

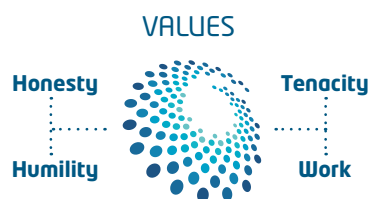
Sustainability Report 2014



Gonvarri
Steel Services

Main Figures

Our business
is **flat steel
transformation**



SOCIAL ACTION

Emotional Driving
2015 / 2017
By **Gonvarri**
Steel Services



6 business
lines
Automotive, mecano,
road steel, energy,
storage and industry.

2013-15
sustainability
Master Plan
10 main axes.

Ethics and
Conduct Code

Development and communication
during the financial year 2014



30
steel services
centres

Presence in
16 countries



Signatories to the
Global Compact

8
new
R&D
projects

1,399k€
expenses on
local suppliers



Certifications

ISO 9001
ISO 14001
OHSAS 18001



2,252k€

Economic value generated

2,187k€

Economic value distributed



3,066
professionals

87%
permanent
contracts

79,967
training
hours

Health & safety
program
**"One step
forward"**

Environmental
Sustainability
Index

Steel and
aluminium

100%
recyclable

Electricity
consumption
296,914 GJ

Climate change
mitigation:

**Lighter
vehicles**

**Solar
structures**



A full-page background image of a steel mill. In the foreground, there are large, curved, ribbed metal structures, possibly part of a conveyor or a large pipe. In the background, a worker wearing a hard hat and safety gear is visible, standing near a large industrial structure. The scene is dimly lit, with some light reflecting off the metal surfaces.

Sustainability Report 2014 Gonvarri Steel Services

Index

[Letter from the President > 8](#)

[Letter from the CEO > 10](#)

1 [Our organization > 12](#)

[Gonvarri Steel Services > 14](#)

[Governance at Gonvarri Steel Services > 20](#)

[Risk management and internal control > 23](#)

2 [Our sustainability approach > 26](#)

[Our sustainability approach > 28](#)

[Stakeholders > 29](#)

[Relevant aspects: Materiality > 30](#)

[Sustainability Master Plan > 32](#)

3 [Performance > 34](#)

[Context > 36](#)

[2014 Balance Sheet > 38](#)

[Clients > 39](#)

[Supply chain > 42](#)

[Products and processes > 43](#)

[SPG > 46](#)

[Research, development and innovation > 48](#)

[Awards and acknowledgements > 51](#)

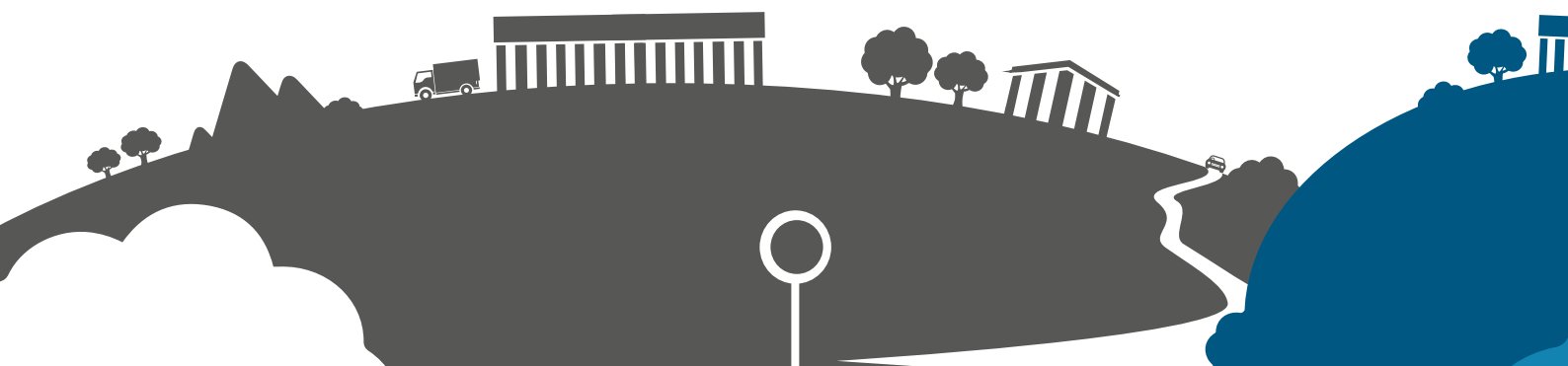
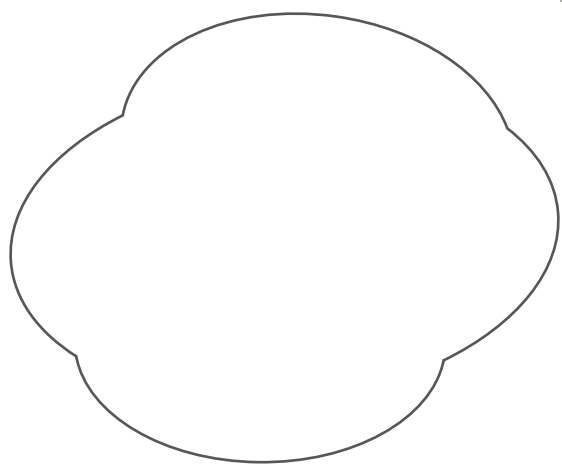
4 [People > 52](#)

[Our team > 54](#)

[Professional practices > 57](#)

[Recruitment and development of talent > 59](#)

[Health and safety > 63](#)





5 Planet > 68

5.1 Environmental impact > 70

Our environmental management > 70

Environmental impact of our products > 72

Our environmental aspects > 75

Climate change and emissions > 83

5.2 Social impact > 86

Creation of value in society > 86

Social action > 93

6 Annex > 96

Scope and coverage of the report > 98

Independent review report > 100

GRI Index > 102

Contents related to the principles of the UN Global Compact > 112





Letter from the President

*Gonvarri Steel Services, we always try to develop products that not only provide commercial value, but also **value for people.***

Dear readers,

Gonvarri Steel Services is part of Corporación Gestamp group. As part of this multinational corporation, we develop our activities one of the leading companies in the business of flat steel processing, always **growing in a sustainable, profitable way**.

We are aware of the importance of adopting an ethical and transparent conduct based on the communication with our stakeholders. As proof of this commitment and in compliance with our Sustainability Plan, we have widened the scope of our **2014 Sustainability Report** to all the steel processing plants that make up Gonvarri Steel Services.

One of the most outstanding actions was the publication of our **Ethics and Conduct Code** which, along with its online training, allowed our employees to understand in more detail thus reinforcing their compliance commitment.

Here at Gonvarri Steel Services, we always try to develop products that not only provide commercial value, but also value for people. Along these lines, we have developed the **"Emotional Driving"** project which is based on a new concept of Road safety: through training, positive messages and many actions focused on road safety, we motivate our employees and their families to drive more responsibly while also reinforcing our business unit dedicated to road equipment.

Furthermore, we rely on a **great professional team** which is our company's driving force. For this reason, this year we have focused on strengthening training with such initiatives as the first edition of **"Gonvarri Leadership Program"**. This is an in-house training and development program elaborated by a group of company experts and professionals of renowned prestige.

Therefore, this report offers a balanced, accurate vision of our financial, environmental and social results in 2014, as well as our backing of and adhesion to the **UN Global Compact**.

I would finally **like to thank you** for your trust and contribution to the development of this project of which we are all part. I hope you enjoy reading this Report.



Jon Riberas Mera
Executive president



Letter from the CEO

*Our company has huge potential for the future due to the high level of professionalism and involvement of the people that form our company. This allows us to **keep growing and moving forward** in a sustainable, profitable way.*

Hello,

I am pleased to present to you our company's performance through our second [Gonvarri Steel Services Sustainability Report](#).

This report contains our main results and goals from the economic, social and environmental triple bottom line standpoint, having followed, during its elaboration, the G3.1 directives from the Global Reporting Initiative.

Our growth and partnership with our clients are key points in our strategy. At the end of 2013, we started up our [Gonvauto Asturias](#) and [Gonvauto South Carolina](#) facilities which are at full performance in 2014. On the other hand, this year we have acquired two new factories: [Industrias Ceno](#) in Colombia and [Çepas](#) in Turkey. Furthermore, we have set up two new companies: [Resende](#) in Brazil by means of a joint venture with our partners Mitsui and ArcelorMittal and [GMS South Africa](#) through a collaboration agreement with our partner Indiveri.

Apart from quality, [innovation](#) is also a strategic element in our competitiveness so we can adapt to our clients' needs and expectations. For this reason, we are contributing to the development of [light vehicles](#), adapting our processes to new materials such as high-resistance steel and aluminium. These materials allow us to develop products that reduce vehicle weight, fuel consumption and, therefore, CO₂ emissions, while maintaining the same safety standards.

We also develop products that [improve safety on our roads](#) and minimize the severe consequences of accidents. Within this context, we have also taken on the challenge of designing a new strategy able to communicate the need to promote road safety in a positive way through the "[Emotional Driving](#)" project. We started this project in Madrid in 2014 and we will take it in most of Spain's plants in 2015 and to other countries in 2016.

Our company has huge potential for the future due to the high level of professionalism and involvement of the [people](#) that form our company. This allows us to keep growing and moving forward in a sustainable, profitable way.

In order to retain talent and contribute to professional development, we have improved our learning strategy mainly investing in languages, increasing training on safety matters, and launching the "[Gonvarri Leadership Program](#)" project. This project, which is to last 2 years, has the goal to train and prepare our leaders of the future. In its first year, 40 professionals from different parts of the world have started this program with great success.

Finally, I [would like to thank](#) all the people that form GSS for their great contribution to the company. The results presented in this report would not be possible without their commitment and effort.



Josu Calvo
Gonvarri Steel Services CEO

1 Our organization

Page

14

Gonvarri
Steel
Services

30 steel
services
centers



Presence in
16 countries



Page
20

Gonvarri Steel
Services
Governance

Governing
bodies

Structure

Headquarters

Page
23

Risk management
and internal control

Ethics and human
rights risks

Financial
Risks

Environmental
risks

Risks related to
H&S

**Confidentiality and
privacy**

Gonvarri Steel Services

We are a leading company in the market of flat steel processing, focusing on a sustainable and profitable growth.

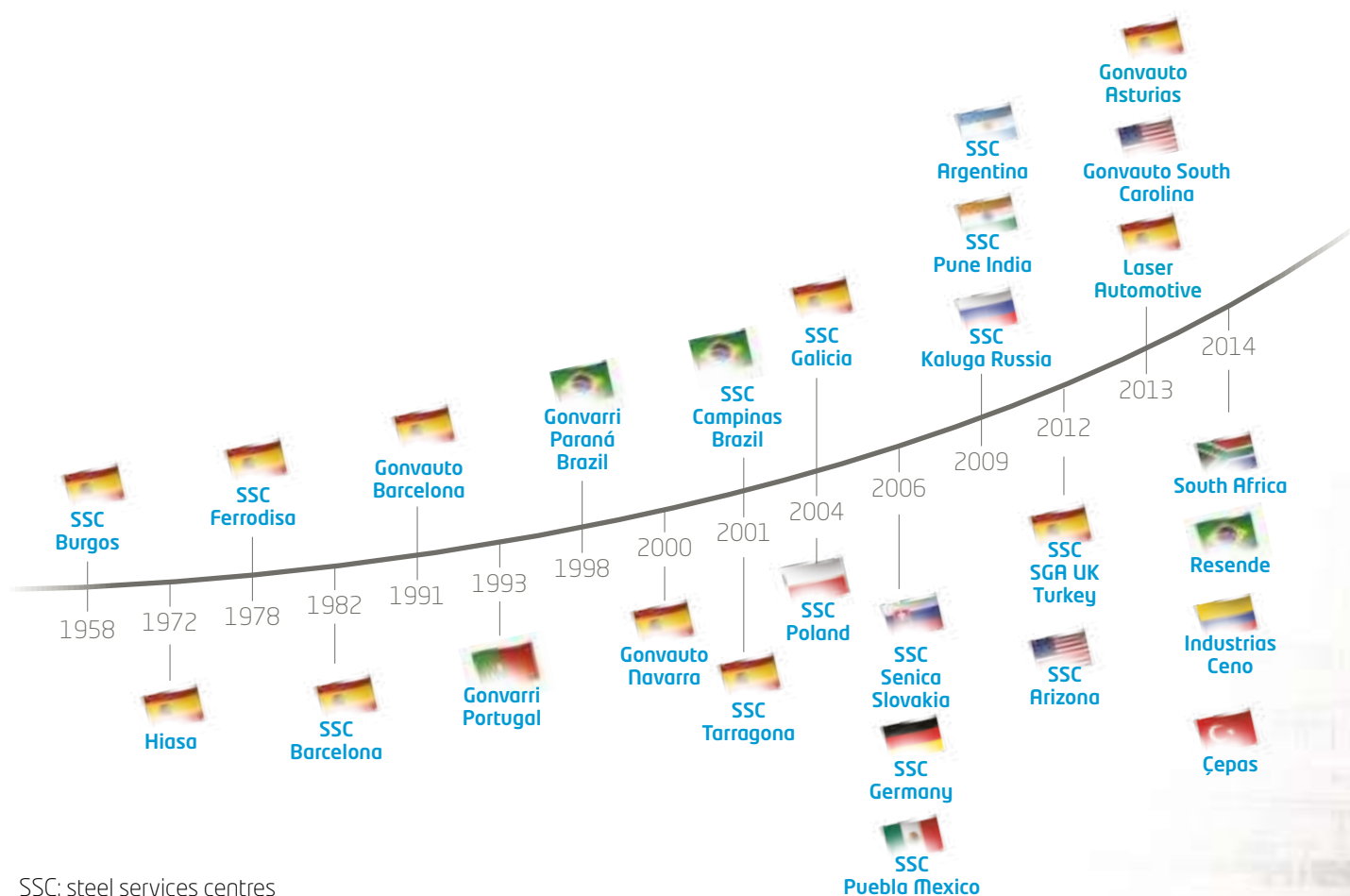
Gonvarri Steel Services was founded in 1958 and has continued growing worldwide diversifying itself. Currently, it has 30 steel services centres and has a presence in 16 countries.

We are one of the leading companies in the market of flat steel processing, always growing sustainably and profitably. Furthermore, Gonvarri Steel Services is a [signatory to the UN Global Compact](#).

At our service centres, steel undergoes a series of processes of a high technological level which allow the product to accurately adapt to the needs of our clients.

We manufacture several products which are grouped in six lines of business: automotive, mecano, road steel, energy, storage and industry.

The timeline below summarizes the evolution of our company and its steel services centres (SSC) since its beginnings.



We work towards growing as a solid responsible company aligned with the objectives and expectations of all our stakeholders. We also are at the forefront in implementing new technologies and in compliance with the highest quality, environmental and safety standards.

Our global corporate culture, based on the same values and principles since its inception, acts as a guarantor of these objectives adapting to the local needs of each country, to the current market conditions and to our stakeholders' demands.

Furthermore, sustainability has become another key element for us, as we believe that sustainable development is the best way to fulfil our **Mission**, achieve our **Ambition** and meet the expectations of our stakeholders.

For this and due to our commitment to transparency and communication, we annually publish our **Sustainability Report** under the umbrella of the triple bottom line: performance, people and planet.

Mission

GSS Mission is to Improve the Performance of our Customers providing Innovative and Sustainable Metal Solutions based on a World Wide highly Collaborative Organization.

Ambition

Consolidate ourselves as the #1 Independent SSC in Europe, whilst pursuing leadership in LATAM, with a relevant presence in NAFTA and a strategic position in Asia and South Africa

Maintain a profitable **growth** through long-term relationships with our stakeholders: shareholders, customers and suppliers.

Manage our employees' **knowledge** and encourage their professional development in a safe working environment.



Our divisions

We are grouped into 8 divisions, according to geographic location and activity, as summarized below:

Asia

GAIPPL Pune (India)
Dongguan (China).

TUR

This includes the Steel & Alloy facilities in Turkey and the United Kingdom, and the SG Kaluga (Russia).

LatAm

This includes the AMG Campinas, AMG Paraná, AMG Resende (Brazil) and Gonvarri Argentina facilities.

Gonvauto Iberia

This includes the Gonvauto facilities in Navarra, Barcelona and Galicia (Spain).

Gonvarri Iberia

This includes the Ferrodisa, Laser Automotive and Gonvarri facilities in Barcelona, Burgos, Tarragona (Spain) and Portugal.

Gonvarri Metal Structures

This includes the Hiasa and Gonvauto Asturias (Spain), GMS Arizona (U.S.), Çepas (Turkey), Gonvarri Colombia, GMS South Africa facilities and Bilbao office.



NAFTA

This includes Gonvauto facilities in Puebla (Mexico) and the Gonvauto South Carolina facilities (U.S.).

Central Europe

This includes the Gonvauto Thüringen, Gonvarri Poland and AMG Senica (Slovakia) facilities.

Our Growth



Industrias Ceno (Colombia)

Aiming to offer a personalized service to our clients in Latin America and Central America and to reinforce our international presence, GSS acquired the Colombian company “**Industrias Ceno**” (thereafter referred to as Gonvarri Colombia).

Industrias Ceno was founded in 1955 and bases its strategy on the metal structures sector with a wide range of products and customer solutions.

It has 4 headquarters in the main Colombian cities: Medellin, Bogota, Barranquilla and Cali, as well as two production facilities in Medellin and Barranquilla, employing 350 people.

It has 58 years of experience in the design, manufacture and installation of all types of metal structures designed to meet the need of the industrial, commercial, electrical, telecommunications, oil, cement, farming and construction sectors, among others.



Çepas (Turkey)

In 2014, GSS acquired 51% of shares of the Turkish company **Çepas**.

Çepas was founded in 2003 and has a strong presence in the Turkish market, both in the sectors of construction and road safety.

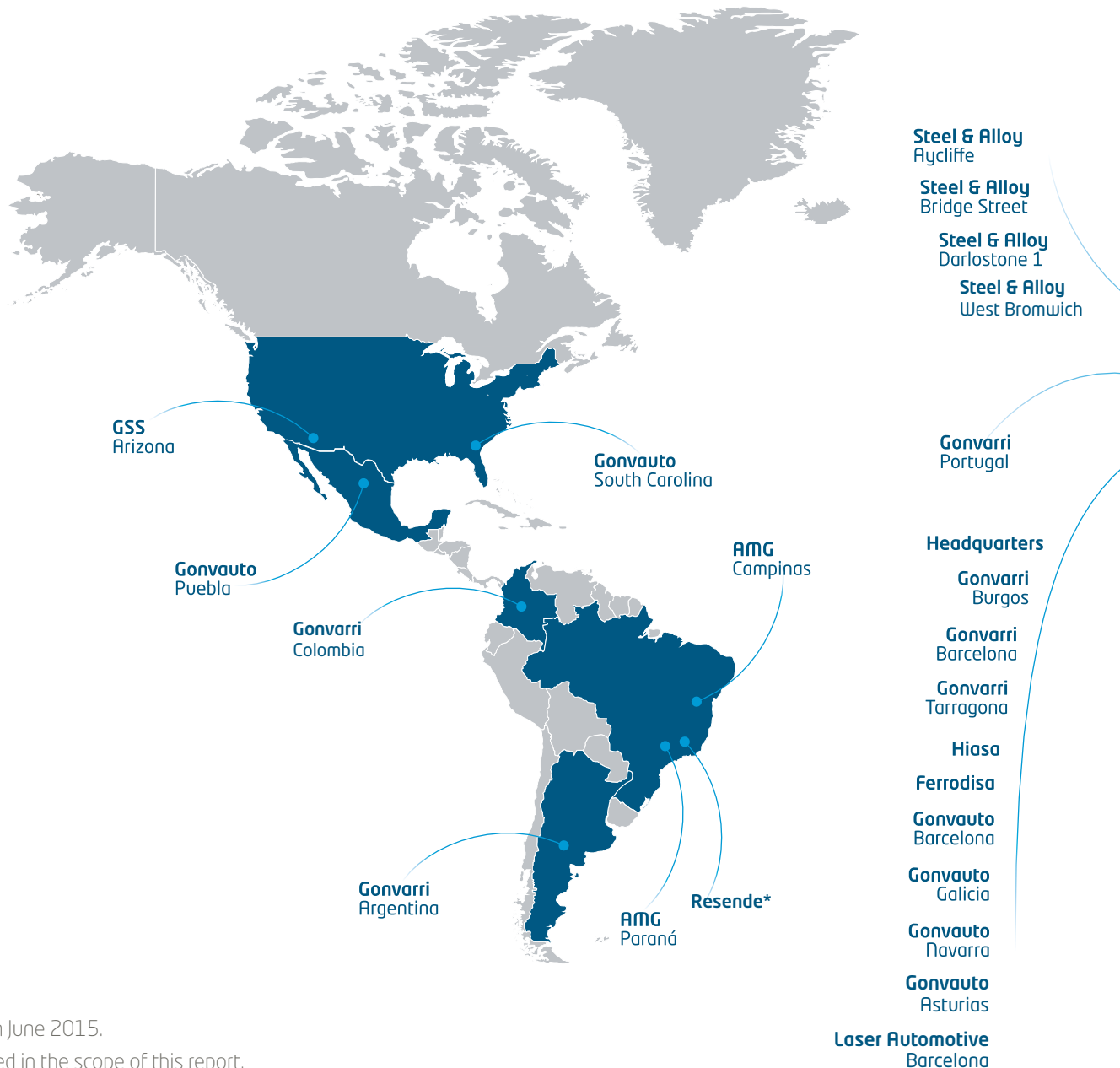
GSS objective is to service the European market for road safety, hot-dip galvanizing and other steel products such as steel construction, transmission Towers and Lighting Poles, with particular focus on Eastern Europe and Germany, Middle East and North Africa.

Other industrial agreements

During the reporting period we reinforced our presence in Brazil with the acquisition of **Resende** through a joint venture with our partners Mitsui and ArcelorMittal.

On the other hand, through a collaboration agreement with our partner Indiveri, we positioned ourselves in the South African market with “**GMS South Africa**”.

global presence



Updated in June 2015.

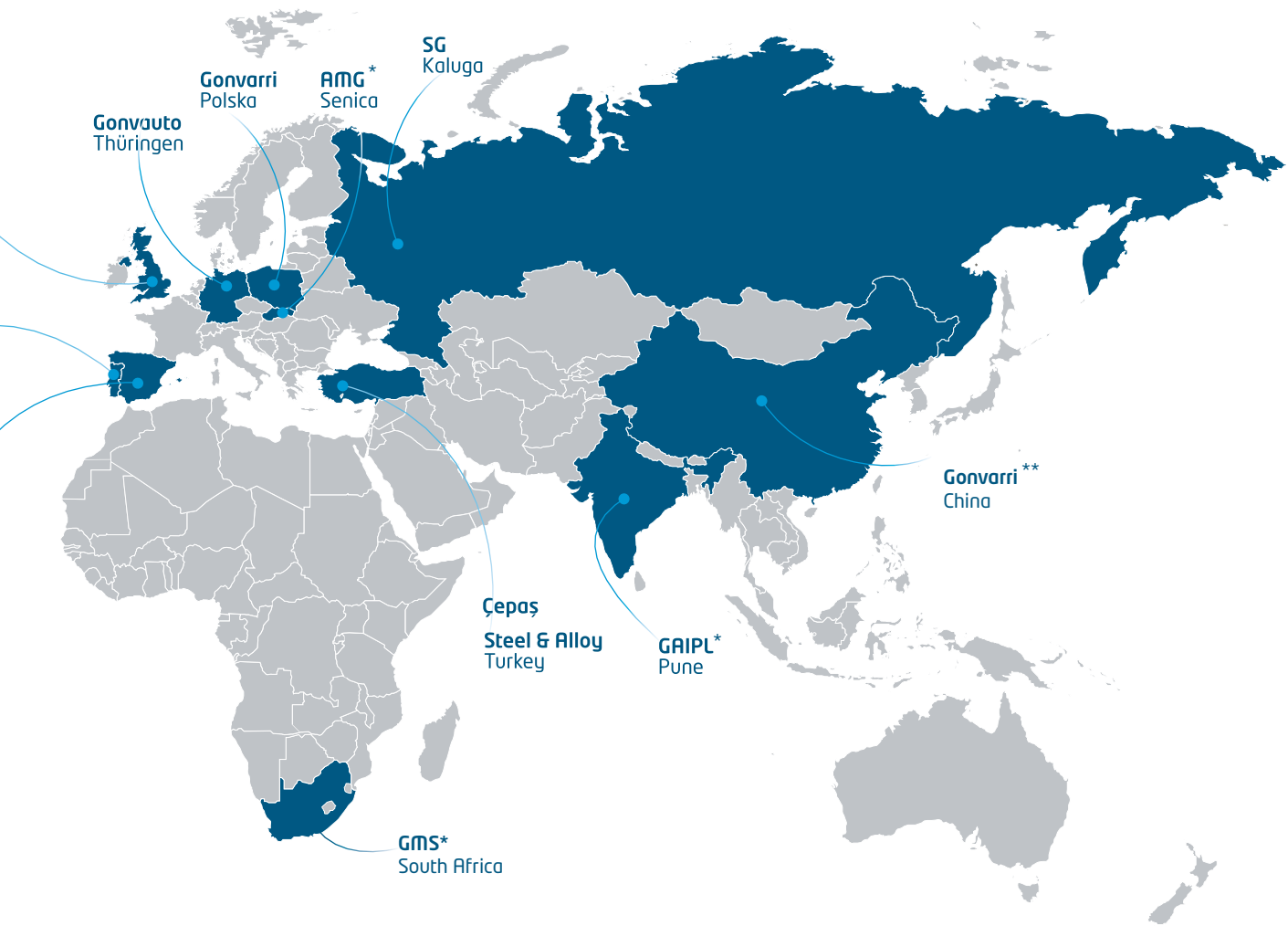
*Not included in the scope of this report.

**Commercial offices

16
countries

30
plants

3,066
professionals



Governance of Gonvarri Steel Services

Gonvarri Corporación Financiera, S.L. (hereinafter Gonvarri or GSS) was created in 1958, performing the activities of manufacturing, processing and marketing steel products and metals related to the industry.

The company's governing bodies are the **General Meeting** of Shareholders and the **Board of Directors**, the latter being Gonvarri's highest governing body regarding oversight, decision-making and control. Gonvarri's Articles of Association set down the operation of the Board of Directors, and the requirements and periods established for convening the General Meeting.

They also establish different ways of organising the management, giving the General Meeting the authority to alternatively choose either of them, with no need for amendment of the Articles of Association. Any resolution amending the organisation of Company management, whether it involves an amendment to the Articles of Association or not, shall be recorded in a public document and registered in the Companies Register.

The Board of Directors

As at 31 December 2014, the Company's Board of Directors is formed by:

- **Chairman:** Mr. Juan María Riberas Mera
- **Secretary:** Mr. Francisco José Riberas Mera
- **Board Members:** Mr. Gonzalo Urquijo Fernández de Araoz.
Mr. Alain Le Grix de la Salle
Mr. Jürgen Günter Schachler
Mr. Jesús Calvo Moreira
CORPORACION GESTAMP, S.L.
GONVAUTO S.A.
AGRÍCOLA LA VEGUILLA, S.A.

The company, **CORPORACIÓN GESTAMP, S.L.**, represented by Mr. Juan María Riberas Mera, on 31 December 2014 held the post of CEO, having been delegated each and every one of the responsibilities given to the Board itself, except those that cannot be delegated by the Law or the Articles of Association.

The General Meeting has exclusive responsibility for appointing new Directors. It is not necessary to be a shareholder in order to be appointed director; therefore, both individuals and corporate bodies can be appointed. The Articles of Association also establish the conditions that lead to prohibition of performance of these duties.

The appointed Governing Body shall remain in its post for an unlimited duration, without prejudice to the authority of the General Meeting of Shareholders to remove and/or dismiss it, as established in the Law and in these Articles of Association.

The information exchange mechanisms between the Board of Directors and the different stakeholders are organised through the different management bodies.

Responsibilities

The Sole Director's responsibilities include approval and the commitment to comply with the Code of Ethics and Conduct. The Sole Director can also expressly authorise company employees to undertake specific aspects in those operations previously approved by this body.

The members of the Governing Body shall perform their post with the diligence of an organised individual and a loyal representative. They must keep the confidential information secret, even after they stop performing their duties.

Conflicts of interest

The members of the **Governing Body** cannot perform, whether on self-employed or employed basis, the same, similar or complementary type of activity as that of the Company's corporate purpose, unless expressly authorised by the Company, by resolution of the General Meeting.

Remuneration

The Governing Body shall be paid a fixed cash allowance, which shall be established in the General Meeting held at any time before financial year-end.

This remuneration shall be compatible with the other professional or occupational income which, where applicable, correspond to the director for any executive or consulting duties he or she performs in the Company and shall establish the rules of its corresponding payment.

In the event that the Governing Body takes on the form of Board of Directors, it shall determine the amount that must be received by each member, depending on their dedication to Company administration. If the Governing Body takes on another form, the General Meeting shall decide, depending on these parameters, if the remuneration of each director shall be the same or shall vary.

Meetings

The General Meeting shall be convened by the directors and, where applicable, by the Company liquidators. It shall be convened within the first six months of each financial year, in order to audit company management, approve, where applicable, the previous year's annual accounts and decide on application of the result.

The directors shall also convene the General Meeting whenever they consider it to be necessary or convenient and, in all cases, when one or several shareholders representing at least five percent of the share capital request it.

The General Meeting shall be validly constituted to deal with any matters, without the need for prior notification, whenever all the share capital is either present or represented and the attending parties unanimously accept to hold the meeting and the Agenda, in any place within Spain or abroad.

Board of Directors

When administration and representation of the Company is entrusted to a Board of Directors, the guidelines established for said purpose shall be followed.

It **shall meet at least five (5) times per year** and whenever its Chairman or Vice-chairman deems it to be necessary. Written notification shall always be given, personally addressed to each Board Member, with at least five days' notice before the date set for the meeting.

The Board of Directors may appoint, from among its members, an Executive Committee or one or more CEOs, determining the individuals that must exercise said posts and how they must act. It can delegate to them, in whole or in part, and on both a temporary and permanent basis, all responsibilities that can be delegated according to Law.

All discussions and resolutions of the Board shall be recorded in a Minutes Book. These Minutes shall be signed by the Chairman and the Secretary or, where applicable, by the Vice-chairman and Vice-secretary.



Corporate Structure

Gonvarri's head **corporate structure** is composed of:
74,68% HOLDING GONVARRI,S.R.L and
25,32% HOLDING GONVARRI NAVARRA,S.L

Headquarters

Our **corporate headquarters** is located in:
Prolongación de Embajadores, s/n
28053 Madrid - Spain

Functional Flow Chart

Our **functional flow chart**, updated as of June 2015, is summarized below:



Risk management and internal control

For our company, it is very important to act with **honesty and transparency** at all times, regardless of our position in the company. A summary of the main points of our management framework is presented below:

Ethics and human rights risks

We understand that, nowadays, a Company is not just expected to comply with the law, but also to be an ethical reference as regards to the decisions made by all its members. Therefore, we develop our business guiding ourselves with the principles and values transmitted by our **Ethics and Conduct Code**, which has been updated and approved by the Board of Directors on January 13, 2014, and coming into force as in January 20, 2014.

The Code is based on the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, the 1992 Rio Declaration on Environment and Development, the Universal Declaration on Human Rights and the 10 principles of the UN Global Compact established in 2000.

It gathers the guidelines and **report channels** to use before any sort of behaviour that may attempt against legal regulations or the company's conduct principles. The available reporting channels are: e-mail, telephone, and written report forms. The Ethics and Conduct Code is publicly available at: <http://www.gonvarristeelsservices.com/en/>.

Gonvarri Steel Services operates in many countries, therefore, the reading and application of some sections of the Code may be conditioned by local customs and culture, thus being open to different interpretations.

In order to clarify and complete some points related to our Ethics and Conduct Code, we have developed the following guidelines:

- The **"Guide for Harassment Prevention and Action Protocol"**.
- The **"Conduct Guide of Acceptance of Incentives, Gifts or Invitations"**.

The delivery of these guides will be implemented through the corporate university and they will be available in English and Spanish.

Financial Risks

The activities of the Group are exposed to several **financial risks**. Our risk management program is centred on mitigating the uncertainty of financial markets and tries to minimize potential adverse effects on its financial profitability.

Risk management is controlled by the Group's Treasury Department which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. The Board provides policies to manage the global risk as well as for particular areas.

The most relevant financial risks are summarized below:

Market risk, which includes:

- **Exchange rate risk**: the Group operates worldwide so they are exposed to the exchange rate risk deriving from currency transactions, especially with the American dollar. In order to mitigate this impact, the Group has an exchange rate risk management policy which materializes in periodical reports describing all the flows to charge/pay in a currency other than the euro, within a specific period and according to the result. Sometimes, financial instruments of coverage are introduced to allow more flexibility.
- **Cash flow and fair value interest rate risk**: as the groups do not possess significant remunerated assets, revenue and cash flows deriving from their exploitation activities are quite independent as regards variations in the market's interest rates.

This risk derives from external resources in the long term, and it is mitigated through the simulation of several scenarios considering refinancing, the renewal of current positions, alternative financing and coverage.

Credit Risk

Credit risk is managed in groups. It emerges from cash and cash equivalents, from derivatives and deposits with banks and financial institutions, and, basically, from accounts with pending charges.

This risk is mitigated by considering internal and external ratings according to the limits established by the Board of Directors, and by constant review of credit limits. On the other hand, insurance is hired to charge those clients selected by the Risk Management Department.

Liquidity Risk

This risk entails maintaining enough cash and negotiable securities, as well as available financing and the capacity to liquidate market positions.

The Group's Treasury Department's goal is to maintain financial flexibility by means of available committed credit lines. On the other hand, the Management carries out monitoring on predictions related to the Groups' liquidity cushion.

Environmental risks

GSS has environmental management systems certified under the ISO 14001 standard at all our facilities. Through these systems, we monitor and measure impact and compliance with the legislation.

The company introduces the [precautionary principle](#) through our Ethics and Conduct Code and our Environmental Policy which includes the commitment to environmental protection and ongoing improvement.

Risks related to health and safety

As we are aware that this is a key point for GSS, all our facilities have a [Health and Safety Policy](#) certified, in most cases, under the [OHSAS 18001](#) standard or in process of.

Also, as developed in Chapter 4. People, we conduct numerous initiatives to improve safety and the working environment of all our professionals.

Confidentiality and Privacy

We think that information, nowadays, has become a strategic asset for businesses and people. For this reason, our company has established the necessary mechanisms to maintain information privacy and the client and supplier protection, as well as to manage and properly treat documentation according to its relevance level.

In order to reinforce security, information security procedures are reviewed periodically. In September 2014, a new [Information Security Policy](#) and the [Information Security Plan](#) were launched with measures that will be gradually introduced and monitored, to guarantee ongoing improvement.

Information is one of our main assets, Protect it!

Under this motto and as part of the **Information Security Plan**, a guide was designed in 2014 which summarizes the general and specific directives which must be respected by all the company's employees as security is everybody's responsibility. This guide gathers all the recommendations and best practices about which we all must know, and must apply in our daily routine. It also includes a **Security Decalogue** with which all our professionals must comply.



2 Our sustainability approach



Our sustainability approach

Values and principles

Ethics Code of Conduct

Performance
People
Planet



Stakeholders

Shareholders/
partners, employees,
clients, suppliers,
local communities
and administrations,
public opinion



Relevant aspects: Materiality

Financial
sustainability

Local
communities

Health and safety



Sustainability Master Plan

10 axis



Corporate principles

Our sustainability approach

"We believe that [our reputation](#) and image are one of our main assets due to their huge importance in our relationship with clients, suppliers, employees, shareholders, public administrations and society."

Here at Gonvarri Steel Services, we work toward growing as a solid, responsible company, aligned with the goals and expectations of all our stakeholders, applying cutting-edge technology and complying with the highest quality, environmental and safety standards.

In the same vein, Sustainability has become another key element to achieve our objectives and to meet our stakeholder's expectations.

In 2014, we updated the [GSS Ethics Code of Conduct](#), which constitutes the General Framework for action for all GSS professionals and collaborating companies.

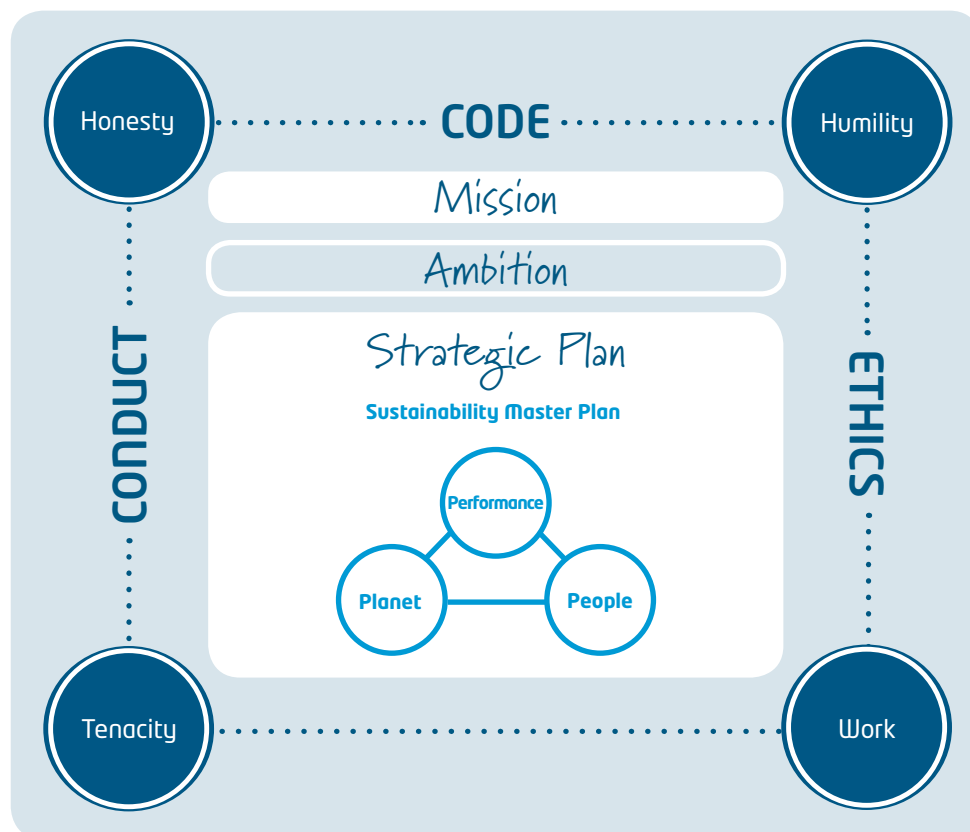
The Code is based on our fundamental values: [Honesty](#), [Humility](#), [Tenacity and Work](#). In order to ensure compliance, the company has three different communication channels where doubts and complaints can be addressed by e-mail/ telephone or through the written denunciation form.

Within this General Framework for action, the [GSS Strategic Plan](#) was designed to achieve our mission and ambition. This three-year term plan is based on the triple bottom line:

PERFORMANCE • PEOPLE • PLANET

The targets set in the Strategic Plan, the permanent dialogue with our stakeholders and the identification of relevant issues (materiality) are aligned and included in the [Sustainability Master Plan](#) approved by the company for the period 2013-15.

For that reason, and because of our commitment to transparency and communication, we publish our [Sustainability Report annually](#).



Stakeholders

Two-way communication with our stakeholders is a paramount issue for the company.

We believe that the key for keeping long-term relationships with our value chain is to maintain an honest and transparent dialogue with our stakeholders: shareholders, partners, clients, employees, suppliers, local communities/administrations and public opinion.

This task involves all the areas of the company and it is structured thanks to public channels common for all groups of stakeholders (as the webpage, the APP for mobile devices and our social channels allowing a fluid and direct dialogue) and to specific channels adapted to each group, as it is shown below:



Shareholders/ Partners

All the facilities, through the General Manager, periodically report to Gonvarri Steel Services CEO. Every quarter, results and relevant issues about the company are included in the agenda of the Board of Directors.



Employees

We establish several mechanisms of dialogue with our employees to learn about their expectations. For instance:

- Satisfaction and work environment surveys, adapted to each country and with a variable periodicity.
- "Leading the Change" corporate intranet, for those who have access through their e-mail and mobile devices.
- Interdepartmental meetings with the management at each plant.
- Works Council and the Safety and Health Committee.



Clients

We have several different clients according to their activity; therefore communication mechanisms are also different.

- "B2B Platforms" available for some of our clients as a tool to communicate with their suppliers.
- Annual satisfaction survey.



Suppliers

We have two main communications channels with our suppliers:

- Supplier assessment surveys are carried out every year with some frequency, as well as "delivery planning and claim management" meetings, and visits to their facilities to plan improvement actions that respond to our requirements.
- Supplier portal.



Local Communities and Administrations

Relationships with local administrations are usually maintained from each factory's management.

As regards to initiatives and projects that administrations establish in their respective area of influence, each facility decides which ones they want to develop, according to their needs or expectations. Sponsorship and patronage tasks are also defined by each plant.

Furthermore, these are part of associations and industrial clusters where they participate by attending meetings, conferences and training.



Public opinion

GSS is sensitive to social expectations and demands of public opinion.

All the relevant international and domestic news related to our industry and our company is collected daily and analysed.

We have nine social channels and a website that afford us the opportunity to communicate directly and to dialogue with our stakeholders or anyone who may be interested in our activity,

Relevant aspects: Materiality

With this report, we aim to efficiently and transparently respond to the expectations of our stakeholders. Thus, we believe that it is necessary to detect the issues that they consider most relevant.

With this goal we have performed a **Materiality Study** which identifies, analyses and weights different aspects related to society, environment and business ethics & good governance, according to the relevance given by the different kinds of stakeholders. Thanks to the results of this study, sustainability priorities and objectives are established and action plans are set up.

The GSS 2014 materiality study has been performed following four phases:

I Identification of relevant aspects

The identification of the sustainability aspects considered as relevant is conducted by different actors of the company through a reflection and consultation process which considers the current context, its trends and historical company items.

II Maturity analysis

In this phase, the value to the relevant aspects given by our clients, suppliers and other companies of the industry in their sustainability programs is studied through a benchmark including 8 different companies.

III Relevance analysis

The relevance considers the attention paid to each aspect by our three main influencers: our employees, public opinion and our sector. In order to obtain it, we selected specific communications channels for each group and weighted the relevant aspects addressed.

Employees

The relevance given by our employees was measured through a voluntary and anonymous survey available both on-line and at the main workplaces. In the survey each respondent could qualify from 1 to 5 the aspects that, in his/her opinion, are most relevant to the company. In 2014, 15% of the employees took this survey.

Public opinion

The topics that have been of greatest interest to the whole society were determined through their relevance in the written press. To achieve this point, all the news about our company published during the 2014 period was analysed.

Our sector

As regards our sector, the relevance is evaluated through the weight given by the local industry associations to the relevant aspects. This study considers 12 prestigious associations which represent the main sectors and countries where we are present.

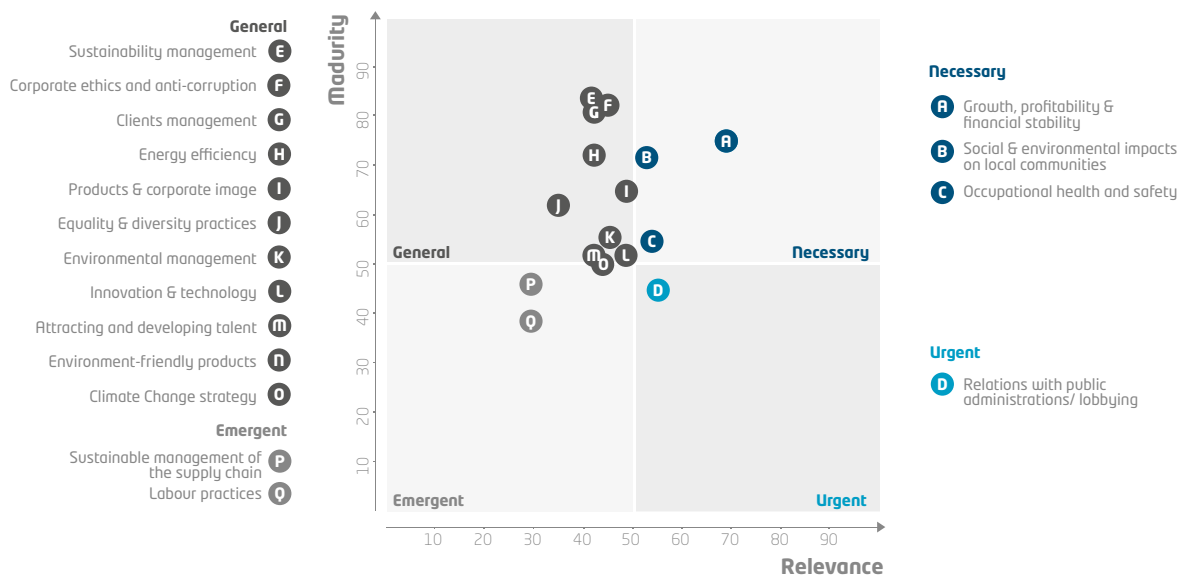


IV Materiality matrix

The final result is gathered in the materiality matrix which is obtained out of the convergence of the maturity and the relevance analyses. The relevant aspects are distributed in the following four categories:

- **Necessary:** groups the most relevant topics with the higher priority for the company and its stakeholders, thus the ones which require the higher attention.
- **Urgent:** clusters the items requiring imminent actions and a close monitoring.
- **General:** gathers all the aspects that require maintaining an average behaviour regarding the industry level.
- **Emergent:** category related to all the elements requesting change anticipation and forecasting as a source of competitive advantage.

The resulting matrix of 2014 Materiality Study is presented below:



The issues that are considered relevant and imperative, as well as the actions and measures established by the company to respond to these issues, are gathered throughout the present report, just as they are summarized below:

Chapter 1. Gonvarri Steel Services
Chapter 3. Performance

A) Growth, profitability & financial stability

Chapter 3. Performance
Chapter 5. Planet

B) Social & environmental impacts on local communities

Chapter 4. People

C) Occupational health and safety

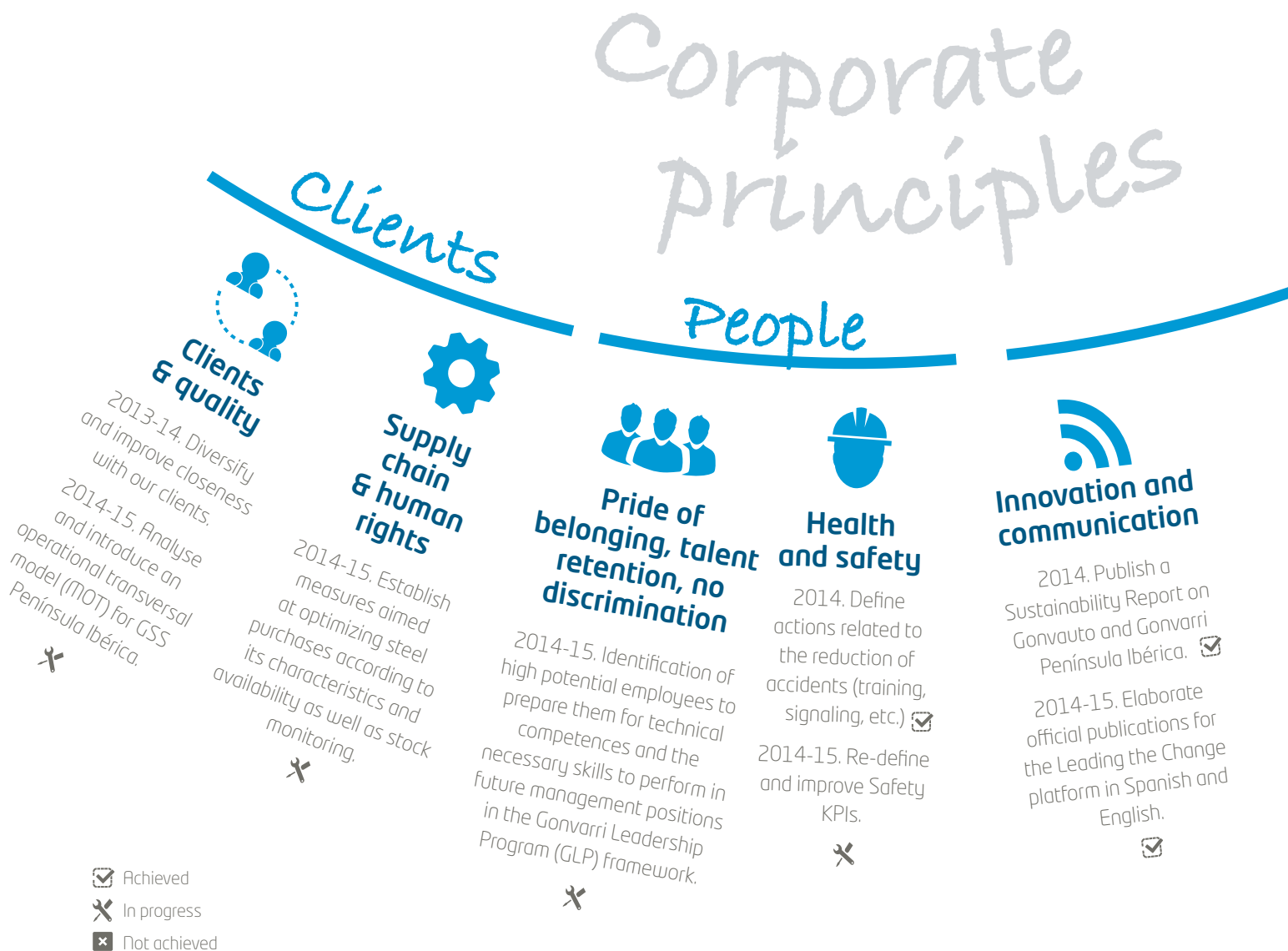
Additionally, this report includes information about other relevant impacts related to the company's management, performance and impacts.

2013-15 Sustainability Master Plan

We consider sustainability as a transversal task within the organization to achieve our goals. The **2013-15 Sustainability Master Plan** has been designed in order to guide the different sustainability-related actions. This plan gathers 10 dynamics axis, according to the company's priorities identified in the GSS Strategic Plan and related to the aspects that our stakeholders consider as "relevant".

Responsibilities and functions:

At GSS the responsibilities and functions related to sustainability are transversally integrated among the plants, through the HR managers. The Corporate Sustainability Management coordinates and supports sustainability actions at the different workplaces, which allows GSS to create value for all.



Leadership



Dialogue with our stakeholders. Materiality

2014. Adhesion to the UN Global Compact (on January 17, 2014). ✓

2014-15. Materiality analysis. Gonvarri Iberia in 2014 and the GSS Group in 2015. ✓



GSS Ethics and Conduct Code

2014. Approval and translation of the Ethics and Conduct Code into the languages of the countries where we operate. Publication on our website. Distributed to all the employees. ✕

Sustainability



Social development and local communities

2014-16. Strengthen our contribution to road safety by collaborating with related organisations and designing a joint collaboration project. ✕



Environment

2013-14. Improve the GSI global index compared to last year. ✓

2013-15. 3% reduction in environmental costs. ✓

2013-15. Identification and quantification of environmental debts. ✕



Climate change and energy efficiency

2013-15. Introduction of an ISO 50001 certified Energy Management System at 3 plants. 2013-15. Energy efficiency plan. 3% reduction in energy consumption. ✕

3 Performance

Page

36

Context

Challenges and
opportunities

Automotive
sector

Page

38

2014 Balance
Sheet

2,252 k€
Economic value generated

2,187 k€
Economic value distributed

Page

39

Clients

ISO 9001

Our contribution
to the
development of
lighter vehicles

**AHSS Steel
and Aluminium**

Page

42

Supply chain

Supplier
assessment
criteria

Suppliers
portal



Page
43

Products and
processes

**6 business
lines**

Automotive, mecano,
road steel, energy,
storage and industry.

Page
46

Gonvarri
Production
System

SPG

730
workshops

4,800
improvement
ideas

Page
48

Research,
development
and innovation

8
new
R&D
projects

Page
51

Awards and
acknowledgements

National and
international
awards

Context

Recovering from the global economic crisis, **our context** sets new challenges and opportunities.

Our raw material: steel

Mass steel production started more than 150 years ago, and it is still essential for the modern world.

Its usage helps us move toward a more sustainable future. Due to its unique properties, it is 100% recyclable and able to adapt to a wide variety of products. It is present in our vehicles, smart grids, infrastructure development, housing, structures for the generation of renewable energy, etc.

The Spanish steel industry, in its report on the recycling of steel (IRIS 2013), reports that every ton of steel recycle saves about 1.5 ton of iron ore, 85% water, 80% energy and 95% coal.

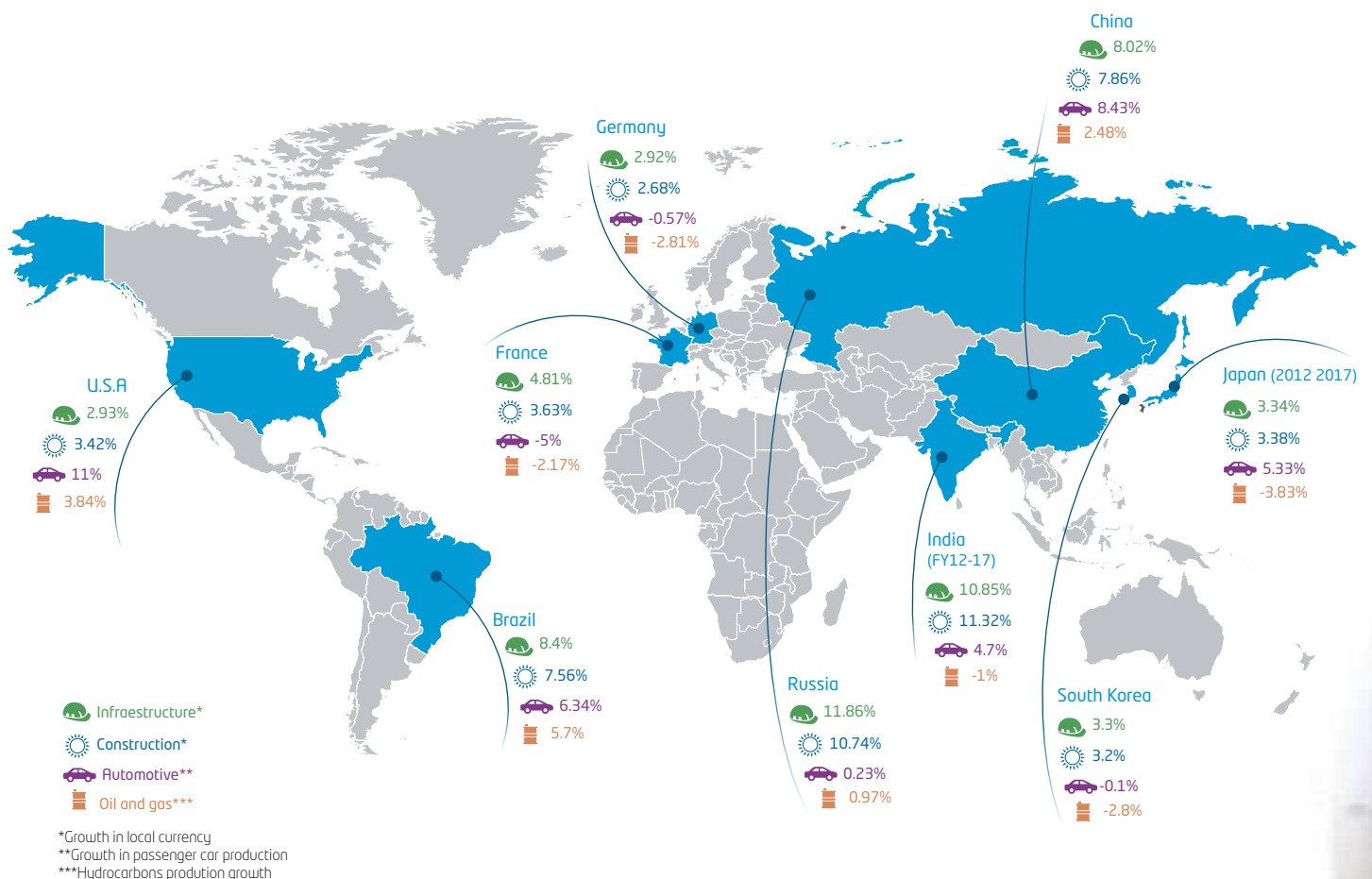
Regarding its production, like all the other industries, it has been affected by the global crisis. Two of the main concerns of the steel industry are the volatility and uncertainty of its price, as it shows a declining trend, and excess production capacity.

In 2014, the world's steel production reached 1.662 billion tons, a 1.2% increase compared to 2013.

The below map shows the expected growth of market rates in steel end-user markets to 2016.

Source: Global steel 2014. Planning to profit from opportunity: preparing for future demand. Published by EY in 2014.

Forecast growth rates in steel end-user markets to 2016



Source: Business Monitor International. EY analysis.

The automotive industry

The following presents a summary of steel production world-wide compared to 2013:

- Production in Asia has increased 1.4%. The leading countries are China, with an increase of 0.9%; Japan, with 0.1%; Korea, with 7.5%; and then India, with 2.3%.
- In Europe, it has increased 1.7%. The leading countries are Germany, with 0.7%, France, with 2.9% and Russia, with 2.6%. On the opposite side, Spain, Turkey and Italy have decreased their production compared to last year.
- In the United States, average production has increased 1.7%. Brazil stands out in Latin America, as its production has gone down 0.7%.

According to predictions, steel global production capacity will grow around 8.8% between 2013 and 2016. In the same period China, where prices are lower as compared to the rest of the world, will increase its production 2.7%, partially as a benefits of exports; and in 2016, it will reach 50.1% of the total global capacity.

Although there are signs indicating that demand is gradually increasing, excess production capacity and the low margins it brings, are still the biggest threats for the steel industry.

Source: WorldSteel Association

Regarding the automotive sector, predictions indicate that demand will increase both in developed countries and developing regions. The U.S., Brazil, Japan and China stand out with an estimated annual growth between 5% and 11% by the year 2016.

However automotive industry trends are conditioned by existing demanding legal requirements, which are becoming more restrictive regarding the environment. Thus the automotive industry has to set continuous improvement goals for reducing emissions.

One of the main relevant factors for complying with established goals is through vehicle's weight reduction. Currently steel represents almost 70% of the vehicle materials, so several initiatives aiming to use lighter materials, such as aluminium and high resistance steel (AHSS), are being developed.

On the other hand, legislations are increasingly protectionist and support local manufacturing, which favours local development while guaranteeing the supply and a better way to manage currency volatility. Thus, these requirements will influence both production growth and location.

Source: Global steel 2014. Planning to profit from opportunity: preparing for future demand. Published by EY in 2014.



2014 Balance sheet

In 2014, we have acquired two new factories: **Industrias Ceno** in Colombia and **Çepas** in Turkey. Furthermore, we have set up two new companies: **Resende** in Brazil by means of a joint venture and **GMS South Africa** through a collaboration agreement with our partner. This growth strengthens our globalization strategy and gets us closer to our clients through our presence in 16 countries.

The industry's current status, after years of tension in regards to sales and margins, is starting to show an increase in activity although margins are still very narrow due to strong competition.

At year-end our EBITDA was 131,539 thousand euros with a net profit of 60,598 thousand euros.

The recurring EBITDA in 2014 presents a substantial improvement compared to the previous year. Although it is quite uneven among all the countries, the most remarkable growth has taken place at the Gonvarri Iberia division, followed by the Nafta and UK + Russia regions. On the other hand, the LATAM region has shown a decrease in EBITDA compared to the previous year, due to Brazil's poor growth.

Furthermore, we have received **financial aid** amounting to 2,598 thousand euros, which mainly belongs to our plants in Germany and the United States.

In regards to the remaining accounting obligations, GSS must make annual audit reports on its consolidated accounts due to the total volume of its assets and business turnover. There are no exceptions in this document.

After its approval at the General Meeting, GSS presents these documents, in due time and form, for the legalization of its official accounting books and its annual accounts deposits. Additionally, its activity has no pending payments with the General Treasury of Social Security, and has fulfilled all its tax obligations.

Finally, following our Ethics and Conduct Code, we do **not provide any financial aid to Governments**.

A summary of our main economic consolidated data is presented below:

Economic Value Created (EVC) with a total of **2,278,961 thousand euros**, distributed as follows:

Economic Value Created (thousand of euros)	
Turnover	2,252,165
Financial income	9,482
Other financial incomes	17,314
Total EVC	2,278,961

Economic Value Distributed (EVD) with a total of **2,187,062 thousand euros**, distributed as follows:

Economic Value Distributed (thousand of euros)	
Payments to providers of capital	27,659
Taxes	38,595
Staff costs	92,048
Operational costs*	2,014,486
Capital expenditure (CAPEX)	13,530
Investments in the Community	744
Total VEC	2,187,062

*Operational costs include material purchasing and ancillary services.

Lastly, in 2014 the **Economic Value Retained** amounts to 91,899 thousand euros.

Our clients

We maintain a **fluid communication** with our **clients** to respond to their expectations on time and with quality solutions.

Designing shared solutions

We keep a close relationship with our clients to develop a service that responds to their needs with accuracy and flexibility.

In most cases, we visit their facilities, transfer in-house personnel to these facilities, and hold periodical meetings aimed at innovating and improving our processes to adapt them to their requirements while maintaining, at all times, our high quality and safety standard.

Within the framework of new environmental regulations, which are increasingly restrictive in matters of emissions, we research and collaborate to adapt ourselves to the use of **lighter steel** in our processes. This requires more demanding slitting and transformation efforts and adaptation to technological resources. By doing this, we contribute to the reduction of vehicle weight and, hence, to a reduction in both, consumption and emissions.

Additionally, we have introduced new **aluminium** slitting and blanking lines to cover the demand of formats made of this material to manufacture these vehicles.

Client satisfaction, our priority

We believe that it is paramount to respond to the requests of our clients by offering an efficient service with our high standard in quality, flexibility and response capacity to meet the established deadlines.

We are a global company and, as such, we want to globally measure the satisfaction of our clients in order to analyse the results and establish common ongoing improvement directives having always as reference the best practices and results.

Our plants have a specific quality management system certified under the **ISO 9001** standard. Furthermore, all our facilities that provide automotive services also have the **ISO-TS 16949** certification except for Gonvauto Asturias, which started operations in 2014 and own the conformity letter prior to certification, which is planned for 2015.

All our plants perform satisfactions surveys to their clients. The 2014 initiative which stands out is the creation and design of a sole client satisfaction survey for Gonvarri Iberia that allowed us to analyse compound data of our facilities.

This survey was sent to our main clients at Gonvarri Burgos, Barcelona, Portugal and Ferrodisa and the obtained response is higher than 50%.

Although the result has been quite satisfactory overall, the most valued aspect at all factories is the quality of our product.

After analysing the answers, we have designed an improvement plan. Additionally we have introduced some aspects we want to study for the 2015 survey in order to obtain a wider vision of our products and services.

As a backup and a way to complete these processes, periodical monitoring is **carried out on indicators** related to the compliance with the delivery plan, claims, returns, and rejected material.

Our Contribution to the development of Lighter Vehicles

Environmental problems are fostering increasingly restrictive regulations regarding emission standards. The legislation of the US Environmental Protection Agency establishes that for 2025 CO₂ emissions cannot go over 161 gCO₂/mile. On the other hand, the European Parliament has passed a new law to keep curbing CO₂ emissions from vehicles in the future. The limit, by 2015, will be 130 gCO₂/km and, by 2020, it must go down to 95 gCO₂/km.

Due to the fact that the **weight of the vehicle** directly affects its fuel consumption and, therefore, CO₂ emissions, our industry is developing many initiatives aimed at producing lighter components and formats that will keep their level of safety and durability.

The number of CO₂ emissions from vehicles in Europe has gone down more than 30% in the last 20 years, averaging 127 gCO₂/km in 2013.

Therefore, European manufacturers have achieved this goal 2 years before the deadline set by the European Commission.

Source: European Environmental Agency.

How have they accomplished this?

Firstly, they have reduced their dependency on combustion from oil by-products. Secondly, by means of research materials and processes for the reduction of vehicle weight (high-strength steel, aluminium, fibres and compound materials).

The body of a car (vehicle's structure and chassis) makes up 40% of its total weight so any reduction of it directly brings lower fuel consumption and emissions. According to estimate, per each 10% reduction in vehicle weight, 6 to 7% less fuel is used.

Although other materials are being studied, the main advances are focused on the usage of lighter, high-strength steel, and aluminium.



Steel

The development of **AHSS steel** for cold and hot stamping, has advanced remarkably. Furthermore, there is great advancement regarding the obtainment of new and lighter materials and structures, with a higher impact-absorption capacity, recyclable, and adapted to the existing production technologies. Keeping up safety levels at all times is a priority in this industry.

According to estimations, the usage of high-strength advanced steel will dramatically increase from the 68kg on average in today's car to 204kg of 2020 cars. This will reduce the body weight up to 25%.

Source: WorldAutoSteel



Our contribution

Here at GSS, we contribute to research introducing the benefits of this sort of steel into our processes, so we participate in reducing CO₂ emissions from vehicles.

We highlight the use of **AHSS steels** in side impact beams and cross-member production, resulting in important improvements. We also achieved to halve the thickness of the "A plate" and the "B plate" (car structural components) by using **22MnB5-steels**. In both cases, besides the weight reduction, we improve security and increasing the structural resistance of the entire vehicle.

In this same way, we have developed components (eg. doors) resulting from the union of various formats with different thicknesses and shapes, joined by laser welding through the "**Tailored Blank**" system. This technique helps to reduce the cars' weight and to improve their safety by increasing their resistance.

Aluminium

During the next years, an exponential growth in the usage of **aluminium** is expected. Its main competitive edge is its density (3 times lower than steel's) which would allow average reductions of up to 10% of vehicle weight and between 5 and 7% in fuel consumption. However, its cost is three times higher.

The "2015 North American Light Vehicle Aluminum Content Study", from the Drivealuminium Association, estimates that aluminium consumption in light vehicles will increase 28% compared to 2012. Furthermore, if we push it to 2025, it is expected to be in the structure of 7 out of 10 pick-up trucks manufactured in the U.S., and 85% of the hoods.



Our contribution

As part of our business and sustainability strategy, GSS is acting as agent of change for this innovation as we have **three flagship projects** in the two main production and consumption areas (one in the U.S. and two in Europe), with a processing capability above 12 million parts per year.

Our global position allows us to act as a link between aluminium manufacturers, builders and TIER1. Thus, we provide the automotive industry with a complete, tailor-made service in the supply chain, working just-in-time, and using the know-how acquired in the last 25 years.

Our supply chain

At Gonvarri Steel Services, the [purchasing process](#), hiring of external services, and the subsequent approval and [management of suppliers](#), is carried out, depending on the case, from the headquarter's corporate purchasing department or directly from the plants as local purchases.

Central purchasing

Steel is the most used raw material at all our facilities and the usage of aluminium is gradually increasing. In both cases, these purchases are carried out from the Corporate Purchasing Department and managed in coordination with the plants.

In this process, we adapt to our clients' requirements, keeping up, at all times, high quality standards.

We assess 100% of our suppliers on a yearly basis. This assessment includes aspects related to the environment, quality, and occupational health and safety. However, there are no aspects expressly related to human rights.

It is necessary to point out that some clients, especially those involved in the automotive industry, establish by contract the supplier with whom we must carry out our purchases. In these cases, these suppliers have been previously approved by the client, so our goal, according to the [ISO TS 16949](#) standard, is to follow-up and monitor, to assess performance, and to manage incidents or deviations that may occur.

Suppliers Portal

The most important purchases because of their financial cost are carried out via the [Suppliers Portal](#) available at our website, where GSS Ethics and Conduct Code is available.

Local purchasing

Local non-steel purchases are carried out independently at each facility. Although each plant has its specific approval criteria, the assessment and selection process of suppliers and contractors is always carried out with impartiality, rigour and objectivity.

These criteria include and request information about different aspects which are weighted according to their relevance.

It must be pointed out that some suppliers are not integrated in the approval process due to the low risk of their activity.

The payment conditions for suppliers and subcontractors are properly defined and gathered in writing according to prefixed criteria which are periodically monitored and updated.

68.2% of our expense on suppliers was spent on locally-based ones. In order to calculate this percentage, we have considered as local suppliers those whose corporate headquarters or commercial office is located in the country of reference.

Country	% local	Local expense	Total expense
		Thousands of euros	Thousands of euros
Argentina	13.7	4,523.05	32,909.82
Germany	92.5	193,176.26	208,886.77
Spain	77.1	1,038,651.11	1,346,283.60
Mexico	26.9	49,180.56	182,959.75
Poland	4.3	3,611.54	84,227.45
Portugal	51.6	57,971.28	112,254.26
Russia	52.3	33,319.85	63,740.47
USA	94.6	19,358.28	20,461.28
Total	68.2	1,399,791.93	2,051,723.41

*No information available for Brazil, the U.K., Turkey, Colombia and Laser Automotive Barcelona.

Products and processes

Products

We manufacture several products organized into 6 business lines: [Automotive](#), [Mecano](#), [Road Steel](#), [Energy](#), [Storage](#) and [Industry](#), as it is shown below.



Automotive

It represents 65% of our sales. We provide flat steel, tube and 3D cutting to the leading car manufacturers. In recent years, we also supply Aluminium from our facilities of South Carolina, Barcelona and Senica.



Mecano

We produce cable holder systems, buss enclosures and metal profiles with their accessories adapted to our clients' needs for industrial and domestic use.



Road Steel

We develop almost all the types of vehicle barrier systems for roadways, as well as acoustic barriers and noise-free tunnel coatings, rigorously complying with all regulations and owning a large number of patents.



Energy

We design and develop fixed solar structures and trackers as well as street lights and transmission towers.



Storage

We design, manufacture and assemble integral storage systems ensuring its functionality and security, and always in compliance with technical specifications.



Industry

We supply flat steel for domestic appliances as well as metal structures mainly intended to for footbridges, industrial floors and construction.

Processes

In our service centres, steel and aluminium undergo high-tech processes allowing the product to accurately adjust to the needs of our clients, always complying with the most rigorous standards.

Cutting processes

In these processes, the coils are cut in order to obtain the forms and sizes requested by our clients through blades, shears, dies and or plasma-laser. Depending on the cut, the formats undergo:

- Longitudinal cutting.
- Transversal cutting.
- Trapezoidal cutting.
- Silhouette cutting.
- 3D cutting.

Punching, profiling and bending processes

They are focused on making different products as mechanisms:

- Tubular profiles / tubes.
- Plates and panels.
- Profiles with different bending angles.

Welding processes

They complement the previous processes and allow the joining of two or more parts through the melting of a welding material, by using an electric arc, introduced between the power source and the metal part.



Coating processes

In this processes the base material (steel) is coated to suit different uses requested by the client.

The main coatings are paint (liquid or powder) and plastic (PVC).



Pickling processes

The purpose of this process is to remove the metal oxide film adhered to the coil's surface and oiling it in order to improve its resistance against corrosion.



Galvanisation processes

These processes transform and improve the steel characteristics such as its corrosion resistance and a more refined finish, among others. We point out the following processes:

- **Electrogalvanising:** through a continuous electrolytic process, the coil band is coated with zinc on one or both of its sides, by means of an electrical current.
- **Galvanizing process:** its goal is to cover the surface of steel coils with melted zinc, with the aim of protecting them against corrosion. It can be a continuous galvanizing process or a dip-in one.



Thickness treatment processes

These processes are used for improving the range and quality of the steel surface, improving roughness and resistance as well as steel's microstructure, achieving the subsequent homogenisation of the crystalline grain and ensuring the dimensional tolerance of the thickness. We point out the following processes:

- Skinpass.
- Sheetting: this process sometimes requires carrying out an annealing process at its final phase.



Gonvarri Production System (SPG)

SPG is an integral ongoing improvement system, based on **Lean Manufacturing** and the **Kaizen** philosophy.

In today's business world, considering the rise of competition worldwide, the variations in the prices of raw materials and the increase of capital limitations, operational efficiency is a critical factor for the survival and/or sustainable profitability of businesses. Cost reduction due to the removal of activities with no added value (muda), and, in some cases, even re-engineering our business processes, are essential measures for the success of the company in the long term.

Gonvarri Production System (SPG) is an integral ongoing improvement system based on Lean Manufacturing and the Kaizen philosophy and adapted to our business.

Created in 2008, the SPG provides a structured method allowing us to progressively reach more ambitious objectives and focussing all the areas of our company towards value creation for clients, employees and investors.

Currently, SPG has been applied to most of our plants.



Why should the SPG be introduced?

This system helps us reach our goals, increase our competitiveness, and it makes the improvement of the production process continuous and unlimited.

The SPG aims at eliminating operational inefficiencies (defects, overproduction, useless movements, unnecessary processes, etc.) by means of a series of technical improvements that lead to **excellence** thanks to:

- Improving **safety**.
- Strengthening quality.
- Increase of **productivity**, responding to costs and deadlines.
- Development of **communication** and **cooperation**.
- Ensuring the **participation** of all, both in-plant and office personnel.





How the SPG works

SPG deployment follows a clear and coherent plan, where over thirty improvement tools (VSM, SMED; STDW, 5S, TPM...) are implemented one after the other.

The SPG starts at the production processes of the plant because it is where the application of its basic principles is more visible. Then, it progressively expands into the remaining departments.

Led by an SPG coordinators group, all the personnel is invited to participate by supporting with their suggestions the introduction of every SPG tool, enhancing and speeding the system's consolidation as the last step to excellence.

2014 Main activities

In 2014, the following activities were carried out for the promotion and improvement of SPG's implementation:

- >3,000 employees already trained.
- >732 workshops with 3-8 participants.
- >200 groups created to solve incidents.
- >12,300 man-hours for SPG activities (workshops or training).
- >4,837 improvement ideas registered.

As SPG success is based on each employee's progress and teamwork, this production system perfectly fits GSS values and its work culture.



Research, development and innovation

In 2014, and in order to improve the coordination, monitoring, and measuring of these projects, we have developed a corporate specialized area that allows us to better detect opportunities and manage projects in a centralized way.

For proper grouping, we have differentiated the one hand projects **"Research and Development"** and other projects **"Innovation"**. The attached table summarizes the main financial and personnel in both groups consolidated figures for the year 2014.

2014: "Research and Development" Projects

Hours of own personnel	7,342 h
Spending on external personnel	237,368 €
Spending on raw materials & others	60,886 €

2014: "Innovation" Projects

Hours of own personnel	10,679 h
Spending on external personnel	402,477 €
Spending on raw materials & others	59,255 €

The developed projects are summarized below:

"Research and Development" Projects in 2014

Development of a reduced deformation barrier. Hiasa.

The goal of this project is to develop two new high contention barrier systems with a quite reduced lateral movement (working width).

This will reduce the severity of car accidents when they go off the road and, at the same time, it will be possible to install it in areas that require a quite reduced deformation of the system during impact. The combination of these two features makes the design and development of these barriers quite a complex task.

The project started in 2014 and its completion is planned for the end of 2015. This project is awaiting approval from the Economic Development Institute of the Principality of Asturias (IDEPA).

Project hours and spending

Hours of own personnel	4,700 h
Spending on external personnel	160,000 €
Spending on raw materials & others	60,458 €

Tensioner for steel longitudinal cutting (CORTENACE). Gonvarri Burgos

The goal of this project is to develop a new generation of tensioners that can optimize production costs by increasing resistance using new materials.

This project started in the beginning of 2014 and its completion is planned for the end of 2016. This project has requested and is awaiting accreditation from the Centre for the Development of Industrial Technology (CDTI).

Project hours and spending

Hours of own personnel	7,590 h
Spending on external personnel	-
Spending on raw materials & others	69,360 €

MASH containment barriers. Hiasa.

The goal of the MASH containment barriers project is to design two new contention systems for transit roads in the U.S. market and in all the other countries that use its same road safety regulations, called MASH (Manual for Assessing Safety Hardware). These two new systems are a metal safety barrier with TL-3 contention level and a metal safety barrier with TL-4 contention level.

The project started in 2014 and its completion is planned for end of 2015. It is awaiting approval from the CDTi.

Project hours and spending

Hours of own personnel	10,441 h
Spending on external personnel	600,000 €
Spending on raw materials & others	42,383 €

Reduction of scoria and dross in hot-dip galvanization process. Gonvarri Barcelona.

The main goal of this project is to research on a new configuration for the molten zinc mixture used at the continuous hot-dip galvanization plant.

This will improve the quality of coatings obtained in the galvanization process due to the increase of control and minimization of generated residual scoria and to the reduction of dross that deposits at the bottom of the mixture.

Gonvarri Barcelona and the CTM Technological Centre Foundation lead this DISDROSS R&D project which will be technically developed from the beginning in March 2014 up to its completion which is planned for February 2016. It has been financed and certified by the CDTi on April 30, 2014.

Project hours and spending

Hours of own personnel	5,490 h
Spending on external personnel	108,514 €
Spending on raw materials & others	70,369 €

"Innovation" Projects in 2014

New concept for an energy absorbing terminal for road margins and forks protection. Hiasa.

The goal of this innovative project is to design, develop and introduce an energy absorbing terminal to protect barrier ends, forks and central reserve starts.

The energy absorbing terminal to be developed in this project will have a higher performance than conventional terminals. It will also perform as a crash cushion, providing the safety not found in current barriers. The installation of these protection systems will provide the necessary safety requirements for frontal impacts, and will protect from potential lateral impacts.

This project started in 2014 and its completion is planned for the end of 2015. It is in the request phase before the competent body.

Project hours and spending

Hours of own personnel	7,777 h
Spending on external personnel	230,000 €
Spending on raw materials & others	-

Vehicle anti-crash fusible mechanism applicable to structural supports for road signs (ES3). Hiasa.

The goal of this project is to apply new steel and attachment means that allow controlling the breaking or collapsing mechanism in structural supports for road signs, particularly the case of road and street luminaries (lighting poles/masts).

Its development is planned for the 2014-2016 period. It was presented at IDEPA. It is awaiting approval.

Project hours and spending

Hours of own personnel	10,556 h
Spending on external personnel	144,250 €
Spending on raw materials & others	37,951 €

Biostirling 4SKA. Gonvarri MS Corporate

Its goal is to manufacture a pilot plant of hybrid solar-biomass technology to supply energy to the SKA telescope in Portugal. The Biostirling 4SKA project is being co-financed by the European Commission within the 7th Framework Programme (Energy) and by a consortium of companies led by Gonvarri MS Corporate.

This project started in 2013 and its completion is planned for 2016. It is currently awaiting internal approval.

Project hours and spending

Hours of own personnel	26,213 h
Spending on external personnel	-
Spending on raw materials & others	516,863 €

Integral Analytical System of Corporate Management for GSS. (MINEFORTUN)

The goal of this project is to provide an advanced analytical system for planning and decision-making, which must encompass the entire GSS Group.

MINEFORTUN is developed through an information system that captures and consolidates data of daily activity from all the companies, for later analysis, monitoring, control, reporting and cash flow forecasting.

This project started in 2013 and its completion is planned for 2014. It is in the request phase to be certified by AENOR.

Project hours and spending

Hours of own personnel	7,757 h
Spending on external personnel	660,310 €
Spending on raw materials & others	-

ES3 Project

Research and development project for a fusible mechanism against vehicle impacts applicable to structural supports for road signs (ES3). Hiasa

In the last years, we have suffered a significant increase in traffic and, therefore, in accidents, which is the major cause of non-natural deaths in our country, and one of the biggest problems we face.

Currently, **road safety** has great importance and public administrations, private companies and the media are making a significant effort in order to improve it.

Among all the different kinds of traffic accidents, there are some that can be minimized and, hence, reduce their severity.

Among different R&D projects developed by the Group, one of the most relevant is related to road safety, following the same philosophy projected from the **Emotional Driving** initiative.

The ES3 project (ESSS- Safe Structural Support for Signs), led by Hiasa, is oriented toward researching for a fusible mechanism against vehicle impacts. Its goal is to develop a

product that can reduce the risk for vehicle occupants in case the vehicle crashes into sign structures such as lighting masts or poles.

The product to be tested and developed will allow the fusible structure to absorb most of the impact's energy by deforming its structure, thus avoiding damage for the occupants.

As it can be inferred, this project has a clear social purpose following the Group's philosophy in its endeavour to develop products of commercial value that can also provide value to people.

Its result can be extended to all types of support structures, being able to behave fusible if a vehicle impacts with them and with no fault of its anchors, without constituting any risk to road safety or to other involved in the accident.

Awards and acknowledgements

A summary of [awards and acknowledgements](#) received in 2014 is presented below:

Performance

- Gonvarri Steel Services: finalist award for [Industrial Excellence](#).
- Gonvarri Steel Services: honorable mention for ["Excellence in Improvement System"](#) by the Kaizen Institute, one of the leading institutions worldwide in spreading Kaizen Lean Manufacturing methods.
- Gonvarri Steel Services: finalist at the ["Industrial Excellence Awards"](#), which acknowledges technological innovation in processes and company products, their commitment to corporate social responsibility, and their activities to achieve industrial excellence.
- Hiasa: Industrial Award from the [Official Chamber of Commerce of Avilés](#). These awards acknowledge the history, the social commitment and the contribution to wealth and welfare generation of companies

People

- Gonvarri Steel Services: [IV Best Human Resource Practice Award](#) for its corporate intranet project "Leading The Change".
- Gonvauto Barcelona: [Atlante Award for Occupational Risk Prevention](#), organized by Foment del Treball (an association established in 1771 which represents business owners and the industry in Catalonia) for the project "Participation and Integration of Occupational Risk Prevention at Gonvauto Barcelona".
- Gonvauto Puebla: ["Socially Responsible Company 2014"](#) mention given by the Mexican Center for Philanthropy to acknowledge our plant's commitment to a socially responsible management as part of its culture, in the company's life quality environments, business ethics, the company's involvement with the community, and environmental preservation.
- Steel & Alloy: renewal of the ["Investors in People"](#) certificate, which is given according to the most important talent management standard in the United Kingdom, specialized in the transformation of business results through people in order to improve the work culture, to increase employee participation, and to promote leadership.

Planet

- AMG Campinas and AMG Paraná: [achievement 2014 Bronze CPTI Sponsor](#) title awarded by the Promotional Center Aunt lleide. This award recognizes companies attending this entity in the social, cultural and sports field and thus, helping 525 children and adolescents and 700 families living in the district of Nova Aparecida / Campinas.
- Gonvauto Navarra: Gonvauto Navarra: acknowledgement received at the ["Promoting Eco-innovation and Circular Economy"](#) session organized by the Confederation of Employers of Navarra (CEN), due to the plant's participation in the 2014 environmental improvement, promotion and awareness program financed by Navarra's government.



4 People

Page
54

Our team

3,066
professionals

new
contracts:
390

Page
57

Professional
practices

Dialogue and
communication

**Leading
the Change
INTRANET**



Page
59

Recruitment
and talent
development

79,967
hours of
training
hours per
employee
26

Page
63

Health
and safety

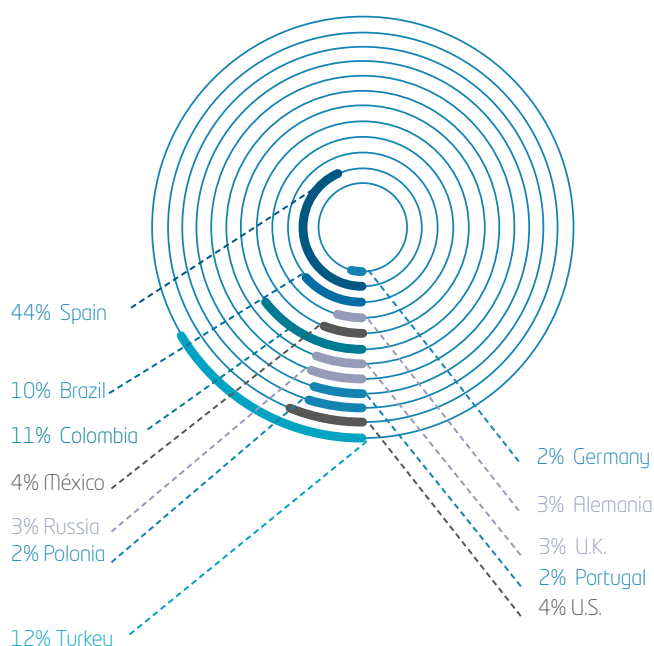
H&S policy
OHSAS
18001
87% of
our facilities certified

Our team

Gonvarri Steel Services **professionals** form the main pillar of our company's development and success. **Our team** is our edge over our competitors as they provide added value to all our processes and help us maintain our leading position.

Our Human Resource management is focused on people and its goal is to create quality jobs with high levels of security at workplaces as well as in production processes.

Distribution of our personnel per country



Distribution

In 2014, our company relies on **3,066 professionals** from different nationalities distributed in Europe, North America and South America.

Most of our personnel are distributed in Spain followed by Turkey, Colombia and Brazil.

We have balanced personnel with experience and dynamism. Most of our employees are between 30 and 50 years-old. The rest are divided into equal parts of employees under 30 and employees over 50.

As regards the **members of our company's governance** board, 57% are over 50 years-old and the remaining 29% are between 30 and 50 years-old. 71% have **local citizenship** and all are **men**.

Distribution by gender and age

Employees

Countries	Men			Women			TOTAL EMPLOYEES
	≤30 years-old	>30 ≤50 years-old	>50 years-old	≤30 years-old	>30 ≤50 years-old	>50 years-old	
Germany	2	73	8	3	13	0	99
Argentina	15	30	0	0	6	0	51
Brazil	90	146	11	31	34	2	314
Colombia	66	159	72	8	36	9	350
Spain	42	883	300	11	103	10	1,349
U.S.	25	61	15	3	9	5	118
Mexico	43	58	3	5	8	0	117
Polonia	23	23	2	6	7	0	61
Portugal	8	42	7	0	15	3	75
U.K.	7	45	17	5	14	4	92
Russia	24	38	5	8	9	0	84
Turkey	135	173	24	11	12	1	356
Total	480	1,731	464	91	266	34	3,066

Distribution by gender and professional category

Employees

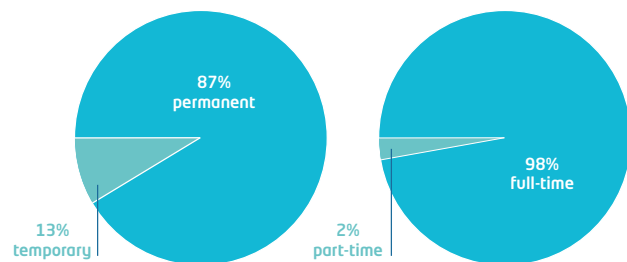
Countries	Managers		Middle Managers		Administrative Technicians and Plant Personnel	
	Men	Women	Men	Women	Men	Women
Germany	2	0	19	2	62	14
Argentina	1	0	17	6	27	0
Brazil	7	0	55	7	185	60
Colombia	6	1	22	11	269	41
Spain	44	3	181	18	1,000	103
EE.UU	3	1	11	5	87	11
Mexico	2	0	32	13	70	0
Polonia	1	0	9	4	38	9
Portugal	1	1	16	6	40	11
U.K	1	0	33	5	35	18
Russia	3	0	5	0	59	17
Turkey	1	0	17	0	314	24
Total	72	6	417	77	2,186	308

We promote job stability for our employees as we believe in long-term relationships and in our professionals' experience.

That's why permanent contracts are the most usual type of contract in our company, being the current contractual status of 87% of our employees.

Furthermore, 98% of our employees have **full-time contracts** and 2% **part-time contracts** (35 men and 22 women).

2014 type of contract



Distribution by gender and type of contract

Contracts

Countries	Number of permanent contracts		Number of temporary contracts	
	Men	Women	Men	Women
Germany	61	12	22	4
Argentina	45	6	0	0
Brazil	247	67	0	0
Colombia	267	48	30	5
Spain	1,164	111	61	13
U.S.	0	0	101	17
Mexico	73	8	31	5
Polonia	28	5	20	8
Portugal	44	17	13	1
U.K.	63	22	6	1
Russia	61	17	6	0
Turkey	267	23	65	1
Total	2,320	336	355	55

Diversity and equal opportunities

Here at GSS, we promote local hiring. We believe that this point gives us a competitive edge since by integrating professionals from different countries with different points of view.

94% of our professionals have a local nationality. Their distribution is shown in the table below:



Employees with local nationality

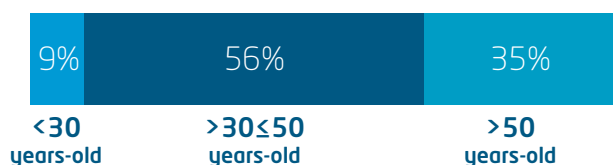
Employees

Countries	Managers (%)		Middle Managers (%)		Administrative Technicians and Plant Personnel (%)		Total (%)
	Men	Women	Men	Women	Men	Women	
Germany	100	NA	68	100	100	100	94
Argentina	0	NA	100	100	96	0	96
Brazil	86	NA	100	86	100	100	99
Colombia	100	100	100	100	100	100	100
Spain	98	100	68	100	100	97	95
U.S	33	0	73	80	76	73	74
Mexico	50	NA	94	100	100	NA	97
Polonia	100	NA	100	100	100	100	100
Portugal	100	100	100	100	100	100	100
U.K.	-	NA	100	100	34	94	73
Rusia	100	NA	40	NA	90	100	90
Turkey	100	NA	100	NA	88	100	89
Total	90	83	83	100	96	98	94

Employees with special needs

2% of our personnel (40 men and 7 women) are people with special needs. All of them belong to **“Administrative Technician and Plant Personnel”** group except for a man in the U.S. who belongs to the category of “Middle Managers”.

The age distribution of this group is presented below:



Remuneration

The base salary in all our factories and offices is higher than the minimum wage in the country to a greater or lesser extent.

Although GRI Renewable Industries promotes Equal Opportunities, after carrying out a statistical analysis of the relation between **minimum wage** for men and for women, we have detected a variation of 1.4 in Argentina being this relation in the other countries equal to 1.

Professional practices

Communication and exchange of ideas are a key element for us to manage our teams correctly.

Communication

Due to the characteristics of our company, we have adopted a 2.0 management model adapted to the needs of a multinational team and used to travelling.

In order to make this task easier, since 2012 we count on **"Leading the Change"**, our corporate intranet, whose goal is to boost dialogue between the management and the employees through social media with applications to share and acquire information and knowledge, thus facilitating teamwork and promoting pride of belonging.

This network is used by many corporate and plant departments to communicate relevant information such as plans, statistics and technical information.

On the other hand, several communication channels have also been activated to contact the **Ethics Committee**. These channels allow our employees to resolve their questions or report possible incidents or infractions related to the Ethics Code.

In 2014 the Ethics Committee received a complaint through the channel (ethicalcode@gonvarri.com), related to the improper use of a corporate policy.

The complaint, describing the incident clearly and in detail, was reviewed by the Ethics Committee, which interviewed the people involved and gathered the necessary information.

As a solution, appropriate measures were adopted and, among other things, internal promotion systems and channels were strengthened in order to avoid similar incidents.

Collective rights and agreements

The rights and obligations of our professionals are gathered in accordance with local laws and requirements.

49% of our employees are protected by sectoral **collective agreements** or similar agreements according to local legislation, customs and practices.

17% belong to employees in Brazil, U.S. and U.K. where this formula is replaced by a **"Handbook"**. This document is a guide that gathers labour conditions, and contains the patterns of conduct that adapt to the context and local legal requirements indicating the rights and duties of the employees in aspects related to selection processes, schedules, leaves, wages, social benefits, holidays, etc.

The other professionals are not subject to these procedures.

Operational changes

In order to communicate to our employees of operational changes or any sort of relevant changes, **information is given to the affected group with enough time in advance** as to allow them to act accordingly, always complying with the legislation applicable to each case.

Sustainability information

Our company is present in several countries which mean that several procedures and information reporting systems are needed.

At the planning phase, it was found necessary to create a tool to properly collect, standardize and consolidate the necessary data and information regarding our financial, social and environmental results.

To respond to this need, in 2014 the sustainability team, in collaboration with CBI Consulting, adapted their reporting platform to fit our needs in order to resolve this situation. Specific indicators were defined for our activity.

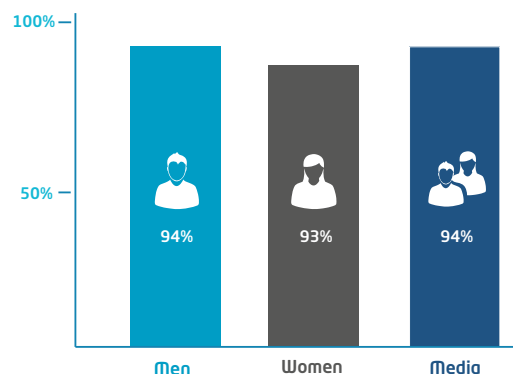
This platform also facilitates the collection and consolidation of data by means of an attractive interface, and it allows to attach evidence so posterior independent review processes are expedited.

Conciliation

Most of our employees are in the plants where work is conditioned by the needs of clients so the majority of employees follow concrete shifts. **Schedule flexibility** is complex and necessary adjustments are made on a case-by-case basis. However, some plants have established measures that bring conciliation improvements. For instance, female employees in Mexico enjoy maternity leaves of 45 additional days compared to what is established by current legislation.

As regards **maternity and paternity leaves** in 2014, it was enjoyed by 67 men and 28 women. The graph to the right sums up the return-to-work rate after parental leave.

Return-to-work rate after parental leave



Social benefits

We are a diverse Company where our professionals have different needs.

We do not have globally introduced homogeneous **social benefit**. Instead, each factory and country defines its own social benefits according to its situation, legislation and context. A summary of our status is presented below:

Life and medical insurance

All our employees have a mandatory life insurance. As regards the availability of higher coverages than what is legally established, this is only partially available in some countries.

There is also a different reach as regards to social benefits related to health insurances and/or the availability of a company doctor.

For instance, in some countries (Germany, Brazil and Russia) health insurances cover all the personnel and in other ones (U.S., Mexico, Poland and the U.K.) just some groups. Additionally in Spain, they are included in a flexible remuneration plan only applicable to those workers that request it and in Portugal the company doctor provides a coverage that is higher than what is legally established.

Food and transport

Cafeteria or transportation benefits are not the same either, as this depends on the factory and its location. Both services are available with a different reach except for Poland and the UK where this sort of social benefits is not available.

Pension funds

As regards the availability of **pension funds**, this option is only available in Germany, the UK, and Russia. In Mexico, the so-called "savings fund" has been established.

Others

Besides these social benefits, other local initiatives have been developed in the different countries such as:

- Germany offers the so-called "Health Bonuses" which are economic bonuses for employees that do not get sick during each quarter. There is also the "Child Birth Bonus" for each birth.
- In Argentina, all women are given a present for "Women's Day" and a rose on "Spring Day". At the end of the year, a lunch is organized for the workers who also receive a present.
- In Mexico, birthdays are given as holidays and a present is given for each maternity/paternity. In some cases, training grants are financed and aid is provided for marriages or for the death of a close relative.
- In Portugal, we provide a company Christmas basket and a present for people with children under 12. This is repeated in Easter where all the workers are treated to a bag of almonds.
- In Spain, employees also receive a Christmas basket and an event is also organized to celebrate the closing of the financial year.

Recruitment and talent development

We work to attract, keep and develop our **team's talent** by improving their training and qualifications. **Our promotions** are always based on accomplishments, competences and individual capacities, from the selection process until the end of their professional career.

Training

A training plan is annually elaborated which gathers our teams' training needs.

In 2014, **79,967 hours of training on health and safety**, production, quality, logistics, computers skills, finance and professional competences, were conducted. This equals an

average of 26.0 training hours per employee (with an average of 24.6 for men and 36.5 for women)

The professional category that received more training was the middle managers, with an average of 41.2 hours.

The following table describes the distribution of training:

Training distribution

Hours

Countries	Managers		Middle Managers		Administrative Technicians and Plant Personnel	
	Men	Women	Men	Women	Men	Women
Germany	13	0	77	26	395	131
Argentina	25	0	411	150	316	0
Brazil	88	0	661	152	9,509	2,796
Colombia	63	14	939	236	8,492	1,053
Spain	1,657	371	10,859	862	21,191	5,434
EE.UU	10	10	607	10	612	612
Mexico	50	0	2,208	552	28	0
Polonia	32	0	693	95	268	805
Portugal	0	15	465	156	403	129
U.K	25	0	1,106	103	539	479
Russia	5	0	0	0	405	64
Turkey	0	0	0	0	3,565	0
Total	1,968	409	18,025	2,341	45,722	11,502

Furthermore, the **"Leading the Change University"** corporate project was reinforced this year. Its goal is to enhance, integrate and coordinate all training actions both face-to-face and online. The following training stands out:

Training on health and safety

We believe that training notably raises awareness among employees and middle managers about aspects related to workplace safety. For this reason, and as part of our commitment in 2014, 25,695 hours of training on health and safety have been conducted. This equals a rate of 8.4 hours per employee.

Ethics and Conduct Code

After the approval of the new **Ethics and Conduct Code**, a promotion and training campaign was launched to spread it. The goal of this training is to make the Code known as it is going to serve as a reference guide for decision making. It also includes points related to the observance of human rights and fight against corruption.

This training was designed to be online and face-to-face thus adapting to the needs of all the employees. It has added up to 2,380 hours of training and it successfully made **70% of our employees** understand, accept and commit to comply with our **Ethics and Conduct Code**.

Gonvarri Leadership Program

Here at Gonvarri Steel Services, we give great value to our team's talent development and personal and professional growth. In addition to this, our company is an international and multicultural business, so it is necessary to standardize a unified management and leadership model worldwide while considering local characteristics for each case.

In order to respond to this need, the first edition of **Gonvarri Leadership Program (GLP)** was launched at the end of 2014. This is an in-house training and development program elaborated by key professionals in our Company, the Human Resource corporate department and the IE Business School.

Its main goals are:

- The **creation** of our own management style.
- To have a **management, leading team** that responds to the required profile.
- To create a **reference framework** of management development and training initiatives.
- To promote the manager's role as a **leader**.
- To build a **relationship** network among the Group's managers.

This program has two working areas: one managerial and the other technical, divided into four itineraries each. The "Blended" mode is used by mixing the online format with in-person sessions which will take place every quarter at the Group's main offices. This is an opportunity to visit the plants that belong to the Group, and some that belong to our clients and suppliers.

1ST SEMESTER

1 nd Quarter	2 nd Quarter	
Itinerary 1: Business planning and management control	Itinerary 2: HR Area, occupational health & safety, and management tools	In-Plant training Visit to supplier

2ND SEMESTER

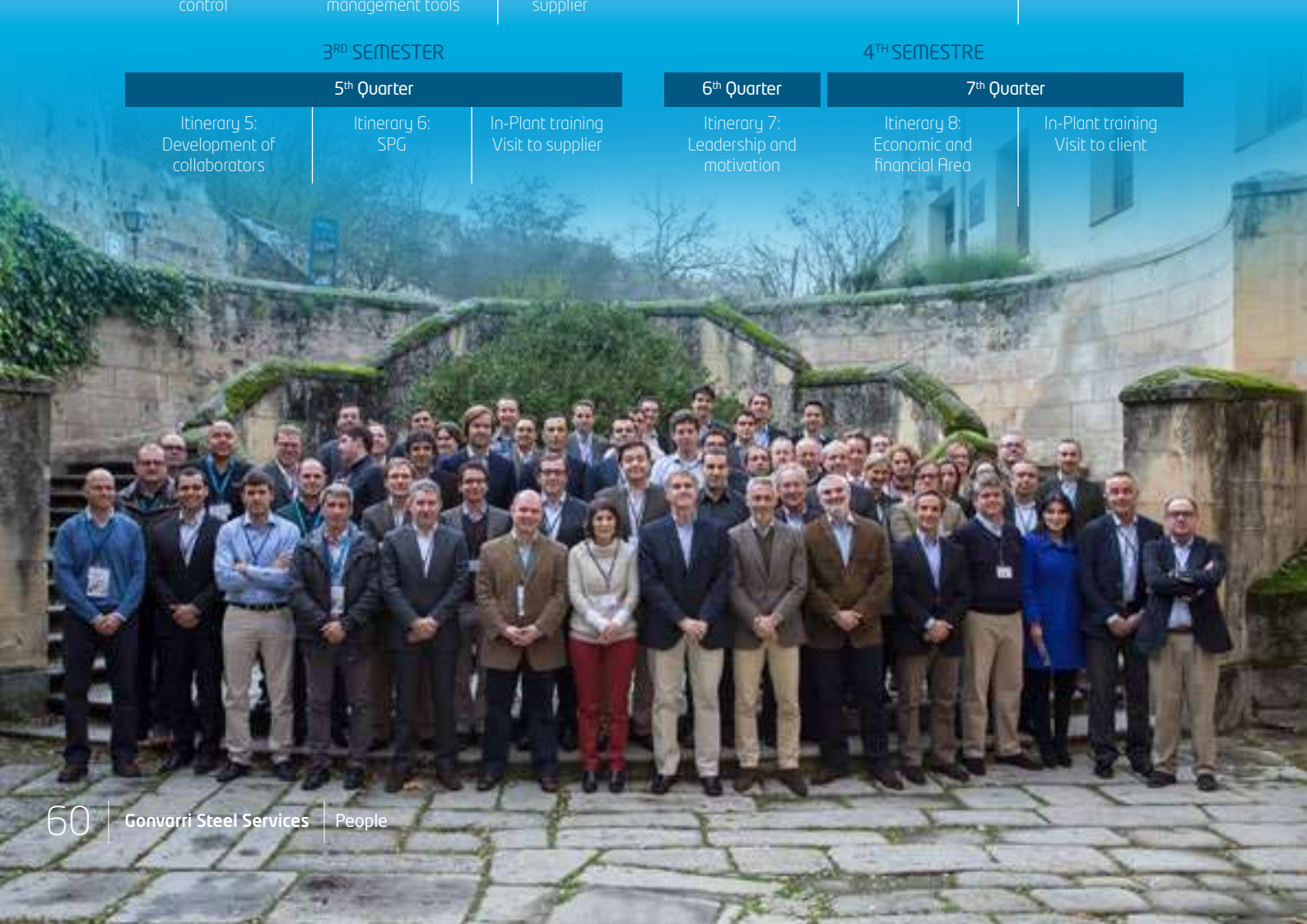
3 rd Quarter	4 th Quarter	
Itinerary 3: Management of in-plant teams	Itinerary 4: Purchasing and sales area	In-Plant training Visit to client

3RD SEMESTER

5 th Quarter		
Itinerary 5: Development of collaborators	Itinerary 6: SPG	In-Plant training Visit to supplier

4TH SEMESTRE

6 th Quarter	7 th Quarter	
Itinerary 7: Leadership and motivation	Itinerary 8: Economic and financial Area	In-Plant training Visit to client



Talent recruitment

Having motivated personnel is critical to reach our goals. That is why in our selection processes we look for the best candidates regardless of their gender, race, or religion. We also promote local employment.

The selection criteria is defined according to academic and professional accomplishments and the company's needs. In-house promotion is always a priority to boost the professional careers of the people that are part of our team.

In-house promotion

We think that a good way to recruit and retain talent is proving to our professionals that their positions are not static, that they can improve their condition through the in-house recruitment and promotion system.

Therefore, when a specific position needs to be covered, the job offer is published internally through channels such as **"Job Posting"**, the bulletin board for vacancies at our intranet.

The job offer is made public only if, after a while, and depending on the urgency, it is not internally covered.

Opportunities for young professionals

Gonvarri Steel Services has an active scholarship program which promotes new opportunities for young professionals.

This program is managed through agreements with important universities, business schools and academic centres, allowing young professionals to do their internships at our facilities in order to acquire experience.

Performance appraisal

In order for our employees to keep track of their performance and what is expected from their work, we are gradually introducing a performance and **potential appraisal** among our professionals.

This system periodically assesses the efficiency level with which activities have been developed and responsibilities belonging to their position. This is carried out in a qualitative and quantitative way. Correcting measures are established from the analysis of the appraisal results, thus improving work quality and employee's satisfaction.

In 2014, more than 1,260 performance appraisals were carried out. The number of employees who received this appraisal is distributed by gender and category as follows:

Performance appraisal by professional category

Employees' appraisals	Men (%)	Women (%)
Managers	54	83
Department Managers, Middle Managers and Supervisors	58	70
Administrative Technicians and Plant Personnel	35	52
Total	39	56

Turn-over

Our **turnover rate** is below 2%, being quite uneven among the different countries. For instance, this rate is negative in Argentina and quite high in Germany.

Furthermore, 123 of the employees hired in 2014 **left the company in the same year**, so our turnover rate for employees with a contract of less than a year is 9%.

2014 starter and leavers statistics can be found on the next page.

Hiring

This year, **390 new professionals** have become part of our company. Most of the hiring has taken place in Turkey, Spain, and Brazil. Hiring in 2014 is described below:

Distribution of new contracts by age and gender

N° of new contracts

Country	Men			Women			TOTAL EMPLOYEES
	≤30 years-old	>30 ≤50 years-old	>50 years-old	≤30 years-old	>30 ≤50 years-old	>50 years-old	
Germany	5	34	0	1	0	0	40
Argentina	1	0	0	0	0	0	1
Brazil	35	16	2	4	0	0	57
Colombia	9	6	0	10	1	0	26
Spain	14	50	1	4	5	0	74
U.S.	30	2	0	4	6	0	42
Mexico	6	5	1	2	1	0	15
Poland	1	2	0	0	0	0	3
Portugal	2	2	0	0	1	0	5
U.K.	2	6	1	2	0	0	11
Russia	8	5	0	1	0	0	14
Turkey	52	43	4	2	1	0	102
Total	165	171	9	30	15	0	390

Leaves

In 2014, we have recorded **338 leaves** mainly produced (66%) at Brazil, Spain and U.S. They are distributed as described below:

Leaves by age and gender

N° of leaves

País	Men			Women			TOTAL EMPLOYEES
	≤30 years-old	>30 ≤50 years-old	>50 years-old	≤30 years-old	>30 ≤50 years-old	>50 years-old	
Germany	4	4	0	1	0	0	9
Argentina	1	5	0	1	4	1	12
Brazil	31	50	1	4	5	0	91
Colombia	4	19	5	2	4	0	34
Spain	9	38	19	1	3	0	70
U.S.	22	26	14	0	3	0	65
Mexico	9	6	0	2	1	0	18
Poland	1	0	0	1	1	0	3
Portugal	0	1	0	0	0	0	1
U.K.	2	10	2	1	2	1	18
Russia	10	4	0	0	3	0	17
Total	93	163	41	13	26	2	338

*Data not available for Turkey.

Health and safety

Health and safety is a priority at our company. Our management works from the premise that **“every accident is avoidable”**. Therefore, we work toward eliminating or mitigating, as much as possible, potential risks by means of analyses, safety measures and awareness.

At our plants and workplaces, our employees must do everything possible to develop and promote safe behaviours in order to create a healthy work environment, with appropriate equipment and working conditions.

This commitment involves all the managers in the line of command, reaching also the plant managers, who are directly responsible for planning and monitoring and health and safety programs.

Health and safety management and organization

Our model is based on Integrated Prevention according to the GSS Health and safety Policy of mandatory compliance and applicable to all the professionals working in our facilities.

We have defined the **“10 Golden Rules”** to this end. Its spreading and thorough compliance are mandatory at all our facilities for both, in-house personnel and subcontractors.



Our management

All our facilities have analysed risks and defined emergency/adaptation plans according to their activity, their size and their environment. Also, emergency drills are carried out annually as regards to several risk points in order to be prepared for potential incidents that may take place such as fires or spills.

Our management systems **formally gather** -through manuals – procedures and instructions, specifications about personal protective equipment (PPE), training, claim mechanisms, the right to refuse dangerous work, periodical inspections, communication and information about health and safety committees, research and improvement goals, and accident response.

87% of our facilities have a workplace health and safety management system under the **OHSAS 18001** standard. They have been developed, introduced and certified by a licensed body. The remaining facilities are in process of certification.

One Step Forward

"One Step Forward" was created in 2007. This program focuses on a culture of awareness and integrated prevention that has safety as an unavoidable requirement, and contributes to the prevention of accident and incidents emerging from inappropriate behaviour on the part of the personnel.

This program is being gradually introduced into all our workplaces aiming at going beyond mere compliance with legal requirements, getting all the organization's members involved regardless of their hierarchical level. The idea is to achieve total compliance with all the applicable health and safety requirements for any activity and decision.

In order to ensure that our company has safe working environments where all our employees adopt responsible behaviours, we enhance three points in this program: communication, training and monitoring of health and safety indicators.

Consistency, proactivity, immediacy, globality, the preeminence of safety, and the bonus-malus system, are the 6 main pillars that are bringing down global accident and frequency rate year after year.

Organization

The **duties and tasks** are documented in our technical processes, in the organization of tasks, and all along the company's command hierarchy, always considering the protection of our employees' health and safety in all our decisions.

There are **employees at each plant assigned** to health and safety who have received higher training on it. Based on the size and the needs of each plant, these employees either dedicate themselves exclusively to occupational health and safety, or share this task with other tasks related to HR and/or environmental management.

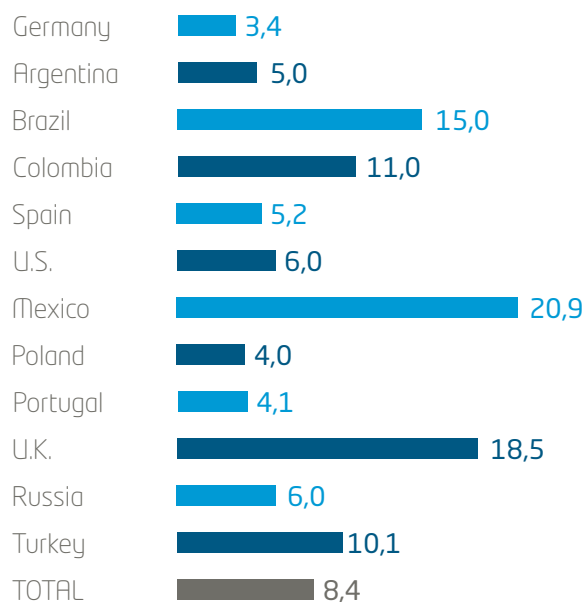
Health monitoring and control tasks related to the exposure of employees to risks at their workplace, are outsourced along with the medical services provided in the different countries where we operate, abiding, at all times, by local legislation.

Training

Training is key to develop our business in a good working environment and to avoid or minimize the risk of incidents or accidents in our plants.

In 2014, 25,695 hours of training in safety and health were conducted. The distribution of the average training hours per employee is shown below:

Average training hours per employee



Communication on health and safety

Communication is a basic principle within our health and safety program so we have established several communication ways that allow a two-way flow allowing information and direct participation on the part of all the personnel, both own and external.

This flow is directly coordinated and managed from the plants through periodical safety meetings. The Manager of each plant is the person in charge, allowing to streamline bureaucracy and to prioritize the most relevant points in a quick and transparent way.

Furthermore, a **Health and Safety Committee** is held every quarter. This committee is made up of **prevention delegates and managers**. It meets every quarter to deal with issues related to the health and safety of our teams, and the mitigation of potential risks or occupational accidents. Prevention delegates, chosen by employees, are their representatives and exercise their right to vote.

The attached table summarizes the number of delegates and members of the Health and Safety Committee at out plants per country:

Composition of Health and Safety Committees:

Country	Number of delegates	Total Committee members
Germany	2	5
Argentina	0	12
Brazil	16	60
Colombia	8	8
Spain	28	56
U.S.	15	16
Mexico	7	14
Poland	6	6
Portugal	2	8
U.K.	14	18
Russia	ND	ND
Turkey	2	9
Total	100	212

*In Spain, the workplaces GSS Bilbao and in Laser Automotive don't have a Health and safety Committee.

Apart from direct communication, we also have other communication channels that promote consultation and participation on the part of employees as well as on the part of Safety Management Committees, the corporate intranet's health and safety forum, participatory meetings, danger identification processes and the factories information panel on health and safety.



Furthermore, health and safety communication is locally reinforced by several awareness campaigns promoting healthy habits among our team. For instance, Gonvauto Galicia carried out the healthy diet campaign "Your health comes first" providing two baskets of fresh fruit to all its employees during the first week of each month.

In addition, the plant offers the possibility of subsidizing sports activities requested by employees practising a sport.

Awareness day at Gonvarri Barcelona

In March, Gonvarri Barcelona held a health and safety day in order to raise awareness of the use of personal protective equipment (PPE), focusing on their relevance to enjoy life.

To this end, all the employees attended awareness talks and participated in a gymkhana. In this activity the different teams had to overcome various tests in which the protagonist was one of the five senses, such as smell tasting or a tour with drunk-simulation goggles.



Health and safety indicators

At GSS, we carry out an exhaustive monitoring of several **indicators** related to accidents of both internal and external personnel.

On the other hand, "incident" monitoring at the plants is very important to us as it allows us to establish preventive measures so we can continue improving safety and the working environment for our professionals.

Balance

In 2014, a total of **85 accidents with subsequent medical leave and 265 without leave have occurred**. These data are detailed below. (M: men; W: women)

Countries	Accidents with medical leave		Accidents with medical leave	
	H	M	H	M
Internal personnel	65	2	222	4
External personnel	18	0	38	1
Total	83	2	260	5

Regarding **occupational diseases**, 6 have been recorded in our company out of which 5 correspond to men in the U.S. and one to a woman in Germany. In 2014, **our occupational disease** average per employee is 0.002.

In 2014 there have been **no fatal accidents**.

Accidents with medical leaves occurring in each region where we are present are detailed below:

Countries	Internal personnel		External personnel	
	Hombres	Mujeres	Hombres	Mujeres
Germany	4	0	1	0
Argentina	4	0	0	0
Brazil	0	0	1	0
Colombia	6	0	8	0
Spain	28	1	7	0
U.S.	0	0	0	0
Mexico	3	0	0	0
Poland	1	0	0	0
Portugal	3	0	0	0
U.K.	8	0	0	0
Russia	1	0	0	0
Turkey	7	1	1	0
Total	65	2	18	0

Missed days per accident

The recorded accidents have brought a loss of 1,492 working days of own personnel. The **average of missed days per work-related accident or occupational disease** and employee in 2014 is detailed below:

	Men	Woman	Total
Germany	0.35	0.00	0.29
Argentina	1.93	0.00	1.71
Brazil	0.00	0.00	0.00
Colombia	0.42	0.00	0.36
Spain	1.40	0.10	1.28
U.S.	0.18	0.00	0.15
Mexico	1.09	0.00	0.97
Poland	0.77	0.00	0.61
Portugal	0.68	0.00	0.52
U.K.	0.00	0.00	0.00
Russia	0.19	0.00	0.15
Turkey	0.40	0.08	0.38
Total	0.86	0.04	0.76

Missed days due to absenteeism per employee

In 2014, the main causes of absenteeism have been "common disease" and "official leaves". The average of missed days per employee due to absenteeism in 2014 is shown on the following table:

	Men	Women	Total
Germany	0.35	0.00	0.29
Argentina	8.70	13.42	9.25
Brazil	3.55	4.43	3.74
Colombia	3.46	1.55	3.17
Spain	8.47	5.98	8.24
U.S.	4.12	0.24	3.56
Mexico	2.02	1.15	1.92
Poland	9.53	0.00	7.50
Portugal	8.37	3.65	7.24
U.K.	10.09	4.87	8.78
Russia	5.76	7.41	6.10
Turkey	0.40	0.08	0.38
Total	5.79	3.90	5.55

LOCK OUT / TAG OUT Project

Although they have low incidence, accidents produced during maintenance tasks or machinery repair can have high severity if they are not carried out in appropriate conditions. For this reason, as part of our strategic plan, the **"Lock Out/Tag Out"** training and awareness goal has been established in 2014 to minimize this risk.

This project is aimed at personnel who, occasionally or regularly, carries out maintenance, repair, installation, service and cleaning tasks that entail a high risk of injury or of getting caught by the movement of the machine they are either working on, or nearby.

"Lock out / Tag out" is a system to lock and tag equipment inside of which tasks of maintenance, repair, cleaning, adjustments, etc. are carried out involving a quantity of time inside the machine's area of danger with mechanical risks (crushing, impacts, entrapment,...) or electrical risks.

This project considers the sufficient required measures to ensure that potential activations or accidental movements of the machine are avoided. For instance, if the controls are accidentally activated, if there is a shortcut, if air or hydraulic pressure is released, if the anchor bolts are removed, or if a fixed element falls causing entrapment or an unexpected impact, etc.

By using these systems, we guarantee that no equipment or machine turns on when someone is exposed.



5 Planet

5.1 Environmental Impact

Page
70

Our
environmental
management

ESI
ISO 14001

Page
72

Environmental
impact of our
products

Steel and aluminium
100% recyclable

Our contribution to
the development of
lighter vehicles

Page
75

Our
environmental
aspects

Steel
96% of our
raw material
consumption

Investments
255,000€

Direct energy
consumption
405,629 GJ

Indirect energy
consumption
296,914 GJ



5.2 Social Impact

Page
83

Climate change
and emissions

Direct emissions

27,828 ton
of CO₂

Indirect emissions

22,666 ton
of CO₂

Other indirect
emissions

13,329 ton
of CO₂

Page
86

Value
creation within
the society

Our project

**Emotional
Driving**

Page
93

Supporting
social action

Our initiatives and
collaboration

5.1 Environmental Impact

Our environmental management

Our commitment to the **environment** makes us operate more efficiently and responsibly in all our processes in order to supply more competitive and profitable **products** which cause a lower impact to the environment and are more eco-friendly.

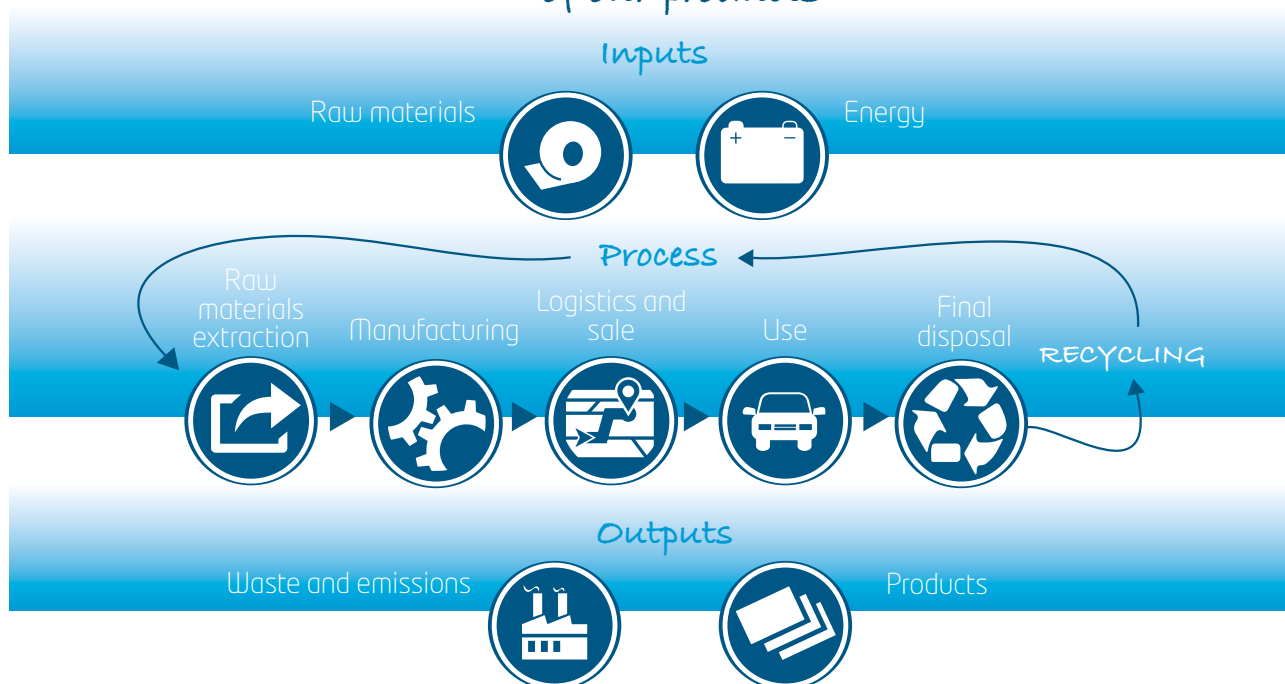
97% of our facilities are **ISO 14001** certified and have their own **Environmental Policy**. Those facilities that have started operations at the end of 2013 or at the beginning of 2014 are not yet certified but are awaiting their respective certificates. These facilities are: Gonvauto Asturias, Laser Automotive and Gonvauto South Carolina.

Environmental training and awareness are also essential to promote a responsible behaviour.

During 2014, this training has been focusing on good practices and on certain points such as: energy efficiency, waste management and environmental management indicators.

No incidents or relevant spills have occurred during this year nor do we have any standing legal processes or litigations as regards to the environment.

The lifecycle of our products



Environmental Sustainability Index

We keep track of our environmental points through the [Environmental Sustainability Index \(ESI\)](#).

The Management has included the ESI standard as another management tool within their priority actions.

The ESI has been introduced at our factories and it allows standardizing environmental protective elements.

The result at each facility is graded by an objective assessment which has a score between 1 and 100. This assessment is centred on three key points:

- Legal and corporate environmental requirements.
- Environmental management.
- Environmental practices.

The 2014 ICA results of all factories in which this evaluation process has been carried out is detailed below.

Plants	2013	2014
Gonvauto Barcelona	71	75
Gonvauto Galicia	74	80
Gonvauto Navarra	80	83
Gonvarri Barcelona	65	66
Gonvarri Burgos	77	82
Gonvarri Tarragona	77	78
Hiasa	58	58
Ferrodisa	68	68
Gonvarri Portugal	86	90
Gonvarri Thüringen	50	59
Gonvarri Polonia	63	72
AMG Campinas	65	67
AMG Paraná	73	73
Gonvarri Argentina	74	75
Gonvarri Puebla	80	80
SG Kaluga	53	55

In 2015, the Gonvarri Arizona, Gonvarri Colombia, Steel & Alloy plants and, possibly, the Gonvauto South Carolina plant, will join this index.

GSS score of ESI for 2014 was 3 points higher than the previous year, thus complying with the improvement goal established.

The company that obtained the best ESI score in 2014 was Gonvarri Portugal scoring 90 points out of 100.



Environmental impact of our products

Through our environmental management system, we have established monitoring and measuring mechanisms of our impact. We have defined indicators and established periodical improvement goals to minimize our impact.

Through our [environmental management system](#), we establish monitoring and measuring mechanisms for our impact. We have defined indicators and established periodical improvement goals to minimize our impact.

Through our environmental management system, we establish monitoring and measuring mechanisms to control our impact.

Regarding our products, we try to meet the needs of our clients by introducing improvement mechanisms into our processes that allow us to become more efficient.

Some of these initiatives are summarized below.

Emissions: Automotive industry

Environmental problems are bringing increasingly restrictive regulations on emission standards. The EPA environmental legislation in North America as well as in the European Union, is establishing quite tight limits for the upcoming years.

Since vehicle weight has a direct effect on fuel consumption and, therefore, CO₂ emissions, our industry is developing many initiatives aimed at producing lighter components and formats, preserving all times, vehicle safety and durability standards.

Although other materials are being studied, the latest advances are focused on using lighter steel and aluminium.

Steel

The reduction in the emission of greenhouse gases is a worldwide problem that requires a global solution. Steel producers actively participate in achieving a low-carbon society.

There has been significant progress in the development of [AHSS steel both](#) for cold stamping and hot stamping, preserving safety levels at all times.

Currently, weight reduction in vehicles using this new type of steel is around 10%. By 2017, it is expected to reach 20%.

According to estimations, if [all the car bodies](#) were made of AHSS, CO₂ global emissions would go down to around 156 million tons per year. Source: WorldAutoSteel (see page 79).

GSS conducts research about AHSS steels which presence is increasing, and includes them in its processes. Thus, our activity contributes to the reduction of CO₂ emissions from vehicles.

Aluminium

It is expected that aluminium use will [exponentially grow](#) in the next years. Aluminium has approximately one third of conventional steel's weight but its cost is three times higher.

According to estimations, aluminium consumption in light vehicles will increase 28% in 2015 (compared to 2012). If we push it further into 2025, 26.6% of the car's body and chassis will be made of aluminium.

Source: "2015 North American Light Vehicle Aluminium Content Study" report, elaborated by the Drivealuminium Association, June 2014.

At GSS, we have introduced aluminium cutting lines that allow us to meet our customers' demand for these formats in order to reduce the weight of vehicles.

Minimization of noise impact

Noise is one of the biggest problems created by moving traffic. Citizens and public administrations are becoming increasingly aware of the damage it produces to people's lives, mainly to those people that live near an area with intense traffic.

One of the measures aimed at minimizing this impact, is the installation of noise barriers which reduce noise pollution in the area of the receptor. The efficiency of this mitigation effect essentially depends on the size of the screen and the construction materials.

In GSS we contribute to reduce this impact through our noise barriers, certified under all the applicable quality standards.

Contribution to climate change mitigation

Climate change is one of the main challenges of 21st century and renewable energies are emerging as a key factor towards achieving a more sustainable energetic model with lower greenhouse gases emission to the atmosphere.

Through the solar structures produced at Hiasa, Gonvarri Arizona and Gonvarri Colombia, GSS helps to mitigate this impact by **contributing to the development of new photovoltaic facilities**, producing renewable and zero-emissions power,

Our product at its end-life

A critical factor in the reduction of carbon emissions is optimizing steel and aluminium recycling. Both materials can be infinitely recycled without losing their properties or performance.

Additionally, different administrations and manufacturers have made significant efforts to increase recycling rates and to improve the design of vehicles that can be easily dismantled at the end of their service life.

Steel can be indefinitely recycled without losing any of its quality. Indeed, 150 year-old steel is still recycled today.

Per each recycled ton of steel, the Spanish steelmaking industry saves around 1.5 tonnes of iron mineral, 85% of water, 80% of energy, and 95% of coal *.

*Source: 2013 report on Steel Recycling in the Spanish Steelmaking Industry – UNE-SID (Union of Steelmaking Enterprises).

Aluminium is the ideal recycling material since it does not lose any of its qualities during this process. In fact, 75% of all the aluminium manufactured in the last 100 years is currently being used to make other products thanks to recycling.

Another advantage of this process is energy saving, since by manufacturing aluminium products from recycled aluminium 95% of the energy necessary to produce it from this mineral is saved.

*Source: Association for Aluminium Products Recycling (ARPAL).

REACH

We look forward to guaranteeing **compliance with the obligations established** by EC Regulation No. 1907/2006 of the European Parliament and Council, of December 18, 2006, concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), and establishing a European Chemicals Agency.

To achieve this, we have requested to our suppliers a certificate that guarantees compliance with this regulation, so we can ensure that our products do not contain any restricted substance since it came into force on June 1, 2007.

In order to guarantee this compliance, we have a database with all the substances and the chemical products that we use in our manufacturing processes.

Furthermore, we have collected information about pre-registration in the REACH database, and we will send data our product use as well as the risks deriving from its usage for those other references that are to be pre-registered so they can proceed with its proper registration.

Conflict Minerals

In 2010, president Obama signed the **Dodd-Frank Wall Street Reform** and Consumer Protection Act. Section 1502 in this Act obliges public companies to inform the U.S. Securities and Exchange Commission about the findings of their investigation on the origin of conflict minerals required to manufacture the products they sell.

The following minerals are considered "**conflict minerals**":

- **Columbite-tantalite** (coltan): refined to produce tantalum.
- **Cassiterite**: refined to produce tin.
- **Wolframite**: refined to produce tungsten.
- **Gold**: and its by products.

As regards to these minerals, their usage is **restricted** in those cases where their origin promotes and allows the obtainment of funds for armed groups in the Democratic Republic of the Congo or neighbouring countries, thus allowing the development of atrocities against human rights.

This point is a **growing concern** for our clients who consider mining activities that feed these conflicts absolutely unacceptable. They keep requesting more information on the principles, actions and values attached to the supply chain, mainly in the automotive industry which has committed itself with the Electronic Industry Citizenship Coalition® (EICC®) and Global e-Sustainability Initiative (GeSI) projects.

This project includes the **Conflict-Free Smelter Program**. We report information related to the origin and characteristics of our steel coils.

Steel coils used at our facilities do not contain these sort of materials which, due to their high price, are more typical in special steel used for other sort of activities.



Our environmental aspects

Raw materials

Our environmental policy and management **include our commitment to control and minimize** our consumption as much as possible, preserving, at all times, the high quality standards of our products.

Our highest consumption is steel as it is the main component of our products, representing 96% of our materials consumption.

Aware of the need to preserve this resource, we have optimized our processes so machinery and cutting line are designated to use the maximum quantity from steel plates, being consumption efficient and reducing waste generation.

Raw materials consumed in 2014

Raw material	Tonnes
Steel	3,881,134.79
Aluminium	11,970.16
Zinc and zinc oxide	7,102.53
Oil	367.94
Wood	136,843.44
Hydrochloric acid	8,205.73
Others	338.74

Recycled material

The steel used in our processes is **partially composed of recycled steel**. This composition is variable depending on the provider. It is estimated that at least 30% of coils from the integrated steel (representing approximately 80% of supplies) and between 50- 80% in the case of coils from electrical steel come from a recycled source.

If we estimate that 30% of the total weight of coils is of recycled origin, in 2014 **we consumed a total of 1,164,340.4 tons of recycled steel in our products**.

Water

Consumption

Water **is consumed** at our facilities for sanitary and industrial purposes, and to water green areas. The main use is industrial, representing 64% of the total, followed by human consumption with 27%, and the watering of green areas, with 9%.

As it is a basic resource which is running out, we monitor and measure it to achieve a sustainable use of it.

In 2014, 220,743 m³ of water have been consumed from the following sources:

Water consumption by source in 2014

Source*	Volume (m ³)
Municipal water network	190,589
Superficial water bodies	16,638
Groundwater	10,036
Deposits	3,480
Total	220,743

*Any of these sources was significantly affected by our activities.

Water disposal

The **generated wastewater** comes from the cleaning of our facilities and machinery, from sanitary use, and from some industrial processes such as pickling.

Our processes are quite diverse and so are our runoff. This affects their treatment, monitoring and measuring systems. All the obligations **established in the runoff authorization are complied with for every case**.

A summary of disposal volume and its destination at our facilities is presented below:

Water disposal volume in 2014

Destinations	Volume (m ³)
Sewerage system	127,901
Septic tank	571
River/sea	36,200
Total	164,672

No information available for Argentina, Poland and Turkey.

Energy

Our production processes are **intensive** as regards to energy consumption, mainly in those factories that have galvanizing and zinc coating processes. That is why one of the most important points in our environmental management system, is monitoring, reduction and control of energy consumption.

Energy consumption at our facilities in 2014 is shown below:

Indirect consumption

The **electricity consumption at our facilities** in 2014 was **296,914.19 GJ**. The attached table shows this figure per country:

Electricity consumption 2014

Country	Consumption (GJ)
Germany	8,910.60
Argentina	2,814.34
Brazil	30,739.62
Colombia	5,189.00
Spain	189,393.87
U.S.	13,769.22
Mexico	7,661.59
Poland	4,772.66
Portugal	7,334.27
U.K.	12,058.93
Russia	7,251.26
Turkey	7,018.84
Total	296,914.19

Direct consumption

Apart from electric power, our facilities also **consume fossil fuels** such as natural gas, representing 56% of total fuel consumption, LPG with 38%, diesel in a lower quantity with 5%,

and, in a residual way, propane with 1% which is mainly used in the U.S.

The attached table shows consumption in 2014 per type of fuel and per country, expressed in gigajoules:

Fuels consumption 2014

Country	GLP (GJ)	Natural Gas (GJ)	Propane (GJ)	Diesel (GJ)
Germany	0.00	2,716.14	0.00	3,660.61
Argentina	370.49	0.00	0.00	0.00
Brazil	147,774.39	4,403.29	0.00	0.00
Colombia	0.00	9,946.18	195.24	330.18
Spain	0.00	166,981.49	4.59	5,417.43
EE.UU.	39.22	18.99	2,546.32	5,905.63
Mexico	2,803.55	0.00	0.00	0.00
Poland	0.00	3,423.03	0.00	ND
Portugal	0.00	0.00	0.47	3.17
U.K.	1,311.91	15,592.59	0.00	0.00
Russia	ND	0.00	2,846.20	ND
Turkey	0.00	22,416.34	0.00	6,921.97
Total	152,299.56	225,498.06	5,592.81	22,238.99

Renewable energy

We are aware that climate change is one of the most important environmental problems on our planet as well as a relevant point for our stakeholders. In order to contribute to the reduction of this impact, we **promote renewable energies**, particularly photovoltaic solar energy.

In 2010, we started up a photovoltaic power station in Gonvarri Navarra with 1.9 GJ of installed power. In 2011, we built two more installations, one in Gonvauto Barcelona, with 2.5 GJ of installed power, and another one in Gonvarri Barcelona, with 2.0 GJ of installed power. These installations were built on the roofs of the plants with the collaboration of Gestamp Solar. On the other hand, our Gonvarri Thüringen plant has installed PV panels which belong to third parties and are managed by them.

For all the cases, energy is sold to third parties since local legislations do not allow self-consumption.

Energy efficiency

Energy efficiency is currently part of our Sustainability Master Plan 2013-2015, so we are committed to **developing initiatives that help us reduce our energy consumption** and, hence, our carbon footprint.

Within this action context, the Energy Efficiency Plan 2013-2015 was established. It is essentially centred on monitoring consumption at the plants to identify potential saving measures. This project was developed in 5 phases:

1. Identification of monitoring points.
2. Acquisition and installation of these points.
3. Introduction of monitoring and energy management software.
4. Consumption data analysis and proposal from EEMs (Energy Efficiency Measures).
5. Introduction of EEMs.

In 2014 the facilities of Hiasa, Gonvauto Barcelona, Gonvarri Portugal, Gonvarri Burgos, Gonvarri Barcelona and Gonvarri Tarragona have been monitored.

This system has allowed, in some of the companies, to obtain information to objectively allocate the energy cost for every production unit.

As part of this project, we highlight some examples:

EEMs introduced at Hiasa

- Powerstar voltage optimizer for roll forming lines.
- Powerstar voltage optimizer for 9 A area compressors.
- Selective disconnection of transformer.
- Timed shut-down for pickling extractors.

These measures have brought additional savings of 0.83% over the baseline calculation. So, along with the EEMs that were introduced in previous years and are still active today (an annual 4.21%), this means that, today, **accumulated savings of 5.88%** are being obtained.

EEMs introduced at Gonvarri Burgos

- Retrofitting of the steam network in the pickling line to improve its performance by installing a heat exchanger. This project brings down energy consumption and CO₂ emissions, as well as water consumption. The achieved real reduction values are an annual estimate based on data taken from the period between September and December 2014. The obtained **gross reductions** are 3,042.00 GJ, around **10% of the previous value**, 34.20 MJ per processed ton approximately. The investment goes up to 50,000 euros.
- Installation of flame regulator at heating-system boiler to reduce gas consumption. The **estimated result is 114.00 GJ** (around a 5% reduction), with a cost of 1,795 euros. We do not have real reduction values since this value is for both boilers, and climatic conditions in 2014 are much different from those in previous years.

EEMs introduced at Gonvarri Colombia

- At Gonvarri Colombia the compressor was changed to optimize energy consumption associated with the generation of compressed air.

The one real recorded datum is an estimate of the reduction achieved between April and December 2014, based on the theoretical CFM (cubic feet per minute) specified by the supplier and compared to the results of the previous compressor.

Achieved gross reductions go up to **44.69 GJ** (around a 7% reduction), about 25,20 MJ per processed ton. The investment goes up to 36,309.37 euros.

Other measures:

UNE-ISO 50001 Standard

Another energy-related initiative is the development and introduction of an energy management system based on the UNE-ISO 50001 standard.

This project is being developed at Gonvauto Navarra and Gonvarri Burgos.

Lighting

Savings measures for light consumption have been defined at our Gonvauto Navarra and Gonvarri Colombia facilities.

- Gonvauto Navarra set the goal of reducing 20% light consumption at their facilities and improve its efficiency. This project ended in 2014.
- Gonvarri Colombia's goal is to measure and analyze lighting levels required at each workplace which prove to be the appropriate ones with efficient energy consumption. Reductions around 38.53 GJ (a 22% reduction approximately) have been achieved after an investment of 7,535.45 euros.

Power optimization and its costs

At Gonvauto Navarra, a study was carried out as regards to last year's load curve, the calculation of the right power for this curve and, by doing this, adapt the contracted power. On the other hand, measures and actions will be studied to reduce power demand.

In order to optimize costs and power consumption, several monitoring, measuring and management measures for prices, consumption and energy needs have also been developed. In 2014, 2013 data has been analysed and, with these carried-out measures, **670.30 gross GJ** have been reduced. This means the reduction of relative values of 49.21 MJ per processed ton has reduced to 43.81 MJ per processed ton.

Furthermore, based on the progress of the project, **additional measures** were proposed to be developed in upcoming years. We highlight the following ones:

At Hiasa

- VSD for pickling fume extractor.
- Recovery of galvanizing furnace heat

5.37% savings are estimated as regards to the energy baseline.

At Gonvauto Barcelona

- Installation of a more efficient lighting system.
- Compressor optimization.

18.21% savings are estimated as regards to the energy baseline.

At Gonvarri Tarragona

- Installation of a more efficient burner in pickling boiler.
- Improvement of acid tank insulation.
- Tantalum heat exchanger pickling tank 1.
- Installation of a more efficient lighting system.
- Recovery of acid heat spent in boiler.

18% savings are estimated as regards to the energy baseline.

At Gonvarri Portugal

- Automatization of air conditioner in locker rooms
- Installation of a more efficient lighting system

15% savings are estimated as regards to the energy baseline.

At Ferrodisa

- Compressor improvement.

2.79% savings are expected as regards to the energy baseline.

Energy Efficiency Measures (EEMs)

One of the **Energy Efficiency Measures (EEMs)** which has brought better performances after its introduction was the installation of a **"digital burner self-controlled by an oxygen sensor with a digital control system" at Hiasa**. It offers an optimal combustion in the boiler thus helping reduce carbon monoxide emissions as well as improve the boiler's maintenance operations.

The savings associated with this EEM have been higher than what was initially established, recovering the investment in less than 2 years.

This measure was started in 2013 and, once its **excellent savings results** were analysed, its introduction has been proposed at the Gonvarri Barcelona and Gonvarri Tarragona plants.

On the other hand, the introduction of Powerstar voltage optimizers has brought improvements in the performance of the equipment where they have been installed. It has also brought slight savings for a relatively reduced investment with paybacks in about 3 years.



African Safari

Gonvauto Puebla has reached an agreement with the African Safari Zoo, by which all the wooden waste will be supplied to the African Safari Zoo so it can be re-used at their facilities.

This agreement includes several free tickets to the zoo. These tickets are given, by Gonvauto Puebla's management, to exemplary employees who have not had an accident in the last 6 months.



Coil packaging

Gonvauto Argentina recycles 100% of their wrappings as summarized below:

The wrapping from coils is recycled through manufacturing second quality furniture like, for instance, furniture and benches made of hardboard. They are also used as bases for armchairs, sofas, and other lined furniture.

Plastic wrappings pass a pressing process which transforms them into pellets that are re-used as raw material for flowerpot and hanger injection moulding.



Waste

Our waste is properly **segregated, identified, stored and managed** by licensed management.

Non-hazardous waste

Our main **non-hazardous waste** is metal scrap. This sort of waste is mostly made of steel, and a lower quantity of aluminium. These are mainly scraps from the slitting process as well as from outdated machines.

It is a recoverable waste sold for its re-utilization having a significant consumption market. The total amount of scrap produced in 2014 by GSS is 172,317.58 tons and amounts to 80% of total non-hazardous waste.

Other **non-hazardous waste** is:

- **Organic waste:** mainly generated in rest areas. They are managed by a municipal cleaning service or a licensed management service.
- **Paper, cardboard and plastic:** remains of boxes or office paper. They are segregated and managed by a licensed management service.
- **Wood remains:** coming from wooden boxes and the remains of broken pallets.
- **Sludge:** coming from non-hazardous processes and sanitation.
- **Construction and demolition waste:** inert waste resulting from work in factories.

The below table shows the waste generated in 2014:

Non-hazardous waste

Waste	tons
Steel scrap	171,675.38
Aluminium scrap	642.20
Paper & cardboard	20,876.83
Plastic	19,324.00
Organics	655.78
Wood	612.19
Construction and demolition waste	474.72
Other waste	978.98
Total	26,161.49

100% of scrap and packaging (pallets, plastic and cardboards) are recycled in all our plants.

Hazardous waste

The processes developed at our facilities are not homogeneous so hazardous waste is diverse. We have selected processes that are common to most of our facilities or with special relevance, as summarized below:

Hazardous waste 2014

Waste	Tons
Oil	70.12
Battery and accumulator waste	6.86
Solvents	2.94
Metal contaminated packaging	10.82
Plastic contaminated packaging	24.45
Fluorescent tubes	0.67
Sludge	599.91
Material contaminado	237.20
Restos de reactivos y baños	14,203.16
Others	5,834.92
Total	20,991.03

Environmental expenses and investments

In 2014 Gonvarri Steel Services allocated € 255,684.28 to environmental **investments**, and **received** € 24,880,969.18 through the sale of scrap metal and other wastes / by-products.

Our environmental costs are mainly due to waste management, amounting to € 507,988.45.

The main **environmental expenses** in 2014 are summarized on the following table:

Environmental expenses

Environmental expenses	Amount (€)
Management systems maintenance	64,660.28
Disposal treatment	24,524.69
Waste management	507,988.45
Environmental measurements	83,679.25
Control of legionella	32,988.16
Total	713,840.82

Waste minimization & reduction Plan at Gonvauto Navarra

At Gonvauto Navarra, a 4-year **waste minimization/reduction plan** is followed which started in 2013. In order to elaborate this plan, oily water was identified as priority waste according to criteria of hazard, generated quantity and management costs.

The plan's goal is to progressively reduce identified priority waste (oily water) down to 50% by 2016, having as reference the 1.41 ratio in 2012. In order to achieve this, several actions have been set up including brainstorming among the personnel, and formalize and consolidate a decantation system for collected oily water. The plan's goal was achieved in 2013 and 2014.



Biodiversity

Our facilities are located in industrial areas, except for Gonvarri Portugal and Hiasa, which are located near protected areas, as summarized below:

Gonvarri Portugal

Gonvarri Portugal's factory borders on the [Arrábida Natural Park](#). This park is a biogenetic reserve and is integrated in international conservational networks. All its territory is classified as a [Site of Nature Conservation Interest](#).

Related administrations have not demanded any special or more restrictive environmental control. They have just required measures related to visual pollution, such as planting trees in the perimeter of the facilities and to paint the factory in a neutral colour.

Hiasa and Gonvauto Asturias

Hiasa is located in [Alvares river basin](#) which crosses Trasona (Corvera) and La Granda (Gozón) reservoirs. Both reservoirs are protected areas and have been declared a [Special Protection Area for Birds \(SPA\)](#) according to European regulation.

For this reason, a rigorous control of waste disposal is carried out through licensed inspection bodies that ensure to it is up to standard.

AMG Paraná

There is a nature conservation area near AMG Paraná. Within the nature conservation area there is: [the Córrego dos Passos micro-basin](#) where the phreatic level is quite low, and which has a lake and a water stream nearby.

Monitoring and measuring of our potential impact is carried out and some preventive measures have been established just as it is summarized below:

1. [Application of recovery of eroded areas](#) by means of appropriate drainage systems. Apart from the introduction of gallery forests at strategic places in order to keep the water-side and the good quality of water.
2. [Monitoring](#) of surface water characteristics (physical, chemical and biological).
3. [Flora inspection and maintenance](#) of areas of permanent conservation in accordance with what is specified by article 2 of Law 4771 of September 15, 1965, which establishes the new forest law.
4. [Monitoring](#) in the area of recovery to guarantee that flower composition and local flora structure are observed.
5. [Inspection](#) of the elaboration of an environmental awareness program on the import of wild animals to preserve the natural environment of neighbouring owners, as well as other people that have a negative influence on the wilderness.

Water analysis and monitoring show that our activity is not [affecting the environment](#).

"Gonvarri operations do not produce any adverse effect on the biotic environment, especially as regards to rare, threatened and endangered species. On the contrary, as this region is anthropic, the creation of a legal environmental reserve on the part of the business will promote attraction, sheltering, feeding and watering for local birdlife." (Findings EIA).

Climate change and emissions

Climate change is one of the major challenges we face, being the biggest environmental challenge that Humanity will have to address in the 21st century. In order to mitigate it, international agreements and measures will be required to stabilize the temperature on the surface of the Earth to prevent unrepairable damage.

Although our activity is not found among those producing large quantities of greenhouse gas emissions, this is an interesting aspect for our stakeholders just as it is observed in our materiality matrix.

In the Climate Change Summit celebrated in Warsaw in November 2013 (called COP19), the main challenge was to move toward a large agreement to curb the emissions of greenhouse gases based on IPCC's latest report (Intergovernmental Panel on Climate Change).

According to this report, each of the last three decades, since 1805, has been successively hotter on the Earth's surface compared to previous decades so global warming is unequivocal.

Among all the initiatives aimed at mitigating this impact, we highlight the proposal from the European Union of an integrated package of measures called 20/20/20 which include, among others, the following commitments:

- To reduce 20% greenhouse gas emissions (GHG).
- To save 20% in energy consumption by improving energy efficiency.
- To increase renewable energy production up to 20%.

Steel industry

According to the International Energy Agency, the iron and steel industry represents 6.7% of total global emissions.

In the last 50 years, the steel industry has reduced its energy consumption by 60% per produced ton. However, due to this remarkable improvement in energy efficiency, a slight improvement margin is estimated over the current technological foundation.

It must be pointed out that steel production, on average, emits 1.8 tons of CO₂ per each ton of produced steel.

Automotive industry

As for the automotive industry, reducing its CO₂ is one of its main challenges.

Predictions indicate that passenger transportation, and vehicle production in particular, will increase in the next few years and this increase will bring about higher CO₂ emissions. This fact, along with the publication of Regulation (EC) 443/2009 of the European Parliament and of the Council of April 23, 2009 -which sets emission performance standards for new passenger cars, and gathers increasingly restrictive obligations as regards vehicle emissions- and the EPA regulations in North America have made of vehicle's emission, an issue of enormous importance.

Remarkable progress has taken place in the recent years: from 185 g CO₂/km in 1995, to 164 g of CO₂/km in 2005. The 130 gCO₂/km target was reached in 2015 and it is expected that the 95 g/km will do so in 2020.

We have a close relationship with the automotive industry, mainly through our Gonvauto plants so, in an indirect way, we also have a responsibility towards climate change.

We are in permanent contact to jointly adapt our processes to their product requirements and make them lighter, preserving up, at all times, our quality, safety and resistance standards, which helps reduce emissions generated by the vehicle during its service life.

Greenhouse gases emission

We have a goal for the future which is the calculation of our carbon footprint. We want to set an indicator to measure our emissions according to production and, in this way, minimize and better report our impacts.

We follow the Green House Protocol (GHG) standard, which takes into account:

- **Direct emissions (scope 1):** greenhouse gases from fuel burning in the production process.
- **Indirect emissions (scope 2):** emissions generated in power stations as consequence of our own power consumption.
- **Other emissions (scope 3):** in our case, this scope is limited as we only include those emissions deriving from the transportation of our employees to our facilities. This datum was obtained thanks to estimates from each plant's sustainability manager and through anonymous employee surveys.

The sources of reference for this calculation are emission factors for electricity production provided by the International Energy Agency.

With the consumption data obtained in 2014, the CO₂ emissions deriving from our production process are:

Direct emissions: scope 1

Direct emissions

Country	CO ₂ emissions (tons)
Germany	477.59
Argentina	23.89
Brazil	10,048.68
Colombia	734.12
Spain	12,023.88
U.S.	632.08
Mexico	180.80
Poland	237.71
Portugal	0.28
U.K.	1,167.42
Russia	181.12
Turkey	2,121.21
Total	27,828.78

Indirect emissions: scope 2

Indirect emissions

Country	CO ₂ emissions (tons)
Germany	1,141.05
Argentina	286.91
Brazil	742.87
Colombia	253.68
Spain	12,521.04
U.S.	1,996.54
Mexico	968.34
Poland	1,035.40
Portugal	519.51
U.K.	1,530.81
Russia	773.47
Turkey	896.85
Total	22,666.48

Other indirect emissions: scope 3

This kind of emission amounted to 13,329 tons of CO₂ taking into account in this estimation the following aspects:

- **Employee transport** to the workplaces. The calculation was performed using a representative survey of our employees and the available data about corporate buses provided by the HR Department. The result estimated emissions were 9,895 tons of CO₂.
- **Business trips** performed by plane correspond to 3,399 tons of CO₂.
- **Train trips** (just in Spain) with 35 tons of CO₂.

With the aim of reducing emissions from employee transport, Gonvarri Solar Steel Arizona has launched a program to encourage its team to use more sustainable transportation options such as bicycles or carpools. Workers who want to embrace the program monthly inform the HR department about their transport habits, and every three months, a draw is performed among employees who have joined this initiative.

Our contribution to climate change mitigation

We are aware of the potential negative effects that climate change may cause. So facing this real risk, GSS helps to mitigate this impact through its Solar Steel division.

Our activity is to manufacture and supply solar structures, mainly fixed and single-axis tracker, which are part of photovoltaic plants whose objective is the generation of green renewable energy without producing greenhouse gases and contributing to climate change mitigation.

In 2014, we supplied solar structures for the installation of 314 MW, distributed as it is summarized in the following table:

Europe	146 MW
--------	--------

U.S.	136 MW
------	--------

Asia	32 MW
------	-------

Considering, among others, net solar radiation hours per project, as well as the percentage represented by the cost of solar structures on the total project and the conversion factor applicable to each country, we have estimated that, in 2014, we have indirectly contributed to avoid the emission of 21,749.05 tons of CO₂ to the atmosphere.

Other emissions

NO_x, SO_x and particles

We regularly monitor our NO_x, SO_x and particle emissions at those facilities which, due to their activity, are monitored by an accredited body within the periods established by the corresponding licenses and other legal requirements.

Most of our emissions belong to NO_x (44%), HCl (25%) and CO (18%). The attached table shows the **main emissions** in tons deriving from our activity:

Other emissions

Emissions	Tons
NO _x	44.70
HCl	25.15
CO	18.82
Particles	5.61
COVs	2.76
SO ₂	2.48
COT	1.36
Other emissions	1.18

In Spain 2.48 tons of SO₂ and 1.36 tons of TOC are also emitted. In Turkey, 2.76 tons of VOC are emitted.

Substances depleting the ozone layer

Refrigerant gases are used in office air conditioning units of some factories' offices and in cooling units in production lines.

In 2014, three refills were carried out at Gonvarri Colombia, one at AMG Campinas and one at Çepas, adding up to a total of 130.50 kg of R22 corresponding to the emission 236.24 tons of CO_{2eq} to the atmosphere.

Refrigerant gases/Emissions

Country	kg	Tons of CO _{2eq}
Brazil	117.80	213.22
Colombia	2.72	4.92
Turkey	10.00	18.10
Total	130.52	236.24

* No information available for Argentina.

5.2 Social Impact

Value creation within society

Gonvarri Steel Services aims to contribute to sustainable development from its economic, social and environmental aspects, strengthening dialogue and cooperation with its stakeholders and creating value in the places where it operates

Boosting local economy

GSS contributes to the creation of value in the **local economy** through different approaches that contribute to the reinforcement and consolidation of its business network. These approaches are:

- Our economic **value distributed** went up to 2,187 billion euros.
- Purchases **from local suppliers**, which make up 68.2% of total purchases.
- The jobs we **create and keep**. In 2014, GSS has 3,066 employees, 87% of which have indefinite contracts.
- The payment of 38,595 thousand euros in **taxes and contributions**.

Local suppliers

Most of GSS purchases, except for raw materials purchases, are performed locally, considering "local" as belonging to the same country where our facilities are located. This allows us to contribute to the indirect creation of local jobs in our value chain and to the reduction of CO₂ deriving from logistics.

In 2014, the expense in **local suppliers went up to a total of 1.4 billion euros**.

Job creation

In 2014, GSS directly employed 3,066 professionals from whom 390 joined the company the same year. Our HR policies promote stability, so 87% of our employees have indefinite contracts. This stability also contributes to economic stimulation and, according to our growth and expansion predictions; we expect to keep creating more jobs.

This year, **salary expenses**, along with other social expenses, have amounted to **92,048 thousand euros**.

Contribution to local change mitigation and to local power production

Through the manufacture of **solar structures** our facilities at Hiasa, Gonvarri Arizona and Gonvarri Colombia, GSS helps to mitigate this impact through its contribution to renewable energy facilities development.

Besides contributing to the reduction of greenhouse emissions, our products empower local development, as photovoltaic installations could be placed in a large amount of places provided they have enough solar radiation. According to estimations, in 2014 we contributed to avoid the emission of 21,763.32 tons of CO₂.

Payment of fees and taxes

On the other hand, the municipalities or regions where we have our plants receive incomes from **fees, royalties and taxes** which contribute to the improvement of life quality and services for local inhabitants. In 2014, we have paid around **38,595 thousand euros** in local taxes as detailed below:

Country	Taxes (thousand of euros)
Argentina	3,275.55
Brasil	6,501.62
Colombia	1,049.02
Germany	995.72
Spain	22,317.06
Mexico	-487.87
Poland	1,507.75
Portugal	2,400.53
Russia	-2,914.38
Turkey	169.09
U.K.	1,462.27
U.S.	1,895.41
Other countries*	423.20

* Under "Other Countries", secondary offices or warehouses are included which are not covered in the scope of this report.

Providing value to local communities

GSS is directly involved with the **communities where it operates** contributing to their development through its commitment to road safety, its social action, its membership in local industrial associations, and its relationships with local administrations.

Commitment to road safety

Traffic is the cause of 1 out of 3 fatal work accidents. Most of these, around 60%, take place during the commuting of our employees to their workplaces (commuting accidents) and, to a lesser extent, during trips between plants or deriving from professional activity (accidents on duty).

The most vulnerable groups are motorcyclists. According to data from the Spanish Department of Traffic (DGT), the risk of a deathly motorcycle accident is approximately 17 times higher than the risk of a deathly car accident.

In order to minimize the number and the severity of these accidents, actions can be taken on two factors: passive road safety (improvement of road conditions, placement of contention systems for motorcyclists and improvement of traffic signs), and raising awareness among drivers to adopt safer behaviours behind the wheel.

At the same time, we believe that noticing the involvement of companies with their context and adopting a role as a potential actor for accident reduction are a matter of responsibility.

Here at Gonvarri Steel Services, we have been committed for years to the health and safety of our employees. We are also immersed in an ongoing innovation and quality improvement process for all our products, among which our **"Gonvarri Metal Structures"** business unit is found, which is dedicated to traffic equipment and is located in Hiasa and Gonvarri Colombia.

Along these lines, we research, design, develop, manufacture, install and market products for road equipment aimed at improving the **protection of our roads** with the goal of minimizing damage in the event of an accident.

Our vehicle contention systems include: safety metal barriers, metal bridge parapets, wooden and steel stationary barriers, impact cushions, barriers and motorcyclists protection systems (MPSS).

All of these are characterized by their high safety level validated by, and in conformity with in-force regulations, due to their performance efficiency, their ongoing innovation and their thorough quality and durability.

In fiscal year 2014, Gonvarri Colombia and Hiasa helped to improve safety on our roads by manufacturing **1,456 kilometres of barriers**.

Furthermore, through our project **"Emotional Driving"**, we contribute to the safety of our employees and their families as described in next page.





Emotional Driving

We improve and increase our effort to promote preventive road safety culture.

Gonvarri Steel Services keeps its commitment to its workers' health and safety as well as to on-going product innovation. As a company, we are aware that every day thousands of journeys are done and that these constitute an accident risk that continually impacts on our environment. Thus, in late 2014 we launched the Emotional Driving Project aiming to improve and enhance our efforts to promote the prevention road safety culture. This project has the collaboration of the Association for the Study of Spinal Cord Injuries (AESLEME).

Emotional Driving comes from a new concept of Road Safety, which seeks to impact on our workers through advocacy, on-going training and inclusion of positive messages in their daily lives. It is therefore an initiative that seeks to motivate our team to drive more responsibly.

The project is aligned with our Triple Bottom Line and with our strategic objectives through a combination of three levels:

Road safety a key element at Gonvarri

Road Safety is part of our **business model**. Thus, promoting Road Safety can help us to position ourselves in the market, to capitalize the road safety area, to strengthen our products and make us unique in front of our competitors. In addition, the Emotional Driving gives a social value to our products.

Committed to our team

The Health and Safety Axis is also part of our **commitment to our professionals** so, as it is settled in our Safety and Health Policy, we manage safety with the same professional rigor as any other business area. Thus, Emotional Driving reflects our concern for society and seeks to aware our employees, with special emphasis on road safety preventive dimension and training.

Concerned for our environment

Finally, Road Safety is part of our **concern for the environment** because we believe the loss of human life caused by traffic accidents is unacceptable, thus our objective is trying to reduce its incidence and to help save lives. The collaboration agreement signed with AESLEME, as part of our social action, is pertinent as it allows us to create a greater positive impact on our environment.

Emotional Driving means strengthening our values, while allowing us to generate pride of belonging among our professionals. As a experienced company we have the responsibility to maintain and promote our founding values and apply them into our management and production. Thus, our products acquire added value and align with the principles of commitment to our customers and recognition and promotion of our professionals. These commitments also require us to help improve an uncomfortable reality and try to improve the environment around us, a rationale for any company.

Thus, from Gonvarri Steel Services, we have taken on the challenge of designing a new road safety strategy, able to

innovate in communicating awareness and providing positive and motivational components. From the very beginning, we understood that our professionals have a crucial role to play and decided to put them in the centre of the initiative, as protagonists and creators. Thus, following content co-creation dynamics and encouraging participation and gamification, we have developed a project that continues to positively impact on our environment.

This project was based on the combination of rational, emotional and experiential elements from the following three consecutive phases:

THE EXPERIENCE

Road safety days



The Project begins with a Road Safety Day in our plants where all our professionals are invited. Each one of the plants participating in the Project has held this Day and was open to all its employees and their families. In all of the events, all the attendees had the opportunity to **experience real road safety situations through simulators** (flips, driving under the influence of alcohol and impact) and to assist to trainings, talks and conferences conducted by related stakeholders (local police, firefighters, doctors or injured individuals).

The objective of this day was to generate an experience for our professionals which highlights the importance of caring and being interested on road safety improvements, while a collective reflection and awareness exercise was conducted.

THE CHALLENGE TO MOTIVATE

Emotional Driving Challenge



All the attendees to the Road Safety Day are asked to participate in a collective challenge where they compete for prizes and obtain points by an open voting process. All the attendees are invited to a contest where the contest is based on driving motivations and the campaign consists of publishing these motivations and the collective competition for the other people's points. For five weeks, all the contestants could answer the question: **What motivates you to drive safe?**, and after publishing it, they could give and receive points to those considered better. All points earned have been exchanged for a donation to the Association for the Study of Spinal Cord Injury (AESLEME).

The goal of this challenge was to modify the traditional ideas about road safety by interrupting the everydayness of our employees.

RISK FACTOR

Trainings



After the experience of Road Safety Day and the emotions arising from the Emotional Driving Challenge, we detected the necessity to strengthen basic road safety concepts, adding a rational component to the project. This has been included by a training exercise where the main risks related to driving are addressed: those relating to pedestrians, vehicles, road conditions and vehicle conditions. Moreover, we have given additional points to the employees who performed it, these points have also been swapped for a solidarity donation, so that the effort and commitment was rewarded.

Gonvarri Steel Services wants to thank the Mapfre Foundation for its collaboration and materials leasing, allowing us to reinforce the project and to strengthen the initiative.



The Emotional Driving project achieves the objective of aligning our business with social action

Each of these three phases is performed independently at **worldwide Gonvarri Steel Services workplaces**. Although the project first started in 2014 with a Road Safety Day at our Madrid offices, its scope will be boosted in 2015 reaching **Asturias, Navarra, Catalonia, Galicia, Valencia and Burgos (Spain)**. In each edition, all workers will enjoy the experiences, challenges, collective training and motivation elements. Likewise, throughout the entire project each one of our employees is invited to make a personal reflection and share it collectively in order to generate motivational messages for responsible driving. With the question, what motivates you to drive safe? we aim to boost collective generation of small reasons, applicable to our daily lives, while ensuring the consolidation of preventive culture around this subject.

Regarding this aspect, we consider that the Emotional Driving Challenge project achieves the objective of aligning our business with social action and improves relationships with some of our stakeholders (employees or local communities). Through a permanent and efficient collaboration with **AESLEME**, our company is directing part of its efforts to a project which joins our needs as a company and the ones of local communities where we are present, to whom we want to supply additional values apart from our products.

In addition, this is a long-term project able to adapt itself to the expectations of different stakeholders with the necessary collaboration of **AESLEME**. This association, present in all the phases of the project, has extensive experience in related activity fields to road safety prevention, awareness and training, psychological and legal support to people with special capacities and their social integration, as well as road safety studies research and promotion. Thus, this collaboration allows us to keep adding value to society and achieving the project's objective.

We are aware that we face a serious problem, as road traffic accidents are one of the main causes of death worldwide. Consequently, Gonvarri Steel Services considers its role in road safety as a duty because it is a global health problem that impacts on both personnel and environment and reduce its activity and benefits. Therefore, GSS highlights its role as an agent in accident rates and frequency reduction and the Emotional Driving project demonstrates this.

With a participation rate of 95% and hundreds of people collaborating, this project launched in 2014 is a starting point to reaffirm our commitment to our values, our people and the environment in which we operate, which certainly are, three of our most valuable assets.

Membership in organizations

Our participation in associations and institutions is important as it allows us to keep track of trends within our activities, to participate in consultations, studies and working groups in our industry, and to contribute to the creation of a frame of reference. We have memberships in the following industrial organizations and other associations.

Corporate level:

- Spain Council Forum – China.



Global Compact

It is an international initiative that promotes the implementation of 10 universally accepted principles in the areas of human rights, labour standards, environment and anti-corruption among the companies' activities and the business strategy.

In January 2014 Gonvarri Steel Services, adhered to the Global Compact of the United Nations, complying with all the necessary requirements to carry out the renewal of our commitment in 2015.

Spain

- Confederation of Spanish Metal Sector Employers' Organizations (CONFEMETAL).
- Iron & Steel Industry Association (UNESID).

Ferrodisa

- Valencian Automotive Cluster (AVIA).
- Camp de Morvedre Business Owner Association (ASECAM).
- The Valencian Employers' Federation of the Metal Sector (FEMEVAL).
- Spanish Iron Wholesaler Association (UAHE).

Gonvarri Burgos

- Spanish Association for Quality.
- Association of Entrepreneur-Proprietors of Gamonal-Villimar Industrial Park (ASPIGAVI).
- Burgos City Strategic Plan Association.
- Burgos University Foundation.
- Fundación Universidad de Burgos.
- Metal Business Association (FEMEBUR).

Hiasa

- Association of Metal Industry Business Owners and Related of the Principality of Asturias (FEMETAL).

Gonvauto Barcelona and Gonvarri Barcelona

- Employment promotion (Foment del Treball).
- Multi-sectorial Management of Catalan Companies (CECOT).
- Automotive Catalan Cluster.

Gonvauto Galicia

- Galician Association of Metallurgical Industrial Producers (ASIME).
- Galician Automotive Cluster (CEAGA).

Gonvauto Navarra

- Association of Metal Industry Business Owners (ANEM).
- Association of the Industry of Navarra (AIN).

Gonvarri Tarragona

- Provincial Association of Metal Industry Companies of Tarragona (APEMTA).

Portugal

- National Association of Metallurgical and Electromechanical Companies (ANEME).

Colombia

- National Association of Industrial Producers of Colombia (ANDI), actively participating in the Environmental Committee.
- National Institution of Technical Standardization (ICONTEC), actively participating in the Road Safety Standardization Committee of Colombia.

Gonvarri Burgos industrial company of reference

Gonvarri Burgos, founded in 1966, is the first plant of our Company and is established in Burgos's industry. In 2014, it has participated in several projects aimed at boosting and promoting local industry.

In June, Gonvarri Burgos had the honour to host in their facilities the conference "Strategic Talks: 50 Years of Industry in Burgos (1964-2014)", within the program to commemorate the 50 years since the development of the industrial park which made possible the presence of our company in Burgos. This conference started with the plant manager's welcome followed by some lively debates about the industrialization context, reasons for companies to invest in Burgos, the regional industrial policy and its projection in the city of Burgos.

Our plant in Burgos also participated in "Round-trip", a project on risk prevention in which several renowned companies in the province are participating.

The goal of this preventive initiative is to visit companies from other industries and find out how they manage risk prevention. The idea is to learn other ways to do things and adopt, if necessary, new ideas that may help us grow in this field.

Lastly, in November, the plant participated in the "**First Industrial Fair of Burgos**", which is part of the events to celebrate the 50th anniversary of the city's declaration as a hub of industrial development, along with the main companies in Burgos.

The main goal of the fair was to let citizens know about the industrial potential of Burgos and create a forum of communication and dialogue between the companies and the city. Gonvarri Burgos had a specific space to advertise its company, its activity, its products and its projects.

Our contribution to sustainable transportation

Transportation emits a significant amount of greenhouse gases representing 25% of all CO₂ emissions in the European Union (Source: International Energy Agency -IEA).

As regards to this point, vehicle weight is a crucial aspect as the lower their weight, the lower the fuel consumption and, hence, the lower the emissions.

Gonvarri Steel Services works in collaboration with the automotive industry, adapting our processes and developing lighter products using more aluminium and third generation steel.

On the other hand, by using natural resources that are completely recyclable, we contribute to a more rational usage of these, to the reduction of waste generation and to mitigate climate change.

Local collaboration with public administrations

Gonvarri Steel Services **collaborates with public institutions in a non-profit way**, establishing relationships with local and regional administrations with total transparency, following the guidelines of our Ethics Code.

Ferrodísa receives the visit from the regional government

During the month of July, several representatives from the Council of Sustainable Economy, Production Industries, Commerce and Employment from the Valencian Government had the chance to visit our Ferrodísa facilities in Puerto de Sagunto, invited by the company's Management.

The goal of this visit was to strengthen relationships, to learn about the resources the Council is putting at companies' disposal, and observe the growth of Ferrodísa.

Social Action

We are aware that our obligation as a company goes beyond our financial results. For this reason, we are carrying out several social actions at a **corporate level** as well as at a local level, focusing on detected needs. We support the following initiatives at a **corporate level**:



Association for the Study of Spinal Cord Injury (AESLEME)

Since 2014, our business group is contributing to this association whose goal is to prevent accidents and their serious consequences, raise social awareness about the problems faced by people that have suffered an accident as well as improving their quality of life, and give them psychological and legal support.

This association is also a strategic partner for our road safety program.



Juan XX III Foundation for intellectual disability

Our commitment to this foundation started in 2007. It was created to improve the quality of life of adults with intellectual disabilities and promote their social integration.

Its main actions are aimed at organizing activities so that people with intellectual disability can learn how to develop and interact in their place of residence, as well as managing an adapted vocational training centre and job hunting for disable people.



Word Central Kitchen (WCK)

Word Central Kitchen (WCK) is an NGO whose mission is to find sustainable solutions to end food insecurity and malnutrition thanks to sustainable food and local prosperity, centring on areas that suffer humanitarian catastrophes.

As we are aware of the repercussion of this project, Gonvarri Steel Services supports this initiative by contributing to its financing.



What Really Matters Foundation (LQDVI)

LQDVI foundation's goal is to promote development, and to spread universal, human, ethical and moral values.

On March 6th of 2014, GSS reinforced its commitment to LQDVI by becoming a "Collaborating Company", which implies a wider support of our company across the board in all its projects.

Within the framework of value dissemination, this Foundation organizes several motivational conferences aimed at transmitting values through personal experiences. In 2014, more than 100 of our professionals have supported LQDVI attending several conferences celebrated in Madrid, Barcelona and Lisbon.

At a **local level**, GSS plants have **contributed to the social development** of the communities where they operate through direct investment and the sponsorship of local initiatives and food collection. These are some of the actions developed in 2014:

Solidarity campaigns

Gonvarri Portugal supports the Meninos de Oiro association where they collaborated with several charity fundraisers.

Gonvauto Galicia collaborates with the Spanish Association against Cancer, publicizing their campaigns at the plant.

Gonvarri Barcelona joined the campaign "An apple for One Life", a campaign organized by the Multiple Sclerosis Foundation to raise awareness about this disease and raise funds for patient programs by buying an apple for a higher price. Our plant showed its supportive spirit by buying an apple per each employee with the goal of raising awareness among all the teams while helping patients with multiple sclerosis improve their quality of life.

HEALTHY IN THE INSIDE...
...AND THE OUTSIDE



Hiosa launched the campaign "Caps for Xana" to help the daughter of an employee at this plant who suffers cerebral palsy. The campaign consists of collecting as many tons of plastic caps as possible to help Xana improve her quality of life thanks to the palliative treatments she needs.



Sports Campaigns

Gonvauto Navarra participated in the race from the VIII Edition of Companies' Challenge organized by the department of sports and health of the Government of Navarre. Under the motto "Your Company, Your Team", this event promotes team spirit, personal well-being, and corporate culture. The collected money is used to fund projects of the NGO Medicus Mundi.



Steel & Alloy sponsored and participated in Wyndley Badminton League Charity Tournament. This event collected €1,870 which was donated to the Cancer Support Centre.



Social action at Brasil

AMG Campinas and AMG Paraná plants collaborate with the following programs:

Pequeno Príncipe Hospital is Brazil largest children's hospital. It was hospital of nationwide reference in 2013 as they assisted more than 342,000 patients, carried out more than 24,000 interventions and practice more than 19,000 surgeries.

The AMG Campinas and AMG Paraná plants collaborate with the Hospital Pequeno Príncipe since 2008, contributing to the funding of many cultural and human projects.

In 2014, the **"Projecto Família Participante"** (Participating Family Project) was developed in order to ensure that the relatives of children accompany them 24 hours a day during their stay at the hospital to guarantee their well-being and to keep their affective family bond. This project, which started in the 80's, has benefited more than 600,000 children and families, reducing 50% the average period of hospital stay and bringing infection rates down 20%.

National Program to Support Cancer Care (PRONON)

The **National Program to Support Cancer Care** (PRONON), is an initiative of Erastus Gaertner Hospital, located in Curitiba.

During the last three years, it attended every year more than 300,000 people and performed more than 7,000 surgeries, 53,000 chemotherapies and 200,000 radiotherapy sessions.

The hospital deals with all those people, aged above 19 years who need diagnostic tests by colonoscopy, endoscopy, pathology and specific cancer treatments.

The aim of the project is to reduce the demand for these tests, which has increased markedly in recent years, as well as increasing the capacity of caring for the sick, while improving treatment and care available in the Erastus Gaertner Hospital.

This initiative is supported by individuals and companies, this last through the donation program of 1% of income tax.

"Música em Cena" (Music on Stage)

The **"Music em Cena"** (Music on Stage) project, carried out during the years 2013 and 2014, aimed at organizing free musical performances of Brazilian music, open to the public, in the cities of Campinas and Piracicaba (São Paulo).

The attendees, over 600, could enjoy high quality performances as well as other artistic performances with both conventional and innovative styles and an extensive musical vocabulary for the enjoyment of casual and experienced music-lovers.

"Caminhos Brasileiros"

This project focuses on the recording of the second album of the Brazilian group **"Sax Bem Tempered"**. Also it included two free outdoor performances at Campinas (São Paulo) with over 200 attendees.

The new album compiles unpublished arrangements of enshrined themes of Brazilian popular music, with the aim of maintaining a modern and contemporary sound as in the previous work of the group.

6 Annex

Page
98

Scope and
coverage of the
report

**Guide
GRI G3.1.**

Annual
periodicity

Page
100

Independent
Review Report

Verified by
PwC

Page
102

GRI Index

Profile
disclosures

Disclosures on
Management
Approach

Performance
indicators

Page
112

Contents related
to the Principles
of the UN Global
Compact



Scope and coverage of the report

This report has been made in accordance with the guidelines of the [Global Reporting Initiative \(GRI\)](#) version 3.1. and with the ten principles established by the [UN Global Compact](#).

This report contains information about both our activities and major social, economic and environmental impacts and our stakeholder's opinion which is reflected on the 2014 materiality study. We intend to publish a sustainability report [annually](#).

The scope of this report has been increased regarding the previous year. In 2013 the report's included all GSS facilities in Spain and Portugal, and in 2014 it comprises all GSS facilities as detailed below:



Germany

GSS Düsseldorf office
Gonvauto Thüringen plant



Argentina

Gonvarri Argentina



Brasil

AMG Campinas and AMG Paraná plants



Colombia

Gonvarri Colombia plant



Spain

Madrid and GSS Bilbao offices
Plants of Ferrodisa, Hiasa, Laser Automotive, Gonvauto Barcelona, Gonvauto Galicia, Gonvauto Navarra, Gonvarri Burgos, Gonvarri Barcelona, Gonvarri Tarragona.



U.S.A.

Plants of GSS Arizona and Gonvauto South Carolina



Mexico

Gonvauto Puebla plant.



Polonia

Gonvarri Polska plant



Portugal

Gonvarri Portugal plant



U.K.

Steel & Alloy Aycliffe, Steel & Alloy Bridge Street, Steel & Alloy Darlaston and Steel & Alloy West Bromwich facilities.



Rusia

SG Kalluga plant



Turquía

Çepas.

The facilities of AMG Seneca, Resende (Brasil) and GAIP Pune, as Gonvarri don't lead their management.

Report's content

A summary of this Report's content is presented below:

- Information about GSS presence, the company's structure and governance and our risk management and internal control, is summarized in [chapter 1: Our Organization](#).
- Information about our corporate culture, dialogue with our stakeholders, and conclusions from the materiality study and compliance with Sustainability Master Plan actions is summarized in [chapter 2: Our approach to Sustainability](#).
- Information about the current framework, our products, performance and clients' and suppliers' management, and innovation is summarized in [chapter 3: Performance](#).

- Information relating to our human team, aspects relating to safety and health, is summarized in [chapter 4: People](#).
- Information relating to our environmental performance, our environmental impact, and our contribution to the fight against climate change, as well as our contribution to value creation for local communities, is summarized in [chapter 5: Planet](#).

The financial information included in the balance sheet corresponds to the consolidated information of the annual financial statements report.

In those cases where there is a different coverage and scope from what has been indicated, necessary specifications have been made.

Verification process for the Sustainability Report

Gonvarri Steel Services has a tool especially designed to report information relating to sustainability which allows us to obtain consistent, thorough and traceable data.

This data and all the information collected in the present report has been reviewed by the independent audit firm **PwC**, following the criteria and methodology established by the **ISAE 3000** standard.

GRI has confirmed that this report was elaborated according to the **GRI G3.1** directives at **A+** application level.

Contact

This Report is available on:
www.gonvarristeelsservices.com

Your opinion helps us to continue improving and we do appreciate your comments.

For any comments, suggestions or clarifications, please contact us at:

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28045 Madrid. Spain



Independent Review Report



Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT REVIEW REPORT

To the Management of Gonvarri Corporación Financiera, S.L.:

We have reviewed the Corporate Social Responsibility indicators contained in the "GRI index" Appendix of the 2014 Sustainability Report of Gonvarri Corporación Financiera, S.L. and its corporate group (hereinafter "Gonvarri Steel Services") for the year ended 31 December 2014, with regard to the indicators proposed in the Guidelines for the Preparation of the Sustainability Reports of the Global Reporting Initiative (GRI) version G3.1 (hereinafter "G3.1 GRI Guidelines").

Responsibility of the management of Gonvarri Corporación Financiera, S.L.

The management of Gonvarri Corporación Financiera, S.L. is responsible for the preparation, content and presentation of the 2014 Gonvarri Steel Services Sustainability Report 2014 in accordance with the G3.1 GRI Guidelines and according to application level "A" detailed in the G3.1 GRI Guidelines. This responsibility includes designing, implementing and maintaining the internal control considered necessary to enable the preparation of the Corporate Social Responsibility indicators included in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report, free of material misstatement due to fraud or error.

The Management of Gonvarri Corporación Financiera, S.L. is also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information to prepare the Corporate Social Responsibility Indicators contained in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report is obtained.

Our responsibility

Our responsibility is to issue an independent review report to give limited assurance based on the procedures applied and the evidence obtained in our review in accordance with the ISAE 3000 International Standard on Assurance Engagements 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). These standards require that we carry out our engagement in order to obtain limited assurance as to whether the Corporate Social Responsibility indicators contained in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report are free from material misstatement.

Procedures carried out

The procedures carried out are based on our professional judgement and included enquiries, observation of processes, inspection of documentation, analytical procedures and tests of review, based on sampling, which have generally been as follows:

- Meetings with the personnel of several units of Gonvarri Steel Services involved in the preparation of the 2014 Gonvarri Steel Services Sustainability Report, to ascertain the procedures for collecting and validating the information on the indicators presented in the "GRI index" Appendix of that report and obtain the information required for external review.

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Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 083 356, www.pwc.com/es

R. M. Madrid, ICAEX 2015-1, ICAEX 15, ICAEX 15/157, ICAEX 15/154, ICAEX 15/155
Inscripción en el R.G.A.C. con el número 30242 - C.F. 3/79/201381

4



- Review of the actions taken in relation to the identification and consideration of interested parties during the financial year, and the boundaries, materiality, and integrity of information on the Corporate Social Responsibility Indicators contained in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report based on Gonvarri Steel Services' understanding of the requirements of stakeholders.
- Analysis of the adaptation of the indicators contained in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report to the G3.1 GRI Guidelines on the preparation of reports.
- Verification, by review tests applied to a selected sample, of the quantitative and qualitative information for 2014 of the indicators proposed in the G3.1 GRI Guidelines, and included in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report. We have also verified that the information has been adequately compiled from the data provided by Gonvarri Steel Services' sources of information.

The procedures carried out in a limited assurance engagement vary in nature, frequency and scope which is less than that of a reasonable assurance review. Accordingly, the level of assurance obtained on a limited assurance engagement is substantially less than that obtained from a reasonable assurance engagement.

Independence and Quality Control

We have complied with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which includes the requirement of independence and other requirements based on the main principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

PwC applies International Standard on Quality Control 1 (ISQC 1) and consequently, our firm has a global quality control system which includes policies and procedures on the compliance of ethical requirements, professional standards and applicable statutory requirements.

Conclusion

As a result of our review, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility Indicators contained in the "GRI index" Appendix of the 2014 Gonvarri Steel Services Sustainability Report, contain significant errors or have not been prepared, in all material respects, in accordance with G3.1 GRI Guidelines.

Use and Distribution

Our report is issued solely for the Management of Gonvarri Steel Services, in accordance with the terms and conditions of our engagement letter. We accept no responsibility to third parties other than the Management of Gonvarri Steel Services.

PricewaterhouseCoopers Auditores S.L.

M.ª Luz Castilla

30 October 2015



GRI Index

Profile disclosures

Complete information: **IC** Partial information: **IP** Not available: **ND** Not applicable: **NA** Ethics and Conduct Code: **CEC**

GRI G3.1 Indicators

1. Strategy and analysis

	Page	Status
1.1 Statement from the most senior decision-maker of the organization.	8-11	IC
1.2 Statement from the most senior decision-maker of the organization.	23-25, 29-31, 36-37, 40-41, 68-69	IC

2. Organizational profile

	Page	Status
2.1 Name of the organization.	14, 98	IC
2.2 Primary brands, products, and/or services.	2, 14-16, 35, 43-45	IC
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	14-16, 18-19, 98	IC
2.4 Location of organization's headquarters.	22	IC
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	14, 18-19, 98	IC
2.6 Nature of ownership and legal form.	14, 20-22, 98	IC
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	14, 18-19, 39	IC
2.8 Scale of the reporting organization: <ul style="list-style-type: none"> • Number of employees; • Net sales. • Total capitalization broken down in terms of debt and equity and • Quantity of products or services provided.* *Information about this aspect is not provided.	3, 34, 38, 52, 54, 86	IP
2.9 Significant changes during the reporting period regarding size, structure, or ownership; <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions. • Changes in the share capital structure and other capital formation, maintenance, and alteration operations. 	17, 98	IC
2.10 Awards received in the reporting period.	51	IC

3. Report parametrers		Page	Status
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	98	IC
3.2	Date of most recent previous report (if any).* *GSS Península Ibérica Sustainability Report 2014	98	IC
3.3	Reporting cycle (annual, biennial, etc.).	98	IC
3.4	Contact point for questions regarding the report or its contents.	99	IC
3.5	Process for defining report content: • Determining materiality • Prioritizing topics within the report • Identifying stakeholders the organization expects to use the report.	29-31	IC
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	98-99	IC
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	98-99	IC
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	98-99	IC
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.* *Described at every applicable point	-	IC
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	98	IC
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	98	IC
3.12	Table identifying the location of the Standard Disclosures in the report..	6-7, 102-111	IC
3.13	Policy and current practice with regard to seeking external assurance for the report.	99 - 101	IC

4. Governance, commitment and engagements		Page	Status
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	20-22	IC
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	22	IC
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.* *The Board of Directors does not have any independent member.	20-22, 54	IC
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.* *Ethics Committee communication and denunciation channels.	23, 28-29	IC



4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	20-22	IC
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	20-22	IC
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	20-22	IC
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	2, 15, 23-24, 28, 59	IC
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	23-25, 70-71, 86-87, 91, 112	IC
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	20-22	IC
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	24	IC
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	2, 91, 112	IC
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:: <ul style="list-style-type: none"> • Has positions in governance bodies • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic. 	91	IC
4.14	List of stakeholder groups engaged by the organization.	29	IC
4.15	Basis for identification and selection of stakeholders with whom to engage.* *The stakeholders identification and selection process was performed through an analysis of the our sector, under a process of reflection and consultation, which involved the corporate area and the plants.	29	IC
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	29-31, 39-42, 57-58, 65, 92	IC
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	30-31	IC

Complete information: **IC** Partial information: **IP** Not available: **ND** Not applicable: **NA** Ethics and Conduct Code: **CEC**

Disclosures on Management Approach (DMAs)

Aspects	Page/Justification	Status
Economics		
Economic performance	15, 38	IC
Market presence	14-19, 43-45	IC
Indirect economic impacts	40-41, 83-84, 86-87	IC
Environment		
Materials	75	IC
Energy	76-77	IC
Water	75	IC
Biodiversity	82	IC
Emissions, effluents and waste	75, 80, 83-85,	IC
Products and services	72-74	IC
Compliance	70	IC
Transport	84	IC
Overall	70-71	IC
Labour practices		
Employment	54-55	IC
Labor/management relations	57-59	IC
Occupational health and safety	63-67	IC
Training and education	59-61	IC
Diversity and equal opportunity	56	IC
Equal remuneration for women and men	56, CEC (12)	IC
Human rights		
Investment and procurement practices	42, CEC (11, 14)	IC
Non-discrimination	23, CEC (12)	IC
Freedom of association and collective bargaining	23, 57, CEC (12)	IC
Child labor	23, CEC (12)	IC
Prevention of forced and compulsory labor	23, CEC (12)	IC
Security practices	24, 63, CEC (13)	IC
Indigenous rights *We do not operate in areas where indigenous rights may be affected. The Ethics Committee is responsible for the management of related situations.	-	IC
Assessment	42	IC
Remediation	57	IC



Society

Local communities	86-88, 91-93, CEC (14)	IC
Corruption Public policy	23, Rules of behaviour in respect of incentives, gifts or invitations.	IC
Public policies	92, CEC (14)	IC
Anti-competitive behavior	23, CEC (10)	IC
Compliance	23, CEC (11, 14)	IC

Product responsibility

Customer health and safety	39-42	IC
Product and service labelling	39-42	IC
Marketing communications *The MARCOM department manages the communications, ensuring compliance with applicable law.	-	IC
Customer privacy	24-25	IC
Compliance	23-25, CEC (11)	IC

Complete information: **IC** Partial information: **IP** Not available: **ND** Not applicable: **NA** Ethics and Conduct Code: **CEC**

Performance indicators

Ind.	Disclosure of management approach	Page/Justification	Status
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained, earnings, and payments to capital providers and governments.	3, 34, 38, 86	IC
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	40-41, 83, 85	IP
EC3	Coverage of the organization's defined benefit plan obligations.	58	IC
EC4	Significant financial assistance received from government.	38	IC
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.* <i>*Established in Collective Agreements and Handbooks applying to each facility.</i>	-	IC
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	42, 86	IC
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	56, 61	IC
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	40-41, 48-50, 83, 87-88	IC
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. <i>*No quantitative data about indirect impacts.</i>	86-87	IP
Environment performance			
EN1	Materials used by weight or volume.	75	IC
EN2	Percentage of materials used that are recycled input materials.	75	IC
EN3	Direct energy consumption by primary energy source.	68, 77	IC
EN4	Indirect energy consumption by primary source.* <i>*Information about primary energy consumed by our electricity providers is not specified.</i>	68, 76	IP
EN5	Energy saved due to conservation and efficiency improvements.	77-79	IC
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.* <i>*The emissions avoided correspond with a renewable energy production of 235,813 GJ.</i>	72-74, 77-79, 85	IP
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	77-79	IC
EN8	Total water withdrawal by source.	75	IC
EN9	Water sources significantly affected by withdrawal of water.* <i>*No water source has been significantly affected by our activity.</i>	-	IC



EN10	Percentage and total volume of water recycled and reused.* <i>*No water is recycled or reused in our activities.</i>	-	IC
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	82	IC
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	82	IC
EN13	Habitats protected or restored.	82	IP
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	82	IC
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.* <i>*We haven't registered any affection to the Number of IUCN Red List species habitat Caused by our activities.</i>	-	IC
EN16	Total direct and indirect greenhouse gas emissions by weight.	69,84-85	IC
EN17	Other relevant indirect greenhouse gas emissions by weight.	69,84	IC
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.* No quantitative data about the emissions avoided. <i>*Quantitative data about the emission mitigation are not indicated.<</i>	77-79	IP
EN19	Emissions of ozone-depleting substances by weight.	85	IC
EN20	NOx, SOx, and other significant air emissions by type and weight.	85	IC
EN21	Total water discharge by quality and destination.	75	IC
EN22	Total weight of waste by type and disposal method.* <i>*The waste is managed by an authorized waste manager.</i>	80-81	IP
EN23	Total number and volume of significant spills.	70	IC
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.* <i>*We don't have this kind of waste.</i>	-	NA
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.* <i>*No habitat or water body significantly affected by own activities.</i>	-	IC
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.* <i>*Reduction level is not especificed.</i>	72,77-79,82	IP
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	80 - 81	IC

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	70	IC
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.* <i>*Impacts related to our products' transportation are not included</i>	69, 84	IP
EN30	Total environmental protection expenditures and investments by type.	68, 81	IC

Labor practices

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	54-55	IC
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	61-62	IC
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	58	IC
LA4	Percentage of employees covered by collective bargaining agreements.	57	IC
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	57	IC
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. <i>*98% of personnel is represented at represented in formal joint management-worker health and safety committees</i>	65	IC
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	66-67	IC
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	64-67	IC
LA9	Health and safety topics covered in formal agreements with trade unions.	64-65	IC
LA10	Average hours of training per year per employee by gender, and by employee category.	59	IC
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	59-61	IC
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	61	IC
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	54, 56	IC
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.* <i>*Information not detailed by gender.</i>	56	IP
LA15	Return to work and retention rates after parental leave, by gender.* <i>*Retention rate not included.</i>	58	IP

Human Rights			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.* <i>*No human rights clauses included in our agreements and contracts.</i>	-	IC
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.* <i>*No analyse related to human rights performed to our suppliers and outsourcing.</i>	-	IC
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	59	IC
HR4	Total number of incidents of discrimination and corrective actions taken.* <i>*No incidents registered related to this aspect.</i>	-	IC
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.* <i>*Risk not detected in the countries included in this report.</i>	-	IC
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.* <i>*Risk not detected in the countries and suppliers included in this report.</i>	-	IC
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.* <i>*Risk not detected in the countries and suppliers included in this report.</i>	-	IC
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.* <i>*At GSS, physical security companies are legally regulated. No training on human rights was performed to them.</i>	-	IC
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.* <i>*Our activity doesn't imply any impact on indigenous rights and any related accident was detected.</i>	-	IC
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.* <i>*Any audit considering these aspects was performed to suppliers.</i>	-	IC
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	57	IC
Society			
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.* <i>*Percentage and number of operations not included.</i>	29, 86	IP
S09	Operations with significant potential or actual negative impacts on local communities.	82	IC
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	82	IC

Complete information: **IC** Partial information: **IP** Not available: **ND** Not applicable: **NA** Ethics and Conduct Code: **CEC**

Society			
S02	Percentage and total number of business units analyzed for risks related to corruption.* *No corruption analysis was performed to any business unit. The available information was provided by the Ethics Committee.	-	IC
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.* *Percentage of managers who received the training not included.	59	IP
S04	Actions taken in response to incidents of corruption.	57	IC
S05	Public policy positions and participation in public policy development and lobbying.* *No lobbying activities performed.	-	IC
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	38, CEC (14)	IC
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.* *Not incidents/claims related.	-	IC
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.* *Not incidents/claims related.	-	IC
Product responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	43-50, 70-74	IC
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.* *No incidents produced in 2014.	-	IC
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	3, 39-40, 42-43	IC
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.* *No incidents produced in 2014.	-	IC
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	39	IC
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	23, CEC (10, 15)	IC
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.* *No incidents produced in 2014.	-	IC
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.* *No significant sanctions received.	-	IC
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.* *No significant sanctions received.	-	IC

Contents related to the Principles of the UN Global Compact

Principles	GRI indicators	Millennium Development Goals
Human rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	EC5, LA4, LA6-8, LA13-14, HR1-9, S05, PR1	Goal 1: Eradicate extreme poverty and hunger Goal 2: Achieve universal primary education Goal 3: Promote gender equality and empower women. Goal 4: Reduce child mortality rates Goal 5: Improve maternal health. Goal 6: Combat HIV/AIDS, malaria, and other diseases. Goal 7: Ensure environmental sustainability. Goal 8: Develop a global partnership for development.
Principle 2: Make sure that they are not complicit in human rights abuses..	HR1-9, S05	
Work		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4-5, HR1-3, HR5, S05	Goal 2: Achieve universal primary education. Goal 3: Promote gender equality and empower women.
Principle 4: The elimination of all forms of forced and compulsory labour.	HR1-3, HR7, S05	Goal 2: Achieve universal primary education. Goal 3: Promote gender equality and empower women.
Principle 5: The effective abolition of child labour.	HR1-9, S05	
Principle 6: The elimination of discrimination in respect of employment and occupation.		
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges.	EC2, EN3-12, EN18, EN26, EN30, S05, PR1, PR3	Goal 7: Ensure environmental sustainability.
Principle 8: Undertake initiatives to promote greater environmental responsibility.	EC2, EN1-30, S05, PR3-4	
Fight against corruption		
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN 10, EN 18, EN 26-27, EN30, S05	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	S02-6	







*Sustainability growth is the best way to
achieve our **Mission** and meet our stakeholders needs.*

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