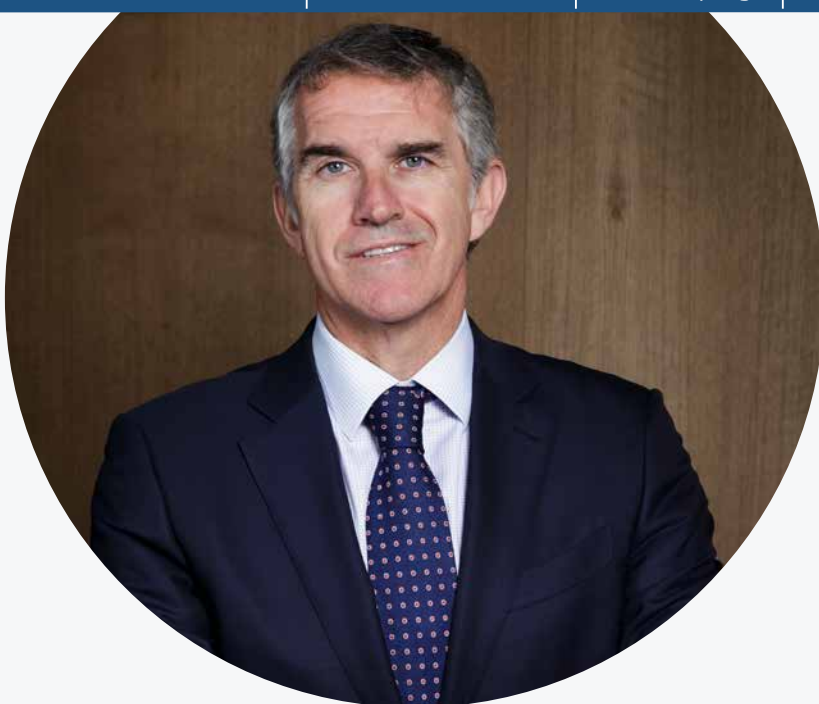




Gonvarri
Industries

Sustainability Repor 2021

Doing Well
by Doing Good
Gonvarri Industries 2030



Letter from the Chairman

Jon Riberas

102-14

environmental protection, climate change action and social equity are essential elements in the transformation toward a low-carbon and resource-efficient economy

The role of the private sector is changing. Today, stakeholders expect companies not only to generate value for their shareholders and employees but also for society and the environment in which they operate. In the context of social and economic recovery from the effects of the Covid-19 pandemic, environmental protection, climate change action and social equity are essential elements in the transformation toward a low-carbon and resource-efficient economy.

One of the main conclusions we could draw from the last Climate Summit in Glasgow, COP26, was the consensus among politicians, industry, customers and society in general on the need to accelerate the pace of decarbonization. This inertia is driving the transformation of all economic sectors, especially the industrial sectors, where the change in the energy mix plays a crucial role.

If we look at the industries to which Gonvarri's activity has traditionally been linked, the impact of this transformation is global and intense. The automotive industry is moving unstoppable toward electrification and mobility services; steel production is seeing growing interest in low-emission steel, as it prepares for a true "Green Steel" revolution. In relation to renewables, the current context of war between Ukraine and Russia, where the renewed interest of many European countries in reducing their dependence on Russian-origin natural gas is leading them to review their energy and security of supply policies by setting new and more ambitious renewable energy targets for 2030, is a major conditioning factor.



The green economy poses changes in the production and consumption models, and to the extent that we can anticipate these changes, we will take advantage of the opportunities that this transition offers us.

From a risk perspective, climate risk represents a structural and long-term risk that causes capital reallocation. The profitability of business must be sustainable over time, and in the future we see that regulatory restrictions, financial markets and society in general are designing new very restrictive boundary conditions with CO₂ emissions. This is why the consolidation of our Carbon-Neutral Plan is a strategic priority for the coming years, which has also led us to commit to the Science Based Targets initiative and its Net-Zero framework, which establishes the highest level of ambition in the reduction of CO₂ emissions.

Taking advantage of the opportunities offered by this energy transition will help us to: reduce the environmental impact of our energy consumption, limit our dependence on non-native energy resources and explore new business areas linked to this new economy. The green economy poses changes in the production and consumption models, and to the extent that we can anticipate these changes, we will take advantage of the opportunities that this transition offers us.

At Gonvarri, 2021 also marked a change in the Strategic Plan. The Plan for the 2019-2021 period has already been defined as one of its pillars the drive for growth and diversification of technological and innovative projects in markets with development

potential. This pillar is still present in the new 22-24 Strategic Plan that, with the always fundamental reference of the Sustainability Policy, which helps us become aware of the challenges facing society, are the guide that directs our decisions and actions.

In this context, I present once again this year's Sustainability Report for the 2021 financial year, where we renew and maintain our commitment to the Global Compact, promoting compliance with the 10 Universal Principles and aligned with the Sustainable Development Goals.

Finally, I want to express my deepest gratitude for the work and dedication of those people who make it possible for Gonvarri to continue to advance steadily in its business project. Honesty, humility, tenacity and hard work have always been our hallmark and our best guarantee of a job well done.

I invite you to take a closer look at our report and learn in detail about our progress on environmental, social and governance issues.

Thank you very much



Letter from the CEO

Josu Calvo

102-14

We have managed to culminate by making progress in the main axes of the plan: diversification, value creation, digitalization and sustainability. Thanks to this progress, we are now a more diversified group and better positioned to grow in emerging sectors.

Dear Reader,

For Gonvarri Industries, 2021 marked the culmination of our third Strategic Plan, corresponding to the 2019-2021 period. These three years have been characterized by an extremely volatile, uncertain and complex period due to the Covid-19 pandemic and international political, social and economic tensions, however, and despite the difficulties experienced, we have managed to culminate by making progress in the main axes of the plan: diversification, value creation, digitalization and sustainability. Thanks to this progress, we are now a more diversified group and better positioned to grow in emerging sectors.

The gradual recovery from the pandemic invited us to be optimistic about the reactivation of industrial activity from the second half of 2021, but the tensions in the supply chain with delays and serious supply problems in some industries, and the subsequent upward spiral in the prices of raw materials and energy, have placed us before a quite different scenario. As if this were not enough, the war in Ukraine is exacerbating and prolonging these effects, adding even more uncertainty and complexity to the future.

In parallel to this difficult situation, the structural changes driven by global trends such as digitalization, automation, circularity and decarbonization are marking the transformation of industry. In response to this challenging environment, at Gonvarri, we have defined a new Strategic Plan for the three-year period 22-24, which, based on our industrial activity, will continue to drive growth and diversification in technological and innovative projects in markets with high development potential. We believe that the energy transformation, with hydrogen and renewable energies at the forefront, and the unstoppable evolution of sustainable mobility, with the electric car as the main exponent, will be some of the important growth vectors for the coming years.



In terms of sustainability and emission reduction, the new Strategic Plan lays the foundations on which to meet the future decarbonisation commitments set out in the company's Carbon Neutral Plan.

In relation to the company's operations, the last Strategic Plan consolidated the commitment to become a more sustainable company, with progress in reducing the consumption of resources, waste generation and reduction of environmental impact, highlighting the recovery of waste generated of over 90%. In the area of energy transformation, the accumulated savings of 17GWh/year in energy consumption thanks to the more than 90 energy savings and efficiency initiatives implemented are noteworthy. Also, in the area of self-consumption, I want to highlight the recent commissioning of 4 new solar photovoltaic installations in our factories, with a total production of more than 7MW.

In terms of sustainability and emission reduction, the new Strategic Plan lays the foundations on which to meet the future decarbonisation commitments set out in the company's Carbon Neutral Plan; progress toward robust emissions accounting, electricity supply from renewable sources guaranteed in long-term bilateral contracts, recurring energy saving measures and the study of new energy vectors should lead us to significant reductions in CO₂ emissions from our activities in the coming years. Furthermore, the industrial-scale implementation of circular economy

projects, which have been tested at the laboratory level, will improve the operational efficiency of the group's pickling and galvanizing processes. Gonvarri is committed to a circular model in its processes, which contributes to the decarbonization of the steel value chain.

We believe that only genuinely sustainable products will have a place in the future and that sustainability is a fundamental requirement for the long-term success of any business. With this vision, and an open attitude toward new alternatives in the management of talent and diversity, the Gonvarri Group and all the professionals who form part of this great project work every day to offer our clients the level of excellence to which they are accustomed.

By reading this Sustainability Report for 2021, I invite you to take a closer look at our environmental, social and governance performance in 2021.

Thank you very much.



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Gonvarri Industries

ESG
Culture



The Company

102-6

Gonvarri Corporación Financiera, S.L. (henceforth Gonvarri) was founded in 1958, developing the manufacturing, transformation and marketing of steel products and metals related to the iron and steel industry, becoming a benchmark in the flat steel and aluminium transformation sector worldwide (102-1).

From the beginning, Gonvarri Industries has experienced sustainable growth, diversifying globally, and is currently present in 26 countries with a total of 46 factories in operation and 28 distribution centres and offices.

Sustainability is an essential element in the company's culture. From the beginning, Gonvarri has worked to grow as a solid and responsible company, where the global corporate culture preserves the same values - **Honesty, Humility, Tenacity and Work** - that its founder set forth. Along with them, sustainability is integrated as a key aspect in all the countries where Gonvarri is present, becoming a pathway to the fulfilment of the company's mission and to face the expectations of its stakeholders and the Sustainable Development Goals (102-6).

Gonvarri Industries' ethical and business values lead the way and inspire its **"Doing Well by Doing Good"** purpose.

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

**Doing Well
by Doing Good**
Gonvarri Industries 2030

Purpose

Drive
Gonvarri Industries

Vision

To offer
Metal Solutions
for a **safer and
sustainable future**

Mission

To improve the **Performance** of our
customers providing **Innovative**
and **Sustainable Metal Solutions**
based on a World Wide highly
Collaborative Organization



Worldwide Presence

102-4 AND 102-6

GLOBAL PERIMETER
/PERIMETER OF THE S
USTAINABILITY REPORT **26** / 25
Countries **46** / 43
Operational
factories **28** / 28
Offices and
distribution centres **6,185** / 5,632
Own
professionals

Factories

Distribution centres and offices

- Gonvarri Steel Services
- Gonvarri Metal Structures
- Gonvarri Material Handling
- Gonvarri Precision Tubes

* Not included in the scope of the report.

** Closed in 2021.

*** Warehouse at present.
Factory under construction.

AMERICA

 **USA**

- **Gonvauto** South Carolina

 **MEXICO**

- **Gonvauto** Puebla
- **Off. GMS Baja California**
SuportsMexico

 **COLOMBIA**

- **Gonvarri** Colombia

 **BRAZIL**

- **AMG** Campinas
- **AMG** Resende*
- **AMG** Paraná
- **AMG** Rio Grande***

 **ARGENTINA**

- **Gonvarri** Argentina

EUROPE

 **Spain**

- **Headquarters**
- **Gonvarri** Burgos
- **Gonvarri** Barcelona
- **Gonvarri** Tarragona
- **Gonvarri** Valencia
- **Gonvauto** Barcelona
- **Gonvauto** Galicia
- **Gonvauto** Navarra

- **Hiasa**
- **Gonvauto** Asturias
- **Laser** Barcelona
- **Laser** Valencia
- **Laser** Zaragoza
- **Laser** Riera i Tutó
- **Flinsa**
- **Suports**
- **Addimen**
- **GMS** Bilbao Off.
- **Road Steel Engineering**
- **Gonvarri** Solar Steel
- **Gonvarri** Vizcaya
- **Sogeisa**
- **Reca**
- **Laser Boost**

 **PORTUGAL**

- **Gonvarri** Portugal

 **UK**

- **Steel & Alloy** Popes Lane
- **Steel & Alloy** Newton Aycliffe
- **Steel & Alloy** Bridge Street
- **Steel & Alloy** Union Street
- **Steel & Alloy** Cannock**
- **GMHUK** DC
- **GMH** Complete Storage
& Interiors Ltd (CSI)

 **GERMANY**

- **Gonvauto** Thüringen
- **Gonvauto** Automotive
- **Gonvarri** Aluminium
- **GMH** Laubach
- **GMH** Lampe Lagertechnik
- **Gonvarri** GMS DT

 **NETHERLANDS**

- **GMH** Holland DC

 **BELGIUM**

- **GMHB** Belgium DC

 **SLOVAKIA**

- **AMG** Senica
- **Gonvauto** Nitra
- **GMHS** Slovakia DC

 **DENMARK**

- **GMHD** Denmark DC

 **NORWAY**

- **GMHN** Norway

 **SWEDEN**

- **GMH** Stålteknik I y II
- **GMHS** Sweden Off
- **GMHS** Sweden DC

 **SWITZERLAND**

- **GMH** Kaufmann Systems

 **FINLAND**

- **GMH** Lohja

 **RUSSIA**

- **GMH** Kirovsk
- **SG** Kaluga

 **ROMANIA**

- **GMH** Rasnov

 **CZECH REP.**

- **GMH** Kredit
- **GMH** Czech DC

 **POLAND**

- **Gonvarri** Poland
- **GMHP** Poland DC

 **HUNGARY**

- **GMH** Hungary DC

ASIA

 **TURKEY**

- **Gonvarri** Turkey (Çepaş)

 **INDIA**

- **GAIP** Pune*

 **CHINA**

- **Gonvama** Shenyang
- **Offices Gonvarri** Asia
- **Gonvama** Changshu
- **GVS** Dangguan
- **Gonvama** Loudi
- **Gonvama** Chongqing

 **ISRAEL**

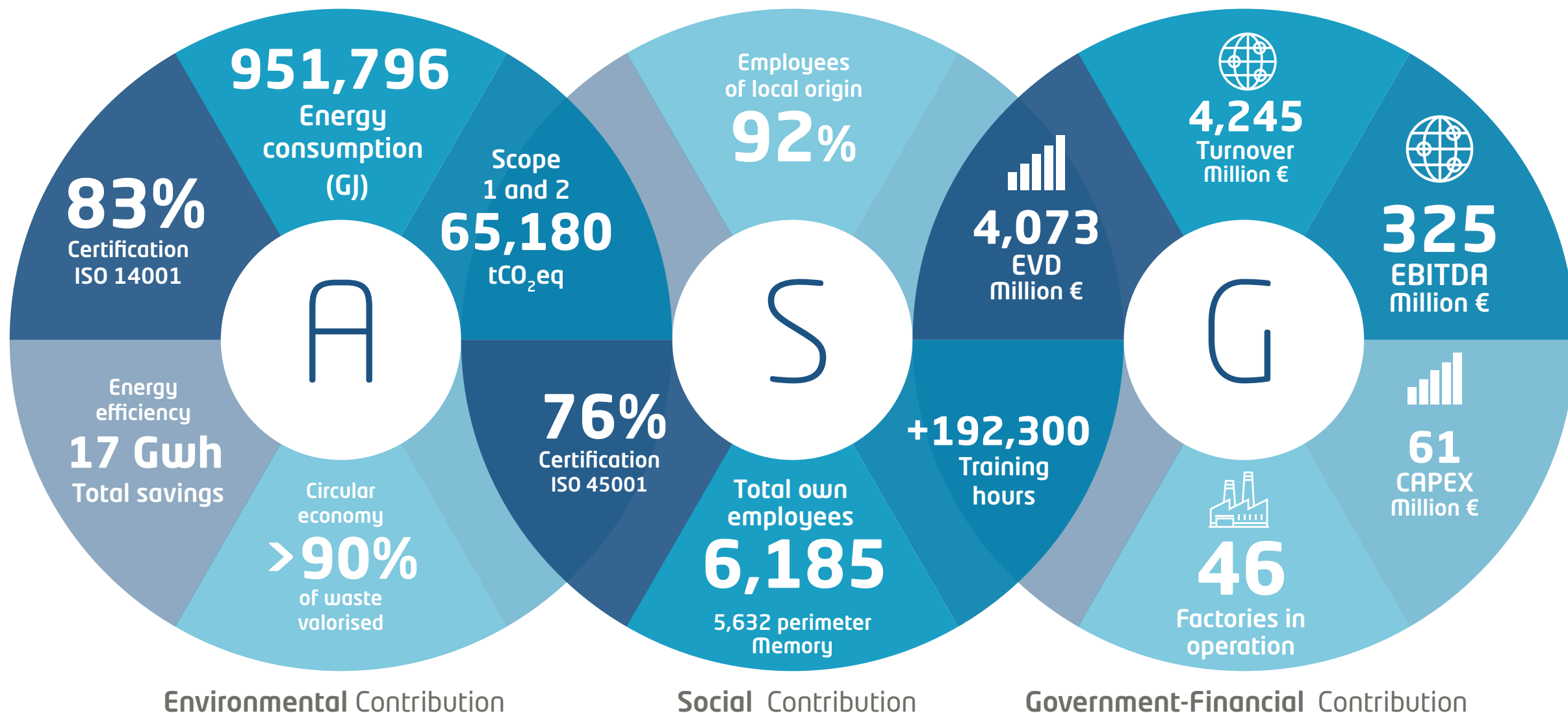
- **Agromega**



Key figures

102-7

The main figures for the year are summarised below:





Main brands and products

102-2

Gonvarri Industries is oriented towards a complete service to meet customers' steel and aluminium needs through four business units:



Gonvarri Services Centers

Sectors

- Automotive
- Industry
- Household appliances

Processes

- Mechanical cutting
- Surface treatment
- Customised production



Gonvarri Metal Structures

Road Steel

Design, manufacture and installation of road safety products.

Solar Steel

Design, manufacture and installation of metal structures for solar energy.

Mecano

Design, manufacture and installation of profiles and systems for energy and data conduction.

Steel Construction

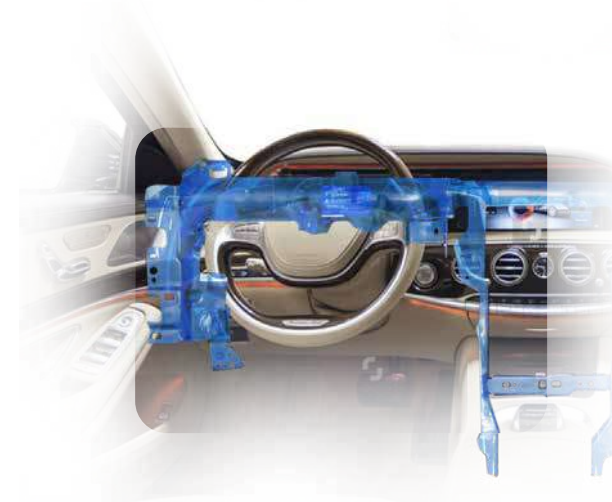
Design, manufacture and assembly of metal structures for industrial buildings, electricity pylons, etc.

AgroTech

Design, development, supply and construction of complete high-tech greenhouse solutions.

Lattice Towers

Design and engineering of electrical towers with the most advanced standards and software.



Gonvarri Precision Tubes

Design and manufacture of a wide range of tubes, tailored to customer requirements.



Gonvarri Material Handling

Storage Solutions

One of the leading suppliers of engineering and manufacturing of storage and handling systems for all industrial environments offering an integral service.



Key milestones in 2021

102-6

Gonvarri Industries is present in 27 countries (26 in the scope of the Report), which allows us to cover a significant part of the global market. It also continues to invest in new production lines as demand increases, in new products and in internal initiatives to improve the environment, which allows us to strengthen our position in the global market.



01 January

- **Almaceno** builds the largest **e-commerce** fashion distribution centre in Colombia.
- **GMH Constructor** (Sweden) develops a **new automotive spare parts warehouse**.
- **Emotional Driving** presents "12 months, 12 questions on road safety".

02 February



- **Gonvarri Industries**, a **patron company of IESE**.
- **Gonvarri AgroTech** acquires **Agromega**.

03 March



- **Webinar** on **Carbon Neutral 2030-50** in Teams.

04 April



- Construction begins on the **new AMG Rio Grande do Sul plant** in Brazil.
- **15th anniversary** of **Suports**.

05 May



- **Gonvarri Corporación Financiera** awarded the **AECA Diploma of Honour**.
- **AMG Campinas** builds additional halls (4,200m²) for a **new blanking line**.

06 June



- **Gonvarri Solar Steel** obtains **CE Marking** under the **EN 1090** standard.
- **Gonvarri** publishes its **2020 Sustainability Report** in interactive digital format without CO₂ emissions.



- Presentation of the study "**Brazilians at the wheel, distractions and mobile phone use**".
- **Gonvarri Thüringen** starts production of cold stamping parts on its new laser blanking line.

- The new **Gonvarri Metal Structures** (GMS) R&D centre is inaugurated.
- **Madrid headquarters** completes three **sports courts** for its employees.

01

Julio

- **Gonvarri Barcelona** incorporates the group's first **lithium forklift** into its galvanising line.
- **Gonvarri Thüringen** begins **expansion** of Slitting finished product storage capacity.

02

Agosto

- **GMH Dexion** helps to **alleviate flood damage** in Germany.
- **Gonvama Changsu** recognised as "**Enterprise Engineering Technology Research Centre**".

03

Septiembre

- **Expansion** of **GMH Dexion Romania** by more than 35% to 13,700 m².
- **Flinsa** begins to install **photovoltaic panels** on the roofs of its warehouses.

04

Octubre



05

Noviembre

- **GonvarriTurkey (Cepas)** completes the reinforcement of the structure of "sector A" to install **new bridge cranes**.
- **AMG Campinas** completes phase 1 of the renovation of the **retrofit (pickling) line**.

06

Diciembre





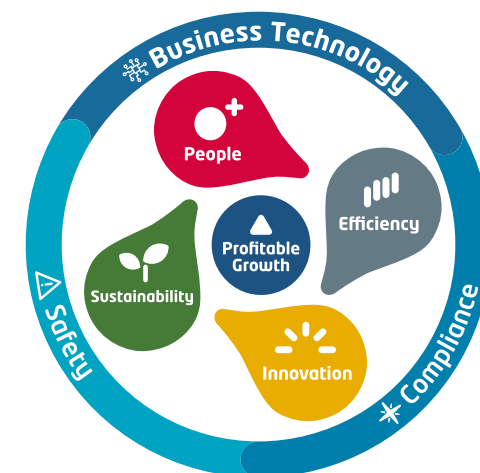
Value creation and sustainable management. Drive model

Drive is the **Management Model** that drives Gonvarri Industries to meet its objectives of profitability, growth and long-term value creation. The Model is based on people, efficiency and continuous improvement of its processes, on the particular effort in terms of innovation, and always under the focus of sustainability and the compliance model.

Gonvarri Industries is firmly committed to the creation of long-term value. It therefore integrates and updates its strategy with a comprehensive ESG (Environmental, Social and Governance) approach, generating a positive impact on customers, industry, society and the environment.

Sustainability Policy, SDGs and the UN Global Compact

The Sustainability Policy, approved by the Board of Directors, includes adherence to the United Nations Global Compact, firmly supporting compliance with the 10 Universal Principles, and is aligned with the Sustainable Development Goals.





Environmental

- **Carbon Neutral Plan 2030/2050** emissions reduction through renewable energy use, fuel substitution and energy efficiency.



- Signing of the **SBTi** commitment (February 2022).
- **Energy efficiency**, 86 MAEs implemented (since 2015), with annual energy savings of 17.4 GWh.
- **Circular Economy**, more than 90% of the waste is recovered and 36% of the steel used is recycled.
- 83% of factories certified under **ISO 14001** standard



Social

- Promoting stable and local **employment**.
- **Talent** retention, performance assessment, mobility and training.
- Objective: **Zero accidents**.
- Security Plan "**Doing Well by Doing Safe**", ISO 45001, training and awareness-raising.
- **Customer** service: a priority.
- **Social action**: corporate and local initiatives to benefit the local community.
- Cultural change: **Digital WorkPlace**
- **Transformation** of the production model and products: GSP, innovation and efficiency.



Government

- **Sustainability, Ethics and Compliance** Policy.
- Ethics **channel** and ethics **committee**.
- **Carbon Neutral Committee**: monitoring of actions towards the Net Zero target in 2050.
- **Transparency** and commitment.
- Economic Value Distributed: **€4,073 million**.
- Investment in activities aligned with the **European Taxonomy**.



Materiality

102-40, 102-42, 102-43, 102-46, 102-49, 103-1, 103-2 AND 103-3

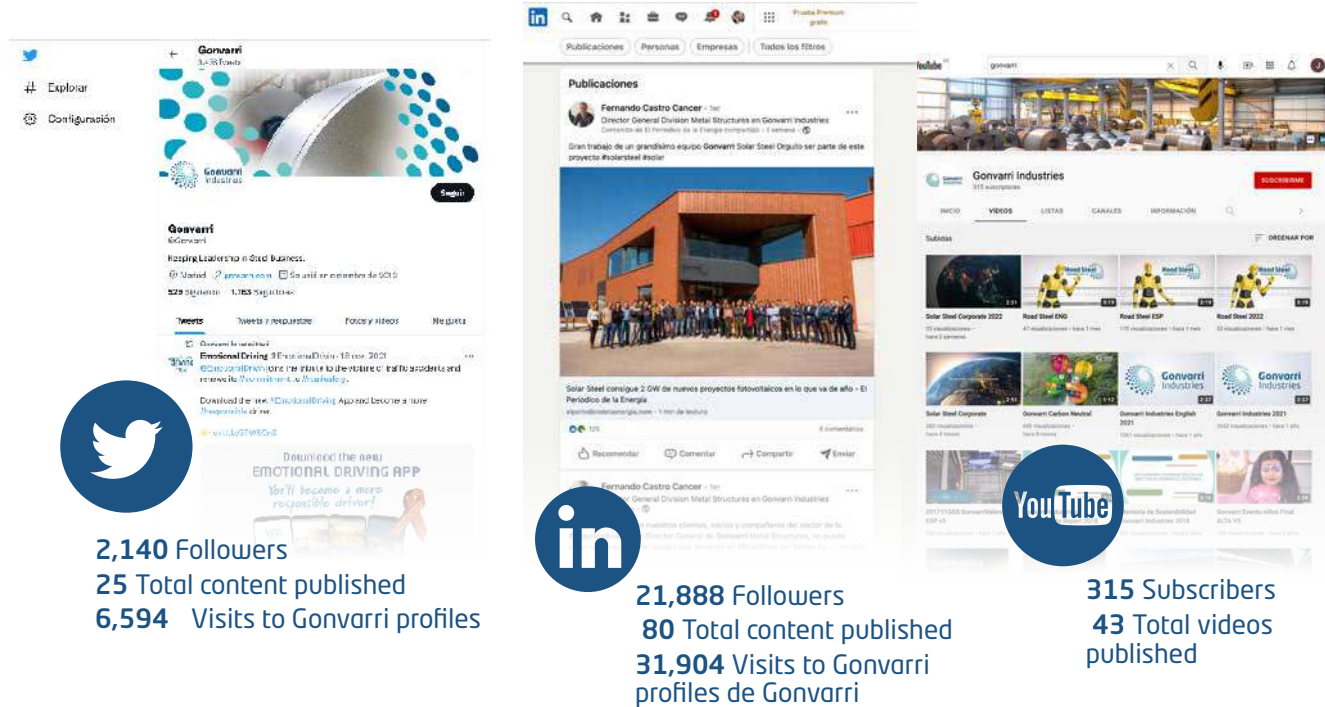
Relations with the different stakeholders are a key aspect at Gonvarri Industries. For this reason, since 2013 they have been analysed and updated to improve their coverage, to have greater knowledge of their expectations and to orient the content of the Report towards their main requirements in terms of **ESG** (Environmental, Social and Governance).

At Gonvarri we have different specific communication channels for each stakeholder group identified. Such communication goes both ways and there is no set frequency, since each stakeholder's requirements are different:





In addition, the company has an increasing presence on social network, which allows us to access to a much wider target audience. The main figures for 2021 are summarised below.



Gonvarri Industries identifies its material issues through a “**Materiality Study**” carried out in collaboration with an independent external company and by means of a tool for data analysis to assess the importance and perception of each identified issue. This study is carried out every two years, with the last study being carried out in 2020 and updated in 2022.

Internal sources (policies, strategy, etc.) and external sources (news, competition, trends, etc.) are consulted, as well as different stakeholders such as management, employees, customers and suppliers. This process allows us to identify environmental, social and governance (ESG) issues that are most relevant to Gonvarri Industries and its stakeholders.

Internal and external coverage

102-46

External



Internal



A total of 2,056 surveys were sent to management, employees, customers and suppliers with a group average response rate of 58%.





The material issues identified are summarised below (102-44):

Issues	Issues 102-47	SDG	Capítulo
Ethics, compliance and whistleblowing channels	Ethics, anti-corruption and compliance framework. Whistleblowing channels.		 Government
Customer and product relationship	Relationships with customers and joint projects that contribute to developing more sustainable products with a more sustainable life cycle.	 	 Social
Talent management	Robust training, career development and performance appraisal programmes that contribute to attracting and retaining talent.	 	 Social
Health and safety	Availability of a policy and a health and safety management system for employees and subcontractors, to help creating a good work environment and reducing accidents and work incidents.		 Social
Managing environmental impact	A formal policy and a management system that contributes to ongoing improvement and to minimizing our environmental impact.		 Environmental
Circular Economy	A system to control and measure raw materials and to manage and minimize waste, thus enabling a Circular Economy.		 Environmental
Climate change	Strategic plan to move towards a Carbon Neutral future	 	 Environmental

In addition, the responses in each stakeholder group have been analysed to obtain information on the material issues not covered globally. The result shows that:

For **internal** stakeholders, it is considered material (in addition to the above):

Communication

Risk management

Social action and community dialogue

For **external** stakeholders, it is considered material (in addition to the above):

Approval of suppliers

Innovation and digitalisation

All material topics reported are identified in the GRI content index and in each section of the report.

The study also measures the internal and external perception that stakeholders have of Gonvarri Industries' approach to and development of the topics surveyed.

Within this scope, **internal** stakeholders show a keen **perception** in matters related to: strategy and sustainable governance, ethics and whistleblowing channels, health and safety and, for **external** stakeholders, ethics and whistleblowing channels, health and safety, and managing environmental impact.



Environmental

ENVIRONMENTAL

- 21 Management focus
- 22 Energy and emissions
- 28 Carbon Neutral Plan 2030/50
- 29 Circular Economy
- 34 Water and wastewater
- 35 Soils



ESG
Culture



Environmental Performance

103-1, 103-2 AND 103-3

Management focus

Gonvarri's commitment to the environment began with the certification of its Environmental Management System under the ISO 14001 standard.

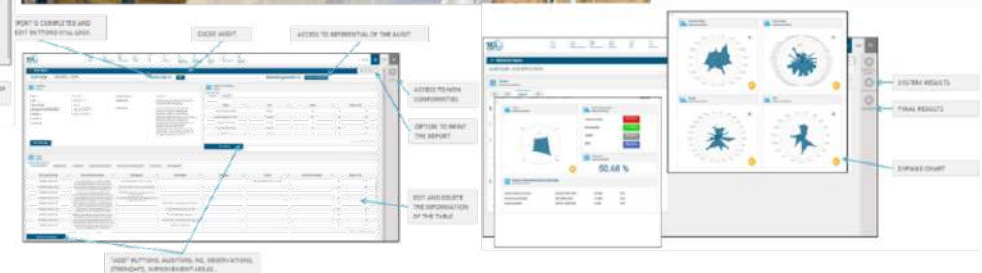
At present, 83% of the group's factories are certified. The Laser Automotive plants (Barcelona, Zaragoza, Riera i Tutó and Valencia), which have a very low environmental impact due to their activity, the GMH Kirovsk (Russia), GMH Lohja (Finland) and Gonvarri South Carolina plants are pending certification. As a result, 93% of the workforce operates under the ISO 14001 standard.

In order to cover the materialisation of possible environmental risks, at Gonvarri Industries we make financial provisions and have guarantees to cover the occurrence of environmental risks in the insurance policies it has taken out, with a coverage of up to €20m:

- Environmental Responsibility Insurance
- Sudden and Accidental Pollution Liability coverage in the General Liability policy.

During 2021, it was not necessary to activate the guarantees of the Environmental Responsibility Policy that the Group has contracted.

Likewise, for the monitoring and measurement of data and relevant environmental information, since 2017 it has been consolidated through the **"Sygris-Environment"** software,



which also allows us to have reports on parameterized incidents, monitor all analytical values (spills and/or emissions), the list of consumables, the waste register, etc. This enables us to see the trends and to transversalize the best practices available internally.

In 2021, in order to adapt the platform to new trends and projects, the fields for reporting energy information were significantly expanded, mainly those related to renewable

energies (certificates at source, PPAs, purchase of steam/heat or photovoltaic self-consumption).

With all this, Gonvarri monitors the environmental impacts derived from its activity through various indicators that measure its environmental performance, allowing it to measure its evolution and identify opportunities for improvement. The main performance indicators are shown throughout the chapter.



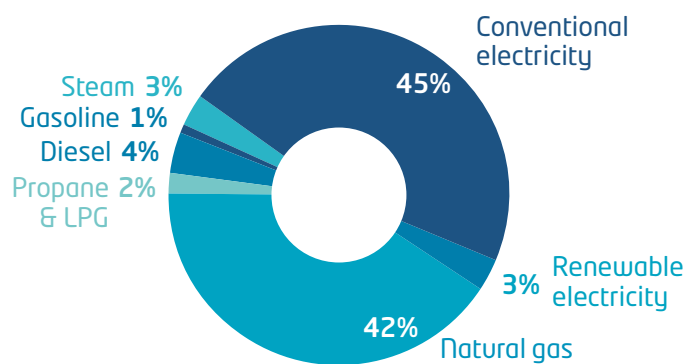
Energy and emissions

Energy consumption

Gonvarri's production process is intensive in energy consumption, especially in those factories where there are steelmaking processes such as zinc plating or galvanising. This is why monitoring, controlling and reducing energy consumption are very important aspects of the company's management.

Internal energy consumption ³⁰²⁻¹

In 2021, Gonvarri consumed a total of **264 GWh** of energy, of which **138 GWh** corresponds to the consumption of fossil fuels and **126 GWh** corresponds to electricity consumption, with **6% of this consumption coming from renewable sources**. The rest comes from the consumption of fossil fuels and steam.



Practically all electricity consumption in the facilities is used for production. Only around 6% of the total is consumed in air conditioning.

Internal energy consumption (GJ)

	Conventional electricity	Renewable electricity	Natural gas	LPG/Propane	Diesel process	Diesel*	Gasoline*	Steam	TOTAL
Germany	20,286	2,718	29,898	-	943	4,817	281		58,943
Argentina	2,462	-	-	920			-		3,382
Belgium	40					202			242
Brazil	15,340	-	35,557	7,556			1,318		59,771
China	49,489		17,568	-	2,274	929	94		70,354
Colombia	7,946		24,940	661	18				33,565
Denmark	264					659	158		1,081
Spain	255,718		168,375	959	7,901	6,307	554	12,308	452,123
USA	16,965		3,825	4,122			418		25,330
Slovakia	12,055		7,010	111		338	241		19,755
Finland		803	1,195	221		198	155		2,571
Netherlands		140	349			587	482		1,558
Hungary						407	86		493
Israel	11						58		69
Mexico	4,223	3,584		2,312	1				10,120
Norway	67					594	248		910
Poland	5,908		5,159			569	1,336		12,972
Portugal	5,872			69	197	1,206	796		8,140
UK	569	12,131	17,720	1,169		518	162		32,269
Czech Rep.	3,398	229	4,600		38				8,266
Rumania	12,150		37,838	2,670		1,285	360		54,303
Russia	9,339		27,003	1,530	192	58	7	16,413	54,541
Sweden		5,952			134	2,599	994	504	10,182
Switzerland	79,2					184			263
Turkey	6,909		23,297	85	303				30,593
Total	429,093	25,557	404,333	22,384	12,000	21,456	7,747	29,225	951,796

*Company cars



Renewable energy sources

The **Carbon Neutral Plan 2030/50** establishes the objective of having 100% of the electricity consumed from renewable sources by 2030. To this end, the company is making a significant effort to develop solar photovoltaic installations for self-consumption and, in addition, through PPA-type supply contracts or certificates of origin, the group is making progress in the purchase of electricity from renewable sources, as shown below:

Purchase of electricity from renewable sources

The GMH factories inFinland (Lohja) and Sweden (Stålteknik), the UK Steel&Alloy factories (Aycliffe, Bridge Street, Union Street and Popes Lane) and the distribution centres in Sweden and theNetherlands have electricity supply contracts with renewable energy guarantees. At the end of 2021, the purchase of electricity from renewable sources amounted to **5,285 MWh**, representing **4.2%** of total electricity consumption.

Renewable electricity purchase (Gd0) 2021	
	GJ
UK	12,131
Finland	803
Sweden	5,952
Netherlands	140

Photovoltaic power generation for self-consumption

The factories of Gonvauto Thüringen (Germany) and Gonvauto Puebla (Mexico) have solar photovoltaic installations for self-consumption with an installed capacity of 1 450 kW and a generation of 1,750 MWh in 2021.

Finally, at GMH Kredit (Czech Rep.), the installation of atherothermal energy with a renewable energy consumption of 64 MWh stands out.

At the end of 2021, self-consumption amounted to **1,814 MWh**, representing **1.4%** of total electricity consumption.

In addition, there are photovoltaic installations entirely dedicated to the sale of renewable energy at Gonvauto Navarra and Gonvarri and Gonvauto in Barcelona, with an installed capacity of 1800 kW.

In line with the company's Carbon Neutral Plan, more than 9 MW of new solar photovoltaic installations for self-consumption are expected to be commissioned in 2022 and 2023.

External energy consumption ³⁰²⁻²

Gonvarri manufactures different products/formats, with different finishes. Furthermore, depending on their geographical location, the usual mode of transport is also variable (ship, train, lorry, etc.).

This makes the calculation and availability of data for the estimation of Scope 3 complex. Work is currently underway to define a methodology for calculating this energy consumption and, therefore, it is expected that this information can be reported by 2025.

Energy intensity ³⁰²⁻³

Gonvarri considers that measuring its energy intensity is a good way to measure the efficiency and impact of its processes.

The resulting annual ratio is calculated by dividing energy consumption by the total weight of products sold in each country. Both electricity and fuels have been considered for the calculation, corresponding only to internal energy consumption.

Energy intensity (GJ/tonne sold)	
Germany	0.20
Argentina	0.09
Brazil	0.09
China	0.20
Colombia	1.41
Spain	0.19
USA	0.16
Slovakia	0.06
Mexico	0.05
Poland	0.08
Portugal	0.05
UK	0.13
Czech Rep.	1.37
Rumania	2.70
Russia	0.62
Sweden	3.62
Turkey	0.87



Energy Efficiency 302-4 AND 305-5

In its commitment to sustainability and as a fundamental pillar within the Carbon Neutral Project, Gonvarri continues to work on maintaining highly efficient production through the energy optimisation of all its processes, production lines and auxiliary equipment, striving at all times to achieve maximum production ratios with the lowest possible energy costs and always maintaining the highest levels of quality.

In order to meet this objective, the ECO-ENERGY project has been underway since 2015, the main objectives of which are as follows:




- Implementation of an energy management and monitoring system in the Company's different plants.
- Research and implementation of energy-saving improvements to reduce consumption of gas, other fossil fuels, electricity and water.

Currently, 18 of the group's plants are monitored and further progress is expected in the coming years, both in terms of the number of plants monitored and the potential and functionalities of the energy management system.

The control and monitoring of the general consumption of gas, electricity and water, as well as the consumption of all production lines, main engines, compressors, lighting, boilers, air conditioning, cooling systems, etc., is the goal:

- Detailed monitoring of the specific consumption of lines and auxiliary equipment to control their proper functioning and operation.
- To analyse and study the consumption in the facilities in order to identify possibilities for improvement and energy optimisation that will reduce both consumption and energy costs, as well as the emissions associated with the processes.

With regard to energy saving measures and the reduction of tonnes of CO₂ emitted into the atmosphere, we work year after year to exceed the targets set at the beginning of the project.

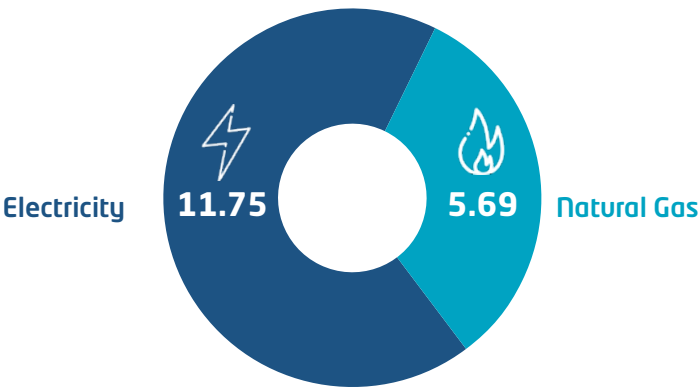
Savings Counter		
		
Electricity	Natural Gas	Water
11.75 GWh/year	5.69 GWh/year	7,125 m³/year
2,533 ton CO ₂	1,416 ton CO ₂	-

During 2021, 8 energy saving measures (ESMs) were implemented in different plants of the group, increasing the annual rate of energy savings by **2.21 GWh**.

With these measures, 86 MAEs have now been accounted for since the start of the ECO-ENERGY project. This has resulted in an annual energy saving rate of 17.44 GWh, which represents a reduction in energy consumption of 7 %.

Of the total energy savings achieved, 67% corresponds to electricity consumption and the remaining 33% to natural gas consumption.

Energy savings (GWh/Year)



Among the measures implemented in 2021, those aimed at reducing natural gas consumption in drying ovens, optimising steam networks and reducing residual consumption in process lines and auxiliary equipment should be highlighted. In addition, work continues on other measures such as the optimisation of compressed air generation processes, lighting systems and air conditioning equipment.

The strong value that Gonvarri places on its commitment to sustainability and the environment means that the company is constantly seeking and investing in the most efficient solutions and technologies for its processes that will enable it to reduce its energy consumption as much as possible.

The firm commitment to sustainability and energy efficiency has been and will continue to be a fundamental point in Gonvarri's policies.



Greenhouse gas emissions

305-1 AND 305-2

At Gonvarri Industries, following the approval in 2020 of the Carbon Neutral 2030-50 Plan, an ambitious roadmap was defined with important emission reduction targets. With regard to direct greenhouse gas emissions, the objective has been set to reduce emissions by 50% by 2030 vs. 2019. To this end, work is being carried out along four lines of action: energy saving and efficiency, fuel substitution, development of solar photovoltaic electricity and the purchase of energy from renewable sources.

The monitoring of energy consumption and the calculation of emissions are the first step towards having rigorous information on the company's real situation in terms of emissions, and to this end, in 2021 all emission sources and all GHGs were included in the inventory and the emission factors were updated. In addition, work is being carried out on a CO₂ scorecard that will provide reliable, centralised and updated information on the status of the emissions inventory throughout the company by 2022.

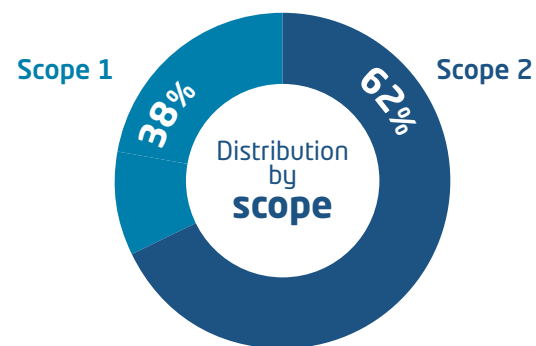
CO₂ emissions are calculated according to the *GHG Protocol y el 2006 IPCC Guidelines for National Greenhouse Gas Inventories*.


























Scope 1 and 2

In 2021, Gonvarri Industries emitted **65,180** tonnes of CO₂ equivalent into the atmosphere, corresponding to direct emissions (Scope 1) and indirect emissions due to electricity consumption (Scope 2).

Direct greenhouse gas emissions (Scope 1) mainly come from: the burning of fossil fuels (natural gas, liquefied petroleum gas and diesel) in production processes, from the fleet of company vehicles (diesel and petrol) and from fugitive emissions of refrigerant gases. In 2021, direct emissions amounted to **24,953** tonnes of CO₂ equivalent.

In 2021, indirect emissions from electricity consumption and steam purchases (Scope 2) amount to **40,226** tonnes of CO₂ equivalent.



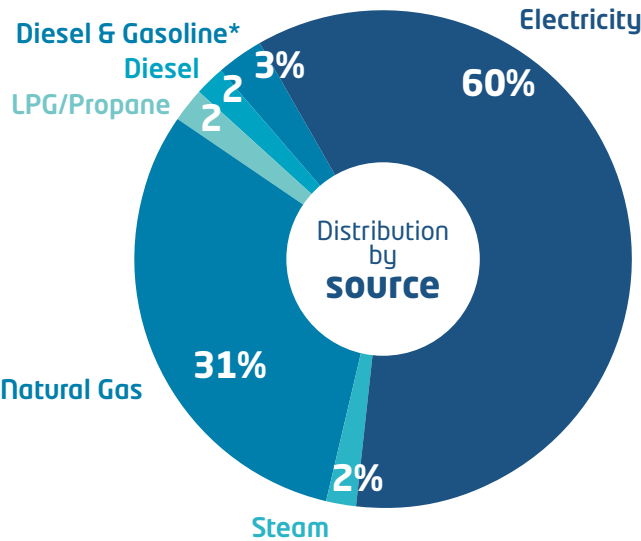
GHG emissions by country, 2021 (tnCO ₂ /year)							
	Electricity	Natural gas	LPG / Propane	Diesel process	Fleets vehicles	Refrigerant gases	Total
 Germany	1,358.0	1,511.2	-	74.1	346.5		3,289.9
 Argentina	240.1		58.0				298.1
 Belgium	1.9				13,8		15.7
 Brazil	445.0	1,797.2	476.8		87.7		2,806.7
 China	8,595.8	888.0		178.7	69.6		9,732.1
 Colombia	295.8	1,260.6	41.7	1.4	-		1,599.5
 Denmark	11.1				55.4		66,5
 Spain*	19,848.2	8,510.7	60.5	608.1	466.4	124.4	29,618.3
 USA	1,984.0	0.7	260.1	-	27.7		2,272.5
 Slovakia	535.8	324.8	7.0		39.0		906.6
 Finland	-	60.4	13.9		23.7		98.0
 Netherlands	-	17.6	-		72		89.7
 Hungary	-	-	-		33.6		33.6
 Israel	0.6	-	-		3.7		4.3
 Mexico	559.6	-	145.9	0.1	-	12.6	718.1
 Norway	0.1	-	-		57.0		57.2
 Poland	1,163.5	260.8			127.6		1,551.9
 Portugal	585.6	-	4.4	15.5	135.2		740.6
 UK	5.5	895.7	73.8	0.8	46.7		1,022.4
 Czech Rep,	432.7	232.5	-	3.0			668.2
 Rumania	1,157.7	1,912.5	168.5		111.5		3,350.2
 Russia*	1,784.7	1,364.9	96.6	15.1	4.4		3,265.6
 Sweden*	26.8	25.5	-	10.5	243.3		306.1
 Switzerland	0.3		-	254.9	12.6		267.7
 Turkey	1,193.3	1,177.6	5.3	23.8			2,400.0
Total	40,226	20,241	1,412	1,186	1,977	137	65,180

(*) Includes steam in Scope 2.



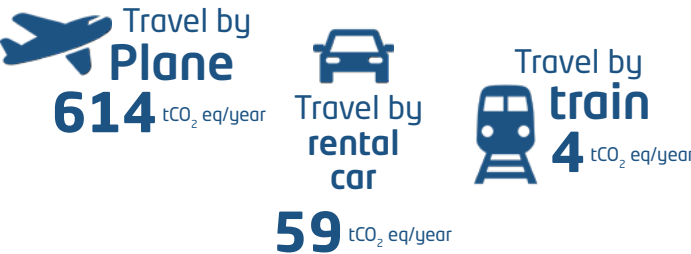
Emissions by origin tCO ₂ eq.	
Direct	24,953
Natural gas	20,241
LPG/Propane	1,412
Diesel	1,186
Diesel & Gasoline*	1,977
Gases refrigerantes (305-6)	137
Indirect. Electricity consumption	40,226
Electricity	38,656
Steam	1,570
Total	65,180

*Company cars



Scope 3

With regard to indirect emissions from other sources, we report the information derived from corporate trips made, which amount to a total of 678 tonnes of CO₂. Their distribution is shown below (305-3):



Emission intensity ³⁰⁵⁻⁴

Gonvarri considers emissions intensity to measure the efficiency and impact of its processes.

The resulting annual ratio is calculated by dividing direct and indirect emissions (305-1 and 305-2) by the total weight of products sold in each country. The following table details the results obtained in 2021:

kg CO ₂ eq/ ton sold	
Germany	11.40
Argentina	7.56
Brazil	4.09
China	27.73
Colombia	67.04
Spain	12.35
USA	14.59
Slovakia	2.69
Mexico	3.29
Poland	9.73
Portugal	4.62
UK	4.16
Czech Rep.	110.63
Rumania	166.32
Russia	36.97
Sweden	108.77
Turkey	68.04



Avoided emissions

Energy efficiency

In 2021, 8 energy saving measures (ESMs) were implemented in different plants of the group, increasing the annual rate of energy savings by 2.21 GWh.

With these measures, there are now 86 MAEs since the project began, achieving an annual energy saving rate of 17.44 GWh, which represents a reduction in Gonvarri's energy consumption of more than 7.5%.

This is estimated to reduce **361** tonnes of CO₂/year in Scope 1 and **267.6** tonnes of CO₂/year in Scope 2.

Purchase of energy from renewable sources

The GMH Lohja (Finland) and GMH Stålteknik (Sweden) plants and the Steel&Alloy plants (S&A Aycliffe, S&A Bridge Street, S&A Union Street and S&A Popes Lane), as well as the GMH distribution centres in Sweden and the Netherlands, purchase 100% of their energy from renewable sources. As a result, **853** tonnes of CO₂ emissions were avoided in the 2021 financial year.

Renewable energy sources

Through the self-consumed solar energy in the Puebla (Mexico) and Thüringen (Germany) plants, **612** tonnes of CO₂ emissions were avoided (165 tonnes of CO₂/year in Germany and 447 tonnes of CO₂/year in Mexico).

Likewise, the photovoltaic facilities of Gonvauto Navarra, Gonvauto Barcelona and Gonvarri Barcelona, whose generation is sold entirely to third parties, indirectly avoided the emission of **342** tonnes of CO₂ in 2021.

Other (aerothermal)

GMH Kredit installed an "aerothermal" water-air pump system in areas IX and X of the factory, for heating and hot water in the offices and social areas (changing rooms, showers), which due to its characteristics is considered aerothermal energy of renewable origin. This avoided the emission of **35** tonnes of CO₂ in 2021.

Solar structures

The company is well aware of the possible negative effects that climate change can cause and, faced with this real risk, Gonvarri contributes to its mitigation through the Solar Steel company.







The main activity of this division is the manufacture and supply of solar structures, mainly fixed and with single-axis trackers, which form part of the photovoltaic parks whose objective is the generation of renewable energy that does not emit greenhouse gases into the atmosphere.

In total, solar structures were supplied for the installation of 1,304MW, distributed in 8 countries. Estimating, among other things, the net hours of solar radiation per project, as well as the percentage that the cost of these structures represents with respect to the total cost of the project and the conversion factor applicable to each country, we estimate that we have contributed to indirectly avoiding a total of **118,348** tonnes of CO₂ in the 2021 financial year.

Other emissions

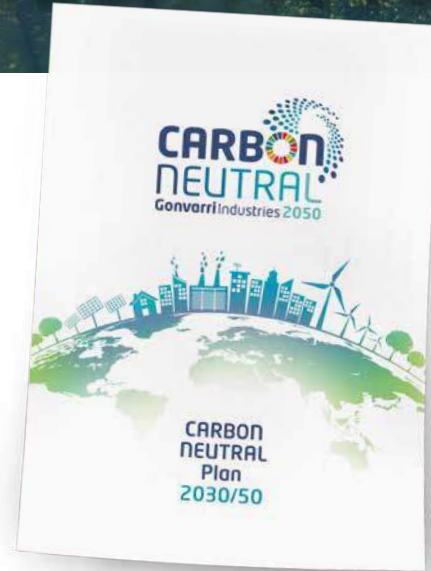
305-7

Regarding emissions from other sources, these are specific, as they mainly affect factories that carry out surface/special treatments (galvanising, electrogalvanising, etc.), where controls are carried out by an accredited body with the frequency established in the corresponding licences or other legal requirements. The main emissions are summarised below:

Other emissions (kg)					
	NOx	SO ₂	CO	Particles (MP)	HCl
 Gonvarri Burgos	2,307	0	715	25	1
 Hiasa	7,166	0	8,486	329	167
 Gonvarri Tarragona	151	0	17	0	37
 Gonvama Chongqing	221	11	0	166	0
 Gonvama Changshu	0	0	0	84	0
 Gonvama Loudi	120	20	0	0	0



Carbon Neutral Plan 2030/50



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

Government

To monitor and measure it, a “Carbon Neutral Government” is created, made up of a Carbon Neutral Committee and an Operational Team.

Milestones 2020-2050 plan

2020

Establishment of emission reduction targets for 2030.

2024

Scope 3: Reporting and targeting.



2030

Short-term objectives

SBTi objectives

- 50% reduction of Scope 1 emissions (base year 2019).
- 100% reduction of Scope 2 emissions (base year 2019).

2050

Long-term objectives

SBTi targets:
Net-Zero.





Circular Economy, raw materials and waste

Raw materials ³⁰¹⁻¹

Gonvarri Industries uses various materials to manufacture its products. Steel consumption accounts for 96.8% and aluminium for 2.7% of the total, which is why throughout this chapter we

will focus on steel due to its high representativeness. Below is a summary of the most relevant consumption per country:

Raw materials					
País	Steel	Aluminium	Zinc and zinc oxide	Hydrochloric Acid	Others*
Germany	279,410	9,078	-	0	21
Argentina	39,412	-	-	0	1
Brazil	647,268	-	-	3,142	31
China	312,232	38,788	-	0	0
Colombia	23,859	-	952	215	60
Spain	2,379,105	18,229	5,667	14,301	163
USA	120,442	35,359	-	0	0
Slovakia	319,533	18,083	-	0	0
Mexico	210,626	7,604	-	0	4
Poland	159,365	85	-	0	0
Portugal	160,193	45	-	0	0
UK	233,951	11,946	-	0	0
Czech Republic	6,040	-	-	0	0
Romania	20,142	-	-	0	223
Russia	88,328	-	-	0	199
Sweden	2,814	-	-	0	12
Turkey	35,272	-	1,285	364	0
TOTAL	5,037,992	139,217	7,904	18,022	714

Waste Management

306-1, 306-2, 306-3, 306-4 AND 306-5

Waste produced in our facilities is adequately segregated, monitored, identified, stored and managed through certified managers, as set out in the management system procedures and instructions.

Gonvarri's factories produced a total of 322,525 tonnes of waste, 93% of which was non-hazardous and the remaining 7% was hazardous.

Non-hazardous waste: a total of 299,683 tonnes were produced. Scrap metal stands out with 98% of the total. The remaining 2% is made up of plastic packaging, cardboard, tablex, wood, organic and construction waste, among others. This information is detailed in Annex 3.

In addition, around 99% of non-hazardous waste is recyclable (steel, aluminium, wood, paper, recyclable plastic and construction materials).

Hazardous waste: a total of 22,842 tonnes were produced, mostly from factories with galvanising, pickling and painting processes, where ferrous chloride from pickling accounts for 44% of the total. Details are given in annex 3.

With regard to their **management and disposal**, this is carried out by authorised managers and transporters (100%), within each country.

In order to improve the final information on the disposal of waste, mainly in those cases that go to transfer centres, a project was started at the end of the year to unify the management codes for each waste and to prioritise them according to their final treatment. In 2022, more exhaustive information will be available in this respect, especially for waste with lower production.



Circular Economy Initiatives

In recent years, the **circular economy** has positioned itself as a key issue in the environmental management of companies, reinforced, among others, by the approval of the “European Green Deal” at the end of 2019 and the recent “Spanish Circular Economy Strategy”, in addition to the 2030 Agenda for sustainable development.

Within this framework and due to its characteristics, steel is key. It is a fundamental material in society and the main component of all Gonvarri’s processes, representing more than 95% of its total consumption.

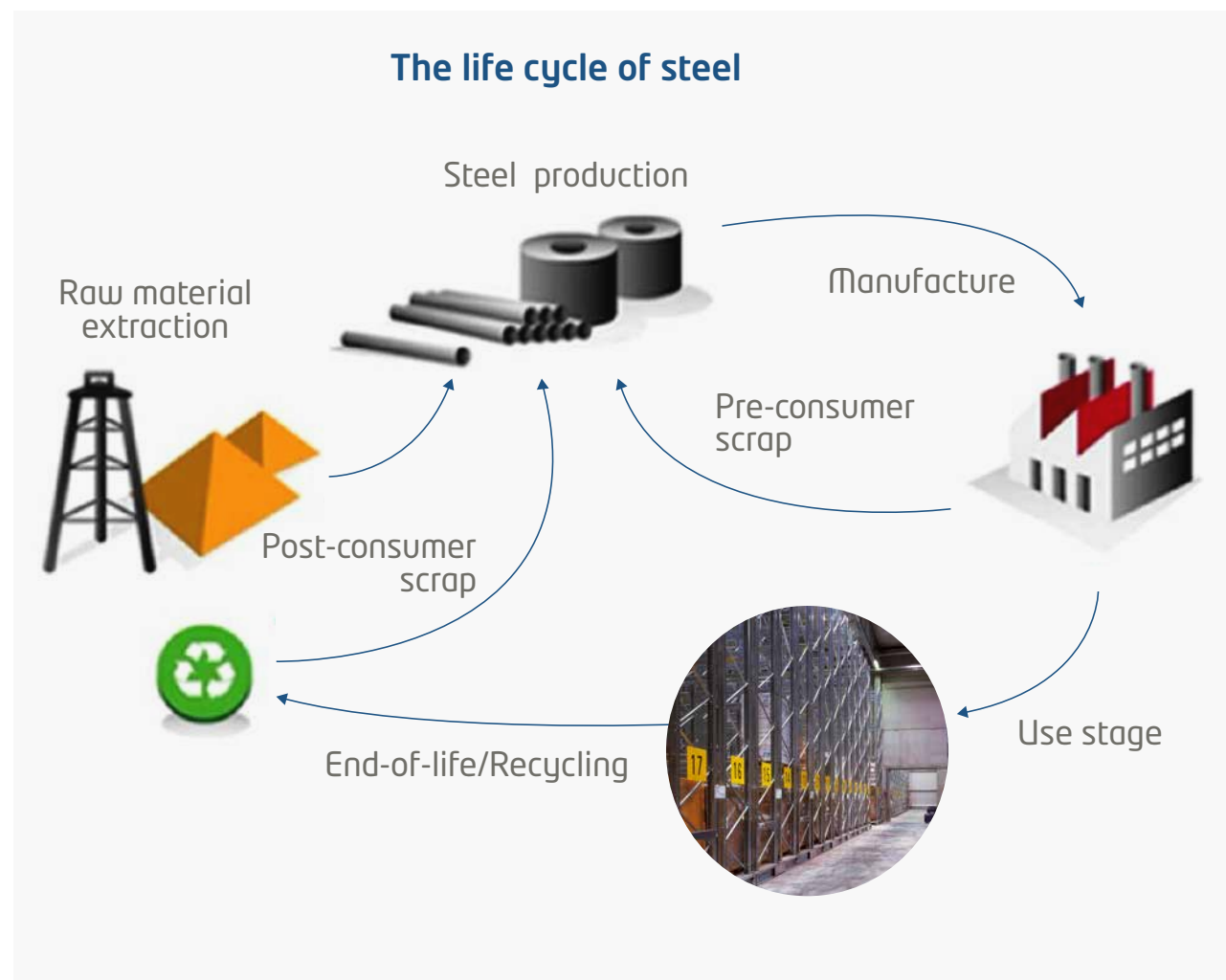
Steel is infinitely reused, melted and reshaped, iron and the other metals used to produce it have inherent chemical and physical properties that are not altered when they are recycled. It is the most recycled material in the world.

In addition, life cycle analyses show that the use of recycled steel considerably reduces the consumption of natural resources and raw materials. For every tons of steel recycled, the steel industry saves around one and a half tons of iron ore, 85% of water, 80% of energy and 95% of coal and all their associated emissions (Source: UNESID).

In addition to the requirements aimed at manufacturing lighter vehicles, this year it is worth noting the increasing request from many customers, mainly automotive, for information on the origin of steel (the main raw material) with the aim of reducing the environmental impact and carbon footprint of vehicles throughout their life cycle.

In this context, the so-called “**Green Steel**”, which certifies a steel with a significantly lower carbon footprint (and CO₂ emissions) compared to conventional steel, is becoming increasingly important.

This steel comes from electric furnaces (whose raw material is scrap) with processes that use clean energy sources (electricity from renewable sources and hydrogen, among others) (302-5).





CIRCULAR ECONOMY PROJECTS AT GONVARRI INDUSTRIES

At Gonvarri we want to use the Circular Economy as a tool to guide us towards the continuous improvement of our production processes and greater environmental responsibility, rather than having this concept as our final goal..

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

1 Integrated scrap management

301-3, 306-2 AND 306-4

Scrap is the main waste generated at Gonvarri. It is also 100% recyclable, which is why it has an integrated centralised collection and recovery system for all the group's plants.

The amount of discarded steel varies greatly depending on the type of plant and product manufactured. The centralised system manages to collect and recover 100% of the scrap discarded in production, subsequently reintroducing it into the value chain and promoting the production of steel and aluminium from recycled material, with the consequent savings in raw materials and emissions. In 2021, a total of 293,097 tonnes of scrap (98% steel and 2% aluminium) were processed.



2 Purchases of recycled steel

301-1 AND 301-2

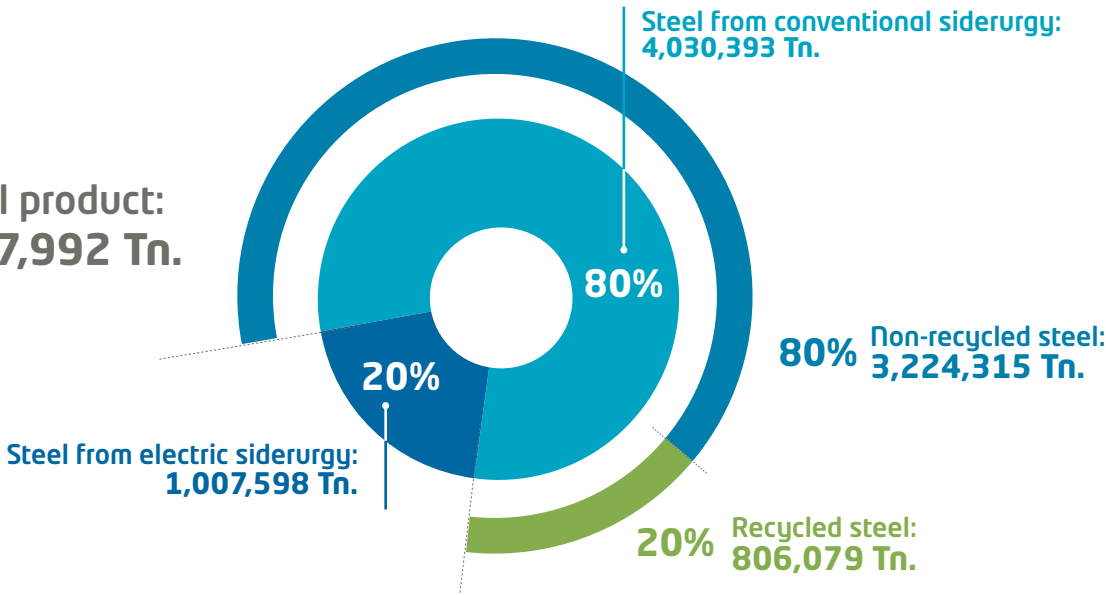
The steel industry has been going through significant changes in recent years. The expected scarcity of raw materials and the growing availability of scrap, the requirements of steel mills to meet the CO₂ emission obligations, as well as the demands of customers and society, are encouraging greater use of electric furnaces to manufacture steel from old steel.

At Gonvarri, a significant part of the steel used in the processes is made from recycled material.

By extrapolating the data analysed at two of our main plants in Spain, we estimate that approximately 20% of the steel used in the group comes from electric steelmaking and the remainder from conventional steelmaking. On the other hand, when considering the origin of the steel, it is estimated that 100% of the steel made in electric steelmaking comes from scrap against 20% in conventional steelmaking.

As a result, we estimate that 36% of the steel used in the group is of recycled origin, which, in addition to our efficient scrap management, favours the development of a more circular steel value chain.

Total product:
5,037,992 Tn.





3 Projecto Abstract V SAQA V4 Decap Value 306-2

At Gonvarri, among the waste with the greatest environmental impact are spent acids, which are generated in the carbon steel pickling and dip galvanizing processes, each of which involves different characteristics.

pent acids from steel pickling are a compound of ferrous chloride and free acid that has not reacted. However, spent acids from galvanizing contain traces of zinc that pollute waters and do not allow a circular economy.

In 2020 we started a project with the aim of recovering the ferrous salts from spent pickling acids, with a new cost-effective and sustainable industrial process that guarantees their commercialisation. It will also allow the resulting free hydrochloric acid to be reused, minimising the consumption of commercial acids, which is currently used for the production of ferric chloride in wastewater treatment plants.

A second part of the project focuses on the revaluation of spent galvanising acids which not only contain ferrous ions, but also other metal ions such as zinc from the clamping and storage of the parts during immersion. The objective is to separate ferrous salts and the zinc salts, in order to create value for waste that is currently sent to landfills.

This new technology will also require other measures affecting the pickling and galvanizing processes, in order to set the maximum iron content whilst guaranteeing very high purity levels

The project is being developed under an agreement between Gonvarri Industries and the National Centre for Metallurgical Research (CENIM-CSIC), in collaboration with the Faculty of Physics of the Complutense University of Madrid and the Rocasolano Institute of Chemistry-Physics (CSIC). In 2021 we continue with the project, which we expect to be completed in the first half of 2022.



4 ACV: Our products

The latest data presented by leading scientists show unprecedented changes in the global climate, which will continue to worsen if we do not act. However, swift action by governments, business and society at large can minimise this impact by limiting its effects.

The European Union is leading these initiatives and is developing, regulating and adopting very ambitious legal mechanisms in different areas, increasing its climate target under the Paris Agreement, including binding emission targets for more key sectors and setting a net internal reduction of greenhouse gas emissions of at least 55% by 2030. It also sets out the roadmap and financing mechanisms needed to achieve climate neutrality by 2050 through the New Green Deal. These actions affect sectors such as industry, energy, transport and the financial sector.

In this framework, business has a key role to play and its targets must be aligned with the ambition and timelines for a 1.5°C future.

It is essential for the industrial sector to have complete and rigorous information on the impact of its products. The analysis of the entire useful life of the product, including its final recycling (cradle-to-cradle) under the ISO/TS 14067 standard that specifies the principles, requirements and guidelines for the quantification and communication of the carbon footprint of a product (CFP) based on the International Standards for Life Cycle Assessment (ISO 14040 and ISO 14044) for its quantification, allows us to know its impact and, with this, establish improvement actions for its minimisation.



Gonvarri Industries initiated two complex Product Carbon Footprint (CFP or Carbon FootPrint) studies in 2019 in the divisions of Road Steel, comparing steel road fences versus concrete, concluding with the lower impact of steel fences (published in the 2019 Report) and Solar Steel, calculating the carbon footprint of steel solar structures (published in the 2020 Report).

In 2022, an ambitious project will be launched by the Auto division in collaboration with Gestamp to calculate the LCA of car chassis.



5 Scope calculation 3

In order to understand the footprint and impact of the products manufactured by Gonvarri, it is essential to have complete information on the categories applicable in Scope 3 (other indirect emissions, upstream and downstream).

For this purpose, the categories with the highest impact have been selected, nº 1. Goods and services purchased, nº3. Fuel and energy activities, nº4. Transport and distribution (suppliers) and nº 9. Transport and distribution (customer) and a pilot study was carried out on the raw materials with the highest consumption, such as steel (accounting for more than 90%), aluminium, hydrochloric acid and zinc. In all of them, the sources and availability of accurate information were analysed, taking 2019 as the reference year (not including the GMH division).

This analysis has made it possible to detect various points for improvement that would allow the process to be optimised and automated, in order to ensure adequate traceability in the data of the four selected categories.

This result will be recalculated in 2021, based on the information available. In 2022 it is expected to implement the measures and improvements detected during the analysis, in order to have real information, with complete and updated sources, and in an automated manner.

Sources of information consulted:

- More than 250 suppliers for steel, aluminium, hydrochloric and zinc purchases.
- Analysis of the supplied steels grouped into 5 categories (Electrogalvanised 7%, Finished cold rolled 15%, Hot dip galvanizing 49%, Hot Rolled 18% and Pickled hot rolled 10%).
- More than 30 countries of origin.
- More than 250 suppliers for steel, aluminium, hydrochloric and zinc purchases.
- More than 80,000 product references delivered to customers.





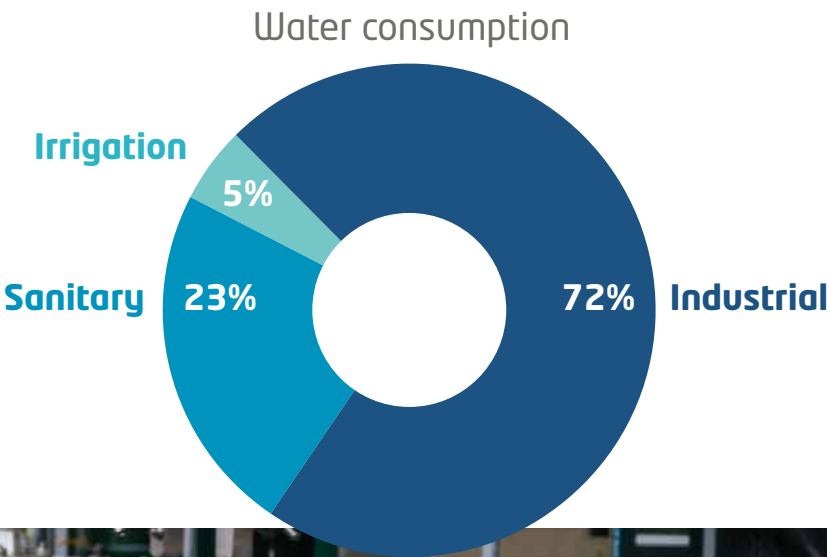
Water and wastewater

303-1, 303-2, 303-3, 303-4 AND 303-5

Except for some specific processes, our business activity does not require water for its operation, which is why we have low consumptions. However, as water is an essential and increasingly scarce natural resource, it is monitored for its sustainable use. In 2021, total consumption was 287,580m³, 8% more than in 2020.

The water consumed came 84% from the network, 14% from underground sources and 63m³ of rainwater was reused in Colombia. Consumption was primarily industrial (72%), followed by sanitary use (23%) and irrigation of green areas (5%).

Indicate that no water source has been significantly affected by water abstraction in the company (306-5).



Zero water discharge

In 2021, the “Zero water discharge” project was launched at the Gonvarri Barcelona factory with the aim of minimising the environmental impact associated with the wastewater generated in the electrogalvanising and galvanising lines.

An inventory of the discharge points of the lines has been made, the wastewater from each has been characterised and the most efficient and sustainable clean technologies for each case are being evaluated together with specialised suppliers.

The aim is to share the results obtained with the factories that have this type of discharge and to extend the scope of the project to the Group’s other wastewater.



Soils

Preventing soil contamination is a key management aspect. Gonvarri's factories have the corresponding instructions and means to act quickly in the event of any incident and carries out awareness-raising activities to raise the awareness of all workers.

In addition, they monitor and report spills/spillages, describing the event and the actions taken.

In 2021, there were a total of 66 spills with an estimated volume of 733 m3 of mostly non-significant oil, all of which were properly managed and did not cause any damage to the environment (306-3).

It also develops actions to minimise this risk. For example, GMH Laubach in Germany has designed a new **concrete washing area** to prevent spills of contaminated water, diesel, etc. from

penetrating the concrete and reaching the ground. In addition, the project will be completed with a "Kärcher" high-pressure water cleaner, a new, properly insulated diesel tank for the forklift trucks. With this, potentially contaminated water flows through an oil separator, ensuring that it does not go directly into the sewage system.

In the event that contamination is detected at any site, the relevant actions are taken to clean it up. A project is currently underway, as summarised below.

In the process of acquiring the GMH Laubach factory in Germany, a possible contamination of soils by Chlorinated Hydrocarbons from the old solvent degreasing process was detected. Therefore, in 2019, the necessary studies were carried out to determine the presence of soil contamination, confirming its existence. In 2020, tests were carried out to identify the best decontamination alternative, always in communication with the competent body.

In 2021, the result of these tests confirms that the decontamination through Enhanced Natural Attenuation (ENA) gave better results than the other option evaluated, In-situ Chemical Oxidation (ISCO). This system will significantly improve the site conditions. We will report the results of the decontamination in 2022.





Social

ESG
Culture

SOCIAL

37 People

49 Health and Safety

60 Customers

69 Supply chain

72 Value creation: Efficiency, digitalisation and Innovation

87 Contribution to the community



People

103-1, 103-2 AND 103-3

People

102-8 AND 405-1

Gonvarri's global perimeter is made up of 7,249 professionals (6,185 own and 1,064 external), compared to 6,450 professionals (5,614 own and 836 external) in 2020, representing an overall increase of 12%.

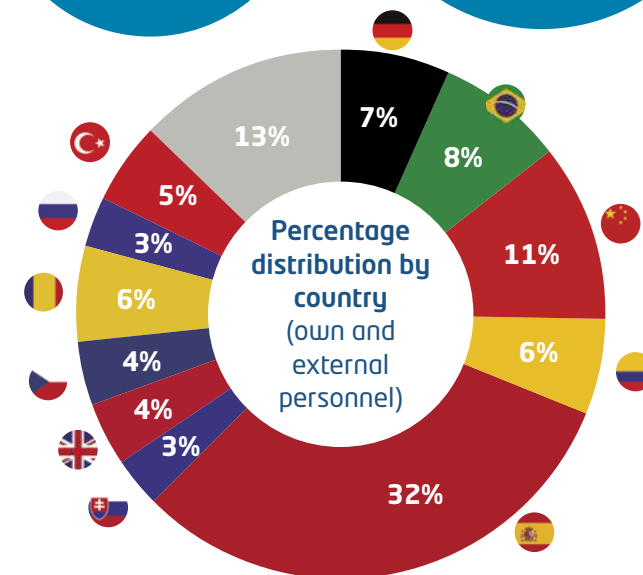
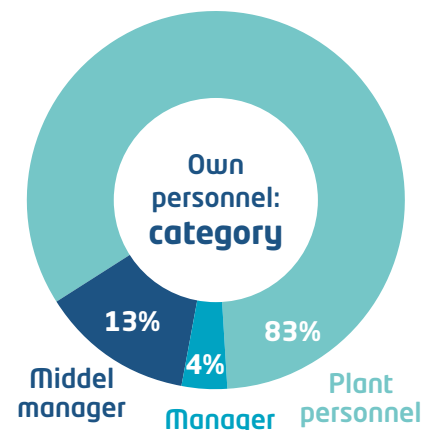
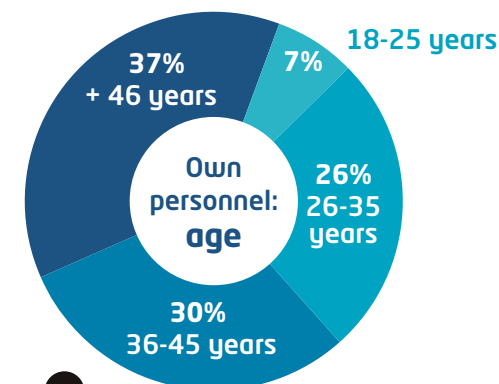
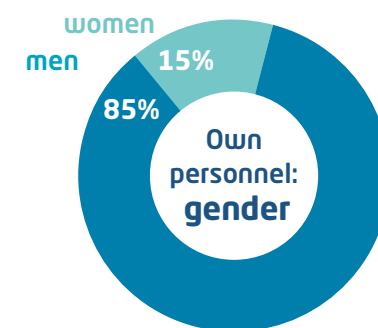
In 2021, according to the scope of the Report, Gonvarri Industries has 6,299 professionals (5,632 own and 667 external), compared to 5,925 professionals (5,174 own and 751 external) in 2020, which represents a 6% increase in the workforce. The table summarises their distribution by country.

The scope of the Report does not include the factories in Resende (Brazil) with 69 own employees and 1 subcontractor, Pune (India) with 406 own employees and 387 external employees, as Gonvarri does not have management control, nor Reca acquired in 2021 with a total of 78 own employees and 9 subcontractors, which will be reported in the next Report (405-1).

Countries	Own	External
Germany	386	44
Argentina	53	0
Belgium	8	0
Brazil	497	4
China	500	166
Colombia	248	131
Denmark	17	0
Spain	1,788	229
USA	82	2
Slovakia	175	10
Finland	40	0
Netherlands	28	0
Hungary	9	0
Israel	3	3
Mexico	105	14
Norway	25	0
Poland	115	0
Portugal	92	5
UK	257	7
Czech Rep.	196	33
Romania	408	0
Russia	161	4
Sweden	125	1
Switzerland	18	0
Turkey	296	14
Total	5,632	667



Workforce features



Further information in the tables is provided in Annex 3: Table I. Own staff by country, gender and age and Table II. External staff by country, gender and type



Attracting and retaining talent

At Gonvarri we are aware that people are our main asset, as we have excellent professionals in all business areas and countries. Having a strategy that allows us to rely on trained, qualified and motivated experts in a pleasant work environment is a key aspect to grow as a competitive, solid and sustainable company, as the development and future of the company depends on the work of its team. Therefore, attracting and retaining talent is a key factor for the Human Resources Management in all the different phases.



Turnover

401-1

We look for professionals who fit the requirements of each position, avoiding any kind of discrimination in relation to race, gender, age, nationality, religion, political ideas, sexual orientation, marital status, disability, social origin or any other condition of the person.

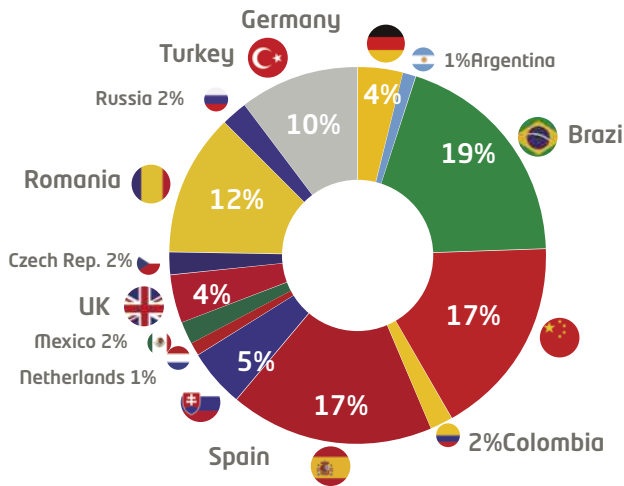
Hires

In 2021, a total of 1,283 new employees (1,122 men and 161 women) were hired in 2021.

	Men	Women	TOTAL
Hires	1,122	161	1,283

For further information, see Annex 3 in Table III.

Recruitment took place mainly in Brazil (19%), China (17%), Spain (17%), Romania (12%) and Turkey (10%).

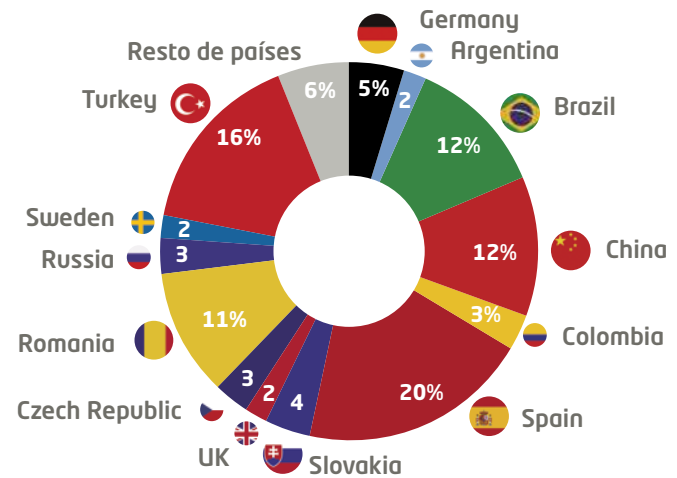


Leaves

In 2021, there were a total of 1,116 leaves (1,004 men and 112 women), of which 25% corresponded to dismissals and 75% to voluntary departures.

Leaves	Men	Women	TOTAL
Dismissal	254	27	281
Voluntary	750	85	835
Total	1,004	112	1,116

Annex 3 provides more detailed information in tables IV.a. and b.



Exits were mainly in Spain (20%), Turkey (16%), Brazil and China (12% respectively).

This represents an **average turnover** of 20% (21% for men and 14% for women).

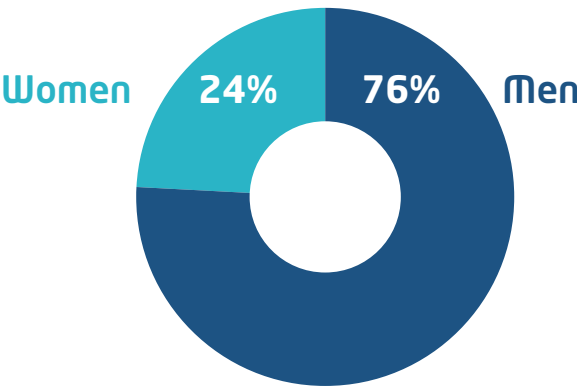


Internal promotion

The “**Internal Promotion**” process allows professionals to acquire new responsibilities and new challenges that improve their performance, motivation and commitment to the company. At Gonvarri we contribute to its development and growth through job offers, internal promotion and mobility. Whenever a vacancy is not covered by any of these mechanisms, external recruitment processes are initiated, for which we make use of media such as LinkedIn, InfoJobs or external recruitment consultancies, depending on the position in question.

The company periodically publish job offers through the “**Job Posting**” tab on the corporate intranet or via other media such as notice boards, allowing us to cover specific internal positions. Interested candidates go through a process of interviews with Human Resources and with the area requiring the position, so that the most ideal candidate can be selected.

In addition, there have been a total of 54 direct promotions, with 41 men and 13 women.



Mobility

At Gonvarri we are constantly growing, which implies the need to cover certain vacancies outside Spain and to transfer certain employees as “expatriates”, for which we have efficient “**Mobility**” mechanisms in place.

Opportunities are also offered to other employees for 1-4 months displacements, such as “**Start-up Teams**” who are responsible for transferring experience, knowledge and the corporate culture to the new centres in the different countries and training new professionals.

However, in 2021, due to the restrictions and risks arising from the COVID 19 pandemic, there was no travel by the start-up teams and, with regard to expatriates, one manager moved from Spain to Brazil, another Spanish manager from China to Argentina, and two expatriates returned from China to Spain.

Job stability

102-8

Jon stability is a way to show trust in the team and in long-term relations.

As a result, 93% of Gonvarri’s professionals are employed on a permanent basis and 94% on a full-time basis. We also promote local employment, where 99% of our employees have local nationality.

Distribution by type of contract			
	Permanent	Temporary	Internships
Men	4,463	327	24
Women	751	54	13
	5,214	381	37

Distribution by duration of contract		
	Full-time	Part-time
Men	4,544	270
Women	755	63
	5,299	333

Annex 3, table V, details the information by type of contract and duration of contract, gender and country



Training

404-1 AND 404-2

Training is a key aspect to empower talent and grow as an innovative and efficient company.

It is therefore essential to have trained and qualified young people, to whom we can offer opportunities and stable and remunerated employment. In 2021, training hours have been increased by around 40%, after a 2020 financial year that was greatly affected by the COVID19 pandemic, which made it necessary to eliminate or reconsider all face-to-face training, in order to avoid risks of contagion and ensure the health of professionals. This information is detailed in the appendix.

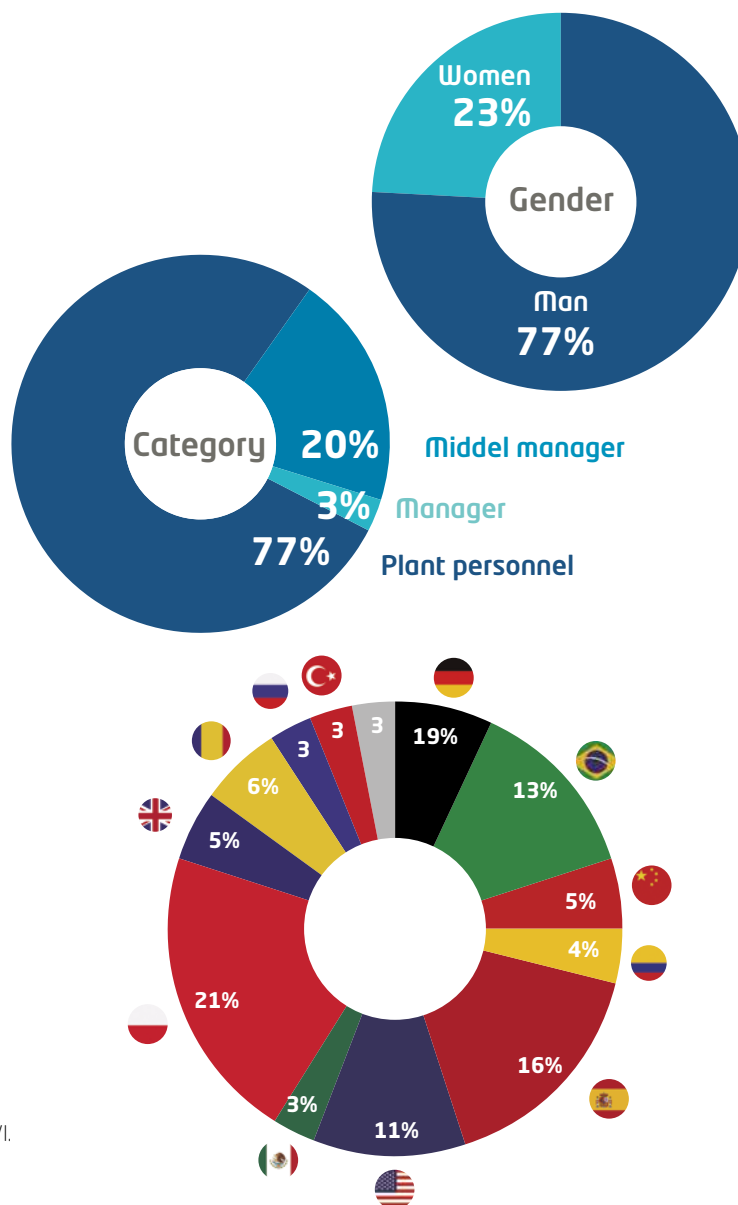
Thus, the overall number of training hours in 2021 stood at 192,392, or 34 hours per employee (average of 31 hours for men and 53 hours for women).

During 2021, Gonvarri Industries continued to promote training with the aim of generating a learning culture in the company based on meeting the needs of the Plants and Corporate.

Thus, once again, the Academy training platform has continued to play a leading role, in order to promote the acquisition of soft skills by the people who form part of the organisation, as well as knowledge linked to the business at Gonvarri Industries, in order to have a source through which to preserve the knowledge of the group's experts.

In addition to continuing to disseminate the different training profiles existing on the platform among employees, the following have been developed:

For more information, see Annex 3, Table VI.



- **Courses and itineraries aimed at perfecting the skills** necessary to face the day-to-day work of people in their position: time organisation, leadership, team management, commercial skills and languages, among others.
- **Courses and itineraries aimed at Gonvarri's business:** extension of the Commercial AUTO training, Gonvauto Iberia Supervisors Itinerary, CET for GMH.
- **Training in Key Processes:** given the importance of the Key Processes in each of Gonvarri's business areas, different training courses were launched on aspects such as Introduction to Key Processes, Scrap Management, Stock Management, Customer Relationship Framework and Commercial Risk Management.
- **Compliance training:** during 2021, different Compliance training courses were launched, adapted to the different training profiles existing on the platform.

The following indicators show the significant evolution of the Academy:

- Number of persons currently **registered**: 4688
- Number of **training** hours: 6873
- Number of **accesses**: 14728



The following is a summary of some of the most important initiatives launched this year:

Languages Online

Through the online platform, more than 100 people from 9 Plants have undergone online language training to strengthen different skills related to their daily job functions.

Commercial training courses self

In order to increase knowledge of the products and new production processes at Gonvarri Industries, the training courses on Laser Blanking, Hot Stamping and Automotive Alluminium have been extended and updated.

Gonvarri Project Management

The 20 participants from Corporativo have been able to take a 40-hour hybrid training (online and on-site) given by ESCP Business School on project management based on the PMP methodology. The main objective of this training was to begin to create a project management culture in the company based on an international and approved system. In addition, the participants, divided into teams, were able to develop a project with which to generate new initiatives for the company.

Gonvarri Material Handling

Different steps have been taken so that the people belonging to this division could start to familiarise themselves with the Academy, through the implementation of training courses such as the Code of Ethics and Conduct or on CET.

In addition, at the local level, the factories develop their own training programmes in various subjects as well as initiatives to promote employability among young people.

Some examples of different initiatives are summarised below:

GonvarriColombia developed a training programme "Operations in the 4th Industrial Revolution". The programme allows the operations manager to deepen their knowledge of MIT's leadership in innovation, science, engineering and technical disciplines developed through years of research, teaching and practice.

It also contributed financially to the personal development of two employees by financing external training. The postgraduate degree of a financial employee at the University of Medellín and the training of a commercial employee in soil mechanics at the EAFIT University.

Suports is involved in providing young graduates with opportunities to join the company through scholarships from the Polytechnic University of Valencia. In 2021, two agreements were signed, incorporating two technicians with very good results, since, once the scholarship ended, they were directly hired. This formula helps us to get to know and train very young people without any professional experience and provide them with a future within the organisation.

Gonvarri Burgos, took part in the educational initiative 'Bachillerato emprendedor' with parents, teachers and students from Colegio Niño Jesús, with the aim of discovering talent based on the profiles demanded by the company, helping to motivate and awaken interest in all branches of science and guide further studies.



Gonvvama Changsu conducted a two-day training for shift leaders of frontline teams, in which four people from Gonvvama Loudi and Gonvvama Chongqing Production also participated, where participants developed their efficiency and leadership skills.

Gonvarri Solar Steel, Solar Steel's management team participated with an external supplier in a day focused on "knowing oneself" in order to understand others, assuming that the key to team performance lies in the particular dynamics of relationships between its members, which ended with an Escape Room.



Performance assessment

404-3

At Gonvarri we have a performance evaluation system by objectives which is centralized at corporate level on the "ETWeb" platform, mainly for management teams. The system allows professionals to have information regarding their annual objectives, to monitor them and to know the degree of compliance, by means of performance and competence assessment (404-3).

A total of 354 evaluations were initiated in 2021, distributed among 13 countries and, at year-end, a total of 231 were being finalised and/or completed, as shown in the table below.

Performance evaluation: corporate			
	Men	Women	Total
Germany	6	1	7
Argentina	5	2	7
Brazil	1	0	1
China	1	0	1
Colombia	1	0	1
Spain	127	37	164
Mexico	10	4	14
Poland	6	3	9
Portugal	4	4	8
UK	9	2	11
Turkey	1	0	1
USA	5	2	7
Total	176	55	231

At the same time, some factories have their own performance valuation systems in place. These include plant personnel, in general covers 100% of the workforce, with a methodology that

is adjusted to their business activity and which measures criteria such as polyvalence at the workstation. The distribution of DPOs by country is summarised below:

Performance evaluation: factories						
	Manager		Middel manager		Plant personnel	
	Men	Women	Men	Women	Men	Women
Argentina	1	1	10	3	29	4
Brazil	1	0	29	11	358	54
China	21	3	39	13	369	51
Colombia	5	5	14	6	106	19
Spain	33	5	161	30	342	30
USA	6	1	2	1	84	1
Slovakia	5	1	13	2	122	29
Finland	1	0	6	1	24	8
Netherlands	0	0	0	0	22	4
Hungria	1	0	0	1	5	1
Israel	0	0	0	0	0	0
Mexico	1	0	7	4	2	0
Poland	0	1	6	2	69	26
Portugal	1	1	13	5	60	14
UK	11	1	15	2	170	41
Czech Rep.	0	0	0	0	0	0
Romania	0	0	28	8	249	44
Russia	1	0	8	4	31	9
Turkey	1	0	10	2	0	0
Total	89	19	361	95	2,042	335



Work environment

In order to improve the development, performance and life of Gonvarri's professionals, it is essential to know their opinion on different factors which, when analysed together, allow us to obtain an assessment of their level of satisfaction. To this end, we carry out the **"Work Climate"** survey every two years.

The survey conducted in 2021 is a clear reflection of the two difficult years (2020 and 2021) marked by the COVID 19 pandemic, which affected to a greater or lesser extent all the countries in which we are present. Fifty facilities (factories, offices and distribution centres) participated in the survey, sending in a total of 4,852 surveys with a response rate of 69.13%.

The best rated issues continue to be working conditions and Health & Safety. On the other hand, the lowest rated issues are compensation and benefits, innovation and change management, as well as training and work organisation. The results of the survey were communicated to all employees and managers in order to establish actions for improvement.

Climate perception is also influenced by local aspects, so each company designs and implements specific improvement action plans that can also be mainstreamed to other companies.

Through the **"Growing Together"** and **"Be Healthy"** programmes, we contribute to improving engagement and well-being. Among the initiatives developed, we highlight the improvement of flexible working hours or holiday dates, intensive working days, improved facilities and new possibilities for sporting activities.

In factories, where work is highly customer-driven and shift-based, flexibility and the necessary adjustments are made on an individual basis.

Diversity

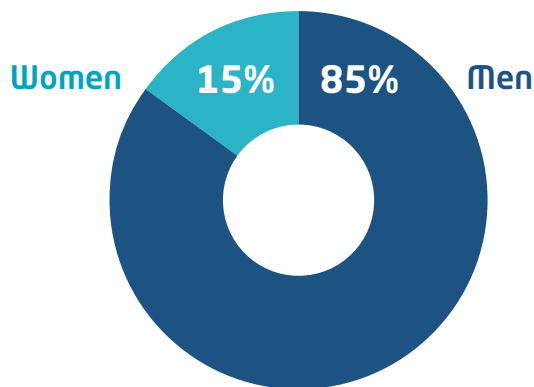
405-1

At Gonvarri, we believe that the heterogeneity of people and their distinctive contribution gives us an unquestionable competitive advantage. The perspective and way of thinking of professionals with different backgrounds helps us to achieve positive changes in the organisation, in working methods and increases its capacity for innovation and response to today's demanding market.

In 2021 we continued with the **"Diversity Project"**, to promote diverse talent and inclusive leadership in the organization. The Program incorporates and coordinates this variable within the organisation through policies, processes and dissemination and awareness-raising actions.

In relation to gender diversity, the **"Women of Steel"** project was launched, with the objective to sensitize and raise awareness about equality between women and men, and the need to break with old sexist paradigms.

In 2021, an Equality Plan is being drawn up for the Group, which will be published in 2022 and is expected to improve ratios.



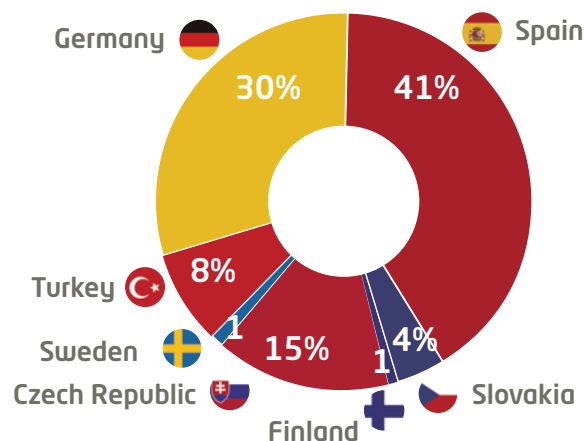
On 8 March, to commemorate **"International Women's Day"**, due to the pandemic, the annual meeting could not be held. Small commemorations were held in some factories and offices, for example:

- **Gonvarri Barcelona** also wanted to make this day a special recognition of women. To do so, they winked at the colour of the masks, reflected on labour inclusion in the company and trained the plant's personnel in the Prevention of Harassment by means of a course on the Gonvarri App.



- At **GonvarriArgentina** the women gathered at a breakfast where they shared a motivational talk with two female mentors who are specialists in the area. During the meeting, they reflected on different concepts, such as the role of women today, glass ceilings in corporations, innovation, education, leadership, motivation and resilience, among others.
- At **Gonvarri Turkey (Çepas)** women gathered to share motivational experiences in order to promote values such as loyalty, friendship and respect among female colleagues and to reject any kind of violent behaviour.

As for **professionals with disabilities**, we currently have 85 employees (75 men and 10 women) distributed mainly between Spain (41%), Germany (29%) and the Czech Republic (15%). The attached graph shows their distribution:



Gonvarri celebrated the International Day of Persons with Disabilities, a group considered to be the “largest minority in the world”, who often have fewer opportunities in the workplace, socially and economically. To commemorate this day, a video was broadcast and disseminated among employees, showing a volunteer action carried out by the Juan XXIII Roncalli Foundation and Gonvarri. In the video, a road safety story was told, conveying concepts such as the importance of ensuring safety, the transmission of positive messages to motivate responsible and safe driving and the commitment of each and every one of us to tackle the Covid-19 pandemic.

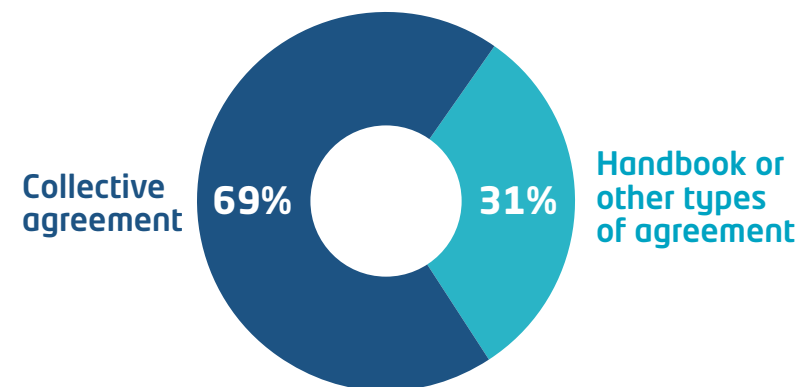
We also favour **local employment** to create value in the countries where we are present. 92% of the workforce is of local origin. Annex 3, table VII shows their distribution.

Labour relations

Gonvarri supports the rights to association, union representation and collective bargaining. In all cases, the right to freedom of association and union representation is respected and the labour requirements and obligations in each country are always met (102-41).

No sites nor significant providers were detected in the operating facilities in which the freedom to association, and the right to reach collective agreements could be violated or threatened.

Collective bargaining agreements or similar agreements regulate working conditions (wages, working hours, holidays, etc.) and the relationship between the company and the trade unions. In some countries, where collective bargaining agreements do not apply, working conditions are set out in a “Handbook” or the country’s labour regulations are applied directly.





Social benefits, health and lifestyle 201-3 AND 401-2

Social benefits

Gonvarri is a diverse company, where social benefits are not homogeneous but adapted to the characteristics of the different plants and countries. In any case, there are no significant differences between benefits offered to part-time workers and those offered to full-time workers.

The social benefits in the different facilities and countries are outlined next:

Health insurance, this benefit is available at the factories of AMG Brazil, GMH Lohja (Finland), GMH Kirovsk (Russia), Gonvarri Kaluga, Gonvarri South Carolina, Gonvarri Portugal (for employees and their direct family, and for directors/managers it only covers their children), Gonvauto Puebla, Gonvarri Colombia (for the management committee), Gonvarri Turkey, Steel& Alloy UK (for white collar) and GMH Rasnov (Romania), have bonus support for private health insurance, as does South Carolina which offers bonus health, vision and dental insurance and GMH Laubach (Germany) offer check-ups and the possibility of annual flu vaccinations. In addition, it is also available at GMH offices and distribution centres in Belgium, Denmark, the Netherlands and Norway.

Life insurance is available at all facilities in Spain, GMH Laubach (Germany), GMH Kirovsk (Russia), AMG Brazil, GMH Ståltechnik, Gonvarri Kaluga, the Dongguan and Govvama plants in China, Gonvarri Poland, Gonvarri Argentina, Gonvauto Puebla, Gonvarri South Carolina (full-time employees) and Steel&Alloy UK. In addition, it is also available at GMH offices and distribution centres in Belgium, Denmark, Norway, Sweden, GMH UK and CSI.

Disability insurance, all facilities in Spain (with life insurance), the Dongguan and Govvama plants in China, Gonvarri Poland, Gonvauto Puebla, Gonvarri South Carolina (full-time employees), GMH Lohja (Finland), GMH Belgium, Sweden and Norway, Gonvarri Colombia (for the management committee), GMH CSI (UK) and Steel&Alloy UK.

Canteen service/restaurant tickets, this benefit is available at the factories of AMG Brazil, AMG Senica (Slovakia), Gonvauto Thuringen, Gonvarri Kaluga, GMH Kredit, Gonvarri Argentina, Gonvarri Kaluga, Gonvarri Portugal, Gonvarri Colombia, Gonvauto Puebla, Gonvarri Turkey, GMH Laubach (Germany), GMH Lohja (Finland), the factories of Dongguan and Govvama in China and Steel& Alloy UK, the factories of Gonvarri Kaluga, Gonvarri Kaluga, Gonvarri Portugal, Gonvarri Colombia, Gonvauto Puebla, Gonvarri Turkey, GMH Laubach (Germany), GMH Lohja (Finland) and the factories of Dongguan and Govvama in China. Alloy UK. In addition, it is also available in offices and distribution centres in Hungary, the UK, the Netherlands and Norway.

Transport service, this benefit of different kinds is available for transport at the Burgos and Tarragona plants in Spain, GMH in Germany, Gonvarri Portugal, Gonvauto Puebla, Gonvarri Kaluga, Gonvarri Colombia, Gonvarri Argentina, AMG Brazil, GMH Rasnov (Romania), GMH Kirovsk (Russia), the Dongguan and Govvama plants in China and Gonvarri Turkey. In addition, GMH's distribution centres in Norway and Sweden and various facilities provide company cars to management and the sales department.

Maternity/paternity leave, this benefit is available to the factories of Gonvauto Puebla, Gonvarri Turkey, the factories of Govvama in China (maternity insurance) and in Spain the factories of Hiasa, Gonvauto Asturias and their engineering companies.

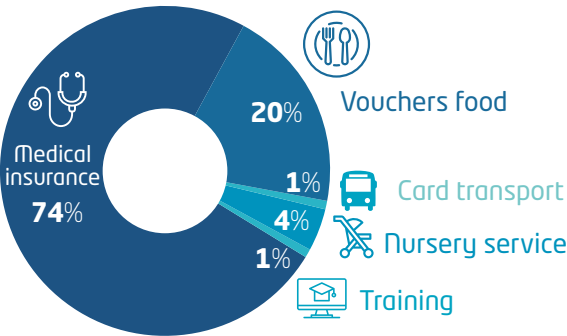
In addition, factories have **other social benefits of their own**. Some examples are summarised below:

In **Iberia**, Gonvauto Portugal gives gifts/presents for different reasons such as; birth, Christmas boxes, a gift for children under 12 years old and a present at Easter and in the factories in Spain gifts/presents are given for different reasons such as; Gonvarri Tarragona has a laundry service for its employees, passes to access the gym and SPA, daily delivery of fresh fruit to the canteens, tickets for the Tarragona basketball club and at the headquarters in Embajadores there is a gym and sports centre with paddle tennis courts.





In Spain, a private policy can be taken out voluntarily through the Flexible Remuneration Plan (PRF), with which the tax benefits established by law are available. Its percentage distribution in 2021 is summarised below.



*Includes only Gonvarri owners, not their families.

In the **rest of Europe**, Gonvarri Poland has a company and cash benefit fund for holidays and other occasions, Steel&Alloy (UK) participates in and finances the “Cycle to work & Life Style Scheme” for sustainable mobility, and Gonvarri Thuringen (Germany) provides a “Babythings” voucher for every birth, childcare bonus and Health. In Slovakia, AMG Senica and Gonvarri Nitra offer free coffee and tea, and have a social fund that includes various grants.

In **Latin America**, the Gonvauto Puebla factory (Mexico) social benefits are included in the “Employee Welfare Plan”, which incorporates various initiatives such as: food vouchers, major medical expenses insurance, savings funds, assistance in kind

for paternity/maternity, scholarships and school assistance, minor medical expenses insurance, accident and life insurance, marriage and death assistance, Gonvarri Colombia also has a “Workplace Welfare Plan” with various initiatives and covers first aid attention and Gonvarri Argentina has social coverage for food and transport.

In **Asia**, the Dongguan factory in China has a benefit plan that includes marriage benefits, death benefits, housing, utilities such as water and electricity, working in adverse weather conditions, transport for employees and families, medical reimbursement and insurance, birth, breastfeeding and pregnancy benefits for women only, hospitalisation, food for evening and night shifts, annual bonus, safety incentives and improvement proposals, psychological examination, New Year financial aid, distribution of goods, tea for employees in the warmer months and dormitory and food for factory residents.

Gonvama’s factories distribute financial support in various benefits to their employees, including birthdays, marriages, births, hospitalisations, landmark dates, transport subsidies, accommodation (in offices, and the Changshu, Shenyang and Chongqing factories), medical check-ups and team building.

Gonvarri Kaluga (Russia) finances medical insurance for employees’ disabled children and Gonvarri Turkey, provides a break area with free coffee and tea.

Regarding the **GMH division**, the Kredit plant (Rep. Czech) offers a work anniversary recognition, seniority bonus and improved telephone tariffs, GMH Finland has sport and culture cards with a value of 200€/year to be used, for example, to pay gym membership or to go to the museum and Sweden (GMH Stålteknik) subsidises the gym for its employees.

Pension funds and/or retirement plans

201-3

They are only available in some countries, either because of obligations arising from local legislation or because of historical commitments.

In particular, pension funds are provided in the UK, Germany (Thuringen), Norway, Sweden, the Netherlands, Denmark, Slovakia (Senica and Nitra), Poland (GMH), Belgium, Switzerland and South Carolina, as well as voluntary pension plans in the UK.

In Spain, only Barcelona has a partial retirement plan included in the Company Pact 2017- 2022, as well as the United Kingdom, Argentina and Slovakia (Senica). In any case, these are very specific situations and of little relevance to the company as a whole.

Settlement

401-3

The maternity and paternity leaves in 2021 corresponded to 120 men and 33 women have taken maternity and paternity leave, 97% of the men and 100% of the women have already been reincorporated.



Health and sport

403-6

The comprehensive wellbeing of Gonvarri's professionals is fundamental to having healthy, happy, committed and more competitive teams. For this reason, we have incorporated the **"Healthy Company"** business line within the Drive "People" axis, in order to contribute to living a happy, healthy and full life, through a wide range of programmes and opportunities focused on nutrition and sport, as regular physical activity contributes to good health.

These initiatives are developed in a variety of ways in factories and offices, tailored to their needs. Some examples are summarised below:

2021



In **Spain**, the **Gonvauto Tarragona** factory continues with its "Healthy eating habits" programme by providing fresh fruit daily in all the company's canteens and encouraging sport through the availability of full passes to the Estival Park, Aquum sports centre. It also held an awareness day with a dual focus: preventing smoking among its employees and preventing the risks of Covid-19.

At the **Madrid** headquarters, it is worth highlighting the organisation and participation in a new edition of the Companies' Race and in the EDP Rock and Roll Running Series, with representatives from Gonvarri Tarragona, Gonvarri Burgos, Gonvauto-Gonvarri Barcelona, Gonvarri Valencia, GMS and Corporativo.

In **Hiasa** and **Gonvauto Asturias**, a portal was developed that provides information on sport, healthy eating, emotional well-being and social responsibility for employees.



Gonvarri Valencia organised a fun and informative day with two conferences "Keys to Feeling Better at Work" and "Well-humoured" with the aim of provoking a change of mentality and helping to face the future with renewed energy and a good dose of enthusiasm, as well as promoting sport and health through its own running and bike club and sponsoring local races.



The **Metal Structures** (GMS) division in Spain launched “GMS Healthy Life” for its employees, a healthy company programme that seeks to promote the Culture of Wellbeing. In addition, it organised a Padel Tournament at the Cover Padel Avilés facilities in which several employees took part.

Gonvarri Colombia joined the #PactoPorLaVida campaign of the “Team Medellín” cycling team. The aim is to promote the sport and raise awareness among drivers and cyclists to act responsibly on the roads.



Employees from **Gonvama's** plants in China formed a basketball team and played a friendly match against a team from VAMA, which participates in the local league, doing teambuilding, creating an atmosphere of positive corporate culture, where the players showed the spirit of “friendship first, competition second”.

Likewise, in this pandemic period, always complying with the obligations of each country, various initiatives were carried out. **GMH Laubach (Germany)** offers health checks and flu vaccinations and **Gonvarri Poland** held the “Get vaccinated against COVID-19” competition to promote health, where employees showed reasons to get vaccinated and thereby encourage vaccination at the Polish plant. Although the approaches are different, all reasons are unique and important for each person, stressing that the most important thing is that they lead to a common good. At the end of the competition, prizes were awarded.



At **GMH Laubach** it was agreed with the workers’ council to obey a “no smoking on the premises” policy. Therefore, several glass shelters have been installed throughout the premises for those who wish to smoke, without affecting their colleagues or disturbing the working atmosphere, protected from the weather.



Health and Safety

Management Model

Gonvarri Industries' Health and Safety model is based on the principle of integrating Safety throughout the organisation, sharing responsibilities among all members of the hierarchical line, and taking safety aspects into account in all decisions adopted, as well as in all processes and new projects taken on.

The initiatives and measures have evolved over the years, since 2007, when the Health and Safety Policy was declared by the Chairman of the company and monitoring indicators began to be established, as well as the first policies to ensure minimum compliance in this area. This commitment was reinforced in 2011 with the launch by the CEO of the "One Step Forward" plan, in 2014 with the deployment of a specific Health and Safety focus in Gonvarri Industries' global Strategic Plan, and in 2017 with the "Doing Well by Doing Safe" Safety Plan, already focused on improving the company's preventive culture.

Most of the factories (76%) are certified under the new international health and safety standard (ISO 45001). Still pending are Gonvauto South Carolina and the factories that have recently been integrated into the company, such as the Laser factories in Spain, Flinsa, and the GMH group (Kirovsk factories in Russia, Kredit in the Czech Republic, Lohja in Finland, and Ståltechnik in Sweden) (403-1).

Considering these certifications, 85% of the employees of the factories are covered in the management system under the ISO 45001 (403-8) standards.

The Gonvarri Safety did not just settle for complying to these international Standards and the different local legislations that apply to each plant, but goes further, implementing a series of systems and policies at a global level with the aim of having a preventive culture with its own identity, much more demanding than the aforementioned standards, in which the Health and Safety of all the people who access the work centres are the main focus.

Plant management is committed to the guiding principles of corporate policies in this area, which is increasingly visible to the rest of the organisation. On the other hand, the necessary and sufficient tools are in place to facilitate continuous information and communication to workers and for their participation in preventive activities through consultation on possible improvements in working conditions and Management Systems.

The external perception by the certification bodies of the tools in place to show visible management commitment and to increase levels of worker consultation and participation (two key aspects according to this new Standard) have been rated favourably.

The Health and Safety area has two platforms for monitoring and measuring all aspects related to the Health and Safety of its own and external employees:

Sygris Platform

For comparative monitoring where the investigation of incidents and accidents occurring at the plants, proactive performance and policy compliance indicators, and the monitoring of continuous improvement at all Group plants (including Joint Ventures and newly incorporated plants) are consolidated.

This platform provides a large part of the company's employees with up-to-date comparative data on the plants, both absolute and relative, on accident rates and other management ratios compared with previous periods and with the rest of the plants, as well as the investigations of each accident and incident that has occurred or the state of progress of the corrective or preventive actions detected and open for improvement, among others.

CTAIMA 2.0 Platform

At Gonvarri, the measures, controls and obligations established for employees are equally applicable to all external companies that access the work centres.

The CTAIMA platform, currently used in the plants in Spain and Portugal, is used to record the information provided to external companies that access their work centres. It includes strict control of the documentation that these companies are obliged to report, both in relation to the companies themselves, their activities, the workers and equipment they provide to the plant, etc., not only to comply with the legal minimums but also to ensure that these companies have Management Systems that provide sufficient compliance both in terms of Health and Safety and other aspects related to HR, Compliance, etc.



Responsibilities and tasks

They are integrated throughout the organisational structure, with the plant management (including not only the manager but also his or her direct reports) being responsible for compliance with the standards, improvement of working conditions and, in the system, ensuring compliance with the rules (disseminated and updated) and, in general, the protection of the health and safety of the people present at the plants.

At each plant there are workers designated for Health and Safety management, with regulated training in this field. Based on the size and needs of the plant, these employees either work exclusively in occupational Health and Safety management or they share this activity with others (403-3).

On-site control of risks in operations and workplaces falls to supervisors and department heads as direct superiors of employees and delegated persons in the plant, who report events in the work areas and participate in the investigation of these events, the inspection of work areas, the review of standards and risk assessments, etc., being shown as examples in the plant of the philosophy and spirit of the policies, mission and objectives in Health and Safety.

Safety and Health Plan “Doing Well by Doing Safe”

403-2 AND 403-9

After several years that saw a significant reduction in accident rates and improvements of the workspaces, in which risk level has been reduced substantially, Gonvarri decided in 2017 to speed up Health and Safety awareness among all its employees (at all levels of the organisation), raising awareness of the obligation to apply what is passed on to them in terms of roles and responsibilities appropriate to their hierarchical level.



The resulting Safety Plan “Doing Well by Doing Safe” defines new measures that concern our Safety culture, but it also contributes to reinforcing the concept of “Stop > Think > Act”, transmitting that a correct action is one that is done with Safety in mind and promoting the concept of “Shared Safety” which expresses the concept of “Shared Security” in which each employee not only worries about his own security but also about that of his colleagues, transferring the common concern for the security of all, advising them and even helping them in their training processes.

An adequate level of preventive culture in organisations is promoted:

- Making the effective commitment of company management to health and safety visible on the shop floor and to employees.
- The creation of tools that encourage worker consultation and, ultimately, their participation in improvement.
- Accelerating the implementation of planned actions from the various detection tools in the Health and Safety System, mainly those resulting from accident and incident investigations, which must be implemented immediately to create a real sense of priority among employees.





Numerous initiatives were developed for its implementation and dissemination, including (403-4 and 403-7):

- **New management systems:** aimed at aspects such as the supervised monitoring of the practical part of the training process for new employees, the periodic evaluation of the safety performance of each employee by their superior, the processing and internal cascade dissemination of the “Weekly Incident Notifications” transversalised by company (both in the Top Management meetings and in the Top 5 Plant meetings), etc.



- **“Safety Tips”:** dissemination of series of interactive awareness videos about the main risks present in the Gonvarri activity.
- **CCTV:** closed-circuit television focused on the use of recorded images only for security purposes, assisting in the investigation of accidents and incidents, and enriching personnel training by showing accomplished facts that occur more or less frequently through images that illustrate more than a simple explanation of these events, standardising in “Technical Specifications” the premises, guidelines and requirements to be met by future projects to be developed in the rest of the Group’s plants.

- **External diagnosis of the preventive culture** by specialised external companies, drawing up action plans based on the results obtained about the level of penetration of the preventive culture in the organisations and the employees’ perception of this culture.
- **Safety projects within Industry 4.0** initiatives, workshops in which workers make a significant number of proposals for improvement in working conditions (which are subsequently planned and implemented) based on direct observation and after having received a small induction that helps to stimulate the perception of existing risks by abstracting from other aspects of the environment.
- **Chasing Risks** workshops in which workers make a significant number of proposals for improvement in working conditions (which are subsequently planned and implemented) based on direct observation and after having received a short induction that helps to stimulate the perception of existing risks by abstracting from other aspects of the environment.
- **Safety Stewards:** initiative created by Steel & Alloy and extended to other plants of the Regional Management Group Europe.

Likewise, some plants have already completed the process of designing and implementing the **Lock Out-Tag Out** systems, which are so important due to the level of risk they aim to protect against and are focused on safely carrying out maintenance, revision, adjustment, etc. work inside the lines through the shutdown, release of energy and signalling of dangerous moving parts during the presence of employees in the danger zones.

Diagnosis of preventive culture in Hiasa and Gonvauto Asturias

Hiasa and Gonvauto Asturias have been improving for years in the field of Health and Safety. In order to go deeper into this area, a consulting firm specialised in Safety was hired to determine the perception that exists among employees, by conducting personal interviews within the NOSACQ-50 methodology, recognised by the European Agency for Health and Safety at Work as a suitable tool for measuring the preventive climate.

The response from the staff has been very favourable, with the participation of a very large and representative group of the workforce to a battery of 50 questions. The responses were processed by experts to obtain a quantitative diagnosis and a qualitative analysis of the results, measuring parameters such as organisational commitment, employee empowerment, fairness in dealing with events, personnel involvement, risk awareness, learning from events, and confidence in the existing tools and system.

The final score was satisfactory, establishing an Action Plan in line with continuous improvement.



Health management

Newly hired employees must undergo mandatory medical examinations designed in accordance with job-specific protocols, which declare their medical “fitness” for such positions. In addition, all employees are entitled to periodic medical examinations by the medical services in accordance with these protocols, after which an update of their “fitness” is issued.

In general, the monitoring and control of the health status of employees is outsourced, relying on authorised medical services in accordance with local legislation. Notable examples are the availability of a medical service at the workplace or private health insurance (social benefit) in some countries, as well as training to improve health care (403-3).

Communication

403-4

Different communication channels have been created in Gonvarri Industries to facilitate a bidirectional flow which allows for direct information and participation of all the internal and external personnel with regard to Health and Safety.

The management of each plant meets monthly with the Management Committee to monitor the system (objectives, programmes, plans, investments, indicators, etc.) and prioritise the most relevant aspects in a quick, transparent and integrated manner. Likewise, daily 5-minute meetings of the working groups are held where the first topic to be discussed is always safety (accidents or incidents occurring the previous day, problems encountered in the course of work, weekly corporate communications, results of inspections carried out, etc.).

In addition, in 2021, the growing involvement of managers and members of the Management Committees of the plants in the implementation of the “**One to one**” system is noteworthy. This tool aims to make visible the commitment of the members of the Management Committees to safety by carrying out “observations” on behaviours and holding personal and direct dialogues with employees to gauge their opinion on the existing working conditions, the management tools that enable their continuous training and information, the content of the rules, and the proposals for improvement by employees to eliminate any existing risks.

This project also seeks to encourage and promote the consultation and participation of workers in the activity and in preventive improvement, verbalising their problems and proposals to the people with most responsibility in the organisation, who have first-hand knowledge of these concerns.



Supervisors are a key link in this integration, but by no means the only one. These supervisors must be fully aware of regulations, monitor and enforce compliance, conduct regular safety inspections, identify and report incidents and accidents, and ultimately integrate Employee and Facility Safety as a key part of their scope of responsibility (403-2).

It is also worth highlighting the “**Chasing Risks**” workshops that encourage the participation of workers in the detection of risks and opportunities for improvement, which are well received by the participants in that they feel involved in the improvement, and from which a large number of actions always arise that are suitably planned and executed.



“Chasing Risks” Health and Safety Workshops at AMG Campinas

In September, the first **“Chasing Risks”** workshop took place at the AMG Campinas plant in Brazil with the massive participation of up to 28 employees in 5 different teams in a broader context.

Chasing Risks was born out of the conviction that one of the fundamental pillars of safety improvement lies in the interested consultation of employees and their participation in continuous improvement. In this case, 55 actions emerged in one day, which will be properly planned and executed. These workshops should be included in the IMS Plans and developed at least twice a year.



Gonvarri's commitment to safety recognised in specialised media

The magazine “Formación de Seguridad Laboral” included in its January-February edition an acknowledgement of the work and progress in this field of Gonvarri Industries.

The article takes an approach to the company's business model, to establish the corporate challenge and the Health and Safety strategy, as well as the key lines of action in this area, dealing with it transversally from all areas and focuses of action: technical, organisational, management and dealing with people. The final objective is to create a Health and Safety culture and for the entire company structure to internalise and consider safety as a sine qua non condition of daily operation, considering it in the first place in any action taken or decision adopted.

In addition, within the framework of the **“Doing Well by Doing Safe Plan”**, he presented the **“One to One”** methodology as a success story in the company.

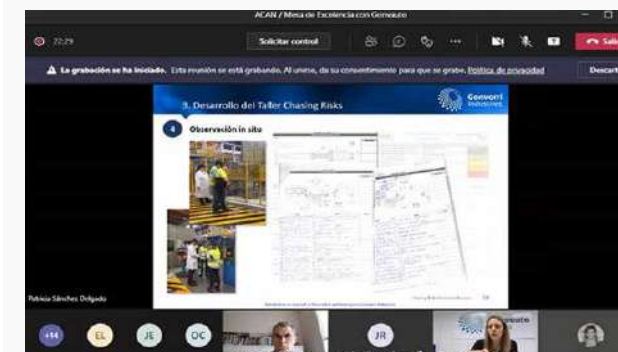


Recognition Gonvauto Navarra exhibits in Health and Safety at the Automotive Cluster of Navarra (ACAN)

In April, Gonvauto Navarra participated as a speaker at a meeting of the “Automotive Cluster of Navarra (ACAN)” within the framework of the Competitiveness Plan on Operations, Continuous Improvement and PRL.

Among others, they gave a presentation on **“Chasing risks: an occupational risk prevention and management tool”**, presenting the corporate commitment, in general, and that of Gonvauto Navarra, in particular, in terms of Health and Safety.

The presentation focused on the integrated safety approach and the strengthening of the preventive culture applied to the casuistry of the Navarre factory, with the aim of creating awareness, proactivity and involvement of all its workers.





Evaluation of occupational risks 403-2 AND 403-10

The “**Evaluation of Occupational Risks**” allow companies to identify and quantify the different risks to which workers are exposed as a result of the different hazards existing in their jobs and activities, as well as to establish the necessary and sufficient preventive measures to eliminate or reduce the level of these risks through technical or organisational actions or by informing and training workers about the residual risks that remain after having adopted other types of risk prevention measures at source.



These evaluations are updated and reviewed on an ongoing basis whenever changes in working conditions or the findings of incident and accident investigations so require, and these changes are communicated to employees.

The Safety Instructions compile all the information that employees must know in order to avoid risks, and are the first derivative of the previous assessments and are decisive in the

content of the training given to employees in the event of any modification in the activities, so that they can be immediately updated. These Instructions (like the risk assessments) must be carried out with the participation of the supervisors and employees to whom they apply and with the approval of the department heads.

Likewise, in the investigations of accidents and incidents that have occurred, it is internally questioned whether the content of the instructions for the activities involved in the accident/incident actually included all the rules and precautions that the employee should have been warned about in order to prevent such an event would not have occurred.

In 2021, 26 jobs were identified as being at high risk of occupational disease in Colombia (35%), Sweden (23%), Turkey (19%), Germany (15%) and China (8%).

Two **occupational diseases** have been detected in own male personnel (one in Spain and one in Portugal), implying an occupational disease rate in Spain of 0.08 for men and in Portugal of 1.66 for men. The rest of the countries is 0.0 for both genders (403-3 and 403-10).

In addition, **emergency drills** are conducted annually at the plants to be prepared for possible incidents that may occur, in addition to fires, such as spills, rescues of personnel suspended at height, first aid, use of defibrillators, and efficient evacuations of workplaces.

Emergency drill at Gonvarri Burgos

Gonvarri Burgos carried out a partial fire drill in the forklift truck battery recharging room with an unconscious colleague.

During its execution, the emergency plan for the area was put into action, with first and second intervention teams, as well as first aid and evacuation teams.



The drill proved to be a success, fostering reaction and response capabilities in the event of fire threats. Gonvarri Burgos employees are now better prepared to deal with these emergency situations.



GRP in Gonvauto Barcelona to prevent the risks derived from parcels overturning

In June, a “**Problem Resolution Group at the Gonvauto Barcelona plant (GRPs)**” was developed to try to eliminate the risks arising from the overturning of packages, which can cause serious injuries to employees who coexist with the forklift trucks. The implementation of these GRPs is mandatory in the case of risks with high potential seriousness or with high recurrence in which an incident/accident has not necessarily occurred, but it is certainly necessary in these cases.

This workshop was attended by a multidisciplinary group made up of the Plant Manager, the heads of Production, Logistics, HR, H&S and SPG of the plant, corporate personnel, the head of the forklift team and, of course, employees used to carrying out tasks involving the movement of metal platforms and wooden pallets of finished product, who are the ones who have ultimately provided more about the practical day-to-day reality of these tasks and the situations they encounter on a more or less regular basis.

As a result, an ambitious **Action Plan** will be undertaken on all aspects that may have an impact on this type of risk (way of stacking packages, material used, redesign of the lay-out, etc.). The results of this exercise will be mainstreamed to the other plants of the Regional Directorate.

Main indicators

403-2 AND403-9

In 2021, there were a total of 124 accidents with sick leave and 349 accidents without sick leave, which is an increase compared to the previous year, where it must be taken into account that due to the COVID19 pandemic all factories suffered temporary closures of varying duration.

Accidents	with sick leave		without sick leave	
	Men	Women	Men	Women
Own personnel	87	8	271	7
External personnel	28	1	69	2
> Total	115	9	340	9

Regarding this year’s results, it should be noted that the frequency rate has increased, remaining at a similar level to the severity rate. In particular, the frequency rate of the Spanish plants is almost double the overall rate for the company as a whole.

In general, many accidents involving sick leave are of little importance from a preventive point of view, although it is Gonvarri’s policy to record and analyse all events that occur at the facilities of any employee, regardless of their origin.

However, there is great heterogeneity in the accident rate indicators between the Group’s different plants, as well as in the level of compliance with corporate policies, which is reflected in

the proactive indicators. It should be noted that more than half of the accidents are concentrated in 5 companies.

One out of 4 personal injury accidents identified ends in sick leave (the worst ratio in the last 10 years), which does not correspond to a normal proportionality pyramid, so absenteeism management measures should be explored.

More than half of the accidents with sick leave have a duration of less than or equal to 10 working days lost and 2/3 of them have less than 20.

With regard to external personnel (subcontractors of own activities and temporary employment agencies), the accident rate is significantly higher in certain geographical areas and Regional Divisions.

In terms of accident injuries, the hands continue to be the most affected part of the body, accounting for a third of all injuries, both total injuries and those resulting in sick leave, and not necessarily due to cuts, but mainly due to blows.

This year we have to regret a fatal accident involving our own personnel in Turkey due to a structural failure of one of the warehouses and two fatal accidents in a contract in Burgos during the renovation work on the roof of the plant to improve its lighting and remove the panels containing asbestos which, although the latter is not counted as it is not considered subcontracted personnel carrying out our own activities, it must also be considered when applying the information, surveillance and control policies as any other company that provides personnel.



Over the last year the severity of serious injury accidents (not including fatalities) has increased. Accidents with these characteristics have been detected in own male personnel in Germany (1), Brazil (2) and Turkey (5) and one male in external personnel in Slovakia. Therefore, the rate of occupational injuries with serious consequences is summarised below (in all other countries the rate is 0.0 for both genders and for own and external personnel):

Injury rate in occupational accidents with major consequences with sick leave		
	Own personnel	External personnel
	Men	Men
Germany	1.63	0.00
Brazil	2.56	0.00
Turkey	10.42	0.00
Slovakia	0.00	38.24

Tasa de lesiones graves: Π° lesiones por accidente laboral registrables/ Π° horas trabajadas x 1.000.000.

It should be noted that the plants continue to improve in the identification, reporting and analysis of “**incidents**” which, although they have not caused personal injury, in other circumstances could have done so, and their study is very useful for future learning and continuous improvement.

The accident rates for each of the countries are detailed below (for the rest of the countries it is “0”):

Accident rate WITH LEAVE				
	Own personnel		External personnel	
	Men	Women	Men	Women
Germany	23	27	64	0
Brazil	9	0	0	0
Colombia	2	0	13	0
Spain	12	12	32	50
USA	5	0	0	0
Slovakia	5	0	38	0
Finland	17	0	0	0
Mexico	0	0	33	0
Poland	0	18	0	0
Portugal	50	0	0	0
UK	8	0	0	0
Romania	2	0	0	0
Sweden	14	0	0	0
Turkey	46	0	0	0
Total	10	6	20	28

Frequency rate: No. of accidents resulting in sick leave for own and outside personnel/hours worked X 1,000,000

Accident rate WITHOUT LEAVE				
	Own personnel		External personnel	
	Men	Women	Men	Women
Germany	54	9	205	0
Brazil	23	7	458	0
China	16	0	0	0
Colombia	7	0	38	0
Spain	56	12	77	101
USA	96	0	0	0
Slovakia	5	0	0	0
Mexico	10	0	0	0
Poland	13	0	0	0
Portugal	66	0	0	0
UK	19	0	0	0
Czech Rep.	9	0	0	0
Russia	16	0	0	0
Sweden	7	0	0	0
Turkey	35	0	75	0
Total	31	5	51	56

Frequency rate: No. accidents without sick leave for own and external personnel/hours worked X 1.000.000



Lost days due to accidents

The accidents recorded have meant more than 2,500 working days lost per accident (95% men and 5% women). The countries with the highest number of working days are Spain, Turkey, Colombia, Czech Republic and Sweden. The rates per country are summarised below (in the rest of the countries it is "0"):

Days lost due to accidents		
Own personnel		
	Men	Women
Germany	0.24	0.15
Brazil	0.13	0.00
Colombia	0.36	0.00
Spain	0.33	0.25
USA	0.03	0.00
Slovakia	0.05	0.00
Finland	0.48	0.00
Poland	0.00	0.42
Portugal	1.22	0.00
UK	0.05	0.00
Czech Republic	0.61	0.00
Romania	0.02	0.00
Sweden	1.57	0.00
Turkey	1.05	0.00
Total	0.28	0.09

Severity rate: No. of days lost due to accidents / hours worked per 1000

Days lost due to other causes

In 2021, more than 75,500 equivalent days have been lost due to unplanned absenteeism, 86% of which are for men and 14% for women. The rates are summarised below by country (in the rest of the countries it is "0"):



Days lost due to other causes		
Own personnel		
	Men	Women
Germany	3.9	4.0
Argentina	1.3	2.4
Belgium	4.2	0.0
Brazil	1.9	0.9
China	0.1	0.2
Colombia	1.5	0.6
Denmark	1.7	2.5
Spain	11.2	6.1
Finland	2.3	1.6
Netherlands	57.9	26.3
Hungria	16.0	0.0
Israel	4.8	0.0
Mexico	0.4	2.0
Norway	7.0	17.7
Poland	32.9	32.8
Portugal	13.2	4.3
UK	4.5	1.2
Romania	35.4	46.5
Sweden	6.6	1.6
Switzerland	0.8	0.0
Turkey	3.1	0.0
Total	7.5	7.8

Severity rate: No. of days lost due to other causes/ hours worked per 1000



Training and consultation

403-5

Training

Training and awareness are key part of the safety culture. The organisation has identified the training needs that apply to each job position so that each worker who performs it can complete a complete training course that guarantees global knowledge of the position. This training course must be updated and refreshed every three years.

In 2021, more than 61,500 hours of Health and Safety training were provided to our own personnel. Each employee received an average of 11 hours of health and safety training. In addition, almost 500 hours of training were given to personnel from Temporary Employment Agencies, as these personnel must also be trained internally in accordance with corporate policies.

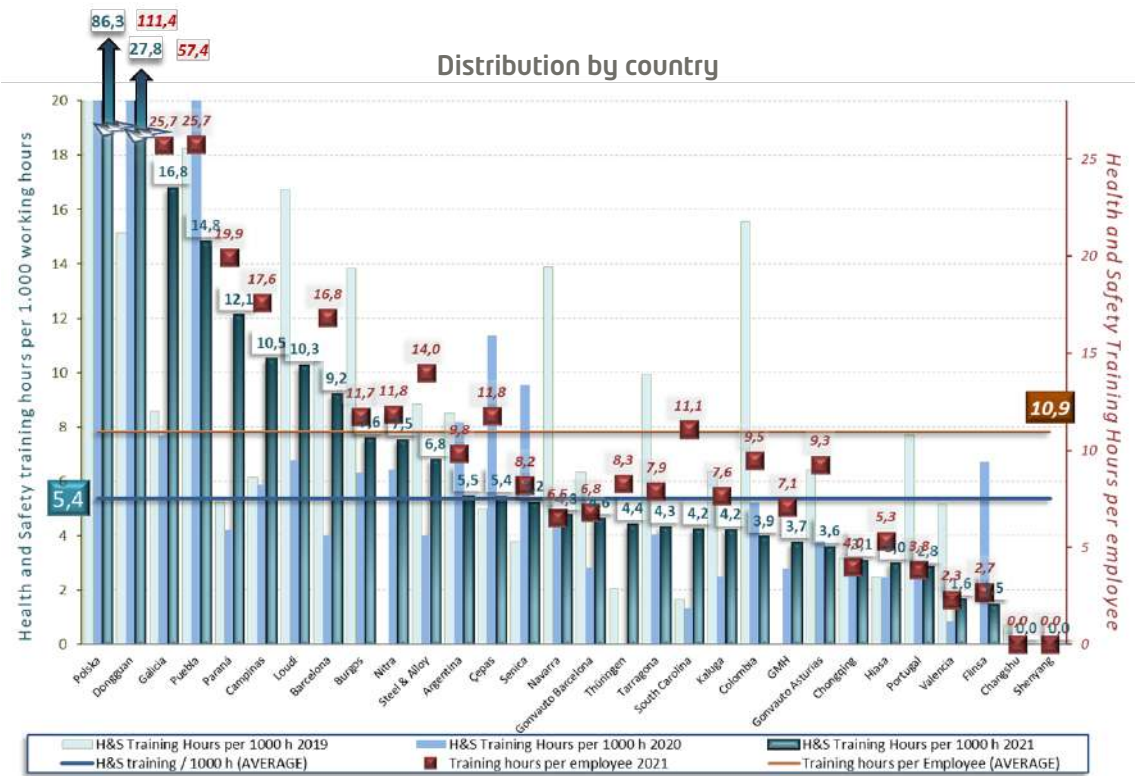
It is important to remember that this is a basic aspect of security management in that it involves knowledge on their part of all the risks and rules applicable to their daily work, as well as awareness of the importance of this aspect.

For several years now, Gonvarri has involved not only employees, but also their families in safety awareness through various activities such as: guided tours, drawing competitions for children, family activity days, etc.

Practical on-site training supported by supervisors and colleagues must also complement the theoretical teaching, in accordance with the principle that excellence in safety does not consist of one-off actions but of a working habit. Thus, each new employee, whether in-house or from a temporary employment agency, who joins the plant must be identified as

such and assigned a tutor who carries out monthly monitoring of progress in assimilating and respecting the rules explained, validating the effectiveness of the theoretical and practical training received after four months in the plant.

This is a key aspect of safety management, not only in terms of knowledge of risks and rules to be applied so that each employee knows what to do and what not to do in each case, but also in promoting the awareness that our company demands to work safely.





Conference on “Legal and juridical responsibilities of Health and Safety supervisors”

Gonvauto Galicia gave a seminar with the collaboration of an external company on the “**Legal and juridical responsibilities of supervisors**”. This seminar was attended by both the plant supervisors and their management team, as well as other members of the management teams of the Gonvauto Iberia Division, in this case remotely via Teams.

The different implications that the occurrence of accidents at work of own or external personnel in the plants could have on the companies and on the people who perform these positions from an administrative, labour, civil and criminal point of view were developed, in this case in accordance with what is established in the legislation and existing jurisprudence in Spain.

The ultimate aim is that every employee working at Gonvarri understands that they must carry out their activities safely and fulfil their duties according to their position. Therefore, supervisors are a fundamental link that guarantees that the preventive culture is properly transferred from management to employees and assumed by them as a mark of Gonvarri’s values.

Consultation mechanisms

At Gonvarri Industries, participation channels are set up for workers who contribute their knowledge of the tasks to plan and implement safety and ergonomic improvements in work stations and facilities, such as Safety Improvement Ideas, Chasing Risks, etc.

Depending on the characteristics and culture of each country, regular follow-up meetings are held with workers’ representatives. In the Spanish plants, quarterly meetings of the Health and Safety Committee are held.

The constitution and number of **Prevention Delegates** in Spain is constituted in accordance with the applicable legislation (Chapter V of Law 31/1995 on ORP), being a joint committee made up equally by the social part and by persons designated by the company.

In the rest of the countries, as it is not a legal requirement in all cases, its characteristics respond to local needs, although its objective is always to deal with aspects related to health and safety and the mitigation of potential occupational risks or accidents among any person in the workplace, covering 100% of the workers (403-4).

All plants have prevention delegates, whose composition is summarised below (403-1):

Representative	
Germany	23
Argentina	6
Brazil	41
China	45
Colombia	8
Denmark	2
Spain	56
USA	6
Slovakia	10
Netherlands	2
Mexico	10
Poland	7
Portugal	8
UK	29
Czech Republic	6
Romania	8
Russia	6
Turkey	6
Total	279



Customers

Quality and customers

Gonvarri's success is based on its ability to identify and satisfy the needs of its customers, which is why all the companies are certified in IATF 16949 (Auto) or ISO 9001 (Metal Structures and Material Handling).



The latest versions of these standards include **risk analysis** as a new feature, which has meant a demanding adaptation of equipment.

The idea of this assessment is to identify all possible problems that could arise in the product or process, identify the overall criticality of the risk and decide what to do about it. This sounds simple enough, but it presents significant challenges to the organisation.

The various certification/recertification or follow-up audits carried out in 2021 were affected by the various confinements and travel restrictions, requiring extraordinary measures to be taken to maintain the certificates: extensions of certifications, specific audits of the documentary and remote part, etc.

Thanks to this and the involvement of the teams, there have been no significant incidents.

With regard to the labelling of products (steel and aluminium formats), the obligations focus on being able to provide the necessary data for adequate traceability and a correct definition of their characteristics (thickness, coating, etc.).

In any case, our products do not feature any chemical or environmental risk (417-1).



In 2019, we negotiated a new **Quality Protocol** with the main customer to serve as a stable reference framework for relations between the production centres. Its deployment slowed down due to mobility restrictions, although the initial planning was resumed in December with a joint workshop in Nitra (Slovakia).

The aim of such workshops is to ensure that local teams understand the agreement and adopt its operation in a climate of stability and transparency.

The results are already visible: the Quality indicators affecting Gestamp show a 19% improvement in 2020 compared to the previous year, both in number of complaints and in ppm, and the cumulative figure since 2019 is close to 50%.

Claims absolute value analysis – Time evolution





Gonvarri Library

In 2021, Phase II of the Gonvarri Library project was launched, consisting of the purging of Gonvarri Industries' documentary corpus.

The origin of this project lies in the conviction that growth as an organisation was leading to an excessive generation of documentation coming from different channels and stored in different repositories. The answer, **Gonvarri Library**, was born as a single repository for all official Corporate documentation, structured, with a clear verification and authorisation flow, in which all the rules, standards, controls, procedures, guides, etc., defined by the Central Offices and applicable to the entire organisation and necessary for the Group's operation, can be found. Its main advantages are:

- **Central location:** this centralisation of information means an end to the infinite search for documents through the organisation's network of folders, thus improving the pace of work.
- **Fast information search:** Gonvarri Library is designed in one of the tools of the Digital Workplace project: SharePoint. SharePoint provides us with its great power as a collaborative tool and also allows us to index all the content, which speeds up the search for information and avoids unnecessary loss of time.
- **Improved workflow:** thanks to the automation of SharePoint functions, editing, reviewing and approving documents will be faster, more efficient and traceable.



- **Information security:** in this way, the organisation works with the certainty that all its information is securely located in the same system, a system that may include, among other features, data recovery in the event of a disaster.
- **Document sharing:** through links or by assembling Teams, another tool of the Digital Workplace project, documents can be distributed both internally and externally. This feature avoids emails with heavy attachments.
- **Version control:** always we will know that the documentation we are working with is the latest version. Access to **Gonvarri Library**, that is, to all the organization's corporate documentation, may be done in a simple and intuitive way through several channels with Gonvarri Industries' APP Leading the Change and by synchronizing SharePoint in individual browsers.



Proximity to the customer

Gonvarri is committed to the **personalization** and **constant improvement** of the products and services offered to its customers. To this end, it has specialised sales teams adapted to the type of business and product, through which it provides specific coverage while detecting customer needs or even proactively anticipating them.

In addition, customer focus forms part of the DNA of the entire Gonvarri organisation, beyond the commercial teams. All departments, whether or not they have direct exposure to clients, carry out their day-to-day work with this approach. Gonvarri understands the relationship with the client as a close collaboration in order to successfully achieve common objectives in a clear win-win situation, advocating long-term client-supplier relationships.

Auto

For Gonvarri, the Automotive sector generates the main volume of turnover. The main customers are OEMs, stampers and Tier1 and Tier2 integrators.

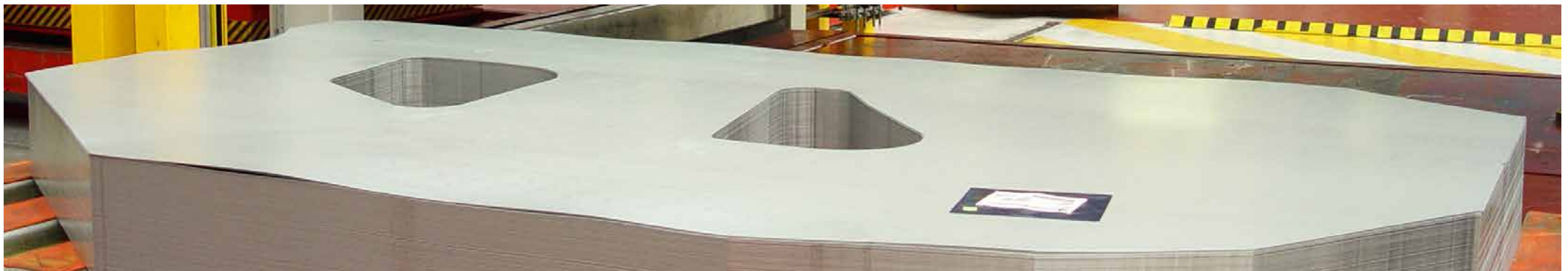
Commercial Auto's Global Corporate Area has a team of highly qualified professionals all over the world.

The consolidation of the Key Process "Bid Management" initiated in 2018 represents standardisation at Group level, a crucial pillar of efficiency and sustainability assurance within the organisation.

The auto sector has clearly evolved towards vehicles with more efficient, technological equipment and a lower environmental impact, such as the electric vehicle. For this reason, we collaborate with customers in the development of new solutions, processes and products, focused, among others, on the use of new materials such as high-strength steel and aluminium, which are lighter, safer and which have less CO₂ emissions.

In 2021, the processing of materials for Hot Stamping processes continued to increase, incorporating projects for new OEMs and Tiers 1 to the portfolio, mainly in Europe and NAFTA. Likewise, Gonvarri continues to win projects for exterior and interior aluminium parts in all the geographical areas in which it is present and in extensive collaboration with aluminium manufacturers and OEMs.

The start-up at Gonvarri Valencia in 2018 of the new facility for cutting 2D blanks from coil, with the advantages in terms of flexibility for cutting small series in Steel and Aluminium, has been a great success and has exceeded expectations. The new 2D laser cutting line that we announced last year is already in production at Gonvauto Thuringen, and has attracted a lot of attention from Auto customers in Central Europe. Gonvauto Thuringen quickly got the line approved by several OEMs.





Solar Steel

Gonvarri began its activities in the supply of structures for the solar market in 2005. Its current track record amounts to more than 13GW of projects on a global scale, having reached milestones such as becoming the leading supplier of trackers in Europe in 2019 or having supplied the largest photovoltaic project on the continent to date.

Since 2019, all products and services associated with this activity have been supplied by **Gonvarri Solar Steel, SL**, which has a renewed and reinforced team that brings together all the past experience gained by the group.

Solar Steel's main clients are companies involved in the development, construction and investment in large-scale solar farms (large utilities, IPPs and EPCs). In a selective customer strategy, Solar Steel works with those who have large project portfolios and a vocation for permanence in the market, financial solvency, good payment terms and, in some cases, even the possibility of framework agreements covering several annual periods.

Solar Steel's activities include the development of innovative products with the TracSmarT+ family of trackers in 1V single-row, double-row and 2V configurations, as well as a broad portfolio of fixed structures (RackSmarT) adaptable to any terrain and project conditions. In addition, it has its own control system, with wireless communication and self-powering, as well as other additional functionalities focused on improving customer OPEX and gaining greater control over after-sales activities.

It is also worth highlighting the range of services offered that provide added value to the client throughout the different stages of the life of the photovoltaic project: detailed engineering, analysis of foundations, installation, O&M, etc.



In response to the globalisation of its sector, Solar Steel has developed a strategy of diversification of supply sources. The production of the structures combines the group's production plants with an extensive supply chain based on collaborating suppliers on a global scale (China, Turkey, Brazil, India, Mexico, Spain, Portugal, etc.). This results in a clear competitive advantage that provides great flexibility and commitment to deadlines, with the product and process know-how remaining with Solar Steel.

As a result of the pandemic, in 2021 numerous face-to-face events, forums and fairs, in which it has been participating regularly as an exhibitor, were also postponed, reduced or cancelled. Nevertheless, Solar Steel has been present at events such as Genera (Spain) or the UNEF Solar Forum where it took part as a direct participant in highly relevant panel discussions, as well as in face-to-face monographic meetings with current and potential national and international customers.

At a complementary level and as a result of the launch of telematic communication tools with clients and collaborating companies in the sector, Solar Steel has led technical Webinars specific to its segment in the sector, as well as following a much more active communication strategy both on LinkedIn and in the sector's specialised press.

Within the field of Solar Steel, **Suports**, as an engineering company for the design, development and supply of solar structures for roofs, parking canopies and ground structures in the field of distributed generation, experienced spectacular growth, among others, due to its highly competitive aluminium solutions in this segment of the sector (distributed generation and self-consumption) which, far from contracting, has continued to expand at great speed in the specific markets where it is present.



Storage solutions

Gonvarri Material Handling (GMH) is one of Europe's leading suppliers of engineering and manufacturing of storage and handling systems for all industrial environments. The main solutions include: pallet racking, picking racking, vertical storage machines and racking for automated warehouses.

The professionals combine a high level of knowledge, guidance and practical support. The strong sales and marketing network enables them to reach customers through multiple channels, with sales offices in 15 European countries and global coverage through the well-known brands **Dexion, Constructor, Kasten, Ståltechnik and Kredit**.

GMH brings together all phases of the process, including: planning, production, distribution and installation of shelving, as well as after-sales service. All this, through a remarkable service capacity, which allows it to serve thousands of customers annually, where 80% of them are recurring.

GMH's solutions cover a wide range of clients; from small local companies to large international corporations, as well as covering multiple sectors: automotive workshops and tyre storage, food and beverage companies, cold storage, construction products and e-commerce, among others. The **vertical farm** sector has recently been incorporated as an area of expansion within the 2022-2024 Strategic Plan.

From the GMS division, **Gonvarri Colombia** develops the **Almaceno** business line, which covers the Latin American and Caribbean market.

It is oriented towards the industrial and commercial sector, companies in the logistics sector and large retail outlets, with significant storage and logistics management needs.

The management model is based on the development of innovative products and the provision of specialised technical advice to customers, mainly in Latin America.





Industry

Gonvarri Industries develops most of its Industrial business in Spain and Portugal and continues to increase its export presence from both countries.

It also successfully boosted its Industrial business in the UK in 2021 and has launched a major project to increase its presence in this market in Poland and Germany in 2022 and beyond.

In 2021, this business line will maintain the market share growth trend of previous years. The main initiatives are summarised below:

- Maintenance of the action plan initiated in 2016, which contributed to increasing its share in the distribution sector.
- SPOT (unscheduled) sales over scheduled sales remain on the rise during 2021, balancing the overall sales mix.
- Sustained growth in foreign trade, with the creation of new sales offices in different geographical areas where we had little presence.
- Continuation of the plan to strengthen the marketing and sale of each company's own products.
- Enhancing the development of working teams with key customers to investigate product and logistical improvements.
- Creation of more specialised commercial departments for Industry customers.
- Development and implementation of online sales channels via market place and own online portal.

In Industry, a schedule of visits from the teams of the main customers to the plants and vice versa, from the teams to the customers' facilities, has been respected and renewed for all Iberia companies.





Road Steel

At Road Steel we develop, design, manufacture and install all kinds of vehicle containment systems, which allows us to offer our customers an integral tailor-made service.

Road Steel's engineering team develops the most innovative containment systems, which are always state-of-the-art. The main achievements of the year include the following:

- Development of parapet to be placed on existing bridges with H2 containment level and motorcyclist protection system.
- Development of H2 parapet with reduced working width.
- Development of TL4 restraint system according to NCHRP-350 standards.
- Development of transition from N2 containment system to concrete barrier.





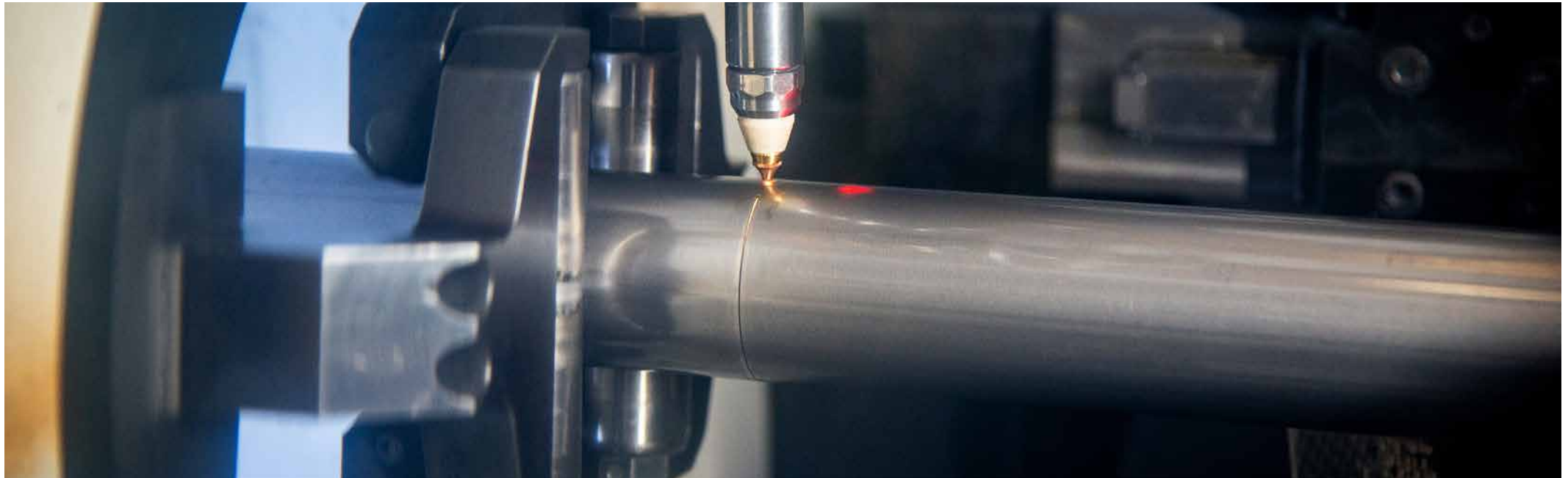
Precision tubes

Gonvarri's tubes division has a production capacity of 150,000 tons/year in the **Flinsa** and **Gonvauto Asturias** factories. The manufacturing of low carbon alloy steels encompasses a range from Ø8 up to Ø130 mm, and from Ø25 up to Ø104 mm in stainless steel. We can manufacture for both steel types, either round tube or its different derivatives sections, such as square, rectangular, oval and some other special shapes, with different cutting processes, as per customer requirements.

Furthermore, in order to provide a complete solution, various cutting mechanisms are available, using sawing or laser cutting and drilling technologies, in addition to the hardening process and some other forming operations.

In its permanent objective of continuous improvement, important R&D&I projects are carried out for the development of new solutions and products, where the use of the latest generation of Advanced High Strength Steels (AHSS) is of special importance.

A clear example of this is the improvement made on the tubes of the headrests in cars, which showed certain difficulties during their processing due to their limited plasticity. After a long research process and with the use of new "extra ductile" steels, we defined a new type of high-quality tube, which exceeds the requirements of current standards. In addition, important improvements have also been made to the "Finitube", significantly improving the surface finish, which in many cases requires high quality aesthetic components, such as chrome plating, metal paints, etc.





Customer satisfaction

Customer satisfaction and loyalty is a key issue for Gonvarri in order to achieve its profitable growth objectives, which is why it is continuously monitored through constant communication and structured feedback. Customer surveys are therefore an important tool to help assess customer satisfaction, identify areas for improvement, build customer loyalty and increase market share.



Industry and auto

We periodically carry out customised surveys, depending on the type of product and/or geographical area.

This year we have implemented a new Key Process called "Customer Relations Framework", one of the most important points it regulates is the standardisation of the Satisfaction Survey, as well as the obligation to implement it in all the Group's plants.

All companies collect the results of their respective Satisfaction Surveys, analyse them, and create action plans to improve customer satisfaction in all areas that relate to them.



Road Steel

Road Steel conducts surveys appropriate to its business and customer type. At the end of 2021, 21 surveys were launched and are still in the process of being finalised. The analysis includes the 10 responses available at year end.

The survey quantifies the following parameters: product quality, service quality, delivery times, attitude and problem solving. The "Global Average Satisfaction Index" is 87.46%. All parameters have an average rating of more than 4 (out of 5), the best rated being: product quality, attitude and problem solving.



Solar Steel

Solar Steel carries out the corresponding surveys appropriate to its business, where the following characteristics are quantified: Product Price, Product and Service Quality, Technical Customer Support, Delivery Times, Commercial Service and Response Capacity. The different customer areas with direct contact with Solar Steel receive the satisfaction survey and evaluate each of these characteristics according to their degree of satisfaction and their perception of the relevance of each characteristic.

The average score achieved by Solar Steel in 2021 is 3.6 out of 5 (above the preset lower limit of 3.5). All characteristics measured with maximum importance (3) have satisfaction values above 4 and those of medium importance (2) have values above 3. This is confirmed by the high degree of recurrence that Solar Steel has with its customers.



Gonvarri Material Handling

GMH surveys have been carried out in different centres such as Sweden, the Netherlands and Romania.

By way of example, the results of the survey launched by GMH in Sweden, where 71 customers responded, with an average rating of 4.1 out of 5, are summarised. The company's goal is to have less than 5% "dissatisfied" customers (dissatisfied being a rating of 1 or 2 out of 5).

The result shows only 1.7% dissatisfied, thus more than meeting the proposed objective.



Supply chain

102-9 AND 102-10

At Gonvarri, the process for purchasing are carried out in a differentiated manner which depends on the buying rate and volumen.

Steel purchases

The purchasing process is considered a **"key process"** due to its high economic impact. The **"KP0100 Steel Purchasing"** procedure summarises the purchasing methodology, with its different variables, the responsibilities at each stage of the process and the records.

This process comprises not only a view of procurement in a narrow sense, but presents a broader view of its function, conceptualising the definition of rules and good practices in the 5 major sub-processes in continuous interaction.

In this area, the sub-process for the selection and approval of suppliers stands out, where the guidelines to be followed to be classified as "suitable" are described, provided that the products that can be supplied are validated by the Organisation.

To be classified as "suitable", in addition to the obligations regarding product, service, support, etc., requirements regarding HSE Management, Corporate Social Responsibility and Compliance are included.

The questions to be assessed relate, inter alia, to the following aspects:

- Environmental protection.
- Relevant personnel information.
- Local legislation and related international standards.
- Equality and ethics.
- Bribery and corruption.
- Financial information and corporate organisation of the supplier, enabling the risk of non-continuity of its activity to be measured.
- Screening and compliance with third parties/international trade sanctions.

Only compliant suppliers will proceed to the next stage, which includes financial and corporate requirements.

Furthermore, in order to reinforce its commitment to sustainability, all suppliers (100%) are sent the Gonvarri Industries **Code of Ethics and Conduct**, as well as the **CSR Purchasing Policy**. Information on their dispatch, receipt and signature or acceptance is properly monitored and filed.



- 1 Purchasing strategy and budget
- 2 Suppliers: selection, development, evaluation and approval of products
- 3 Contracts
- 4 Inputs and outputs. Purchasing - Sales
- 5 Purchasing process

Those suppliers that do not meet these requirements are considered Suppliers in Development, and their relationship with Gonvarri is conditional upon the presentation of a Compliance Plan, which shall be duly validated by Gonvarri.



Procurement management is based on and harmonised with the following principles:

- To ensure the standards and commitments acquired with our customers by guaranteeing the mechanisms that allow for continuous improvement.
- Create space for dialogue with the different suppliers to transmit the company's commitments to sustainability, as well as the collaboration of its supply chain.
- Negotiate ethically, responsibly and competitively, according to business expectations.
- Promote compliance to basic standards or criteria among suppliers with regard to human and labour rights, occupational health and safety, respect for the environment and ethical behaviour.
- Guarantee the supply through adequate risk management of the suppliers we work with.
- To be a management reference model in the market for Gonvarri's for Gonvarri Industries' stakeholders.

Non-steel purchases

Focused on purchases of **other auxiliary raw materials** (oils, lubricants, chemical products, etc.), other materials (packaging, spare parts, etc.) and services (cleaning, transport, travel, etc.) that require a structured and transparent negotiation process, as well as the application of a specific methodology due to the volume they represent.

As part of the negotiation process, suppliers are required to read and accept a series of policies and procedures, including the Code of Ethics and Conduct, in order to transfer Gonvarri's values and principles to suppliers.

Gonvarri Industries requires its suppliers to meet all their obligations and compliance standards in all areas: health and safety, human rights, anti-corruption and environmental protection, among others. We also invite them to collaborate in the joint development of improvements in the management of these areas.

Likewise, those suppliers that supply products and/or services on a regular or potential basis at Gonvarri's plants, and which, due to the nature and/or criticality of the product/service, may have some influence on the quality of the end product for the client, shall be subject to a prior approval process and subsequent continuous re-evaluation. This process ensures their ability to supply in accordance with the specified requirements and to verify their compliance.

In this sense, it is an essential requirement for the supplier to be in possession of ISO-9001 certification, with environmental (ISO 14001) and health and safety (ISO 45001) certifications also being valued.

A highlight of 2021 was the active participation of the Non-Steel Procurement area in the signing of a PPA contract for the supply of electricity for the next 10 years at its plants in Spain, guaranteeing that 100% of the energy consumed is of renewable origin.





Local purchases

In this section the minor, non-centralized purchases made in plants are included.

These are normally carried out through local suppliers and the homologation criteria are not homogeneous to the different plants, with the environmental and health and safety criteria being more frequently applied than social or human rights criteria.

Expenditure on local suppliers

204-1

In 2021, expenditure on total suppliers amounted to 4,859,322 thousand euros, of which **67%** (3,263,097 thousand euros) corresponds to local suppliers.



Expenditure on local suppliers			
	Local	Non-local	Total
Germany	77,227	312,021	389,248
Argentina	16,444	37,313	53,758
Belgium	1,618	7,220	8,837
China	25,783	300	26,083
Denmark	3,187	7,932	11,119
Slovakia	259,388	94,196	353,584
Spain	2,133,343	466,290	2,599,632
USA	236,983	11,321	248,303
Finland	9,794	11,621	21,414
Netherlands	3,795	13,026	16,821
Hungary	1,710	3,586	5,296
Israel	815	37	852
Mexico	65,517	235,879	301,396
Norway	4,353	10,058	14,411
Poland	32,300	161,794	194,094
Portugal	83,316	112,628	195,944
UK	20,689	25,526	46,215
Czech Rep,	20,795	3,894	24,689
Rumania	41,576	13,148	54,724
Russia	152,532	8,179	160,711
Sweden	21,464	20,547	42,012
Switzerland	7,326	7,530	14,856
Turkey	22,893	5,871	28,763
Colombia	20,252	26,307	46,559
Total	3,263,097	1,596,225	4,859,322



Value creation: Efficiency, Digitalisation and Innovation

Efficiency Model

In an increasingly demanding and competitive world, only by doing things better and better can we ensure the profitable and sustainable growth of the company.

Efficiency Model: two years of resilience

The 2019-2021 Strategic Plan of Gonvarri Industries, finalised this year, set out to reinforce the system of continuous improvement and management of the organisation's core knowledge through actions coordinated by **SGI** (Integrated Management System), which includes the 5 areas of **Health and Safety, Environment, Quality, SPG/Lean Manufacturing and Key Processes**, with a two-fold objective:

1. Establish robust working systems that prevent this culture and know-how from being dispersed or lost, and make it available to the company as a whole.
2. To ensure its continuous improvement in the future, providing Gonvarri's professionals with a safe, respecting the environmentally and professionally enriching framework.

In these unique years of a global pandemic, SGI teams have met these objectives, adapting to new scenarios and bringing more and more value to our products and services.

The first step has been to strengthen the main tool that allows us to monitor progress in the deployment of this Model: the SGI Integrated Audit.

Control mechanisms: the Integrated IMS Audit

Although all Group companies are certified in accordance with the most rigorous international standards: ISO 9001, IATF 16949, ISO 14001 and ISO 45001, our culture of self-demand has led us to create in 2017 a much stricter internal standard, mandatory, which concerns all operations and is audited annually: the **Integrated Audit of the Integrated Management System (IMS)**.

The advantage of our own system is not only that it brings us closer to Excellence, but also that its architecture provides us with a global vision of the situation of each audited centre with respect to international and internal standards (Health and Safety system, Environmental Performance Index, TQM methodology and SPG model).

The audit as such takes place in a single week, in which the audit team reviews 364 items. The assessment, quantitative and segmented into 4 levels from lowest to highest compliance for each of the questions, turns the benchmark into a real roadmap to achieve Excellence in all areas related to Efficiency (Health and Safety, Environment, Quality and SPG).

Initiated with teams of corporate auditors, the mobility constraints have contributed to accelerate the regionalisation process during 2021, encouraging the mainstreaming of good practices and the homogenisation of operational modes, reaching 76%:

IMS Integrated Audit	
Europe	89%
Gonvauto Iberia	100%
Metal Structures	50%
NAFTA	38%
LATAM	83%
Precision Tubes	0%
Material Handling	0%
Miscellaneous	100%
Total	76%

The massive use of new technologies and tools (Teams, O365, Smart Glasses) has been fundamental in achieving this.



The result of the analysis is that the deployment of the SGI Model continues to progress (+1.3 points in 2021) despite the difficulties we faced:



During this year, work has begun on the development of a new, simpler and more results-focused benchmark for the IMS Internal Audit. It will also include the controls established in the key processes, which will allow us to self-assess and audit their degree of implementation as of 1 January 2023.

Region	Rack	Site	Last Audit					Previous Audit				
			Global	H&S	ENV	Q	SPG	Global	H&S	ENV	Q	SPG
Gonvauto Iberia	1	Galicia	79,1%					75,1%				
Gonvauto Iberia	2	Navarra	69,7%	62,0%	81,9%	66,2%	65,3%	68,7%	59,4%	81,9%	65,8%	60,3%
Europe	3	Polska	68,6%	65,1%	76,6%	68,5%	59,5%	65,6%	56,9%	73,1%	66,7%	56,2%
Europe	4	Barcelona	67,1%	73,7%	81,1%	55,8%	47,3%	67,3%	69,7%	76,1%	62,1%	47,7%
Asia	5	Dongguan	68,5%	69,9%	81,5%	63,6%	56,1%	65,1%	64,7%	71,4%	67,3%	47,3%
Europe	6	Burgos	63,8%	61,6%	82,1%	51,9%	52,5%	58,4%	54,0%	71,6%	50,6%	49,9%
Gonvauto Iberia	7	Portugal	63,6%	66,0%	83,7%	49,3%	42,7%	62,9%	62,0%	84,6%	53,9%	47,0%
Europe	8	Valencia	62,6%	63,6%	73,4%	57,6%	58,0%	55,5%	55,8%	65,0%	50,8%	50,6%
Europe	9	Kaluga	62,8%	60,8%	63,2%	68,0%	50,1%	61,9%	60,8%	63,9%	63,8%	50,3%
Europe	10	Tarragona	61,8%	60,1%	82,5%	46,6%	43,5%	58,9%	47,7%	80,1%	47,1%	44,4%
NAFTA	11	Puebla	60,9%	68,8%	75,6%	53,4%	46,8%	59,2%	71,8%	79,6%	47,8%	32,9%
Gonvauto Iberia	12	Gonvauto Barcelona	60,3%	65,9%	72,3%	55,0%	44,0%	59,2%	60,7%	74,1%	53,2%	44,9%
LATAM	13	Argentina	56,8%	68,1%	77,5%	39,5%	40,6%	59,0%	72,3%	75,7%	46,9%	36,7%
LATAM	14	Paraná	54,9%	54,4%	71,8%	46,6%	28,3%	55,5%	58,1%	73,3%	46,2%	28,6%
Metal Structures	15	Gonvauto Asturias	55,1%	26,5%	59,7%	64,0%	61,9%	49,6%	34,5%	59,3%	47,3%	55,4%
Metal Structures	16	Colombia	53,0%	69,1%	62,6%	39,2%	35,2%	47,9%	59,7%	57,5%	36,9%	32,7%
LATAM	17	Campinas	47,0%	47,3%	62,7%	41,0%	16,1%	51,5%	47,3%	74,3%	43,2%	25,1%
Europe	18	Popes Lane	50,9%	53,5%	53,3%	53,1%	37,3%	41,4%	39,7%	45,5%	44,3%	32,5%
Europe	19	Bridge Street	50,7%	50,9%	53,8%	53,9%	42,5%	42,7%	39,7%	45,5%	45,4%	40,0%
Europe	20	Newton Aycliffe	50,6%	52,4%	52,9%	53,8%	41,0%	43,2%	39,7%	45,5%	45,7%	40,1%
Europe	21	Union Street	50,2%	53,2%	50,4%	53,7%	39,2%	42,2%	39,7%	45,5%	44,9%	37,0%
Metal Structures	22	Hiasa	48,2%	24,8%	52,3%	58,9%	51,3%	47,2%	34,5%	59,7%	41,4%	45,0%
Europe	23	Thüringen	43,2%	43,4%	59,6%	37,7%	20,8%	38,8%	56,0%	8,1%	34,1%	17,0%
NAFTA	24	South Carolina	26,0%	18,5%	12,8%	41,9%	16,4%	25,4%	16,9%	13,1%	40,2%	15,0%
Europe	25	Nitra	35,3%	33,5%	60,7%	26,8%	7,2%					
Miscellaneous	26	GCF	24,8%	17,9%	22,8%	34,0%	4,8%	27,8%	43,7%	19,4%	37,8%	4,0%
Metal Structures	27	Çepas	17,4%	15,5%	23,1%	18,5%	9,6%	36,3%	31,4%	48,3%	35,3%	15,5%
Total	Total		53,8%	52,7%	63,6%	51,0%	40,3%	52,5%	51,8%	60,5%	49,7%	67,6%



Key processes

Gonvarri considers “**Key processes**” to be processes in which its differentiating knowledge is concentrated, and where a possible infringement could result in economic, operational or reputational damage for the company

For their elaboration, 16 working groups have been created with the participation of the approximately 150 Gonvarri employees who best know the business, representatives from all countries, companies and functions of the organization.

The year 2021 has ended with 12 Processes released out of the 16 initially planned, some of them fundamental for the construction of the Template for the **OneSAP** Project:

Key processes	
KP01	Steel Purchasing
KP02	Management of offers
KP03	Scrap Management
KP04	Stock management
KP05	Customer Relationship Framework
KP06	Approval Flows
KP08	Commercial Risk Management
KP10	Brownfields
KP11	Greenfields
KP12	People Development
KP13	People Management
KP16	Operational Notifications

SPG Gonvarri Production System

Based on the Toyota Production System (TPS), the Gonvarri Production System (GPS) is Gonvarri’s Lean Manufacturing programme.

In this sense, it is not only a set of tools or a structured method for achieving objectives, but a philosophy, a culture of continuous improvement that is based on the involvement of all the teams, as well as on fluid communication between them. Within this framework, it is the very same operators, organized in GAP (Autonomous Production Groups), that take most of the operational decisions in a proactive and autonomous way, but in harmony with the rest of the organization.

Like any other **Lean Manufacturing** system, the SPG covers all Gonvarri’s processes, products, activities and people. Its methodology for achieving operational excellence is based on the comprehensive elimination of all types of muda (= inefficiency, waste): defects, overproduction, transport, waiting times, stocks, useless movements of people, unnecessary processes and wasted creativity.

The SPG is made up of around thirty tools (SMED, Standard Work, 5S, Value Stream Mapping, Communication Boards, GAP, Top meetings at all levels, etc.) organised into 4 modules: personnel Involvement, Efficiency of Means, Efficiency of Flows and Lean Office (adaptation to the administrative environment), applicable to the improvement of any person in the organisation: operators, administrative personnel, technicians and managers.

Each GAP or basic work cell has specific communication areas, managed by the operators themselves, where they maintain and periodically review the indicators and information that affect their performance.

Of all the PGS tools, the most important are focused on improving engagement by strengthening communication channels within the organisation. The year 2021 was inevitably marked by the pandemic, also in terms of PGS deployment: production stoppages, low activity, incomplete teams... Thanks to everyone’s efforts, the number of activities is back to pre-pandemic levels:

	2016	2017	2018	2019	2020	2021
GAPs working to GSP standards	368	417	467	537	521	527
GSP training hours	20,601	19,294	26,017	21,212	14,911	17,897
Workshops held (5S, STDW standardised work, SMED, Value Stream Mapping, Total Productive Maintenance, Lean Office...)	656	751	1.045	854	653	697
GRPs (Problem Resolution Groups) launched	287	258	290	252	177	233
Ideas for improvement issued	4,491	3,905	3,925	4,014	2,922	4,257



3.2 Acción "5S"



ANTES



DESPUÉS



15

2021 was the year in which SGI/SPG turned its attention to a new dimension: the digitalisation of processes, by taking part in several innovation programmes:



- Deployment of GAM (Asset and Maintenance Management)
- Costs of Non-Quality
- Digital Supervisor
- Positioning of pallets on laser tables
- H&S actions: forklift 4.0, CCTV...
- Smart glasses
- Training with augmented reality



One of the main projects has been the participation in the **MES (Manufacturing Execution System)** project whereby the control of operations and the interface with the workers is being completely changed:



On the other hand, another project with a long way to go is the development of the **Supervisor Role**, whose innovation and mobility part (Digital Supervisor) means a radical change in the day-to-day work of supervisors in all companies.

- Reduction of travel
- Automation of administrative tasks
- Increased time spent on value-adding tasks
- Reinforcing control of workshop operations
- Increased productivity and quality of the team by improving leadership and communication.
- Improving training through the use of audiovisual media



The new operating modes (PDCA management, STDW audit, 5S audits, H&S inspections, polyvalence management, digital STDW, GRPs, access to ERP, Office, Outlook and Sharepoint) as well as the smartphone and tablet support have been tested in 7 companies, with the following results:

1. Minimum 25% reduction in workload (at least 1 hour per shift for travel and 1 hour for automation of administrative tasks).
2. Motivation for supervisors.
3. Better control of the workshop by the supervisor, with a consequent improvement in all operational indicators.

The adoption of new tools such as SAP4H and MES will enhance the project's strengths.





Cultural Change & Digital WorkPlace

The “**Digital WorkPlace**” project began in 2019 with the aim of adopting Microsoft technology and offering employees Office 365 work tools to continue advancing in the company’s digital transformation. The project is aligned with SDG 9 and Gonvarri’s innovation and digitalisation strategy.

This is a process that requires significant cultural change management throughout the company, in a collaborative environment to successfully address the challenge of incorporating new digital technologies.

In the first phase in 2019, the Outlook, OneDrive and SharePoint tools were integrated into the Office 365 platform, enabling the company’s employees to work much more quickly, easily, comfortably and efficiently.

The 2020 financial year saw the introduction and integration of new tools: Teams, Planner, Stream and Forms, where these Digital WorkPlace initiatives enabled office-based professionals to carry out their work in the complicated context of social isolation resulting from the Covid-19 pandemic. Thus, these tools boosted digitalisation and connectivity among employees and helped solve the difficulties of meeting and moving around to adapt to the new circumstances, in order to continue advancing the digitalisation project.

In the third year of the project, 2021, a specific area was created within the organisation called Digital Workplace in order to focus on these projects, acquiring new responsibilities such as the definition, evolution and adoption of the digitalisation of the Group’s workplace, in the field of software (Office 365), mobile and fixed telephony, and hardware (computers, printing and digitalisation equipment, meeting rooms and other specific devices).

Among the actions carried out in the 2021 financial year, we would highlight the following:



Corporate mobile telephony

With the knowledge acquired during the adoption of 0365 and the synergy with the communication area, procedural changes have been made, tariff adjustments have been made and recommendations for use have been made to users that have led to significant savings, which we must thank to the involvement and responsibility of employees, making a much more efficient use of corporate mobile telephony.

New disruptive technologies for international communications have also been analysed, where they will be consolidated in 2022 to continue the path of efficiency and savings.



Teams Meeting Rooms

In this new scenario where hybrid meetings with people in presence and people remotely are becoming more and more common, Teams equipment and configurations have been homologated in order to evolve the current solutions.



Remote Support

Remote Support initiatives have also been carried out with HoloLens devices for industrial use in order to carry out activities that could only be carried out virtually with COVID situations, such as audits, inspections, etc., and the solution has been shown to work, so that by 2022 it will also continue to be used as a tool to be faster and more efficient.



Adoption and Training Office 365

In 2021, the adoption and training of the divisions whose integration was pending was completed, thereby increasing the number of users and also the collaborative capabilities of the entire group.

Training actions have also been carried out for specific groups and communication actions to inform about new functionalities of the tools, where the SharePoint Digital Workplace HUB site continues to be used to access all the documentation, updated manuals, videos, tips, use cases, informative BOTs, etc. for all users.

SharePoint Documentation Management

There has also been a significant increase in the movement of documents from local servers to SharePoint sites, to take advantage of the collaborative and offshoring benefits. Most of the moves have been natural, and there have also been some specific projects to drive these initiatives that will continue through 2022.

Within this framework, the Gonvarri Library initiative stands out, which is Gonvarri Industries’ corporate documentation database, containing the policies, Key Processes, Procedures, Guides, Manuals, Instructions, Forms and other corporate documents applicable to the entire organisation and necessary for the group’s operation. This Gonvarri Library has 2 main parts:

- a multilingual SharePoint site for consultation of documentation, which has been optimised for mobile use as well.
- and the flows for approvals, revisions and publications of these documents have been implemented, making them manageable and configurable by the IMS area.



Governance of the Power Platform

To take digitalisation to another level, in 2021 the foundations have been laid to be able to initiate specific automation projects that have a direct impact on the business, for which the implementation of Power Platform Governance has been carried out in order to support the new projects of Telephony Management, Travel Management, Digital Supervisor O365, etc. that will see the light of day in 2022.

In conclusion, the 2021 financial year has been an exercise of consolidation of the tools, as a result of which it has been possible to define the **Digital Workplace Plan 2022-2024**, with the objective of evolving the current workplace to a more efficient and simpler model, through actions in 2 main blocks: Devices and Applications, with a total of 14 lines of action.

	2018	2019	2020	2021
OneDrive	0%	48,73%	62,70%	69,44%
SharePoint	0%	76,98%	79,90%	71,83%
Teams	0%	0%	72,30%	74,61%
Average	0%	41,90%	71,63%	71,96%

Developments in the financial year 2021

In the 2021 financial year, the evolution of the use of O365 tools has increased slightly, but it is worth noting that within the adoption process, +600 users from the GMH division have been included, thus having all divisions within O365.



Innovation 1 Model 2 Culture 3 Product 4 Process 5 Gonvarri 4.0

In innovation, the drivers that have defined the path to follow are oriented towards identifying new business opportunities based on technological knowledge and market trends.

The following sections summarise the main initiatives developed in line with the strategic priorities

1 Innovation model

The innovation model focused on Market Intelligence

In 2021, the innovation model was geared towards understanding new market trends and customer needs, and thus providing added value through various innovative tools.

To this end, as part of the Market Intelligence activities, the possibilities offered by the new **Hydrogen** market have been studied in greater depth, analysing and proposing a road map that will enable Gonvarri to position itself in this market.

New trends in the **automotive sector** were analysed, such as electric vehicles, hybrid engines and the possibilities offered by hydrogen in this sector.

Likewise, the different areas of the Company were aligned in the development of innovative projects, among others, the Precision Tubes division, Corporate Development, Technical Management and/or Purchasing Management, in a joint exercise aimed at proposing innovation in: product, materials, processes or business models that provide differential value to the Group. This translates into projects such as Gonvarri Press Control or Asset and Maintenance Management.



Example of a concept car of an urban vehicle with a tubular structure

R&D project on tubes for flue gas exhaust systems

The Flinsa factory certified the first milestone of the project “Development of new stainless-steel tubes with high technological value for the automotive sector using CO₂ laser welding technology” presented to CDTI at the end of 2019 with positive results. This project is co-financed with FEDER funds.

The strategic objective is to develop a new range of stainless-steel tubes welded by laser technology with a high technological value and added value, which will reinforce Flinsa’s presence in the automotive sector both nationally and internationally.





2 Culture of innovation

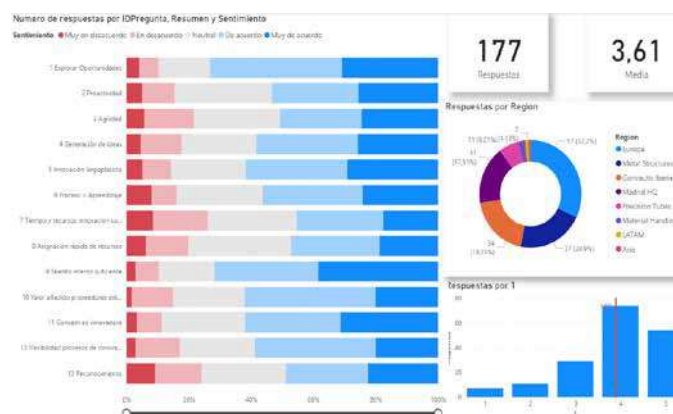
Innovation and digitalisation incorporated into the Company's culture as a fundamental basis of its corporate identity

As a part of the Group's identity, the levers of cultural change have been defined that will facilitate the continuation of a leading position in current markets and access to new markets.



Innovation Culture Survey

This year we carried out the first survey on the **Culture of Innovation**, which has allowed us to establish the baselines on which to work to encourage innovation in the company by applying different tools, in line with the cultural change that the environment demands of us.



Motivation and Recognition

On the other hand, the motivation of all Gonvarri employees, and the recognition of the leaders of innovative projects, show the growing relevance of new technologies in the Group. As an example, Gonvarri was a finalist in the category of Leadership in the digital transformation of the industrial plant 4.0 in the **"Factories of the Future Awards"** with the Maintenance Digitalisation Project.

Technological training

Training in the enabling technologies of **Industry 4.0**, as well as the communication of the initiatives developed, underpins the group's philosophy to lead technological change, with the "technological webinars" (Application Month, Asset Management and Maintenance, among others) being a key tool for this cultural change.



Open Innovation

The **"Open Innovation"** initiatives that have been developed during the 2021 financial year reinforce the philosophy of deploying new technology-based control and improvement tools.

Similarly, it has enabled the search for new lines of action to open up other lines of business, both in the field of Agrovoltatics and in the Hydrogen sector.



3 Product innovation

New product orientation as a basis for diversification

Based on Gonvarri's product portfolio and on the "**Product Innovation**" Priority and through the analysis of emerging markets, the evolution of the demands of already consolidated customers, and the participation in the shareholding of innovative companies, significant progress has been achieved, not only in substitute or evolved products, but also in new products, which allow for new positioning in diversified sectors.

Automotive

The need to adapt to new trends in the automotive sector has enabled Gonvarri to identify customer needs related to "**new materials**" for the present and future challenges of the sector.

With this objective, the "ACEFICOR" project has been approved by the CDTi within the PTAS programme for the development of solutions in "glass fibre composites" for parts of a new concept of City Car, as a mobility solution for the last mile.



Example of new city car development (Source: Motor EL País, The e-Miles)

Hidrógeno Verde

In an increasingly complex energy environment, the emergence of vectors such as "**Green Hydrogen**" becomes a new opportunity to develop solutions in an emerging trend, fully linked to the Group's markedly sustainable vocation.

In 2021, we studied the different possibilities in which Gonvarri could enter this new environment, clearly linked to the "Carbon Neutral 2030/50 Plan" and oriented towards new industrial solutions.



Agro

Taking the future needs of the world's population as a reference and following sustainability trends, a new line of products in the agricultural sector has been proposed. To this end, Gonvarri is a shareholder in "**Agromega Projects**", an Israeli company that develops engineering solutions for agricultural projects, especially focused on new greenhouse concepts.



Agromega greenhouses project



GMH

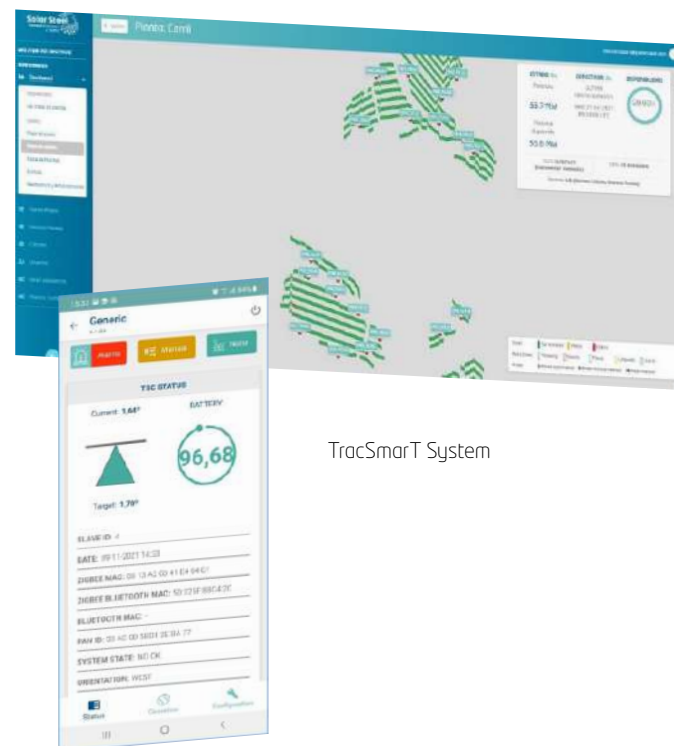
On the basis of the existing business, focused on **Market Intelligence**, projects are planned for the development of new solutions, in which the digitalisation of the product will provide added value to the customer, as well as the orientation towards integrated internal logistics solutions.

These are projects conceptualised in 2021, which will be developed during the financial year 2022.



Solar Steel

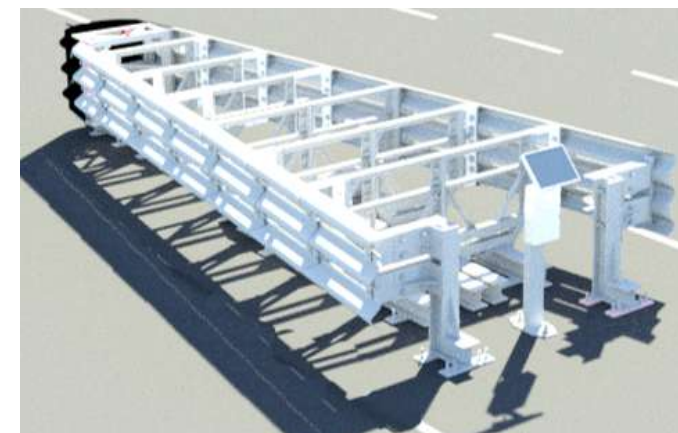
The **"TracSmarT System"** solar tracker monitoring and control system offers an additional service to customers that makes it possible to increase the energy produced, thanks to the intelligent tracking algorithms, improve plant safety in the event of weather events, thanks to the sensor network and forecasts, and carry out remote operations without the need to travel on site, thanks to the operation system, among other possibilities. The ultimate goal is to maximise productivity and optimise the operation and maintenance of photovoltaic plants.



TracSmarT System

Road Steel

In addition to the development of high-performance products aimed at increasing safety standards in road barriers, new mobility systems and their coexistence with traditional mobility systems have opened up a new line of R&D&I for the creation of **"Smart Roads"** with digital technologies such as sensor technology, connectivity or data analysis, among others, through the development of specific sensors for collision detection, accident notification to emergencies, measurement of the deformation produced by the impact on the barrier, communication with vehicles, automated opening of mobile barriers, etc. The aim is to connect users, vehicles and infrastructures in an intelligent, safe and sustainable way.



Example of a sensorised impact attenuator



4 Innovation in process

Sustainability as a global trend and process flexibility as a vocation

Sustainability and decarbonisation

In line with sustainable development trends, in 2021 the R&D project “**Decap Value**” was developed, the aim of which is to recover waste from the pickling process for its commercialisation as a by-product, this being an example of process innovation aimed at promoting the Circular Economy.

In another area of action, and taking advantage of the knowledge acquired in the technological monitoring of hydrogen processes and the new possibilities offered by this “energy vector”, several decarbonisation projects have been conceptualised in Group plants, with the aim of reducing the Carbon Footprint, partially replacing fossil fuels with H₂, the combustion of which is free of CO₂.



Image of the Decap Value Project Pilot Plant

Additive manufacturing

Following the path of process and operational optimisation of the group's plants, using **additive technology**, projects have been developed for the optimisation of tooling on slitting lines, reducing their weight and improving the cooling of elements that are particularly sensitive to temperature increases during line operation.



Image of the Lightened Longitudinal Line Nut



5 Gonvarri Innovation 4.0

Industrial asset control as a basis for improvement in plant operations

Last year, the development of various use cases was completed, aimed at improving the monitoring of the behaviour of plant machinery, thereby optimising its operation and predicting its behaviour, reducing breakdowns and, consequently, final product defects.

Asset and Maintenance Management (AMM)

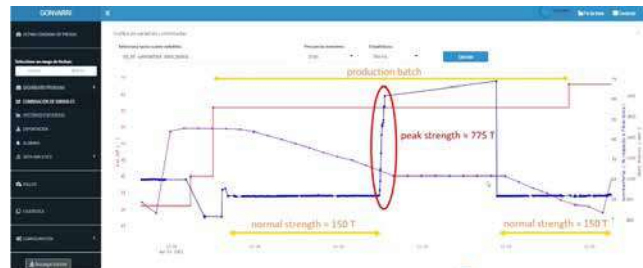
The purpose of this technological initiative is to facilitate the control and management of each element of the plant machinery, so that the **"health"** of the assets can be known and predictive maintenance can be carried out through exhaustive control of certain variables.

This tool will be the basis on which the different applications focused on understanding the functioning and operation of the machinery elements will be based, which will be integrated into the GAM to provide a greater volume of data and, therefore, greater knowledge of the different parts.

Gonvarri Press Control (GPC)

This technological tool consists of a **"Data Analytics"** system that obtains data in real time and at the machine (Edge Computing) and predicts possible failures in the press and the die.

The system generates predictive warnings of the status, trends and anomalous situations of its components, all supported by a package of sensors incorporated into the press, which allows on-line control of the equipment's key parameters.



Gonvarri Press Control Webinar



Gonvama Changsu recognised as "Enterprise Engineering Technology Research Centre"

Gonvama Changsu was recognised as an "Enterprise Engineering Technology Research Centre". This distinction represents an important milestone for the company, which considers innovation and technological research as one of the main corporate pillars, enabling it to develop competitive products, access new markets, and increase the value added to customers.

The announcement of the nomination was made by the Suzhou Science and Technology Bureau with the aim of encouraging enterprises to build an engineering R&D platform to implement technological research and testing, as well as to promote the technological development of business-related industry.

The Chinese company was one of fourteen out of a total of 254 distinguished organisations, meeting the stringent requirements.

GMS inaugurates new R&D facility

Gonvarri Metal Structures officially inaugurated its new R&D facilities located in Hiasa, where around 15 professionals work.

The inauguration was attended by different personalities from the Asturian industrial fabric, such as the Regional Minister for Industry, Employment and Economic Promotion of the Principality of Asturias and the General Director of the Economic Development Agency, accompanied by the management of GMS, who stressed the importance of companies' commitment to innovation as a differential factor in developing competitive products, accessing new markets and increasing the value they add to their customers.



IT security, processes and data protection

Business process support

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

IT systems and organisation are essential to ride the most powerful wave of digital transformation.

Gonvarri's IT department lives a challenging balance between the need for digital innovation on a company-wide scale and the need to maintain and operate the most important current systems and processes in order to maintain operational excellence, acting with a focus on continuous improvement. The year 2021 has continued to be very challenging in this respect: the Group's centralised ERP SAP system, infrastructure services and communications have been maintained and evolved, with a focus on business support, efficiency and profitability. At the same time, we have been working on transformation projects to align the business strategy with the systems strategy and to continue to move forward together on the journey towards digital transformation, as in the case of the implementation of the new OneSAP system.

The prolongation of the Covid-19 pandemic has put to the test the IT services previously provided to provide everyone in the organisation with capabilities for flexible and secure access to company resources, as well as interaction with customers and suppliers, not only increasing productivity and user experience, but also ensuring continuity in business processes in the various scenarios that have alternated over the course of the year depending on the different locations.

It has worked on the new challenges facing the organisation, creating new IT capabilities to increase productivity and efficiency. The department has continued to be actively involved in Innovation initiatives, especially those of the new "Industry 4.0" paradigm, with the deployment and maintenance of the new MES system.

Simultaneously, and with the aim of eliminating the innovation "latency", i.e. to enable and accelerate the adoption of initiatives in this area, new technologies have been deployed to enable the addition of IT capabilities and new operating models, such as so-called "hyper-convergence", which makes it possible to close the gap between the traditional infrastructure and public cloud services and production lines. This enables a "hybrid cloud" approach in an industrial environment, keeping critical infrastructure and data under Gonvarri's control, with the ability to integrate with machines in the plants and with applications and data in the cloud.

In some cases, in order to manage the scalability of IT capacities, the collaboration of third parties may be necessary, for which an impartial process of publication of specifications, reception and evaluation of bids and final selection is followed, taking into account the criteria of quality in business support and systems efficiency.

At Gonvarri, we are convinced that information has become a strategic asset for the company and guaranteeing its security is one of the Group's greatest challenges.





Information Security

Currently, cyber threats continue to grow in ingenuity and frequency, online fraud continues to evolve thanks to new social engineering techniques and are responsible for millions of dollars in losses for businesses around the world.

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

In addition, the rapid proliferation of smart devices and the connectivity brought about by the internet of things (IoT), coupled with the lack of global security standards, means that many of these devices suffer from major vulnerabilities and leave personal and business information exposed.

This trend is illustrated by an increase in the hijacking of corporate computers by hackers, for example to "mine" cryptocurrencies, using modern malware designed to go after corporate networks for this purpose, which can crash them and even damage the hardware.

In line with the above, phishing fraud attempts are also on the rise, making it increasingly important to adapt information and device security policies in order to protect both assets and people's security.

Therefore, we establish the necessary mechanisms to safeguard the privacy of information and the protection of customer and supplier data, as well as to manage and treat documentation appropriately according to its level of relevance, and to reinforce security, information security procedures are

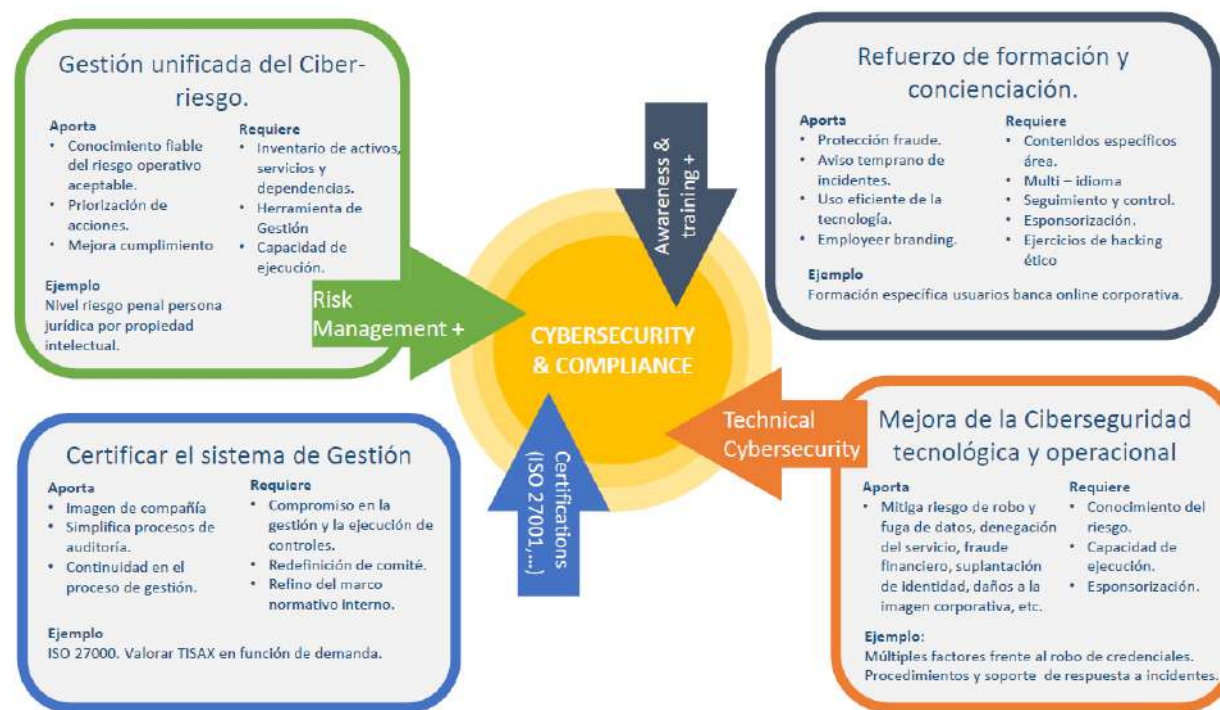
reviewed periodically, and systems are tested on an ongoing basis to ensure that they are watertight.

In 2021, in order to improve security policies, the following actions, among others, have been carried out:

- Regular scanning of systems to identify external and internal vulnerabilities and remediation according to their level of criticality.

- Diagnosis of information security and its risks based on the ISO 27000 standard.
- Campaigns and training actions to reinforce the awareness and training of the group's employees.

We have also continued to support and enhance the relevant measures to implement the European Data Privacy Regulation (GDPR), which implies a more cross-cutting level of supervision on the protection of personal data information.





Contribution to the community

Social action 102-12

Contribution from Corporate

One of Gonvarri's priorities is to support local development in the areas where it operates. To this end, it establishes collaboration agreements with non-profit organisations to develop corporate and local activities of different kinds. In the 2021 financial year, many of the planned activities could not be carried out due to the restrictions resulting from the COVID pandemic, with the safety of people being a priority.



LQDVI

Since 2014, we have been collaborating with the LQDVI Foundation in the dissemination of universal human, ethical and moral values in its congresses for young Spaniards and/or internationals.

In 2021 the company supported four national face-to-face congresses in: A Coruña, Granada, Madrid and Palma de Mallorca and another three online in: Oviedo/Bilbao, Valencia/Seville and Malaga. In addition, the international congress in Oviedo was sponsored for the second consecutive year and the congress held in Mexico was publicised among employees in Puebla.



AESLEME

We have supported the Foundation since 2013, with the aim of preventing traffic accidents through training and social awareness initiatives.

In 2021, the company supported the dissemination of road safety in schools in the Community of Madrid. In those schools where it was not possible to do this in person due to the pandemic, it was done virtually.



WCK

It has been working with World Central Kitchen since 2013. Its mission is to end food insecurity and malnutrition in areas of humanitarian catastrophes.

In 2021, as in the previous year, the efforts and donations went entirely to Spain, in particular to those affected by the volcano on La Palma (Canary Islands), which was active for nearly 3 months, causing severe damage on the island.



John XXIII Roncalli Foundation

It has been collaborating with the Juan XXIII Roncalli Foundation since 2007, also forming part of the Board of Trustees, with the aim of contributing to improving the lives of people with intellectual disabilities and promoting their social integration.

In 2021, the “International Day of Persons with Disabilities” was promoted. To this end, a video was broadcast and disseminated among employees, showing a volunteering action carried out by both entities. The video narrated a road safety story, conveying concepts such as the importance of ensuring the safety of Gonvarri professionals and that of others, the transmission of positive messages to motivate responsible and safe driving and the commitment of each and every one of us to tackle the Covid-19 pandemic.



UN 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 2021, Gonvarri joined various initiatives such as the #supportSODS campaign, the Contigo Somos+ initiative and the Streets for Life #Love30 initiative within the framework of the Sixth Global Road Safety Week.



Real Madrid Foundation

In 2018, the collaboration with the Real Madrid Foundation began, with the aim to educate in road safety to people with different capabilities.

September saw the start of the new season of the “road safety education: a great value” project in the Foundation’s adapted football and basketball socio-sports schools, extending the project to pre-benjamin category socio-sports schools.



Seres

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

For yet another year, Gonvarri was also included in the “VII Corporate Social Impact Report”, which measures the real impact and contribution of companies to society through an analysis model based on five axes (economic, organisational, relational, social and personal), aggregating their social contribution to GDP.

It also participated in projects aimed at improving the communication and measurement of sustainability actions. These included participation in the ProyectaRSE conference.

Aladina Foundation

Due to the evolution of the pandemic, Gonvarri supported the Aladina Foundation in its work with young cancer patients in hospitals and family homes who, because of COVID, have been unable to carry out their daily activities.

The collaboration in 2021 focused on the preparation of the 2022 summer camps, which provide an important relief for these young people with health problems.

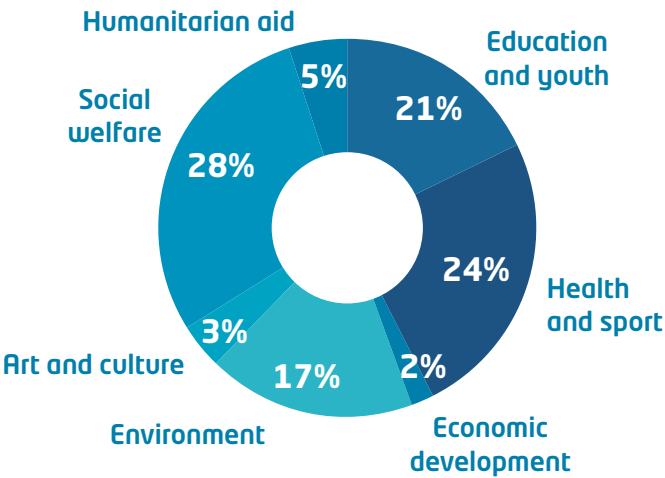


Contribution from factories and countries

413-1 AND 413-2

As in the previous case, in 2021 many of the planned activities could not be carried out due to the restrictions resulting from the COVID pandemic, prioritising the safety of people.

Below is a summary of some of the initiatives carried out in the Group's factories and countries:



No operations with significant (real and potential) negative impacts on local communities have been detected, during the 2021 financial year.

Social welfare

Gonvarri Argentina, collaborated with the NGO "Cocina Solidaria Escobar" to cook and distribute food to people in need, mainly children from vulnerable neighbourhoods. Participation was very active from the factory and through employee donations.

At Christmas, with the same NGO, Christmas boxes of food for the families and toys for the children were prepared and delivered.



Gonvarri Colombia, provided financial support to the local community and accompanied the neighbourhood representatives to develop cultural and sporting activities that strengthen the social fabric, with two events in particular: "Murals for coexistence" and "Classic for peace".

SG Kaluga, in cooperation with the NGO "Orange City", supported children with disabilities on New Year's Eve with a charity toy auction as part of the project "Decoupage Craft Workshop" for children, adolescents and young people with disabilities. They were in charge of making various items for the auction. The company also donated money for the purchase of Christmas presents.



Gonvvama Changshu, made several donations, among others to the Charity Federation to contribute to the charity activities organised by the union, set up anti-poverty offices where a certain percentage of the consumption is donated directly to the State Council. In addition, the employees and the union raised and donated money to a colleague in difficulty to pay for her mother's treatment.



Gonvvama Loudi, on "Women's Day" an activity was organised for all female workers to create aromatherapy figurines. These are bought by the workers and the money raised is donated to the China Youth Development Foundation.

Gonvarri Tarragona, provided production and maintenance workers with a free laundry service.

Gonvarri Industries, collaborated with the NGO CESAL through a donation that allowed people at risk of social exclusion to enjoy a Christmas dinner. This year, due to the restrictions of the pandemic, CESAL brought the menu to the guests' homes, giving them the opportunity and the illusion of celebrating Christmas thanks to culinary creations by more than a dozen outstanding chefs.

AMG Brazil, contributed through financial donations to the projects "Pela Vida do Idoso" to improve the reception of cancer treatment for elderly people without resources and to the project "Pronon" in the fight against cancer. .

Gonvarri Puebla, Gonvarri Tarragona and AMGBrazil, raised money by collecting plastic caps for charity projects.

AMG Brazil, contributed to various charitable activities through the collection of warm clothes, toys and the Christmas bag campaign.



Education and youth

Gonvarri Colombia, delivered "School Kits 2021", benefiting 140 employees and more than 220 kindergarten, primary, high school and university students.

It also contributed financially to the personal development of two employees. The postgraduate degree of an employee in the financial area at the University of Medellín and the specialisation in soil mechanics of an employee in the commercial area at the EAFIT University.



Gonvvama Loudi, on the occasion of the 34th "International Day for Combating Drug Abuse and Illicit Trafficking" and in collaboration with the Louxing District Red Cross, went to Huangnitang Central Primary School to make a donation and give a lecture on "A World Without Drugs - a manual for adolescent drug prevention education".



Flinisa, collaborated in various projects related to education and research, such as the NASABUGA project where it participated in the design and construction of a hybrid vehicle powered by an “Alfa” type Stirling engine, through the donation of materials for the manufacture of the light chassis with the IES.

In collaboration with the UPV (Alcoy campus), it participates in the “EPSA Electric Motorcycle” project, with the donation of materials for the creation of a lightweight chassis. It also sponsored the prize-giving ceremony for the best project in the master’s degree in materials, organised by the UPV (Alcoy campus).

Hiasa and **Gonvauto Asturias**, sponsored the “ETECH Project” of the University of Oviedo that promotes a multidisciplinary team working on the construction of a racing car that will participate in the Annual International Race (August Montmeló)

AMG Brazil, contributed through financial donations to the “Children and Adolescents Incentive Fund”.

Gonvarri Burgos, took part in the educational initiative ‘Bachillerato emprendedor’ with parents, teachers and students from Colegio Niño Jesús with the aim of discovering talent based on the profiles demanded by the company, motivating and awakening interest in all branches of science and guiding further studies.

Gonvarri Industries, collaborated with NASCOTech on a project to support remote IT training to bridge the digital divide for Ghanaian students (without leaving the country) by supporting a young developer.

Environment

Dongguan, carried out two activities to promote the environment and the fight against climate change. In March, it planted fruit trees in the factory yard, and in October, employees picked up litter and cleaned up a nearby park.

AMG Senica, took part in the “ecology” day organised by the city to collect waste and clean up an area near the industrial park. The factory gave away an electric scooter and lunch money as a prize.



Gonvama Chongqing, participated in the activity “Drive Carbon Neutrality, Just Do It” aligned with the carbon neutral concept, where through knowledge quizzes and practical activities helped to understand the basic concepts, to implement at work and in life.

In the same vein, it participated in the “Walking for Charity Carbon Neutrality Steering” activity, encouraging all employees to walk outdoors 10,000 steps a day, thereby increasing their physical strength and their contribution to the Chinese government’s commitment to a carbon-neutral future.

In collaboration with its employees, it carried out a “newborn” tree planting on its premises, thus improving the landscape for a greener home.



Gonvama Loudi, organised an activity when the “National Low Carbon Day 2021”, where the Industrial Environmental Protection Office of Loudi district coordinated the dissemination of initiatives for energy reduction and carbon emission reduction. Gonvama Loudi is committed to raising awareness and educating on these measures to contribute to an eco-friendly lifestyle and greener development.

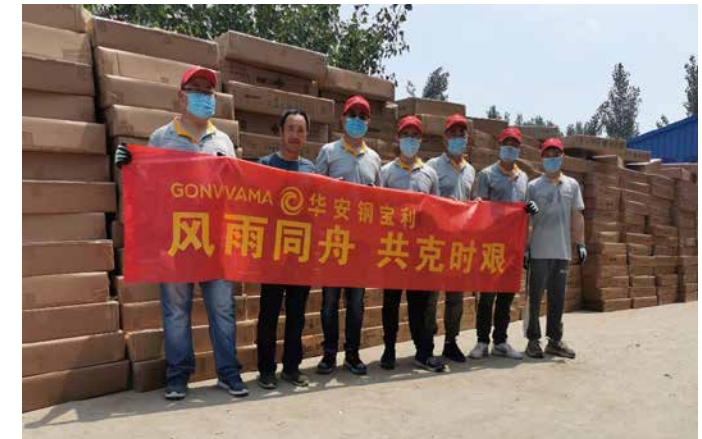
Gonvama Shenyang, the factory employees planted more than 30 trees. In addition, on “World Clean-up Day” in collaboration with the “Shenyang Volunteer Association”, employees and their families participated in a waste collection and river clean-up initiative.

Every year, **Gonvauto Puebla**, donates uncontaminated wood to the zoo “Africam Safari” for the construction and repair of animal playgrounds, as well as toys and food storage.

Gonvarri Argentina, participated in the “Bottle of Love” campaign, aligned with the Regenerate Foundation and the Ministry’s programme to recover and recycle plastics. Gonvarri set up a competition between teams with a collection point where they deposited the bottles with plastic waste inside. The winners received prizes for their participation.

Gonvarri Turkey, collaborated with the Turkish Ministry of Agriculture and Forestry in the development of the “Breath of the Future” initiative for the reforestation of the country’s forests. The action, led by the “OGEM-VAK” Foundation, aims for companies to include reforestation and environmental preservation actions in their sustainability programmes, thus promoting sustainable living.

Humanitarian aid



Gonvama, donated 100 folding beds to Henan Province, which was severely affected by the floods. The delivery was organised through the support of a group of six volunteers from all Gonvama factories and headquarters.

Hiasa and **Gonvauto Asturias**, organised a food collection among the factory staff for the Food Bank Foundation of Asturias, with a financial donation linked to it.

GMH Laubach (Germany), helped to alleviate the flood damage in the Walporzheim area by supplying its LS3 (Longspan Shelving) storage product to equip the support centre set up for the allocation of donated goods.



Health and sport

SG Kaluga, financially supported the athletics race “Mozhzhhevelnik Ultra Trail” by contributing to the technical-organisational part and the awarding of prizes.



Gonvvama Loudi, in order to encourage all employees to do more physical exercise and participate in welfare activities, launched the campaign “Walk for social welfare, donate steps with love”, where, after reaching the specified number of steps, they could exchange the money from the union’s public welfare fund and thereby provide free lunch to children in rural schools.

Throughout the year, **Gonvvama Shenyang** encouraged its employees to participate in the “Charity Walk” to keep fit and contribute to public welfare activities.

Hiasa, contributed to the promotion of women’s sports by purchasing race bibs to participate in the “Women’s Race” held in Gijón.



GMH Rasnov (Romania), sponsored the “Veraflor International Handball and Basketball Cup” for people with disabilities, the first of its kind to be held in the country and sponsored the World Sky Jumping Championships in the women’s, men’s and mixed categories.

AMG Brazil, contributed with a financial donation to encourage sport (Law 11.438/2006).

Gonvarri South Carolina, collaborates with the “Carolina Blue Jays” organisation which offers youth baseball program for 7 to 10 year olds, run by parents and local volunteer coaches, to pay for travel expenses, uniforms, equipment, etc.

GMH Sweden, participated in a competition monitored through an online app, training an average of 3.9 times/week (between 7/9/2021 and 13/10/2021). Each training session resulted in a donation to “Médecins Sans Frontières”.

Gonvarri Valencia, sponsors local races with a social purpose and different routes, such as the steelworks race.

Culture

Gonvarri South Carolina, sponsored the organisation of a series of summer music events for community entertainment, organised by the Union Chamber of Commerce. In addition, it sponsored the events for the “Annual Independence Day Celebration Light up the Lake 2021”, in which the local community participates.

Economic development

Gonvarri Valencia, with the aim of dynamising the territory and, therefore, the generation of wealth, future and employment; promotes with ASECAM a space for knowledge, as a meeting point for social agents and businessmen, companies, the media, trade unions, public administration.



Emotional Driving

The Emotional Driving road safety programme was created at the end of 2014 with the aim of raising awareness and motivating both the company and society as a whole about the importance of road safety.

The differential factor of this programme lies in the transmission of stimuli and positive and motivating messages to encourage responsible and safe habits on the road.

The project contributes to the achievement of the Sustainable Development Goals, mainly Goal 3.6: "halve the number of global road traffic deaths and injuries by 2020", as well as generating positive impacts on targets: 11.2: "provide access to safe, affordable, accessible and sustainable transport systems for all and improve road safety by 2030" and 17: "partnerships to achieve the goals".

Emotional Driving Programme and stakeholders

EMPLOYEES

Preventive driving - Our drivers

In the current context and with the restrictions arising from the Covid-19 pandemic, Gonvarri's road safety programme made the **"12 months, 12 road safety issues"** training platform available to its employees, both nationally and internationally. Through it, employees have been informed and have learned about different aspects of road safety: driving in snow, wind or rain; new DGT measures and information on infractions; or tips for safe and sustainable driving in summer; among others.

In addition, through the new Emotional Driving App, employees were able to rediscover Emotional Driving's 5th anniversary book, "Trajectory of a Commitment to Road Safety", published in 2020.

On the occasion of the **World Day of Remembrance for Road Traffic Accident Victims**, Emotional Driving once again joined the tribute to the victims and launched the App with road safety content available for Android and iOS mobile devices, where employees could rediscover Emotional Driving's emotional audiovisual campaigns to reflect on what motivates them to drive safely and responsibly, the different training actions on values and road safety aimed at young people throughout Spain or the testimony of fellow travellers, those entities without whom Emotional Driving's success would not have been possible.

PRIMARY AND SECONDARY SCHOOL STUDENTS

Motivated drivers - Raising awareness among their parents

The ED School project was launched in 2016. Coinciding with the school calendar, AESLEME and Emotional Driving joined forces to bring road safety to schools and raise awareness among young people through talks that highlight the importance of safe and responsible driving.

Despite the pandemic, when the situation allowed it, they continued to visit schools and study centres in the Community of Madrid, bringing this message to hundreds of students. ED School also has an emotional aspect that seeks to bring out the best in these young people. After the training conferences, the young people write a message on a post-it note addressed to their parents, relatives and closest environment, so that they can improve their driving and be more responsible at the wheel.

In this context, at the beginning of 2021, the prize for the EDSchool Message Competition was awarded to Javier García Blasco from Irlandesas El Soto School for the phrase *"Dad, don't use your mobile phone while driving, because no matter how well you drive, something serious could happen to us. It can happen to everyone"*.

These students become the best ambassadors of Emotional Driving, encouraging reflection on driving behaviour and the sharing of something as relevant in everyday life as driving safety and the importance of arriving home safe and sound.

In 2021 we completed the fifth edition of this project and in September, taking advantage of the start of the new school year, we will resume this commitment with a new edition.



UNIVERSITY STUDENTS

Future drivers - Responsibility in the use of mobile phones

Emotional Driving, in alliance with Movistar, participated in 8 congresses in Spain (Madrid, Oviedo, Seville, Valencia, A Coruña, Bilbao, Málaga and Granada) and a congress in Portugal (Lisbon), developed by the LQDVI Foundation (fifth edition) where they raised awareness among more than 100,000 young people about road safety in general and about the dangers of using mobile phones at the wheel in particular.

On this occasion, due to the online format of the Congresses, the message was conveyed through an audiovisual entitled "The best message, like the best driver, is the one that arrives". The campaign projects the different stages, and the resulting joys and good times shared with loved ones and family members, to conclude with a traffic accident. This raises the risk of losing everything we have left to experience, because of a second of distraction at the wheel caused by the improper use of technology.

The thousands of young people who received the message took part in a competition via the LQDVI Foundation App and the Emotional Driving Instagram account, telling what they would tell their families and loved ones to drive safely and responsibly. At the end of each congress, two winners were selected and received prizes for the emotive nature of their messages.

In addition, direct access was provided to the presentations of previous editions of LQDVI, to the different projects and lines of action of Emotional Driving and even to the contents of the 5th anniversary.

GROUPS WITH DIFFERENT ABILITIES

Intellectual Disability - Road Safety and the Value of Autonomy for Social Inclusion

2021 was a step forward in the development of an innovative and different collaboration project between the Real Madrid Foundation and Emotional Driving, a unique programme in Spain that brings road safety to people with disabilities. The aim of the project is to introduce complementary concepts to the practice of sport in values in adapted and inclusive schools.

The comprehensive training of the beneficiaries through sport goes further, incorporating road safety education adapted to people with different abilities, which improves their autonomy and level of social integration.

The students carried out inclusive football and adapted basketball sessions, where they had the opportunity to learn about different signs, learn how to cross properly or were able to help people in need. More than 300 beneficiaries with different abilities will participate in this activity, where they will also be able to interact with the mascots Valorcito or Valorgol, in charge of being examples of transmission of values.

In September 2021, the fourth edition was launched with great novelties: awareness will be raised among younger students (pre-benjamin 5-7 years old) reinforcing the early acquisition of content related to road safety education; 5 videos will be made within the digital training platform of the Sport Values Academy TV in relation to this project; and three inclusive sessions will be developed with the students of Adapted Schools and Socio-sports Schools, seeking to offer a space that promotes the inclusion of students with disabilities through joint work.

COMMUNICATION

Audiovisual campaigns

- At Easter, motivated by the Covid-19 pandemic, Emotional Driving presented the road safety campaign "**Flatten the Curve**". This concept is mainly associated with the pandemic, but curves are also very present in our daily lives, when we commute to work, go to pick up our children from school, etc. We internalise them, normalise them and trust them, and that is when they become dangerous. The majority of traffic accidents or off-road accidents occur on bends.
- In the summer season and marked by the relaxation of the restrictive measures derived from Covid-19, Emotional Driving presented its campaign "**This summer, connect with life**". Beaches, mountains, maybe, or better an urban destination? It doesn't matter! The important thing is that, after a difficult few months, marked by the difficult situation caused by the pandemic, it is time to connect with life, but without forgetting that traffic accidents are still one of the main causes of death in the world, and what is worse, in most cases they could be avoided, or at least their consequences could be minimised.
- To close the year, the campaign "**In 2022, we want to continue to be your seat belt**" was presented with the aim of raising awareness among employees and society as a whole, appealing to feelings and motivations, to be responsible at the wheel on these dates, to check the condition of their vehicle before starting the journey, to fasten their seat belt and to leave their mobile phone to one side. One in three accidents is caused by the use of mobile phones.



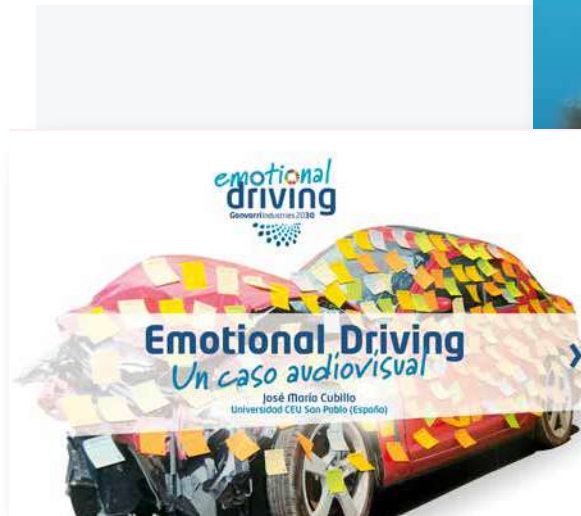
Observatory and Emotional Driving Laboratory



Emotional Driving 2021 Study

Emotional Driving and Road Steel presented the study **"Emotional Driving 2021: Brazilians at the wheel, distractions and mobile phone use"** in October at the Paving Expo in São Paulo, the first blended learning event in the Road Safety sector to be held in the country after the pandemic.

The study gathers the opinions of more than 1,000 Brazilians aged between 18 and 65. The most significant finding of the surveys is that 77.8% of Brazilian car drivers state that they are distracted when driving, 94% of them recognise that the improper use of mobile phones is the main cause of distraction. In contrast, 98% believe that technology can help them to drive more safely.



Emotional Driving Case Study

In October 2021, the presentation of the case study **"Emotional Driving: An audiovisual case"** took place at the new R&D facilities of Gonvarri Metal Structures in Hiasa. The presentation event was attended by various personalities from the company and the educational environment at regional, Asturian and national level, in the latter case by José María Cubillo, PhD, Professor of Marketing CEU San Pablo and author of the Emotional Driving Case Study.



The case presents the different marketing techniques, with their corresponding strategies and tactics, developed by the road safety programme from the perspective of creating social value for individuals and communities as a whole, which reinforce the teaching-learning process and strengthen the business-university link.

This is a great milestone for Emotional Driving, which opens a new way of transmitting its project and also participates in the creation of value in the university educational network as an outstanding case of a B2B company dedicated to CSR work.



Partnerships for road safety

The Covid-19 pandemic has brought with it an acceleration of digitisation and a greater drive for collaboration and partnerships between entities at national and global level. This new scenario reinforces Gonvarri's commitment to **SDG 17 "Partnerships"**, responding to the call made by the United Nations to governments, companies, NGOs and citizens around the world to join forces to achieve the 17 Sustainable Development Goals (SDGs) by 2030.

New audiovisual campaign "Alliances"

Emotional Driving is developing a line of audiovisual content called **"Alliances"** and to highlight the work of the friendly entities that have accompanied the Emotional Driving project and that share values, experiences, learning and, above all, a firm commitment to road safety.

In 2021, chapters were presented in the webseries "Alliances" with the partners Fundación LQDVI and Fundación Real Madrid, who give their views on the alliances with Emotional Driving, the work they develop together, or the benefits they bring to society, among others.

In addition, Emotional Driving contributed to the creation and strengthening of a collaborative ecosystem between organisations and entities through the following actions:

UN Global Compact

Emotional Driving joined the **"Streets for Life #Love30"** initiative, a United Nations call to individuals, companies and political bodies to limit speeds to 30 km/h in areas where people and cars coexist and contribute to healthy, green and liveable streets. This initiative was part of the Sixth United Nations Global Road Safety Week.

Despite the efforts made and measures implemented, the targets set for the Decade of Action 2010-2020 have not been achieved. Emotional Driving therefore renewed its commitment to road safety for the achievement of SDG 3 "Health and Well-being" and in particular target 3.6 which calls for halving the number of road traffic deaths and injuries by 2030 and reducing them to zero by 2050, in what has been called **"Vision Zero"**.



SERES Foundation

Emotional Driving participated in the **"Manifesto for Road Safety"** developed by the SERES Foundation, with the support of the Directorate General of Traffic (DGT) and Boston Consulting Group (BCG), which includes the commitment to the SDGs of the 2030 Agenda, specifically SDG 3/3.6, SDG 11/11.2 and SDG 17. By ratifying the manifesto, Gonvarri expresses its commitment to Road Safety to promote different initiatives with the common goal of achieving a zero number of road accident victims.

Mapfre Foundation

Fundación Mapfre published in 2021 the book **"From infinity to zero. We did so"** which brings together 40 contributions from agents involved in the evolution of Spanish road safety, including Emotional Driving. This publication brings together testimonies on how Spain has managed to improve its safety levels considerably over the last 30 years, with the ultimate aim of capturing this experience and collective intelligence and projecting it towards the future "Goal Zero serious or fatal victims". Emotional Driving provides its point of view on the positive trend in road safety in Spain and shares the vision and commitment of Gonvarri Industries, as an agent involved in the road sector..

European Mobility Week 2021

As a result of its commitment to road safety and sustainable car use, Emotional Driving joined this program once again this year in order to raise awareness among its employees and society as a whole about such important values as respectful, safe and responsible driving..



Commitment to the Sustainable Development Goals

Drive is the “**Management Model**” that drives Gonvarri Industries to meet its profitability and growth objectives. Drive integrates important **ESG** (environmental, social and governance) challenges aligned with the **SDGs** that have the greatest impact on the business, in line with its commitment to long-term value creation.

In order to be able to assess their performance, KPIs are designed to measure their evolution.



3 GOOD HEALTH
AND WELL-BEING11 SUSTAINABLE CITIES
AND COMMUNITIES

Emotional Driving and the SDGs

The “**Emotional Driving**” program was launched in 2014, with the purpose of making drivers themselves the protagonists and main force in the road safety messages, by appealing to their beliefs, values and emotions for safe driving. This project is described in more detail in the Sustainability chapter.

Emotional Driving is directly aligned with **SDG 3.6**. “By 2030, halve the number of global deaths and injuries from road traffic accidents” and indirectly to the **SGD 11/11.2** “By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety and **SDG 17** “Partnerships”



Performance measurement

I. Increase the volume of road safety awareness among the population by 2% per year by 2024

As a result of Covid-19, we adapted the way we convey the Road Safety message to different stakeholders online.

In 2021, we raised awareness among more than 16,000 young people through streaming conferences, reaching more target audiences thanks to this technology. The conferences were broadcast throughout Spain and Spanish-speaking countries. At the Madrid conference, in addition to the young people connected virtually, 1,800 people were impacted in person and more than 5,000 connections were made at the Madrid conference alone, exceeding the 2% target.

II. Develop a new project each year in collaboration with an NGO, Foundation or Public Body until 2024.

In 2021, a new project was started with the Lo Que de Verdad Importa Foundation “Unión de Valores Empresariales” (LVE). In addition, a new congress was held in the city of Granada to raise awareness of road safety issues, thus providing training in a new location.

III. Develop a relevant initiative (roadshow, local study, etc.) in a new location, in order to reach 50% of the countries in which we are present by 2030.

In 2020, the new study, “Brazilians behind the wheel”, was launched and in 2021, joining forces with a new partner, the study was presented to attendees at the first automotive trade fair to be held after the pandemic, as well as to the media..



Climate change and the SDGs

Since the signing of the historic Paris Agreement (COP 21) in 2015, numerous initiatives have been developed, such as the recent European Green Pact and the current “Fit for 55” package with interlinked and complementary measures to achieve the EU’s 55% net emissions reduction target by 2030, which includes a climate roadmap for the coming years for a fair transition to a carbon neutral economy.

Within this framework, in 2020 Gonvarri Industries approved the “**Carbon Neutral 2030/50 Plan**”, which establishes an ambitious roadmap with important reduction targets through projects in the areas of energy efficiency, promotion of solar photovoltaic energy and the purchase of energy from renewable sources, among others.

All of this contributes to the fight against climate change and to the fulfilment of the Sustainable Development Goals, directly with **SDG 13** “Climate action” and indirectly with **SDG 7** “Ensure access to affordable, safe, sustainable and modern energy for all” and **SDG 12** “Ensure sustainable consumption and production patterns”.



Performance measurement

I. Increase the implementation of ECO-ENERGY and monitor 80% of Gonvarri’s energy (electricity and natural gas) by 2030.

We monitor 18 of the group’s plants. In 2021, the software continued to be updated and improved, giving it greater functionality. The aim is to continue making improvements to both the HW and SW parts and to increase the monitoring of the plants to cover 80% of Gonvarri’s energy consumption by 2030.

II. Achieve 100% of electricity from renewable energy sources by 2030.

According to the information and data analysed, in 2021, we have 6.3% coming mainly from solar energy from own sources and from the purchase of certified energy from renewable sources, among others.

III. Achieve energy savings of 25 Gwh/year by 2025.

After reaching the 2020 target and in order to comply with the Carbon Neutral Plan, a new cumulative target has been set to reach savings of 25 GWh/year by 2025.

To this end, 8 major energy saving measures (MAEs) were implemented in 2021 in different plants of the group, representing an increase in the annual rate of savings of 2.21 GWh. This brought the cumulative total to 17.44 GWh, which represents significant progress towards the proposed target.



Innovation and the SDGs

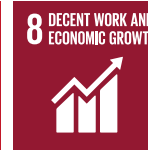
We understand innovation as a factor of change and adaptation to the new requirements of customers and markets, generating added value to the business and minimising its environmental impact. For this reason, innovation is one of the strategic pillars of Gonvarri Industries.

Innovation is directly aligned with **SDG 9 /9.4**. "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, using resources more efficiently and promoting the adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities" and indirectly with "**SDG 12**. Ensure sustainable consumption and production patterns".

Performance measurement

I. Communicate and disseminate among professionals the importance and participation of innovation in the company through innovation workshops, with the aim of reaching a total of 2,000 hours in the period 2019-2021.

In 2021, on-line training and communication was boosted, using the streaming option through training webinars and training through VDC, in which numerous aspects related to innovation and technological advances were dealt with. A total of 817 hours have been allocated, with a target of 348 hours, which means that 235% of the 2021 target has been achieved. On the other hand, the 2019-2021 Strategic Plan had the objective of dedicating 2,000 hours of training in innovation, and in reality 2,469 hours have been dedicated, which represents 123% over the objective.



Education and the SDGs

At Gonvarri 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.

This commitment is directly aligned with **SDG 4** "Quality education" and **SDG 8** "Decent work and economic growth".

Performance measurement

I. In order to create local wealth in the countries we operate in, Gonvarri has a double objective: to maintain the average of local employment and permanent contracts >80%.

In 2021, local employment reached 92% and 93% of professionals are employed on a permanent basis, which exceeds the target.

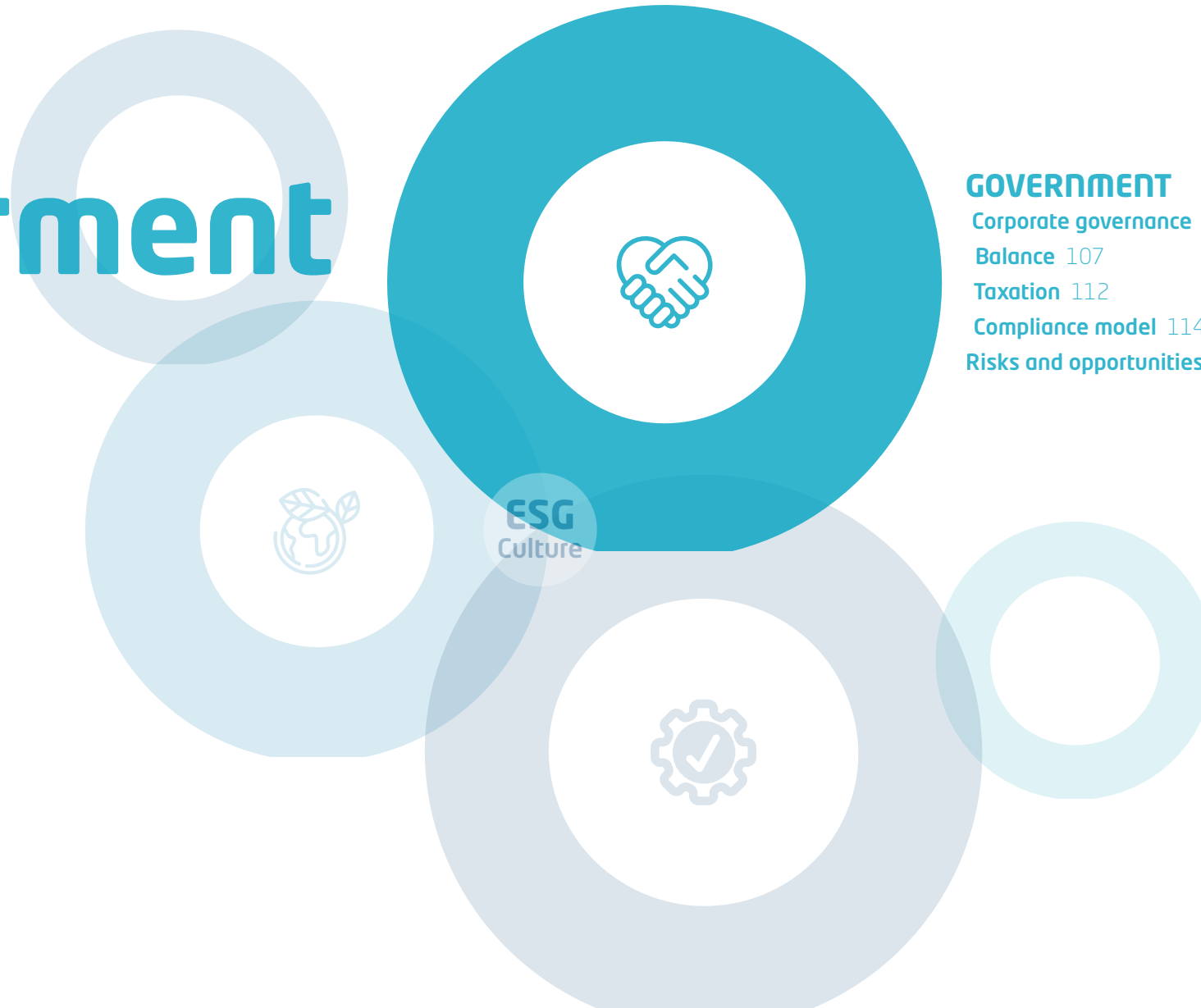
II. Incorporate 5 new courses per year in the online platform "Academy" in the 2020 - 2025 period.

In 2021, the following training programs were added to the Academy platform: Information Security 2021, Insider, Confidential, Trade Secret, KP04 - Stock Management, Networked Team Cooperation, DWP 365, Introduction to Key Processes, Effective Meetings, among others.





Government



GOVERNMENT

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Corporate governance

103-1, 103-2 and 103-3

Governance structure

102-1

Gonvarri Corporación Financiera, S.L. (henceforth Gonvarri) was founded in 1958, carrying out the manufacturing, transformation and marketing of steel products and metals related to the iron and steel industry.

The corporate structure of the Gonvarri Corporacion Financiera is 99.99% owned by HOLDING GONVARRI S.R.L. (102-5)

The headquarters is located at (102-3):

St. Embajadores, 458. 28053 Madrid -Spain

The governing bodies of the society are the General Shareholders' Meeting and the Board of Directors, which is the highest governing, supervision, decision and control body of Gonvarri.

In the Statutes of Gonvarri, the functioning of the Board of Directors and the requirements and deadlines for convening the General Shareholders' Meeting are reflected.

Gonvarri is a non-quoted company, whose Board members represent the total number of shareholders and, therefore, there is no legal requirement to have representatives from other stakeholders, nor to take into consideration other aspects relating to diversity, minorities, etc. (102-22 y 102-24). The Chairman holds an executive position (102-23).

The performance of the Board of Directors is not evaluated, as part of the members through their shareholdings are the owners of the company and represent all members. This year there have not been any changes to the members or the organizational practices (102-28).

The Board of Directors, in plenary session, makes the relevant decisions and delegates, where appropriate, the execution thereof. Additionally special powers of attorney can be agreed by the Board of Direction in favour of employees of the company to carry out specific elements in those operations previously approved by this body. The Board of Directors is the highest body responsible for the company's economic, environmental and social matters (102-19).

he powers for the designation of the Board Directors correspond exclusively to the General Shareholders' Meeting, which constitutes the interest of all the company partners (102-24). For either a natural or legal person to be appointed as administrator, being a partner, it is not required. Likewise, the conditions that prohibit such function are established in the Statutes.

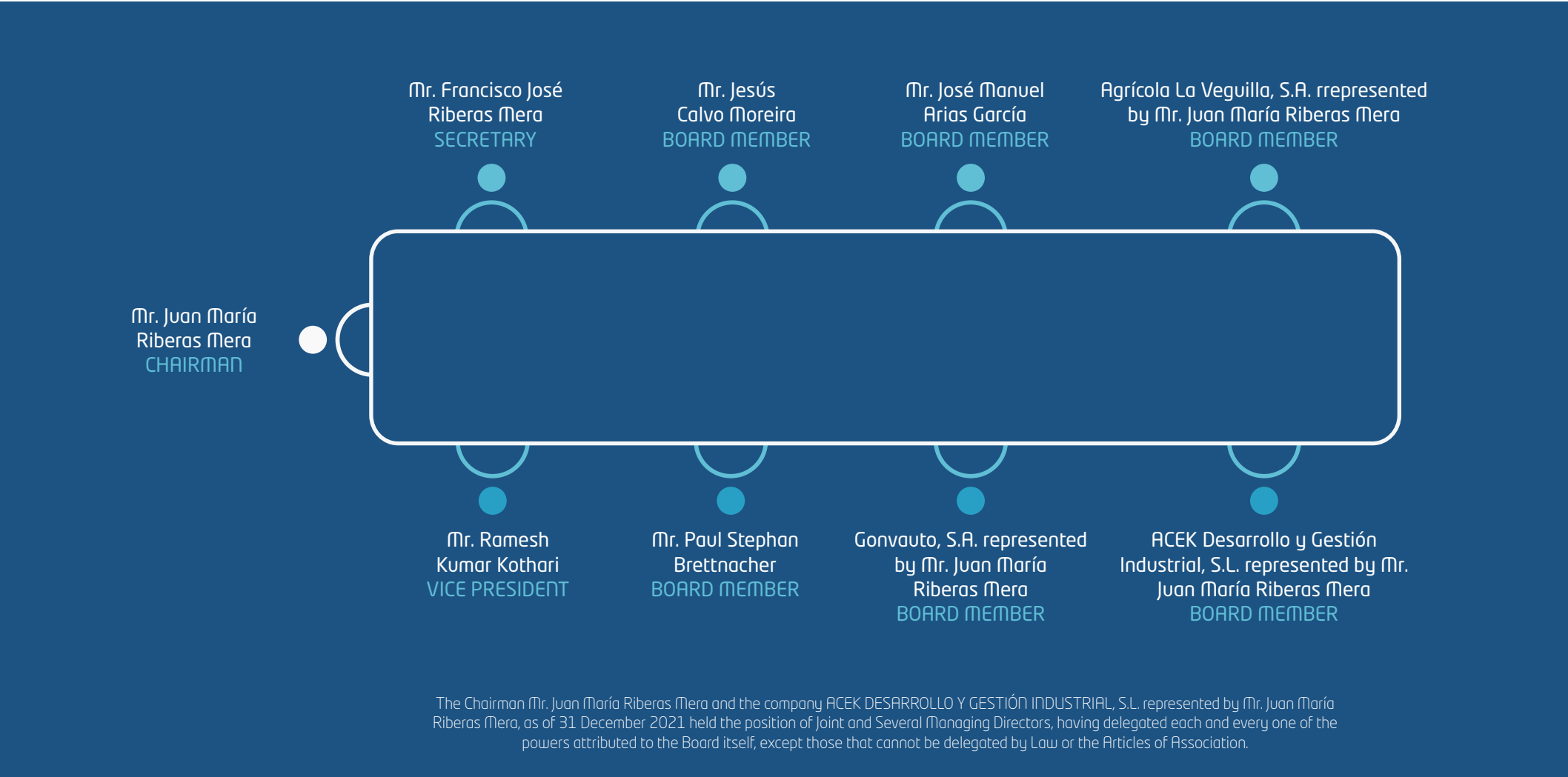
Shareholders may not exercise the voting rights corresponding to their shares when they are in any of the cases of conflict of interest established in article 190 of Royal Legislative Decree 1/2010, of 2 July, approving the Consolidated Text of the Capital Companies Act (102-25).

Regarding the information and consultation mechanisms (102-21), these are done through the different administrations that act as a conduit between the Board of Directors and the different stakeholders. Furthermore, the General Manager holds biannual meetings with all the corporate staff. In these meetings, the relevant elements related to the management and the company's situation are outlined and the feedback from the staff on these matters and other matters of interest is received, with all the corporate staff in Madrid available for direct consultation.

In terms of government members, 100% are over 46 years of age. Also, 78% are of local nationality and all are men (405-1).



As of 31 December 2021, the Board of Directors of the Company is formed by: 102-18





The responsibilities, functions, communication and knowledge of the highest governing body in relation to sustainability

Through the parent company, we have a global corporate culture that retains the same values and principles since its origin, but which are tailored to the local needs of each country, to the current market conditions and to the stakeholders' demands.

The Board of Directors is responsible for the approval and commitment to complying with the Code of Ethics, the Sustainability Policy, as well as the compliance policies. Moreover, company employees can be expressly empowered to carry out specific elements of operations previously approved by this body (102- 20 y 102-26).

In particular, the following corporate policies were approved by the Board of Directors in 2021: Standard Zero, Protocol for the Prevention of Criminal Offences and Sustainability Policy. In addition, amendments to the following rules were approved through the Compliance Committee: Third Party Management Policy, External Advisor Engagement Policy, Supplier Master Management Procedure and Purchasing Policy.

The heads of the different administrations keep a permanent and fluent communication with the General Manager of the company. Any important worry is immediately conveyed by the heads of the different areas to the General Manager, who, if necessary, will convey this to the Board of Directors (102-33).

The company participates and integrates its economic, social and environmental responsibilities into the different managements, whose highest managers bring any decisions to be taken to the General Manager and, where appropriate, to the Board of Directors. In addition, they are permanently informed of economic, social and environmental matters through the different internal communication mechanisms, such as: regular meetings with the directors of the different areas, the biannual meetings of the CEO with the staff, the development and approval of the Sustainability Report and the various communication mechanisms such as the intranet "Leading the Change" (102-27 and 102-31).

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

- **Carbon Neutral Committee**, formed by the CEO, Sustainability Director, Technical Director, Strategy Director and Finance Director. The committee will include the participation of the General Managers of the different divisions.
- **Operational team**, coordinated by finance, with the participation of sustainability, energy efficiency and strategy managers, as well as the managers of the different factories.

In regard with the Sustainability Report, this is coordinated through the Corporate Management of Communication and Sustainability. A materiality study is performed every two years in which key points for its stakeholders are gathered and implemented throughout the Report. Its function is transversal within the organization, as it covers the different societies within the Group (102-32).

The Report follows a supervision and revision process, to finally be approved by the General Manager. Additionally, to ensure the trustworthiness of the information, it is externally verified by an independent body.



Risk Management Functions of the highest governing body

For the development and execution of new projects, a thorough study is carried out in which all quantitative and qualitative aspects of the project are assessed and analysed, as well as the investments, financing and potential risks, by the various company departments and the Management Committee, prior to their presentation and subsequent approval by the Board of Directors.

All these actions and the possible risks arising from them are continuously analysed by Gonvarri's management and teams, which enables risks to be detected and the necessary corrective measures to be implemented in a fast and agile way. The Risk Management section describes the risk identification and management methodology.

With regard to the reporting of information, in addition to the economic, environmental and social issues that apply in each case, in accordance with the Internal Audit Charter, the defined economic, environmental and social risks are reported at least once a year to the Chairman and the Chief Executive Officer, and through them to the Board of Directors (102-29, 102-30 and 102-31).

Nature and number of issues raised in the Governing Board

102-34

The General Shareholders' Meeting will be invoked by the administrators and, when applicable, by the liquidators of the Society, within the six first months of each year, to ratify the corporate management, to approve, when applicable, the financial statements of the previous year and to determine on the use of the result.

The directors shall also call a General Meeting whenever they consider it necessary or advisable and, in any case, when requested by one or more shareholders representing at least five per cent of the share capital. When the administration and representation of the Company is entrusted to a Board of Directors, the guidelines established for this purpose shall be followed.

In 2021 the Board of Directors met four times. Notice of meetings shall always be given in writing, addressed personally to each Director, at least five days prior to the date of the meeting.

The Board of Directors can designate an Executive Commission or one or more Managing Directors among themselves, determining the people who must perform said roles and their course of action, it may delegate, totally or partially, temporarily or permanently, all the powers which are subject to delegation pursuant to Law.

All debates and agreements of the Board shall be recorded in the Minutes Book, which shall be signed by the President and the Secretary or by the Vice-President and the Vice secretary when applicable.

With regard to the most relevant issues discussed, the annual accounts for the previous year were drawn up and all meetings monitored projects, investments, budgets, sales and the market situation, as well as the most important issues considered by each management.

Remuneration of the Board of Directors

The remuneration of the Administrative Body consists of a fixed pecuniary amount that will be set in a General Shareholders' Meeting prior to the end of the year. This will be compatible with other professional or payments that, when applicable, correspond to the administrator for any executive or advisory function they perform in the Society and will determine standards for their corresponding payment.

In the case that the Administrative Body takes the form of the Board of Directors, it will determine the amount each of its members has to receive, in function of their dedication to the direction of the Society. If the administrative body takes another form, it shall be for the general meeting to decide whether, depending on these parameters, the remuneration of each director shall be the same or vary (102-35).

The remuneration of the Board of Directors and senior management is available in the section "(c) Compensation of key management personnel and directors" of the Audit Report, Consolidate Financial Statements and Consolidate Management Report as at 31 December 2021 (102-36, 102-38 and 102-39). Stakeholders are not involved in remuneration (102-37).



Balance sheet 2021

Group developments

In 2021, the Gonvarri Industries (GI) Group concluded a difficult financial year, amid great uncertainty in the markets, largely due to the COVID-19 pandemic, which continued to cause major logistical and steel supply problems during the first half of the year, and the worsening shortage of semiconductors in the second part of the year.

But despite this market instability, the involvement, performance and efficiency of our teams have enabled the Group to react and act in the best possible way considering the constant uncertainty of the market and, also helped by the rise in the price of steel, the GI Group has achieved an EBITDA of €325MM, which represents 7.67% of sales. In general terms, all the divisions of the GI Group have met expectations in terms of EBITDA, although it is worth noting that our Europe Division continues to be the division with the highest contribution to results and that the ASIA Division has been the division with the strongest growth, due to the increase in activity in the Asian market.

The semiconductor crisis continues to have a significant impact on the sector, where approximately 10 million vehicles have been taken out of production (according to IHS). The automotive world, which remains the Group's reference market worldwide,

recorded a slight decline in terms of volume compared to previous years, not considering the year 2020, which was heavily impacted by the pandemic.

Global passenger car production reached 80 million units produced (up 3% year-on-year and down 13% compared to 2019, the last year before the pandemic). In Europe, the main producer, Germany, reduced vehicle production by 12% year-on-year and 33% compared to 2019, to a total of 3.31 million passenger cars and light commercial vehicles produced. Spain, on its part, as the second largest European producer, also cut its production in 2021 by 8% year-on-year and 26% compared to 2019, to assemble 2.10 million vehicles, which places Spain as the ninth largest manufacturer worldwide, behind Brazil. These figures for Spain are a long way from the expectations set years ago to reach 3 million vehicles produced.

In 2021, the Group continued to increase its activity in other markets such as Metal Structures, to which it contributes its high technology, Road Safety elements and structures for Photovoltaic Parks, as well as the Storage and Handling market, through synergies with the GMH subgroup, acquired in 2018, acquired through a strong commercial action.

The Group now has 46 Production Centres and 28 Offices or Distribution Centres in a total of 26 countries worldwide.

In terms of the Group's inorganic growth, the acquisitions made in Spain of two companies in Spain linked to punching and 2D laser activity (acquiring a minority and majority shareholding respectively) should be highlighted. These acquisitions are part of the Group's development and diversification strategy, and will help us reach different markets and products, but always complementary and linked to the steel chain.

The Group maintains its growth plans by studying new locations and new industrial possibilities both through the construction of new facilities and the acquisition of existing businesses in order to increase its presence and address new areas of diversification. It is worth mentioning that the projects that the Group's management had planned to pursue throughout 2021 have not been significantly affected by the pandemic.



Financial results

201-1

In the financial area, the Group continues to keep a constant watch on the Market financing levels in order to adapt the costs of the bilateral financing lines that the Group maintains with its pool of Financial Institutions, with the purpose of achieving an adequate level of available financing at the lowest possible cost. In this sense, financing costs have been reduced, both in Spain and abroad, and the terms obtained are sufficiently long so that their amortization is reasonably accompanied by the cash generated in the operations of the Projects financed with them.

However, the Group's Net Financial Debt (NFD) has increased from €201MM in 2020 to €539MM at year-end 2021 (both including IFRS 16). This increase is mainly due to the increase in the price of raw materials and steel in particular, which has been added to the logical increase in stock driven by the higher activity during the year.

Despite the increase in NFD, the NFD/EBITDA ratio was 1.66x, reinforcing and demonstrating the message that the Group maintains strict control of its debt.

The Group's main consolidated financial figures are summarised in the table below:

Economic Value Created

(thousands of euros)

	2020	2021
Turnover	3,147,624	4,244,590
Financial income	22,455	3,171
Other income	24,142	23,578
> Total EVC	3,194,221	4,271,339

Economic Value Distributed

(thousands of euros)

	2020	2021
Operational costs	2,822,720	3,715,534
CAPEX	66,713	61,019
Payment to capital providers	42,612	17,939
Taxes	63,618	97,245
Personnel	160,260	180,950
Investments in the Community	597	369
> Total EVD	3,156,520	4,073,055

Economic Value Retained

(thousands of euros)

	2020	2021
> Total EVR	37,701	198,284





Taxes

207-4

The municipalities or regions in which Gonvarri is present received a total of 39,549.8 thousand euros in fees, tariffs, and taxes, which contribute to improving the quality of life and services of the inhabitants of the area. Their distribution by country is summarised in the table below.

Additionally, the company has received financial aid and equivalent subsidies amounting to 1,811 thousand euros, distributed mainly between the Burgos and Barcelona factories, as well as Road Steel to finance R&D projects (201-4).

Regarding the other accounting obligations, the companies that make up the Gonvarri Group are, for the majority, obliged to prepare annual audit reports on their individual annual accounts due to the total volume of their assets, the turnover and the average number of employees.

After approval by the corresponding body, these reports are presented in due time and form with the commercial register for each of the accounting periods, the legalisation of official books and the filing of annual accounts. Furthermore, the Group companies are up to date with their payments to the Social Security Treasury and their tax obligations.

Finally, as stated in the Code of Ethics and Conduct, it does not provide financial support to governments (415-1).

Taxes

Country

Thousands of euros

Germany	432
Argentina	691
Austria	2
Belgium	40
Brazil	19
Chequia	106
China	3,180
Colombia	147
Denmark	60
USA	61
Slovakia	159
Spain	25,079
Finland	0
France	38
Guatemala	0
Netherlands	193
Honduras	43
Hungria	9
India	2,382
Israel	-3
Mexico	371
Poland	1,306
Portugal	2,008
Rumania	313
Russia	1,337
Sweden	351
Switzerland	213
UK	1,013
Total	39,550

Investments

The 2021 financial year shows a net profit of 171,521 thousand euros and a CAPEX executed in the fiscal year of 61,019 thousand euros.

In this area, investments in the Spanish market, two companies linked to the punching and 2D laser activity, new investments in machinery and extensions of warehouses in Brazil, Germany, USA, China and India and the implementation of new corporate software, with a total of 61,019 thousand euros invested, stand out.

Region

Executed 2021

Thousands of euros

NAFTA	8,808
Latam	7,237
Europe	7,170
Asia	6,815
Metal Structure	4,088
GI Corporate	3,910
Gonvauto iberia	3,747
Gonvarri Material Handling	3,163
Precision Tubes & Addimen	1,912
New Proyectos	14,170
Total	61,019



Sustainable financing

412-3

In recent years, the number of financial actors incorporating ESG (Environmental, Social and Governance) criteria in their decision making is growing exponentially.

In line with this trend, in 2020 we signed the first sustainable financing line with the Official Credit Institute (ICO), for the period 2020-2024, for the Gonvarri Holding companies, GRI Renewable Industries and Gonvarri Industries, under the reference framework of the "Sustainability Linked Loan Principles" (SLLP) of the Loan Market Association.

The following is a summary of the proposed objectives and their outcome (the outcome of GRI Renewable Industries is reported in its own Sustainability Report):

Renewable energy targets

Target	10% of electricity consumption from renewable energy sources.
Period	2020-2024 (FY 2019)

- **SDG 7** Affordable and clean energy.
- **SDG 13** Climate Action .
- **SDG 17** Partnerships.

Renewable energy targets					
	2020	2021	2022	2023	2024
Proposed	1.5%	1.8%	7.4%	9%	10%
Reached	3.8%	6%			

Excludes factories in China

After analysing the information and data corresponding to the 2021 financial year in the defined scope, it is evident that the established target has been met, reaching 6% of the group's total (China is not included in the perimeter). This information is summarised in the chapter on energy and climate change.

Global ESG assessment (Digitisation)

Target	70% (weighted average) of users with a license use the DWP tools.
Period	2020-2024 (FY 2018)

- **SDG 9** Industry, innovation and infrastructure.
- **SDG 8** Decent work and economic growth.
- **SDG 13** Climate Action
- **SDG 17** Alliances.

To reach the target of 70% weighted average of licensed users using the DwP tool by 2024. For quantification, partial targets are included for each application with a scope of 65% in OneDrive, 70% in SharePoint and 75% in Teams, as summarised below:

Digitisation targets					
	2020	2021	2022	2023	2024
Proposed	50%	55%	60%	65%	70%
Reached	71.6%	71.96%			



Holding Gonvarri

After analysing the information and data corresponding to the companies GRI Renewable Industries and Gonvarri Industries, which are consolidated in Holding Gonvarri, it is clear that the targets established have been met. The result for the parent company Holding Gonvarri is summarised below:

Renewable Energy Targets					
	2020	2021	2022	2023	2024
Proposed	1.0%	2.0%	8.5%	12%	15%
Reached	2.3%	4%			

A weighted average of 70.94% has been achieved for digitalisation and 4% for energy from renewable sources, both higher than the planned target for the financial year 2021.

Digitalisation Targets					
	2020	2021	2022	2023	2024
Proposed	50%	55%	60%	65%	70%
Reached	68.7%	70.94%			



Associations and organisations

102-13 AND 415-1

At Gonvarri Industries we work actively to promote all the divisions that make up the Group. To this end, we participate in organisations and associations of various kinds, both from a corporate point of view and in the different countries in which we operate.

These initiatives are focused on different areas such as economic, industrial, social (NGOs and Foundations) and business. Appendix 4. summarizes the main associations and organizations with which we collaborate.

Likewise, Gonvarri establishes relations with local public authorities on an altruistic basis with complete transparency, mainly regarding matters that affect the sector. The company **does not make any economic or in-kind contributions** to political parties, nor through sponsorships or donations, which are against the law, as established in the Code of Ethics and Conduct.



Taxation

Tax approach and management

207-1 AND 207-3

The growing concern for the management of tax matters by business groups, as well as the development of regulations by governments, contributes to the growing trend towards transparency of tax information. Within this framework, it is essential to manage tax information, both mandatory and voluntary, and to ensure that it meets the parameters required by the different stakeholders.

The Board of Directors, through its Chairman, Chief Executive Officer, its Managers and, especially through the corporate tax area, promotes compliance with tax obligations and good tax practices through its Chief Executive Officer, its Executive Director and Management Teams, is responsible for approving and updating the GI Group's Tax Risk Management Policy and all relevant transactions that require it, and is ultimately responsible to the shareholders for the existence, operation and supervision of the Group's Tax Risk Management System.

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

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

Tax governance, control and risk management

207-2

The aforementioned Tax Strategy is applicable to all companies comprising the Group that are majority owned, directly or indirectly, by their parent company. In those Group companies in which it does not have a majority shareholding, but where there is a significant influence of its parent company, the Group shall promote principles and guidelines consistent with those established in the Tax Strategy and shall maintain the appropriate information channels to ensure adequate knowledge of them.

Likewise, this Strategy applies to all Group personnel in the exercise of their duties and responsibilities, and in all professional areas in which they represent the Group, meaning the Group's managers, executives, employees and collaborators, regardless of their position, responsibility or geographical location.

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

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

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

- Compliance with tax legislation in the different countries and territories in which the Group operates, paying the required taxes according to the respective tax laws.

In this regard, making of tax decisions based on a reasonable interpretation of the applicable legislation.



- b** Ensure that the tax bases are appropriately related to the structure and location of the activities, human and material means.
- c** Compliance with the principle of transparency, fostering a loyal relationship with the tax authorities based on respect for the law, trust, professionalism, collaboration, reciprocity and good faith.
- d** Establishing tax risk control and management procedures. The Group, through its Corporate Tax Risk Management Policy, approved by the Board of Directors, establishes principles and good practices, the different levels of approval and the roles and responsibilities in relation to controlling and managing Group tax risks.
- e** The Group avoids using opaque entities for tax purposes, meaning entities whose owners cannot be held accountable by Tax Authorities because they have been designed via instrumental companies, in tax havens, in territories that do not cooperate with tax authorities, or in territories with low or no taxation. Therefore, when a Group company has its headquarters in a territory classified as a tax haven, it shall only be due to industrial or commercial strategies.
- f** Carrying out transactions between related entities according to their market value, following the principle of full concurrence, and complying with their obligation to document transfer pricing as required by applicable regulations and in line with OECD guidelines.

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

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

With regard to **risk control and management**, the GI Group's Corporate Tax Management, among others, is responsible for analysing legislative, jurisprudential and doctrinal developments in tax matters and for identifying, analysing and assessing tax risks, monitoring possible tax contingencies by country.

Participates with the Compliance Committee and the Internal Audit and Compliance Department, among others, in updating the Tax Risk Map.

Review and update: the Tax Strategy will be reviewed annually. In addition, in the event of changes in the applicable regulations or circumstances that warrant a review, this document will be updated accordingly to ensure that the Strategy fulfils its purpose.

Approval and Monitoring of the Fiscal Strategy: the Board of Directors will be the body responsible for approving and updating the Fiscal Strategy.

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

The Tax Strategy will be available to all Gonvarri Group employees through the Group's corporate intranet. The Strategy will also be published on the Gonvarri Group's corporate website.

Gonvarri has a **Risk Management and Control System** that includes "Tax Risks", whose main objective is to guarantee that the Group's actions and operations comply with requirements established by the Code of Ethics, the Tax Policy, and applicable regulations.

The **Risk Map** is updated annually or when there are significant changes that require so, in collaboration with the Group's Corporate Tax Department, and the financial and legal departments, among others. Significant risks are reported directly to those responsible, to establish ways to monitor, control and minimize them.



Compliance model

Internal audit and compliance

The “**Compliance Model**” aims to maintain the mechanisms for monitoring, measuring and controlling the risks identified. As part of this project, 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 Compliance Programme is led by the Internal Audit area together with the Compliance Committee and the different areas of Gonvarri to update and prepare the Internal Regulations applicable to the Model. The Internal Audit Statute defines the functions, competence, responsibilities and principles of action of the Internal Audit and Compliance Department.

From the outset, an in-depth review of the Code of Ethics and Conduct was carried out, as well as various policies on anti-corruption, risks, trade sanctions and information exchange, among others, all of which were 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.

During 2020, we entered into a recurring process of detecting and managing compliance risks, as well as monitoring, updating and improving the Compliance Programme developed in 2018.

All aspects and risks arising from any form of corruption are implemented globally in the Gonvar Group’s offices, distribution centres and factories in accordance with the model and policies approved for this purpose (205-1).

In addition, new rules were approved in 2020, mainly related to human resources management, reinforcing the controls associated with the processes of selection, training, payroll management, performance evaluation, and management of employee terminations and discharges.

During 2021, and as a result of the supervisory activities carried out, efforts in the area of compliance focused mainly on two lines of action:

- The first is the implementation of **training activities** in certain areas within the framework of the Compliance Programme, with a view to reinforcing the values and behavioural guidelines set out in the Group’s Code of Ethics and Conduct.
- The second line of action is aimed at achieving effective **implementation of the Model** in each location, working on the integration of the compliance framework in the management systems of the Group’s different companies, making the Compliance Programme part of and present in the day-to-day operations of Gonvarri.

Furthermore, work has been carried out to update the **Compliance Programme**, making modifications to the content of some of the **Model Policies**, with the aim of reinforcing certain contents and/or strengthening the controls defined therein. These modifications have been approved by the Compliance Committee in accordance with the Group’s procedures.

In addition, during the first quarter of 2021, work was carried out on the preparation of a **Protocol for the Prevention of Criminal Offences**, which includes the measures and controls designed to prevent or mitigate as far as possible the risk of any criminal action being committed in the organisation, and to guarantee at all times the legality of the acts carried out by the Group’s employees and executives in the exercise of their professional activities. This Protocol was approved by the Board of Directors in June 2021.

I would also like to highlight that a new version of the **Sustainability Policy** adapted to the Sustainable Development Goals was approved in the first quarter of 2021.

With regard to the **Protection of Personal Data** in the Sphere of the European Union, 24 queries of varying nature and complexity have been received (22 successful and 2 pending resolution). No requests for the exercise of data subjects’ rights were recorded this year. One security incident was recorded, which did not need to be reported to the Data Protection Agency.



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

Ethical 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, suppliers or 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 analysing, 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 managing the ethics channel: number of queries and complaints received, complaints relating to serious situations, status of the 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 responsible for providing and maintaining an accessible channel, guaranteeing the confidentiality of the communications made and their management, safeguarding and archiving the data in compliance with the regulations in force, acting as an intermediary between the user and the Compliance Committee, which guarantees confidentiality as a principle of operation.

There are different possible ways of accessing the **ethical channel**:



Form via **<https://gonvarri.i2-ethics.com>**, also accessible from the Group's intranet, on the Group's website **<http://www.gonvarri.com>** and the other websites of the companies that make up the Group.



E-mail: **ethicschannel@gonvarri.com**



Ordinary mail to the following **address**: Att/ Auditoría Interna y Cumplimiento C/ Embajadores 458. 28053 Madrid.



Via **Whatsapp WeChat** or phone contact on +34 679 98 19 22



APP Gonvarri. iOS&Android

It is also accessible via the Call Back option on the **<https://gonvarri.i2ethics.com>** platform.

Once the query/complaint is communicated through the platform provided or the rest of the available means, the user will receive an email from the external provider (i2ethics) with the information that will allow him/her to confirm the communication sent to the channel and the start of its management.



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 Ethics 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.

With the aim of covering training in human rights in the 2021 financial year, courses related to the Code of Ethics and Conduct are considered, with a participation of 621 professionals and 1,067 hours (more than 3,600 professionals have completed it since its inception) and the Harassment Prevention Guide, with a participation of 1088 professionals and 303 hours (more than 2,200 professionals have completed it since its inception).

This training was conducted in local language. The tables summarise the percentage of participation in 2021:

Training Code of Ethics	Distribución
Código Ético y de Conducta (español)	27%
Code of Ethics and Conduct (inglés)	16%
Kodeks Etyczny i Zachowania (polaco)	2%
Этический и поведенческий кодекс (ruso)	6%
Ethischer und Verhaltenskodex (alemán)	20%
Meslek ilkeleri ve Davranış kuralları (turco)	2%
Etický kodex a kodex jednání (checo)	10%
Código Ético e de Conduta (portugués)	2%
Codul de conduită și etică (rumano)	14%
道德和行为守则 (chino)	0%

Harassment Prevention Training	Distribución
Manual Prevenção do Assédio (portugués)	4%
Guía de Prevención del Acoso (español)	74%
Harassment Prevention: Guidance (inglés)	4%
Leitfaden zur Verhinderung von Mobbing/ Belästigungen (alemán)	5%
Руководство по предотвращению травли (ruso)	3%
Zapobieganie nękaniiu: Wytyczne (polaco)	5%
骚扰预防:指导 (Chino)	1%
Tacizi Önleme Rehberi (turco)	3%

In 2020, the guide for accepting gifts and commitments was also launched. In addition, a comprehensive individualised Compliance training plan was launched, depending on the position, department and tasks performed by each employee, through a specific individualised compliance training itinerary.

For the reporting period, 2021, numerous training sessions were held for employees on the following subjects: **“Management of Conflicts of Interest”, “Exchange of information with competitors”, “Sponsorship and Donations”, “Fraud and Corruption”, “Logistics Protocol”, “Record-keeping and documentation”, “Proceedings with Public Administrations”, and “Privileged Information”.**

In addition, three additional trainings are pending publication regarding the **Compliance Policy and Rule 0**, as well as a general and extended training on several rules of the model applicable in the procurement processes of goods and services in the Group, such as: the **“Third Party Management Policy”** and the **“Policy for Hiring External Advisors”**, relevant in the execution of the selection and approval processes of the Group’s employees, as well as the **“Protocol for action with the Legal Department”**, which establishes the controls associated with the review and signing of contracts, or the **“Supplier Master Data Management Procedure”**, with a view to the correct identification of the origin of funds and employees.



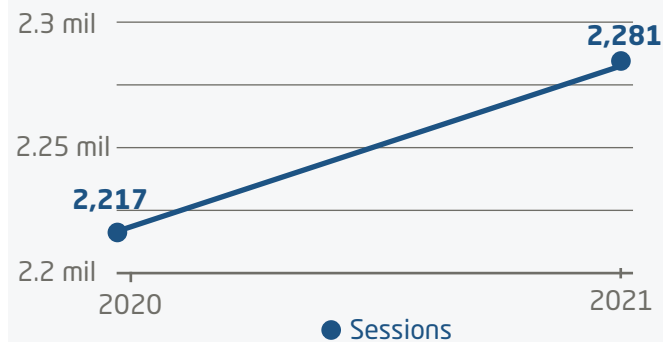
Complaints and ongoing disputes

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

The Ethical Channel is available in 18 different languages, so that it is accessible to all potential users around the world.

During the period under review, 2,281 visits to the ethical channel were recorded, 2.9% more than the previous year (2,217 in 2020 and 754 visits in 2019).

Evolution compared to the previous year



Visits were received from 50 different countries, although the majority of accesses were from Spain (21%), followed by China (9%), Turkey (7%) and Germany (7%).

In 2021, the web channel was the preferred channel for complainants with 72% of the total, followed by direct complaints received by processors with 20%.

Incoming channel of complaints received

Incoming channel	Complaints received in 2021	Complaints received in 2020	Change 2020 vs 2019
Canal web	18	26	-8
Email	2	4	-2
Call back	-	-	0
Manual entrance	5	6	-1

The time the channel has been available and online (SLA - Service Level Agreement) during the year 2021 has been 100%.

In 2021, twenty-five valid complaints were received through Gonvarri's ethics channel from Spain (13), Turkey (10), Poland (1) and Brazil (1), with five pending resolution to date. None of the complaints received through any of the available channels were rejected.

Desglose por tipo de denuncia

Category	Current	%	Pending resolution
Harassment	6	24%	
Discrimination (406-1)	1	4%	1
Fair competition	1	4%	
Conflict of interest	1	4%	
Fraud and Corruption	6	24%	1
Labour	6	24%	2
Health and safety	2	8%	
Other	2	8%	1

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

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).

In 2021, an occupational accident took place which has been administratively sanctioned. In addition, administrative sanctions have been received for the two work-related accidents that took place in 2020.

With regard to other proceedings instituted against the company, ongoing litigation and penalties, there are no significant proceedings that have a material economic impact on the Group, in terms of:

- 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).



Risks and opportunities

Risk management

102-15

Gonvarri Industries is subject to various risks inherent to its activity as a result of its commercial, financial and economic operations, as well as the legal obligations it must fulfil in the countries in which it operates.

To manage all these risks of all types and nature, the group has various mechanisms and systems for detecting, assessing and managing risks within its own business processes and operations.

In 2016, the **"Internal Audit"** area was formally created in order to formalise in an integrated manner the various mechanisms and processes for the detection, assessment and management of risks already present in all business processes.

This risk management system provides reasonable assurance that all significant strategic, operational, financial and compliance risks are prevented, identified, assessed and monitored on an ongoing basis.

With regard to this risk related to Regulatory Compliance and of a criminal nature, to the **"Compliance Model"** has been developed, with the aim of improving the mechanisms for monitoring, measuring and controlling the related risks.

Its design began in 2017 after finalizing a situation diagnosis. The risks associated with our activity were identified and assessed, and the mitigation controls and the mechanisms for continuous improvement and supervision were defined. These controls are various in nature and they are included in the Groups internal regulation.

In this area, the **"Corporate risk control and management policy"** stands out, with the aim of establishing basic principles, as well as a framework for internal control and management of all the kinds of risks faced by the Gonvarri Group.

Risk



Strategic and environmental risks



Operational and infrastructure risks



Financial Risks



Tax risks



Corporate Governance, Ethics, Corruption, Fraud and Compliance Risks



Regulatory compliance risks



Human rights risks



IT security, process and data protection risks



Climate change risks



Strategic and environmental risks

Are considered derived from possible changes in the Group's strategic lines or the situation in the countries in which it operates (political and regulatory changes, currency depreciation, etc.).

In order to **mitigate** these risks, country and global risk analyses are carried out through the "Methodology for the development and viability analysis" and external Due Diligences.

Furthermore, geographic and business diversification, as well as compliance policies, investment in innovation, financial currency hedging and insurance policies, minimise this risk. Furthermore, geographic and business diversification, as well as compliance policies, investment in innovation, currency coverage instruments and insurance policies, minimise this risk.

Among the **opportunities**, the impact of these changes on the local economy (new business opportunities, jobs, taxes, etc.) stands out.



Operational and infrastructure risks

Are considered from technological or quality defects, management problems, etc. that develop into problems in product quality, delivery times, among others.

In order to **mitigate**, risks policies are available and many project and initiatives to improve, track, measure and increase efficiency (SPG, ISO 9000, IATF, TQM, etc.), contingency plans, etc.

A real **opportunity** derives from efficiency in products and processes, which reduces consumption, production times, waste, etc. and thus improves costs and profitability. Moreover, through innovation we adapt to the needs of the market.



Financial Risks

They are mainly considered:

- **Market Risks:** derived from exchange rates and interest rates.
- **Credit Risks:** Derived from cash and cash equivalents, from derivative financial instruments and deposits and receivables.
- **Liquidity risk:** derived from sustaining sufficient cash and marketable securities, availability of financing and capacity to settle market positions.

These risks are detailed in the Annual Accounts Report.

To **mitigate** the risk, simulation of scenarios considering refinancing, roll-overs, alternative financing and hedging through various instruments and policies aligned with the risk determined.

Within the **opportunities**, the prevention mechanisms for financial risks serve us to control growth and investments better by diversifying to other countries and by offsetting those risks or potential incidences, so that our growth is profitable and sustainable.

Regarding project finance, only one contract in 2021 required compliance with the Equator Principles, in addition to the ICO's sustainable financing (412-3).



Tax risks

These are considered to be those arising from non-compliance with its tax obligations and its relations with the Tax Authorities in all the countries in which it operates. These risks are detailed in the Annual Accounts Report.

For their **mitigation**, the Corporate Tax Risk Management Policy and the Transfer Pricing Manual establish the mechanisms for their control and the risk map is updated annually, assessing each risk according to its seriousness, establishing the necessary controls that contribute to their mitigation.

Among the **opportunities**, tax risk prevention mechanisms allow us to have better control over the value creation we contribute to generating in the countries in which we operate.



Corporate Governance, Ethics, Corruption, Fraud and Compliance Risks

Derived from behaviour that goes against the guidelines established in the human rights, ethics and anti-corruption policies, which gives rise to important economic and reputational risks.

To **mitigate** the risks, updating the risks and controls map. In addition, official Policies and Codes in place to regulate these risks are available to all the group's professionals, and specific training is provided on each of the key aspects. For any incident, consultation channels and whistle-blowing mechanisms are in place.

Opportunities involve many actions that enable us to strengthen the Group's ethical principles to minimize our risks and improve our reputation.



Regulatory compliance risks

Consideration is given to those arising from regulatory changes affecting the Group's operations, with increasingly complex and demanding requirements in terms of the application of material and human resources.

To **mitigate** this, the compliance model based on the Code of Ethics and Conduct, policies, consultation and whistleblowing channels and continuous training contribute to its minimisation.

All these measures are an **opportunity** to enhance the Group's reputation and avoid the risk of sanctions for non-compliance.



Human rights risks

Today's society is increasingly aware of abusive and illegal behaviour related to poverty and human rights, especially in the most vulnerable countries.

To **mitigate** this, we have mandatory policies and codes of conduct and whistleblowing channels. In addition, we work in line with the Universal Principles of the Global Compact and the United Nations Sustainable Development Goals.

Our global presence gives us the **opportunity** to work with different cultures and therefore enrich our knowledge and increase our capacity to adapt to different countries. This way we can improve our decision-making and values, like tolerance, from different perspectives and so foment local development



IT security, process and data protection risks

Today, systems are a critical element in the execution of business processes and implementation of business strategy, even more so in an environment of collaboration and innovation based on emerging technologies and in an increasingly turbulent business context, accelerated by the COVID 19 pandemic. Furthermore, cyber threats continue to grow in ingenuity and frequency, online fraud continues to evolve thanks to new social engineering techniques and are responsible for millions of dollars in losses for companies around the world.

To **mitigate** these risks, Gonvarri's IT department lives a challenging balance between the need for digital innovation on a company-wide scale and the need to maintain and operate on current systems and processes, acting with a focus on continuous improvement, operational excellence. In addition, it establishes the necessary mechanisms to safeguard the privacy of information and the protection of customer and supplier data, and to properly manage and treat documentation.

All this leads to new **opportunities** and challenges in creating new IT capabilities to increase productivity and efficiency. The department has continued to be actively involved in innovation initiatives, especially those of the new "Industry 4.0" paradigm, with the deployment and maintenance of the new MES system.



Climate change risks

201-2

The current environment shows that the risks associated with environmental, social and governance (ESG) issues such as climate change are becoming increasingly relevant. It is therefore necessary to incorporate them into the company's decision-making process, its business strategy, management, and performance.

To **mitigate** them, in 2020 the potential transversal risks that could affect the business were analysed at corporate level, with the aim of transferring and specifying these risks to the different countries and facilities over the next two years. To this end, the "Task Force on Climate related Financial Disclosures (TCFD) of the Financial Stability Board (FSB)" standard was used as a reference and integrated into the company's global risk map.

The 2030/50 Carbon Neutral Plan summarises the improvement **opportunities** defined to minimise their impact, meet the expectations of customers and society, and improve the positioning of Gonvarri Industries in the market.

Likewise, the principle of precaution and continuous improvement is incorporated through the Code of Ethics and Conduct, the Integrated Policy and the Sustainability Policy (102-11).



Main risks in 2021

In 2021, Gonvarri continues to face the different risks arising from the market situation in the countries in which it operates, as well as all those arising from the situation generated as a result of the global pandemic of COVID 19, which has hit since the beginning of 2020.

The effects of the pandemic have been multiple, affecting at some point, to a greater or lesser extent, all geographic areas. Against this backdrop, the Group has been evaluating and implementing different measures and adjusting them to each situation and geographic area in order to reduce the impacts derived from the current economic and social context.

- General economic and social instability as a consequence of the COVID19 pandemic and, from March 2022, the armed conflict over the Russian invasion of Ukraine, and its enormous social and economic impact on the entire European Union.
- Cyber threats and online fraud are becoming more and more prevalent, with increasingly sophisticated mechanisms that make it difficult to design and implement efficient mitigation controls.
- The growing legislative production, not only in Spain but also internationally, as well as the increasingly demanding requirements of customers. This makes legal compliance with all the regulations and requirements in the different areas of application more complex, also making it necessary to expand the organisation's structures.

- The situation of political polarisation in certain countries where the Group is present.
- Tension in supply chains as a result of logistical and production misalignments due to COVID19.
- Production stoppages in the Group's factories as a result of unplanned staff departures caused by COVID19.
- Volatility in the price of raw materials and, therefore, in the valuation of the stock available in the factories.
- The risks arising from protectionist policies and the establishment of tariffs among the main players in international trade.
- Risks arising from various geopolitical changes involving trade restrictions, embargoes and sanctions.
- The notable increase in opinions with nationalist and Eurosceptic stances.
- Increasingly restrictive policies on vehicle emissions and the use of fossil fuels.
- Uncertainties from the consumer perspective in the automotive market, leading to falls in consumption and production.
- The growth of environmental, social and governance awareness (ASG), also the risk derived from climate change, natural disasters and disease.

- Internal risk to achieve operational excellence in some countries.
- The general economic crisis as a result of the various uncertainties described above, those arising from the continuous regulatory changes that require adaptation of the Group's processes, exacerbated by the long-term effects of COVID 19 and the need for rapid adaptation to changes in markets and customers.

The effects of the Pandemic continue to have a significant impact on society. Furthermore, since March 2022, the armed conflict initiated by Russia's invasion of Ukraine has generated a huge social and economic impact across the European Union, with restrictions and huge price rises in raw materials and resources such as energy, generating various levels of uncertainty, tensions in the supply chain and effects on prolonged economic impacts that will affect future financial years in an unquantifiable way.



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Culture

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ANNEX I

Independent Review
Report

102-56

Building a better
working worldErnst & Young, S.L.
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ey.comINDEPENDENT LIMITED ASSURANCE REPORT OF THE SUSTAINABILITY REPORT 2021
OF GONVARRI INDUSTRIES, S.L.

To the Management of GONVARRI INDUSTRIES, S.L.:

Scope

As commissioned by the Management of GONVARRI INDUSTRIES, S.L. (hereinafter, Gonvarri Industries), we have carried out the review of the "Sustainability Report 2021". This information has been prepared in accordance with GRI Sustainability Reporting Standards (GRI Standards) core option, as detailed in "Report Profile".

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

The preparation of the "Sustainability Report 2021", as well as its content, is the responsibility of the Management of Gonvarri 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 2021", 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 Gonvarri Industries' global strategy.
- ▶ Reviewing the processes for the compilation and validation of the information presented in the Report.
- ▶ Checking the processes held by Gonvarri 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 Annex "GRI Content Index", 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 contents included in the link "GRI Content Index" of the Report 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 Gonvarri 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 10th, 2022. In the event of any discrepancy, the Spanish version always prevails.)



ANNEX II

Report Profile

The Sustainability Report has been made in accordance with the information and indicators established in the reference guidebook "GRI Standards", core option, (102-54) and the relevant factors that derive from our Materiality Study, as an integral part of our Management Model "Drive" and our commitment to the Sustainable Development Goals. The GRI table of Contents is annexed to this report, together with the independent external verification report from the Company EY (102-56).

The purpose of this report is to communicate the most important initiatives and issues, through an approach aligned with our understanding of sustainability and its impact on the management of the Company.

Contact of the report

102-53

General questions about this report can be addressed to (102-53):



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Presentation cycle

As in previous years, the Report is published annually (102-52), including information from 1 January 2021 to 31 December 2021 (102-50), the last report being for the financial year 2020 (102-51).

Significant Changes

Compared to the previous year, the scope of the Report includes quantitative and qualitative information on three new engineering companies in the Gonvarri Material Handling division: GMH Kaufmann Systems AG, GMH Complete Storage & Interiors Ltd (CSI) and GMH Lampe Lagertechnikne, the R&D offices of Agromega (Israel) as well as the new Gonvarri Sogeisa warehouse in Spain and information on the workforce at the Riera i Tutó laser factory (102-49).

Minor changes are indicated in their corresponding sections.

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



ANNEX III. Quantitative information

Human Resources

I. OWN PERSONNEL

MEN

	MANAGER				MIDDLE MANAGER				PLANT PERSONNEL			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Germany	0	2	3	5	0	5	12	23	23	74	62	116
Argentina	0	0	2	0	0	1	6	3	5	12	13	1
Belgium	0	0	0	1	0	0	0	1	0	1	3	1
Brazil	0	0	1	0	0	5	14	11	77	154	112	48
China	0	5	14	3	0	10	26	4	43	221	91	16
Colombia	0	0	4	4	0	0	3	3	3	39	52	96
Denmark	0	0	0	1	0	0	0	2	0	1	1	8
Spain	0	2	25	50	1	19	68	145	22	182	364	714
USA	0	2	2	1	0	2	0	2	1	32	17	11
Slovakia	0	0	0	4	0	2	6	5	16	36	41	32
Finland	0	1	0	0	0	0	4	2	2	2	9	11
Netherlands	0	0	0	2	0	0	0	3	0	2	8	8
Hungria	0	0	0	1	0	0	0	0	1	0	3	1
Israel	0	1	0	0	0	0	0	2	0	0	0	0
Mexico	0	0	0	1	0	6	6	4	9	37	19	9
Norway	0	0	0	3	0	0	0	5	0	0	2	9
Poland	0	0	0	1	0	0	5	2	4	27	35	10
Portugal	0	0	0	0	0	0	3	10	2	15	24	18
UK	0	0	0	9	0	0	3	14	9	34	53	85
Czech Rep.	0	0	2	2	0	3	4	3	31	39	29	51
Romania	0	0	2	2	0	13	18	4	32	70	79	115
Russia	0	0	2	0	2	6	16	11	7	42	26	17
Sweden	0	1	3	4	0	9	0	6	2	15	26	37
Switzerland	0	0	0	2	1	2	2	4	0	1	1	0
Turkey	0	0	9	5	0	5	7	1	35	82	75	64
TOTAL	0	14	69	101	4	88	203	270	324	1,118	1,145	1,478

WOMEN

	MANAGER				MIDDLE MANAGER				PLANT PERSONNEL			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
	0	1	0	0	1	0	3	3	14	14	12	15
	0	0	1	0	0	1	2	1	1	1	3	0
	0	0	0	0	0	0	0	0	0	0	0	1
	0	0	0	0	0	2	6	3	17	21	21	5
	0	0	3	0	0	4	8	1	2	32	17	0
	0	1	2	2	0	1	2	1	4	20	8	3
	0	0	0	0	0	0	0	1	0	0	0	3
	0	3	2	6	1	6	13	17	3	27	62	56
	0	0	1	1	0	3	1	0	1	2	3	0
	0	0	0	2	0	0	2	1	0	4	19	5
	0	0	0	0	0	0	0	1	0	0	1	7
	0	0	0	0	0	0	0	1	1	1	0	2
	0	0	0	0	0	0	1	1	0	0	0	1
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	4	1	0	8	1	0
	0	0	0	1	0	0	1	0	1	0	1	2
	0	0	1	0	0	0	2	0	2	18	4	4
	0	0	0	1	0	0	2	3	0	2	4	8
	0	0	0	3	0	0	2	0	6	4	15	20
	0	0	0	1	0	0	4	0	2	13	7	5
	0	0	0	1	0	5	3	2	8	19	23	12
	0	0	0	0	0	7	11	4	0	7	2	1
	0	0	0	1	0	3	1	3	0	2	4	8
	0	0	0	0	0	1	0	1	0	3	0	0
	0	1	1	0	0	0	0	1	0	10	0	0
	0	6	11	19	2	33	68	46	62	208	207	158



II. EXTERNAL PERSONNEL

SUBCONTRACTORS

TEA's

	MEN	WOMEN	MEN	WOMEN
Germany	0	0	41	3
Argentina	0	0	0	0
Belgium	0	0	0	0
Brazil	3	0	0	1
China	162	4	0	0
Colombia	0	0	127	4
Denmark	0	0	0	0
Spain	79	0	141	9
USA	0	0	2	0
Slovakia	10	0	0	0
Finland	0	0	0	0
Netherlands	0	0	0	0
Hungria	0	0	0	0
Israel	1	2	0	0
Mexico	4	0	10	0
Norway	0	0	0	0
Poland	0	0	0	0
Portugal	2	0	2	1
UK	3	0	3	1
Czech Rep.	0	0	33	0
Romania	0	0	0	0
Russia	0	0	4	0
Sweden	0	0	1	0
Switzerland	0	0	0	0
Turkey	14	0	0	0
TOTAL	278	6	364	19

III A. HIRES

	MEN												WOMEN											
	MANAGER				MIDDLE MANAGER				PLANT PERSONNEL				MANAGER				MIDDLE MANAGER				PLANT PERSONNEL			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Germany	0	0	0	2	0	1	0	0	7	8	9	14	0	0	0	1	0	0	0	0	0	1	2	2
Argentina	0	0	1	0	0	0	0	0	1	4	2	0	0	0	0	0	0	1	0	0	4	2	0	0
Belgium	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	2	3	1	46	78	66	16	0	0	0	0	0	0	1	0	13	12	9	0
China	0	2	1	1	0	3	3	0	38	109	36	2	0	0	0	0	0	1	0	0	2	12	6	0
Colombia	0	0	0	1	0	0	0	0	2	9	2	3	0	0	1	0	0	0	0	0	3	6	3	0
Denmark	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	2	1	1	3	5	2	25	68	54	31	0	0	0	0	0	4	4	2	3	3	5	1
USA	0	0	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0	1	0	0	0	0	1	0
Slovakia	0	0	0	2	0	0	1	0	10	13	23	7	0	0	0	0	0	0	1	1	0	2	2	0
Finland	0	0	0	0	0	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	1	0	1
Netherlands	0	0	0	0	0	0	0	0	0	1	4	1	0	0	0	0	0	0	0	0	1	0	0	0
Hungria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	1	5	12	3	1	0	0	0	0	0	0	0	0	0	2	0	0
Norway	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0
Poland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Portugal	0	0	1	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0
UK	0	0	0	1	0	0	0	0	9	14	14	5	0	0	0	1	0	0	0	0	2	1	4	3
Czech Rep.	0	0	0	0	2	3	0	0	9	2	2	5	0	0	0	0	1	1	1	1	0	0	0	0
Romania	0	0	0	0	0	0	0	0	30	39	39	30	0	0	0	0	0	0	0	0	4	3	8	4
Russia	0	0	1	0	0	2	0	1	6	11	6	2	0	0	0	0	0	1	1	0	0	1	0	0
Sweden	0	0	0	0	0	0	0	0	1	2	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Switzerland	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	4	0	0	0	0	0	26	38	30	20	0	0	0	0	0	0	0	0	0	3	0	1
TOTAL	0	2	10	8	3	17	13	5	217	410	297	140	0	0	2	2	1	9	8	4	33	49	41	12



III B. MEN'S LEAVES

	DISMISSAL LEAVING												VOLUNTARY LEAVING											
	MANAGER				MIDDLE MANAGER				PLANT PERSONNEL				MANAGER				MIDDLE MANAGER				PLANT PERSONNEL			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
Germany	0	0	0	0	0	0	0	1	2	4	0	9	0	0	1	0	0	0	0	0	4	3	9	12
Argentina	0	0	0	0	0	2	0	0	0	3	2	0	0	0	1	0	0	0	0	0	1	4	3	0
Belgium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	1	0	0	2	0	11	29	18	1	0	0	0	0	0	3	0	0	9	19	20	2
China	0	0	0	0	0	0	0	0	0	3	6	1	0	1	1	0	0	3	0	0	19	52	26	6
Colombia	0	0	0	0	0	0	1	0	0	1	0	6	0	0	0	1	0	0	0	0	0	3	2	6
Denmark	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	2	0	1	1	2	1	3	9	15	0	1	1	0	0	2	4	8	21	63	43	30
USA	1	0	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Slovakia	0	0	1	0	0	0	0	0	1	3	8	1	0	0	0	0	0	0	0	0	5	8	9	5
Finland	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Hungria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0	3	4	4	2	0	0	0	0	0	0	0	0	0	0	0	1
Norway	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Poland	0	0	0	0	0	0	0	0	0	3	0	1	0	0	0	0	0	0	0	0	0	3	0	0
Portugal	0	0	1	0	0	0	0	0	1	0	2	2	0	0	0	0	0	0	0	0	0	2	1	1
R. Unido	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	3	8	6	6
Czech Rep.	0	0	0	0	0	1	0	1	1	0	0	2	0	0	0	0	0	3	0	0	6	7	1	6
Romania	0	0	0	0	0	0	0	0	0	7	3	2	0	0	0	0	0	2	3	1	24	24	27	26
Russia	0	0	0	0	0	2	2	1	8	10	4	2	0	0	1	0	0	0	1	0	0	1	0	2
Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	1	0	1	5
Switzerland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Turkey	0	0	1	0	0	0	1	0	3	8	6	3	0	1	4	0	0	1	0	0	19	56	49	26
TOTAL	1	0	3	3	0	6	7	5	31	87	62	49	0	3	9	4	0	14	10	10	112	254	198	136

III C. WOMEN'S LEAVES

	DISMISSAL LEAVING												VOLUNTARY LEAVING											
	MANAGER				MIDDLE MANAGER				PLANT PERSONNEL				MANAGER				MIDDLE MANAGER				PLANT PERSONNEL			
	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46	18-25	26-35	36-45	46
	0	0	0	1	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	1	2	4	1
	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	1	0	0	4	6	2	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	9	1	0
	0	0	0	0	0	0	0	0	0	0	3	0	0	0	1	0	0	0	0	0	0	3	2	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	0	0	1	0	0	0	0	0	0	0	2	0	0	0	0	0	0	2	0	0	0	4	8	4
	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	2	1	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0	0	1	2	0	0
	0	0	1	1	0	0	1	0	3	12	7	2	0	0	1	0	0	3	3	1	8	31	23	15



IV. PERSONNEL BY TYPE OF CONTRACT AND DURATION OF CONTRACT, GENDER AND COUNTRY

	TYPE OF CONTRACT						CONTRACT DURATION			
	PERMANENT		TEMPORARY		SCHOLARSHIP		FULL-TIME		PART TIME	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Germany	263	48	51	6	11	7	324	57	1	4
Argentina	43	10	0	0	0	0	43	10	0	0
Belgium	7	1	0	0	0	0	7	1	0	0
Brazil	413	69	0	0	9	6	260	48	162	27
China	424	64	9	3	0	0	433	67	0	0
Colombia	190	44	12	0	2	0	204	44	0	0
Denmark	13	4	0	0	0	0	13	4	0	0
Spain	1,534	186	57	10	1	0	1,552	185	40	11
USA	68	12	2	0	0	0	70	12	0	0
Slovakia	105	29	37	4	0	0	142	32	0	1
Finland	30	9	1	0	0	0	31	9	0	0
Netherlands	20	4	3	1	0	0	20	4	3	1
Hungria	6	3	0	0	0	0	6	3	0	0
Israel	3	0	0	0	0	0	3	0	0	0
Mexico	91	14	0	0	0	0	91	14	0	0
Norway	19	6	0	0	0	0	19	5	0	1
Poland	80	26	4	5	0	0	83	31	1	0
Portugal	59	18	13	2	0	0	72	20	0	0
UK	174	46	32	4	1	0	204	38	3	12
Czech Rep.	139	25	25	7	0	0	164	32	0	0
Romania	257	62	78	11	0	0	278	72	57	1
Russia	129	31	0	1	0	0	129	30	0	2
Sweden	102	22	1	0	0	0	100	21	3	1
Switzerland	11	5	2	0	0	0	13	3	0	2
Turkey	283	13	0	0	0	0	283	13	0	0
TOTAL	4,463	751	327	54	24	13	4,544	755	270	63

V. TRAINING BY GENDER AND CATEGORY

MEN			WOMEN		
MANAGER	MIDDLE MANAGER	PLANT PERSONNEL	MANAGER	MIDDLE MANAGER	PLANT PERSONNEL
293	4,063	6,105	421	701	1,227
42	278	914	27	158	256
0	5	0	0	0	0
8	2,100	19,439	0	836	2,759
537	1,450	5,352	33	446	921
235	506	4,131	261	245	2,036
8	16	102	0	14	53
719	4,119	21,669	196	975	4,017
0	0	1,114	1,114	16,997	1,674
48	326	1,374	24	16	658
12	12	140	0	36	88
0	0	104	0	16	16
20	8	60	0	0	150
0	0	0	0	0	0
34	505	4,108	0	168	303
1	2	180	0	0	2
0	112	35,549	16	1,430	2,392
0	425	950	30	155	328
12	42	8,645	12	0	74
48	28	607	16	42	72
76	1,068	9,796	12	132	1,216
16	624	4,890	0	220	100
95	57	304	0	6	4
0	0	0	0	0	16
370	444	4,740	0	55	185
2,574	16,189	130,272	2,162	22,648	18,546



VI. NON-HAZARDOUS WASTE (TONNES)

	Scrap	Packaging						Others	
	Scrap	Wood	Tablex	Paper and cardboard	Recyclable plastic	Non-recyclable plastic	Mixed	Other	Construction
Germany	29,452	143.64	0.00	51.98	0.00	0.00	116.16	70.51	6.28
Argentina	3,055	0	0	74	61	0	11	0	0
Brazil	23,775	181.03	0.00	32.90	330.66	0.00	0.00	77.51	33.38
China	44,622	2.33	0.00	18.52	14.25	2.52	0.00	2.36	0.00
Colombia	1,733	0	0	11	2.66	0	0	92.21	35.89
Denmark	-	0	0	0.10	0.05	0	0	0	0
Spain	110,573	504.15	408.99	91.21	34.22	183.32	171.23	401.24	58.32
USA	19,008	33	0	78	23	0	0	0	0
Slovakia	13,053	181.82	0.00	1.20	2.00	0.00	38.83	0.00	0.00
Finland	-	5.16	0	16	0.60	0	0	2.17	0
Netherlands	-	0	0	2.40	0.24	0	0	5.85	0
Mexico	14,412	24.57	0	211.84	57.65	0	698	5.51	0
Poland	7,168	35.05	0.00	56.65	37.52	0.00	0.00	0.00	0.00
Portugal	2,931	88.50	0	22.64	18.70	35.64	0	0	0
UK	10,36	138.54	0.00	0.44	9.14	0.00	0.00	276.81	0.00
Czech Rep.	545	4.46	0.00	5.71	0.00	2.28	0.11	32.17	0.00
Romania	1,981	48	0	13.98	0	15.21	0	147.17	0
Russia	8,247	192.53	0.00	604.24	153.97	0.00	1.81	1.00	0.00
Sweden	-	12.04	0.00	3.34	1.07	0.00	0.00	15.33	0.00
Turkey	1.805	0	0	0	0	0	0	0	
Total	293,097	1,595	409	1,296	747	239	1,037	1,130	134



VII. HAZARDOUS WASTE (TONNES)								
	Material		Packaging	Galvanising			Pickling	Painting
	Oil	Absorbent	Contaminated	Ashes	Mattes	Ferrous Chloride with Zinc	FeCl ₂	Electrostatic
Germany	0.02	11	0	0	0	0	0	0
Argentina	0.00	4	0	0	0	0	0	0
Brazil	0.01	77	0	0	0	0	5,423	0
China	0.01	100	0	0	0	0	0	0
Colombia	0.00	7	0	62	44	0	203	2.46
Spain	0.07	63	15	293	159	1,505	14,646	0
Slovakia	0.00	31	2	0	0	0	0	0
Mexico	0.00	4	0	0	0	0	0	0
Portugal	0.00	9	0	0	0	0	0	0
UK	0.00	3	0	0	0	0	0	0
Czech Rep.	0.00	2	1	0	0	0	0	0.14
Romania	0.00	0	1	0	0	0	0	0
Russia	0.01	2	1	0	0	0	8	0
Sweden	0.00	2	0	0	0	0	0	0
Turkey	0.00	0	8	80	81	0	0	0
TOTAL	0.12	316	27	436	284	1,505	20,279	3



ANNEX IV

Associations and organizations 102-13

Corporate level

- Pacto Mundial de Naciones Unidas
- Fundación SERES

Europe

- European Steel Association (EUROFER)

Spain

- Confederación Española de Organizaciones Empresariales del Metal (CONFEMETAL)
- Unión de Empresas Siderúrgicas (UNESID)
- Asociación Española de Contabilidad y Administración de Empresas
- AMCHAMSPAIN
- Asociación Innovación en Prevención.
- Asociación Española para la Calidad (AEC).
- Instituto Empresa Familiar
- Fundación AlzheimerSpain
- Asociación Catalana de Empresas de Moldes y Matrices (ASCAMM).
- Asociación Española de Tecnologías de Fabricación Aditiva y 3D (ADDIMAT).
- Asociación Española de Proveedores de Automoción (SERNAUTO).

- Asociación para el Progreso de la Dirección (A.P.D.).
- Asociación Instituto de Auditores Internos.

Gonvarri Barcelona

- Associació Industrial per a la Producció Neta (AIPN)
- Unió Patronal Metallúrgica (UPM)

Gonvauto Barcelona

- Associació Industrial per a la Producció Neta i Delta del Llobregat
- Unió Patronal Metallúrgica
- Clúster de Automoció de Catalunya
- Unió de Magatzemistes de Ferros de Catalunya y Balears

Gonvarri Valencia

- Asociación Valenciana de la Industria de Automóvil (AVIA)
- Asociación Empresarios Camp de Morvedre (ASECAM)
- Federación del Metal de Valencia (FEMEVAL)
- Unión de almacenistas del hierro deSpain (UAHE)

Gonvauto Galicia

- Asociación de Industriales Metalúrgicos de Galicia (ASIME)
- Clúster del Automóvil de Galicia (CEAGA)

Gonvauto Navarra

- Asociación de Empresarios del Metal (ANEM)
- Club de Marketing
- Clúster de Automoció

Gonvarri Burgos

- Federación Empresarial del Metal (FEMEBUR)
- Asociación para la calidad
- Asociación Empresarial Polígono Gamonal
- Center for the Development of Excellence, S.L.
- Digital HUB Burgos

Hiasa y Gonvauto Asturias

- Federación de Empresarios del Metal y Afines del Principado de Asturias (FEMETAL)
- FADE ASTURIAS

Gonvarri Tarragona

- Asociación Provincial de Empresarios del Metal de Tarragona (APEMTA)

Flinsa

- Federación de Empresarios del Metal de la provincia de Alicante (FEMPA)
- AIJU Instituto Tecnológico
- Asociación de Empresarios de Ibi y Comarca (IBIAE)

GonvarriPortugal

- Associação Nacional das Empresas Metalúrgicas e Electromecânicas (ANEME)

GonvarriPoland

- Unió Polaca de Distribuidores de Acero (PUDS).

GonvarriGermany

- Initiative Erfurter Kreuz
- IHK Südthüringen
- Initiative Erfurt Cross

GMHGermany

- European Racking Federation (ERF)
- Verband für Lagertechnik Betriebseinrichtung (LBE)
- Gütegemeinschaft (RAL)

Steel&Alloy

- Confederation of British Metal Forming

GMHRomania

- Asociația Română de Logistica (ARILOG)

GMHRussia

- St. Petersburg International Business Association (SPIBA)

GMH Kredit

- Hospodářská komora ČR/Czech Chamber of commerce

GonvarriTurkey

- Kahramankazan Industrialists' and Businessmen's Association (KASIAD)
- General Galvanizers Association (GALDER)
- Turkey Section of the International Solar Energy Society (GÜNDER)
- Steel Guardrail and Road Safety Systems Association (TOD)

Gonvauto South Carolina

- HR Association Union Chamber of Commerce.

GonvarriArgentina

- Asociación de Recursos Humanos deArgentina (ADRHA)

GonvarriColombia

- Asociación Nacional de Industriales deColombia (ANDI)
- CorporaciónColombiana Internacional (CCI)

Gonvauto Puebla

- Camara Nacional de la Industria de Transformación (Canacindra)
- Relaciones Industriales de Puebla y Tlaxcala A.C. (Riptac)



ANNEX V

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.

Content	Page/ Omission	Review & maetriality
GRI 101: Foundation		
GRI 102: General Content		
ORGANIZATIONAL PROFILE		
102-1 Name of the organization	9, 103	✓
102-2 Activities, brands, products, and services	12	✓
102-3 Location of headquarters	103	✓
102-4 Location of operations	10	✓
102-5 Ownership and legal form	103	✓
102-6 Markets served	9, 10, 13	✓
102-7 Scale of the organization	11	✓
102-8 Information on employees and other workers	37, 39, An III	✓
102-9 Supply chain	69	✓
102-10 Significant changes to the organization and its supply chain	69, 124	✓
102-11 Precautionary Principle or approach	120	✓
102-12 External initiatives	87	✓
102-13 Membership of associations	111, An IV	✓

Content	Page/ Omission	Review & maetriality
STRATEGY		
102-14 Statement from senior decision-maker	4, 6	✓
102-15 Key impacts, risks, and opportunities	35	✓ m
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behavior	9, 111	✓ m
102-17 Mechanisms for advice and concerns about ethics	111	✓ m



Content	Page/ Omission	Review & materiality
GOVERNANCE		
102-18 Governance structure	104	✓
102-19 Delegating authority	103	✓
102-20 Executive-level responsibility for economic, environmental, and social topics.	105	✓
102-21 Consulting stakeholders on economic, environmental, and social topics.	103	✓
102-22 Composition of the highest governance body and its committees	103	✓
102-23 Chair of the highest governance body	103	✓
102-24 Nominating and selecting the highest governance body	103	✓
102-25 Conflicts of interest	103	✓
102-26 Role of highest governance body in setting purpose, values, and strategy	105	✓
102-27 Collective knowledge of highest governance body	105	✓
102-28 Evaluating the highest governance body's performance	103	✓
102-29 Identifying and managing economic, environmental, and social impacts.	106	✓ M
102-30 Effectiveness of risk management processes	106	✓
102-31 Review of economic, environmental, and social topics	105, 106	✓
102-32 Highest governance body's role in sustainability reporting	105	✓
102-33 Communicating critical concerns	105	✓
102-34 Nature and total number of critical concerns	106	✓
102-35 Remuneration policies	106	✓
102-36 Process for determining remuneration	106	✓
102-37 Stakeholders' involvement in remuneration	106, NA	✓
102-38 Annual total compensation ratio	106	✓
102-39 Percentage increase in annual total compensation ratio	106	✓

Content	Page/ Omission	Review & materiality
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	17	✓
102-41 Collective bargaining agreements	44	✓
102-42 Identifying and selecting stakeholders	17	✓
102-43 Approach to stakeholder engagement	17	✓
102-44 Key topics and concerns raised	19	✓
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	139	✓
102-46 Defining report content and topic Boundaries	18	✓
102-47 List of material topics	19	✓
102-48 Restatements of information	124, An II	✓
102-49 Changes in reporting	124	✓
102-50 Reporting period	124	✓
102-51 Date of most recent report	124	✓
102-52 Reporting cycle	124	✓
102-53 Contact point for questions regarding the report	124	✓
102-54 Claims of reporting in accordance with the GRI Standards	124	✓
102-55 GRI content index	132, An V	✓
102-56 External assurance	123	✓



Economic Performance

MATERIALITY TOPICS

Content	Page/ Omission	Review & materiality
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	17, 103	✓
103-2 The management approach and its components	103	✓
103-3 Evaluation of the management approach	103	✓
ECONOMIC PERFORMANCE		
GRI 201. Economic Performance		
201-1 Direct economic value generated and distributed	107	✓
201-2 Financial implications and other risk and opportunities due to climate change	120	✓ M
201-3 Defined benefit plan obligations and other retirement plans	45, 46	✓
201-4 Financial assistance received from government	109	✓
PROCUREMENT PRACTICES		
GRI 204. Procurement Practices		
204-1 Proportion of spending on local suppliers	71	✓
ANTI CORRUPTION		
GRI 205. Anti corruption		
205-1 Operations assessed for risks related to corruption	114	✓
205-2 Communication and training about anti-corruption policies and procedures	116	✓
205-3 Confirmed incidents of corruption and actions taken	117	✓

Content	Page/ Omission	Review & materiality
ANTI-COMPETITIVE BEHAVIOR		
GRI 206. Anti-competitive Behavior		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	117	✓
TAXATION		
GRI 207. Taxation		
207-1 Approach to tax	112	✓
207-2 Tax governance, control, and risk management	112	✓
207-3 Stakeholder engagement and management of concerns related to tax	112	✓
207-4 Country-by-country reporting	109	✓



Environmental performance

MATERIALITY TOPICS

Content	Page/ Omission	Review & materiality
MANAGEMENT APPROACH		
GRI 103. Management Approach. It is applicable to all indicators reported in this section Environmental Dimension.		
205-1 Operations assessed for risks related to corruption	17, 21	✓ M
205-2 Communication and training about anti-corruption policies and procedures	21	✓ M
205-3 Confirmed incidents of corruption and actions taken	21	✓ M
MATERIALS		
GRI 301. Materials		
301-1 Materials used by weight or volume	29, 31	✓ M
301-2 Recycled input materials used	31	✓ M
301-3 Reclaimed products and their packaging materials	31	✓
ENERGY		
GRI 302. Energy		
302-1 Energy consumption within the organization	22	✓ M
302-2 Energy consumption outside of the organization	23	✓ M
302-3 Energy intensity	23	✓ M
302-4 Reduction of energy consumption	24	✓ M
302-5 Reduction in energy requirements of products and services	30. Nota A	✓ M
WATER AND EFFLUENTS		
GRI 303. Water and effluents		
303-1 Interactions with water as a shared resource	34	✓
303-2 Management of water discharge-related impacts	34	✓
303-3 Water withdrawal	34	✓
303-4 Water discharge	34	✓
303-5 Water consumption	34	✓

Content	Page/ Omission	Review & materiality
EMISSIONS		
GRI 305. Emissions		
305-1 Direct (Scope 1) GHG emissions	24	✓ M
305-2 Energy indirect (Scope 2) GHG emissions	24	✓ M
305-3 Other indirect (Scope 3) GHG emissions	26	✓ M
305-4 GHG emissions intensity	27	✓ M
305-5 Reduction of GHG emissions	24	✓ M
305-6 Emissions of ozone-depleting substances (ODS)	26	✓
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions.	27	✓
WASTE		
GRI 306. Waste		
306-1 Water discharge by quality and destination.	29, 31	✓ M
306-2 Waste by type and disposal method	29, 31, 32	✓ M
306-3 Significant spills	29	✓ M
306-4 Transport of hazardous waste	29, 31	✓ M
306-5 Water bodies affected by water discharges and/or runoff	29	✓ M
ENVIRONMENTAL COMPLIANCE		
GRI 307. Environmental Compliance		
307-1 Non-compliance with environmental laws and regulations	117	✓



Social Performance

MATERIALITY TOPICS

Content	Page/ Omission	Review & materiality
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	17, 37	✓
103-2 The management approach and its components	37	✓
103-3 Evaluation of the management approach	37	✓
EMPLOYMENT		
GRI 401. Employment		
401-1 New employee hires and employee turnover	38	✓
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	45	✓
401-3 Parental leave	46	✓
OCCUPATIONAL HEALTH AND SAFETY		
GRI 403. Occupational Health and Safety		
403-1 Occupational health and safety management system	49 y 59	✓ m
403-2 Hazard identification, risk assessment, and incident investigation	50, 52, 54, 55	✓ m
403-3 Occupational health services	50, 52, 54	✓ m
403-4 Worker participation, consultation, and communication on occupational health and safety	51, 52, 59	✓ m
403-5 Worker training on occupational health and safety	58	✓ m
403-6 Promotion of worker health	47	✓ m
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	51	✓ m
403-8 Workers covered by an occupational health and safety management system	49	✓ m
403-9 Work-related injuries	50 y 55	✓ m
403-10 Work-related ill health	54	✓ m

Content	Page/ Omission	Review & materiality
TRAINING AND EDUCATION		
GRI 404. Training and Education		
404-1 Average hours of training per year per employee	40	✓ m
404-2 Programs for upgrading employee skills and transition assistance programs	40	✓ m
404-3 Percentage of employees receiving regular performance and career development reviews	42	✓
DIVERSITY AND EQUAL OPPORTUNITY		
GR 405. Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	43, 47 y 103	✓
NON-DISCRIMINATION		
GRI 406. Non-discrimination		
406-1 Incidents of discrimination and corrective actions taken	117	✓
CHILD LABOR		
GRI 408. Child Labor		
408-1 Operations and suppliers at significant risk for incidents of child labor	117	✓ m
FORCED OR COMPULSORY LABOR		
GRI 409. Forced or Compulsory Labor		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	117	✓
HUMAN RIGHTS ASSESSMENT		
GRI 412. Human Rights Assessment		
412-2 Employee training on human rights policies or procedures	116	✓
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	110, 119	✓



Social Performance

MATERIALITY TOPICS

Content		Page/ Omission	Review & materiality
LOCAL COMMUNITIES			
GRI 413. Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	89	✓
413-2	Operations with significant actual and potential negative impacts on local communities	89	✓
PUBLIC POLICY			
GRI 415. Public Policy			
415-1	Political contributions	109 and 111	✓
CUSTOMER HEALTH AND SAFETY			
GRI 416. Salud y seguridad de los clientes			
416-1	Assessment of the health and safety impacts of product and service categories	Note B	✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	117	✓

NOTE A (302-5): Does not apply. The products follow the customers' specifications, so the company has little influence.

NOTE B (416-1): Does not apply due to the type of product of our company.

Content		Page/ Omission	Review & materiality
MARKETING AND LABELING			
GRI 417. Marketing and Labeling			
417-1	Requirements for product and service information and labeling	60	✓
417-2	Incidents of non-compliance concerning product and service information and labeling	117	✓
417-3	Incidents of non-compliance concerning marketing communications	117	✓
CUSTOMER PRIVACY			
GRI 418. Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	117	✓ m
SOCIOECONOMIC COMPLIANCE			
GRI 419. Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	117	✓



annex VI

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 Gonvarri Industries' progress concerning these principles by the following this table:

Aspect	UN Global Compact Principles	Progress included in chapter	ESG
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	Drive: Sustainability	Environmental Government
	Principle 2 Make sure that they are not complicit in human rights abuses	Drive: Sustainability Drive: Efficiency Drive: Profitable growth	Environmental Government
Labour Rights	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Drive: People	Social
	Principle 4 The elimination of all forms of forced and compulsory labour.	Drive: Profitable growth	Social Government
	Principle 5 The effective abolition of child labour.	Drive: Profitable growth	Social
	Principle 6 The elimination of discrimination in respect of employment and occupation.	Drive: People	Social Government
Enviromental	Principle 7 Businesses should support a precautionary approach to environmental challenges.	Drive: Sustainability Drive: Efficiency	Environmental
	Principle 8 Undertake initiatives to promote greater environmental responsibility.	Drive: Sustainability Drive: Efficiencia	Environmental Social
	Principle 9 Encourage the development and diffusion of environmentally friendly technologies.	Drive: Sustainability Drive: Efficiency Drive: Innovation	Environmental
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	Our business Drive: Internal Auditing & Compliance	Goverment



ANNEX VII

Scope consolidation of Gonvarri Industries S.L. and subsidiaries

Scope consolidation. The group was composed by the following companies at the end of 2021 (102-45).

Germany

- Gonvarri MS Deutschland. GMBH
- Gonvarri Aluminium, GMBH.
- Gonvauto Thüringen, GMBH
- Laser BlankingGermany, GMBH
- Dexion GMBH
- Lampe Lagertechnik GmbH

Argentina

- GonvarriArgentina S.A.

Austria

- Dexion Österreich GmbH

Belgium

- Dexion Nv/SABelgium

Brazil

- Gonvarri Solar SteelBrazil Ltd.
- ArcelorMittal GonvarriBrazil, Pdtos. Siderúrg. S.A..
- MAG Aliança Automóveis doBrazil SSC S.A.

Chile

- Gonvarri Chile Estructuras Metálicas, Ltda.

China

- Dongguan Gonvarri Summit Automotive Steel Processing Center CO. LTD
- Vama Gonvarri Automotive Solutions CO. LTD
- Vama Gonvarri Automotive Solutions (Shenyang) CO. LTD
- Vama Gonvarri Automotive Solutions (Changshu) CO. LTD
- Vama Gonvarri Automotive Solutions (Chongqing) CO. LTD
- Vama Gonvarri Automotive Solutions (Loudi) CO. LTD

Colombia

- Gonvarri MSColombia, S.A.S, S.L.
- Denmark
- Constructor Danmark A/SDenmark

Slovakia

- Arcerlomittal Gonvarri SSC Slovakia, S.R.O
- Arcerlomittal Gonvarri Nitra S.R.O
- Dexion Spol SroSlovakia

USA

- Gonvarri Solar Steel US, Inc
- Gonvarri Steel Services US, INC
- Gonvauto South Carolina LLC.

Spain

- Gonvarri MS Corporate, S.L.
- Hierros y Aplanaciones, S.A.
- Road Steel Engineering, SL
- Suports Desarrollo y Soluciones, SL
- Gonvarri MS R&D, SL
- Gonvarri Solar Steel, S.L
- Obratel
- Gonvauto Asturias, SL
- Addimen Bizkaia, SL
- Flejes Industriales, SA
- Sogei S.A
- Gonvauto Galicia, S.A.
- Gonvauto, S.A.
- Gonvarri I.Centro de Servicios, S.L.
- Gonvarri Portfolio Internacional, S.L.

- Gonvarri Valencia, S.A
- Gonvarri Tarragona, S.L.
- Láser Automotive Barcelona, S.L.
- Láser Automotive Valencia, S.L.
- Láser Automotive Zaragoza, S.L.
- Gonvarri Material Handling, S.L.
- Gonvasolar, S.L.
- Gonvauto Navarra, S.A.
- Severstal Gonvarri Holding, S.L.
- Laserboost
- Riera Tutto, SL
- Rejillas Calibradas SL

France

- GMS France SAS

Finland

- ConstructorFinland OY

Netherlands

- Constructor Dexion Holland BV

Honduras

- Hiasa Montajes Honduras, S.A.
- Hungria
- Dexion KFT Hungary

Israel

- Agromega Projects Ltd

Italy

- Gonvarri Italy, S.p.A.

Morocco

- Gonvarri Industrial Maroc, S.A.

Mexico

- Suports Energia Sustentable-Mexico S.A.P.I. de C.V
- Gonvarri MS Baja California S.A
- Gonvauto Puebla, S.A. de C.V.

Norway

- Gonvarri Material Handling AS
- Constructor Norge ASNorway

Poland

- Gonvarri Polska, SP, ZO O.
- Dexion Polska SP. Z.o.oPoland

Portugal

- Gonvarri Ptos. Siderúrgicos,S.A.

UK

- Constructor GroupUK Ltd
- Hi- Lo Storage Systems Ltd
- Complete Storage & Interiors (CSI)
- Steel & Alloy Holding LTD.
- Steel & Alloy Procesing LTD

Czech Rep.

- Gonvarri Czech, S.R.O.
- Dexion Sro Czech Republic
- Kredit SRO Czech Republic

Romania

- Dexion Storage Solutions SRL, Romania

Russia

- Severstal Gonvarri Kaluga Ilc
- Constructor Rus

Switzerland

- Kaufmann Systems A G

Sweden

- Constructor Sverige ASSweden
- Constructor Shared Services ABSweden
- Canrena System Aktiebolag

Turkey

- Çepas Galvaniz, Sanayi Anomin Sirketi



Gonvarri
Industries