



Compliance Model

In today's globalised environment, the identification, classification, monitoring, management and control of the risks we confront is essential for sustainable growth.



Internal audit and compliance 205-1 AND 205-2

The development of the new **"Compliance Model"** is aimed at improving the tracking, measurements and control mechanisms for the identified risks. In 2018, as a part of this project, the Compliance Committee was established as the Delegate Body of the Board of Directors responsible for the Model's application and revision and for the Management of the Ethics Channel.

The project is jointly led by the Internal Audit area, the Compliance Committee and the different areas of Gonvarri to update and prepare the Internal Regulation applicable to the Model. In the Internal Audit Statute, the functions, competences, responsibilities and acting principles of the Internal Audit and Compliance Management are defined.

At its beginning, a deep revision of the Code of Ethics and Conduct was conducted, just as the revision of various anti-corruption, risk, commercial sanctions and information exchange policies, among others, which were all approved by the Board of Directors.

Its implementation is carried out in phases. It started in 2018 and was completed in 2019, including the whole process of design and continuous improvement, dissemination, management, training and supervision.

Since its implementation, onwards we entered into a recurrent process of detection and management of regulatory compliance risks and the monitoring, supervision, updating and improvement of the implemented Compliance Model. In addition, we are continuing with the efforts to disseminate, train and communicate the Compliance Model and the policies that comprise it, which will be maintained on an ongoing basis as a basic part of the Model itself.



All aspects and risks arising from any form of corruption are implemented globally in the Gonvarri Group's offices, distribution centers and factories in accordance with the model and policies approved for this purpose.

In this area, 87% of the group analyzes its corruption risks, where 75% use the Gonvarri model and the remaining 12% use a proprietary model (Brazil and Gonvama). The facilities acquired in 2020 are in the implementation period (6%) and the remaining 7% are still pending (205-1).

In 2020, new rules were approved, mainly concerning HR management, such as: Induction Policy, Training Policy, Corporate Recruitment and Selection Policy, Procedure for Recruitment, Dismissals and Internal Transfers, Payroll Management Policy, Performance Management Policy. In addition, the Transfer Price Corporate Manual was updated.

I would like to mention that a new version of the Sustainability Policy was approved in the first quarter of 2021, in line with the Sustainable Development Goals.

Regarding the Protection of Personal Data in the European Union, 40 consultations of different matters and complex were received. No security incidents or request have been received or detected and 2 rights management requests have been received from stakeholders.

Once the procedures related to Personal Data Protection have been implemented and adapted to the various local regulations being developed in the different countries in which the Group operates, the recurring management process continues.

Once the compliance model is updated and these internal rules are issued, an ambitious plan for the diffusion, communication and training is continued.

Code of Ethics 102-16 AND 102-17

The Code comprises of an express declaration of the values, principles and behavioural guidelines that must be adopted by the people of the Group in their professional role, regarding topics such as relations with customers, employees, collaborators, providers and the community, and so consolidating the existing trust between the Group and third parties.

It is mandatory for employees, collaborators, directors and the managers of the Group know the full content of the Code and especially the principles and behavioural guidelines in it. It is also mandatory to have training inherent to this material and to pass an exam concerning the principles and directives the Code contains.

In addition, and together with the Code of Ethics, various internal regulations are developed that detail and deploy our values and principles in each of the areas of interest. These are updated and reported annually in successive sustainability reports.

The Compliance Committee, through the Ethics Channels, are the guarantors of receiving and responding to any improper situations, doubts, queries or bad practices expressed and applying the appropriate legal or disciplinary measures.

Furthermore, an audit plan will be made annually to verify its adequate dissemination and compliance.





Ethics Channel

The **Ethics Channel** is made available to all employees, directors, managers and collaborators in the Gonvarri Group and also to other external stakeholders, such as customers, providers or the society in general. This with the same objective of consulting doubts about the application of the Code of Ethics and Conduct, just as notifying the possible misconducts that correspond to the breach thereof.

The **Ethics Channel Regulations** define the operating principles and conditions of use on which the Ethics Channel is based, and the roles and responsibilities of each of the bodies involved in the management and processing of queries/complaints. The Compliance Committee is the managing body of the channel, which establishes the action protocols for analyzing, investigating, concluding and communicating the results of the complaints received. It reports periodically to the Board of Directors and its members on its activity in the management of the ethics channel: number of queries and complaints received, complaints regarding serious situations, status of complaints, etc. It will also report on any other relevant matter.

A new Code of Ethics and Conduct was approved by the Board of Directors in September 2017 and so were the Action Protocols of the Ethics Channel in January 2018.

The external provider is in charge of providing and maintaining an accessible channel, guaranteeing the confidentiality of the communications made and their management, safeguarding and filing the data according to the applicable regulations, and acting as an intermediary between the user and the Compliance Committee to guarantee confidentiality as an operating principle.

There are different possible ways to access the Ethics Channel:



WhatsApp
+34 679 981 922



APP
APP Gonvarri. IOs & Android



Web
<https://gonvarri.i2ethics.com>



Email
ethicschannel@gonvarri.com



Ordinary mail
Att./ Comité de Cumplimiento
C. Embajadores, 458. 28053 Madrid

- Form through <https://gonvarri.i2ethics.com>, also accessible on the Group's website <http://www.gonvarri.com>
- Email: ethicschannel@gonvarri.com
- Ordinary mail with the address: Internal Audit and Compliance C/ Embajadores s/n. 28053 Madrid.
- A través de Whatsapp Wechat o contacto telefónico en el número +34 679 98 19 22
- Via Whatsapp Wechat or phone contact on +34 679 98 19 22

In addition, it is accessible through the Call Back option available on the platform <https://gonvarristeelsservices.i2ethics.com>

Once the query/complaint has been communicated through the given platform or through one of the other available media, the user will receive an email from the external provider (i2ethics) with information to confirm the information sent to the Channel and start of their operation.

Awareness and training ⁴¹²⁻²

In 2018, training began on the Code of Ethics and the Ethical Channel as the main parts of the Compliance Model.

For the dissemination of the **Code and the Ethical Channel**, an online course was developed, accessible from the intranet and the mobile application, in which videos, texts and results tests were incorporated to facilitate comprehension, with an estimated duration of between one and two hours. In addition, a major training effort was made throughout the year to disseminate the principles of the Code, which will continue in successive years.

Since its beginning, 3,680 active professionals have enrolled (646 more than in 2019), of which 3,009 have completed the course (577 more than in 2019). This represents around 50,000 hours of training since its inception and a total of 865 hours estimated in 2020. This does not include employees of those companies with shared control where separate compliance models exist.

In 2020, two new mandatory online trainings were launched, developing the harassment prevention guide and the gift and commitment acceptance guide. A total of 1,698 employees (1,132 and 566 employees respectively) completed the training, representing an additional 330 hours of training.

This training includes general aspects of human rights and anti-corruption. In order to strengthen training in these areas, a mandatory course on "**Fraud and Corruption**" was approved in 2021 for all employees (205-2).

In addition, this year a comprehensive individualized Compliance training plan was initiated, depending on the position, department and tasks performed by each employee, through a specific individualized compliance training itinerary.



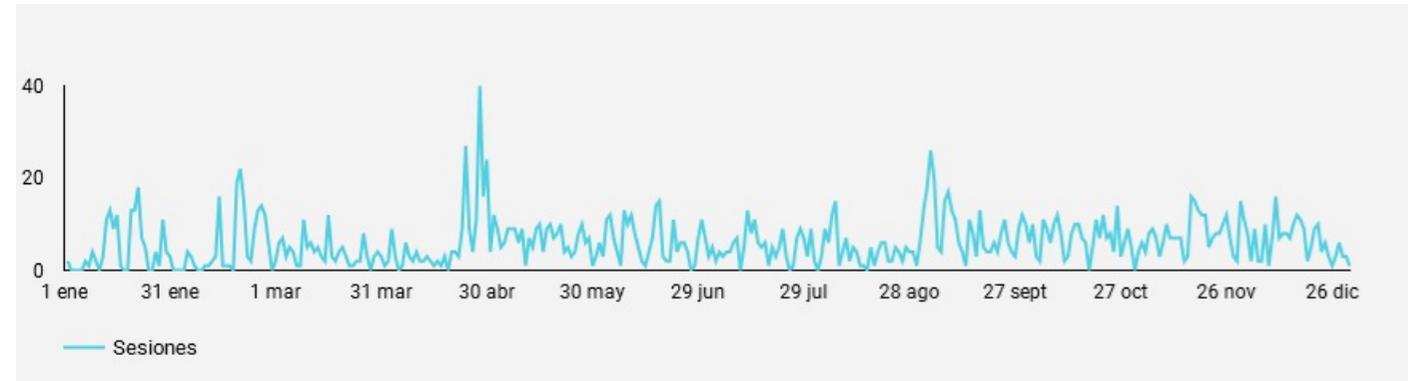
Complaints and ongoing disputes

Gonvarri Ethic Channel is open both for internal use of employees as for any interested third party (supplier, customers and others). Through the channel, irregular or improper situation that violate the Group's Code of Ethics may be reported.

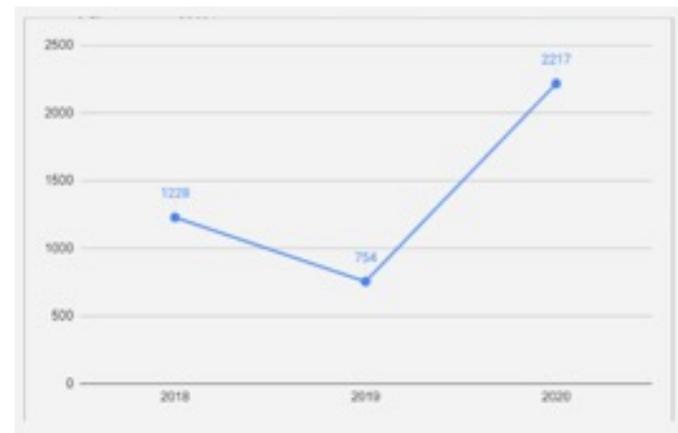
Ethic channel is currently available in 18 different languages, in order to make it accessible to all potential users around the world.

During the period under analysis, 2,217 visits to the ethical channel were recorded, 194% more than in the year the channel was launched (754 visits in 2019 and 1,228 visits in 2018).

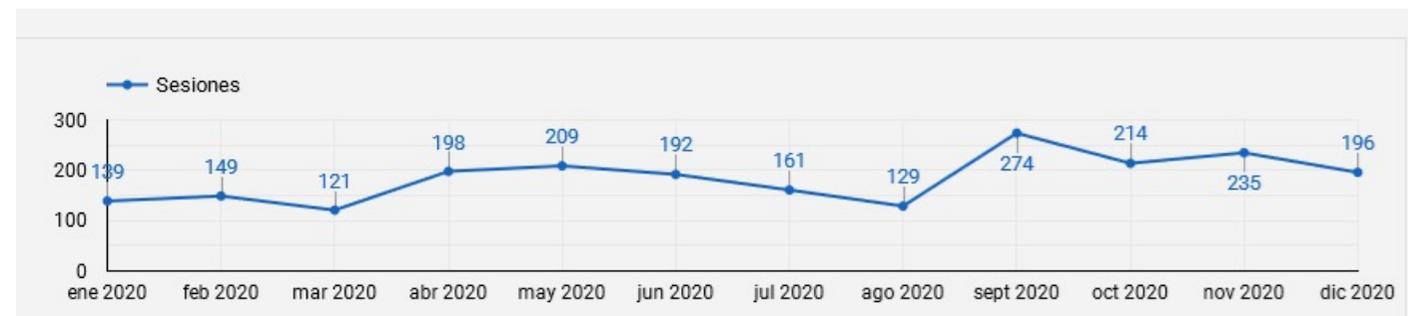
Evolution of daily visits 2020



Evolution of visits since the start of the project



Evolution of monthly visits 2020



Visits were received from 50 different countries, although the majority of visitors came from Spain (53%), followed by China, Turkey and Germany.



Origin of access

Pais	Sesiones	Número de páginas vistas
1. Spain	1.190	
2. China	197	
3. Turkey	164	
4. Germany	103	
5. Japan	65	
6. Portugal	61	
7. United States	57	
8. Finland	41	
9. Netherlands	32	
10. Mexico	31	
11. France	30	
12. Argentina	29	
13. Poland	25	
14. Austria	25	
15. Colombia	23	
16. Russia	17	
17. Brazil	16	
18. United Kingdom	14	
19. Italy	10	
20. Romania	8	
21. Sweden	7	
22. Czechia	7	
23. India	5	
24. South Africa	4	
25. Ireland	4	
26. Qatar	3	
27. Algeria	3	
28. Kosovo	3	
29. Switzerland	3	

The web channel was the preferred channel for complainants with 72% of the total, followed by direct complaints received by processors, with 17%.

The most used method to access the web channel is directly, with 51% of the accesses, followed by access through the Leadind the Change intranet, with 15%.

Input channel for complaints received

Input channel of complaints	Complaints received 2020	Complaints received 2019	Variation 2020 vs 2019
Canal web	26	2	24
Email	4	6	-2
Call Back	0	1	-1
Manual access	6	4	2

The time the channel was available and online (SLA - Service Level Agreement) during 2020 was 99.997%.



In 2020, 36 valid complaints were received on the Gonvarri Ethical Channel, 10 of which are pending resolution to date.

This represents a positive variation in relation to the complaints received, which with respect to 2019 is +24 (+200%), which shows the importance of communication, dissemination and training on the Code of Ethics and the complaint channel.

Following is a detailed classification by type:

Category	Current	%	Pending resolution
Harassment	3	8.3	2
Fair competition	1	2,8	
Conflict of interest	1	2.8	
Corruption and bribery	3	8.3	1
Forced employment	9	25.0	
Fraud	1	2.8	1
Environmental impact	1	2.8	1
Information and image	1	2.8	
Health and safety	6	16.7	
Other	10	27.8	5

Five of the complaints were resolved with disciplinary measures of varying degrees of severity, depending on the seriousness of the facts established after the investigation (205-3).

No cases of discrimination have been identified in 2020, nor have any complaints been received (406-1).

No sensitive activities related to human rights, forced labour and child labour have been identified that would have a significant impact on the company's different operations (408-1 and 409-1).

With regard to the management of personal data protection, no communications have been registered or received regarding security incidents or data management of those concerned.

In 2020, an occupational accident has taken place from which both an administrative sanction and compensation for damages could be derived. The two pending proceedings initiated in 2017 one has been closed and the other is still in process.

No new administrative sanction has been received during 2020 as a result of occupational accidents.

Regarding other procedures initiated against the society, ongoing disputes and sanctions, there are no other meaningful instances that have a relevant economic impact on the Company with regard to:

- Unfair competition, monopolistic practices and practices against free competition (206-1).
- Health and safety impacts of products and services (416-2).
- Justified complaints related to customer privacy violations or to customer data losses (418-1).
- Non-compliance to the laws and legislation in the social, environmental and economic areas (307-1 and 419-1).
- Non-compliance concerning information and labelling of products and services (417-2).
- Non-compliance concerning marketing communications (417-3).