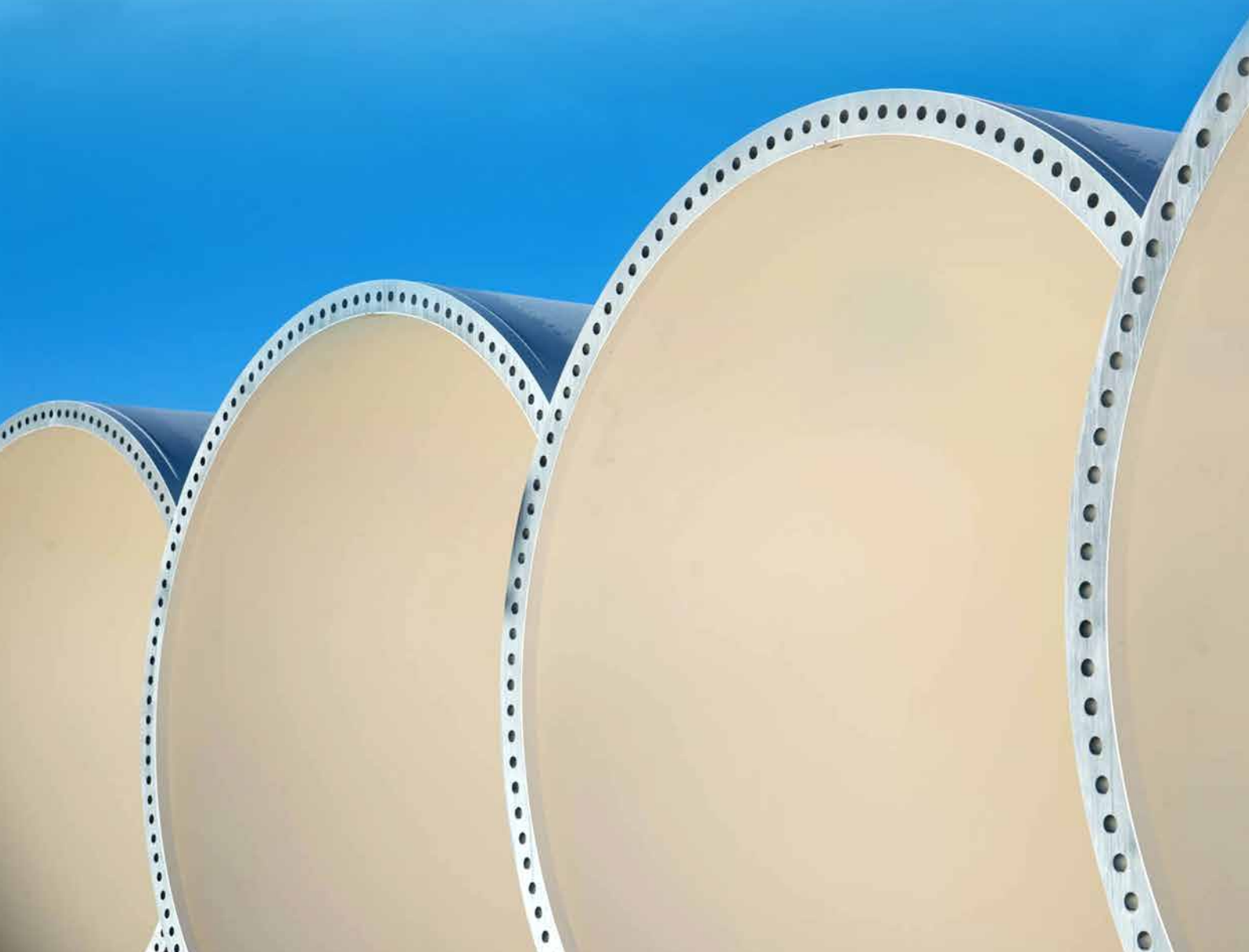
GRI Renewable Industries

Sustainability Report 2019



GRI Renewable Industries
Sustainability Report 2019

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

GRI Renewable Industries maintains the same values from its origin **"honesty, humility, tenacity and work"**, together with the principles and guidelines from the Code of Ethics and Conduct, a comprehensive and balance management, the collaborative of a team qualified professionals who are proud to work at GRI Renewable Industries, have enable us to growth as a solid, profitable and sustainable company with a global presence.

This ethics and corporate values that have remarked the path, are what inspired the purpose of the company **"Doing Well by Doing Green"**.

Only acting correctly, believing in what it is doing, working honestly and consistently, things can be achieved correctly.

Letter from the Chairman

Jon Riberas. Chairman & CEO

102-14

It is my pleasure to present the GRI Renewable Industries Sustainability Report for the year 2019, which summarizes our main undertakings (initiatives) and their progress in meeting current and future challenges and opportunities. In addition, we reaffirm our commitment to the United Nations Global Compact.

From a macroeconomic perspective, this fiscal year started with a great deal of uncertainty stemming from the tensions between China and the United States, the slowdown of the Eurozone, the Brexit conflict, the devaluation of some currencies and the energy policies in some countries, not very favourable to renewable energies.

In this complex environment, our results are showing a remarkable improvement after a highly complicated and unfavourable 2018. Turnover reached 637 million euros, with a total CAPEX investment of 31 million euros. The main investments were concentrated in China, mainly deriving from the new China IV factory, followed by Spain with improvements in its facilities, such as the new Forjas de Iraeta rolling mill.

Nevertheless, the year 2020 began with a very uncertain situation for the economy due to the consequences of the Covid-19 pandemic. After starting in China and paralysing the country, we are witnessing its spread throughout the world affecting the population indiscriminately, bringing the economy to a standstill, closing down production and distribution in most sectors and negatively affecting employment, production, distribution and consumption. The massive spread of the pandemic and the lack of information on its duration bring us to anticipate a very complicated macroeconomic scenario.

Our contribution to the Sustainable Development Goals (SDG)

Over the last few years we have seen a change in the world economy. The world's economic and political problems, the scarcity of natural resources and the increase in global disasters resulting from climate change, require urgent adaptation in the roadmap of governments, businesses and civil society.

In line with this change, at GRI Renewable Industries we are immersed in a transformational model, aimed at contributing to a more inclusive, prosperous and sustainable world, seeking opportunities that allow us to grow as a profitable company that creates value in the environment.

In this transformational model, the 17 United Nations Sustainable Development Goals (SDGs) are key to change. Therefore, we align our roadmap with the SDGs directly related to our business, in order to contribute to their attainment.

The Code of Ethics and Conduct was revised in 2019 and, after its approval, entered into force on 21 January 2020. Among the changes we highlight the primary management of the Ethical Channel that is now performed by an external provider, which is also the intermediary between the user of the Ethical Channel and the Compliance Committee, thus guaranteeing confidentiality as one of the channel´s principles of operation. This allows us to strengthen our contribution to more fair and equitable societies in line with **SDG 16**.

Providing stable and quality work, promotion and development of our professionals is a priority through which we contribute to **SDG 8**, promoting decent employment and job security. In 2019 we made 873 new contracts, bringing our total headcount to 4,140 professionals, 91.8% of whom have permanent contracts.

Our objective is to integrate Health and Safety at all levels of the organization, as well as to establish a true preventive culture based on collaboration, teamwork, strong commitment and participation of all workers and stakeholders. To this end, we are carrying out numerous initiatives under the umbrella of the OHSAS 18001 and ISO 45001 Management Systems, and the IPRL system of excellence, under which we are improving working conditions by 8.6% overall and prevention management by 14.9% in 2019.

We are aligned with **SDG 9** and the development of more efficient and sustainable industries. We accomplish this together with our clients and with the collaboration of our suppliers, adapting to their needs and the new models for increasingly powerful turbines through innovation, developing towers and flanges according to their new dimensions, improving their design with less weight, which allows us to minimize their impact.

Also in the field of innovation, the deployment of the "Digital WorkPlace" (DWP) project throughout the group is noteworthy. This project will transform the way the company operates and will promote the talent of its professionals. In June, we started the global deployment of DWP with the participation of more than 500 professionals in webinars and national and international workshops.

The fight against climate change is very present in our management model, and through our business activity we are part of the solution. At GRI Renewable Industries we mainly manufacture towers and flanges for the wind power market and renewable energy generation, which makes our business directly aligned with the **SDG 7** and **SDG 13** and actively involved in the fight against climate change.

2019 has been a period for analysis and reflection for GRI Renewable Industries in which a new roadmap has been defined based on the current needs and trends, as well as the demands of stakeholders, which will contribute to reducing CO_2 emissions, aligned with a carbon-free future. This plan will be based on various areas such as innovation, reforestation, energy efficiency, the purchase of energy from renewable sources and mobility, among others.

Likewise, the Circular Economy plays a fundamental role in the way we manage our raw materials and waste, in line with **SDG 12**. In this area, our main raw material "steel" stands out for its recyclability and durability. Also in 2019 we witness a significant social demand that points to "plastic" as a protagonist due to its massive use, its impact on the environment and the difficulty in its management, which is why we are developing a plan to help minimize its consumption in the period 2020-2022.

At GRI Renewable Industries, we expect that more and more governments to embrace clean energy policies, investor interest will continue to grow, advances in innovation and new, more efficient technologies will continue to reduce installation and generation costs, and that social demands will be met, all of which require a change in the situation. Therefore, we are optimistic about our growth and development towards a transformative and cleaner future.

Without further ado, I hope that this Report will be of interest to you and that forecasts for next year will allow us to continue growing as a profitable and sustainable company.

OUR COMPANY

Since 2008, GRI Renewable Industries has experimented a sustainable and profitable growth, with 16 factories in 8 countries and 3 business lines of towers, flanges and castings.

Global presence ▶

+4,000 employees in
16 factories in **8** countries

◀ Diversification

3 business lines:

Towers, Flanges and Castings

Values ▶

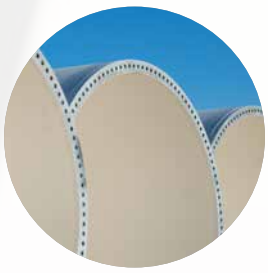
Honesty, Humility, Tenacity and Work

◀ 2019 stability

Efforts to promote the production, efficiency and innovation

Turnover ▶

637 million euros



GRI Renewable Industries

102-1, 102-2, 102-3, 102-5 AND 102-16

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

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.

The headquarters are located in: 3 Ombu St. 12th Floor. 28045 Madrid - Spain.

GRI Renewable Industries has developed a global corporative culture which has kept the same values since its origin, but which are adapted to the local necessities of each country, to the current market conditions and to the requests of its stakeholders.

From its outset the company has had a significant annual growth. Nevertheless, 2019 was more stable, and efforts were made to consolidate the production, the efficiency and the innovation in all the factories under operation.

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

Main brands and products

102-2

The company operates under the brand of GRI Renewable Industries, keeping the same structure and specifying the product or service personalized to each country and region.

GRI Towers

This division is responsible for the manufacturing of towers for the main wind energy OEMs in accordance with the specifications defined by these.

It has nine operating facilities for "onshore" towers in Galicia, Brazil, Turkey, India, South Africa, Argentina and the USA, as well as a plant in Seville to manufacture "offshore" towers.

GRI Flanges

Its activity is the manufacturing of flanges (structure designed to join segments of wind towers). It has six operating plants distributed over Spain, Brazil and four in China.

GRI Castings

Its activity is the casting of steel to produce components for the wind industry.

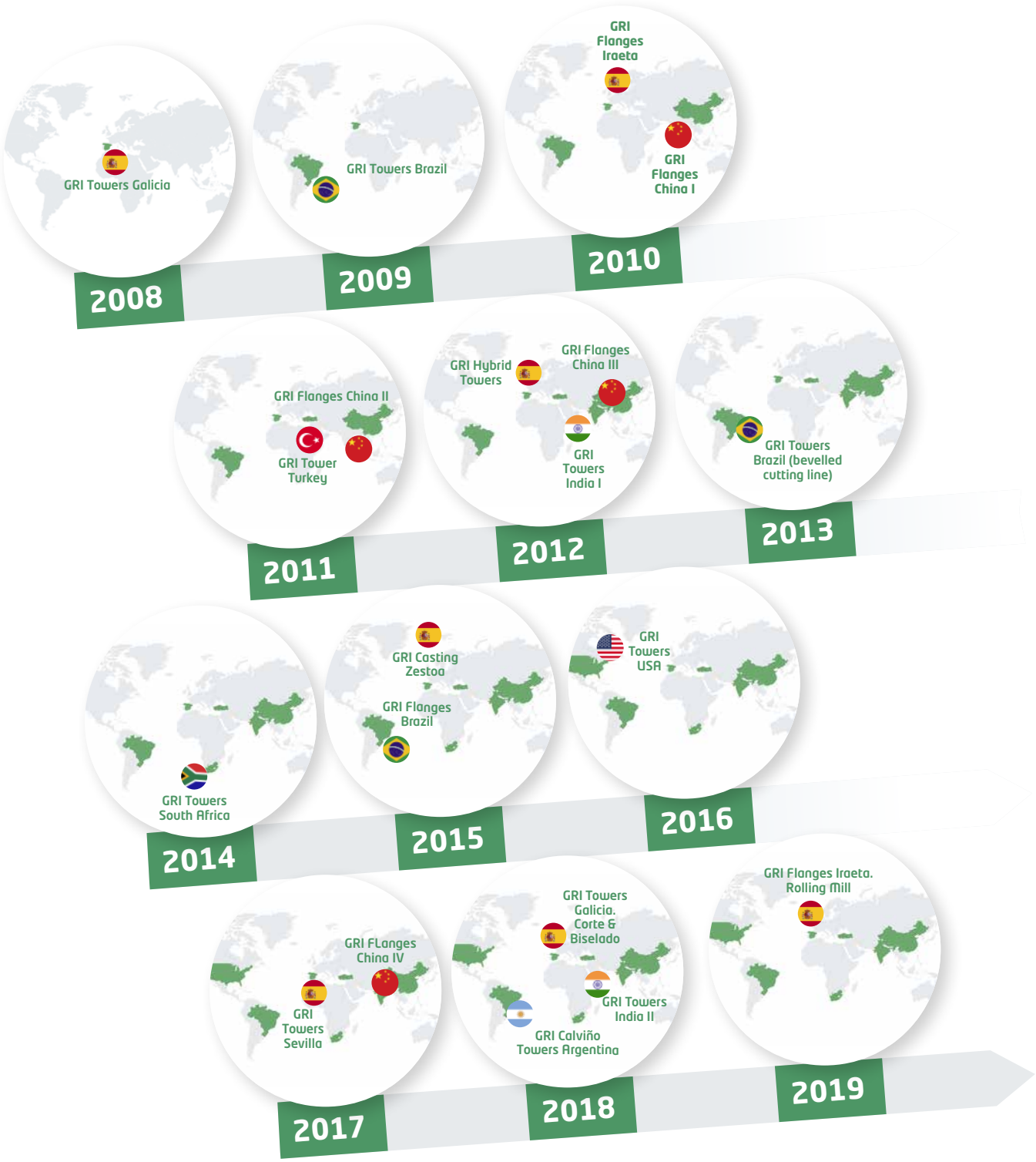
Currently it has one plant in Spain, "GRI Castings Zestoa".

Main Figures

Milestones

102-4 AND 102-6

Currently we are present in 8 different countries and count with 16 operating plants. Its evolution since its foundation in 2008 is shown below.



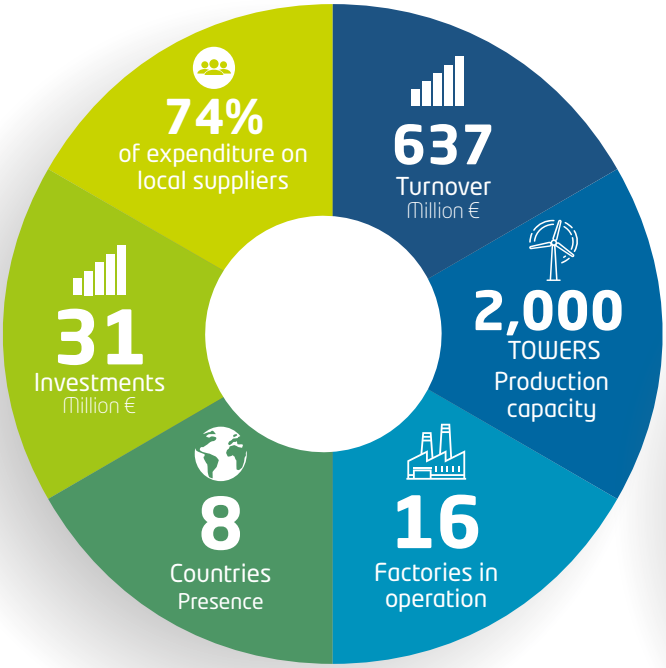
2019 GRI figures

102-7

GRI Renewable Industries understands the Sustainability as a model that integrates responsible management and a commitment of ethics, transparency and collaboration with our stakeholders, in order to enjoy a cleaner environment and with fewer inequalities that contributes to achieve the Sustainability Development Goals.

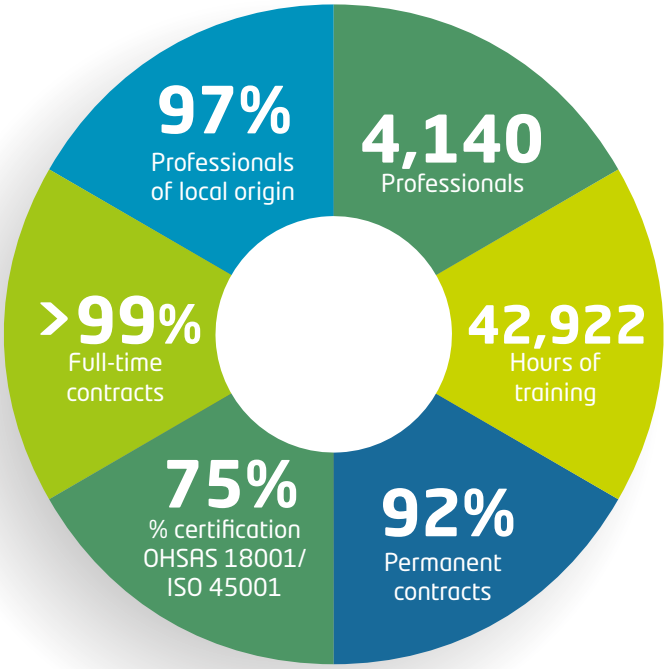
Economic Contribution

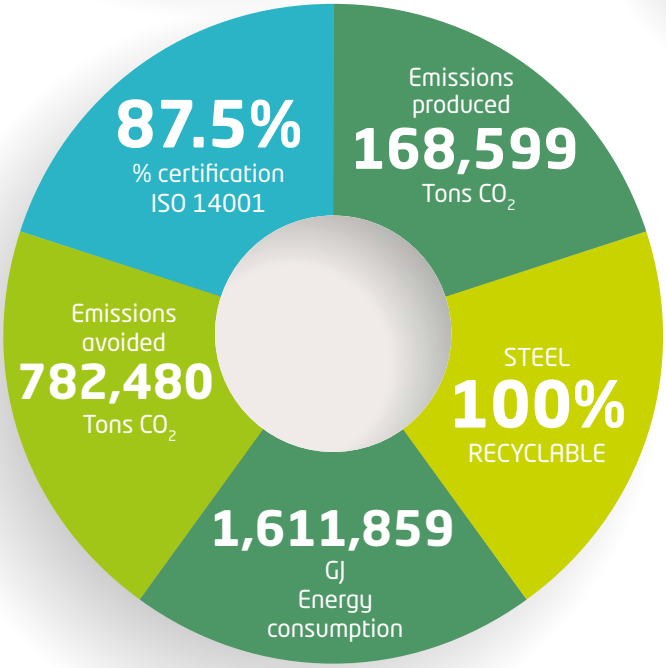
Our business activity generates numerous benefits in the society which we live. The Company dynamize local development by nourishing employment in the region, the growth of new suppliers and businesses, as well as improvements of the infrastructure through the payment of local taxes and duties, among others.



Social Contribution

Our business activity requires employing numerous local workers to whom we offer stable employment, which enhances the region´s economy and the families´ purchasing power. In addition, the Company carry out many social activities with the goal of improving the local environment.





Environmental Contribution

Our business activity is directly linked to the generation of renewable energy, through which we indirectly contribute to the mitigation of the carbon footprint and the effects of climate change. Additionally, the Company also manage its plants aiming to minimize its environmental impact.

Worldwide presence

102-4 AND 102-6

8 Countries

16 Plants

4,140 Professionals


Headquarters
GRI Towers Galicia
GRI Towers Sevilla
GRI Flanges Iraeta
GRI Castings Zestoa
GRI Towers Turkey
TURKEY
CHINA
INDIA
SOUTH AFRICA
GRI Flanges China I
GRI Flanges China II
GRI Towers India I
GRI Flanges China III
GRI Towers India II
GRI Flanges China IV

OUR VISION ON SUSTAINABILITY

GRI Renewable Industries integrates significant economic, social and environmental challenges in its strategy for a more profitable and more sustainable future, and is strongly committed to creating long-term value and fighting climate change.

The Sustainable Development Goals have a fundamental role within this framework, primarily SDG 13 "Climate Action", SDG 8 "Decent work and economic growth" and SDG 9 "Industry, innovation and infrastructure".

◀ SDG

Sustainable Development Goals

SDG 13. Climate Action, SDG 9. Industry, innovation and infrastructure and SDG 8. Decent work and economic growth.

GRI Renewable Industries ▶

Towards a carbon-neutral economy

◀ KPI's monitoring and measurement

SDG contribution

Materiality ▶

9 material aspects

Internal and external stakeholders' opinion

◀ Reforestation

1 tower 1 tree

SDG

Commitment to the Sustainable Development Goals

Following the launch of the United Nations' Sustainable Development Goals (SDGs) in 2015, a new roadmap, aligned with Agenda 2030, was initiated to help meet these objectives, particularly those related to our core activities.

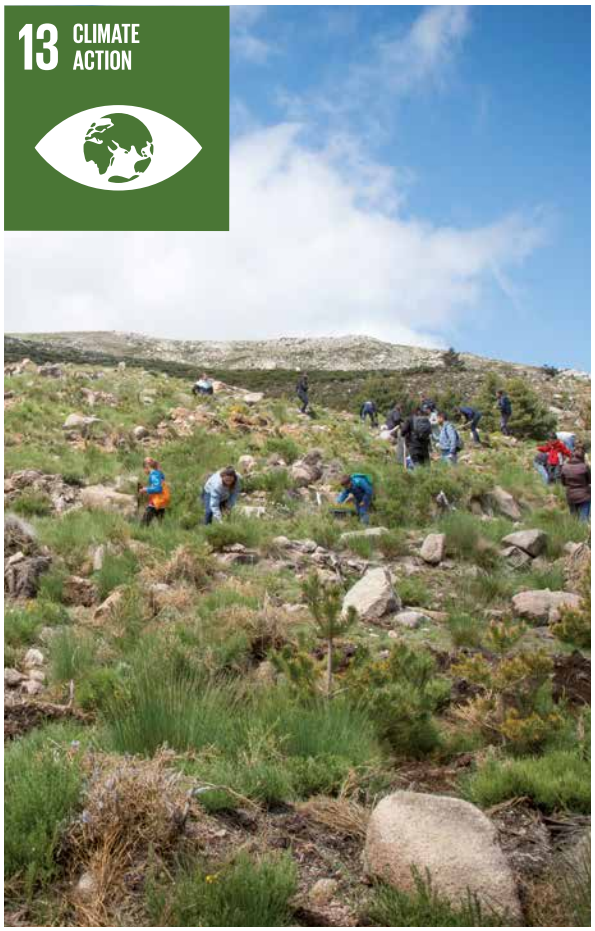
Our impact on the SDGs

GRI Renewable Industries defined and integrated significant economic, social and environmental objectives into its strategy for a more profitable and sustainable future, strongly committed to the creation of long-term value and care for the environment.

We have therefore taken into account aspects that derive from our activity and strategy, the opinion of stakeholders (materiality) and the most relevant social demands.

As a result, we have defined which Sustainable Development Goals we impact most directly and have drawn up goals to measure our contribution objectively. SDG 17 "Revitalize the global partnership for sustainable development" is key.

Climate change (reforestation) 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.

Within this framework, the Fight against Climate Change is directly aligned with **SDG 13** "Climate Action" and **SDG 7** "Ensure access to affordable, reliable, sustainable and modern energy for all".

The increase of societal, economic and political demands should also be mentioned, these require a shift in consumption patterns, a cleaner and emission-free environment, and towards a more just and equal society, enabling us to face the world´s biggest challenge: climate change.

The situation in 2019 has not improved. In spite of the economic downturn and the decline in the use of coal, carbon dioxide emissions have increased to new records with a growth of 0.6% compared to last year (in 2018 and 2017 this increase was of 2.1% and 1.5% respectively), according to the last Global Carbon Project report. As the World Meteorological Organization has pointed out, 2019 is the final year of the hottest decade ever recorded.

Our contribution in the fight against climate change

Energy is a key element in our business. The measures that aim to reduce and/or offset these consumptions are highly beneficial, as they contribute to the reduction of CO_2 emissions.

Forests are enormously beneficial in this context (protection of biodiversity, water conservation, reduction of erosion, etc.) and they play a critical role in the storage of CO_2. However, deforestation and the constant loss of tree cover have increased steadily over the last 18 years, due to various causes such as fires and indiscriminate logging.

Trees and forests have a direct relation to climate change. On one hand, changes in the climate affect forests through changes in rainfall patterns, increases in average annual temperatures, and through the upsurge of extreme weather events. On the other hand, forests contribute to curbing climate change, by trapping and storing CO_2.

Therefore, a long-term reforestation project was initiated in 2015, named "**one tower, one tree**". The aim is to balance, as far as possible, the number of trees planted with the number of towers manufactured.

In order to meet this target, we carry out various initiatives annually at locations close to our plants and offices, in which our employees and their families often participate, thus indirectly contributing to **SDG 15 / 15.2** "By 2020, promote sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally."

Monitoring KPIs

I **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.**

In 2019, a total of 2,000 trees were planted in Spain, compared to 1,375 towers produced.

II **Increase annually the CO_2 avoided/offset with reforestation plans, aiming to avoid 100 tons/year in 2020.**

In 2019, a total of 16.7 tons were avoided, totalling 82.7 t/year when added to previous years.

GRI Renewable Industries and the SDGs

Innovation and the SDGs

In 2018 the acceleration of CO_2 concentrations in the atmosphere was confirmed, estimating that in 2019 they will reach 412 ppm, which brings us dangerously close to the 420 ppm that scientists set as the red line.

Within this framework, the new favourable energy policies of many governments, the interest of investors, innovation and new, more efficient technologies and the notable drop in generation costs, pointed to 2019 as the key year for the growth of renewable energies.

In recent years we have seen the business sector acquire increasing volumes of renewable energy, driven by sustainability objectives and the increased availability for procurement.

In this area, innovation and new technologies, which are becoming more and more competitive, allow for the proliferation of hybrid solar-wind installations, increasingly sophisticated network management and storage solutions, all at increasingly competitive prices, which suggests a completely fossil fuel-free electricity system in the not too distant future (source: GWEC).

Our contribution to innovation

Within the wind energy sector, the advances have mainly centred on the aero-generators, which are becoming increasingly powerful, efficient, better fitted and adapted to the different weather conditions. This increase in the output of the aero-generators also requires adjustments and improvements in other components, such as the towers and flanges.

The highest impact on cost reduction will come from improvements in the efficiency of the design, construction and installation of wind parks. Therefore, innovation of all components is a key aspect for this transition.

At GRI Renewable Industries we have a team of innovation experts dedicated to the design and improvement in the manufacture of towers and flanges that are increasingly light, efficient and competitive, and to the development of new products adapted to market conditions, to meet the objectives set by each client.

Therefore, we consider many of our initiatives to be directly aligned with **SDG 7** "Ensure access to affordable, reliable, sustainable and modern energy for all" and with **SDG 9 / 9.4**, "by 2030,we must upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities".

Monitoring KPIs

In 2019 the R+D+I Center in Turkey started operations and the construction for the R+D+I Center in Seville began. Objectives I and II were drawn up for these centres, and objective III is aligned with our customer line:

I. **The R&D Center in Turkey, which is where ad-hoc projects for our production processes are developed, aspires to increase its staff by 30% per year in the 2019-2022 period.**

   The project started with 10 employees in 2019.

II. **The R&D Center in Seville is planning for the development of important projects. Six doctorates are expected to be awarded at the start of the project. The objective is to increase these doctorates by 20% over the next 3 years (period 2020-23).**

   Objective to be launched in 2020.

III **Collaborate with our customers to improve tower design and efficiency. Objective: to design and improve two tower prototypes per year in collaboration with our customers.**

   In 2019, we collaborated with Vestas to improve three tower prototypes, among other projects.

GRI Renewable Industries and the SDGs

Education and the SDGs

According to the ILO report "World Employment and Social Prospects: Trends 2019", the evolution in the reduction of unemployment at a global level is not accompanied by improvements in the quality of work, where millions of people are forced to accept poor working conditions, complicating the attainment of SDG 8 "Decent work".

In 2018, the majority of the 3.3 billion employed people in the world did not enjoy sufficient levels of economic security, material well-being and equal opportunities. Currently, 700 million people live in extreme or moderate poverty despite being employed.

The report highlights the lack of progress on the gender gap. The female labour force participation rate was 48% compared to 75% for men. Another concern is the persistence of informal employment with 2 billion workers (61% of the world's workforce) and one in five young people (under 25) not working, studying or receiving training, thus compromising their job prospects.

It also emphasizes that, should the global economy succeed in avoiding a major slowdown, unemployment is expected to continue to fall and training to improve in many countries.

Our contribution to decent work

At GRI Renewable Industries we believe that global change is required to move towards formal, diverse, secure and stable employment that complies with human and labour rights, improving education, reducing pay gaps and inequalities, paving the way for a more fair and equal society.

Therefore, as a global company with a presence in 8 countries and with over 3,500 direct employees, we contribute to the improvement of this environment through providing stable, lasting quality employment, which allows us to create local wealth in the communities that we operate in, and so contribute to the achievement of **SDG 4** "Quality education" and **SDG 8** "Decent work and economic growth".

Monitoring KPIs

I **Aiming to create local wealth in the countries where we operate, through stable local hiring, payment of decent wages, with legal working hours and schedules, we have a double objective: to maintain the average local employment and permanent contracts >80%.**

In 2019 local employment was at 97% and 92% of our employees have a permanent contract.

II **Improve education and qualification of our employees. Increase training hours per employee to an average of 20 hours per employee in 2025.**

In 2019, a total of 42,922 hours of training were given, amounting to a total of 10.4 hours per employee.

Materiality

Identification and communication with stakeholders

102-40, 102-42 AND 102-43

At GRI Renewable Industries we believe that taking care and improving the relationship we have with our stakeholders is a key aspect to improve our performance. Within this context, we consider any collective that may hold a substantial influence, and that is or may be affected by our activity.

Since 2014 we have updated our stakeholders to improve their coverage and communication, to know their expectations better and to focus the contents of the Report on their main economic, social and environmental requirements. We have different specific communication channels available for each of the identified stakeholders, as is outlined next:

Social Media

We highlight the internal and external communication with the stakeholders through social networks, the website and the intranet, with contents that allows to measure the positive impact of the messages where our presence is most common.

	Twitter	LinkedIn	TOTAL
Followers	702	16,668	17,370
Total number of contents posted in 2019	30	15	45
Visits to our profiles	2,577	19,484	22,061

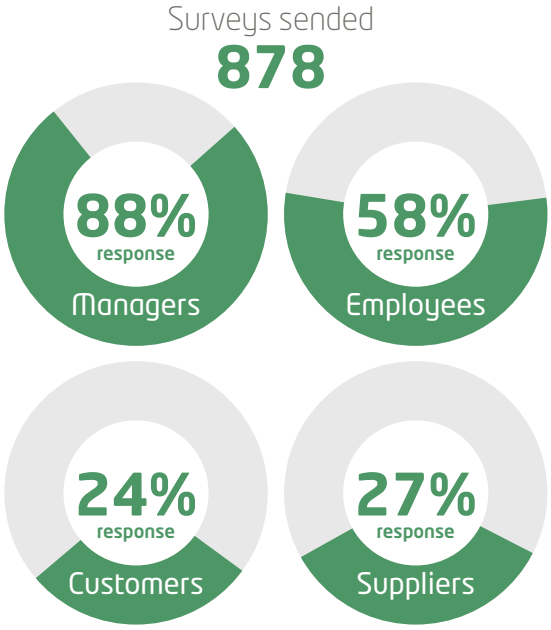
Relevant aspects: Materiality study

102-44 AND 103-1

Over the las few years we have been working on our materiality analysis, in order to detect and update the relevant matters regarding sustainability. Since 2018, the study has been carried out every two years, so the next materiality study will be updated in 2020.

For the "identification of material matters" we consider, on one hand, the matters that affect our environment (current trends, issues treated by our competitors and analysts), and on the other, the policies and programs developed by GRI Renewable Industries, as well as our appearances in the communication media. This allows us to group the relevant information into 18 matters. Those matters were pondered by the stakeholders to identify those most relevant from an internal and external perspective.

For this identification, we have conducted an extensive consultation with our main stakeholders including management, employees, suppliers and customers. The survey is done through a technological data and information analysis tool that assesses the importance and perception of the identified matters. The average participation of the surveyed stakeholders is given below:



After this analysis, its weighing and revision, a global total of 9 material matters were defined for all stakeholders. It should be noted that with respect to last year, this year we have incorporated the "Fight against of Climate Change" as material aspect.

This, as summarized in the Report, it is very important for the society, for our customers and to management, as well as increasingly regulated. Therefore, we are designing a roadmap with the aim to moving towards a carbon neutral company.

Material Matters 102-47	**Chapter**
Risk control framework	4. Economic dimension
Risks concerning data protection, cybersecurity and intellectual property	4.4 Information security
Compliance: availability of an ethics and anti-corruption framework	3.2 Compliance model
Supplier Homologation: Aspects related to sustainability	4.6 Supply chain
Customer relations. Communication and feedback mechanisms	4.5 Customers and innovation
Talent attraction and retention	5.1 People
Health and Safety management	5.2 Health and Safety
Environmental management	6.1 Environmental performance
Fight against Climate Change	6.5 Emissions and climate change

In addition, it was material from the internal approach: sustainable financial profitability and Innovation, and from the external approach: Circular Economy.

Associations and administrations

Associations and organizations

102-13

GRI CORPORATE

- Seres

GRI CASTINGS

- Asociación de Fundidores del País Vasco

GRI FLANGES IRAETA

- Asociación empresarios de Gipuzkoa (ADEGI)

GRI ARGENTINA

- Cámara Eólica Argentina

GRI TOWERS GALICIA

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

GRI TOWERS SEVILLA

- Asociación Empresarial para la Promoción del Puerto de Sevilla

GRI TOWERS SOUTH AFRICA

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

GRI TOWERS TEXAS

- Amarillo Chamber of Commerce
- Panhandle Human Resources

GRI TURKEY

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

Collaboration with local authorities 415-1

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.

Below, there are summarized some initiatives undertaken in 2019.

GRI Calviño Towers Argentina

The board chairman at GRI Calviño Towers Argentina, represented the company at forum held by the Global Wind Energy Council. Different leaders and main representatives in the global and Argentinian wind industry, as well as political leaders attended the meeting to analyse the burgeoning wind industry in the country.

GRI Towers Sevilla

The Seville Port Authority (APS) in collaboration with GRI Renewable Industries, the Association for the Promotion of the Port of Sevilla (ProSevillaPort) and the Aquarium of Sevilla, held the IV Port-Logistics Meeting with over 200 people, as the major of Seville.

The meeting was focused on industrial logistics and project cargo, an increasingly common way of traffic at the port of Seville due to the growth of industrial production at the shipyards. A seminar took place debating on the improving opportunities and competitiveness.

Also, in 2019 the sixth edition of the "Noche de la Economía y la Empresa" held by the Commerce Chamber of Seville. In such event, GRI Sevilla received the awards in the category of Industry for its project in this field, highlighting its capability for generating richness, employment and innovation.

GRI Towers Turkey

GRI Towers Turkey has been present at the VIII Wind Energy Congress held by the Turkish Wind Energy Association. In the event, presented its range of products for the wind sector, besides offering assessment regarding tendencies in the wind market or new strategic investments.

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 Iraeate 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.

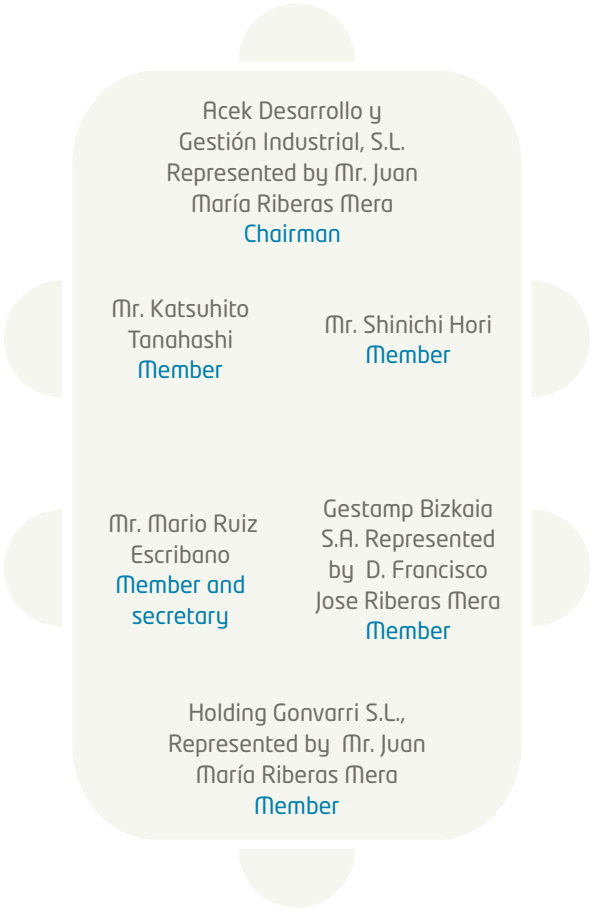
The Articles of Association of the company set out the functioning of the Board of Directors, as well as the requirements and established deadlines to convene the General Shareholders´ Meeting. No provisions are made for other means to manage the company, and the modification of the executive body would,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

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.).

ECONOMIC DIMENSION

103-1, 103-2 AND 103-3

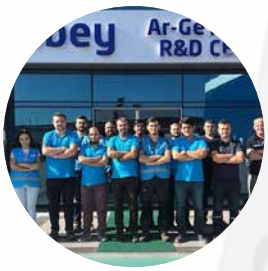
GRI Renewable Industries has made an extraordinary investment effort totalling close to 500 million euros since its creation.

This effort allows us to provide coverage to our main customers through innovative and high-quality products, as well as very efficient processes.

Economic Value Generated (EVG) ▶
645 million euros

◀ **Economic Value Distributed (EVD)**
623 million euros

Industria 4.0 ▶
Cultural Change & Digital WorkPlace 2019-2021



◀ **Innovation**
New Innovation Centres in **Turkey** and **Seville**

Supply Chain ▶
Suppliers **100%** evaluated and approved.
15 "in situ" audits

Global context

The mitigation of climate change is a primary challenge for the 21st century. Its achievement is partly subject to an adequate energy transition, which is driven by efficiency and the increase of renewable energies in the energy mix.

Although a reduction in global CO2 emissions is expected in the long term, the International Energy Agency (IEA) estimates that world energy demand will see an increase of 30% by 2040, with an estimated 3.4% annual growth in the global economy and an increase in population from 7.4 billion to over 9 billion by 2040, complicating the achievement of the Paris Agreement objectives.

Likewise, the messages from the COP 25 (Madrid) are not very favourable. The latest report from the United Nations Intergovernmental Panel on Climate Change illustrates the enormous challenge we face, which requires immediate measures from governments, companies and the society.

The closing statement of the COP 25 stresses "the urgent need to keep the increase in global average temperature well below a 2°C increase above pre-industrial levels" and speaks of "efforts to limit temperature increase to 1.5°C". However, the agreement still does not clarify how countries will do this, as they are only "encouraged" to present their renewed upward commitments in 2020, before the meeting in Glasgow.

Our sector

Global renewable energy capacity is estimated to increase by 50 per cent to over 1,200 GW between 2019 and 2024, led by solar photovoltaic energy. Thus, despite stagnating in 2018 for the first time in nearly two decades, global renewable capacity will grow again and the share of renewable energy in global power generation will increase from 26 per cent today to 30 per cent in 2024. (Source: International Energy Agency).

It is worth highlighting the notable increase in offshore wind energy, having installed a record 6.1 GW of new capacity in 2019, adding a total of 29 GW, 35.5% more than the previous year. This growth is expected to accelerate, with preliminary forecasts determining that an additional 50 GW of new offshore capacity could be installed by 2024, reaching 90 GW worldwide in the next five years (Source: GWEC Market Intelligence).

Within this new context, innovation and new technologies, which are increasingly competitive, allow for the proliferation of hybrid solar-wind installations, more sophisticated grid management and more efficient storage solutions, raising the prospect of a completely fossil-fuel-free electricity system in the not too distant future.

Also noteworthy are the conclusions of the independent KPMG report "The socio-economic impacts of wind energy in the context of the energy transition" commissioned by Siemens Gamesa Renewable Energy, among which we highlight:

- According to the most conservative estimates, low-carbon energy sources and natural gas will cover at least 80% of the increase in global energy demand by 2040.
- Over the last six years, renewable energies have been the main source of new energy capacity.

Favourable energy policies, along with innovation, play a fundamental role in this growth, with an increasingly important role for offshore wind energy.

The wind industry is at the vanguard of technological innovation and increased efficiency, with higher towers, bigger turbines with longer blades and improved aerodynamics that will, among other things, significantly increase energy efficiency, raising capacity factors.

At GRI Renewable Industries we are in a prominent position within the wind sector, we have a presence in 8 countries, we are collaborating on a new renewable and sustainable energy model, and developing modern, innovative and high-quality wind components, mainly towers and flanges.

By doing so, we contribute to the development of the communities where we operate by reducing pollution and improving access to electricity.

Balance

201-1

In recent years, GRI Renewable Industries has made an extraordinary investment effort totalling close to 500 million euros since its creation. The consolidation of the plants started up in recent years and the beginning of operations in other new plants are foreseen within the fiscal year 2020.

The company´s key economic figures are outlined below:

Economic Value Generated (EVG) with a total of 644,934 thousand euros, distributed as follows:

	ECONOMIC VALUE GENERATED (thousand euros)	
	2018	2019
Turnover	386,364	636,827
Financial revenue	3,142	5,308
Other revenue	1,845	2,799
Total EVG	**391,351**	**644,934**

Economic Value Distributed (EVD) amounting to a total of 622,917 thousand euros, distributed as follows:

	ECONOMIC VALUE DISTRIBUTED (thousand euros)	
	2018	2019
Operational costs	306,688	481,881
CAPEX	59,604	30,835
Payment to capital providers	7,185	14,336
Taxes	7,638	16,010
Personnel	63,816	79,844
Investments in the community	14	11
Total EVD	**444,945**	**622,917**

Economic Value Retained (EVR) with a total of 22,017 thousand euros.

The Net worth of the company is 326,595 thousand euros.

The locations where GRI Renewable Industries is present received a total of 16,010 thousand euros through business rates, taxes and levies, which contribute to improving the quality of life and the services available to the local population. Its distribution per country is given below:

	TAXES AND LEVIES (thousand euros)
	2019
Brazil	2,128
China	8,814
Spain	3,992
India	-460
Turkey	764
USA	-1,074
South Africa	1,846
16,010	

The company received 1,819 thousand euros (201-4) in the form of tax incentives by public administrations as shown below:

	TAX BENEFITS (thousand euros)	
	2018	2019
Tax reliefs and tax credits	486	682
Subvention	212	183
R&D	319	251
Financial Benefits	295	703
TOTAL	**1,312**	**1,819**

As for other accounting obligations, the companies that make up the GRI Renewable Industries Group are, for the most part, obliged to prepare annual audit reports on their individual annual accounts regarding the total volume of their assets, turnover and average workforce. There are no exceptions to those reports.

Following approval by the corresponding body, these reports are presented, in due time and form, to the Mercantile Register for each financial accounting year, with the legalization of the Official Records and the filing of the Annual Accounts. Furthermore, the companies of the group have no outstanding Social Security, General Treasury or tax payments.

Risks and opportunities

Main risks at GRI Renewable Industries

102-15, 102-29, 102-30, 102-31, 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 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.

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Phases:

1. Data collection (customers, potential business volume, investment costs, regulatory aspects, capital repatriation, etc.). Once analyzed, and if viable, it is brought to the Board of Directors for the next phase.
2. The Board of Directors approves the new project as well as the necessary measures to mitigate potential risks. It is periodically informed about its degree of process by the different main managers.
3. Once approved, all procedures to obtain the necessary permits and licenses, the startup and the outsourcing of the design, engineering and construction activities are initiated, as well as the investment, financing, and purchasing of assets and machinery. Similarly, the selection of the necessary personnel for the plant's operations is started.
4. Once the plant is finalized and starts operating, it counts with "startup teams" from other plants of the group to put the plant into operation together with the local teams.

Risk on financial information

Since 2015, GRI Renewable Industries counts with a "General Internal Control Framework", based on COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology, which includes:

- Internal Control Committee and Policy
- Array of Entity Levels Controls (ELC)
- Risk and Control Matrix for each key business process

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.

After the annual risk assessment of the financial information and associated processes, from a qualitative and quantitative point of view, the review of various processes in 11 GRI societies and various processes were defined representing 65% of the (412-1).

During the review process, both training and implementation of the model were carried out, as well as the corresponding tests. The corrective measures and action plans were already implemented at the end of the year, which help to reasonably guarantee the reliability of the financial information and compliance with the applicable standards and legislation.

Risks: confidentiality and privacy

Systems are a fundamental element for the execution of business processes and for implementing strategy, even more in a context of collaboration and innovation based on emerging technologies and in an increasingly turbulent business environment. The systems and the "IT" organization are essential to take advantage of the most powerful wave of digital transformation.

This makes necessary to revise and reinforce our systems with security policies, so that these are less vulnerable and are adapted to changes in personal data protection regulations.

Operational risks

We focus our efforts on keeping and improving the relationships with our customers, adapting ourselves to their needs, amplifying our product and service portfolio and increasing our global presence.

In order to minimize this risk, various technological actions for improvement, innovation and production efficiency have been defined within the Strategic Plan.

All of this with the aim of avoiding faults in the product, management problems, competition problems, etc. and adapting better to the customer´s requirements, without losing the high quality for which we are renowned. These initiatives are detailed in the innovation chapter.

As a result of the control tests, a list of improvements for different company processes was defined in the different processes of the company in order to improve efficiency and homogeneity, most of which have been implemented during the year 2019.

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 Chanel 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.).

Respecting to project financing, in 2019, 10 contracts required clauses or commitments of compliance in labour, environmental and human rights matters, directly related to compliance with international treaties and/or the Equator Principles (412-3).

Environmental risks and climate change

The actual environment clearly shows us the risks associated with environmental, social and governance (ESG) issues as the Climate Change, water scarcity and Human Rights, are increasingly relevant. Therefore, its necessary to incorporate them into the company's decision making, business strategy, performance and management.

Good management of these aspects minimizes risk to reputation, regulation, labor, access to capital and credit, among others.

Among these risks, the one derivate of "Climate Change" stands out. To combat this risk various initiatives have been implemented as the "New Green Deal" from the European Union, the more restrictive regulations in many countries and the demands of all the main customers of the company and the society. All of them provide a clear roadmap towards a carbon-neutral future at two key milestones 2030 and 2050.

GRI Renewable Industries incorporates these demands adapting its strategy and developing a roadmap that allows us to advance along this path, in accordance with the demands of the governments, customers and society.

The new Plan will include innovation and efficiency measures, reforestation, promotion of renewable energies, purchase of energy certificated in origin and sustainability mobility, among others, and it will be published during 2020.

Likewise, precautionary and continuous improvement principles through the Code of Ethics and Conduct, the Integrated Policy and the Sustainability Policy (102-11).

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 installations.

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.

Main risk 2019

- The change in the wind market´s pricing model in countries where GRI Renewable Industries has a presence (Turkey, South Africa, USA, India).
- Concerns related to data fraud, cyber attacks and other technological vulnerabilities
- The tendency to concentrate on big customers, which reduces their number of potential customers.
- Commercial risks. The threat of Chinese tower producers and the high tariffs on steel originating from China.
- Risks arising from the USA protectionist policy and Brexit changes.
- Currency devaluation in some countries we are present.
- The growth of environmental, social and governance (ESG) awareness.
- Climate change, natural disasters and illnesses.
- The withdrawal of the most emission countries from the Paris agreement (COP 21).

It is important to remark the enormous risk that we are facing derivate from the Covid-19 pandemic of global dimensions.

Therefore, we started this financial year 2020 with a very uncertain situation for the economy, after its start in China paralyzing all the country, we witness its expansion to the world affecting the population indiscriminately, which produces a standstill in the economy, closing the production and distribution of the most sectors and affecting employment.

The enormous expansion of the pandemic and the lack of information about its duration, make us foresee a very complicated macroeconomic landscape.

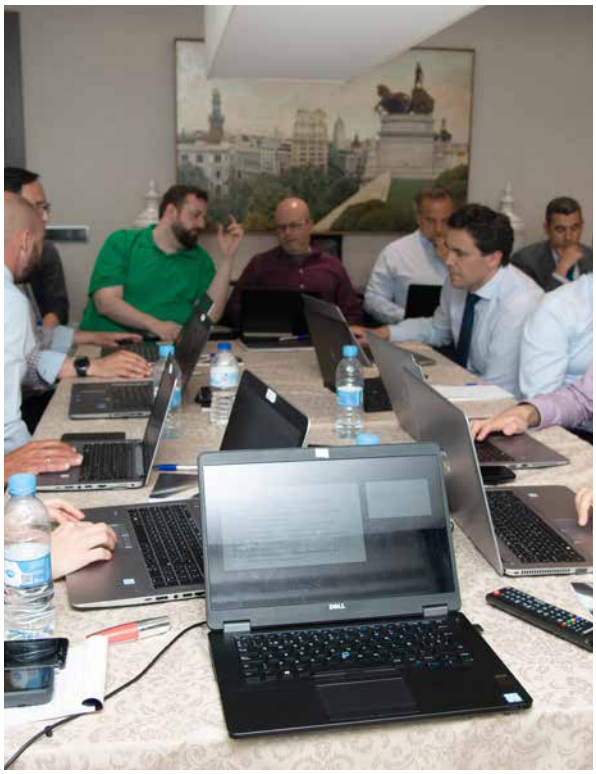
Security and process support

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. 2019 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. At the same time, transformation projects have been launched to align our business and systems strategy and move forward on the journey towards digital transformation.

The IT Department, in collaboration with the Communication and Sustainability Department, has supported all the companies in the Group. At the same time, and in a coordinated manner, it has worked on the recent challenges the organization faces, which include creating new IT capabilities to increase productivity and efficiency. The department has been actively involved in the workplace through the **Digital Workplace** initiative, a cultural change that embraces technology to improve the way employees work and interact with customers and suppliers, enhancing experience, satisfaction and productivity through collaboration.



Simultaneously, and with the aim of eliminating the innovation "latency", to enable and accelerate the adoption of initiatives in this area, work has been done on adopting new technologies to add IT capabilities and new operating models, such as the so-called "hyper-convergence", which makes it possible to close the gap between the traditional infrastructure and public cloud services and production lines. **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. It is an enabler for data collection and process automation, one of the pillars of the digital transformation strategy.

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

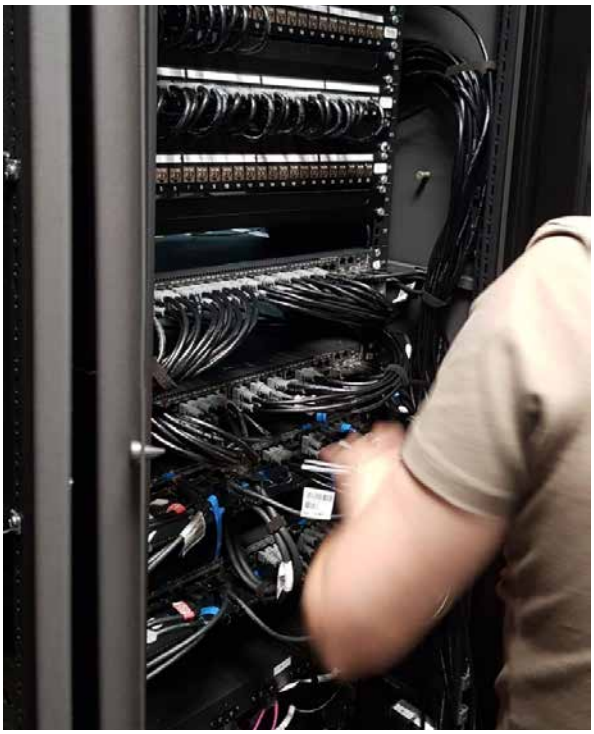
Cyberthreats continue to grow in ingenuity and frequency, online fraud continues to evolve thanks to new social engineering techniques, and these are responsible for million-dollar losses in companies worldwide.

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 secure.



In the year 2019, 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.

In addition, training sessions have been carried out in both corporate and plant offices on the risks of connecting to public networks and protecting your personal data, due to the risk this new type of crime poses to people and assets.

We have also continued to support and improve the relevant measures to adapt to the new European data privacy regulations (GDPR) that came into force in May 2018. This implies a more transversal level of supervision on the protection of personal data information.

In addition, new versions of anti-ransomware analysis software have been installed through pilot tests, new tools for cataloguing and protection of corporate information (IRM - Information Rights Management) and for the protection of smartphones or tablets (MDM - Mobile Device management).

Customers and innovation

Our commitment to R+D+I

We 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. Therefore, innovation is one of the strategic pillars of GRI Renewable Industries, contributing to its profitable and sustainable growth.

This commitment is embodied in the R+D+i team, with an increasing number of qualified professionals, and in the constant search for opportunities and improvement projects, which allow us to anticipate the market, offering differential and more efficient products, in line with new technological trends.

We are currently involved in different national and international projects, including our participation in REOLTEC (Wind Industry Technological Platform), in which we coordinate R&D+I activities that respond to the needs of the sector.

Also significant was the start-up of the "R&D Center" in Turkey, integrated into the GRI Tower Turkey facilities and the launch of the "Elcano University Innovation and Training Center" project in the Port of Seville.

GRI Towers Sevilla and the Centro de Innovación y Formación Universitario Elcano

Started in 2018, GRI Renewable Industries is proud of the final approval of the project for the creation of the "CIU3A University Innovation and Training Center" in the Port of Seville.

The project is leading by the University of Seville and together with the Universities of Alentejo and Algarve, within the INTERREG V-A SPAIN-PORTUGAL funds (POCTEP 2014-2020) and supported by the Seville Port Authority.

GRI Renewable Industries plays a key role in the development of wind component research projects and in the training of future professionals in the sector.

The Centre will take residence in buildings and warehouses located in the area conceded to GRI, as well as in other buildings still belonging to the Port Authority, and will have a testing area, laboratories, a welding area and training areas.

Its close proximity with GRI Towers Sevilla is a fundamental lever for the company´s strategy to promote the Innovation and Development department for new tower designs, as well as to make improvements in production processes and, through these, increase our competitiveness.

R&D Center at GRI Tower Turkey

En 2019 it will be completely operational. Located in the GRI Tower Turkey facilities, it has a multidisciplinary team of 11 researchers, 7 technicians and support staff, who together with various professionals will work on the design and development of all the process engineering.

The aim of the innovation center is to improve the machinery used in the production of wind towers and, thus, to reduce production cost and to obtain a higher quality of products. Therefore, this will allow for increased cooperation with the suppliers and customers in terms of designs and production matter, also to improving the global efficiency in order of implementing the improvements achieved in the rest of the factories.

R&D team is already developing different equipment for the multiple critical processes of tower manufacturing with very satisfactory results. This shows the importance of the innovation in our sector, not only externally through different collaborations, but internally with the aim of serving as a reference in advanced manufacturing processes to achieve the operational excellence.

For its development we have the collaboration of prestigious universities such as "Balıkesir University". Also, this year GRI Towers Turkey attended the 7th Award Ceremony for Technology Development and R&D Centers where it received the "certificate of approval of the R&D Centre" from the Turkish Ministry of Industry and Technology.

Customers: product innovation

The success of GRI Renewable Industries is based on its capacity to identify and meet its customer needs. As the only supplier with the capacity to design and manufacture new prototypes of towers and flanges, innovation plays an essential part.

Because of this, we have highly qualified innovation teams, who focus directly on improving our products, on process efficiency and cost reductions, while keeping to our high safety and quality standards.

Through innovation we design lighter and more efficient products. This allows us to optimize the costs of wind energy, being more competitive by improving the standardized cost of electricity (LCOE) compared to other renewable energy sources, thus contributing to increase the profitability of our customers.

Closeness to the client is a fundamental aspect, for that reason we are committed to the personalization and the constant improvement of our service through our commercial teams, specialized and adapted to each type of business, client, country and product, which allows us to provide a more specific coverage.

To ensure quality and excellent service, we have a Corporate Quality Policy, which is why all plants are certified under international quality standards. The plants of GRI Towers Turkey and GRI Towers Seville have updated the standard to the new version 2015 and the rest are in the process of being adapted. Most of GRI Renewable Industries' factories are also certified under the EN1090 standard, and, consequently, our products have the CE conformity declaration.

Due to the classification of our products and services, their evaluation on health and safety matters is deemed non-applicable (416-1).

In addition, we follow a rigorous procedure of approval and control of suppliers to ensure the proper receipt of raw materials, components and equipment according to our requirements.

We are aligned with the development of the new models of towers and flanges that are more versatile, efficient, economical and easy to develop, transport and assemble. This year we have reinforced our commitment to our customers by designing new towers with lower weight and, thus, lower costs, without compromising their resistance that will allow the construction of more modern wind farms with less impact. Among them, we highlight the following:

- Started in 2018, we continue with the Forestalia project as the company awarded a large part of the future parks of the Government of Aragon, where this year we have delivered 220 new towers of 85m high and three sections. The factories of Turkey, Galicia and Seville participated in the project.
- Thanks to the success of the first project, Enercon reconfirmed its confidence in GRI by granting a second and important project where we delivered 49 towers of 131 meters high, manufactured in Brazil. Likewise, we started a new project for Sweden for the year 2020.
- In Seville, upcoming manufacture of the first 125-meter-high offshore tower for Vestas, the world's largest OEM.

  Also with Vestas, three new towers designs were defined for manufacture in 2020, where we achieved an 8.5% reduction in weight, also to designing 14 new prototypes to be built in all our factories. Likewise, the homologation process for the new client MHI Vestas is being completed for the supply of towers in two new projects.
- GRI Towers Sevilla has new orders from GE for their projects in USA.

Regarding the flanges production, it has put in operation from successful way the new rolling line at GRI Flanges Iraeta, started in 2018, with an investment of 16 million euros. This will allow us to go one step back in the supply chain, manufacturing the steel bars directly. Also, the approval of a new welded flange for offshore projects for Siemens Gamesa and GE are in their final phase.

Finally, it is highlighted the manufacture and deliver of the first forged flange with more than 15 meters of diameter in China factories, the biggest forged flange manufactured ever made.

New rolling mill at GRI Flanges Iraeta

The rolling mill is now fully operational and is able to produce steel bars in multiple sizes, perfectly adapting to the needs of the plant and which is primarily used to manufacture flanges for onshore and offshore wind towers.

During the process, the raw material is heated in the furnace (at about 1250°C) and then compressed/rolled in a roller box, where it is given its final format, square or rectangular bar.

The installation, and its product, has been the object of audits and qualifications in conformity with the APQP4Wind platform with customers such as: VESTAS, SIEMENS GAMESA, GE, OERSTED, MVOW, etc. In addition, it is certified under the standards ISO9001, ISO14001 and EN10025 + CE MARKING.

Innovation in processes

At GRI Renewable Industries we believe that technological investments and continuous improvement through innovation are part of our culture and bring us significant benefits, including quality as excellence, worker safety and better control of results (data collection, analysis and management).

Likewise, these projects have managed to generate significant savings through improvements in processes and reductions of the consumption of raw materials, natural resources and the generation of waste, emissions and spills, thus contributing to the circular economy.

The initiatives undertaken fall into two different categories: on the one hand, improvements in production processes and, on the other, digitalisation and Industry 4.0 projects. Below we summarise some examples:

Improvements in processes

For GRI, adapting to customer needs is a priority. A clear example are the various changes made in Brazil to adjust to the **new production and design requirements** for the towers of the Enercon project, which made it possible to significantly optimize the processes.

Projects focused on efficiency, improvement of safety and working conditions, quality and minimization of resources, among others, are being developed in different factories.

A system was developed to monitor and control boiler-making **consumables** (welding, painting, etc.), which includes the training of operators in their correct use and proper recording. In the facilities where the system was implemented, a 10% saving in consumables was observed with respect to the previous year.

We have improved the **logistics** process. In some facilities, the management of the finished sections under the existing distribution was very long and complex. For this reason, a project was drawn up for the redistribution and reorganisation of the sections in stock, which allowed for a significant reduction in times and the minimisation of worker exposure risks.

The flange **painting** process, as it was set up, required a significant amount of paper and working time to cover parts of the flange. Polyamide templates were designed to cover the surface of the flange quickly and efficiently by using magnets. This implies a notable reduction in painting times and paper use, thus avoiding the management of this waste.

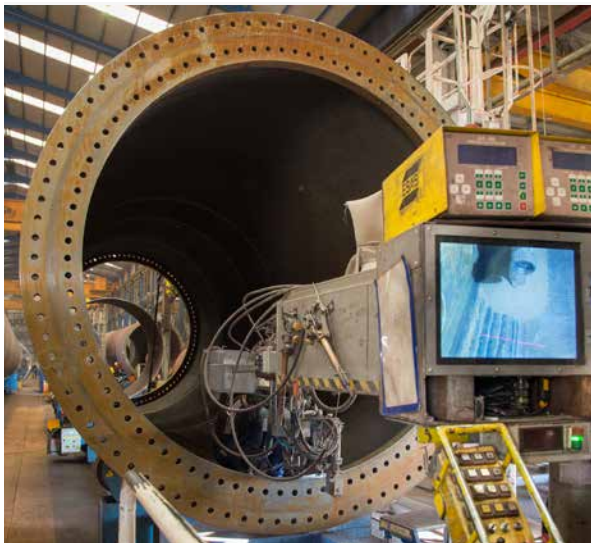
With regard to air conditioning, another of the upgrades made to the facilities was the total enclosure of the **boiler-making** area. This allows a significant improvement in comfort for workers and significant energy savings in air conditioning.

Minimizing **waste** is also a priority. We have made a pilot project where, with a simple adaptation to the machines, it is possible to replace the 100kg consumable containers with others of 1000kg. This initiative significantly reduced packaging and waste management costs, and increased efficiency in the use of raw materials.

To improve productivity and reduce power consumption, several adjustments were made to the plasma cutting machine to balance the use of oxyfuel, reducing manual **bevelling**. Depending on thickness, application of the manual passes on the bevels for an adequate finish varies. If there is a greater thickness, the process time increases significantly. Therefore, this improvement results in a reduction of the time and the surface area of operation, improving productivity by around 20% and electricity consumption by 50%.

A pilot project based on the modification of the joint profile on the flange bevels has been developed. The new design significantly reduces the welding space and, therefore, the welding consumables, improving the quality of the finishes. It is estimated that there will be a reduction of around 35% in welding wire. An additional time reduction of 20% was made in some factories by reducing the thickness of the welding wire.

To improve the working environment, the **flux dust** collection and filtering system was modified from the previous open design with diffuse emissions to a closed recirculation model, resulting in a cleaner working environment without emissions.



Digitalization and Industry 4.0

In 2019 we continue to be immersed in the **Industry 4.0** project and in the **digitalization** of the manufacturing process in all its phases.

These actions allow us to improve standardization, to be more flexible and to adapt to customer requirements in a personalized manner, shortening design, manufacturing and sales cycles, through faster and more efficient production series, with less environmental impact. In this area, the advances made at the innovation centre in Turkey are noteworthy, as summarised below.

The **"MES" project** was designed to integrate and digitize all the information about the processes from multiple channels and variables; exploit it, optimize it and perform ¨Big Data¨ analysis in real time.

The **"Camera Assisted Fit Up"** project which, through a system with a camera, laser, and a projector, simplifies the joining of the ferrules by observing the joining points in detail, improving precision and time.

The **"Counter Flow & Re-works - VT"** pilot is being developed, where the material and the weld are inspected using a laser and 2D and 3D cameras that detect millimetre defects. This allows for a more precise identification of defects during the initial inspection process and their automatic marking with an ink mark, with the consequent savings in time and raw materials.

Another problem identified in the initial phase of the process is caused by dirt from the received steel sheets. Therefore, a new installation has been designed to clean these sheets by sandblasting (**wisebrush**) to remove the dirt. This improvement also allows to visually detect possible failures from the beginning of the process and to improve the working environment of the operators.

Welding is one of the key processes at GRI Renewable Industries and this is why we are involved in several improvement projects. The implementation of a new laser stands out, which makes it possible to mark the exact welding point of the internal parts of the tower, optimizing and reducing time, the margin of error and improving the working environment.

Through the **WWS** program we are able to improve monitoring, control and error detection in the circular welding process. This initiative allows us to store all records, which improves the detection of possible errors and the high quality of the finishes. It should be noted that the automatic machine for welding interiors on cylindrical surfaces has already been implemented with great success in 100% of the tower factories.

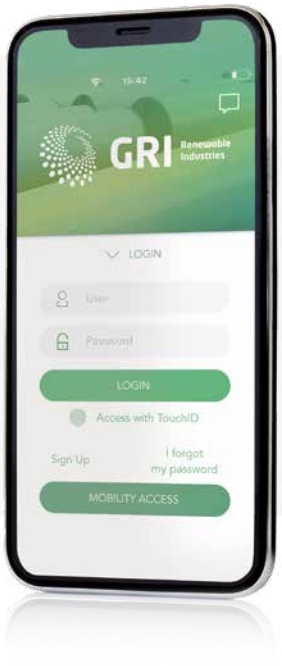
In order to enhance the automatic welding of the door frame, the **"Cartesian CNC"** project allows us to improve and adapt the machine used in the cutting and welding process of the door frames of a wind tower. Among its advantages are the optimization of operation times, finishes and safety conditions, thus reducing risks in the working environment.

With regard to the **painting** process, a project was developed to automate the interior painting process (the exterior process is already automatic). This results in significant savings on raw materials by significantly reducing paint consumption (between 15-18%), a more homogeneous paint distribution on the surface and minimizes the risks of worker exposure.

Also, due to its adverse conditions (heat, dirt, etc.) the manual process of internal **blasting** is a logical area for improvement. A new design allows us to automate the process, increase its efficiency, improve the quality of the finishes and reduce the effort required to complete the entire section. This is all done in a cleaner industrial environment with numerous direct and indirect benefits for both maintenance work and human health.

Significant improvements are also being made at the Corporate level, including the **"Standardization Project"** which aims to unify general documentation and processes, including welding processes in collaboration with the IT department.

Ultimately, process improvements allow us to improve product quality, delivery times and control of the supply chain, along with some product improvements that allow us to reduce weight and the total landed cost, as, by reducing raw materials, we contribute to the optimization of customer coverage.



GRI Renewable Industries App

GRI Renewable Industries is constantly engaged in the digitalization process, which is transferred and applied to its business model and focuses on providing employees with the best tools to conduct their work.

When the GRI 4.0 Intranet was rolled out, the "GRI Renewable Industries App" was launched. Available on both Android and iOS devices, it provides easy access to all personal content and improves connections with colleagues at any time and from anywhere.

Cultural Change & Digital WorkPlace 2019-2021

"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.

It is a process that demands an important management of the cultural change of the whole company, in a collaborative environment that allows to approach successfully this challenge of incorporating the new digital technologies, but another piece of an ambitious project throughout the company in these 3 areas:

- **Digital Competences:** increase digital competences, knowledge and skills to adapt to a constantly changing market and environment.
- **Digital Workplace:** define how new technologies may improve the way of working in all aspects.
- **Digital Experience:** boost digital agility in all work aspects.

The main change derives from the integration of Outlook, OneDrive and SharePoint tools in the Office 365 platform. The project is aligned with SDG 9 and our innovation and digitalization strategies.

It's been implemented based in two approaches:

On the one hand, transfer all the information to the new platforms, where:

- Migration of all the information hosted in the document manager into the new SharePoint platform, updating admin profiles and adapting the access to each group to the new available profile options.
- Each user migrated its personal information into OneDrive.

On the other hand, all employees were encouraged and trained to use this new technology. To this effect, a thorough implementation and training program was developed, including a number of initiatives and training materials, enabling to conclude with great success the first stage of the DWP adoption project. The main milestones are shown below:

"Digital Champion" campaign

The implementation of the project began in March with the "Digital Champion" campaign. This aims to identify collaborators in each area and country where the company is present; based on an active, open, constructive, and motivated profile of employees who do not fear technology.

Once identified these profiles, it was formed a group of more than 50 Digital Champions spread through all the countries in which Gonvarri is present. This group became a very active asset of the project, playing a key role of functional support and assistance to final users during the transition process.

The group received specific training to provide them with the necessary knowledge and tools to enable the identification and problem resolution, feedback compilation on the identification of the main resistance to change.

With the support of these team of Champions, the following training stage in the usage of DWP tools began. To this effect, a number of activities were developed, to mention some.

Workshops in offices and factories

A series of workshops were designed and developed in offices and factories between April and December aiming to motivate and train employees in a fun, easy and comfortable way. 2019 workshops were held in our offices in Madrid and factories of Galicia, Seville, Texas, Argentina and Brazil. In 2020 the rest of the factories will be visited.

All of them consisted in an introductory speech explaining the corporate history in the adoption and technological evolution processes and the development of playful dynamics on DWP. Afterwards, attendees took part in a tour with five experiences based in the five pillars of the project: Collaboration, Innovation, Efficiency, Commitment and Cloud.

- Organized in groups by departments they discovered the voice-interaction technology and the different concepts and features of the DWP at the **Innovation stand**;
- They made suggestions of the features they would like to find with regard to the new digital tools at the **Efficiency stand**;
- They experienced the coedition at the **Collaboration stand**;
- They took selfies and learnt about the new features of the mobile App at the **Commitment stand**.
- And they addressed the new Intranet and the vision "Work anytime, anywhere" at the **Cloud stand**.

Digital Workplace Day 2019 Madrid
April 23, 24 and 25

Digital Workplace Day 2019 Argentina
September 18

Digital Workplace Day 2019 Madrid
October 2nd

Digital Workplace Day 2019 GRI Brasil
October 9

Digital Workplace Day 2019 GRI Towers Texas
October 23

Digital Workplace Day 2019 Sevilla
November 7

Digital Workplace Day 2019 Galicia
November 11

+500
Nº of attendees to the Workshops

+500
Nº participants in the webinars

8
Nº of training hours per person / Audiovisual Materials (all languages)

3,200
Nº of video displays

Digital Champion
65
Nº Champions

5
Nº of training hours per person Presential

Training

On site: developed by experts during the different stages of the project, aimed at different target (managers, champions, employees, and so on). They were shown and explained the use of the tools and had the chance to actively test them.

Online training - webinars: online live training for multiple groups of employees. This training consisted of a brief description of the tools an its advantages, as well as a detailed description of its usage and a wide range of possibilities they offer.

Videos: Videos presenting and summarizing DWP project.

Videos - píldoras formativas: short videos in the shape of case studies to explain specific aspects and advantages of the new tools.

GRI Academy: platform that offers training of the different tools of the Digital WorkPlace, its features, benefits, tips, etc.

Digital Workplace Hub

The Digital Workplace Hub is a SharePoint site That gathers all the information with regard to the DWB project. There all employees can access to DWP training materials, FAQs documents, webinars, training courses hosted in GRI Academy, tips, calendars, the Digital Champions network, feedback, and so on.

Various

Referential training guides for Outlook, OneDrive and SharePoint: these materials include manuals that cover all the usage instructions and the different functionalities of Office 365 tools in a very simple and graphic way.

Frequent asked questions (FAQs): documents that gather the most common queries about these tools, general tips regarding their usage and questions that other colleagues have made which are every bit as useful.

Tips for the tools: Tips to get the most out of the Outlook, OneDrive, SharePoint and Office Suite tools.

Satisfaction Survey: Surveys to know the opinion off the employees about the materials and actions performed.

Supply Chain

Management of Supply Chain

102-9

GRI Renewable Industries´ suppliers are an indispensable asset within the value chain, both for their importance in project planning and for the company's cost competitiveness.

Therefore, our purchasing model aims to have the best suppliers, managed through procedures that ensure transparency, fair conditions, respect for human rights and long-term relationships.

Purchase management is centralized in the corporative "Supply Chain" division, which integrates the following areas:

Procurement

This is the first link in the chain. It is their role to ensure that suppliers are compliant in time and form, meet deadlines, monitor costs (based on previous planning) and encourage the use of the latest technologies to optimise supply chain management.

In each project they establish continuous and fluid communication and manage the risks until the reception of the material in the plant.

To comply with these requirements, meetings are held and monitoring templates are shared, to facilitate the identification and minimization of risks.

Purchases

We differentiate purchases into two types based on their characteristics: direct and indirect. In both groups it is essential to meticulously follow our purchase procedures which are based on the parameters of the group´s general purchasing conditions. These conditions safeguard us in the service we provide and in the most significant measures linked to our responsibility to sustainability.

Direct Puechases

All these purchases are strategic and therefore managed from the corporate headquarters in Madrid. In all business lines there is a wide range of product families.

Steel, in terms of volume and cost, is our main raw material. For this reason, we only work with suppliers which are adequately calibrated in the market and that contribute a differential value to GRI.

As steel processors, we are very proud of our strategic relations that tie us to other steel providers, by dedicating a great deal of effort to ensure that these relations are long-term and present a competitive advantage to both parties.

Apart from steel, other products fundamental for our competitiveness stand out, such as: internal tower parts, doorframes, flanges, etc. for which we seek global and strategic partnerships.

Indirect Purchases

For purchases related to investments, supplies and services there is a selection process based on service quality criteria, market positioning, competitive advantage and risk prevention.

Depending on the nature of the purchase, especially the synergy and reiteration of the same at a global level, these purchases are managed from the corporate or from the plants at a local level. That said, there is always monitoring of these purchases to ensure that they are executed under the group's procedures/standards and to identify new synergies and/or opportunities for improvement.

We seek to develop relations with suppliers to assure that the company has a cost and service advantage over its competitors, and at the same time to build a creditworthy and fruitful business for the supplier.

Supplier quality

This is done at both the corporate level and at each of the plants. The department is responsible for the certification/auditing of suppliers, complaint management and remedial action development, which allow us to ensure that products and their providers live up to the Group´s standards.

To reinforce these issues, reduce complaints and align our suppliers with group standards we deployed numerous initiatives. We should mention the new "Online Supplier Portal", developed in collaboration with the company "FullStep pro" which is integrated into SAP.

This new platform allows for immediate registration and access to each supplier's portal, where they update their information and certificates. The homologation requirements are defined and adapted to the different categories of materials / services and supplies that are provided, categorizing as critical or non-critical. At all times, suppliers are informed on their current status, for instance: certification nearing expiration, documentation pending, additional data to be provided, valuation, etc; or even on the non-conformities they have.

The homologation requires that 100% of the suppliers provide certain data and evidence, which we believe guarantees that we can choose the best suppliers in the market. This information includes, among others, aspects of sustainability, ethics and compliance, human rights, availability of environmental, quality and safety and health certificates, absence of conflicting minerals, Reach compliance, etc.

In addition, in accordance with the procedure for "Control of suppliers for processes, products and services", for the suppliers of subjects considered "critical", an onsite audit is carried out that verifies conformity on the requested matters as well as a "First Piece Qualification" (FPQ) inspection focused on the product.

The final evaluation of the suppliers includes and weighs the result and the degree of conformity of all these requirements, and depending on their result and classification, different measures are established.

For those with lower ratings, action and improvement plans are defined, monitoring tasks and plans are drawn up in order to make them reach the good or excellent category.

All suppliers, once approved, are periodically evaluated each semester as a control mechanism to maintain their classification.

With regard to audits and inspections, these are always repeated whenever any incident occurs, a new product is required, any change is made to the process or any other cause that calls for their repetition.

It should be noted that some customers, among their contractual conditions, establish which suppliers and materials are to be used for the towers, which, in these cases, substantially limits our decision-making capacity. Similarly, in order to create local value, in some countries we find suppliers with whom we work closely, with which we increase control measures in order to minimise any risk, and with which we define action and improvement plans in order to improve their results in the assessment.

Evaluated suppliers

In 2019, work has been done on the implementation and use of the new portal web as a tool for the control of the approved suppliers. Therefore, it has been contacted all the Group's suppliers, providing them with information and support so they can register, as well as uploading all the documentation required for the approval, depending on the type of the material they supply or the services they provide.

A total of 232 suppliers were registered of which: 51 are classified as fully reliable, 45 are considered of minimal risk and 61 as medium risk.

The remaining suppliers are in the process of completing registration. The continuous improvement in the qualification of suppliers to achieve the maximum score is a milestone that the SQA area is pursuing day after day.

In addition to the evaluation, 15 "in-situ" audits, both for products and processes, were conducted by the purchase teams from the Plants and Corporate (308-1 and 414-1).

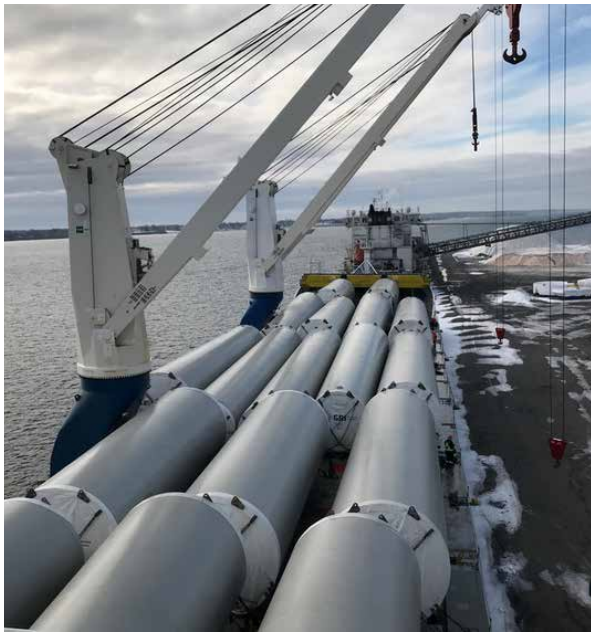
No operations or suppliers with significant risk of child labor cases have been identified (408-1).

Logistic

This department focuses on the reduction of transportation costs (for acquired goods, as well as for the finished product); thereby improving service and creating competitive advantage over competitors in the sector.

Within the multiple transports carried out, it is worth mentioning that in 2019, 9 complete ships were chartered, with 270 sections and 16,000 tons of finished product.

Additionally, this department centralizes all information related to tariffs and taxes associated with the movement of goods, which is of increasing relevance.



Expenditure in local suppliers

204-1

GRI Renewable Industries contribute to the development and generation of wealth in the communities of the countries in which we are present through expenditure in local providers.

No negative social impacts have been detected in the supply chain, therefore no measures to eliminate/mitigate these effects were necessary (308-2 and 414-2).

In 2019, supplier spending reached 594,464,938 euros, 74% of which corresponds to local agents.

	EXPENDITURE IN LOCAL SUPPLIERS		
	Total supplier's expenses	Local supplier's expenses	Local supplier´s %
Brazil	92,971,922	88,246,692	95
Spain	173,092,723	40,670,878	23
India	15,755,160	13,886,163	88
Turkey	45,442,146	40,947,487	90
USA	54,733,369	50,331,406	92
South Africa	27,153,717	20,937,655	77
China	185,315,901	185,315,901	100
TOTAL	**594,464,938**	**440,336,183**	**74**

Main achievements in 2019

Within the numerous goals achieved in 2019, these are the most relevant:

In the **Purchases** and **Procurement** area:

- Acquisition of machinery and construction works for the extension of the plant in Turkey achieving a manufacturing capacity of 320 towers.
- Acquisition and commissioning of a new standardization furnace at GRI Flanges Iraeta that will reduce gas consumption as well as improve the process.
- Management of suppliers for the development of new clients in the portfolio. (Enercon, POMA...) in GRI Brazil and GRI Galicia.
- Monitoring and management with suppliers for the manufacture of the first Off-Shore project in GRI Towers Sevilla.

In the Suppliers **quality**:

- Implementation of the new "Full Step" tool, to follow up on all suppliers in the group's portfolio. Use of this tool as a single database for the management of approved suppliers, transferring the information previously managed by other means to the new platform.

SOCIAL DIMENSION

At GRI Renewable Industries, having a strategy that allows us to have excellently trained and motivated professionals is a key aspect in order to grow as a competitive, solid and sustainable company. All this integrating Health and Safety in all levels of the company, with the true preventive culture in a safe working environment.

Therefore, we support local development in the areas where we are present through social action, the payment of local taxes and local employment, among others.

Worldwide presence ▶

4,140 own employees and
597 external employees

◀ Contracts

99% full time contract
92% permanent contract

Growth ▶

873 hires and **663** leaves

◀ Health and Safety

IPRL and **ISO 45001**

Social action ▶

Corporate and local

People

Management focus

103-1, 103-2 AND 103-3

At GRI Renewable Industries, having a strategy that allows us to have excellently trained and motivated professionals is a key aspect in order to grow as a competitive, solid and sustainable company, since the development and future of a company is largely dependent on the commitment and work of its team. For this reason, the Human Resources department ensures to guarantee stable and quality employment, with growth and promotion opportunities for our employees.

Workforce

102-8 AND 405-1

In 2019, the workforce of GRI Renewable Industries comprised of 4,140 own professionals and 597 external collaborators, with a total of 4,737 employees.

In comparison with the previous year, the global workforce has increased by 21%, mainly derived from the incorporation of the factories of GRI Calviño Towers Argentina, GRI Towers India II and GRI Flanges China IV into the scope of the report

Own professionals:

With a total of 4,140 own employees.

The distribution of our (direct) professionals by country and age is shown next. Annex 3: Table 1 includes the breakdown of staff by country, gender and age.

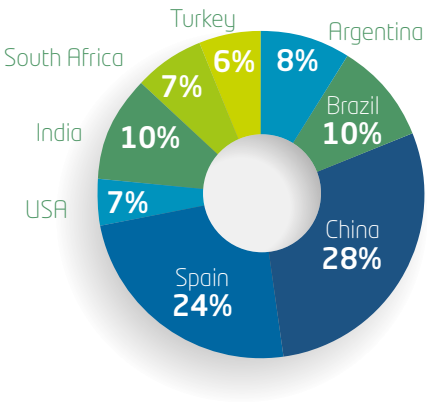
	PERSONNEL BY GENDER AND COUNTRY		
	MEN	MUJER	TOTAL
Argentina	328	24	352
Brazil	352	58	410
China	944	214	1,158
Spain	862	113	975
USA	259	22	281
India	437	0	437
South Africa	264	29	293
Turkey	228	6	234
TOTAL	**3,674**	**466**	**4,140**

External professionals:

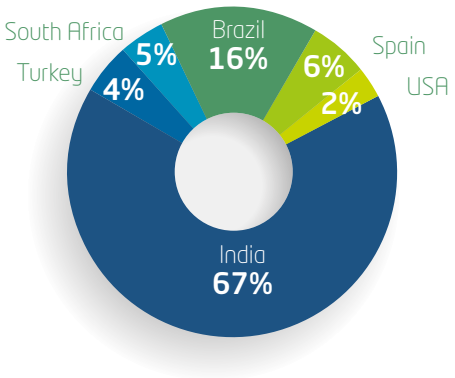
Regarding indirect employees, the number of employees is 597: 409 subcontractors and 188 TTE´s. In annex 3: table 2, their detailed distribution by country, gender and type is shown.

	EXTERNAL PROFESSIONALS	
	Subcontractors	TTE´s
Men	382	171
Women	27	17
TOTAL	**409**	**188**

Distribution of own employees by country



Distribution of external employees by country



Job stability

102-8

Job stability is a priority for GRI Renewable Industries. After a very complex 2018, in 2019 all our factories have been in operation, which has allowed us to increase the workforce and maintain stable employment.

As shown in its distribution, almost 99% of employees have a full-time contract, and 92% have an permanent contract. Annex 3: Table 3 shows the detailed distribution by country, gender and type and duration of contract.

	KIND OF CONTRACT		
	PERMANENT	TEMPORARY	SCHOLARSHIP
Men	3,377	283	14
Women	427	27	12
	3,804	**310**	**26**

	CONTRACT DURATION	
	FULL-TIME	PART-TIME
Men	3,657	17
Women	450	16
	4,107	**33**

National and international mobility is at present a key element for GRI Renewable Industries. Mobility is a great opportunity for our professionals to develop their potential in new areas and countries, acquiring new competences, experience and skills.

Distribution by kind of contract

Turnover

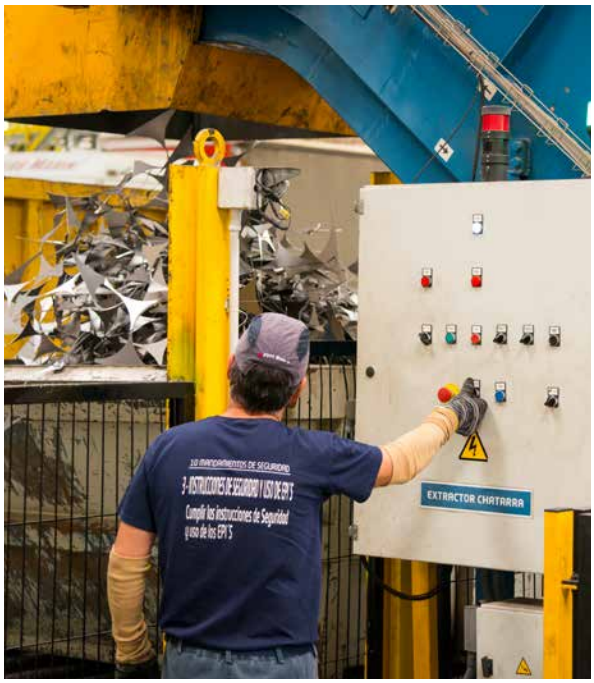
401-1

In 2019, a total of 873 new hiring's were made (773 male and 100 female), mostly in Spain (26%) and China (25%).

Likewise, a total of 663 leaves (591 male and 72 female), primarily in Spain (31%) and USA (21%). These leaves are 28% due to dismissal and 72% voluntary.

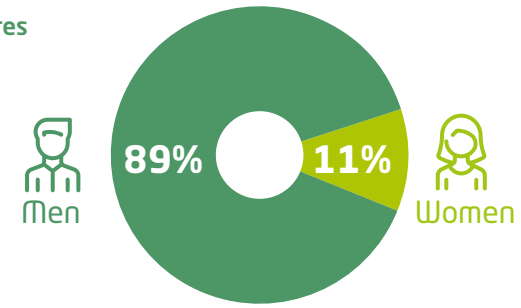
In terms of the total workforce, this year shows an average turnover of 16% (by gender: 16% men and 15% women).

Annex 3: Table 4, shows the distribution of new hires and leaving by country, gender, age and category.



	HIRES AND LEAVES		
	Men	Women	TOTAL
TOTAL HIRES	**773**	**100**	**873**
Dismissal leaving	169	17	186
Voluntary leaving	422	55	477
TOTAL LEAVES	**591**	**72**	**663**

Hires



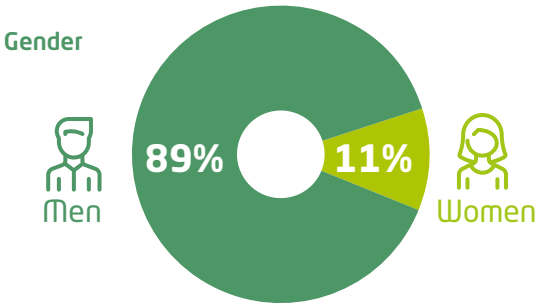
Employment conditions

Diversity and Equality

405-1

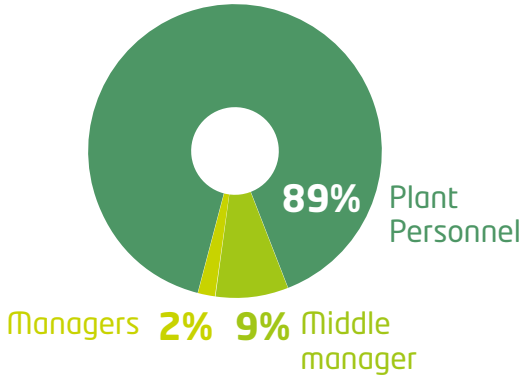
At an international company such as GRI Renewable Industries, having a diversity of people with different perspectives, from different origins and different working models prevails, as they bring a great competitive advantage to the company. Diversity in the workforce is important in order to innovate, to make big changes and to continue offering new business opportunities.

As to the **distribution by gender**, 89% are men and 11% are women.



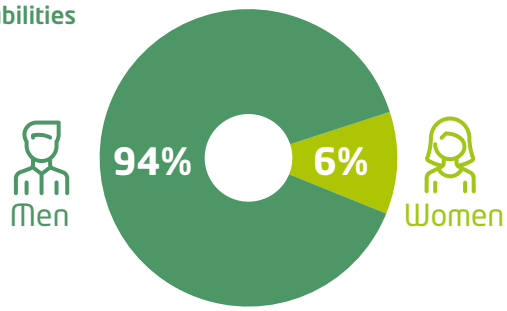
Below, its shows the workforce by category and by gender.

PROFESSIONAL CATEGORY AND GENDER		
	Men	Women
Director	75	8
Middle manager	294	67
Plant Personnel	3,305	391
	3,674	466



At GRI Renewable Industries 97% of the staff (97% male and 95% female) holds the **local nationality** status, thus fostering social development in the communities we have a presence in.

Regarding employees with **disabilities**, we have 34 employees (32 men and 4 woman) located in Spain (35%), Brazil (32%), Turkey (24%) and South Africa (9%).



In GRI Renewable Industries, we develop different initiatives and maintain a fluid collaboration with the Special Employment Centres, such as: purchasing fresh fruit every Monday, renting rooms for different events, etc. This also allows us to contribute to the integration of people with different abilities and/or at risk of social exclusion.

We continue with the project "Supply Personal Protective Equipment (PPE)" through vending machines that allow for the simple and automatic delivery of the necessary work material (protective gloves, safety glasses, helmets, ...). This system allows us to work with a single supplier/distributor and delegate the part of adjusting the "packaging" and logistics to staff from special work centres, which is how we contribute to this collective.

The project started in Spain and is in the launch phase in the plants in South Africa and the USA. In Brazil, a machine model has been implemented that records deliveries, in accordance with the country's legal requirements.

Maternity/Paternity

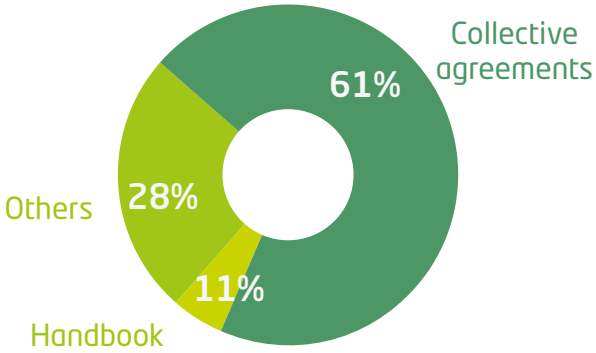
401-3

As for paternity and maternity leave, 55 men took the paternity leave, of whom 98% resumed their job. As to women, of the 19 leaves, 95% have resumed their jobs. Meanwhile 78% of men and 90% of women remain at the company after taking paternity/maternity leave in 2018.

Freedom of association

102-41

In GRI Renewable Industries 61% of the employees at GRI Renewable Industries are covered by sectoral collective agreements or similar agreements, and 11% are protected by a "Handbook", stipulating employment conditions, rules of conduct, salaries, social benefits, etc. The remaining 28% corresponds to the employees located in China, which have agreements or similar structures in compliance with provisions defined and regulated by the Ministry of Work and its applicable legislation.



No significant centres and suppliers have been detected where freedom of association and the right to collective bargaining may be infringed or threatened in the operating facilities.

Work-life balance

At GRI Renewable Industries, the work-life balance is one of the most highly valued factors.

For this reason, we have flexible work entry and exit times in our offices. This is more complex in the plants, however, as work is organized in shifts based on the customer requirements, so we strive to offer individual flexibility to those workers whose circumstances require so.

Attraction, development and talent retention

Internal Promotion

At GRI Renewable Industries, we believe that internal promotion means talent recognition and commitment to professional development within the company.

Generally, when a vacancy is to be filled, the most closely aligned profiles are sought within the workforce. For this purpose, when an internal vacancy arises, the most suitable profiles within the staff are sought. For this purpose, there is a system of internal publication of open positions ("Job Posting") that allows employees to apply for those internal opportunities that they consider a professional development opportunity within the company.

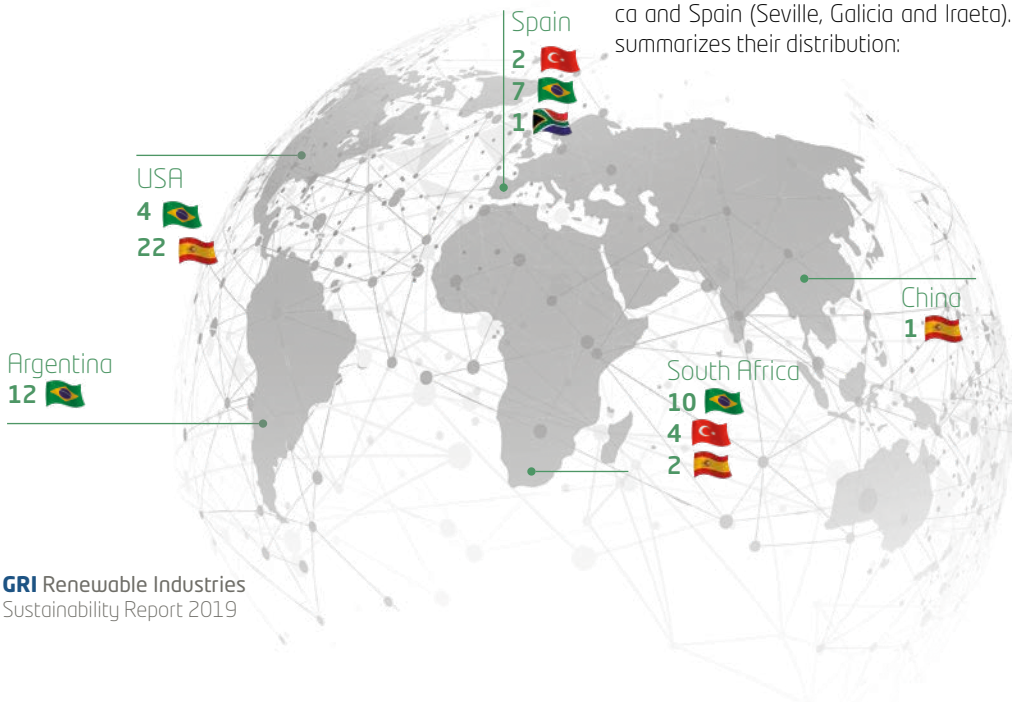
In total, it has been published 6 vacancy through Job posting, which 3 of them were covered internally and the other 3 externally, it has been closed 16 selection processes and 3 direct promotion in the corporate area.

Regarding the organizational changes, a monthly periodic is sent via email to all employees summarizing the main hires and leaves occurred during the reference month, introducing the new responsible in each position.

Additionally, vacancies in other countries as expatriates are offered. This allows our professionals to develop their career in different directions and to gain new experience, while covering these positions.

Short-term deployments are also offered, for shorter periods in "start-up teams". When a new plant starts operation, or an already operational plant is challenged by a change in production, customer, product issues..., this requires the support of personnel from other plants that are more familiar with the process, in order to pass on their know-how, experience, culture, methodology and working methods to the to the local employees.

In 2019, a total of 100 employees were employed temporarily or Permanently at other GRI Renewable Industries plants. The main emission plants have been Turkey, Brazil and Galicia and the main receiving plants have been USA, South Africa and Spain (Seville, Galicia and Iraeta). The attached map summarizes their distribution:



Evaluation process

404-3

In 2019 there were several changes at the company, among other, a change in the management of Corporate HR. This change has derived in the strategic revision, that affected to some projects started during last year.

For that reason, the performance assessment is no longer operational, preparing its adaptation to a centralized system on the "ETWeb" platform, aligned with other divisions in the group. The system allows the professionals to have information about their annual goals, to do a follow up of them and to know the degree of compliance through the performance assessment and competencies.

In 2020 this system will be into operation.

School Day Off

In June it held the School Day Off in which GRI Renewable industries employees and their sons took part. In this occasion, boys and girls had the chance to enjoy and have fun with several activities like Karts, Scalextric or water games.

Also, children went to look for their parents at their jobs, to find out where they work and invite them to do an activity together.

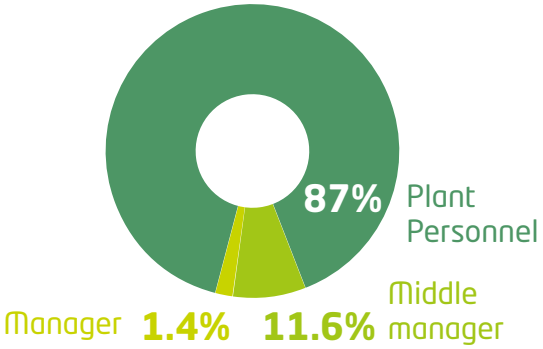
Training and professional development

404-1

At GRI Renewable Industries, we take the development of the abilities and skills of our employees very seriously.

Each year, each plant analyses the training needs of its workers and a training plan is drawn up "ad hoc" to the requirements of each plant, in which new employees are integrated. The plan includes not only language training, but also specific training in health and safety, compliance, competences, etc., as well as technical training focused on professionals from the different plants.

In 2019 a total of 42,922 hours was trained. This is an average of 10.4 hours per employee (11 hours male and 7 hours female). Annex 3: Table 4 shows the distribution of training hours by country, gender and category.



In this context, the "Onboarding Training" stands out. When a new employee enters the company, an obligatory requirement is that they receive onboarding training. This may vary between office and plant workers, both in duration and in contents, depending on the business activity of each plant.

For staff that work in the central offices, this training has a minimal duration of 20 hours and includes the following stages:

I. Meeting with the HR team with the aim of introducing the company in general terms: ACEK Group; GRI History; GRI Business Lines; GRI Production Processes; GRI Organizational Structure; GRI corporate office employees.

II. Meeting with the different Corporate departments. The role and scope of each department is explained, with special emphasis on issues directly linked to the position to be occupied by the new employee.

III. Depending on the position, a visit to a plant to get to know the production process in situ.

We offer "**Outplacement**" training service to employees who leave the company. It aims to support this group for their reintegration into the labour market and includes various services such as psychological support, training, etc. (404-2).

Within the initiatives carried out in the training matter, the following programs can be highlighted:

Language training

In 2017 a study was carried out to assess the level of English among employees and the requirements of their jobs, with the aim of designing personalized English classes for improvement and subsequent (voluntary) certification under international standards.

The system became operational in 2018. To make the system more flexible, it is run on a mixed platform embedded in the intranet, with the support of face-to-face and telephone classes. In Spain, this same platform is used to provide Spanish language training to the various employees transferred to other Group companies.

In 2019 some improvements were made, providing more flexibility in online classes, including the option for telephone English. In addition, new languages such as Portuguese and German have been included.

GRI Academy: New way to learn and improve

In Jun 2019, GRI Academy Platform was launched in Madrid, gradually extending to the rest of the factories and countries. Academy is orientated to offer online information to all employees at the company. Thank to that, now there are more of 750 people registered which have completed more than 565 hours of training.

This new multi-language platform has available courses adapted to all training profiles:

- Management team
- Supervisor/ Plant
- Collaborator/Plant
- Sales Team
- Talent
- New Employees
- Start Team

According to the category, position an improvement aspects, GRI Academy offers the possibility of accessing courses and itineraries, which can be of three types:

- Obligatory: for all the people who are members of the company
- Important: associated with each training profile
- Recommended: open for voluntary work.

In addition, it has a Knowledge Center where the documentation regarding different processes, business lines and products of the company is gathered.

Predictive Index (PI)

Among the initiatives to improve talent management, the sessions within the "Predictive Index" project stand out. This is a methodology designed to help understand the factors that naturally move the behavior of our employees, at all levels and categories, thus helping to improve team cohesion.

Most of the information is available on an intuitive and easy-to-use online platform, available in real time from any device.

In 2019, the sales and supply chain teams took part in this initiative. The sessions were held at the facilities of the Juan XXIII Roncalli Foundation.

Health and Safety Training: Metal Convention

For the period 2018-21, a training plan was launched based on the provisions of the Metalworkers' Agreement, which will allow the homogenisation of training for all workers in the sector. This plan establishes the guidelines for training by job and task, aiming to cover all personnel within a period of 3 years. The chapter on Health and Safety details this information.

Lastly, it should be noted that the project to improve technical knowledge "Structuralia" and the skills project "7 Habits" are in the process of being re-evaluated.

VII HR Meeting Edition

On November 12th and 13th, the VII annual HR meeting was held in which representatives of Human Resources teams of GRI Renewable Industries in all factories, as well as corporate managers, have been defining the challenges to face in the coming years.

They worked on the latest developments that have been launched from the Corporate area to meet the needs of our plants, focusing on Development and Training as fundamental building blocks for the growth of our teams.

Added to the previous challenges, they were determined to reach the Space with the help of Conkistadores, in their particular Space Race. They built the ships, deciphered the hidden messages coming from other planets, and ultimately, passed the test as a team working towards a common goal, to be drivers of change.

Subsequently, they all worked together on the first Learning Day of GRI with the guidance of TAK, Esperta, Bizpills and Speexx, transforming their vision of learning.

They also had the assistance of Solutia and Sergi Riau on how to run management and other key aspects of absenteeism.

Finally André Aparicio; presented the key points of the strategic plan, focusing on the commitment to innovation as the central component for the development of new products and businesses.

Health and Social Benefits

201-3 AND 401-2

Social Benefits

The social benefits that the company offers are diverse as they are adjusted to the customs of each country. Their distribution is given below:

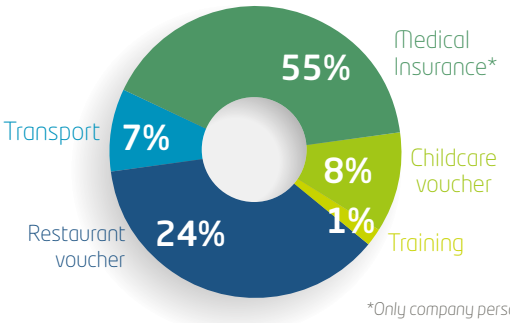
Argentina: included partial health insurance (not apply for all employees) and a canteen service

Brazil: includes life and disability insurance, health insurance, cafeteria or dining services, as well as transportation service or assistance. It also has agreements with pharmacies and other locations.

Spain: includes life and disability insurance. Likewise, GRI Casting Zestoa and GRI Flanges Iraeta, these plans are a mandatory requirement of the Metal Sector Collective Agreement Guipúzcoa which regulates both plants.

In addiction, the Flexible Payment Plan, which offers employees various services within the remuneration package, such as transportation tickets, day-care and food vouchers, etc., which subsequently allows them to benefit from tax breaks.

In 2019, the PRF was solicited by employees with the following distribution:



*Only company personnel are included, not their family members.

USA: includes life and disability insurance and medical insurance, as well as assistance to the retirement plan where the company contributes most and the employee only 3%.

India: includes life and disability insurance, health insurance, cafeteria or dining services, as well as pension plan assistance and retirement plan assistance, for employees who have been working in the factory for more than five years. In addition, women in India II have a longer period of maternity leave than legally required.

South Africa: includes disability insurance, pension plan assistance and retirement plan, where contributions are made equally by the company and the employee.

Turkey: includes medical insurance, life and disability insurance, cafeteria or dining services, as well as transportation service or assistance.

Other local benefits:

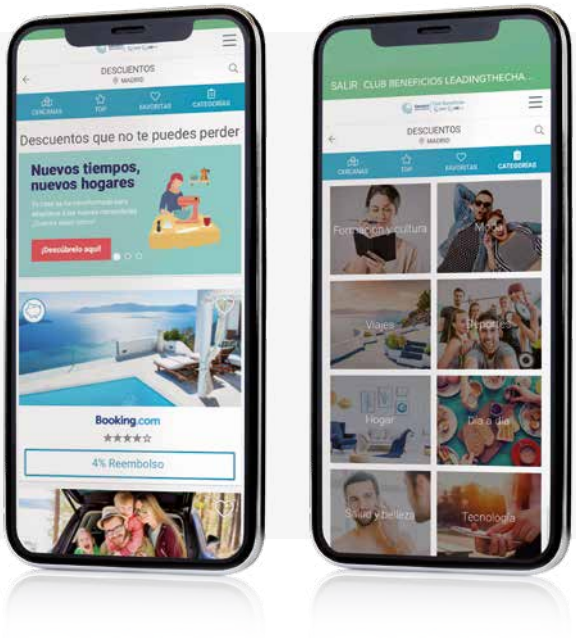
GRI Towers Turkey, according to local customs of the country, gives to the its employee: at the begging of the month of Ramadan a box of food, also at the end of the year to celebrate the new year another box of food is given, at the begging of religious holidays a box of chocolates. In addition, if any employee is married, they give them a gold bracelet to help support the new family

GRI Calviño Towers Argentina, GRI Madrid and some other factories in Spain, in Christmas, distribute a box with Christmas products to all employees to enjoy with the family.

Benefits Club

The company has a "Club Benefits" tool which every employee can access to offers and discounts applied to both online and physical purchases.

Access is via Leading the Change or from the LTC Mobile APP, on Android and IOS. Its use is very easy, intuitive and customizable. This platform is available 24 hours a day, 365 days a year.



Health improvement programs

Be Active

The objective of this programme is to implement good healthy habits for the employees of the company, oriented primarily at the promotion of sport activities.

In 2019, the participation of the corporate employees in the following stand out.

- The "**GRI Running Challenge**" aims to collectively run a total of 10,000 km in 21 days among all employees to combat sedentarism through sport. Thanks to the efforts of the runners from the participating plants, the total distance reached 25,000 kms. GRI Towers Galicia took first place.
- In December, **GRI Renewable Industries** participated in the "20th edition of the Companies Race", with participants from Madrid and the plants in Seville, the Basque Country and Galicia.
- 5 employees from **Corporate (Madrid)** participated in the Madrid Rock 'n' Roll 2019 race. The race features three modalities: 10 km, half marathon (21 km) and the marathon (42 km).
- As part of the **Corporate** agreement with the Real Madrid Foundation, GRI Renewable Industries participated in the 7-a-side football championship of the "V Foundation Sponsorship Day", along with 19 other collaborating companies, to raise awareness and educate a particularly vulnerable group in road safety: young people with intellectual disabilities.

- **GRI Flanges China**, organizes basketball, badminton and other sporting events for employees at its own facilities.

- 25 workers at **GRI Towers Sevilla** participated in the "Instituto Municipal de Deportes de Sevilla" race in the Maria Luisa Park, where all participants wore the GRI T-shirt, being the largest participating group. Moreover, they participated in the 4th edition of the "Companies Race" organized by ESIC and ABC, in the Cartuja of Seville, with more than 50 team members participating. They placed third as a team and ranked among the top 3 companies by number of participants, the GRI green tide has already become a regular occurrence in sports competitions in Seville.

Be healthy

In line with the programme mentioned before, the goal is to improve the health and lifestyle of our employees.

Among the initiatives carried out, the fresh fruit offered every Monday in the central offices in Madrid for all employees stands out. The products are provided by a special employment centre which helps people with different abilities to integrate into the working world.

GRI Madrid, GRI Towers Sevilla and **GRI Towers Galicia** deliver baskets with fresh fruit to all staff on certain relevant dates.

GRI Flanges China´s union invited experts from the Zhangqiu People's Hospital to give a lecture on "first aid and health in the workplace". The aim was to improve employees' awareness of the importance of first aid in the workplace, increase the capacity for self-protection, rescue and self-care and develop good healthy living habits.

GRI Towers Turkey organized a barbecue for all employees at the end of April at the factory gardens. The event, in addition to a healthy meal, increases employee satisfaction and motivation.

Health and Safety

Management focus

103-1, 103-2 AND 103-3

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.

The aim is to integrate Health and Safety to all levels of the organization, as well as to establish a true preventive corporate culture based on collaboration, teamwork, strong commitment and participation of all our employees and stakeholders.

Health and Safety is reinforced by senior management leadership and a robust management system that reflects the features and strengths of the company and is therefore an important part of business development.

For this reason, and as a global company, we are committed to implementing a Health and Safety Management System at work as a fundamental part of our strategy, based on the constant evaluation of risks associated with our activity.

In doing so, we make the health and well-being of all our workers a priority. Our integrated management system (IMS) is based on the international standard ISO 45001. 25% of all the plants are certificated on the standard ISO 45001 and, the 50% are certificated under Standard OHSAS 18001 and in process of migration to the new standard. The factories of India II (planned for 2021), Casting Zestoa and Flanges Iraeta do not have this accreditation.

GRI Renewable Industries actively manages each and every risk identified, implementing preventive and corrective measures to reduce both the likelihood and severity of any unwanted occurrences.

IPRL: Excellence System for Health and Safety Management

IPRL or Occupational Risk Prevention Index is an own standards about Health and Safety developed by GRI Renewable Industries and it is a tool that lets evaluate in a precision way the improvements in Health and Safety matter in all the productive factories.

This index, applied since the beginning of 2016, defines the common Health and Safety criteria that are applicable to all production centers of the group, gathering all features of the different technologies and production processes, and also including best practices in pursuit of continuous improvement of operational safety and efficiency, and it is a reference to compare the status of the factories.

The goals that we look for with the IPRL are:

- To evaluate in a precision way the improvement of each plant in Health and Safety
- To Provide "GRI Standard" of reference to the factories about Health and Safety
- To stablish a system of continuous improvement based in the experience and joint work
- To compare with the organization a complete and objective information about the status of each plan in Health and Safety matter
- To improve the support and supervision of the factories from the corporate area

The Index result is the pondered measure out of 89 factors that are classified in three big groups: Indexes, Work conditions and PRL Management.

At GRI Renewable Industries, IPRL results are monitorized continuously and are evaluated quarterly by the responsible Corporate Health and Safety team. In 2019, all plants of the group were audited under the IPRL standard.

The results of both internal audits and the continuous evolution of the plants are available to the entire organization through internal communication channels and via the corporate intranet.

The following shows the percentual improvement concerning both employment conditions and prevention management in each of the centres since 2016.

	WORKING CONDITIONS				HEALTH & SAFETY MANAGEMENT			
	% improvement 2016	% improvement 2017	% improvement 2018	% improvement 2019	% improvement 2016	% improvement 2017	% improvement 2018	% improvement 2019
GRI Flanges Brazil	29	16	5	4	6	32	24	35
GRI Towers Turkey	30	41	5	4	27	33	18	29
GRI Towers Brazil	56	-19	17	-1	16	23	2	30
GRI Towers Sevilla	-	-	-	40	-	-	-	36
GRi Towers India	10	15	20	-4	14	18	-6	-8
GRI Towers USA	-	-	8	7	-	-	-12	6
GRI Towers South Africa	-4	10	14	30	-14	13	1	23
GRI Calviño Towers Argentina	-	-	-	-	-	-	-	-
GRI Towers Galicia	7	9	7	-3	0	1	-20	18
GRi Flanges Iraeta	0	12	11	15	19	3	12	5
GRI Castings Zestoa	-	-	11	2	-	-	4	-1
MEJORA TOTAL	8.6				14.9			

In 2019 we have improved employment conditions globally by 8.6% and prevention management by 14.9%.

During this year we had four production centres with the "excellent performance" rating regarding Health and Safety, by incorporating in the last quarter of the year GRI Towers Sevilla. GRI Towers South Africa also reached the "good performance".

Regarding the perimeter, our new GRI Calviño Towers Argentina plant has been added to the IPRL index, being a plant that manufactures hight quality and demanding products to attend the demand of the towers market.

In 2020, India II is scheduled to enter and is currently in the consolidation process. The perimeter does not include the factories in China.

World Day for Health & Safety at Work

The different factories and offices of GRI Renewable Industries celebrate the World Day for Health & Safety work developing different initiatives and actions to raise awareness and promote a culture of prevention, not only among their employees, but also extend to external companies and main contractors. Some examples are summarized below:

- The managing board of **GRI Towers Sevilla** approached the celebrations of such day undertaking a series of training and sensitizing talks focused on Health & Safety, aimed to employees, external companies and contractors, emphasized on the importance of developing preventive and responsible behaviours during working time.
- **GRI Towers India** placed posters of the **BeSafe!** program along the most concurred spots of its facilities aiming to encourage and transmit safe and healthy behaviours to its employees. (main entrance, reception area, communication panels and the Area 4 for contractors and visitors). In addition, a training in the field of Health & Safety was undergone principally aimed at third companies and main contractors to encourage the use of the safety PPE's at work.
- **GRI Madrid** analysed Be Safe! program emphasized on the "in-itinere" journeys in personal vehicles by employees, from home to work and from work home. These journeys are included in the working activity and the company decided to insist in the commitment and responsibility of all of us to take all the necessary measures to preserve our safety. Thus, a speaker of AESLEME, Prevention of Accidents that Cause Spinal Cord and Brain Injuries, addressed the meeting sharing its personal testimony and providing information of interest and reflections to encourage a safe and responsible driving. The speech was completed with a brief speech by Emotional Driving
- **GRI Calviño Towers Argentina** addressed the celebration of such day by developing a series of training and sensitizing talks focused on Be Safe! Campaign for employees and also third companies and main contractors.

  Complementarily, four different talks about occupational safety from four different perspectives: One for all and all for one, your hands are the most important tools, the importance of helmet and Let's take care of our vision. In addition, the celebration included a testimony by an injured person, who talked about its experience.

Monitoring indicators

At GRI Renewable Industries, we continuously monitor indicators related to accident rates, being fully integrated within the IPRL structure. These indices relate to internal workers as well as to subcontractors that perform tasks which are necessary and to our activity.

Among the traditional indicators the following can be found (403-2):

	No. ACCIDENTS			
	with leave		without leave	
	MEN	WOMEN	MEN	WOMEN
Own personnel	142	7	194	8
External personnel	4	0	3	0
	146	**7**	**197**	**8**

The numbers above show us that in 2019, the number of accidents with and without leave increased globally, aligned to the upturn in activity and the incorporation of the Argentina, India II and China IV factories.

As a positive aspect, it is noted the reduction of accidents without leave in external personnel with a 78% less, and in own personnel, women, with 50% less.

By country, Turkey and China stand out for their good results, with no accidents with or without leave, and Turkey has only registered 3 accidents without leave in its own personnel. In addition, the GRI Flanges Brazil factory has been without accidents involving sick leave for four years. In 2019, no fatal accident was recorded in the group.

Below, it is a summarize of the main rates:

	RATE ACCIDENTS WITH LEAVE			
	OWN PERSONNEL		EXTERNAL PERSONNEL	
	MEN	WOMEN	MEN	WOMEN
Spain	62.0	20.7	16.9	0.0
Brazil	2.4	16.2	0.0	0.0
Turkey	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0
South Africa	85.5	19.2	30.7	0.0
USA	11.1	0.0	0.0	0.0
China	0.0	0.0	0.0	0.0
Argentina	6.0	0.0	0.0	0.0
TOTAL	**20.7**	**7.2**	**11.8**	**0.0**

Rate: Accidents with leave/ hours worked by 1,000,000.

	RATE ACCIDENTS WITHOUT LEAVE			
	OWN PERSONNEL		EXTERNAL PERSONNEL	
	MEN	WOMEN	MEN	WOMEN
Spain	81.9	25.8	33.8	0.0
Brazil	3.6	8.1	0.0	0.0
Turkey	0.0	0.0	0.0	0.0
India	10.5	0.0	0.0	0.0
South Africa	36.4	0.0	0.0	0.0
USA	105.4	70.6	0.0	0.0
China	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	7.4	0.0
TOTAL	**28.3**	**8.2**	**8.8**	**0.0**

Rate: Accidents without leave/ hours worked by 1,000,000.

GRI Flanges Brazil: IPRL excellence and "zero" occupational accidents

During 2019 we had an important reduction in the rate of the accidents with leave in the group and in a specifically stands out the record of **four year** without accidents with leave of **GRI Flanges Brazil**.

To achieve this milestone has been possible thanks to the implementation of the IPRL in the factory, catalogized as excellent, the implementation of a true preventive culture and the daily commitment in Health and Safety of all employee in the plant.

In 2019, 8 cases of occupational disease (own personnel) was detected (6 men and 1 woman in Brazil and 1 man in Spain). The global rate is 0.20, 0.20 men and 0.21 women by gender (n° of illnesses / n° of hours worked by own personnel x 200,000).

In the remaining countries, the rate has been 0.0 for both genders.

With regard to the ratios of days lost due to accidents and other causes, there was decrease with respect to the previous year. The results of the rates for the fiscal year 2019 are shown below:

	DAYS LOST DUE TO ACCIDENTS AND OTHER CAUSES		DAYS LOST DUE TO ACCIDENTS	
	MEN	WOMEN	MEN	WOMEN
Spain	7.7	8.0	1.3	1.5
Brazil	4.0	1.0	2.1	1.2
Turkey	3.7	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0
South Africa	6.2	6.1	0.9	2.5
USA	0.0	0.0	0.1	0.0
China	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.1	0.0
TOTAL	**2.8**	**2.1**	**0.6**	**0.6**

Rate: Days lost due to accidents / hours worked by 1,000
Rate: Days lost due to other causes / hours worked by 1,000

Bonus prevention

In 2019, **Mutua Universal** has awarded GRI Renewable Industries with the **Bonus Prevención** accreditation for its commitment to occupational accidents depletion and occupational risks prevention.

During the event it was highlighted the important work performed by companies and prevention areas "regarding the remarkable performance, not only regarding the Bonus, because prevention requires an on-going effort. Preventions managers play a very relevant role to meet the set goals".

This award shows the daily effort Of GRI Renewable Industries to be a leader company in the reduction of work-related accidents, betting on an improvement culture of prevention in all levels of organization.

Communication

In 2019, a central axis of the company's preventive activity at a global level was to strengthen communication on Health and Safety at all levels, both top-down and bottom-up.

GRI Renewable Industries has been developing awareness campaigns (Be Safe!) over the years, teaches and organizes TOP 5 meetings and Safety Dialogues (DDS), and issues incident and accident notifications to increase participation and inform all workers about specific Health and Safety matters. As a responsible company we foster a strong culture of safety awareness based on people´s behaviour as we firmly believe that Health and Safety at work is everyone´s responsibility.

This year we wanted to further strengthen this communication by making use of the following channels: through the Health and Safety area on the corporate website, the communication of contents on the corporate intranet, via social and professional networks (twitter, LinkedIn, YouTube) and official forums, through participating in congresses and conferences and by organizing visits of stakeholders.

An important figure that helps the integration of Health and Safety in the company is the Health and Safety Committee. This internal body represents workers, meets periodically and addresses relevant issues concerning Safety and working conditions in the factories (403-4). Employee representation in the health and safety committees is 100% (403-1):

	No. EMPLOYEE REPRESENTATION COMMITTE H&S
Spain	18
Brazil	30
Turkey	19
India	26
South Africa	18
China	19
Argentina	4
TOTAL	**134**

Note: in 2019 USA did not have a formal H&S Committee.

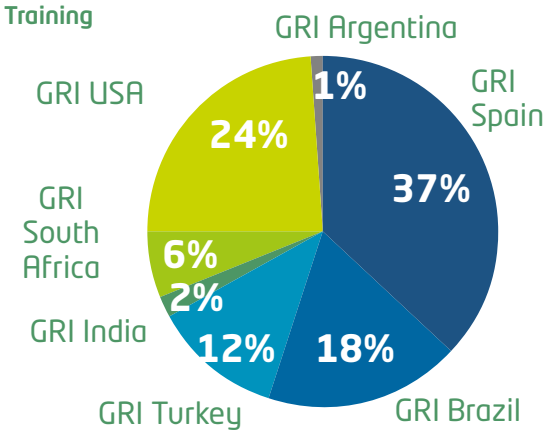
Training and awareness-raising

GRI Renewable Industries provides all employees with the specific, high-quality training necessary to safely perform all tasks on the job.

Safety plays an inclusive role in said training. All training is based on results obtained from the risk assessments at the workplace, as well as on procedures and work instructions. Training is integrated with the communication of the best prevention practices identified and implemented globally.

This year, we have focused on compliance with the "II State Metal Agreement", which incorporates as its main novelty the minimum training in occupational risk prevention that workers whose activity is NOT carried out in construction works must have and the recycling training for all workers who carry out their activity or not in construction works.

Health and Safety training has increased slightly in 2019, with a total of 31,076 hours of training, focusing on high-risk activities, handling machinery, working in ATEX zones, handling chemicals, use of lifting tools and emergency preparedness, as well as training for office staff and managers.



Idea Program. Participate, we want to hear your idea!

GRI Brazil developed in 2019 an "Ideas Program" in which all employees, as well as subcontractors and collaborators, can participate, except for supervisors, coordinators, managers and plant managers.

The proposed ideas must contribute to the reduction and/or improvement, be innovative and quantifiable. A committee will validate these ideas, which once approved will receive a score that can be exchanged for various awards.

Risk analysis

Each factory conducts a comprehensive risk assessment that is periodically reviewed by both the plant and at a corporate level.

The main identified risks are listed and addressed globally to guarantee complete control, defining specific protocols that must be complied with, for example: the adjustment of specific work equipment within the production process or the adoption of ergonomic improvements in the process after a rigorous evaluation and specific studies.

We have made progress in specific ergonomic studies, as well as in psychosocial assessments. After the analysis of the results, specific action plans for each of our centres were defined to adjust machines and workspaces thereby, improving the wellbeing and conditions for all workers.

Likewise, 35 jobs have been identified with risk-exposed of disease (13 in Spain and 19 in Brazil) and affecting 4 workers, which have the appropriate PPE and controls for their minimization (403-3).

GRI Brazil celebrates the Internal Week for Occupational Accidents Prevention and Environment

GRI Brazil has celebrated the **Internal Week for Occupational Accidents Prevention and Environment** (SIPATMA) aiming to raise awareness of these two ambits and foster a real preventive culture at work and respect towards the environment.

All GRI Brazil personnel has been trained on occupational and personal health & safety and taken part in various activities undertaken during the workshop, such as blood donation, a questions-answers quiz, designs on the subject "plastics pollution" or the visualization of health & safety videos performed and recorded by the personnel.

In addition, employees of the factory donated around 3,500kg of food products given to seven different charitable organizations.

Social action

103-1, 103-2 AND 103-3

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

Contribuition from Corporate

102-12

LQDVI Foundation What Really Matters. Since 2014, we have supported the Foundation What Really Matters with disseminating universal, moral and ethical human values through the development of motivational conferences.

In 2019 we have been present at the following congresses Madrid, Oviedo, Valencia, Malaga, A Coruna, Bilbao, Seville and Palma de Mallorca.

Aesleme. We have supported the Foundation since 2013. with the aim of preventing traffic accidents through training and social awareness, as well as offering psychological and legal support to those affected by road accidents.

In 2019 we have supported the dissemination of information on road safety in schools in the Community of Madrid, in addition to collaborating with sports events. On Health and Safety at Workday, road safety training was held at the GRI Corporate offices, focusing on in itinere journeys

WCK. We have supported the Foundation since 2013. Its mission is to end food insecurity and malnutrition in areas of humanitarian catastrophes.

In 2019, we made a special contribution that helped provide 10,000 basic meals in places where there have been natural disasters.

Foundation Juan XXIII Roncalli. We have supported the Foundation since 2007, apart from being its Trustee. Its mission is to improve the lives of people with intellectual disabilities and to foment their social integration.

This year the company has supported the Foundation with the rent of its spaces and utilities to hold departmental meetings with awareness talks given by the Foundation's staff.

Real Madrid Foundation. We have supported the Foundation since 2018, with the aim to educate in road safety to people with different capabilities.

This year we develop the "La Educación vial: un gran valor" in the schools of the Foundation, those where the students can practice football and basketball. Also, we increase the number of sessions.

United Nations Global Compact. We have supported the Foundation since 2013, to contribute to the dissemination and compliance of the 10 Principles and the Sustainable Development Goals.

In 2019 we participated in various conferences to improve our contribution to these objectives, among others, participated in the campaign **#AlliesoftheSGD** promoted by the Spanish Network of the UN Global Compact on the reason of its fourth anniversary and the anniversary of the Sustainable Development Goals (SDG), presented a dossier of Good Practices in which it included the training program "Training Lay-off" in South Africa.

Furthermore, during the celebration of its 2019 General Assembly, the Spanish Network has recognized GRI Renewable Industries as a Bronze Prescribing Partner. The association wanted to thank our company for its commitment and work in spreading its values

Seres Foundation. We have supported the Foundation since 2016, to contribute to the joint construction of a stronger society and with competitive companies lasting over time.

In 2019 we collaborated as Trustee of the foundation and participated in projects aimed at improving communication and measurement of actions in the area of sustainability.

Local contribution

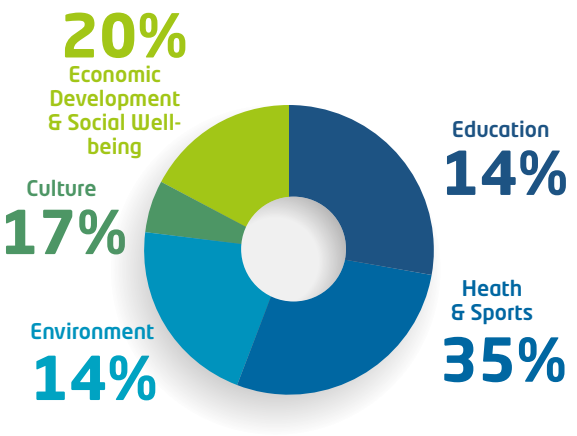
413-1

We carry out actions and development programs with the local community in different countries and with different approaches.

In 2019, GRI Renewable Industries focused its efforts on social initiatives related to culture, environment, sport, education and healthcare. All work has been aimed at the development and support of the societies where we are present.

Social programs have taken place in all countries (100%) in which GRI Renewable Industries has a presence.

Distribution of social action by type of activity



Education

GRI Towers Turkey, invited the students from "Gonen Mehmet Akif Ersoy" Primary School to visit the factory. The event was a surprised for most of the employees whose children assist to that school. During the visit, the business model, the processes, aspects related to Health and Safety, among other interesting topics, were explained in order to know the labor market and different alternatives.

GRI Towers South Africa has invested around 375 thousand rand in various training projects under the Black Economic Empowerment (B-BBEE) program. This racially selective program was launched by the South African government to correct the inequalities of apartheid by helping black South Africans (blacks, colored and Indians)

The following action were developed within this program:

- Computer equipment was provided to the Westford College center to enabled them to set up an IT room. Among the donated material there are a spotlight, 5 computers and a laptop.
- It was made a donation to Robinvale school in order to develop an extracurricular math's program. This program has 40 students in 5 groups, whose are interested in improving their math's level. In order to continue year after year, the students must exceed in 10% their performance respect last year. The donation was destinated to purchase school material as notebooks, boards and pens, food for the journeys, transportation of students to the center, as well as incentives for participating students.
- There were hired two professors to teach class for students in third and seventh grade, in order to develop Grosvenor primary school.
- Support was provided for extracurricular training for Berzelia School students in their final year of primary school in order to access to secondary school without problem, passing their exams. In addition, an extra support was given to the youngest students of the school through the partial hiring of support teachers who work on reading and writing.

Culture

GRI Towers Galicia, is committed to the local community, for that reason they support culture events as: "Enxebre" folk musical festival, "Rondalla" group of popular music, the award to the acrobatic dance of "Club Marusia", as other popular festivals.

GRI Towers Turkey organized a children's day activity with employees and their children, taking them to the zoo so that the children could get to know the animals closely.

In addition, on the occasion of the arrival of spring and in order to increase employees' commitment and motivation for the company, a barbecue was organized for all employees.

Health & Sports

GRI Towers Turkey, and all the workforce raise money to help an employee with cancer with medical and personal expenses cause by the treatment. In addition, it has been inviting to employees to donate blood to "Red Crescent" for the past five years.

GRI Flanges China organized a primary care day to raise awareness among its employees of the importance of first aid knowledge in case they must assist someone at any time. This training was taught by experts from Zhangqiu People Hospital.

GRI Towers Galicia, considers that the sport is main part of the education and development of the youngers. For that reason, supports the Arenteiro football school and the Carballino football team with more than 200 people. Also, GRI sponsors different sport activities as: IV editio Rallymiz de Pinor, Arenteiro athletics solidarity race, Cenlle sport club, basket club and Solidarity Race of Carballino, and in the field of cycling, sponsored Os Mosqutieros and Carballino clubs.

GRI Towers South Africa sponsored the Atlantis rugby team and Jomo's Powers football team in order to participate in local competitions. Therefore, donates sport equipment for 60 young people and trophies and awards for the rest of the teams.

Environment

En **GRI Renewable Industries** we are committed to climate change, which is why in 2015 we set ourselves the challenge of planting one tree for every tower produced. This year, GRI Madrid, GRI Towers Galicia, GRI Towers Sevilla, GRI Flanges Iraeta and GRI Casting Zestoa have participated in a reforestation in the areas close to the factories and offices, managing to planta 2,000 trees.

Economic development & Social Well being

GRI Towers Galicia and **GRI Madrid,** delivered the surplus Christmas baskets to Caritas.

GRI Towers Texas collected toys and gave them to the Toys for Tots Foundation so that children with less advantages could have a Christmas present.

GRI Towers South Africa, held a "Mandela Day" event where employees donate money and food to be distributed to people with more necessities.

Also, within Blac Económica Empowerment (B-BBEE) programa GRI South Africa contributed to the local development by assisting and collaborating with local supplier trough:

- Preferential purchasing from local suppliers, especially those managed by women of colour, to encourage their development and the maintenance of local families.
- Aid/subsidy of local businesses for their growth and development, so that they can be preferred suppliers for GRI, both in raw materials and services, such as Resolux, Mandivista and National Industries Supplies.

GRI Brazil, have done a personal collection of non-perishable items for employees who are not longer at the company and have no other employment, so the collection of food that is made at the end of the year for distribution among them.

ENVIRONMENTAL DIMENSION

GRI Renewable Industries is continuously tracking the environmental impacts of its activity, measuring performance, minimizing its impact, and identifying opportunities for improvement.

Because of our activity, we are aligned with the fight against climate change and the definition of a strategy that will allow it to move towards an emission-free future.

Environmental Management ▶

87.5% of factories certification ISO 14001

◀ Waste

99% of "non-hazardous" waste

97% corresponds to steel scrap

CO_2 Emissions ▶

168,599 tons of CO_2 produced

782,480 tons of CO_2 avoided indirectly

◀ Circular Economy

67% of steel from recycled sources

Project "One Tower One Tree" ▶

2,000 trees planted versus

1,375 towers manufactured

Environmental perfomance

Management approach

103-1, 103-2 AND 103-3

In GRI Renewable Industries we operate in an efficient and responsible way and we show our interest in the preservation of the environment. Our work is done under the umbrella of an Integrated System and a Quality, Environment and Health and Safety Policy.

Through these, consumption, emissions, waste and discharges among other environmental parameters are monitored to contribute to the minimization of its environmental impact without affecting the quality of our products whilst working on the continuous improvement.

Nowadays, the 87.5% of our plants are certificated under the standard ISO 14001, pending of the certification GRI Towers India II, GRI Casting Zestoa and GRI Corte y Biselado (Brazil).

Using and handling hazardous materials is done in accordance with procedures and instructions in place, while complying with the applicable regulations and using the appropriate PPEs.

At GRI Renewable Industries we carry out different actions that contribute to the minimization of our impact; through innovation and increasing the efficiency of our processes and products. Similarly, we support the achievement of the Sustainable Development Objectives, as is summarized throughout the Report.

We conduct awareness-raising activities in all our plants, coinciding with emblematic dates such as Environment Day.

To cover potential environmental risks, at GRI Renewable Industries we make financial provisions and have guarantees to cover for the materialisation of environmental risks in our contracted insurance policies:

- Environmental Liability Insurance
- Liability Coverage for Sudden and Accidental Pollution in the General Liability Policy

During 2019, no activation of the guarantees of The Group' s Environmental Responsibility Policy were required.

GRI Renewable Industries monitors the environmental impacts that derive from its activity through different indicators that measure its environmental performance, allowing it to measure its evolution and identify opportunities for improvement.

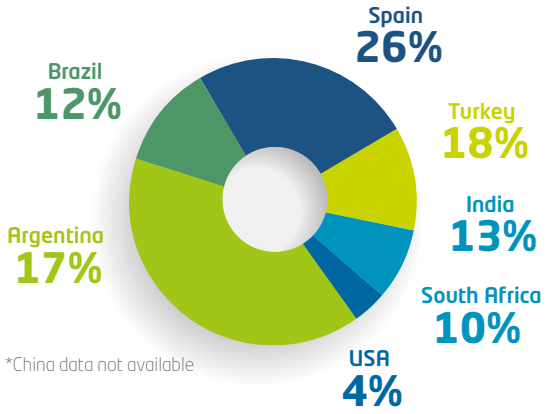
Water and discharges (303-1 AND 306-1)

Water is a resource little used in our activity, reason why it presents low consumptions. However, as it is an essential and increasingly scarce natural resource, it is monitored with the aim of achieving its sustainable use.

In 2019, the total consumption amounted to 52,608 m^3. 70% of the water consumed came from the water network 8% came from superficial water and the remaining 22% came from groundwater sources. A total of 7,287 m^3 is also reused, distributed between India (85%) and Brazil (15%).

Consumption was mostly sanitary (86%), followed by industrial use (12%) and irrigation of green areas (2%).

Distribution of water consumption by country



It should be noted that no water source was significantly impacted by the company´s water collection (303-2).

With regard to discharges, it is estimated that there was a total of 17,061 m^3 in discharges, of which 90% was discharged in the sewage network, 9% in septic tanks and 1% in watercourses (river, sea, etc.).

Therefore, the plants develop projects that contribute to minimizing or reusing water. For example, GRI Towers Brazil installed a point of reuse water for washing sections, resulting in annual savings of R$ 26,725.14 (303-3).

Waste 306-2

Residues produced in our facilities are appropriately segregated, tracked, identified, stored and managed by authorized agents, as is set out in the environmental instructions and procedures.

A total of 120,939 tonnes of waste is produced, 99% of which is non-hazardous.

Non-hazardous waste amounts to 120,265 tons, of which 97% consists of steel scrap, followed at great distance by welding flux of 1%. Their distribution is shown below:

	NON-HAZARDOUS WASTE						
	Scrap metal	Wood	Paper and cardboard	Recyclable plastic	Welding Flux	Blasting	Others*
GRI Argentina	538	52	8	3	172	0	128
GRI Brazil	908	187	12	4	145	35	115
GRI China	93,121	0	0	0	0	0	0
GRI Spain	19,232	176	66	54	716	139	80
GRI India	382	19	500	501	30	20	2
GRI South Africa	462	0	5	3	0	0	0
GRI Turkey	530	101	24	0	310	66	29
GRI USA	1,008	0	4	0	213	116	51
	116,182	**535**	**619**	**564**	**1,586**	**375**	**405**

Others*= 5% construction and demolition, 8% tablex and 87% others (organic, etc.)

Hazardous waste amounts to 674 tons and 13m³ of oil, with sludge (37%) and contaminated packaging (22%) being the most relevant.

More than 99% of non-hazardous waste (except organic waste) is destined for recycling. Hazardous waste is partly managed for treatment and the rest is deposited in a landfill. Of note is the metallic dust which is no longer managed as waste but is sold as a by-product.

	HAZARDOUS WASTE					
	Metallic dust (ton)	Sludge (ton)	Contaminated rags and PPE (ton)	Packaging (ton)	Other (ton)	Oils (m³)
GRI Argentina	0	43	1	18	1	1
GRI Brazil	3	36	19	2	43	2
GRI China	0	0	0	0	0	0
GRI Spain	58	69	53	35	68	5
GRI India	0	0	2	0	0	1
GRI South Africa	3	30	2	21	0	0
GRI Turkey	0	0	1	58	0	0
GRI USA	8	73	11	14	1	3
	73	**252**	**89**	**148**	**114**	**13**

Conflict Minerals

Since the year 2010, following the approval of the Dodd-Frank Wall Street Reform, governments, companies and consumers request to know the origin of conflict materials, which has, therefore, become significant within GRI Renewable Industries.

The corresponding homologation of providers, with those previously calibrated in the market, is done within the purchasing process. In this process we have identified steel and the electric and electronic materials as materials that may contain these minerals.

During the homologation process it is requested that the origin of the materials is accredited, thus assuring that these do not originate from foundries that use conflict materials (coltan, cassiterite, wolframite, gold, tantalum, tin, or any other conflict mineral or its derivatives) which contribute to funding of conflicts in the Democratic Republic of the Congo or any neighboring country.

Likewise, the information required by our clients regarding the absence of this type of mineral is completed and presented annually.

Recovery of solvents

GRI Towers Galicia, South Africa and Brazil have installed a solvent recovery system, which helps to reduce and improve the management of some hazardous materials, such as paint sludge, by extracting the solvent and contaminated metal containers.

The recovered solvent can be reused in the cleaning tasks in the surface treatment area of the plant, giving it a new use.

In addition, a washing machine for contaminated empty containers has been installed in the same facility, so that paint residues from these containers can be removed and recirculated to the solvent recovery system. With this measure, the containers become non-hazardous waste and can be managed as scrap metal.

GRI Sevilla joins the waste recycling initiative **#GreenLeague**

During the European Week for Waste Prevention (EWWR) 2019, GRI Sevilla joined the 2nd edition of the #GreenLeague for the recycling of waste electrical and electronic equipment (WEEE), promoted by the Ecolec Foundation.

This initiative aims to raise awareness among companies and workers themselves for the importance of proper management of unusable electrical and electronic equipment, both at home and in the workplace, which should be disposed of in the correct places.

In total, 45 waste collection points will be installed in the workplaces of these companies and institutions, which will promote the segregated collection of WEEE among their workers.

Further reinforcing this message, and during the week of the COP25 celebration, GRI Sevilla held 5 training sessions for the entire workforce on waste management, especially on WEEE, which were attended by all the plant's employees.

In addition, WEEE collection points were set up in all areas. At the end of the campaign, the total number of kilos of WEEE collected by each company will be compared and a recycling ranking will be created.

Life Cycle Approach: Circular Economy

Part 1: The role of our products in the circular economy

Our activity is the manufacture of components for the wind industry, mainly towers and flanges that contribute to the generation of renewable energy.

In the towers we incorporate all its components, according to the specifications of the final client. A number of agents are involved in this manufacturing process: the suppliers of raw materials and components who supply the various products and equipment, our production and factory assembly processes and delivery to the end customer.

In order to define a global strategy in the circular economy, we must consider all these agents, providing measures that contribute to minimize the global impact on the environment.

The towers, once completed, are mainly made of steel, in addition to electrical and electronic equipment and packaging (very little relevant in this case). The average distribution of materials is approximately:

- 96-98%: Black Steel
- 2-4%: Internals

This distribution clearly makes steel the main objective of the circular economy, while establishing, as far as possible, additional initiatives for the other components.

Steel

The economic system needs to move from the current linear model, in which products are manufactured from raw materials and discarded after being used, to circular models in which products have the capacity to be repaired, reutilized, returned and recycled.

In this context, steel, besides being a fundamental material in society, is the main component of all the processes of GRI Renewable Industries, contributing to the world's socio-economic growth, to the development of more sustainable production models and, therefore, to the Circular Economy.

Steel has great advantages over other materials:

	STEEL CONSUMPTION BY COUNTRY (301-1)
	TONS
GRI Argentina	15,985
GRI Spain	38,784
GRI Brazil	284,832
GRI Turkey	57,957
GRI India	484
GRI South Africa	6,758
GRI USA	23,810
GRI China	21,501
TOTAL	**450,111**

Design and innovation: reducing the weight and quantity of the material used

Through innovation we have achieved notable reductions in the weight of our structures, which results in significant savings in raw materials

The steel may be reutilized or reconverted in different ways. It's the most recycled material in the world

The reutilization ratios have a great potential for growth due to the eco-design, recycling and the increase in efficiency, as it will not lose its properties

Our steel product is almost 100% recyclable and the scrap metal has a significant value in the market.

For every tonne of steel recycled, the steel industry saves around one and a half tonnes of iron ore, 85% of water, 80% of energy and 95% of coal and all their associated emissions (Source: UNESID).

Part 2: A transition based on 5 transversal elements

In addition to developing and spreading the circular vision throughout the organization, 5 specific elements have been identified on which GRI Renewable Industries tries to support its progressive transition towards the circular economy.

Systemic thinking and design: Design processes need to be based on circular concepts, integrating the whole lifecycle of the materials and products in order to extend their useful life and to facilitate their future reuse.

Prioritizing the use of renewable energies and resources: Encourage the efficient use of renewable and non-toxic materials and energies

Exploit the full potential of the generated waste and extend useful life: Maximize the useful life of resources and try to take advantage of waste as a source to generate secondary products.

Rely on digital technology: Incorporate new technologies that allow the measurement, monitoring and optimization of the use of resources and connectivity between the different parts of the organization and the different actors in the value chain.

Collaborate: Identify possible synergies and collaborations with other companies or institutions that allow us to find solutions to foster economic growth while also reducing environmental impacts.

Part 3: circularity at GRI Renewable Industries

At GRI Renewable Industries, instead of focusing on the Circular Economy as a final goal, we want to use this concept as a tool to guide us towards a continuous improvement of our productive processes and a greater environmental responsibility.

The proposals cover the entire life cycle, from production and consumption to waste management, including the secondary raw materials market.

1. Innovation: product and process improvements

The concept of product design and process efficiency is essential to the circular economy. Our innovation teams design towers that are lighter and therefore more versatile, efficient, economical and easier to develop, transport and assemble, without compromising either the final height of the tower nor its strength, allowing for the construction of more modern wind farms with less impact.

In addition, we make significant investments focused on improving existing processes and/or incorporating new technologies, which contribute to more sustainable production. These projects have managed to generate significant savings by reducing the consumption of raw materials, natural resources and the generation of waste, emissions, and spillage, thus contributing to the circular economy.

All this information is further elaborated in the chapter on innovation.

2. Our raw material "steel" and the integrated management of scrap

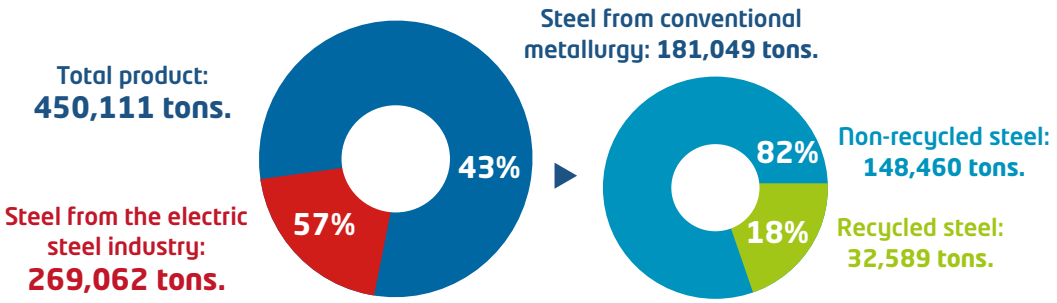
The steel industry is undergoing major changes over the last years. The expected future scarcity of raw material and the growing availability of scrap, among other economic reasons, are encouraging greater use of electric ovens to manufacture steel from old steel.

According to the Steel Manufacturer's Association, electric furnace steel production reduces greenhouse gasses by 65-90% compared with conventional steel production from iron ore.

At GRI Renewable Industries, a significant part of the steel processed is made up of recycled material. Out of the total steel consumption of 450,111 tonnes, 60% comes from electric steel makers (100% recycled origin) and the remaining 40% from the conventional steel industry, where around 18% is recycled steel.

Therefore, we can estimate that 67% of all our steel is of recycled origin, which amounts to 301,651 tons, as shown below:

	RAW MATERIAL (TONNES) (301-2)			
	100% RECYCLED STEEL	CONVENTIONAL STEEL (18% RECYCLED)	TOTAL	%
Recycled steel	269,062	32,589	301,651	67
Non-recycled steel	0	148,460	148,460	33
TOTAL STEEL	**269,062**	**181,049**	**450,111**	**100**



This, added to the efficient management of our scrap, favours the development of a more circular steel value chain with lower emissions.

In all plants, GRI Renewable Industries has an integrated system for the central collection and recovery of steel waste generated during production.

The quantity of steel discarded in 2019 amounts to 116,182 tonnes, of which 100% is sent for recycling and subsequently reintroduced into the value chain, thus stimulating steel production from recycled material which will lead to significant savings in raw materials and emissions.

	DISTRIBUTION OF SCRAP BY COUNTRY
	SCRAP (TONS)
GRI Argentina	538
GRI Spain	19,232
GRI Brazil	908
GRI Turkey	530
GRI India	382
GRI South Africa	462
GRI USA	1,008
GRI China*	93,121
TOTAL	**116,182**

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.

With our commitment to the Sustainable Development Goals (SDG), in particular to climate change, we are continuously trying to further reduce our environmental impact through different actions such as reforestation, measures to increase energy efficiency and by favoring renewable energy production.

Energy efficiency

302-4

At GRI Renewable Industries it is key to know, monitor and control the energy consumption in all of our plants in order to set up measures that contribute to its minimization and, therefore, to reduce CO_2 emissions into the atmosphere.

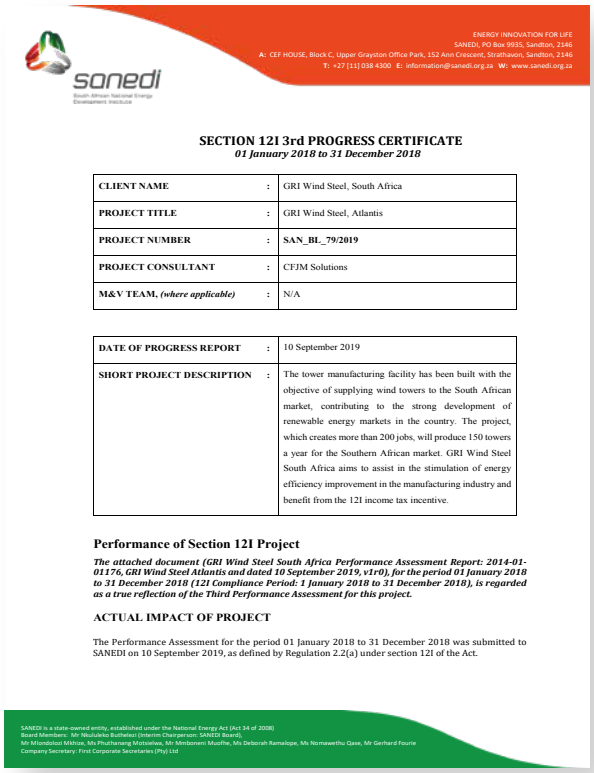
As summarized in the section on innovation, we are involved in numerous projects focused on improving our processes, most of which will optimize energy consumption and reduce raw materials. In addition, we are currently working on the definition of applicable indicators that will allow us to have actual and reliable results in each project.

Furthermore, energy efficiency initiatives and significant investments in the various factories are being made, as summarised below:

- Following the energy audit pursuant to Royal Decree 56/2016, **GRI Towers Galicia** implemented various measures and introduced the PRO-EFFICIENCY measurement system, which will provide us with real reduction data in the coming year.
- **GRI Brazil** designed efficiency measures for the period 2017-2020, which include projects related to changes in lighting systems.

  GRI Towers Brazil changed its mercury lamps (440W) for LED lamps (145W). This means a reduction in consumption from 190.5 Kwh to 62.7 Kwh for each lamp.

  This project will be implemented in 2020 in GRI Flanges Brasil and GRI Corte y Biselado, where it is estimated that the consumption/lamp will be reduced from 70.84Kwh to 23.345Kwh and from 28.16Kwh to 9.28Kwh, respectively. In addition, GRI Flanges Brazil removed any unused lighting fixtures.



ENERGY INNOVATION FOR LIFE
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sanedi
South African National Energy Development Institute

SECTION 12I 3rd PROGRESS CERTIFICATE
01 January 2018 to 31 December 2018

CLIENT NAME	:	GRI Wind Steel, South Africa
PROJECT TITLE	:	GRI Wind Steel, Atlantis
PROJECT NUMBER	:	**SAN_BL_79/2019**
PROJECT CONSULTANT	:	CFJM Solutions
M&V TEAM, *(where applicable)*	:	N/A

DATE OF PROGRESS REPORT	:	10 September 2019
SHORT PROJECT DESCRIPTION	:	The tower manufacturing facility has been built with the objective of supplying wind towers to the South African market, contributing to the strong development of renewable energy markets in the country. The project, which creates more than 200 jobs, will produce 150 towers a year for the Southern African market. GRI Wind Steel South Africa aims to assist in the stimulation of energy efficiency improvement in the manufacturing industry and benefit from the 12I income tax incentive.

Performance of Section 12I Project

The attached document (GRI Wind Steel South Africa Performance Assessment Report: 2014-01-01176, GRI Wind Steel Atlantis and dated 10 September 2019, v1r0), for the period 01 January 2018 to 31 December 2018 (12I Compliance Period: 1 January 2018 to 31 December 2018), is regarded as a true reflection of the Third Performance Assessment for this project.

ACTUAL IMPACT OF PROJECT

The Performance Assessment for the period 01 January 2018 to 31 December 2018 was submitted to SANEDI on 10 September 2019, as defined by Regulation 2.2(a) under section 12I of the Act.

SANEDI is a state-owned entity, established under the National Energy Act (Act 34 of 2008)
Board Members: Mr Nkululeko Buthelezi (Interim Chairperson: SANEDI Board),
Mr Mlondolozi Mkhize, Ms Phuthanang Motsiehwa, Mr Mmboneni Muofhe, Ms Deborah Ramalope, Ms Nomawethu Qase, Mr Gerhard Fourie
Company Secretary: First Corporate Secretaries (Pty) Ltd

- Concerning energy efficiency measures at **GRI Towers South Africa**, the applicable tax legislation, Section 12I Tax Incentive, requires a certificate from an accredited external entity that verifies energy efficiency measures, which include optimization of production times and processes, and the reductions achieved, in accordance with the SANS 50 010:2018 methodology.

  The latest available performance assessment is for the 2018 fiscal year and concludes with savings of 15.2% on base energy use.

Below are some projects with new, more efficient technologies.

GRI Flanges Iraeta: new standardized flange furnace

For the heat treatment of steels, maintained temperatures of approximately 900ºC are required, in addition to outdoor cooling at room temperature.

At GRI Flanges Iraeta, the existing standardized flange furnace showed enormous gas consumptions. Therefore, an investment was made in a standardised flange furnace with self-recovery burners, better insulation and shorter heating times, among other advantages, which led to a significant reduction in the plant's total gas consumption.

With regard to its performance, the following savings are expected:

- At 900ºC a higher efficiency of 36% (going from 55% to 75% efficiency).
- Due to its better insulation, it is estimated to save 42%.
- With regard to the furnace heating time, a saving in gas consumption per cycle of 855 Nm³ is estimated, which is equivalent to 9,196 KWh (32%), in addition to an increase in production of 14.8%.

Removal of Volatile Organic Compounds (VOCs)

Our processes, especially painting, emit volatile organic compounds (VOCs), which are harmful to the environment. Therefore, we implement the latest technology in environmental solutions for emission treatment.

The installation of the new Regenerative Thermal Oxidizer (RTO) with a Zeolite Roto-Concentrator at GRI Towers USA is a clear example of improving the treatment of gaseous emissions and eliminating VOCs.

VOCs are eliminated through oxidation at high temperatures (800-850ºC) which eliminates up to 99% of pollutants in the combustion chamber.

It is a highly efficient process as Volatile Organic Compounds supply energy to the system, which reduces the natural gas required by the RTO to maintain oxidation temperatures.

If the inlet concentration of VOCs is above the auto-thermal point, the burner will remain off and, when the VOC concentration is below the auto-thermal point, the burner ignites and modulates its power to maintain the temperature of the combustion chamber.

GRI Towers USA: Improvement of air conditioning

At the Texas factory, we developed a major energy efficiency project in the factory's compressor area.

Due to its characteristics, the compressor room was too hot due to poor ventilation. Therefore, the position of the ventilation ducts outside the area was redesigned to avoid overheating, which required an investment of around 14,000USD.

Two-way ducts were installed, one outside the plant and one inside the surface finishing area. These allow hot air to be sent out of the plant in the summer when temperatures are very high and reverse the flow of hot air into the plant in the winter when temperatures are very low.

This contributes to significant savings in air conditioning in the production area, where temperature conditions have improved considerably. The average temperature improved by an average of 5ºC from 11ºC to 16ºC and the fluctuation in temperature, which before the installation could vary from 2ºC to 21ºC, was notably stabilized. Now the average temperature has a variation of only 14-18ºC, being much more stable.

Internal energy consumption 302-1

This year we consumed a total of 1,611,859 GJ, of which 34% came from electricity consumption and the remaining 66% came from fuels such as LPG, natural gas, propane and diesel.

With regard to the distribution of energy consumption, 65% of the energy consumed is for production, 2% for heating and the remaining 33% for both uses.

As for external energy consumption, no available data is available related to this indicator. Information is expected to be available by the year 2030 (302-2).

	ENERGY CONSUMPTION				
	Energy (GJ)	GLP (Gj)	Natural Gas (Gj)	Propane (Gj)	Diesel (Gj)
GRI Argentina	13,328	3,293	0	0	207
GRI Brazil	18,262	649	7,124	0	477
GRI China	335,508	0	914,580	0	0
GRI Spain	102,747	0	124,443	1,413	477
GRI India	17,686	770	0	0	1,559
GRI South Africa	13,765	510	0	0	420
GRI Turkey	14,509	0	9,184	3,186	0
GRI USA	25,065	0	12	395	2,288
	540,871	**5,222**	**1,055,343**	**4,994**	**5,428**

Energy intensity 302-3

Measuring energy intensity is a good way to measure the efficiency and impact of our processes. The calculation takes electricity and fuel, corresponding to internal use, into consideration.

The resulting annual ratio is calculated by dividing energy consumption by the total weight of products sold in each country.

The energy intensity of GRI Brazil Corte y Biselado is not included, as its product are included in the towers and flanges plants in Brazil, and GRI Castings Zestoa because its activity is related with the foundry (independent of towers and flanges).

	ENERGY INTENSITY "TOWERS"
	GJ consumed/ t sold product
Argentina	0.68
Brazil (Towers)	0.82
Spain (Galicia+Sevilla)	1.14
India	0.92
South Africa	0.58
Turkey	1.19
USA	0.88
	0.94

	ENERGY INTENSITY"FLANGES"
	GJ consumed/ t sold product
Spain (Iraeta)	3.05
Brazil	3.80
China	4.39
	4.21

201-2

Risks and opportunities associated with climate change

Global situation

In spite of the economic downturn and the decline in the use of coal, carbon dioxide emissions have increased to new records, with a growth of 0.6% compared to last year (in 2018 and 2017 this increase was of 2.1% and 1.5% respectively), according to the last Global Carbon Project report. As the World Meteorological Organization has highlighted, 2019 is the final year in the hottest decade ever recorded.

The scientific community warns that, with the present projections and measures, the temperature increase may exceed three degrees by the end of the century, which directly points to the production of polluting gases: If the report's forecasts are indeed met, CO_2 emissions will be 4% higher than in 2015, when the Paris Agreement was signed.

Although the use of coal (the main pollutant, accounting for 40% of total fossil fuel emissions) is declining, this will be offset by increased use of natural gas and oil worldwide.

The scenario envisaged by the four most polluting regions in 2019 is quite diverse. China, which continues at the top, is expected to grow by 2.6%, the United States and European Union (second and third places) are expected to decrease by about 1.7% and India, the fourth most polluting country, is expected to grow by 1.8%.

Regulatory framework

Following the commitment of the Paris Agreement (COP 21), all countries were required to agree on measures to reduce global greenhouse gas emissions to levels which are consistent with climate security, as outlined in the reports of the Intergovernmental Panel on Climate Change (IPCC).

The objective is to limit the increase of the average global temperature to 1.5ºC with respect to pre-industrial levels, which requires an accelerated change in the development model in the coming decades.

Little progress has been made at the annual meetings held from 2015 onwards, mainly on Article 6 which defines the rules for the carbon market. The latest meeting, COP 25 in Madrid, has succeeded in giving visibility to the problem and in disseminating the scientific and expert reports which guarantee a complicated future if no urgent action is taken. Moreover, the demonstrations and demands of civil society have been remarkable.

Within this voluntary framework, the Sustainable Development Goals, mainly those directly related to climate, such as ODS 13 "climate action" and ODS 7 "affordable and clean energy", cannot be overlooked.

The European Union positioned themselves as leaders in the face of the problem, presenting the "New Green Deal", which establishes the main lines of action for the coming years to achieve climate neutrality by 2050, as an opportunity to modernize, promote innovation and improve the competitiveness of the European economy and generate quality jobs. The pact calls for a 100-billion-euro commitment between 2021 and 2027 to achieve this goal.

However, it is the year 2020 in which real and tangible commitments and plans will have to be presented to reduce carbon emissions and respond to this emergency, which is why we must wait for COP 26 in Glasgow, Scotland and hope that countries such as the USA, China and India will form part of this commitment.

In Spain, the Integrated National Energy and Climate Plan 2021-2030 (PNIEC) sets out the guidelines for electricity generation to be 100% renewable by 2050, with intermediate milestones such as in 2030, with a reduction of one third in greenhouse gas emissions, 42% renewable energy in the electricity system and 74% in electricity generation, in line with the commitments made in Agenda 2030.

Stakeholders' expectations

There has been a significant increase in social mobilization over recent years, prompting governments to take urgent action to curb the rise of global average temperatures, which is documented in numerous rather pessimistic scientific reports.

The position of our main customers with plans and policies focused on the reduction of emissions in the medium/long term stands out. For GRI Renewable Industries, meeting their expectations is a strategic aspect, which is why we work in line with their commitments to reach a common goal.

In this context, the financial sector has also taken a step forward. Many institutions have already committed significant amounts to finance investments related to reducing emissions over the next 10 years, acting as a Climate Bank, with a commitment to reducing the carbon dioxide (CO_2) footprint of their credit portfolios pursuant to internationally recognized criteria, and to channel savings and financial resources towards sustainable investments in the future.

Our position

GRI Renewable Industries is aware that it faces various risks arising from climate change, which include:

- **Regulatory risks.** Through the increasingly restrictive emission requirements.
- **Business risks.** To adapt to the requirements and the demands of our customers.
- **Financial risks**. Derived from financing requirements, which increasingly value these issues and consider them in their customer portfolios.
- **Risks in the environment.** Derived from climate change (increase in storms, floods, etc.) at our suppliers´ facilities, which would cause supply problems.
- **Reputational and image risks.** Derived from globalization and the social awareness on these issues.

In that regard, in 2015, after the approval of the Sustainable Development Goals, we changed our way of integrating and communicating sustainability, aligned with our main initiatives to the fulfilment of the SDG most directly related to our business.

Therefore, taking the environment, the risks and the expectations of our stakeholders into consideration, 2019 represents a period of analysis and reflection for GRI Renewable Industries in which a new roadmap must be defined in line with the current needs and trends, as well as the demands of our stakeholders, in which the fight against climate change, for the reduction of CO_2 emissions and a carbon-neutral future, play a fundamental role.

We are currently defining a roadmap with the commitment to move towards a long-term carbon-neutral model, based on different lines of action:

- To have a complete measurement of emissions from all three scopes.
- To have KPIs that allow us to objectively measure the reductions achieved in the various projects underway.
- To promote the use of renewable energy in our facilities and the purchase of energy from renewable sources (PPA's).
- Definition of investments for projects that contribute to minimising emissions (ECMs and technology), as well as more precise monitoring and measurement systems.
- Others: continue with our reforestation project "one tower one tree", sustainable mobility, training and awareness, etc.

In the next report we will publish a detailed plan defined with the objective of carbon neutrality.

Produced emissions

In 2019, 169,988 tons of CO_2 were produced, of which 43% corresponded to scope 1 and the remaining 57% to scope 2.

Direct Emissions 305-1

These emissions refer to those emitted by the production process of the company. In 2019, 60,252 tons of CO_2 were produced. The distribution of these emissions is shown below:

	DIRECT EMISSIONS			
	LPG Tons CO_2	Natural Gas Tons CO_2	Propane Tons CO_2	Diesel Tons CO_2
GRI Argentina	208	0	0	15
GRI Brazil	41	400	0	35
GRI China	0	51,308	0	0
GRI Spain	0	6,981	89	35
GRI India	49	0	0	115
GRI South Africa	32	0	0	31
GRI Turkey	0	515	201	0
GRI USA	0	1	25	170
	330	**59,205**	**315**	**402**

Indirect Emissions 305-2

Indirect emissions are those produced by third parties and are consumed in our plants and offices, they amount to 79,932 tons of CO_2. The emissions by country are given next:

	INDIRECT EMISSIONS (tons CO_2)
GRI Argentina	1,299
GRI Brazil	594
GRI China	58,062
GRI Spain	8,220
GRI India	3,527
GRI South Africa	3,441
GRI Turkey	1,858
GRI USA	2,931
	79,932

Other emissions 305-3

These emissions correspond to corporate trips made by plane, train and rental cars. Additionally, the estimation of emissions deriving from employees´ commutes is also included. Scope 3 emissions are outlined next:

	OTHER EMISSIONS (tons CO_2)
Corporate Trips	2,423
Transportation employees	25,992
Scope 3 total	**28,415**

Corporate Trips

Rental car
155
tons CO_2/year

Travel by plane
2,262
tons CO_2/year

Travel by train
6
tons CO_2/year

Intensity of Emissions 305-4

The intensity of the emissions is considered to measure efficiency and the impact of our processes.

The yearly ratio is calculated by dividing the sum of all direct and indirect emissions by the total weight of all products sold in each country. In the following table the obtained results are detailed for each production process:

	EMISSIONS INTENSITY "TOWERS"
	tCO_2 / t product sold
Argentina	0.06
Brazil (Towers)	0.03
Spain (Galicia+Sevilld)	0.08
India	0.17
South Africa	0.14
Turkey	0.11
USA	0.10
	0.10

	EMISSIONS INTENSITY "FLANGES"
Spain (Iraeta)	0.18
Brasil	0.18
China	0.38
	0.36

CO_2 Produced
168,599 tons CO_2/year

SCOPE 1
60,252 tons CO_2/year

SCOPE 2
79,932 tons CO_2/year

SCOPE 3
28,415 tons CO_2/year

BALANCE
CO_2 **Avoided**
613,881
tons CO_2/year

CO_2 Avoided
782,480 tons CO_2/year

TOWERS PRODUCTION
782,463tons CO_2/year

REFORESTATION
17 tons CO_2/year

Avoided emissions

The main activity of GRI Renewable Industries is the manufacture of components for wind turbines (towers and flanges), which are designated to the generation of wind energy. This renewable and sustainable energy does not emit greenhouse gasses into the atmosphere, contributing to mitigate climate change.

Moreover, we are committed to the achievement of the Sustainable Development Goals (SDG), and, in particular, to those that contribute to the fight against climate change (SDG 7.3 and SDG 13.2).

Next, we highlight our contribution, through tower production and reforestations, in 2019.

Tower Production

In 2019, the company manufactured a total of 1,375 wind towers, the final destination of which is shown below:

	TOWERS
South Africa	10.0%
Turky	2.9%
Kazakstán	0.9%
Ucrania	4.1%
Spain	15.5%
Poland	1.6%
USA	18.8%
India	9.5%
Canada	4.2%
Brazil	4.2%
Holland	0.8%
Argentina	9.5%
Germany	1.4%
France	10.6%
Senegal	5.6%
Irland	0.4%
	100%

The proportional weighing represented by the cost of the wind tower manufactured by GRI Renewable Industries out of the total cost of the tower is deemed to be 16.4%. If one estimates the annual net operational hours of the turbines in the countries where they are present, the installed power, the conversion rate applicable to each country and the percentage of the cost of the tower out of the total structure, we estimate that our contribution to combating climate change amounts to 782,463 tons of avoided CO_2 emissions in 2019.

Respecting to the reduction of energy requirements for products and services (302-5), the innovation section summarizes the improvements made in products and processes. We are currently working on a plan that will allow us to have the real savings derived from the measures implemented, which will be available in 2030.

Reduction of the weight of the towers

As summarized in innovation, the design of new models of towers and lighter flanges is key in our business, for the development of more modern, competitive and with less impact.

A clear example are the projects developed in 2019 for two of our main customers, with whose reduction in steel weight it is estimated that 11,015 tons of CO_2 emissions have been avoided.

Reforestation

Trees and woodlands have a direct relation to climate change, and they contribute to curbing its impact, functioning as a drain by trapping and storing CO_2.

Therefore, GRI Renewable Industries committed in 2015 to minimize these impacts through reforestation, with the aim of matching, as far as possible, the number of trees planted to the number of towers built.

In 2019, we have done four reforestations, totaling 2,000 trees compared to 1,375 towers manufactured. As a result of these plantings and based on the species that were planted, it is estimated that a total of 670 tons of CO_2 will be absorbed over the next 40 years, which is equal to 17 tons per year. If we include the estimated absorptions of reforestations done in previous years (38 t/year in 2016, 15 t/year in 2017 and 13 tons of CO_2/year in 2018), we reach a total of 82.7 tons of CO_2 avoided per year because of the reforestation scheme.

GRI Towers Galicia

The team in Galicia and their families planted, in the town of Oseira, 350 chestnut trees and 150 birches trees. This planting is estimated to allow for the total absorption of 106 tons of CO_2 over 40 years.

GRI Towers Sevilla

The team in Seville and their families planted a total of 500 trees in Seville of nine species typical to the region. This planting is estimated to allow for the total absorption of 364 tCO_2 over 40 years.

GRI Flanges Iraeta and GRI Casting Zestoa

The team in the Basque Country planted a total of 500 trees of three species typical to the region (Quercus robur, Fraxinus excelsior and Fagus sylvatica) in Soraluze. This planting is estimated to allow for the total absorption of 115 tCO_2 over 40 years.

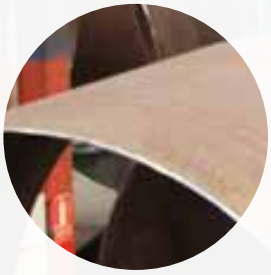
GRI Madrid. Headquarters

The team in Madrid and their families planted a total of 500 trees of the Pinus Sylvestris of the region in San Martín del Pimpollar (Avila). With this plantation a total absorption of 85 tCO_2 is estimated at 40 years.

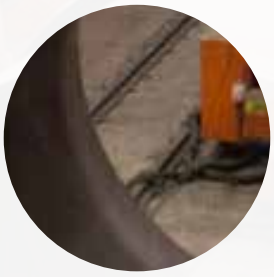
ANNEXES

The annexes include detailed information on personnel, relevant aspects of the perimeter and scope of the report, as well as the independent external verification report.

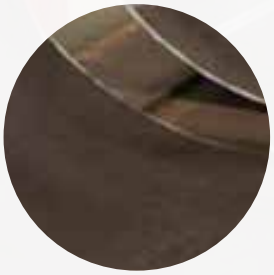
ANNEX ▸
External verification report



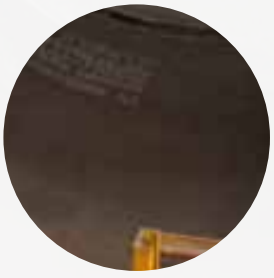
◂ ANNEX II
Report Profile



ANNEX III ▸
Quantitative Information



◂ ANNEX VI
GRI Content Index



ANNEX V - VI ▸
Global Compact Principles
Scope

ANNEX I

Independent Review Report 102-56

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Building a better working world

INDEPENDENT LIMITED ASSURANCE REPORT OF THE SUSTAINABILITY REPORT 2019
OF GRI RENEWABLE INDUSTRIES, S.L.

To the Management of GRI RENEWABLE INDUSTRIES, S.L.:

Scope

As commissioned by the Management of GRI RENEWABLE INDUSTRIES, S.L. and subsidiaries (hereinafter, GRI Renewable Industries), we have carried out the review of the "Sustainability Report 2019". This information has been prepared in accordance with GRI Sustainability Reporting Standards (GRI Standards) comprehensive option, as detailed in "Report Profile".

The scope considered by GRI Renewable Industries for the preparation of the Report is defined in "Scope consolidation of GRI Renewable Industries S.L. and subsidiaries".

The preparation of the "Sustainability Report 2019", as well as its content, is the responsibility of the Management of GRI Renewable Industries, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The guidelines for reviewing Corporate Responsibility Reports, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited assurance scope.

Applied procedures

Our review consisted in requesting information from the Sustainability Department and the various business units participating in the preparation of the "Sustainability Report 2019", applying processes and analytical procedures, and sampling review tests as described in the general terms below:

- Interviews with the staff in charge of the preparation of the sustainability information in order to gain a deep understanding of how the objectives and sustainability policies are considered, set into practice, and integrated within GRI Renewable Industries' global strategy.
- Reviewing the processes for the compilation and validation of the information presented in the Report.
- Checking the processes held by GRI Renewable Industries in order to define the material aspects and stakeholder participation.
- Reviewing the adaptation of the structure and content of the Report, as indicated in the GRI Standards sustainability reporting framework of the Global Reporting Initiative, in accordance with the comprehensive option.
- Checking selected samples of the quantitative and qualitative information of the contents included in the "Sustainability Report 2019", as well as their adequate compilation from data supplied by information sources. The review tests have been defined to provide the aforementioned assurance levels.
- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied to the contents in Annex "GRI Content Index", with the aforementioned scope.

The scope of our review is considerably lower than a reasonable assurance report. Therefore, the degree of assurance is also less extensive. This report in no case should be considered as an audit report.

Independence and quality control

We have complied with the requirements of independence and the other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA, for its acronym in English).

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and maintains, as a result, a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, and legal and regulatory provisions.

Our work has been performed by a team of sustainability experts with a wide experience in reviewing this type of information.

Conclusions

As a result of our limited review, we conclude that no matter came to our attention that would indicate that the "Sustainability Report 2019" has not been prepared, in all material respects, according to the GRI Standards sustainability reporting framework, which includes the data reliability, the adequacy of the information presented and the absence of significant deviations and omissions.

This report has been prepared solely for the management of GRI Renewable Industries, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated May 29th, 2020. In the event of any discrepancy, the Spanish version always prevails.)

ANEXO II

Report Profile

The Sustainability Report was created in accordance with the information and indicators established in the reference guide of the comprehensive option of the "GRI Standards", (102-54) and the relevant matters that arise from our Materiality Study, as an integral part of our commitment to the Sustainable Development Goals. The table of contents can be found in the Annex of this report, together with the independent external verification report done by the company EY (102-56).

The goal is to communicate the most relevant aspects and initiatives, with an approach that is aligned with our way to understand sustainability and its impact on the management of the company.

Contact of the report

102-53

For general issues regarding this report, information is available at:

rsc@gri.com.es

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C/ Ombú 3, Floor 12.
28045 Madrid. Spain

Presentation cycle

As in the previous periods, the Report has an annual periodicity (102-52), and encompasses the information covered between January 1 2019 and December 31 2019 (102-50), the last report being the one corresponding to the year 2018 (102-51).

Significant Changes

With respect to the previous year, the factories of GRI Calviño Towers Argentina, GRI Towers India II and GRI Flanges China IV have been incorporated into the reporting perimeter. The minor changes are indicated in their corresponding sections (102-49).

There has not been any restatement of information regarding the previous financial year (102-48), nor were there any changes in the supply chain (102-10).

ANNEX III. Quantitative information

Human Resources

OWN PERSONNEL BY COUNTRY, GENDER AND AGE

	MANAGERS				MIDDLE MANAGERS				PLANT & OFFICE			
MEN	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	2	7	4	0	2	2	1	43	151	98	18
Brazil	0	0	1	2	0	4	2	1	16	141	140	45
China	0	1	5	11	0	24	16	9	118	295	239	226
Spain	0	0	10	9	0	18	67	28	39	219	301	171
USA	0	2	1	3	1	6	14	5	48	98	48	33
India	0	1	6	2	7	42	10	5	38	103	179	44
South Africa	0	2	0	5	0	11	8	5	11	104	74	44
Turkey	0	0	0	1	0	0	4	2	12	127	69	13
	0	**8**	**30**	**37**	**8**	**107**	**123**	**56**	**325**	**1,238**	**1,148**	**594**
WOMEN	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	1	0	0	1	0	0	6	12	3	1
Brazil	0	0	0	0	0	0	1	0	8	22	24	3
China	0	0	0	1	0	10	9	2	27	68	56	41
Spain	0	0	0	2	0	7	26	2	2	32	27	15
USA	0	1	1	0	0	1	0	1	0	6	5	7
India	0	0	0	0	0	0	0	0	0	0	0	0
South Africa	0	0	2	0	1	2	2	1	9	7	2	3
Turkey	0	0	0	0	0	0	1	0	0	4	1	0
	0	**1**	**4**	**3**	**1**	**21**	**39**	**6**	**52**	**151**	**118**	**70**

EXTERNAL STAFF BY COUNTRY AND GENDER

	SUBCONTRACT		TTE´S	
	MEN	WOMEN	MEN	WOMEN
Argentina	0	0	0	0
Brazil	96	0	0	0
China	0	0	0	0
Spain	24	5	2	2
USA	9	1	2	1
India	207	14	167	14
South Africa	20	7	0	0
Turkey	26	0	0	0
	382	**27**	**171**	**17**

EMPLOYEES LOCAL NATIONALITY BY GENDER AND COUNTRY

	MEN	WOMEN	TOTAL LOCAL
Argentina	300	21	321
Brazil	344	52	396
China	942	214	1,156
Spain	815	103	918
USA	241	16	257
India	436	1	437
South Africa	260	29	289
Turkey	228	6	234
	3,566	**442**	**4,008**

DISTRIBUTION OF PERSONNEL BY COUNTRY, GENDER, TYPE AND DURATION OF CONTRACT

	TYPE OF CONTRACT					
	PERMANENT		TEMPORARY		SCHOLARSHIP	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Argentina	328	24	0	0	0	0
Brazil	347	52	0	0	5	6
China	936	211	8	3	0	0
Spain	594	92	267	21	1	0
USA	259	22	0	0	0	0
India	436	0	1	0	0	0
South Africa	249	20	7	3	8	6
Turkey	228	6	0	0	0	0
	3,377	**427**	**283**	**27**	**14**	**12**

TRAINING BY CATEGORY AND COUNTRY

	MEN			WOMEN		
	DIRECTOR	MIDDLE MANAGERS	PLANT & OFFICE	DIRECTOR	MIDDLE MANAGERS	PLANT & OFFICE
Argentina	0	0	0	0	0	0
Brazil	4	263	8,033	0	24	1,100
China	76	64	248	76	64	248
Spain	164	891	8,866	4	499	496
USA	8	23	7,500	3	4	26
India	72	130	416	0	0	0
South Africa	75	2,577	3,638	84	157	200
Turkey	20	171	6,192	0	115	391
	419	**4,119**	**34,893**	**167**	**863**	**2,461**

HIRES

MEN	MANAGERS				MIDDLE MANAGERS				PLANT & OFFICE			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	0	0	0	0	1	2	3	12	14	2
Brazil	0	0	0	0	0	0	0	0	5	23	14	8
China	0	0	0	0	0	1	1	0	47	72	44	21
Spain	0	0	0	1	0	5	3	1	20	79	63	26
USA	0	0	0	1	0	0	5	2	40	55	29	14
India	0	0	1	0	6	18	1	0	41	24	3	0
South Africa	0	0	0	1	0	0	0	1	2	24	7	0
Turkey	0	0	0	0	0	0	0	0	6	13	9	2
	0	**0**	**1**	**3**	**6**	**24**	**11**	**6**	**164**	**302**	**183**	**73**
WOMEN	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	1	0	0	0	0	0	1	1	1	1
Brazil	0	0	0	0	0	0	0	0	1	4	4	1
China	0	0	0	0	0	0	0	0	10	9	6	3
Spain	0	0	0	0	0	1	4	0	2	15	7	1
USA	0	0	1	0	0	1	0	0	3	4	2	4
India	0	0	0	0	0	0	0	0	0	1	0	0
South Africa	0	0	0	0	0	1	0	0	4	3	1	1
Turkey	0	0	0	0	0	0	0	0	1	0	0	0
	0	**0**	**2**	**0**	**0**	**3**	**4**	**0**	**22**	**37**	**21**	**11**

DISMISSAL LEAVING

MEN	MANAGERS				MIDDLE MANAGERS				PLANT & OFFICE			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	3	2	0	0	0	0	8	38	29	2
Brazil	0	0	0	1	0	0	0	0	0	7	9	2
China	0	0	0	0	0	1	0	0	1	0	0	0
Spain	0	0	1	3	0	0	1	2	0	1	2	1
USA	0	0	0	0	0	1	0	2	8	11	9	5
India	0	0	0	0	0	0	0	0	0	0	0	0
South Africa	0	0	1	0	0	0	1	0	0	5	7	5
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
	0	**0**	**5**	**6**	**0**	**2**	**2**	**4**	**17**	**62**	**56**	**15**
WOMEN	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	0	0	0	0	0	0	1	5	0	0
Brazil	0	0	0	0	0	0	0	1	1	2	4	0
China	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0	0	0	0	0
USA	0	0	0	0	0	0	0	0	1	0	0	0
India	0	0	0	0	0	0	0	0	0	1	0	0
South Africa	0	0	0	0	0	0	0	0	0	1	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**3**	**9**	**4**	**0**

VOLUNTARY LEAVING

MEN	MANAGERS				MIDDLE MANAGERS				PLANT & OFFICE			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	1	3	3	0
China	0	0	0	0	0	1	1	0	30	31	17	16
Spain	0	0	2	2	1	5	2	0	14	41	69	39
USA	0	0	2	0	0	1	2	0	24	34	17	14
India	0	0	0	0	1	2	0	1	2	8	2	1
South Africa	0	0	0	2	0	0	1	1	1	9	2	0
Turkey	0	0	0	0	0	0	0	0	0	10	3	4
	0	**0**	**4**	**4**	**2**	**9**	**6**	**2**	**72**	**136**	**113**	**74**
WOMEN	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	1
China	0	0	0	0	0	0	0	0	6	8	3	4
Spain	0	0	0	0	0	1	1	1	0	7	6	4
USA	0	0	0	0	0	0	0	0	2	2	0	1
India	0	0	0	0	0	0	0	0	0	0	0	0
South Africa	0	0	0	0	0	0	0	0	3	3	1	0
Turkey	0	0	0	0	0	0	1	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**1**	**2**	**1**	**11**	**20**	**10**	**10**

ANNEX IV

GRI Content Index 102-55

The contents of this index have been externally verified by the independent entity EY. The related independent review report for verification can be found in the Annex of this document. Information omissions are included as a note in italics on appropriate indicators.

GRI Standards	Content	Page/ Omission	Review
GRI 101: Foundation			
GRI 102: General Content			
Organizational Profile	102-1 Name of the organization	7	√
	102-2 Activities, brands, products, and services	7	√
	102-3 Location of headquarters	7	√
	102-4 Location of operations	8, 10, 11	√
	102-5 Ownership and legal form	7, 21	√
	102-6 Markets served	8, 10, 11	√
	102-7 Scale of the organization	9	√
	102-8 Information on employees and other workers	45, 46, An3	√
	102-9 Supply chain	41, 42	√
	102-10 Significant changes to the organization and its supply chain	78	√
	102-11 Precautionary Principle or approach	31	√
	102-12 External initiatives	59	√
	102-13 Membership of associations	19	√
Strategy	102-14 Statement from senior decision-maker	4	√
	102-15 Key impacts, risks, and opportunities	29-31	√
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	7, 25	√
	102-17 Mechanisms for advice and concerns about ethics	24, 25	√
Governance	102-18 Governance structure	21	√
	102-19 Delegating authority	22	√
	102-20 Executive-level responsibility for economic, environmental, and social topics	22	√
	102-21 Consulting stakeholders on economic, environmental, and social topics	22	√
	102-22 Composition of the highest governance body and its committees	21	√
	102-23 Chair of the highest governance body	21	√
	102-24 Nominating and selecting the highest governance body	22	√
	102-25 Conflicts of interest	22	√
	102-26 Role of highest governance body in setting purpose, values, and strategy	22	√
	102-27 Collective knowledge of highest governance body	22	√
	102-28 Evaluating the highest governance body's performance	21	√
	102-29 Identifying and managing economic, environmental, and social impacts	30, 31	√
	102-30 Effectiveness of risk management processes	30	√
	102-31 Review of economic, environmental, and social topics	30, 31	√
	102-32 Highest governance body's role in sustainability reporting	22	√
	102-33 Communicating critical concerns	22	√
	102-34 Nature and total number of critical concerns	25	√
	102-35 Remuneration policies	23	√
	102-36 Process for determining remuneration	23	√
	102-37 Stakeholders' involvement in remuneration	23	√
	102-38 Annual total compensation ratio	23, ND	√
	102-39 Percentage increase in annual total compensation ratio	23. ND	√

ND: not avalilable

Stakeholder engagement	102-40 List of stakeholder groups	17	√
	102-41 Collective bargaining agreements	48	√
	102-42 Identifying and selecting stakeholders	17	√
	102-43 Approach to stakeholder engagement	17	√
	102-44 Key topics and concerns raised	18	√
Reporting practice	102-45 Entities included in the consolidated financial statements	86	√
	102-46 Defining report content and topic Boundaries	18	√
	102-47 List of material topics	18	√
	102-48 Restatements of information	78	√
	102-49 Changes in reporting	78	√
	102-50 Reporting period	78	√
	102-51 Date of most recent report	78	√
	102-52 Reporting cycle	78	√
	102-53 Contact point for questions regarding the report	78	√
	102-54 Claims of reporting in accordance with the GRI Standards	78	√
	102-55 GRI content index	81-85	√
	102-56 External assurance	77	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
Economic Performance			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Economic Dimension.	103-1 Explanation of the material topic and its Boundary	18, 26	√
	103-2 The management approach and its components	26	√
	103-3 Evaluation of the management approach	26	√
Economic Performance			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	28	√
	201-2 Financial implications and other risk and opportunities due to climate change	72	√
	201-3 Defined benefit plan obligations and other retirement plans	52	√
	201-4 Financial assitance received from government	28	√
Procurement Practices			
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	43	√
Anti corruption			
GRI 205: Anti corruption	205-1: Operations assessed for risks related to corruption	25	√
	205-2: Communication and training about anti-corruption policies and procedures	25	√
	205-3: Confirmed incidents of corruption and actions taken	25	√
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	25	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
Environmental Performance			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Environmental Dimension.	103-1 Explanation of the material topic and its Boundary	18, 63	√
	103-2 The management approach and its components	63	√
	103-3 Evaluation of the management approach	63	√
Materials (not material)			
GRI 301: Materials	301-1: Materials used by weight or volume	66	√
	301-2 Recycled input materials used	68	√
Energy			
GRI 302: Energy	302-1: Energy consumption within the organization	71	√
	302-2: Energy consumption outside of the organization	71, Note A	√
	302-3: Energy intensity	71	√
	302-4: Reduction of energy consumption	69	√
	302-5: Reduction in energy requirements of products and services	75, Note B	√
Water (not material)			
GRI 303: Water	303-1 Water withdrawal by source	63	√
	303-2 Water sources significantly affected by withdrawal of water	63	√
	303-3 Water recycled and reused	63	√
Emissions (not material)			
GRI 305: Emissions	305-1: Direct (Scope 1) GHG emissions	74	√
	305-2: Energy indirect (Scope 2) GHG emissions	74	√
	305-3: Other indirect (Scope 3) GHG emissions	74	√
	305-4: GHG emissions intensity	74	√
	305-5: Reduction of GHG emissions	75	√
Effluents and Waste (not material)			
GRI 306: Effluents and Waste	306-1 Water discharge by quality and destination	63	√
	306-2 Waste by type and disposal method	64	√

Note A: There is no information on this indicator, which is expected to be in the year 2030.

NOTE B: Does not apply. The products follow the customers' specifications, so the company has little influence.

GRI Standards	Content	Page/ Omission	Review
Materility topics			
Environmental Compliance (not material)			
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	25	√
Suppliers			
GRI 308: Suppliers environmental assesment	308-1: New suppliers that were screened using environmental criteria	42	√
	308-2: Negative environmental impacts in the supply chain and actions taken	43	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
Social Perfomance			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Social Dimension.	103-1 Explanation of the material topic and its Boundary	18, 45, 54, 59	√
	103-2 The management approach and its components	45, 54, 59	√
	103-3 Evaluation of the management approach	45, 54, 59	√
Employment			
GRI 401: Employment	401-1: New employee hires and employee turnover	46, An3	√
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	52	√
	401-3: Parental leave	47	√
Occupational Health and Safety			
GRI 403: Occupational Health and Safety	403-1: Workers representation in formal joint management-worker health and safety committees	57	√
	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	56	√
	403-3: Workers with high incidence or high risk of diseases related to their occupation	58	√
	403-4: Health and safety topics covered in formal agreements with trade unions	57	√
Training and Education			
GRI 404: Training and Education	404-1: Average hours of training per year per employee	49	√
	404-2: Programs for upgrading employee skills and transition assistance programs	49	√
	404-3: Percentage of employees receiving regular performance and career development reviews	49	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
Diversity and Equal Opportunity (not material)			
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	21, 45, 47	√
Non-discrimination			
GRI 406: Non-discrimination	406-1: Incidents of discrimination and corrective actions taken	25	√
Child Labor			
GRI 408: Child Labor	408-1: Operations and suppliers at significant risk for incidents of child labor	42	√
Human rights assessment (not material)			
GRI 412: Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	30	√
	412-2: Employee training on human rights policies or procedures	25	√
	412-3: Significant agreements and investment contracts with clauses on human rights or submitted to evaluation of human rights	30	√
Local Communities (not material)			
GRI 413: Local Communities	413-1: Operations with local community engagement, impact assessments, and development programs	60	√
Suppliers social assessment			
GRI 414: Suppliers social assessment	414-1: New suppliers that have passed selection filters according to social criteria.	42	√
	414-2 Negative social impacts in the supply chain and actions taken.	43	√
Public Policy			
GRI 415: Public Policy	415-1: Political contributions	19	√
Customer Health and Safety			
GRI 416: Customer Health and Safety	416-1: Assessment of the health and safety impacts of product and service categories	35	√
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	25	√
PCustomer Privacy (not material)			
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	√
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance	419-1: Non-compliance with laws and regulations in the social and economic area	25	√

Contents in relation to the Global Compact Principles

The following table shows the chapters of this report that provide the most relevant information regarding the 10 principles of the Global Compact, in addition to the one included on the management approaches of every GRI aspect. Each stakeholder can evaluate GRI Renewable Industries' progress concerning these principles by the following this table:

Aspect	UN Global Compact Principles	Progress included in chapter
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Compliance Model and Supply Chain
	Principle 2: Make sure that they are not complicit in human rights abuses.	Compliance Model, commitment to SDG and social action
Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	People
	Principle 4: The elimination of all forms of forced and compulsory labor.	People
	Principle 5: The effective abolition of child labor.	Compliance Model and people
	Principle 6: The elimination of discrimination in respect of employment and occupation.	Compliance Model and people
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Environment Dimension
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	Environment Dimension
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Customers and innovation and Environment Dimension
Anticorruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Compliance model

Scope consolidation of GRI Renewable Industries S.L. and subsidiaries

Scope consolidation. The group was composed by the following companies at the end of 2019 (102-45)

Subsidiary / Associated company	Country
GRI Calviño Towers Argentina SA	Argentina
Shandong Golden Luyang Co Ltd	China
Shandong Iraeta Heavy Industry Stock Co., Ltd.	China
Jinan Siemat CNC Machine Co., Ltd.	China
Jinan Iraeta International Trade Co.,Ltd	China
Shandong IBARMIA CNC Manufacturing Co., Ltd.	China
Gobi Oasis LC	China
GRI Flanges Forjados de Aço, A/S (antes Iraeta Brasil S/A)	Brazil
G&B Wind Services, S.A.	Brazil
GRI Towers Brasil Estructuras Metálicas	Brazil
GRI Corte e Biselado S/A	Brazil

Subsidiary / Associated company	Country
Forjas Iraeta Heavy Industries, S.L.	Spain
FIHI Forging, S.L.	Spain
GRI Basque Holding S.L	Spain
GRI Castings S.L.	Spain
GRI Hybrid Towers, S.L.	Spain
GRI Towers Sevilla, S.L.	Spain
GRI Towers Galicia S.L.	Spain
GRI Powergear Towers India Private Limited	India
GRI Wind Steel South Africa, Ltd.	South Africa
Gesbey Enerji turbini kule uretim sanayi ve tikaret AS	Turkey
GRI Towers Texas, Inc	USA


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