



Sustainability report 2013

Gonvarri Steel Services
Península Ibérica
(Spain and Portugal)



Gonvarri
Steel Services



Performance

€ Created Economic Value
€ 1,201 million

€ Distributed Economic Value
€ 1,271 million

€ 45.6 million
for salaries and social
benefits

€ 83.4 million for tributes

Environment and solidarity

Solar energy
6,4 GJ installed on our roofs



Global Compact



Solidarity Initiatives
Participation in 13 initiatives

Product



+95% of local suppliers



Product development

- Products for the development of lighter and less contaminating vehicles
- Road safety: Manufacturing of road guardrails

Employees



Local employment creation
1,188 employees
(92% men, 8% women)



96% of the workforce
has a permanent contract

11 Steel Service
centers between
Spain and Portugal

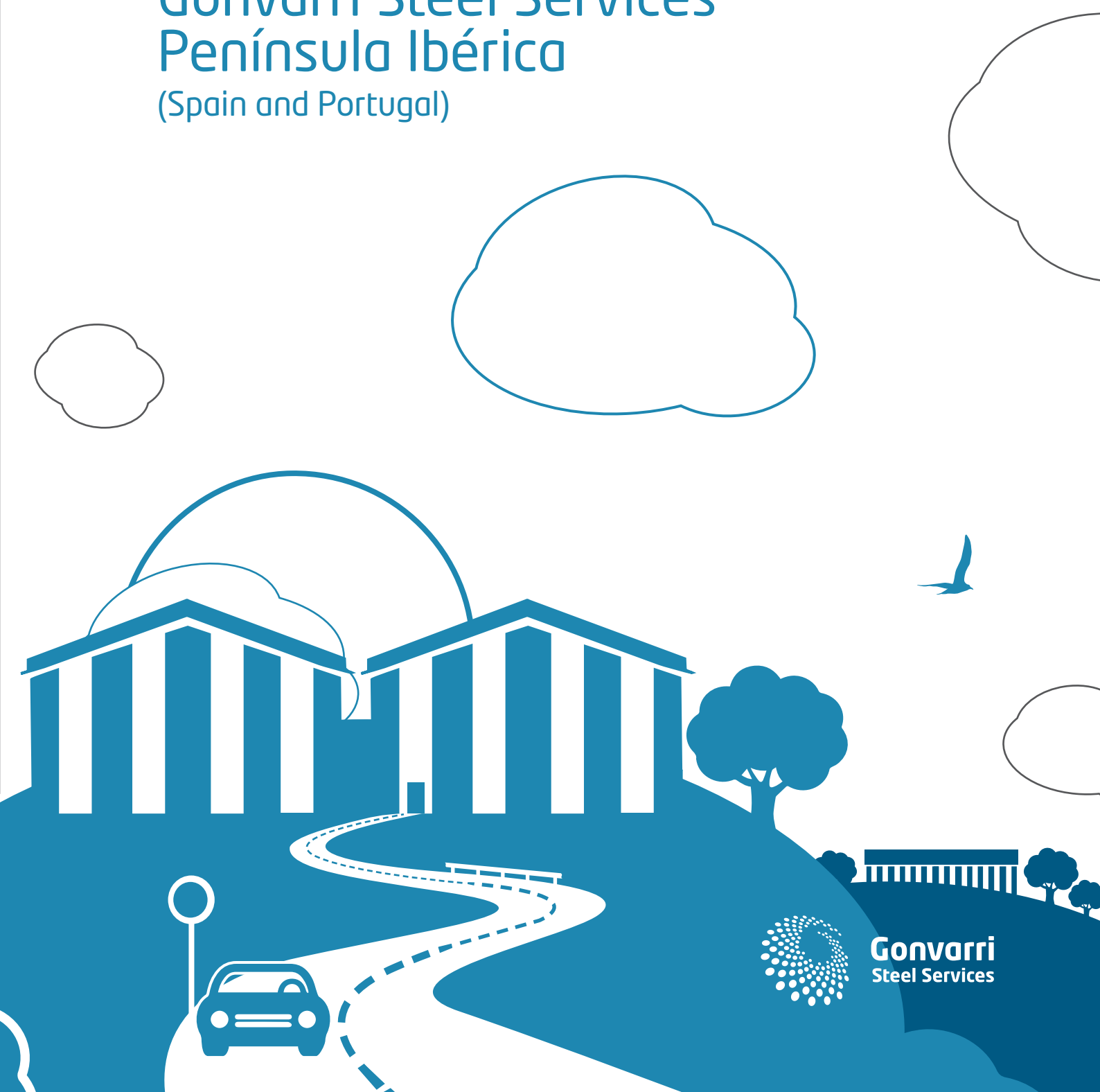


Production capacity
4.2 million tons per
year



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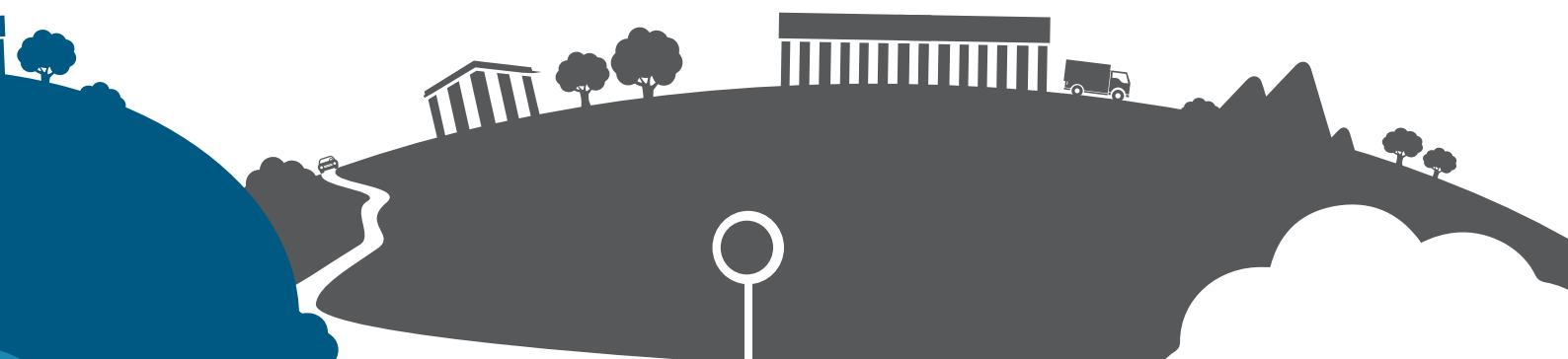


Gonvarri
Steel Services



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A letter from the President

In compliance with the goals set in our Sustainability Plan, and following the 1st Annual Report issued by Gonvauto Iberia, I am pleased to submit our **2nd Sustainability Report**.

The Report covers 2013 and makes reference to the production centres that form Gonvarri Steel Services Península Ibérica (hereinafter, GSS Península Ibérica). Reinforcing our commitment towards sustainability, our purpose is to expand the Report's scope so that it will reach the entire company throughout the world.

The **initiatives** shown on the Report are a clear reflection of the values that guide us, such as honesty, humbleness, effort and hard work, and also show the corporate principles that have been a reference to our company since its beginnings and that are part of our Ethics and Conduct Code: the commitment towards our customers, the enthusiasm of our professionals, leadership and sustainability.

The situation in the last years has been complicated. The most relevant **markets** are currently undergoing a recession, which results in a lower demand for steel products and an excess of production capacity, particularly in European Union countries, which are currently facing strong competition and pressure on market prices.

Iberia has experienced a GDP drop of 1.2% in Spain, and 1.4% in Portugal. The **saving measures** enforced by the public bodies have led to widespread lack of stimuli in fields such as infrastructures and sale and purchase operations involving cars. In spite of the unfavourable **macroeconomic situation** in Iberia, it is worth highlighting that an increase of the investment in capital goods has been noted in comparison to previous years, particularly during the second half of the year.

In 2013, a slight increase of **demand** for our products was observed which, however has not entailed greater benefits on account of the lower sale prices.

We have **dealt** with the ongoing recession by developing different initiatives focused on **optimizing** our processes, negotiating the collective agreement with wage moderation criteria and flexibility measures, so that we are able to provide a response to possible changes in product demand, trying to maintain stable employment at all times.

We continue to **diversify** our activity and we have developed powerful alliances with organisations that share this goal, as well as a large number of actions that enable us to continue growing in a sustainable way. An example of this process is the new division of Gonvauto Asturias launched at the end of 2013 for production and sale of welded tube, specialised for the automotive sector.

We want to be competitive and flexible, so that we can adapt to the new global environment. Therefore, we promote **innovation and efficiency** in our processes. Particularly relevant in 2013 was the awarding of several R+D certifications for projects developed in our plants.

Within our automotive activities we wish to highlight the launching of a **new aluminium line** in 2013, in our Gonvauto Barcelona plant, through which we are starting our journey in the aluminium cutting market for the automotive industry.

We view work in a responsible manner. The "**Leading the Change**" programme is framed within this context and provides us with the channels that are necessary to allow a flowing communication because by listening and sharing information we are mutually enriched.

We believe that constant **learning and training** are essential when it comes to managing our professionals' career. Therefore, in 2013 we launched the "Leading The Change University" Project, with the aim of reinforcing, integrating and coordinating all training activities carried out within the Group.

In 2014 the foregoing launching will be complemented with further initiatives, such as the Development of High Potential Employees and the school for Training Managers and Directors.

A key aspect of our business is our employees' **health and safety**. Most of our plants have obtained the OHSAS 18001 standard certification and a highly effective corporate prevention plan known as "One Step Ahead" has been successfully implemented, which has significantly contributed to enhancing safety, as shown on our frequency and accident rate.

A letter from the President

During the performance of our activities we are permanently driven by our need to minimize our **environmental impact**. Our management systems have been certified under the UNE EN ISO 14001 standard and we measure our improvement through the Environmental Behaviour Index (EBI) in almost all of our plants, thus contributing to achieving continuous improvement.

The principles and values that guide us and the initiatives that we have implemented allow us to face the **future** with the competence gained in our journey and the ethical contribution that has earned us a reputation as a reliable company.

This Report reflects the **involvement** of all those who work and collaborate with us. Therefore, I wish to reiterate my gratitude to all of them as through their hard work and dedication they contribute to reinforcing **our commitment** towards sustainable growth on a daily basis.



Jon Riberas
Executive President



About us



We are part of Corporación Gestamp

with 11 Steel Services Centers
between Spain and Portugal



Productive capacity

4,2 million tons of steel
per year

Our activity

Steel and aluminium products

4 business lines →



Automotive



Road Safety



Industry



Solar
structures

Our balance



Economic Value Created

1.201 thousands of euros



Economic Value Distributed

1.271 thousands of euros



Risk identification and management



Ethics Code
of Conduct

Sustainability Master Plan

Axis 2: Ethics Code of Conduct

GSS Península Ibérica

- December 2013: Update & development of the new Ethics and Conduct Code.
- January 2014: Ethics Code of Conduct approval.
- Conduct Code Online training through the Welcome pack for all the new recruits.
- First quarter 2014: Diffusion, implementation and acceptance by all employees.

1. Our organisation

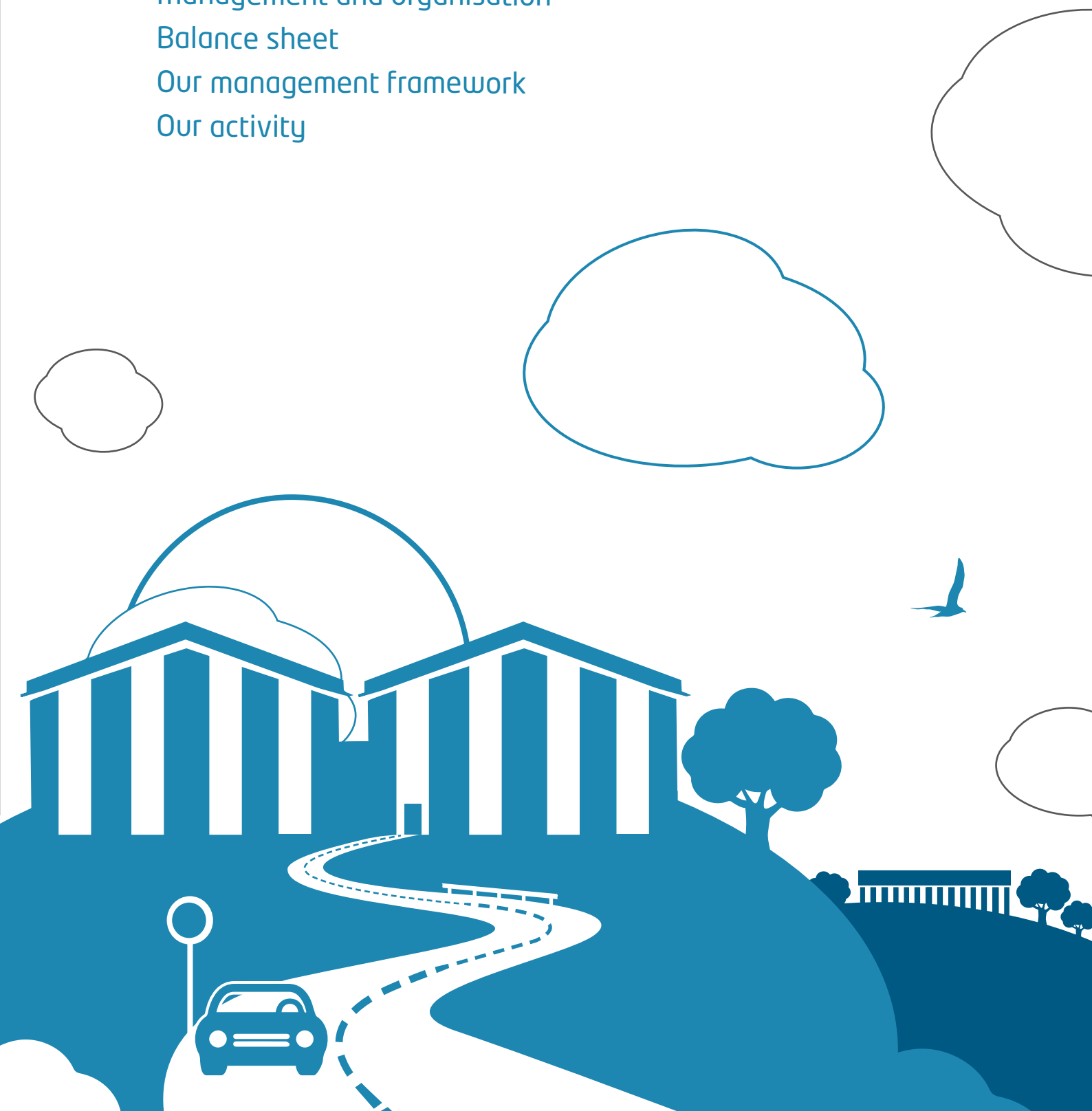
About us

Management and organisation

Balance sheet

Our management framework

Our activity



About us

Corporación Gestamp

We are part of Corporación Gestamp headquarters of Gonvarri Steel Industries and Gestamp Renovables, a leading European company in the steel, automobile parts and renewable energies sectors.

The Corporation has succeeded in becoming a great global company, by implementing the same leadership approach, based on continuous improvement, which characterized its beginnings, back in 1958.

We are a guarantee of financial solvency and high quality production process for execution of major projects based, among others, in steel service centers located all around the world.

The company currently operates in 25 countries in Europe, America and Asia, featuring more than 130 industrial plants and a total workforce of 36,000 employees.

Gonvarri Steel Industries

Gonvarri Steel Industries is formed by two different business lines:

Gonvarri Steel Services: Steel Service Centres, with 26 factories in 2013.

GRI Renewable Industries: 9 factories that manufacture wind generator spare parts.

Gonvarri Steel Services

Gonvarri Steel Services was founded in 1958 and its growth has continued by achieving worldwide expansion and diversification.

The company plays a leading role in the steel processing market, placing particular emphasis on sustainable, affordable growth and continuous improvement of products and services, aiming at building stronger relationships both with our customers and our suppliers.

At the service centers, steel undergoes a series of top level technological procedures that allow goods to accommodate the customer's needs.

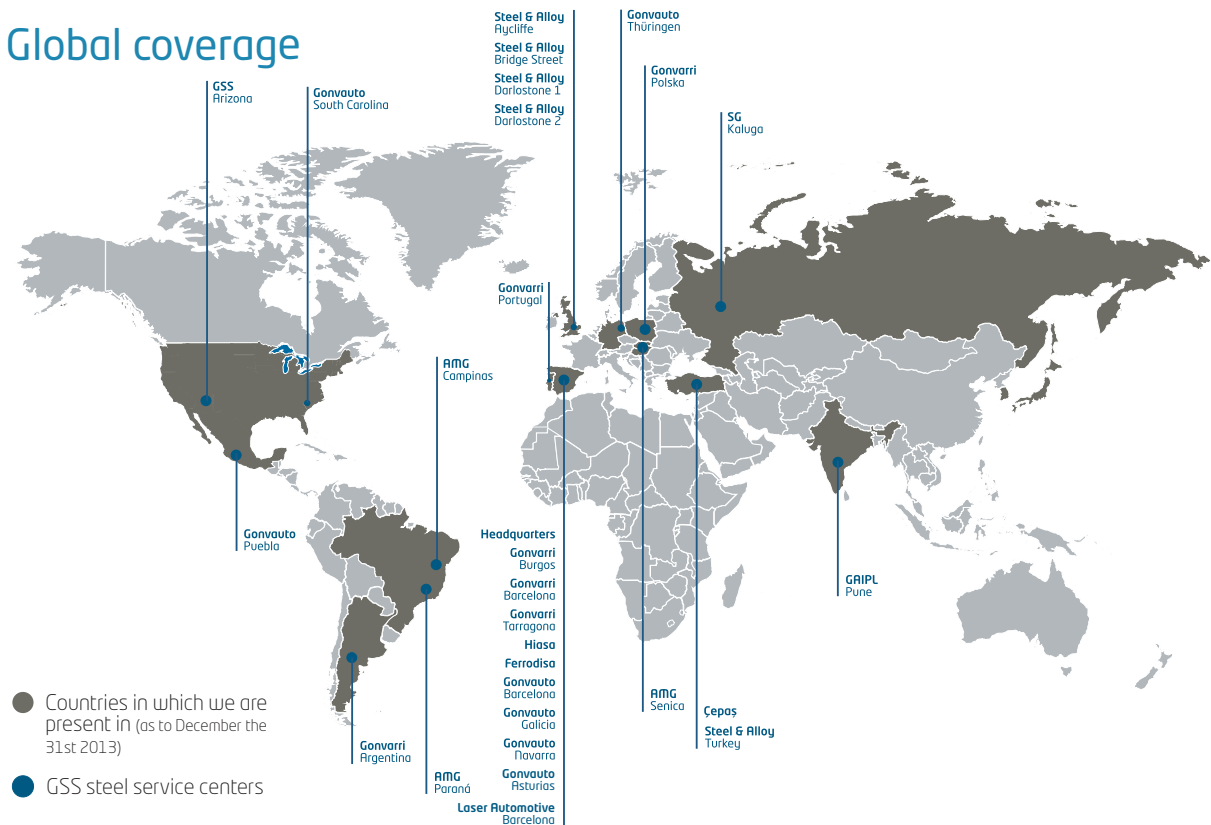
In 2013 operates in 13 countries with 26 Steel Services Centers



*The scope of this report only includes Hiasa and Gonvauto Asturias facilities

1. Our organisation

Global coverage



- Countries in which we are present in (as to December the 31st 2013)
- GSS steel service centers

Based on our geographical position and activity, we are grouped into **8 divisions**:

1 Gonvauto Iberia

Includes Gonvauto's facilities in Navarra, Barcelona and Galicia (Spain).

2 Gonvarri Iberia

Includes the facilities of Ferrodisa, Laser Automotiv-e and Gonvarri in Barcelona, Burgos, Portugal and Tarragona.

3 Gonvarri Metal Structures

Includes the facilities of Hiasa (Spain), Gonvarri Arizona (USA), Çepas (Turkey) and Gonvauto Asturias.

4 Central Europe

Includes the facilities of Gonvauto Thüringen, Gonvarri Poland and AMG Senica (Slovakia).

5 NAFTA

Includes the facilities of Gonvauto in Puebla (Mexico) and South Carolina (US).

6 LatAm

Includes the facilities of AMG Campinas and AMG Paraná (Brazil) and Gonvarri Argentina.

7 TUR

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

8 Asia

GRIPL Pune (India).



Key of success of GSS

Management and organisation

Management

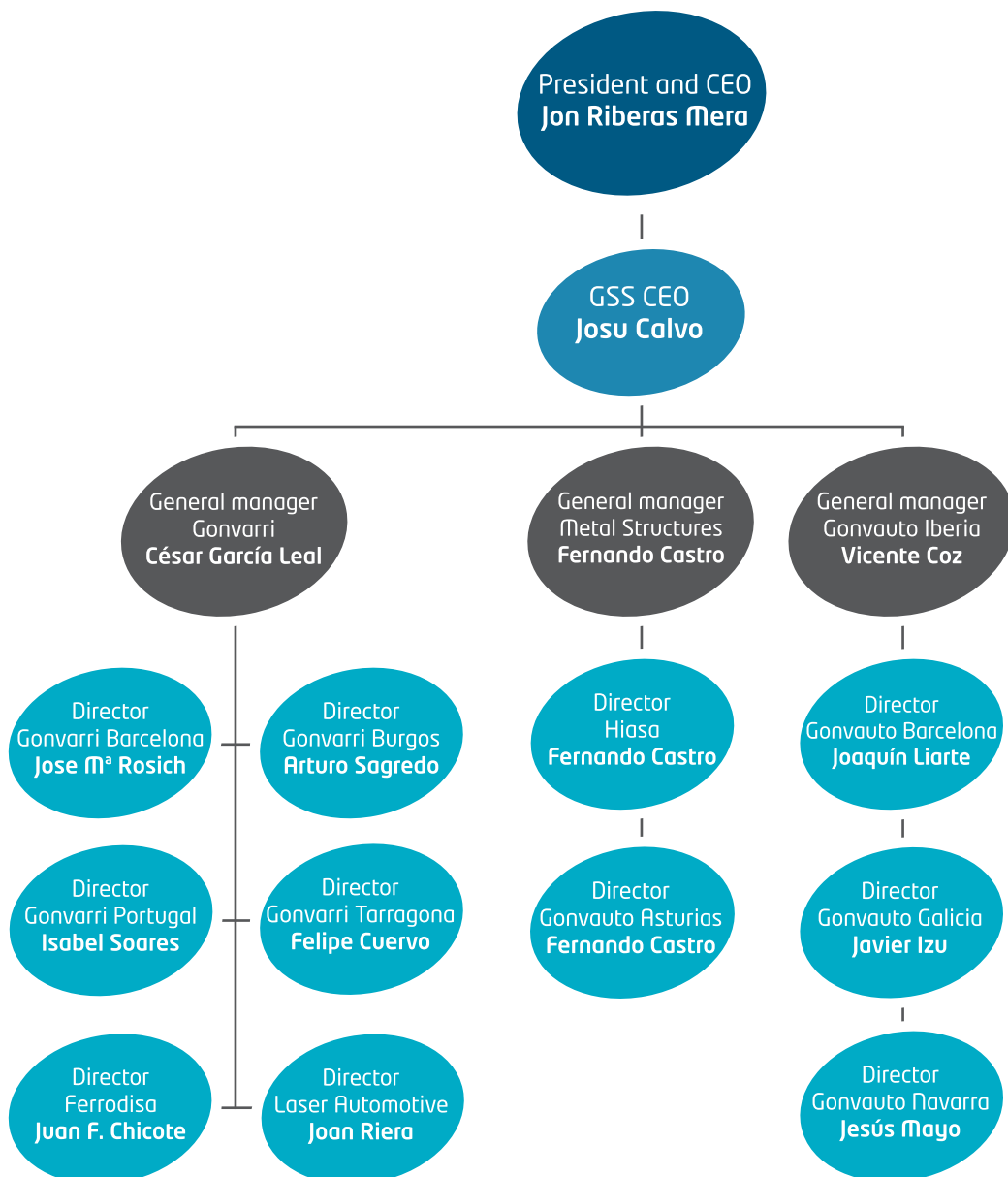
The scope of this Report includes information and details of all our Iberia factories, such as Ferrodisa, Gonvarri Barcelona, Gonvarri Burgos, Gonvarri Portugal, Gonvarri Tarragona, Golvauto Barcelona, Golvauto Galicia, Golvauto Navarra and Hiasa (hereinafter, GSS Península Ibérica).

The corporate structure of each of our facilities is described in the annex attached hereto.

Our **Board of Management** is permanently formed by Mr. Jon Riberas Mera as President, Chief Executive Officer and representative of Holding Gonvarri, S.L. and Mr. Josu Calvo Moreira, as Secretary of the Board.

Other counselors represent the different Group companies, details of which are specified in the annual accounts of those companies.

The organisational structure of Gonvarri is defined as follows:



Balance sheet

Following several years of declining sales, the market is now experiencing an increase, though profit margins are now lower.

The results obtained in 2013 show a slight improvement compared to the previous year, which has been possible owing to the hard work and to the many initiatives aimed at savings and improvements implemented in our production centers, struggling to maintain stable jobs at all times.

The net assets of the companies on which this report is based are estimated in 566.4M€ and the EBITDA on sales is 3.7%.

The company is required to produce annual audit reports on its consolidated accounts, due to its assets and turnover. No reservations appear in the reports submitted by any of the above mentioned companies. The company complies with its remaining accounting duties, by filing before the Trade Registry, in due time and manner, and after each accounting year, the legalization of its official accounting books and its annual accounts, following the approval from the Shareholders Meeting.

Also, the company is up to date with its payments to Social Security Treasury and tax-related duties.

Below is a summary of our main financial indicators grouped in two sections covering EVC (Economic Value Created), and EVD (Economic Value Distributed), respectively. Regarding the latter, no payments were made to Governments in 2013.

Economic Value Created (thousands of euros)

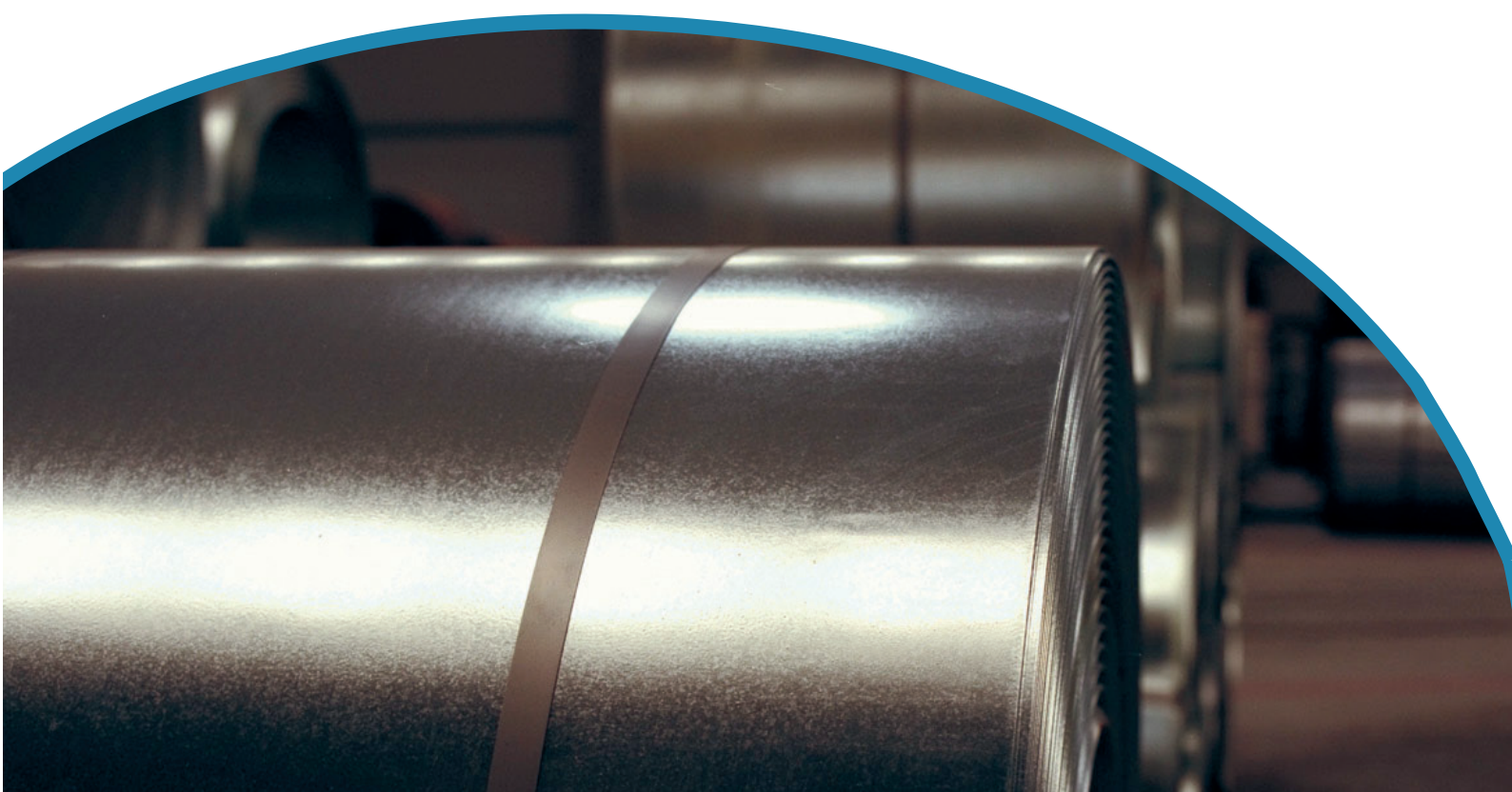
Turnover	1,178,971
Financial income	8,873
Other financial income	13,537
Total EVC	1,201,381

Economic Value Distributed (thousands of euros)

Payment to providers of capital	18,799
Taxes	83,400
Staff costs	45,626
Supply purchases	1,036,954
Capital expenditure (CAPEX)*	12,108
Support services (received)	73,737
Total EVD	1,270,624

*Includes Gonvauto Asturias

We have obtained public tax incentives for 749,000 euros, most of them corresponding to Hiasa and Gonvauto Asturias.



Our management framework

Our company firmly believes that the principles of honesty and transparency should govern all of our actions, irrespectively of our position within the company.

The main aspects involved in our management framework are shown below:

Collective Agreements

All of GSS Península Ibérica facilities have their collective agreements in force, or undergoing negotiation stages, pursuant to the provisions of the **National Agreement for the Steel Sector** and the specific requirements of the autonomous region where the facilities operate.

Ethics and Conduct Code

We believe that today's company is expected to, not only comply with the law, but also to serve as ethical reference in every decision that is made, which is also expected from all of its members, the development of our business is therefore guided by the principles and values covered by our Ethics Code of Conduct.

The Group defined its first Ethics Code in 2008, which in 2013 was updated in order to adapt to the current environment, the new legal requirements and the internationally recognized codes and principles, and to the progress and innovation in the fields of data dissemination and communication. The new Code was approved by the Board of Directors on 13 January 2014, effective as of 20 January 2014.

Moreover, the Code contains the guidelines and channels that are available to employees for denouncing whatsoever behavior that takes place, entailing an infringement of legal regulations or the Company's principles of conduct. The complaint channels available are: email, telephone and through the complaint form.

The Ethics and Conduct Code is public and available on: <http://www.gonvarristeelsservices.com/es/portal-de-proveedores>

Harassment Prevention

Gonvarri Steel Services is a global company that operates in many countries. Therefore, the interpretation and implementation of certain aspects of the Code may ultimately depend on the local customs and culture, which might lead to different interpretations.

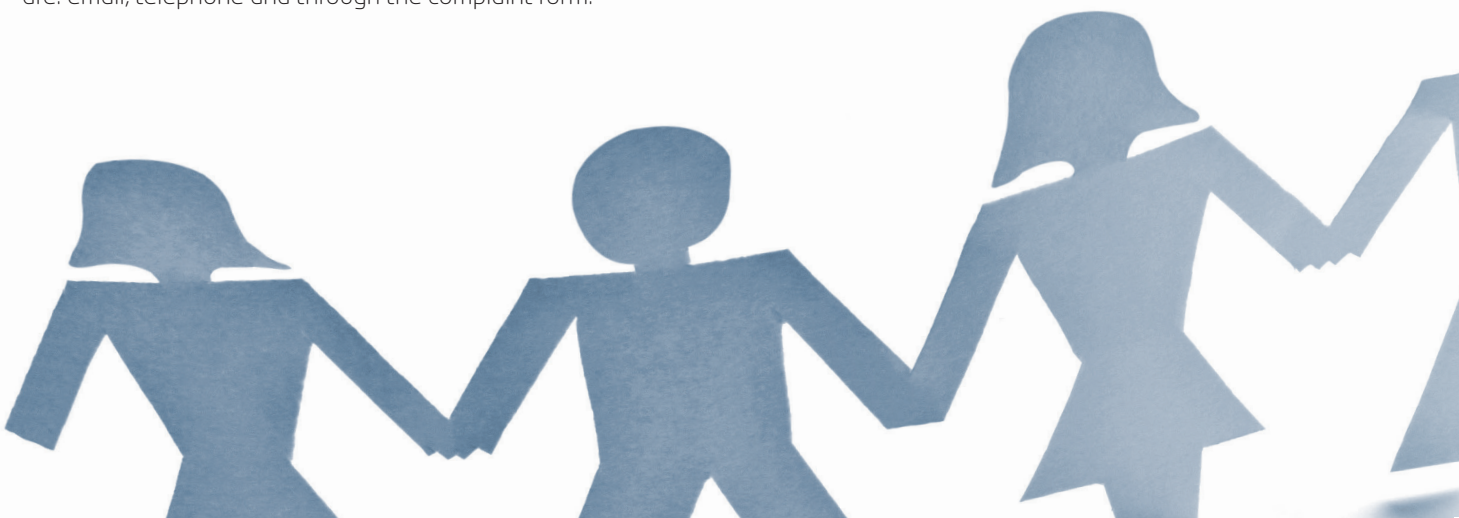
The "**Guide for Harassment Prevention and protocol of action**" was created in order to clarify some aspects relating to the Ethics and Conduct Code. The Guide incorporates the measures that may be taken for prevention and denounce of possible harassment situations, establishing certain minimum mandatory rules to ensure honest, responsible actions in all countries where we are present. The guide may be adapted to comply with the country's local requirements where we operate.

Fight against corruption

Anti-corruption mechanisms have been defined for the entire Group at corporate level, and they are based on the principle of honesty as corporate value.

The "**Rules of Behaviour in respect of incentives, gifts and invitations**" were developed based on such approach, which reinforces our message "**Zero tolerance towards corruption**", mainly focused on purchases, acceptance of gifts and presents and conflicts of interest.

The distribution of the guides, available in English and Spanish, takes place through the *Welcome Pack* site.



Risk management

Processes

Risks related to the manufacturing process are tempered through the performance of an analysis as well as the annual request for investments the purpose of which is to improve the facilities, and through continuing improvement (SPG). If due to any given reasons (legal changes, incidents, etc.), a relevant, unforeseen, and therefore non-budgeted, investment arises, it will be subject to the pertinent analysis and approval, which will be performed independently.

Before the end of the financial year, each facility's Manager identifies and determines the investment requirements at his/her respective production plants, which will ultimately be assessed based on numerous factors, such as the incidents occurred, new clients demands, production improvements, reduction of environmental impact, improvements in terms of employees' safety and health, payback, etc.

The required investments are reported to the technical director, who performs a global assessment and, later, submits them to the person in charge in order to establish their priority. It should be noted that if the investment is requested in order to prevent potential risks in terms of safety and health or environment care, it acquires a priority status.

According to its priority level, investments may be made directly or may require additional information or studies so that their feasibility and profitability are properly analysed. The final list of investments is approved by the CEO and the President.

Financial risks

The activities of the Companies face different financial risks. Our risk management program is focused on mitigating the uncertainty of financial markets, seeking to minimize the potential adverse impact on their financial profitability.

Financial risks are identified and assessed at the Corporate Treasury Department, in conformity with the procedure approved by the Board of Directors. The Board provides policies for management of global risks and also for specific areas. Our most significant risks are the following:

Market risk, including:

- **Exposure to Exchange rate risks:** the Companies operate on an international level, and are therefore exposed to Exchange rate risks due to operations being conducted in foreign currencies, particularly the US Dollar. In order to mitigate this impact, the Companies have a policy for managing such exchange rate risk, based on periodical reports listing all collection and payment flows in a currency other than the euro, within a certain deadline and based on results. Occasionally, financial hedging instruments are used in order to allow more flexibility.
- **Cash flow and fair value interest rate risk:** given that the Companies do not have significant amounts of remunerated assets, the income and cash flows resulting from their exploitation activities tend to be fairly independent from variations in market interest rates.

Such risk arises from long-term external resources and is mitigated through the simulation of several scenarios, taking into account refinancing, the renewal of current positions, alternative financing and coverage.

Credit risk

Credit risk is managed in groups. It arises from cash and cash equivalents, financial derivative instruments and deposits with Banks and financial institutions and, primarily, from accounts receivable.



Such risk is mitigated through internal and external ratings in accordance with the limits set by the Board and the permanent revision of credit limits. Furthermore, an insurance policy is taken out for collecting payments in those cases that may be considered advisable by the risk department.

Liquidity Risk

Liquidity risk entails the maintenance of sufficient cash and marketable securities, and the availability of financing, as well as the capacity to settle market positions.

The goal of the Group's Treasury Department is to maintain flexible financing through the availability of committed credit lines. Also, Management monitors the projections of the Companies' liquidity reserves.

Other risks

- **Employees' health and safety risks:** in the certainty that this aspect is of paramount importance to GSS Península Ibérica, all facilities have a Health and Safety Policy and are most of them certified according to the OHSAS 18001 standard.
- **Environmental risk:** GSS Península Ibérica, has developed and implemented an ISO 14001 certified environmental management system in all of its facilities for surveillance and measurement of their impact, compliance with regulations and other initiatives aimed at achieving energy efficiency.

Precautionary principle

GSS Península Ibérica has incorporated the precautionary principle through the Ethics and Conduct Code, which makes reference to our struggle to promote local development and our zeal for improving environment for the future generations.

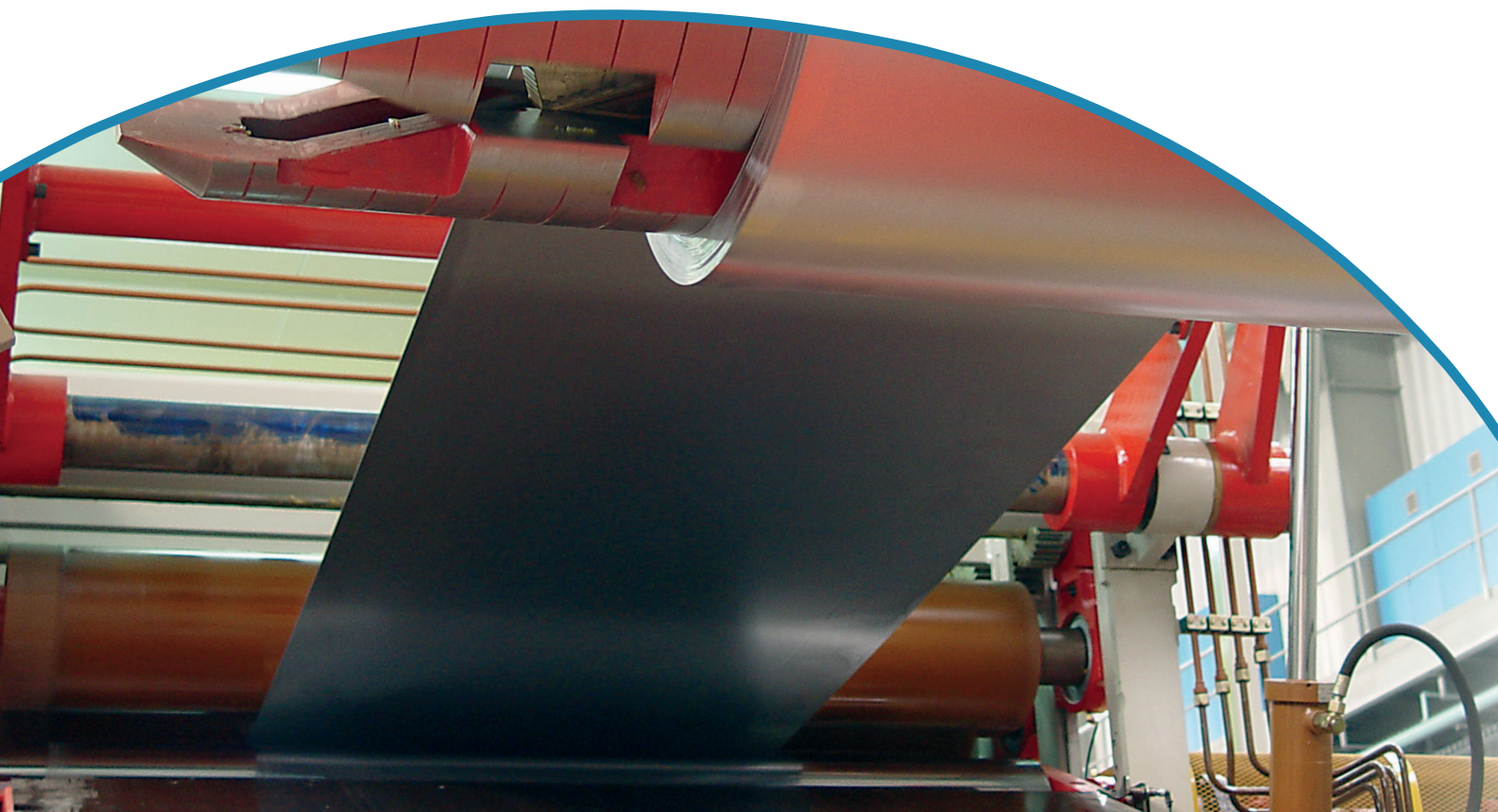
Likewise, our Environmental Policy includes our commitment to protect the environment and to continuous improvement, surveillance and measurement of which are carried out through the environmental management system.

Confidentiality and privacy

The company has defined the mechanisms required to preserve confidentiality of the information as well as customer and supplier data protection, and to manage and handle the documents according to their relevance.

Both the Ethics and Conduct Code and the procedures hereby defined provide the instructions required for creating, handling, filing and disposing of all documents that concern our customers and suppliers.

These procedures that regulate information safety apply irrespective of the information format (printed, written, electronic, video, voice, etc.), categorization policies and processing of information and safety procedures and regulations that apply and are accessible through the corporate Intranet.



Our activity

In GSS Península Ibérica, we develop our products by using different technologies and skills. In this section, we intend to provide a general overview of our activities, grouped into three areas, as described below:

Business Lines and Products

As experts in the steel business, Gonvarri Steel Services in Iberia includes the following business areas:

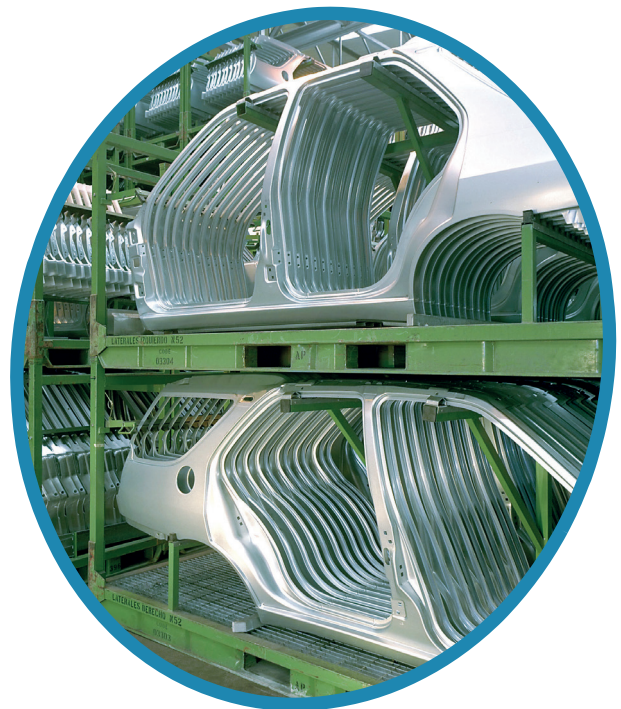
Automobile parts

This unit is focused on providing global services for manufacturing metal parts for automobiles, with over 25 years of experience as suppliers of the main OEMs.

Our basic range of products includes coils, straps, tubes and flat metal sheets from steel and aluminum coils, aimed at our clients' printing processes.

The traditional business was focused on steel products; however, in accordance with the new market trends, we have introduced aluminum in our portfolio.

We have implemented strict quality controls in different stages: at the reception of the coils, during their processing and at the end of the procedure, in order to ensure that the product complies with our own quality standards and those set by our customers.



Road safety

The Road Equipment Division of Gonvarri Steel Services, in its Hiasa and Çepas facilities, is focused on developing, manufacturing and assembling:

- **Road restraint systems:** metal safety guardrails and parapets, wood and steel guardrails, impact absorbers, guardrail terminals and systems for protection of motorcyclists (SPMs).
- **Devices designed for reducing noise in roads and railways:** screens and galleys, sound-absorbing coating of tunnels and walls.

The road safety business involves plenty of R&D and as a result, we own some patents of road safety systems. All of our products have successfully overcome the tests established by the relevant European regulations.



Industry

Industry is Gonvarri Steel Services' traditional business.

Said business is focused on tubes, shelves, lifts, machinery, industrial equipment and construction, all of them aimed at providing comprehensive solutions for steel application in a wide range of projects.

Furthermore, we supply a full range of metal parts intended for use in the domestic appliance industry.

Our versatility and size allow us to provide flexibility, fast manufacturing processes, quality and great capacity for fulfilling our processes, thus meeting our customers' demands.



Solar structures

We carry out such activity at our Hiasa facilities. Our great engineering skills and organisational strength have led us to be successfully positioned within the solar structure industry.

We have an in-depth knowledge of the metal structures used for photovoltaic solar and thermo-solar technologies.



Our facilities

This report contains the information and data relevant to GSS Península Ibérica, as set forth below.

Gonvarri Portugal

The plant began its journey in 1994 and it is located in: Vendas de Azeitão, Município de Setúbal Azeitao. Portugal

Our activity

Gonvarri Produtos Siderúrgicos, SA (Gonvarri Portugal) has a surface of 180,000 m², including 5 warehouses that occupy 30,000m².

The production process consists of three cut-to-length lines, one of them featuring a swivel head for cutting trapeziums, and three slitting lines, with a cutting capacity varying from 0,35 mm to 8 mm thick and up to 2 m wide. The products obtained, that is, flat sheets (transversal lines) and strips (longitudinal lines) are intended for use in a range of applications in the steel and aluminium industry. Our production capacity is 180,000 tons/year.



Main clients

OEMs (FORD, GM, PSA, MERCEDES), sheet metal stampers (FBP, Epedal, Gestamp Aveiro, Gestamp Vendas Novas, Gametal-Kirchho, Silchapa, MCG, Inapal, Prensometal, SNOP), and the household appliances industry (Bosch, António Meireles, Teka).

Gonvarri Burgos

The plant began its journey in 1967 and it is located in: Polígono Gamonal Villimar. C/ La Bureba s/n 09007- Burgos. España

Our activity

Gonvarri Burgos comprises 12 warehouses and outdoor areas with a constructed area of 67,000 m² over a surface of 110,000m².

Our facilities comprise 10 cut-to-length lines, 5 slitting lines, 3 presses, 1 pickling line, 1 skinpass, 1 rolling mill and 6 annealing furnaces, allowing us a production capacity of 900,000 tons/year.

Our means of production feature, among others, a robot for shear assembly, and a system for dimensional comparison of formats with regards to the customers' drawings.

Among our new lines of work, we highlight the processing of material for hot stamping, as demanded by the automotive sector.



Main clients

Our main customers operate in different fields, such as OEMs (Mercedes, Renault, Ford, Peugeot), stampers (Gestamp, G. Antolin, Cie, Viza, Egaña, Inergy, Casple, etc) and the industry (Bellota, Zardoya, Hijos de Juan de Garay, Mecalux).

Gonvarri Barcelona

The plant began its journey in 1982 and it is located in: Polígono Industrial San Vicente 08755- Castellbisbal. Barcelona. España

Our activity

Gonvarri Barcelona consists of 7 warehouses in a 57,700 m² surface in an area shared with Gonvauto Barcelona.

Our facilities comprise 1 galvanising line for continuous dipping, 1 line for electro-galvanisation, 5 slitting lines, 3 cut-to-length lines, 2 packing lines, 2 manual shears and 1 skinpass line, which enable us to have a production capacity of 250,000 tons/year.



Main clients

Our main customers are OEMs (Ford, General Motors, Seat, Mercedes Benz, etc), stampers (Gestamp, SNOP, Flex-Π- Gate, etc), general industry (Schneider, Goded, Riera i Tutó, Brau, Isopractic, etc.).

Laser Automotive

The plant began its journey in 2013 and it is located in: C/ Presseguar s/n Pol. Ind. Roca 08107 Martorelles (Barcelona)

Our activity

Our activity in LAB consists of using laser technology for cutting hot-stamped parts.

We have 6 TRUMPF laser cutting machines, able to machine three-dimensional parts of non-profiled steel plate. The factory has the capacity to cut over one and a half million parts per year.



Main clients

Stampers (Gestamp).

Gonvarri Tarragona

The plant began its journey in 2002 and it is located in: Muelle Aragón s/n. Puerto de Tarragona 43004 Tarragona.

Our activity

Gonvarri Tarragona comprises one warehouse and a total surface of constructed 34,000 m².

Our processes are carried out through 1 continuous pickling line, 2 slitting lines and 1 cut-to-length line. We enjoy a privileged location at the Port of Tarragona, with 2 points of railway access, which allows us to manage shipments for receiving supplies and to arrange maritime freight dispatching; customs handling of extra-EU goods, storage and Just in Time delivery.



Production capacity: 550,000 tons/year.

Main clients

Stampers (Gestamp, SNOP, RECA and INFAC).

Ferrodisa

The plant began its journey in 1978 and it is located in: Autovía Siderúrgica, Partida Villagris s/n 46520- Puerto de Sagunto. Valencia. España

Our activity

Ferrodisa has a total surface of 110,000 m², of which 52,300 m² is constructed area and comprises 12 warehouses.

Our main activity is focused on processing flat steel materials. As a whole, our facilities feature 2 presses, 8 slitting lines, 7 cut to length lines, 2 plasma cutting machines, 1 PVC-coating line (aesthetic), 1 cleaning/degreasing and organic coating line, 4 shears for cold rolling, 2 shears for hot rolling and 4 circular shears.

Our production capacity for steel cutting processes is 325,000 tons/year, whereas our capacity for applying PVC or organic sheet is 32,000 tons/year.

Ferrodisa is a trusted partner for the European Community Customs. We have also received several awards and recognitions regarding sustainability from local and autonomic Administrations.



Main clients

Our main clients are OEMs (Ford), stampers (Gestamp, Ind. Ochoa, Linde Wiemann) and industry (B.S.H., Mac Puar SA, Garcima, Imto).

Gonvauto Navarra

The plant was launched by the end of 2000 and it is located in: Polígono Industrial Meseta de Salinas. Ctra de Salinas s/n 31110- Noain (Navarra). España

Our activity

Gonvauto Navarra comprises two warehouses in a surface of 57,000 m², of which approximately 29,500 m² is constructed area.

Our activities consist of cutting steel materials, obtained from steel coils of different qualities and sizes, for stamping and assembling automobile elements and parts, by means of 1 slitting line, 1 cut-to-length line and 5 presses. Our current production capacity is 230,000 tons per year.

We promote the production of renewable energy through the installation of 336 photovoltaic panels placed on the roof, with installed power of 0.5 MWh.



In 2013 we were given awards by the local administration, due to our initiatives with regards to sustainability.

Main clients

OEMs (Volkswagen and Seat).

Gonvauto Barcelona

The plant began its journey in 1992 and it is located in: Polígono Industrial San Vicente, s/n 08755 - Castellbisbal. Barcelona. España

Our activity

Gonvauto Barcelona is formed by three warehouses, with a total surface of 27,000 m², in a plot shared with Gonvarri Barcelona.

We provide outsourcing of metal sheet cutting and delivery (rectangles, trapeziums and silhouettes), through 5 cut-to-length lines and 5 presses.

While we have traditionally used steel, 2013 saw the introduction of aluminium in the production process, to enable us to supply steel formats for our clients in the automobile industry. Our current production capacity is 480,000 tons/year.



We promote the production of renewable energy through the installation of 216 photovoltaic panels placed on the roof, with installed power of 0.6 MWh.

Main clients

OEMs (Seat and Volkswagen), in addition to an extensive network of local stampers, including Gestamp.

Gonvauto Galicia

The plant began its journey in 2004 and it is located in: Puerto de Marín, Zona de Expansión 1ª Fase 36900 - Marín. Pontevedra. España

Our activity

Gonvauto Galicia has a surface of 21,888 m², and comprises 2 warehouses occupying an area of 14,764 m².

The activity carried out at our facilities is the production of metal sheet for the automotive industry, through processes based on transversal and longitudinal cutting, as well as silhouette cutting.

For the first time ever in Spain, in 2004 a robot was incorporated to perform the automatic replacement of cutting tools at the slitting lines, thus improving workplace ergonomics and increasing productivity in the replacement activities. Also, in 2006, the facilities were expanded, by adding a second silhouette cutting line, or blanking.



We currently have 1 cut-to-length line with a swivel head, 1 slitting line and 2 presses.

Our production capacity is 250,000 tons/year.

Main clients

OEMs (PSA Peugeot Citroën), and stampers (Gestamp Vigo and Gestamp Portugal).

1. Our organisation

Hiasa

Founded in 1966, the company was acquired by Gonvarri Steel Services in 1972. We are located in: Polígono Industrial de Cancienes s/n 33470 Corvera de Asturias. Avilés. España

Our activity

Hiasa has 86,000 m² covered space, distributed in 3 areas comprising parallel warehouses and a 30,000 m² park.

Our wide range of business comprises obtaining and selling belts, strips, plates or profiles and its derivatives resulting from cutting, shaping or welding processes, including surface treatment by means of decoating, galvanization or painting. Our production capacity is 650,000 tons/year.

Since the end of 2013, Hiasa has a new facility for cutting and welding tubular products aimed at the automotive industry (Gonvauto Asturias, S.L).



Main clients

OEMs (Trw Automotive), stampers (Elay, Gestamp), and the industry (Asthor Agrícola, OHL, Agrofilm, Nucap, Mecalux y Sunedison).

Gonvauto Asturias

The plant started off in 2013 and it is located in: Polígono Industrial de Cancienes s/n 33470 Corvera de Asturias. Avilés. España

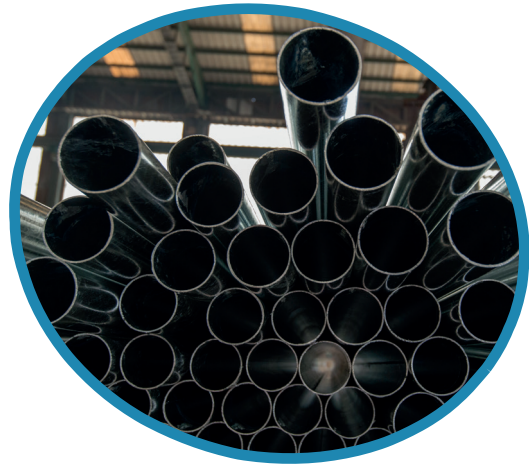
Our activity

Gonvauto Asturias S.L. has a warehouse in a constructed area of 8.250 m², in a plot shared with Hiasa.

The production process consists of 1 line for welded tube production, 1 cut-to-size line and 1 further line for laser cutting and punching. Particularly relevant is the possibility of manufacturing tubes featuring elastic limits over 1,200 mp.

Main clients

OEMs (SNOP-PSA), and stampers (Gestamp, Inergy, Magna).

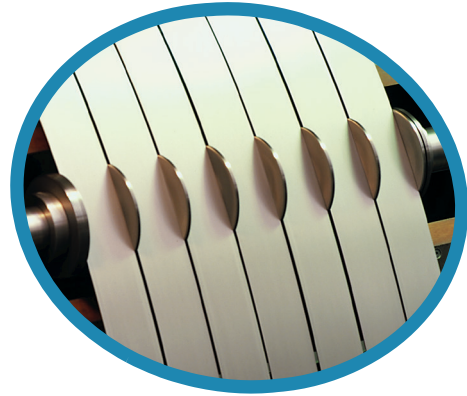
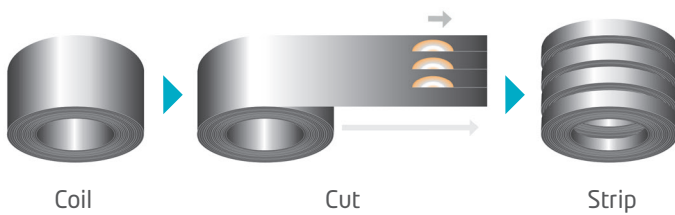


Main processes

Cutting process

Longitudinal cutting

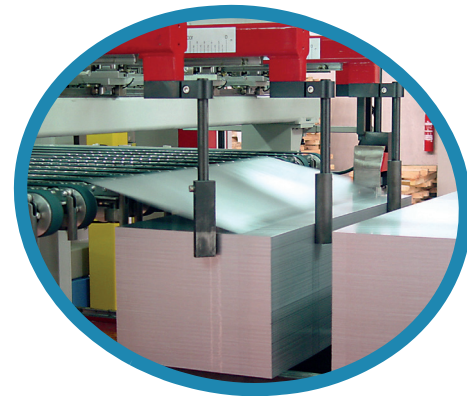
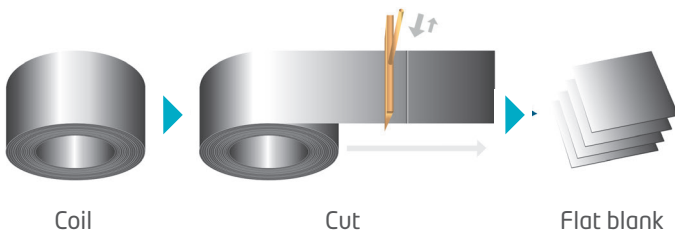
In these lines, coils of certain width are cut in order to obtain coils with lower width (strips). The width of these rolls or coils is determined by the position of the blades that do the cutting, and will remain to be uniform at all times and along their entire length.



Transversal cutting

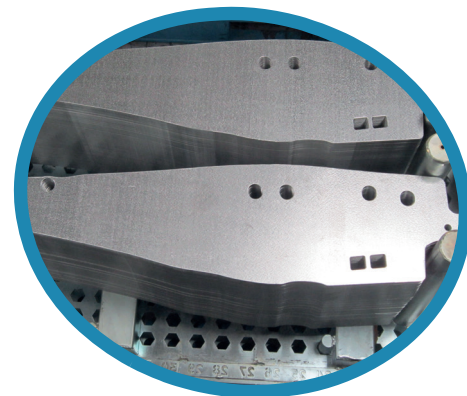
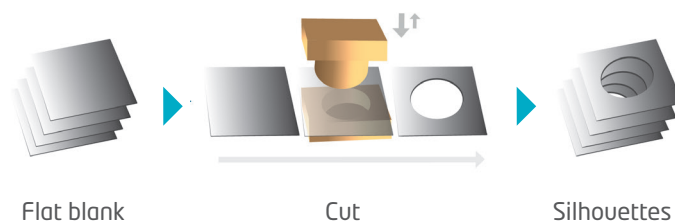
In these cutting lines, the coils become flat rectangular plates stacked in packages.

To achieve this, coils are flattened, cut to the desired shape and stacked in packages for easy handling and transportation.



Silhouette cutting

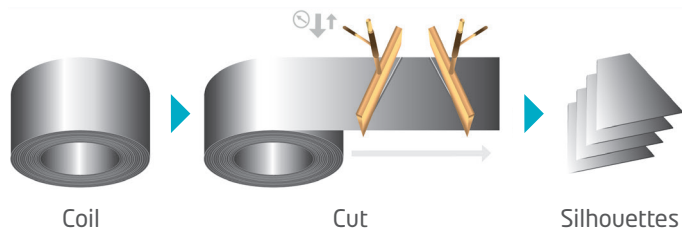
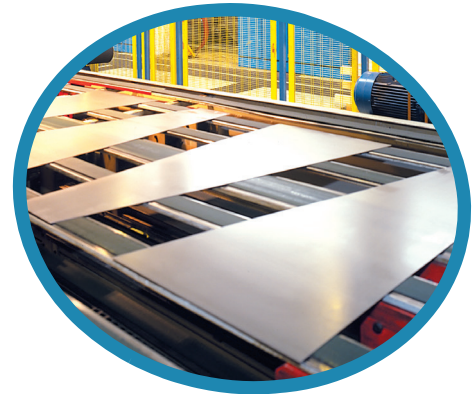
These cutting lines have been designed to respond to the need for processing specific, irregular shapes for each car model. These shapes are obtained through the use of dies supplied by our clients and assembled in our presses.



Trapezoidal cutting

It is in these lines where flat formats stacked in packages are obtained.

They differ from the transversal cutting in the cutting method, as in this case the tools used are oscillating and rotating, or roto-oscillating shears which may vary the cutting angle. By using these shears, different shapes (rectangles, squares, rhombus or triangles) and formats (curved sides, ribbed, etc.) may be obtained in one sole installation.

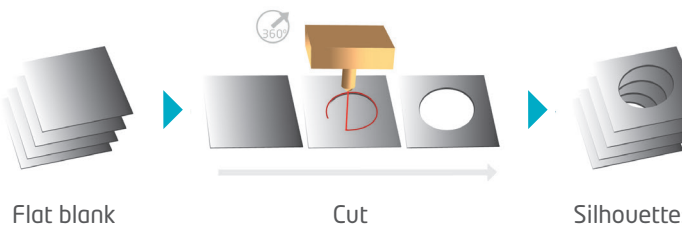


Laser-plasma cutting

This procedure is based on the thermal and mechanic action of a gas stream heated with a direct current electric bow located between an electrode placed on the torch and the workpiece. The plasma jet drills through the part, melting and expelling the material, therefore achieving more accuracy and cleanliness in the cutting area.



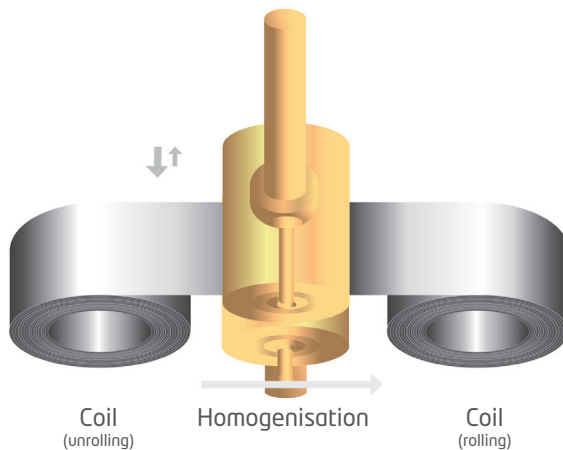
This is a complementary process for special tasks, such as producing small series and achieving close tolerances or improved finishes.



Thickness treatment processes

Skinpass

This process is used for improving the range and quality of the manufactured products, obtaining the required surface roughness and quality and the goods' metallurgic modification, achieving the subsequent homogenisation of the crystalline grain and the surface finishing, and ensuring the dimensional tolerance of the thickness.

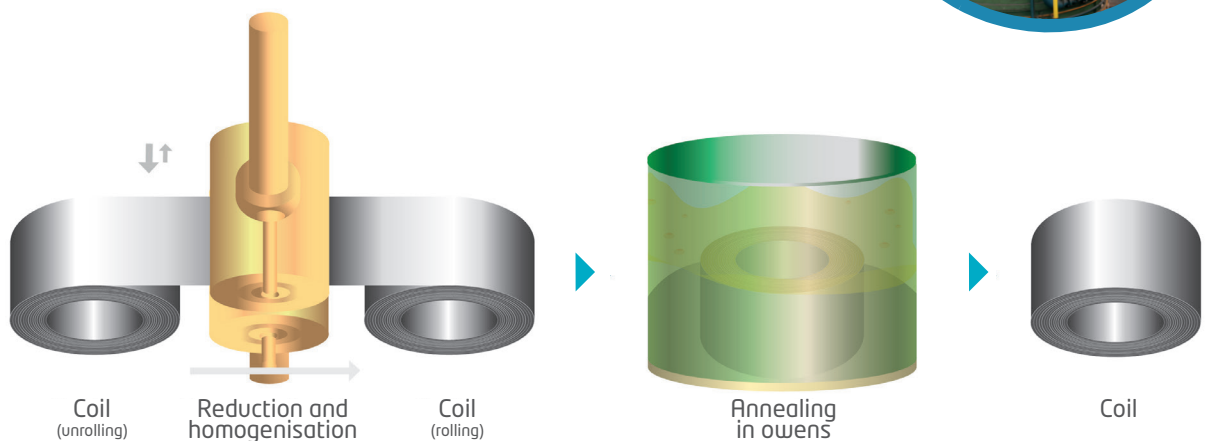
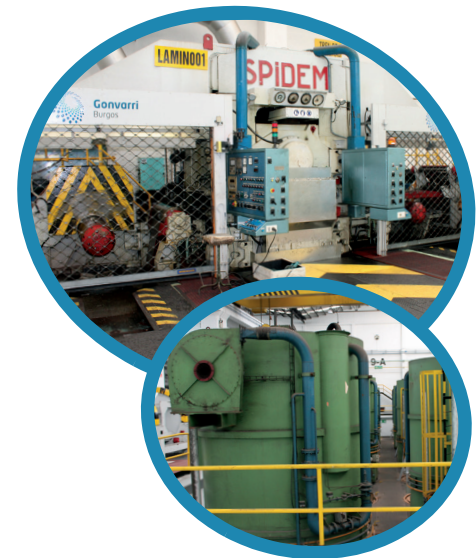


Sheeting

By means of this process, the thickness of the coil band is cold-reduced; at the same time, its resistance and toughness properties, and the micro-structure of steel, become modified.

The process features automatic functions, including speed adjustment and thickness control, which allow great accuracy in the whole calibre range.

Resulting from micro-structural modification, it is necessary to carry out the annealing process, in order to restore the band's malleability and ductility properties, once modified by the cold reduction.

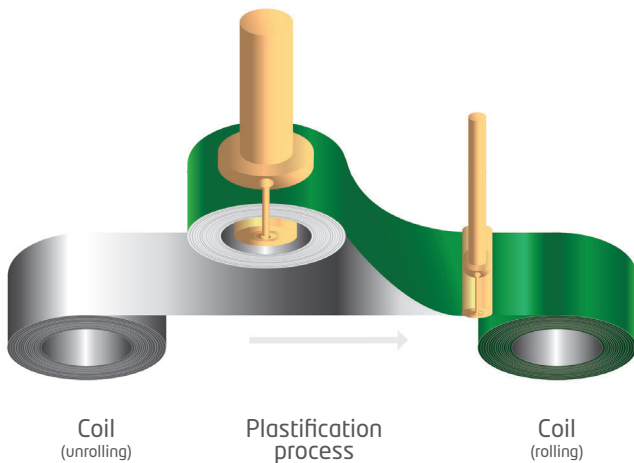


Coating processes

PVC-coating

This is a continuous process that involves application of heat and pressure, giving rise to a product that brings together the resistance and forming of the base plate and the anti-corrosive power of PVC, and that is applicable to any type of use that may require such features and that, additionally, need to have an aesthetic, decorative finish.

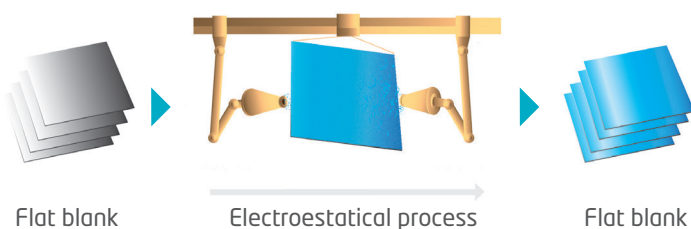
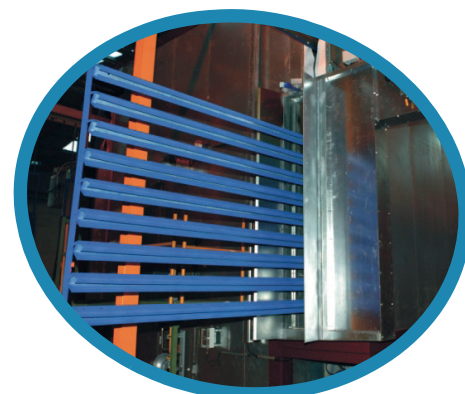
This treatment allows all mechanical processes that may be carried out on steel, and may be assembled through any mechanical system, riveting, bolting, screw fitting, stapling, clipping, etc. On the other hand, it is an excellent support for screen printing and a great paint base.



Powder paint

In this procedure, the material to be coated is given a degreasing pre-treatment. Next, the powder paint is electrostatically applied, and subsequently polymerised and cured. This is a specific treatment for parts.

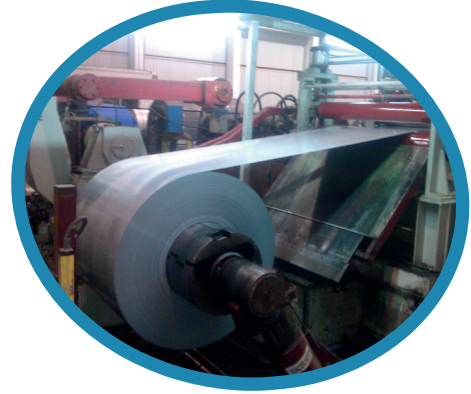
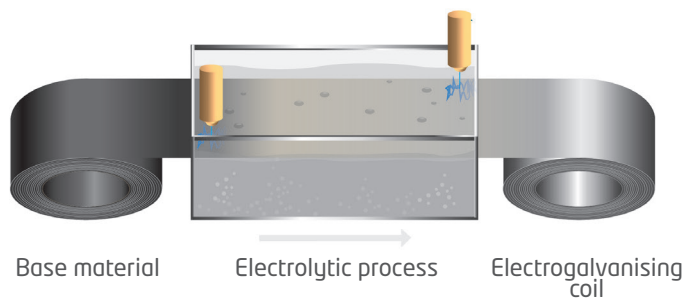
Given the specific characteristics of our facilities, we are able to process a large variety of parts, both in terms of shape and size. Additionally, our facilities feature an innovative system that allows great flexibility in colour change.



Electrogalvanising

Through a continuous electrolytic process, the coil band is coated with zinc on one or both of its sides, by means of electrical current. The surface finish comprises a no-rinse application, oiling and passivation.

Therefore, the zinc-coated electro-galvanised band enjoys a cathodic protection that is corrosion resistant and provides a surface finish and unique paintability, along with excellent adaptability and weldability.

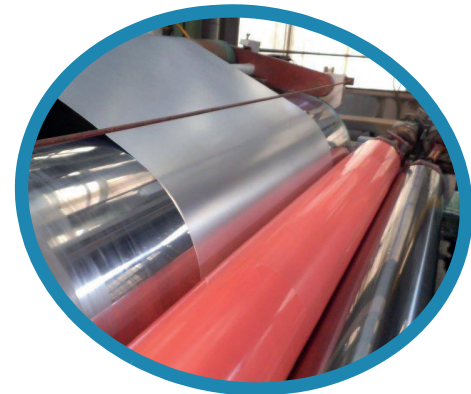
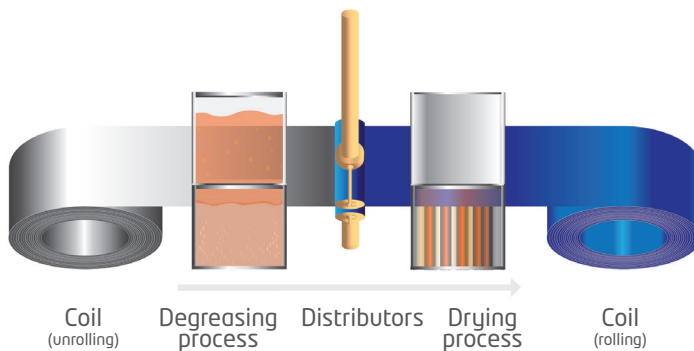


Degreasing and pre-painting process

The process for degreasing coils aims at eliminating the oils on the band surface through 4 steps: a first stage based on high pressure washing, two stages for alkaline degreasing, and one rinsing stage, which may be used as final treatment, or for preparation of the material which is to be pre-painted, and that takes place subsequently to the degreasing process.

Two large groups may be distinguished within the pre-painting process:

- Ferroprot: organic – non organic coating, developed for protection of steel and coated steel.
- Black-Coat: a film-forming, water soluble treatment, which provides excellent compatibility with epoxy-polyester priming, increasing protection at the edges.



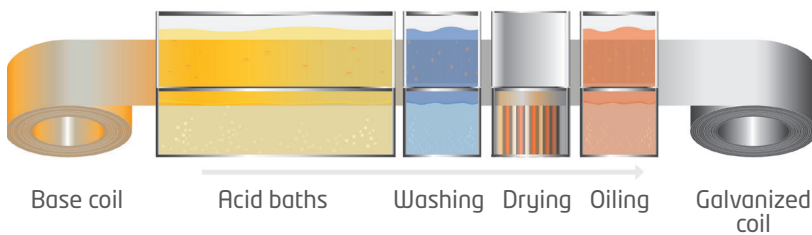
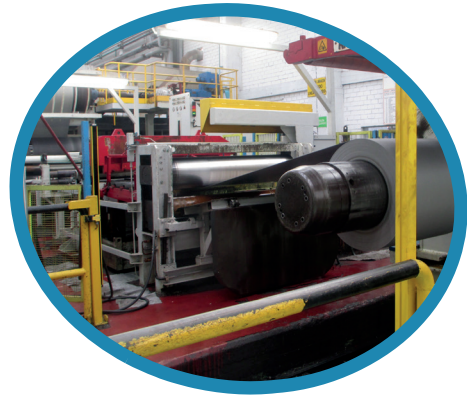
Pickling and galvanisation processes

Pickling

The purpose of the pickling process is to remove the metal oxide film on the steel surface.

As the oxidized metal enters an aqueous solution of inorganic or hydrochloric acid, the oxide on the steel surface are removed; the steel is later washed with demineralised water and dried using hot air.

Next, based on the customer's needs, the coil may be introduced in the electrostatic oiler, which provides an oil cover that may be light, medium or heavy, in order to prevent oxidation during the handling and transportation.

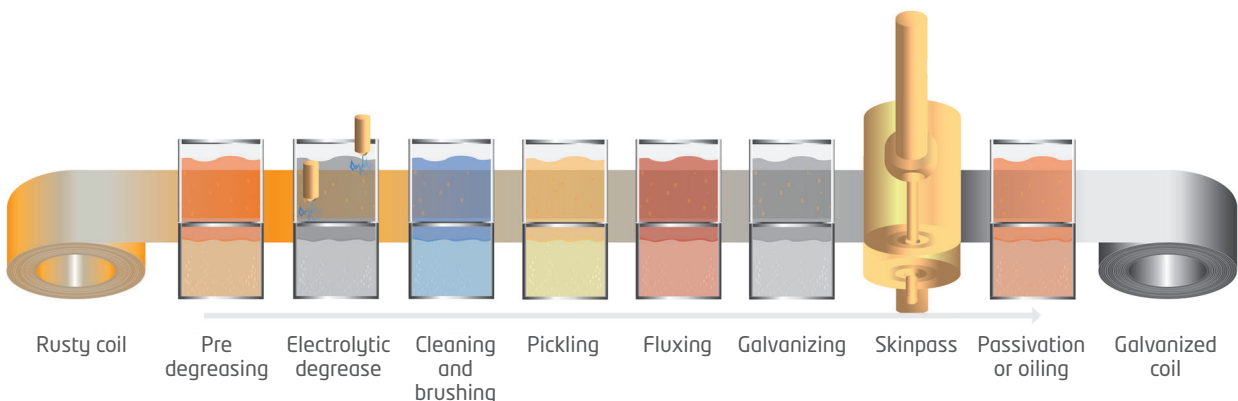
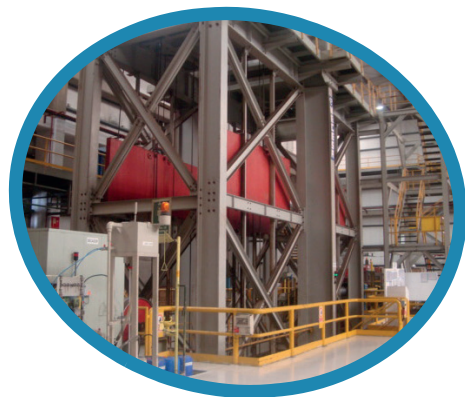


Continuous galvanizing process

To galvanize means to cover the surface of steel coils with melted zinc, with the aim of protecting them against corrosion. Zinc is the most widely used metal coating, due to its steel protection properties.

The coating of the coil is carried out by continuous dipping of the band in a high temperature zinc pot so that the piece is covered on both sides, with a thickness usually lower than ten microns.

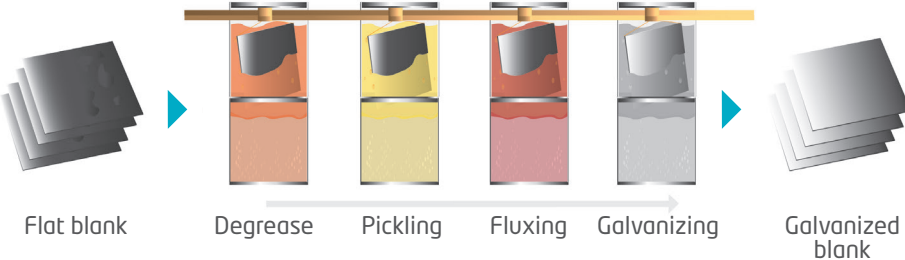
Our galvanizing lines are fitted with physical and chemical treatment systems in order to ensure maximum cleanliness and perfect coating adherence.



Dip-in galvanization

The process consists of hot dipping the parts. The already processed steel parts are dipped in a pot containing the zinc melted at 450°C.

The finishing of the parts features a zinc coating of around 70-90 microns.



Ethics Code of Conduct



Applies from January 2014

“A legal-ethical framework for all employees in all societies of the Group”

Dialogue with our stakeholders

Materiality

- Energy efficiency
- Human capital development
- Branding and reputation
- Identification and dialogue with stakeholders
- Investment, innovation and industrial development

Our stakeholders



Clients



Employees



Shareholders



Suppliers

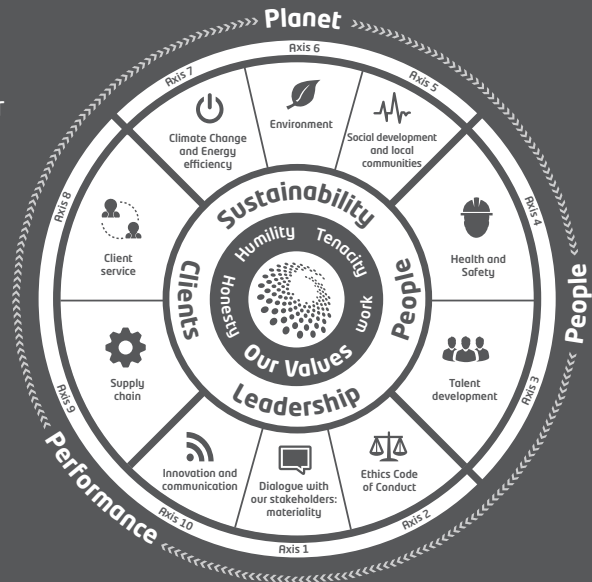


Local communities



Media

Our Sustainability Master Plan



Dialogue with our stakeholders



Innovation and communication

Axis 1: Dialogue with our stakeholders: materiality

GSS Península Ibérica

- 2013. Perform the materiality study corresponding to 2013 (Completed).

Axis 10: Communication and dialogue with Stakeholders

GSS Península Ibérica: Publish the 2014 Sustainability Report with information from the 2013 financial year.

- 2013-2014: Compile all the required information and data for the Sustainability Report following the requirements established in the Global Reporting Initiative reference guide (Completed).

GSS Península Ibérica: Adherence to the UN Global Compact.

- 2013-14: Prepare the information for the GSS adherence to the UN Global Compact (Completed).

Gonvauto Iberia: Sustainability Report.

- 2012-13: Publication of the Gonvauto Iberia Sustainability Report (Completed).

Gonvauto Navarra: Collaboration with the Government of Navarra in the InnovaRSE Project.

- 2012-13: Participate in the InnovaRSE project with the Government of Navarra and fulfill the objectives established.

- 2012: Diagnosis 2013: Action Plan and 2014 Sustainability Report (Completed).

2. Our sustainability approach

Our corporate culture

Our stakeholders: materiality

Best practice: Leading the Change



Our corporate culture

“The Company considers that their reputation and public image are their principle assets due to the enormous importance of their relationship with clients, providers, employees, share-holders, public administrations and society.”

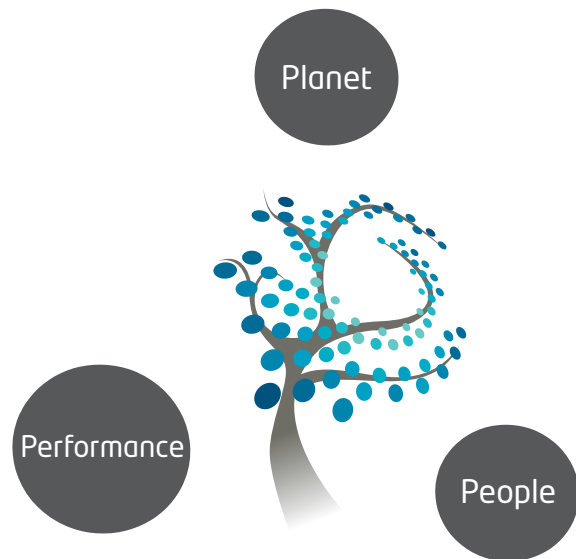
Extract of the Ethics and Conduct Code

Our strategic positioning sets the course that will allow us to achieve our goal, which is to become a sustainable company in each country in which we operate.

During 2013, we have carried out a thorough review of our plans, procedures and manuals that are concerned with the different sustainability vectors, in order to adapt their content to the new market reality, the demands of our stakeholders and the new dimensions of a company which is becoming increasingly globalised.

We are directing our efforts to ensure that the whole company shares the same corporate culture and that it is conveniently adapted to its environment, in accordance to its local requirements and regulations. This is carried out within the framework provided by the guidelines, principles and values that have been governing our actions from the very beginning, and the international principles and guidelines that are commonly accepted.

Our model is based on the Triple Bottom Line: performance (economic), people (talent and people) and planet (society and environment).



“We must be efficient and profitable in the three lines. That is the only way in which we can guarantee our sustainability, our future.”
Jon Riberas Executive President of Gonvarri Steel Industries.

Honesty

Humility

Tenacity

Work

Our values and principles

Our values are our benchmark: **honesty**, **humility**, **tenacity** and **work**, principles that were transmitted to us by the founder of the Company since it commenced its activities.

Our values and the Ethics and Conduct Code are the pillars that govern the Company's Corporate Social Responsibility, from which our **corporate principles** stem, as set forth below:

1 Clients

Commitment with our clients

Our clients are at the center of our business. We are dedicated to designing the solutions that they require in collaboration with them and adapting our capabilities to their needs based on terms of quality and variety of product and service.

As a team we seek out new opportunities that will consolidate their success because we consider that the success of our clients results in success, for us also.

In our efforts to find solutions to the challenges our clients confront us with we have directed our model of internationalisation towards an approximation of our resources to their operative requirements. This has led to us having operations in more than twenty-five countries in which we have insisted on the creation of local networks that ensure that our relationship with the communities in which we are integrated is of mutual enrichment.

2 People

We encourage our professionals

We encourage the advancement of our professionals. Honesty, humility, tenacity and work have characterized our project since its commencement. These values allow us to establish trust with all those with whom we work with.

We are convinced that business in the 21st century is based on the advancement of the use of initiative by its professionals. For this reason we promote the ideas of our collaborators and their capacity to carry them out. We also promote dialogue between our team and the members of all the implicated communities by sharing objectives, values and beliefs.

3 Leadership

Leading the change

We lead the change. We are living in a moment of profound change in the social and economic contexts that



demand a re-thinking of processes and a new focus on the chain of values of our industry.

Innovation has formed a part of our DNA since our earliest beginnings and characterises our management philosophy. This has helped us to confront the different and always complex circumstances of the markets in which we operate.

This management philosophy, united with a strong commitment to the use of new information and communication technologies when working with our groups of interest makes us active participants in the Third Industrial Revolution.

4 Sustainability

Economic, social and environmental

We know that the sustainability of our business depends on our capacity to offer positive economic, social and environmental results.

We have designed a development strategy that integrates environmental management into all our activities. We consider environmental management as a basic component of the up and coming industrial advances of the near future. Responsible progress will be the only possible permissible progress.

We believe that constant re-investment and innovation are the key to maintaining competitively in any business. For this reason we dedicate our resources to the continuous improvement of our services, our range of solutions and to our manner of supplying them, making our suppliers participants in our initiatives and principles.

Organising sustainability

The organisation of sustainability is coordinated through the Corporate Social Responsibility Management (RSC), as part of the Communication, Marketing and Sustainability Corporate Management.

The department's role is transversal within the organisation, as it provides support to the different companies within the Group; also, every action and initiative that may be related to sustainability are reported both internally and externally.

From the Corporate, we work in close coordination with each facility's Human Resources Managers, as they have taken on the tasks pertaining to RSC.

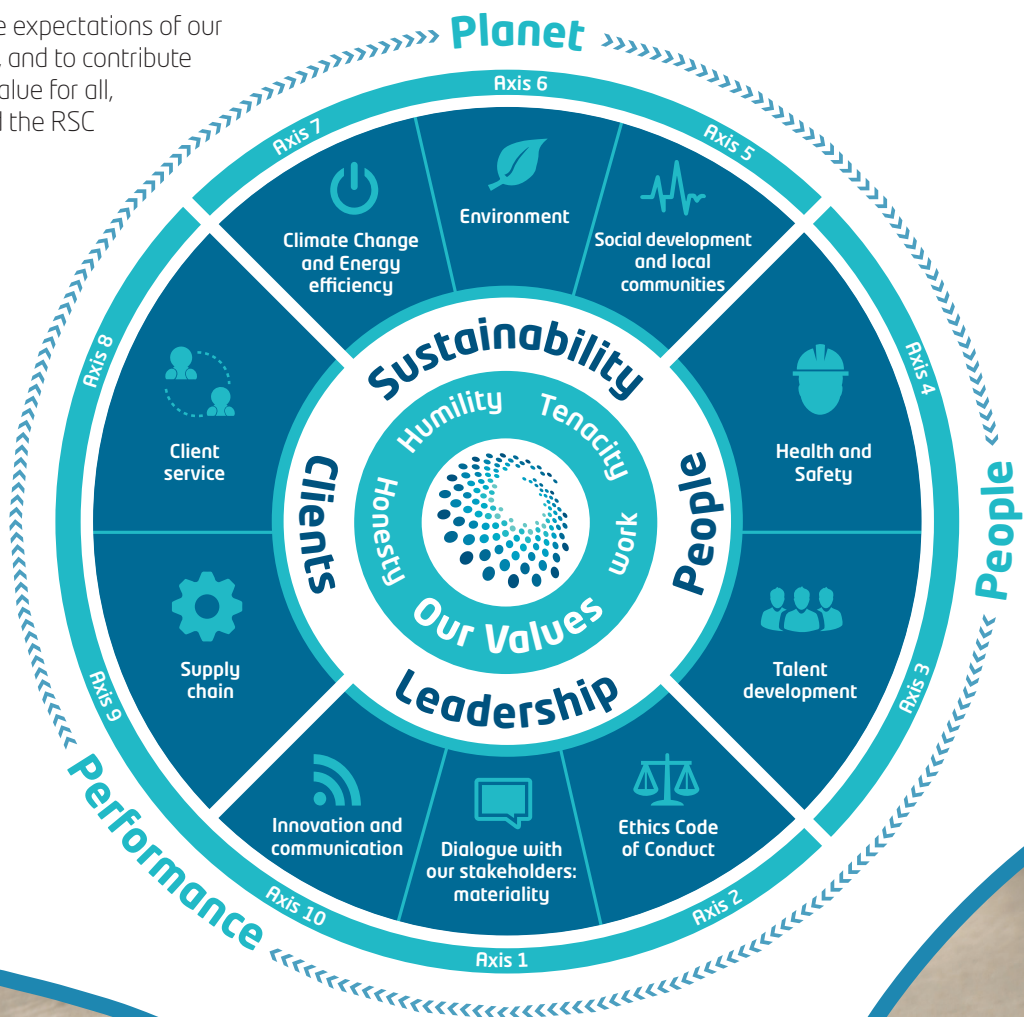
The Plan is divided into **10 transversal axes**, whose **lines of action** encompass the different goals and commitments undertaken by the facilities, striving always to maintain our values and principles at the core of our progress.

For each axis of the Master Plan several lines of action were defined, and its development is carried out through the different departments and managers (HR, SPG, H&S, etc.).

These lines of action are not static; instead, they are periodically reviewed through GSS' strategic plan and the analysis performed by the corporate social responsibility area in the materiality annual study, reflecting the needs and demands of our groups of interest.

Our Sustainability Master Plan

In order to meet the expectations of our Groups of Interests, and to contribute to the creation of value for all, we have developed the RSC Master Plan:



Our stakeholders: materiality

Maintaining a two-way communication with our stakeholders is of paramount importance to our company, as it allows us to respond more rapidly, more efficiently, to those trends and needs that are deemed to be as high priority in our environment.

Identifying and selecting our stakeholders has been an internal process that took place after performing a thoughtful analysis of the companies in the sector, which involved the participation of the corporate area and the production centers of GSS Península Ibérica.

The results of the analysis performed have led us to identify the groups and organisations that, as stakeholders, may have an influence on our company, or that may be significantly influenced by it. Said groups have been classified in six different categories: Clients, Employees, Shareholders, Suppliers, Local communities and administrations and Media and social media channels.

Maintaining the communication channels with the stakeholders is a continuing task, performed through different mechanisms and communication channels.

Some of them are common to all groups, such as the web page, our APP for mobile devices and, particularly, social networks, that enable a direct, fluid dialogue.

Additionally, specific channels have been established and adapted to each group.



Clients

We have different customers depending on their activities (automobiles, domestic appliances, road safety, solar structures, etc.), therefore the communication channels are also different.

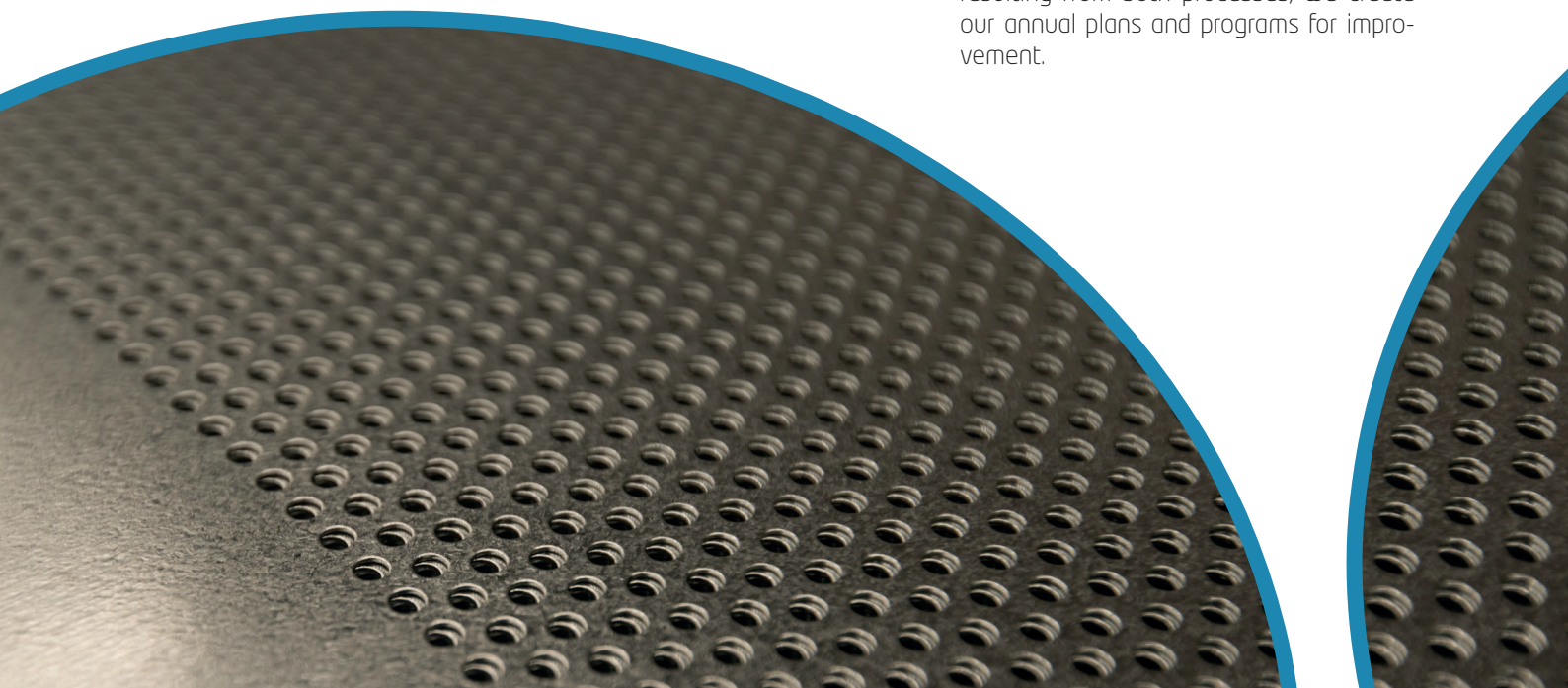
Irrespective of their activities, our customers are the core of our business. We maintain a close relationship with our customers, enabling us to provide tailor-made services based on what the clients expect from us, our intention being to pay frequent visits to their facilities and arrange meetings that take place periodically.

On an annual basis, we conduct a satisfaction survey among our customers, in order to find out the degree of their satisfaction with the service provided.

Likewise, we use consultation and improvement resources through:

- “B2B Platforms” used by some of our main clients, as a tool for communicating with their suppliers. The incidence and complaint service is processed through said tool.
- The satisfaction survey conducted annually in order to assess our customers’ satisfaction with the service rendered.

Among other media, with the information resulting from both processes, we create our annual plans and programs for improvement.





Employees

We have established several ways for dialogue with our employees, which allow us to become familiar with their expectations. For example:

- We conduct satisfaction and working atmosphere surveys, in order to gather our employees' opinion and to implement improvement schemes. These surveys do not take place homogeneously in all facilities or with the same periodicity.
- We provide information to our employees on a daily basis, mainly through two communication channels: Our corporate Intranet, "Leading The Change", for those who have access to it through their email accounts; additionally, notice boards are available on all floors.
- Interdepartmental meetings with Management are periodically conducted, as we consider it to be essential for building synergies, solving problems and obtaining the relevant information on events affecting employees.
- The Workers' Committee and the Safety and Health Committee collect all relevant aspects concerned with compliance of Collective Bargaining and the Safety and Health Plans.

All of the foregoing initiatives allow us to have information regarding the strengths and weaknesses of our relationship with our employees, allowing us to establish our improvement goals.



Shareholders

The facilities, through its General Manager, provides the CEO of Gonvarri Steel Services with periodical information. On a quarterly basis, the company's results are included on the agenda of the Board of Directors.



Suppliers

Evaluation surveys of our suppliers are annually conducted, and meetings for "delivery planning and complaint management" are periodically held. We also visit their facilities in order to devise, in coordination with them, actions designed to meet our demands.

One further communication channel is the Supplier Portal, an online tool that allows suppliers to have an easy, quick interaction with our purchasing department.



Local communities and administrations

Relations with the local administration are usually made from the management of each plant.

Regarding the initiatives and projects that the various administrations establish in their respective areas of influence, each plant decides depending on its needs or expectations, those that they want to develop. The sponsorship and patronage actions are also defined by the plants as it is specified on Chapter 5.2.

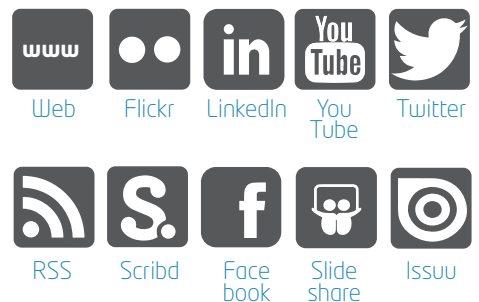
Moreover, the plants belong to different industrial associations or clusters, in which they participate attending meetings, congress and trainings.



Media and social media channels

On a daily basis, all international and national news that may be relevant to the sector and to our company, are collected and analysed.

We have nine social channels and one web site that provide us with the opportunity of maintaining a direct line of communication with our groups of interest, so that anyone interested may find out more about our activities and highlights.



Materiality

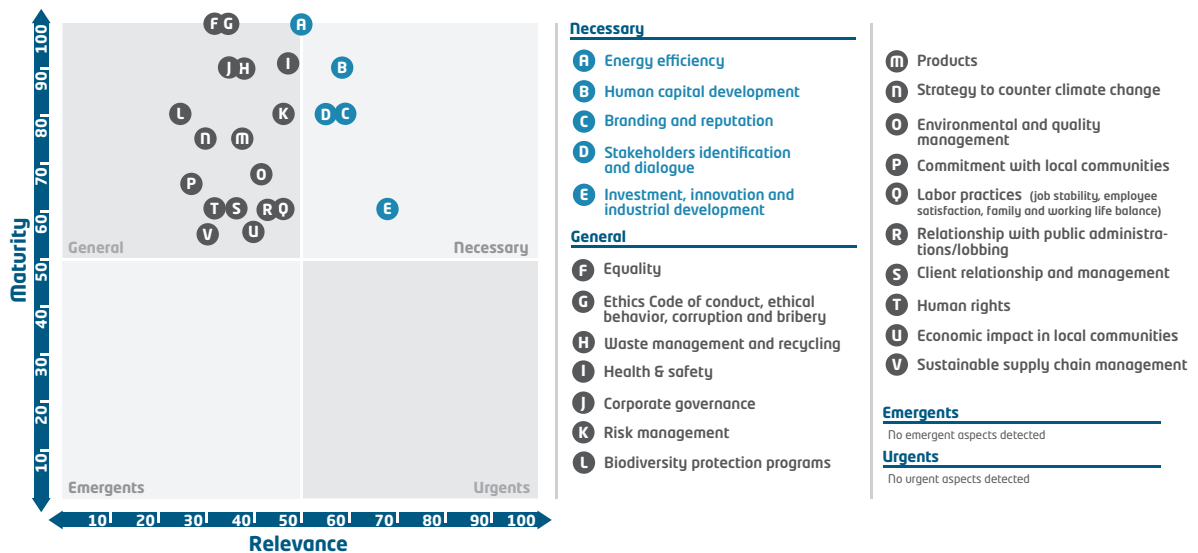
In order to allow that this report fulfils the expectations of its groups of interests, in a manner that is both efficient and transparent, we have conducted a materiality study in order to identify and analyse the aspects that are more relevant to said groups.

The results obtained are shown at the materiality matrix, which is obtained by crossing the following variables:

- The analysis of each group of interests' requirements and concerns that relate to society, environment and corporate ethics & government.

- The value placed on each aspect has been determined according to its maturity and relevance through an analysis of the sector. We understand maturity as the significance held by each matter within the steel-making and automotive industries, whereas relevance, to us, is the attention paid to each aspect on the part of the relevant group.

Through enquiries and communication with the different groups of interests, priorities and goals on sustainability are set out and action plans are designed.



The matters regarded not only as relevant but a priority issue, as well as the actions and measures set out by our company for the purpose of providing a response to said matters, as set forth below:

Chapter	Material aspect
Chapter 5.1. Environment	Energy efficiency
Chapter 4.2. Our commitment to people	Human capital development
Chapter 2. Our corporate culture Chapter 3. Performance Chapter 5.2. Value creation: Society	Branding and reputation
Chapter 2. Our corporate culture	Identification and dialogue with stakeholders
Chapter 3. Performance	Investment, innovation and industrial development

Best Practice

Leading the Change

Leading the Change is a corporate intranet Project that, through communication, sets people at the core of the company, making their work easier and encouraging their professional career.

Leading the Change began to take shape in 2010 and in 2011 the Project started with a pilot phase during which a team formed by 100 employees. The intranet was officially launched in June 2012.

In 2013, several improvements of the tool were carried out, which resulted in "New Release 1.5":

- **Profile languages:** the Intranet is available in several languages: Spanish, English, German, Turkish, Portuguese and Polish.
- **Like:** Pressing on this key allows users to show their appreciation of a comment or piece of news.
- **Learn:** a section providing detailed information on the new Project, Leading The Change University, has been added, in order to encourage, integrate and coordinate the Group's training activities.

Leading the Change is the product of team work, as all employees have been able to contribute to its development and promotion through the submission of suggestions and content.

The Leading the Change experience

Leading the Change has a structure and operation that combines the best aspects of professional social networks (Facebook, LinkedIn and Twitter), allowing the creation of a tool for daily use and inviting users to create their profile and "be in touch" with the other users in all divisions.

In order to ensure accessibility, Leading the Change is available for use in all computers with an Internet connection or, thanks to the Mobile App, for use in all mobile devices and tablets using the Android or IOS-Apple operating systems.

The public information provided by our Mobile APP includes:

- **Info:** This option allows easy access to the company's web pages, and to the telephones and addresses of the different locations, as well as the company's social media channels (including presentations, pictures, latest news, etc.).
- **Video:** videos showing our products, processes, facilities and our view may be visualised here.
- **Maps:** the maps that enable access to our offices, plants and projects from the telephone navigator.
- **Exclusive access to Leading the Change users:** this section is more comprehensive than the foregoing and includes many tools for communication and opinion (user directory, groups, news, etc.).

All of the foregoing sections encourage employees' participation by allowing them to create content, add comments or show that certain content is interesting to them.

**Leading
the Change**
Release 1.5

News



Quality and innovation



ISO 9001 or ISO TS 16949

100% of our centers certified

Number of projects with I+D+i certification

- Five projects certified as “innovate”
- Two projects certified as “research and development”

SPG Gonvarri Production System



Our performance

Gonvarri Steel Services Strategic Plan



Clients



Purchases



Management of knowledge



Organisation and communication



Efficiency and safety



Product



Geographical



Supply chain



Client service

Axis 9: Supply chain and human rights

GSS Península Ibérica

- 2013-2015 Incorporation of all aspects relating to observance of Human Rights in the standardization procedures of local suppliers (currently in progress).

Axis 9: Clients and Quality

GSS Península Ibérica

- 2013-2015: Performance of an analysis and implementation of measures promoting and improving productivity and efficiency. SPG.

Gonvauto Barcelona 2012-2014

- 2012-13: Penetration into the Aluminium market (completed).
- 2013-14: Production increase: 2013: 2.500 tons; 2014: 5.500 tons (currently in progress).

Gonvarri Tarragona

- 2013-15: Completing the IT record of all the materials used (completed).

GSS Península Ibérica

- 2013-15: Reduction of non-quality related costs (re-procedures, administrative costs, etc.) regarding 2012 (currently in progress).

3. Performance

Our field: global context

Our performance

Best practice: Aluminium: an avant-garde material

Quality and innovation

Best practice: SPG, Road to excellence

Our clients

Best practice: Client's day. Commitment to our clients

Our suppliers

Best practice: Transversal Operational Approach (MOT)



Our field: global context

Mass production of steel started more than 150 years ago and today remains to be essential to modern life.

Its use strongly contributes to a more sustainable future, as its unique features make it adaptable to a large variety of products. We can find steel in our automobiles, smart electricity networks, homes, renewable energy infrastructures, etc.

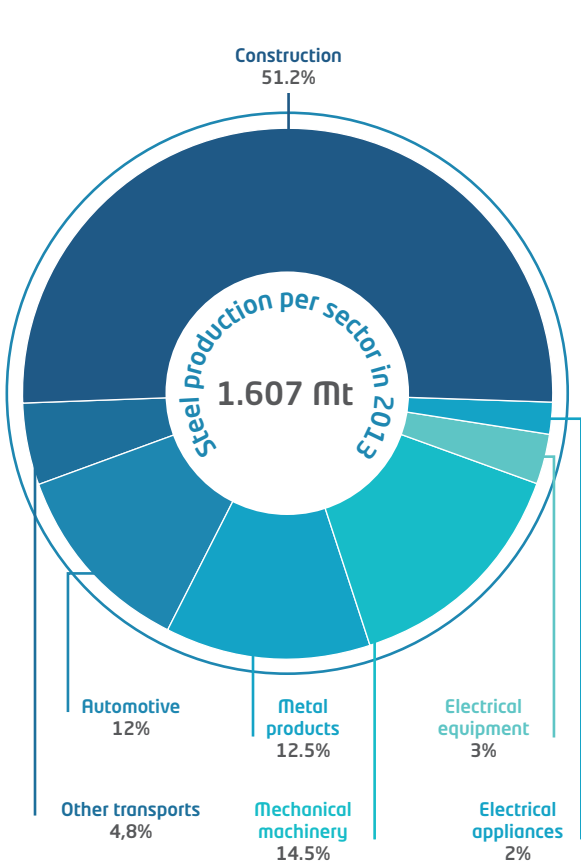
Also, steel is 100% recyclable and may be endlessly recycled. This contributes to saving energy, to minimising the use of raw materials and to reducing CO₂ emissions, as well as generation of waste. Furthermore, production of steel is becoming more and more efficient, as the energy required to produce one ton of steel has been reduced by 50% in comparison to the amount of energy required 30 years ago.

The steel sector employs directly more than two million people throughout the world, in addition to two million contractors and four million people working in the industry depending on steel.

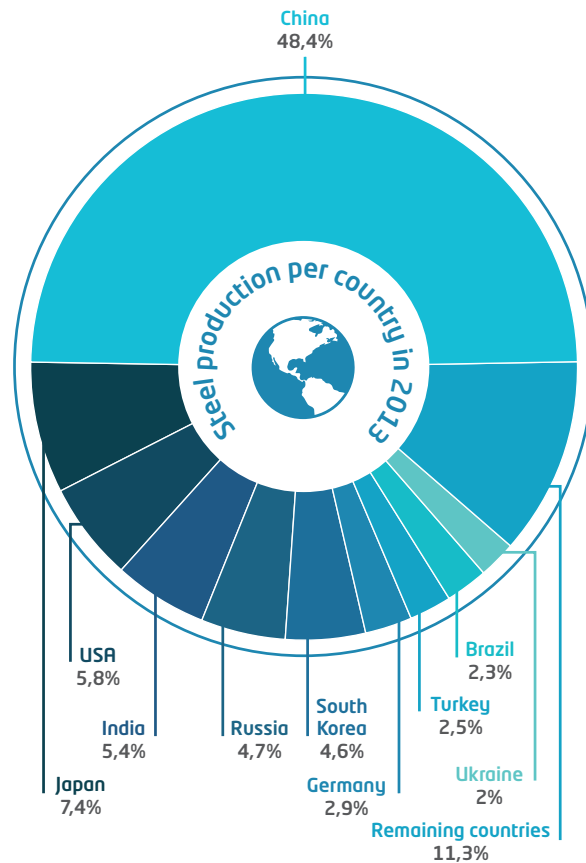
Just as in other fields, steel production has been affected by the international recession and the current price volatility and production excess are today's major concerns. It should be also noted that the threat posed by industrial overcapacity has led steel companies to experience significant losses in 2013 (Source: Global Steel 2014. EY).

The global average per capita use of steel has been constantly increasing, from 150 kilograms in 2001 to 217 kilograms in 2012, and countries such as India, Brazil, South Korea and Turkey have been added to the Top Ten producers' list.

More than 1.6 million tons of steel are manufactured annually, and approximately 48% of that amount is produced and used in continental China. Production in Latin America, Asia, Africa and India has significantly increased, mainly for use in infrastructures. However, the demand of steel in Europe and the US has decreased on account of the economic scenario.



Steel production per sector in 2013
Source: World of Steel- January 2014



Steel production per country in 2013
Source: World of Steel- January 2014

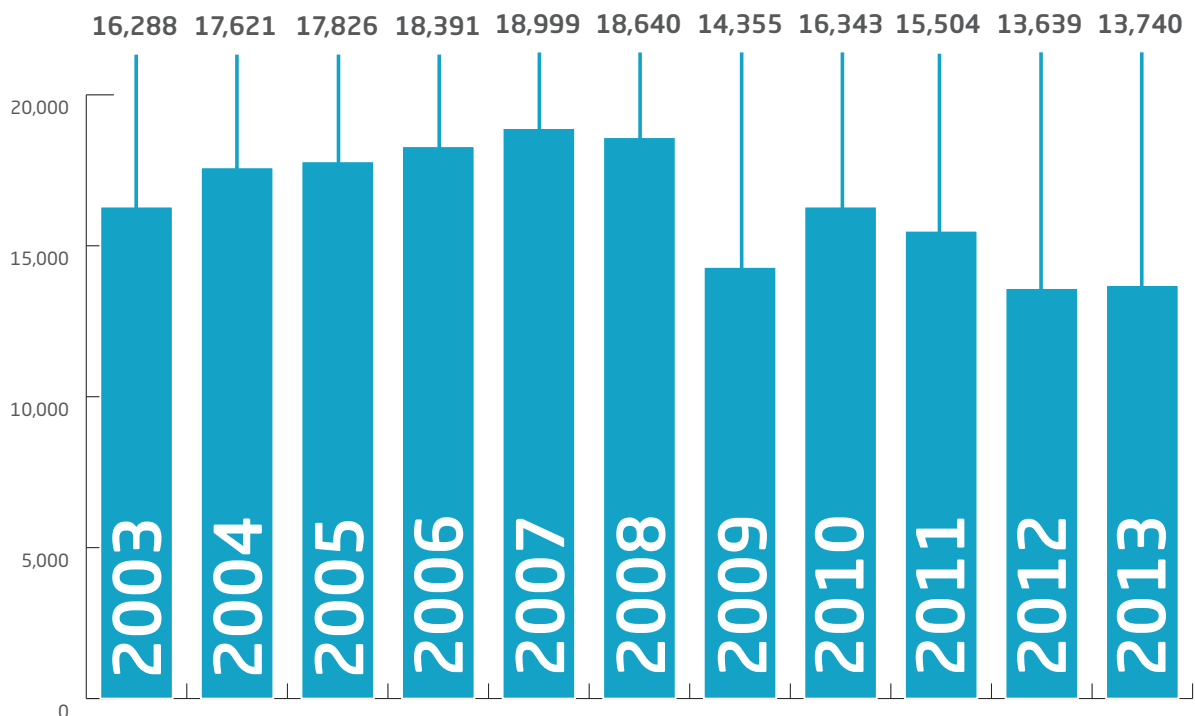
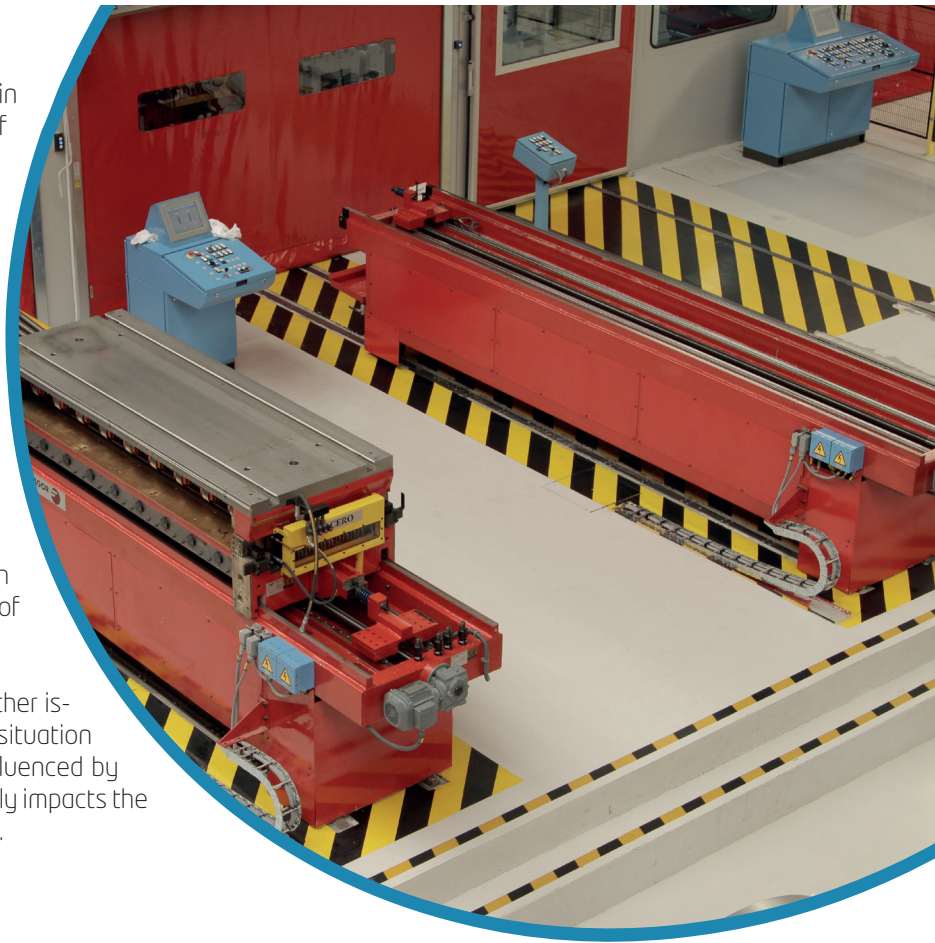
The context in Spain

In 2013, the production of steel in Spain reached the figure of 13.7 million tons of raw steel, experiencing an increase of 1.5% if compared to the previous year. (Source: UNESID Unión de Empresas Siderúrgicas).

While this result marks a shift in market trends, the figures of 2013 are still at levels similar to the ones obtained in 1997, with a production of 13,683 tons of raw steel.

The Spanish steel field exports approximately 71% of its production to more than 120 countries, which amounts to 4% of the overall export of goods in Spain.

Production of steel, in addition to the other issues arising from the recession and the situation of the building sector, is very much influenced by the high cost of electricity, which strongly impacts the final product, making it less competitive.



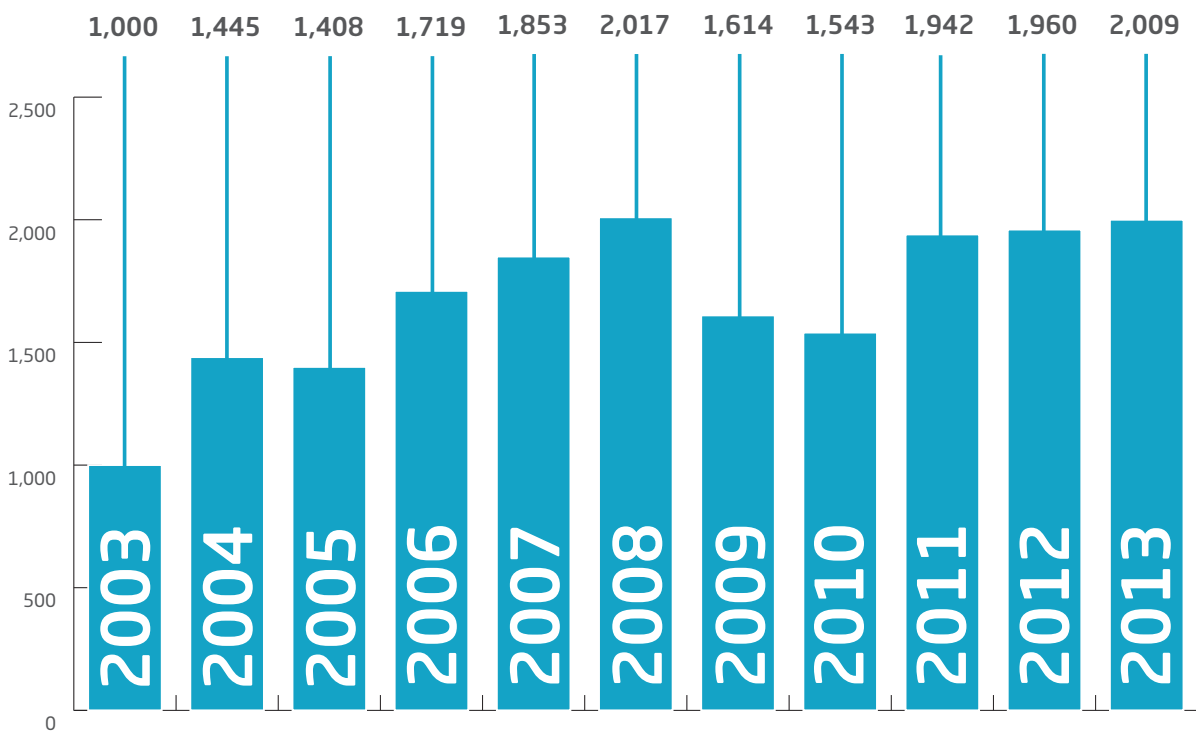
Evolution of steel demand in Spain (thousand tones).
Source: World of Steel- January 2014

The context in Portugal

The production of raw steel increased by 5% in Portugal compared to the previous year, reaching 2.1 million tons in 2013.

Production figures significantly dropped in 2009, however growth picked up in 2011 and production rates in 2013 were similar to figures previous to the recession (Source: World of Steel).

According to the economic forecast, from 2015 onwards Portugal will benefit from an improved domestic demand and export figures, due to the economic and labour market reforms carried out, resulting in lower labour costs and consequently in an improvement of the country's competitive position in the international markets (Source: Economic and Steel Market Outlook 2014-2015. EUROFER).



Evolution of steel demand in Portugal (thousand tones)

Source: World of Steel- January 2014



Our performance

In order to make further progress in the most efficient, profitable manner minimising risks in this global environment and maintaining our high quality standards GSS has developed its **Strategic Plan 2013-2015**, based on the following seven lines of action:

1
Clients
Developing programmes of action in order to reinforce bonds with our clients and to strengthen our sales teams in the countries where we operate.

2
Purchases
Designing initiatives to improve our market knowledge and our internal processes, mainly those relating to the supply chain.

3
Management of knowledge
Promoting training through our platform "Leading the Change University".

4
Organisation and communication
Reinforcing communication in our corporate culture and values, encouraging dialogue through our intranet "Leading the Change".

5
Efficiency and safety
Continuing to develop labour safety schemes and implementing our SPG production system in all of our factories.

6
Product
Diversifying our product portfolio, reinforcing our R+D area.

7
Geographical
Strengthening our international presence, based on the proximity approach.

Four steps have been defined for the development of the actions under the Strategic Plan:

1. Definition
2. Impact assessment
3. Development
4. Implementation

By the end of the three year period covered by the Strategic Plan, stages one and two have been completed, stage three having been partially developed.

Best Practice

Aluminium: an avant-garde material

Aluminium has a combination of properties that make it very useful in materials engineering, such as its high resistance to corrosion and its low density.

Its mechanical strength improves considerably in alloys with other metals, which makes its use suitable for the automotive sector.

It is a good conductor of electricity and heat and is machined easily. Also, it offers low recycling costs, a long product life and its weight is two thirds lower than that of steel.

These properties position this material at the forefront of the latest technology in the automobile industry, as it contributes to reducing fuel consumption and enhan-

ces car safety, which is the reason why Gonvauto Barcelona has decided to add this material to its product portfolio.

To us, introducing this material was a huge challenge as its malleability is higher than that of steel, therefore requiring additional safety measures, such as lubrication of blades, strapping with plastic straps or constant use of a tablex at the settlement area in order to prevent it from deteriorating.

In 2013 we have successfully cut 2,500 ton of aluminium and we foresee that growth of this material will increase by 200% by 2015.

In 2013 we commenced aluminium cutting tests in Gonvarri Burgos and Ferrodisa.

Quality and Innovation

Quality

All of our plants have their own Quality Policy and a management system developed and certified in accordance with the ISO/TS 16949 and/or the ISO 9001 standard.

The ISO/TS 16949 standard provides the requirements that are specific to the ISO 9001 standard for mass production and original spare parts in the automotive industry.

As automotive suppliers, it is a mandatory requirement to certify our management systems based on said norm, given that its goal is to achieve continuous improvement, with an emphasis on prevention of defects and waste on the supply chain.

Also, it encourages the investigation and development of new parts, thus contributing to enhancing vehicle safety and its environmental impact.

We are very strict in terms of product quality control, carrying out rigorous quality controls from the reception of the first-class quality raw material up to point when the final product is obtained, to ensure that it meets all the necessary requirements in terms of quality and safety.

Also, our parts are all recyclable, which contributes to reducing consumption of natural resources and energy saving, as it turns waste into raw material.

Innovation

In 2012, the Grants and Investment Control Department conducted a study in cooperation with the technical managers of each plant, with the assistance of a specialized third party company, in order to identify projects potentially eligible to obtain the R+D certification, and to file the corresponding application in 2013. Below is a summary of the selected projects that have obtained the corresponding certification:

Projects certified as “Innovative” in 2013 by an accredited body

New Corporate Intranet (Leading the change)

Being aware of the new 2.0 trend and the benefits that may result from its incorporation to the Group, a proposal was made to carry out an ambitious Project, “Leading the Change”. This is the great corporate Project within the 2011-2014 strategic plan that seeks to redirect the Company’s culture (5,000 people) towards the concept of sustainable organisation and avant-garde technology through the development of an internal collaboration platform.

Therefore, the new platform will allow more than 5,000 users within the Group to manage and share knowledge and information, optimize efficiency and sales... those users being distributed among the Group’s plants throughout the world. It is, in consequence, a worldwide pioneering project in view of its significance with the Corporation.

New technologies for processing steel sheet (Gonvarri Burgos)

The need to reduce its energy consumption and CO₂ emissions is leading the automotive sector to search for lighter materials and to investigate new geometries that allow a better resistance/weight ratio.

The search for lighter materials is gradually shifting the demand, from parts manufactured in conventional steel to steel featuring high elastic limits, including aluminium and its alloys.

On the other hand, in the case of “Steel Z”, used on the vehicle bodywork, the requirements in terms of surface quality established by OEMs are constantly increasing, as the market demands an impeccable finish of the vehicle that is transmitted along the entire value chain reaching GSS.

Issues such as reduction of weight and fuel consumption benefit greatly from such changes; however, they could also be a source of problems as they require

greater efforts in terms of cutting and processing and the available technological means are not suitable for the new materials.

Another aspect to consider is the growing relevance of environmental criteria in the automobile sector. In particular, the waste generated by Gonvarri Burgos mainly consists of steel sheet remaining from the sheet coils after performing longitudinal cutting, silhouette and sheet cut-outs and, most particularly, from residues generated from using steels of high elastic limit and “Steel Z”.

Finally, the surface finish of the steel sheet, the processing of high elastic limit steels and the sustainability of the activities performed are greatly influenced by the many aspects involved in almost all of the processes carried out at the plant, from the pickling up to the packaging. This is the main reason behind our project and the current needs for development of new steel processing technologies that will allow the use of high elastic limits steel and achieve the features required from automobile steel Z in a sustainable, efficient and safe manner.

New advance system for mixed pressing of aluminium and steel (Gonvauto Barcelona)

This Project is associated with production processes for cutting and stacking of steel sheets for the automobile industry and the current existing limitations for processing sheets from different materials by using one single production line, adapting it to current demand.

The main purpose of the Project was to develop an innovative mixed and flexible line for cutting and stacking steel and aluminium parts, for application in the automotive industry. A similar line does not exist anywhere else and is unique and tailor-made in order to suit the needs of Gonvauto. Through this new line, Gonvauto will now be able to work with aluminium, such material not being currently used by any company within the Group.



Mixed crash barriers featuring a protection system for motorcyclists and slab-clamped safety barriers (Hiasa)

Within its road safety line, Hiasa proposed this Project as a solution to two on-going problems:

- The serious risks faced by the motorcyclists involved in an accident, mainly in mountain areas.
- The clamping of crash barriers in areas where posts cannot be clamped.

In order to provide a solution to both problems, Hiasa proposes two different containment systems:

- A mixed safety barrier made of wood and steel featuring a new system for motorcyclist protection for installation in all types of routes, including mountain roads or natural environment.
- A metal safety barrier with $\Omega 2$ containment level clamped on concrete slab.

The main goal of this Project was to develop two different containment systems: on the one hand, a new containment system designed to enhance the protection and safety of motorcyclists traveling in all types of routes, including mountain roads and natural environments and on the other hand, a new system for clamping metal barriers on concrete slabs, thus providing a solution to the clamping issues traditionally posed by these systems.

New robot technologies for torque tube welding of solar concentrators (Hiasa)

The main purpose of this Project was to develop new robot technologies for torque tube welding of solar concentrators that allow the full automation of the process, thus increasing its accuracy, strength, fastness and sustainability.

The use of these technologies will result in a fully automated process that ensures the quality of the welds and the torque tube, eliminating the variability expected from manual welding processes and significantly increasing the process competitiveness, representing an unprecedented technological leap in the search for a torque tube used in solar concentrators.

Despite the hard work and the availability of all the means required to pursue such task, Hiasa and ABB have not fully reached the goals of the project in terms of achieving full automation.

Projects certified as "Research and Development" in 2013 by an accredited body

New technologies for steel sheet magnetic stacking (Gonvarri Barcelona)

This project relates to the stacking systems currently available and the challenge posed by multiple stacking (three or more parts) in several stacks at once, in the same pallet and in a compact manner, with a minimum stack (or package) separation of 40 mm, according to the current demands of sectors such as automobiles, household appliances, road safety and industry.

In these sectors, space is of paramount importance, particularly in those cases in which daily storage of a large number of goods is required. Given the high costs of industrial warehouses and transportation, companies seek to store their goods and make the most out of the space and to minimize stocks by using Just in Time methods.

The most simple and profitable way of optimizing space consists of stacking the biggest possible number of stacks per pallet, thus reducing the space between stacks as much as possible. In this respect, the fact that most orders are for steel sheets smaller than 950 mm, the stacking required is three or more stacks per pallet.

New automobile containment system based on the triple-way H2 metal barrier (Hiasa).

Within its road safety range, Hiasa proposes a project for development of a new containment system for automobiles by means of metal barrier.

In this area, Hiasa detected that there was a need for reducing the number of accidents among road users, particularly in the case of trucks and buses, and for providing roads with high containment systems specific to said vehicles, offering resistance, safety, small size and easy assembly, thus rendering them more competitive.

Other initiatives

- We participated in the **2nd edition of Innovacarretera 2013**, an Exhibition for Technological Demonstration of the Road Infrastructure field.

GSS Península Ibérica demonstrated how important it is to conduct impact tests with minimum safety guarantees that are also applicable to our roads. The crash test conducted was TB51, according to the EN 1317 European norm.

- **Innovation Award.** The Spanish State Secretary for Research, Development and Innovation has granted funds to Hiasa for conducting the Project

“Integration of aesthetic and safety containment systems in bridges located in urban environments” during the 2012-2014 period.

The project was presented by the Road Safety Department in cooperation with the Foundation for Research and Development in the automotive sector (CIDAUT). The project is expected to have a significant impact on the improvement of collective use infrastructures, both at national and international levels, in particular, transportation infrastructures.

Best Practice

SPG, Road to Excellence

Gonvarri Production System (SPG) is a comprehensive system for continuous improvement based on Lean Manufacturing and the Kaizen philosophy.

Created in 2008, SPG provides a structured approach based on continuous improvement that allows for achievement of the goals that have been laid down and to arrange our company in such a way that it creates value for our clients, employees and shareholders.

SPG provides tools and techniques that have been specifically designed to contribute to achieving employees' progress, as well as the Group's success. Also, we have based our own philosophy and working culture on this system.

Why SPG?

This system helps us reach our goals, improve our competitiveness and ensure that the improvement of the production system is both continuous and limitless.

SPG seeks to remove operational inefficiency (faults, overproduction, useless actions, unnecessary procedures, etc.) through a series of technical improvements that lead to excellence by:

- Improving safety levels.
- Reinforcing quality.
- Achieving productivity growth, with due observance of costs and deadlines.

- Developing communication and cooperation.
- Ensuring everyone's involvement, both at the plant and at the offices.

How does SPG operate?

SPG starts at the plant, where implementation of its basic principles acquires more visibility. Its functioning is focused on innovation, improvement and maintenance of standards. It will later be extended to the other departments.

Everyone participates, and supports, in the implementation of each tool provided by SPG, encouraging and accelerating the consolidation of the system as a step towards achieving Excellence.

The following activities were carried out in 2013: 315 workshops, 85 groups for incident resolution, 1686 suggestions for improvement, 8010 hours per person in SPG activities (workshops or training).



Our Clients

Designing joint solutions

Gonvauto Iberia maintains a very close relationship with its clients in order to provide service that accurately responds to their needs.

In most cases, we arrange that members of our firm pay frequent visits to their facilities, and we maintain periodical meetings the purpose of which is to create innovation and enhance our processes adapting them to our clients' new requirements, ensuring that high quality and safety standards are preserved at all times.

Our priority: Client satisfaction

We believe it essential to respond to our clients' orders by providing an efficient service that features high quality and flexibility standards as well as responsiveness, in order to meet the established deadlines.

All of our plants have a specific quality management system that has obtained the certification awarded by the ISO/TS 16949 and/or ISO 9001, such systems covering our methods for receiving, analysing and responding to the incidences and complaints filed by our clients, through the quality department.

Every time that an incident occurs, a period of time is established for the decision-making process, resolution and measuring the effectiveness of the actions taken.

Every year, each plant conducts a survey among its clients in order to know their degree of satisfaction with the service rendered.

To support and complete these procedures, a periodical follow-up of the indicators is performed, relating compliance with the Delivery Plan, Complaints, Returns, Refused Material and/or production shutdowns to client.

Among other procedures, with the information obtained from both procedures, we define our annual plans and continuous improvement programs.

Best Practice

Clients' day

Clients' day in Gonvarri Portugal was celebrated on 1 October 2013, and its purpose was to devote the entire day to our clients on the Portuguese market, thus reinforcing our bonds with them.

The event was attended by 21 guests representing 70% of the sales of our Portuguese plant. Talks and demonstrations were held that highlighted, among others, our flexibility and capacity to adapt to new situations.

Such day was only possible because we are a strong, committed team, proud to be the leading service centre in the Portuguese market, and this is something that we wanted to share with our clients.



Commitment to our clients

Ferrodisa pays annual visits to its main clients.

In 2013, in an attempt to make our staff feel involved two visits to important clients were performed. The purpose was to involve the staff, to make them feel as part of the organisation, therefore enabling them to comply with the users' demands by helping to clarify their doubts.

By putting both ingredients together, we can get the perfect mix in our company: an **"adored company"**, to our team, and a **"love mark"**, to our clients.



Our suppliers

In Gonvarri Steel Services, the purchasing process, the outsourcing hiring, and the corresponding standardization and management of suppliers are either centrally arranged by the corporate purchase department or directly from the plants, as local purchases.

Suppliers and central purchases

Steel is the most commonly used raw good in all our production and use of aluminium is increasing gradually. In both cases, purchases are centralised at the corporate purchasing department, which is managed in coordination with the plants.

During this process, we adapt to our clients' requirements, always maintaining high quality standards.

It should be noted that some clients, particularly those in the automotive sector, provide us with the names of the suppliers that we have to process the purchase with. In these cases, these suppliers have been previously approved by the clients.

Purchasing portal

The most relevant purchases, based on their cost, are carried out through the Supplier Portal available through our web site.

Each supplier is provided with a user code and a password that will allow them to access a private area. At the time of signing the contract, suppliers undertake to comply with the conditions established by the Company.

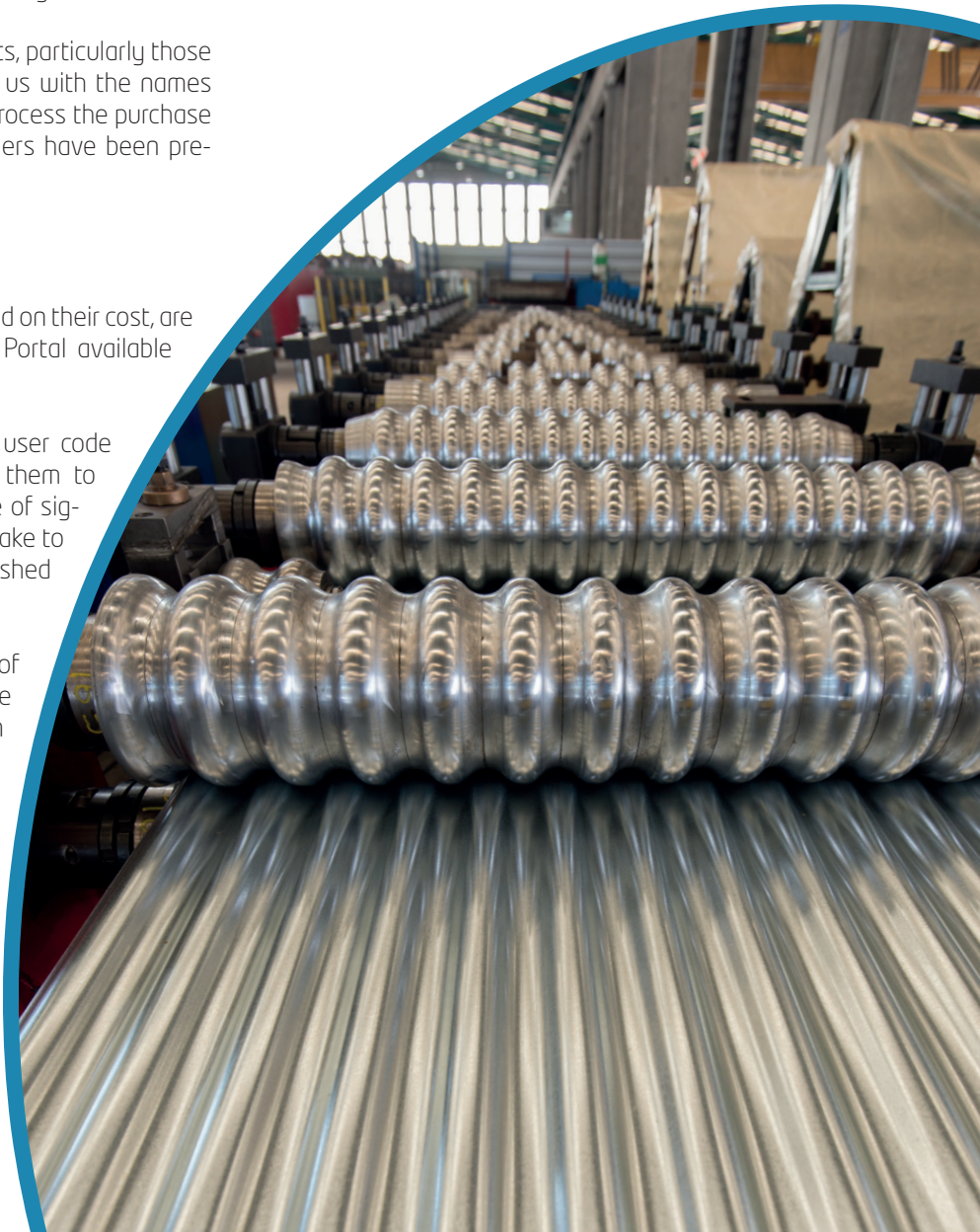
The Ethics and Conduct Code of Gonvarri Steel Services is available at the Supplier Portal. It has been scheduled, as part of the agenda for 2014, to include our suppliers' acceptance and commitment to undertake the Code as a contracting requirement.

Suppliers and local purchases

Local purchases are independently carried out by each production center. Even if the standardisation criterion is different, performance of the supplier selection, standardization and evaluation process is based at all times on the principles of impartiality, rigor and objectivity.

Local purchasing involving goods other than metal products is independently carried out by each plant.

We evaluate and select our suppliers in accordance to their capacity for supplying products that comply with our requirements (price competitiveness, response time, quality, etc.). The supplier standardization procedures cover and demand information on several aspects which will be weighted based on their relevance.



In terms of sustainability-related selection criteria, all of our suppliers are required to comply with the standardisation requirements established, which demand strict compliance with the Health and Safety and Environment regulation, relating to quality, safety and health and environment, whereas the existence of certifications (ISO/TS 16494 and/or ISO 9001, ISO 14001 and OHSAS 18001) is positively valued. Some suppliers have not been included in the standardization process on account of the low risk entailed in the practice of their activities.

The requirements to be met are covered in the respective procedures in by our Procedure for external supplier standardisation as part of the "Coordination Agreement".

Other additional requirements

The Ethics Code of Conduct is currently being disseminated among our main local suppliers. We expect that, through their acceptance, they will undertake to develop an ethical, transparent behaviour and to comply with the applicable legislation, to adopt adequate practices that ensure a safe working environment, and to observe human rights and the environment.

During 2014, this practice will be disseminated in an orderly way among all of our facilities and incorporated to our requirements for supplier standardization and selection.

Payment conditions with suppliers and subcontractors have been properly defined and written down on the basis of pre-set criteria. Such criteria will be periodically controlled and reviews both in terms of local and central purchasing and we comply with the payment conditions established with suppliers and contractors. In order to calculate the percentage of local suppliers, we have taken into account all of those whose headquarters or business office is located in the reference country.

Based on this criterion, 99% of our suppliers are located in Spain and/or Portugal. In general terms, the suppliers that do not comply with this requirement are those who supply machinery, equipment and steel materials.

Subcontractors

With regards to external parties that carry out works at our facilities, they must comply with our "Procedures for Coordination of Entrepreneurial Activities" to ensure that their employees' work conditions are the best in terms of safety and health and do not compromise our employees' conditions.

In 2013, a average 44 workers/month were subcontracted, whereas 76 workers were supplied from temporary work agencies.



Best Practice

Transversal Operational Approach (MOT)

Gonvarri Steel Services is experiencing continuous growth, and new companies in different countries are constantly being added, which requires consolidating and improving our processes and procedures.

The goal of MOT is to improve the current purchase and procurement system by means of updated, reliable and consistent sale forecast data, thus:

- Ensuring efficient purchasing and accurate stocking.
- Reducing and avoiding financial costs due to stock excess or shortage.
- Ensuring updated, shared prices.
- Recording the on-going business activity, including both estimate requests and purchase forecasts from clients.

For development purposes, it describes the activities undertaken by the sales departments, thus ensuring that monitoring, control and update of purchase forecasts are being properly conducted for each client reference within the established deadline.

MOT was implemented in Gonvarri Iberia in 2013 and will be extended to the remaining companies in the coming years.

MOT is divided into the following main stages:

1 Procurement forecast and management

The purpose is to ensure procurement through reliable, consistent sales figures, and to that end we review aspects related to:

- Consumer consumption data which are updated based on our knowledge and experience and the market's current scenario.

- Meetings, reports and improvement of the process of communication among all parties involved, for optimising joint analysis and learning process in the deviations that may be identified, the correcting actions envisaged, stock and budget monitoring.

2 Price update

As sales prices are directly linked to the price of raw goods at the time where the operation is scheduled to take place, sale prices are regularly updated on the system, which is consulted and updated for every estimate provided.



Health and safety



OHSAS 18001

89% of our plants are certified



0 fatal accidents at work



Training

7,210 hours

Employment



1.188 employees

92% men, 8% women



Indefinite contract

96% of the workforce



Training

33,317 hours



Health and Safety



Talent development

Axis 4: Health & Safety: global objectives (2013-2015)

Extension of H&S indicators (rates) and monitoring and measuring the investment carried out on those subjects

- Improving the qualification of direct labour employees, updating their training at least once every three years and promoting their awareness of H&S actions, organising annual meetings with the plant's managers and coordinators in order to analyse the most relevant issues on H&S matters.

Development of Lock Out - Tag Out (LOTO) activities in maintenance tasks.

- Identifying activities that require interaction with elements and **implementing Dead Man controls** for performing such activities.

Removing risks from work at heights; soundproofing hydraulic equipment

Adjustment to Technical Requirements to:

- Ensure an effective closure of 100% of the production lines.
- Place safety signs at working areas.
- Improve the storage of coils.

Axis 3: Pride of belonging, retaining of talent, no discrimination

GSS Península Ibérica

- 2013-2015. Implementation of a goal-based Management system (DPO) that will take place in two phases:
 - 2012-2013: Management (archived)
 - 2014-2015: Office staff (currently in progress).

Gonvarri Tarragona

- 2013-2015. Reducing absenteeism by 0.5% in respect of 2012 (currently in progress).

Ferrodisa

- 2013-2014. Conducting outdoor training activities; improving training hours to enhance employability (currently in progress).

4. People

4.1 Health and Safety

Health and Safety: Our Priorities

Best practice: Improved safety and health signage

Our commitment to occupational risk prevention. One Step Beyond

Communication and training

Follow-up and measurement

Health and safety indicators

Recognitions and awards

4.2 Our commitment to people

Our professionals

Continuing training and career development

Best practice: GSS at the Job Market Fair organised by IE

Employment policy

Best practice: Equality plan in Ferrodisa

Best practice: Gonvauto Navarra: Reconciliation of work and family life

Social benefits



4.1 Health and Safety

Health and Safety: Our Priorities

Preserving our safety is a priority and a strategic goal in Gonvarri Steel Services.

We are aware, and we know and analyse the risks associated with our activities, and we strive to take the necessary corrective measures, in order to eliminate or mitigate such risks to the most possible extent.

Every employee at our plants must do their utmost to develop and encourage safe behaviour and to achieve a healthy work environment that features healthy equipment and working conditions. The Health and Safety plan is developed within the strategic plan of GSS and includes 16 actions applicable to our facilities that are monitored on a monthly basis.

These include the investment needs of each plant, which will be forwarded to the CEO for his approval.

In order to integrate safety in every decision that is made, the follow-up of safety and health plans and programmes depends directly on each Plant's Managers.

Organisation and structure in terms of prevention

Our approach is based on Integrated Prevention, in conformity with the safety and health policies defined both on a plant level and on a corporate level by the GSS CEO.

Responsibilities and roles are documented in the technical procedures across the organisation of work and also across the company's hierarchical structure and we strive to integrate the concept of employees' health and safety protection in all stages of our decision-making processes.

Surveillance and health control relating to workers' risk exposure in their respective position has been entrusted to medical services in the different countries where we operate. Said services are duly qualified to carry out these activities in conformity with the local regulations.

Within their staff our factories have employees specifically appointed to deal with safety and health matters and who have been highly trained in that respect.

Based on the size and needs of the factories there are two different approaches:

- **Employees appointed to handle occupational safety and health matters on an exclusive basis.** This approach is being developed at the following facilities: Gonvarri Burgos, Gonvarri y Gonvauto Barcelona, Ferrodisa, Hiasa and Gonvarri Portugal.
- **Employees sharing these activities with others in Human Resources and / or Environment matters.** This approach is being developed in the following plants: Gonvauto Navarra, Gonvarri Tarra-gona and Gonvauto Galicia.

Health and Safety Policy

Since December 2007 we have developed, reported and implemented Occupational Safety and Health Policies that are mandatory and applicable to all of our facilities.

The Policy emphasizes the principle of integrating prevention among all members of the chain command, and demands compliance with the relevant safety rules in any activities being carried out or supervised.

The Policy is applicable to our teams and to any third party companies or subcontractors that carry out their activities at our facilities.



Health and safety policy

Gonvarri Steel Industries knows that the prevention of the risks we have in our activities is a priority and a strategic item in the management of our businesses. So, all the members of the Group must take safety in consideration and make the maximum effort into developing and promoting safety behaviors, achieving a healthy work environment, and provide the safer equipment, products and production lines for all who works in our plants.

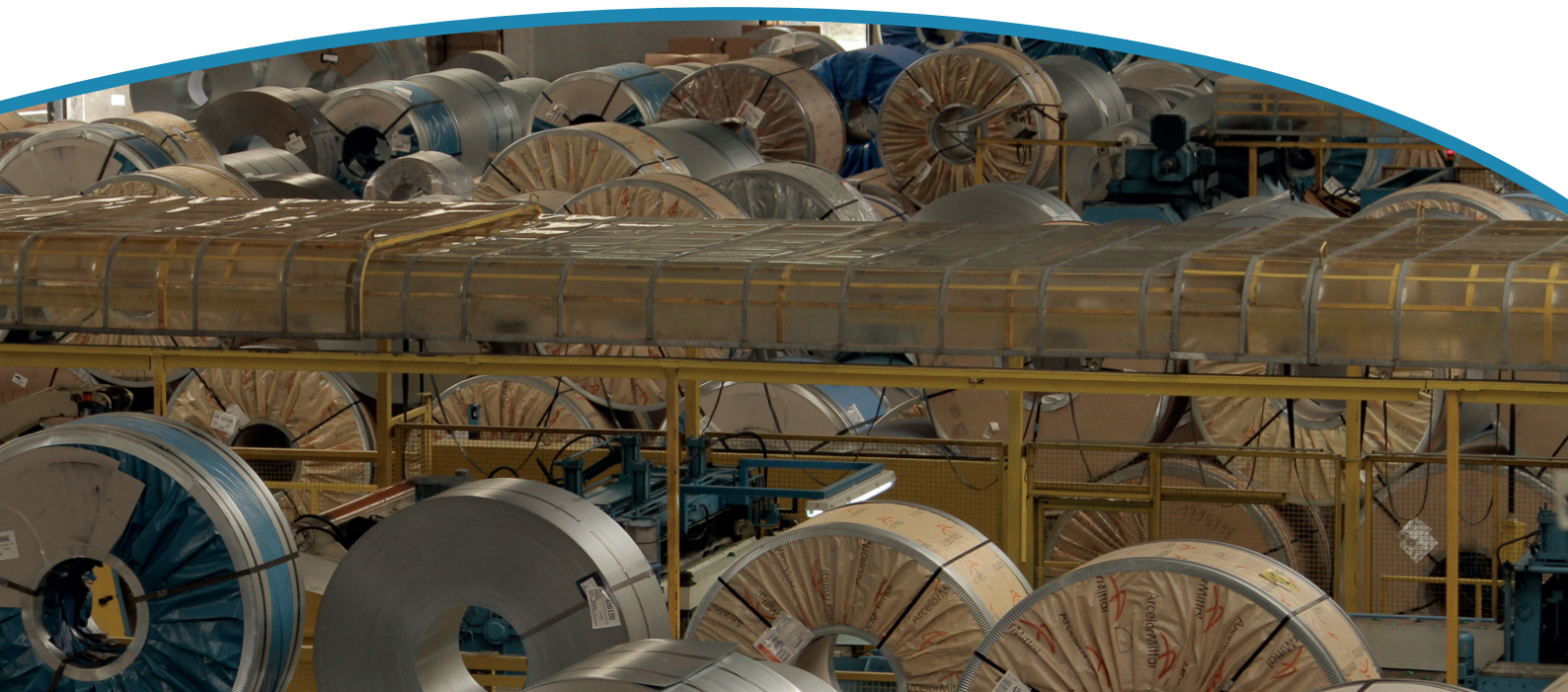
In order to direct and manage the performance of the staff in charge for their plants, this policy is declared based on the following principles:

- Safety must be managed effectively with the same professional rigor and strength as any other of the key areas of management, implementing Management Systems in line with the principle of preventive integration.
- The members of the organisational chain in command must consider the Prevention requirements in all the activities undertaken or ordered, and in any decision taken.
- Oversight and control by supervisors and commands of the activities undertaken by their workers have to include the compliance of the safety rules and their good acts.
- Each employee must take in consideration the rules and safety instructions defined, and must take a diligent attitude and safe behavior in his work.
- External workers performing activities in our plants will develop their works with the same level of safety and commitment expressed in these principles.
- Prevention training must be part of professional training of each employee, ensuring that safety is perceived as an integral and internal part of the responsibilities required.
- Systems will be established for the ongoing identification of risks, hazards and dangers, mainly in the design stage of each new process, position or production line for the sake of active control measures in the their origin.
- Plant directors adopted and carried out monitoring program to facilitate not only formal compliance preventive legislation, but the continuous improvement in their performance in our way toward the goal of zero injuries and damage to health.

This policy should be appropriately shared and well-known by all employees of the Group and be paid and applied by those who have responsibilities in the plants.



Jon Riberas Mera
President & CEO Gonvarri Steel Industries



Our management systems

Our plants have been equipped with occupational safety and health management systems under the OHSAS 18001 standard and have been developed, implemented and certified by an accredited body at all of our facilities with the sole exception of Hiasa.

Hiasa has developed and implemented the Policy, as well as the procedures arising from the reference norm and has undergone the corresponding auditing; however, completing the adaptation of its equipment prior to obtaining the corresponding certification is still pending.

Also, all of our facilities have identified and defined their potential risks and emergency plans/adaptation according to their activities, size and environment.

On an annual basis, we carry out total and partial emergency drills that may be related to different risks, such as fires, spills, hurricanes, etc.

Golden rules

As great believers of the sentence “All accidents are avoidable”, we work from several perspectives at the different plants of Gonvarri Steel Services.

Unsafe behaviour that may have consequences on the employee’s own safety or that of his/her colleagues will by no means be ignored, and the instructions issued by the company will be scrupulously observed.

Several Golden Rules have been set out, which include **10 basic milestones** whose dissemination and compliance is compulsory in all centres:



Best Practice

Improved health and safety signage

Over the last few months, **Gonvauto Galicia** has significantly improved its safety and health signage at the workplace.

These improvements have been carried out in order to adapt the plant to the new **“Corporate Technical Specifications for safety and health signage at the workplace”** which govern the status, allowance, contents and coverage of signage in conformity with the risks and prevention measures that must be taken into account in the performance of our activities, at our facilities and the risks faced by our employees.

This Specification is binding and will be among the aspects to be verified in future corporate auditing.



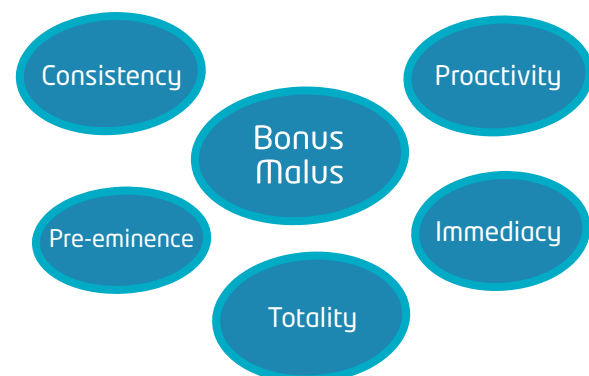
Our commitment to occupational risk prevention. One Step Beyond

In 2007, an **Overall Assessment** of the status of the Health and Safety indicators was carried out.

The areas for improvement that were identified included the need for an integrated awareness and prevention culture, which regards safety as an unavoidable requirement, thus contributing to avoiding accidents and incidents arising from any inadequate behaviour on the part of staff members.

In response to such need, the program One Step Beyond was established for application in all production centres, which includes a new **Health and Safety Corporate Policy** that, once the necessary legal requirements are complied with, involves all members of Gonvauto, irrespective of their position within the company. The Programme demands unavoidable fulfilment of all Health and Safety requirements that are applicable to Gonvauto employees, when carrying out any activities or when making any decision. Such demand is also applicable to employees in external companies providing services to Gonvauto.

Through “One Step Beyond”, safety of the centers in Spain and Portugal is coordinated according to the following principles:



It should be noted that, according to the surveys conducted on labour climate, a positive aspect is the improved awareness of Health and Safety at the workplace.

Communication and training

To ensure that our company provides a safe work environment where our employees behave responsibly, we promote three "One Step Ahead" aspects: communicating, training and monitoring safety and health indicators.

Communication

Due to its great significance to all of us and our professionals and subcontractors, we maintain many different communication channels on the subject of safety and health matters.

Generally speaking, we provide a two-way communication flow, which is coordinated and managed from the plants through monthly meetings on health and safety, and that allows staff members to be informed and participative.

The person in charge of these matters at each plant is the respective Manager, which enables to expedite bureaucracy and handle any issues that may arise in a fast, transparent manner.

In addition to direct communication, we have other channels for communication that encourage employees' consultation and involvement. Some of these channels are summarised below:

Health and Safety Committees

Employees responsible for prevention matters have been allocated in each plant, said people representing all employees through the Health and Safety Committee.

The committee comprises, in equal numbers, both the workers' representatives in Prevention matters and the Managers. The committee holds monthly meetings that cover issues relating to our teams' Health and Safety and the reduction, and improvement, of all aspects regarding potential risks and labour-related accidents.

The workers' representatives and the members of the Health and Safety Committee at each plant represent 100% of the staff. All our staff has its own collective bargaining and is entitled to vote.

The attached chart lists the number of Safety and Health Committee delegates and members at each plant.

Plants	Prevention delegates	Committee members
Gonvauto Barcelona	4	8
Gonvauto Galicia	2	4
Gonvauto Navarra	1	2
Gonvarri Barcelona	3	6
Gonvarri Burgos	3	6
Gonvarri Tarragona	3	6
Hiasa	3	6
Ferrodisa	3	6
Gonvarri Portugal	2	7
Total	24	51

Levels of coverage as per the agreements subscribed with the Unions

The following chart summarises the level of coverage of the most relevant safety and health aspects according to the agreements with the Unions.

Covered aspects*	Presence
Individual Protection Equipment	75%
Joint Safety and Health Committees	100%
Participation of employees' representatives in inspections, auditing and accident investigation	75%
Training and education	88%
Complaint channels	88%
Right to reject dangerous tasks	75%
Periodical inspections	75%
Agreements or structures for problem resolution	75%
Objective commitments related to results or the applicable practice level	88%

*Gonvarri Portugal is not included.

Monthly Management Committees

The Safety Management Committee has been appointed as the working committee where the Prevention Coordinator holds a meeting with the Plant Managers, the Production Managers, the Maintenance, Logistics and Human Resources departments on a monthly basis. The meeting's goal is to conduct a follow-up on the progress made by the indicators, activities, actions, accidents and incidents in terms of prevention, safety and health.

- **Involvement at the development and review of policies, objectives and Security and Health Programmes**, by means of the information being made available to the representation bodies.
- **Suggestions for improvement** where space is provided for employees to submit their comments and ideas for improvement.

Also, they may submit their enquiries in connection with eventual changes of their working conditions that affect, or might affect, their safety.

Corporate Health and Safety forum

At the corporate Intranet, a Health and Safety forum provides all corporate information that may serve as reference (technical specifications, procedures, weekly accident and incident reports submitted to all Managers), and also provides the opportunity to participate in surveys and discussions on related matters.

Participatory meetings

Held with a monthly frequency during the working groups meeting, Health and Safety matters are handled in a participatory manner, gathering suggestions or ideas submitted by employees regarding the management of Health and Safety in their respective working environments. Additionally, talks are held to the judgment of turnos TOPS related to safety.

Information Points on Health and Safety

These are areas that have been established in all plants, and are located near the employees' work places, where updated information can be found, such as:

- **Investigation of incidents and accidents**: the relevant data that led to the final outcome of the matter are provided.

Others

All employees are invited to collaborate in the different procedures implemented in terms of occupational risk prevention and Health and Safety, through their involvement in different procedures relating to: identification of risks, assessment of risks and elaboration of Safety instructions.



Training

It is a key aspect for H&S and evidences the commitment of the company. We believe that training activities help to sensitize and raise awareness among employees and middle management of occupational safety and contribute to promoting a proactive attitude from which all of us can benefit.

In 2013 7,210 hours of health and safety training has been provided, which amounts to an approximate ratio of 6 hours per employee.

All members of the GSS Peninsula Iberia staff have received the required theoretical and practical training and qualification on the subject of safe work methods, which are inseparable from their professional training, and have been trained to consider safety as an integral part of their responsibilities; such training includes information regarding the health and safety mana-

gement system implemented in the company (Policy, plans and procedures).

In order to enable our staff to fulfill their tasks, the training provided entails a certain level of education according to their rank and proportional to their responsibilities.

Employees performing special tasks (crane bridge operators, those who work at heights or whose work involves electrical risks, etc.) receive specific training related to said task and the risks associated to it. Such training is conveniently updated and extended based on the needs detected. Before joining a new job or a new position, each employee receives the required health and safety training that will enable them to work safely and comfortably, being fully aware of their responsibilities and obligations.

During 2013, several workshops devoted to health and safety matters have been conducted, as outlined below:

Awareness campaigns

Workshop: how to prevent accidents

In March, a workshop called "**How to prevent accidents**", dealing with the subject of driving, was held in **Gonvarri Tarragona**. The lecturer was Mikel Bort, a corporal in Mossos d'Esquadra and author of the book "Com evitar un accident de trànsit" ("How to prevent a car accident"), who listed the responsibilities involved in car driving and explained how easily accidents may occur.

The purpose of the lecture was to raise awareness of our responsibilities as drivers and the consequences arising from our behaviour, in particular when it comes to road accidents.

Workshop: Prevention of risks in the workplace

An interesting workshop aiming at raising awareness of matters of occupational hazard prevention was organised in **Gonvarri Tarragona** and **Gonvarri Burgos**, with the purpose of disseminating information on the precautionary measures that will make it possible to increase safety and prevent all types of work-related accidents.

The workshop, held in Tarragona under the motto "**Prevention with our five senses**", which in Burgos was called "**Are you missing any sense?**", served to strengthen the attendees' awareness in terms of safety at their work place by using common sense.

The practical side of the training, which highlighted the need to make good use of individual protection equipment, grabbed the attention of employees. Due to its novel, highly participatory approach they were asked to put their 5 senses to the test on spot (smell, taste, touch, sight and hearing).



CÓMO
EVITAR
UN ACCIDENTE
DE TRÁFICO



Workshop: Say no to accidents

At **Gonvauto Galicia, Gonvarri Tarragona, Gonvarri Burgos and Ferrodisa**, a campaign in the form of a competition has been carried out, aiming at reducing absenteeism and the number of work-related accidents. Every time that a certain milestone of days without accidents is reached, each plant decides what award or recognition to deliver in each case.

The competition ends when an accident leading to medical leave occurs at the plant.

This campaign reinforces the spirit of team work and encourages employees to pay more attention to the safety measures they are asked to comply.

Some of the most remarkable milestones reached by the company are the **541 days without accidents at Gonvauto Galicia, 365 days without accidents at Gonvarri Tarragona plant, 465 days without accidents at Gonvarri Burgos and 300 days without accidents at Ferrodisa.**

"The hard and continuous work carried out has finally paid off. Staff awareness, as well as team work and the improved safety measures, have allowed us to celebrate today our compliance with the zero accident target at our Gonvarri Burgos plant"

Arturo Sagredo Pampliega,
Manager of Gonvarri Burgos

"We have worked really hard over the last few years to integrate the culture of prevention in our organisation's DNA, and to achieve, on the one hand, that all of our employees regard safety at work as their own responsibility and on the other hand, that employees appreciate the benefits of safe work. We have better facilities, we have optimized our processes and minimized our quality incidents, and this has only been made possible because our employees have been able to internalize that incorporating Safety to our daily routine is key to succeeding".

Javier Izu, Manager of Gonvauto Galicia

"To achieve 365 days without accidents is the result of team work and is clearly the reflection of a corporate culture whose central premise is prevention."

Felipe Cuervo Martínez, Manager and Rosa García Ribas Head of Human Resources Gonvarri Tarragona.



Specific campaigns devoted to occupational hazard prevention

Welding training

In **Gonvarri Burgos**, an applied welding (coated electrode and MIG) course was held in order to provide training on simple welding to employees working on maintenance and production.

Welding is generally used in repair work and the technique has experienced significant progress which has led to it being applicable in all branches of the metal sector.

With this course, the maintenance personnel (electronic technicians, electricians and mechanics) and the production personnel (maintenance of dies, coating, among others) have improved their welding skills.



Dynamic Days

Our factories believe that the celebration of the so-called dynamic days calling for our employees' direct involvement and in some cases, their families', contributes to reinforcing our message and consequently, our actions.

We will now make reference to some of these dynamic days.

Family activities

In **Gonvarri Tarragona** a fun day that brought many families around a karting race event was held on July 19.

We seized the opportunity to deliver our recognition to the participants and the award of the children's drawing competition "What does your dad/mum do to prevent accidents at work?"



Health, Safety and Environment Day

On an annual basis, **Gonvarri Portugal** organises a day that is entirely focused on safety, health and environment.

During the day several activities, such as games, meetings, etc., take place, the celebration culminating with a Christmas dinner to which all employees are invited and the awarding of prizes to the three best teams.

Workshop: Interactuar, company theatre

In **Gonvarri Barcelona**, in collaboration with the company Interactuar a workshop was held to raise awareness among participants on the subject that "it is possible to produce safely without affecting production", taking everyone's health and well-being as our priority.

Theatre applied to the enterprise is a method used to recreate reality, grabbing everyone's attention and ensuring that attendees identify themselves with the story being played on stage. Humour is the best vehicle to convey a message in a clear, direct and fun way.



Follow-up and measurement

Being able to compare the Health and Safety indicators is fundamental to encourage continuous improvement and to learn from other plants' experience.

Below is a summary of the main mechanisms provided for follow-up and control.

Monthly reports

On a monthly basis, all centres report their labour Health and Safety indicators to the corporate manager to consolidate that information with the other companies and to have updated information on its evolution.

Inspections

The safety inspection procedure conducted on a monthly basis involves the Manager and all supervisors, who conduct a safety inspection of all of the areas under their responsibility, collaborating in the definition and implementation of the required remedial actions (as defined on PDCA's action plans).

This enables us to move forward in our safety policy and to disseminate these actions to all employees through the notice board.

Internal auditing

The health and safety corporate auditors conduct an annual audit which assesses the implementation and compliance of the Safety and Health Plan, as well as the methods having been used, the status of the facilities and the good practices identified.

Corporate auditors in Health and Safety matters perform an annual audit in which implementation and compliance with the Health and Safety Plan, the systematics, the condition of the installations and best practices are assessed.

The results obtained from these audits are published in Leading the Change to allow that the know-how is passed on to all centres.

Certification audits

One of the requirements established by the OHSAS 18001 standard is the performance of external audits for monitoring purposes, conducted on an annual basis or every three years, in order to obtain the corresponding certification issued by an accredited body.

Also, the corresponding regulatory audits are conducted in our plants in Spain, pursuant to the provisions of Act 31/1995 of Occupational Hazard Prevention, with the sole exception of Hiasa, which is currently undergoing a process of adaptation.

The conclusions obtained from the audits are as follows:

- The Group's planning in terms of risk assessment has been found to be correct and complying with the applicable regulations on the subject of occupational hazard prevention.
- Both the prevention organisation approach and the qualifications of Labour Risk prevention specialist are appropriate; the company has implemented the correct protocols for action and the prevention policy has been integrated at all hierarchical levels of the company.
- The auditing team expressed positive views on the integration level of the company's preventive system and its degree of implementation, documentation and efficiency.

No significant non-compliances have been identified at any of our plants.

Rates

The Corporate management and the plants perform a monthly assessment of the "Frequency and Severity Rate".

Health and safety indicators

Balance

39 accidents leading to medical leave occurred in 2013. Among the injured, 97% were male; 33 of them had been directly hired by the Company and 6 of them were hired by subcontractors. This figure is 5% lower than in 2012.

Below is a summary of the accidents occurring in 2013:

2012

	Accidents with leave		Accidents without leave	
	Men	Women	Men	Women
Own staff	35	2	132	2
Subcontractors*/ TEA**	5	0	12	0
Total	40	2	144	2

2013

	Accidents with leave		Accidents without leave	
	Men	Women	Men	Women
Own staff	33	1	132	3
Subcontractors*/ TEA**	6	0	14	0
Total	39	1	146	3

*External staff who performs GSS own activities is considered as subcontractor.

**Temporary Employment Agency

It should be noted that, same as in 2012, no fatal accidents have occurred in 2013. During this year, we had one case of a male employee at Gonvauto Navarra suffering from an occupational disease.

In December, Gonvarri Steel Services achieved one of the most significant and rewarding milestones for the first time on record: **First month without accidents leading to medical leave at all steel service centres worldwide.**

This great piece of news is the outcome of the gradual decrease in the accident rate since 2007, the year where our Safety and Health Policy was first published as a Statement of Intent on the subject, and subsequently enhanced with the Global Safety and Health Plan of 2011 "One Step Beyond", introduced to the Manager of each plant.

Accidents

The number of accidents leading to medical leave per plant in 2013 is shown on the chart below:

Plant	Own staff		Subcontractors	
	M	W	M	W
Gonvauto Barcelona	4	0	1	0
Gonvauto Galicia	0	0	0	0
Gonvauto Navarra	3	0	0	0
Gonvarri Barcelona	6	0	2	0
Gonvarri Burgos	5	0	0	0
Gonvarri Tarragona	0	0	0	0
Hiasa	9	0	3	0
Ferrodisa	4	0	0	0
Gonvarri Portugal	2	1	0	0
Total	33	1	6	0

Average rate of accidents leading to medical leave per employees directly hired by the Company is 0.03 and 0.01 for men and women, respectively.

When an accident occurs, formal communication is provided through the mechanisms established by the relevant country's regulations. In all cases, such practice complies with the current regulations following the ILO's recommendations.

Within the Group, accident rates and reports are communicated via the corporate intranet, through the Safety and Health Group and by email to each plant's managers.

Lost days per accident or occupational disease

Plant	Men	Women	Total
Gonvauto Barcelona	76	0	76
Gonvauto Galicia	0	0	0
Gonvauto Navarra	31	0	31
Gonvarri Barcelona	97	0	97
Gonvarri Burgos	46	0	46
Gonvarri Tarragona	0	0	0
Hiasa	400	0	400
Ferrodisa	115	0	115
Gonvarri Portugal	65	167	232
Total	830	167	997
Average per employee	0.76	1.69	0.84

Missed (absentee) days

Plant	Men	Women	Total
Gonvauto Barcelona	1,410	122	1,532
Gonvauto Galicia	297	61	358
Gonvauto Navarra	233	0	233
Gonvarri Barcelona	1,453	27	1,480
Gonvarri Burgos	1,176	31	1,207
Gonvarri Tarragona	498	6	504
Hiasa	2,828	9	2,837
Ferrodisa	875	65	940
Gonvarri Portugal	398	89	487
Total	9,168	410	9,578
Average per employee	8.42	4.14	8.06

Recognition and awards

Below is a summary of the recognition and awards given to our factories in 2013.

Gonvarri Tarragona was awarded by Adecco, due to its good management practice in labour risk prevention.

Adecco is a leading company in human resources management and has been encouraging labour risk prevention among its clients for years, providing due recognition to those who strive to promote this area beyond mere fulfillment of the rules.

To measure this achievement, the first analysis conducted is on whether the existing labour risk prevention regulations are strictly complied with. The next step is to make sure that the relevant company shows a clear commitment to prevention, both in terms of corporate policy and its facilities and equipments, and in its willingness to implement continuous improvement actions.

Also, all employees and the different departments must show their commitment to adopt the measures

proposed in a proactive way, as well as their confidence that such commitment will be duly complied for.

Gonvarri Tarragona, along with the other award-winning companies, is not only below the reference accident rate of its field but has improved its own rates in a very significant way over the last 5 years.

Gonvauto Navarra was recognised with the Healthy Company Blue Seal given by Mutua Navarra on 17 December 2013. This recognition is supported by the Navarra Confederation of Entrepreneurs (CEN).

This award was established by Mutua Navarra in order to raise awareness among companies and employees that maximum profitability is achieved due to healthy companies and happy employees that give their utmost at work.



**EMPRESA
SALUDABLE**

4.2 Our commitment to people

Our professionals

We, in GSS, are highly committed to our professionals, who are the engine of our success and upon whom our continued growth depends. We offer a stable working environment that provides a great deal of possibilities for promotion and mobility, due to our presence in several countries.

We tend to choose people who can identify with our culture and values, who understand what our customers expect from us and who, through their work, contribute to the development and enhancement of the company.

By 31 December 2013, the **staff at GSS Península Ibérica** consisted of 1,188 professionals, 1,089 of which are men, whereas 99 are women, and whose distribution is shown on the chart below:

Plant	Man	Woman	Total
Gonvauto Barcelona	132	8	140
Gonvauto Galicia	44	14	58
Gonvauto Navarra	41	8	49
Gonvarri Barcelona	185	10	195
Gonvarri Burgos	198	9	207
Gonvarri Tarragona	41	4	45
Hiasa	254	15	269
Ferrodisa	139	13	152
Gonvarri Portugal	55	18	73
Total	1,089	99	1,188

We support our employees' job stability, because, despite the overall recession situation, we do trust in long term relationships and in our professionals' experience which is proven by the fact that 96% of the members of our staff have permanent contracts.

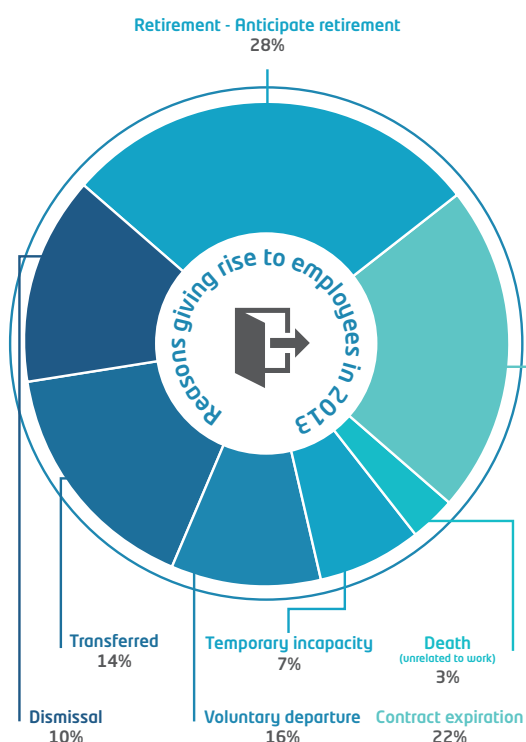
Nº of employees per contract

Type of contract	Man	Woman	Total
Indefinite	1,047	96	1,143
Temporary	42	3	45

During 2013, 24 people were hired and 68 (63 men and 5 women) left the company or were transferred.

Below is a list of the different **reasons giving rise to employees leaving the company in 2013**:

Reason	Man	Woman
Dismissal	6	1
Retirement and anticipate retirement	18	1
Contract expiration	14	1
Death (unrelated to work)	2	0
Employees receiving welfare benefits due to temporary incapacity	5	0
Transferred to corporate / a different plant	7	2
Voluntary departure	11	0
Total	63	5

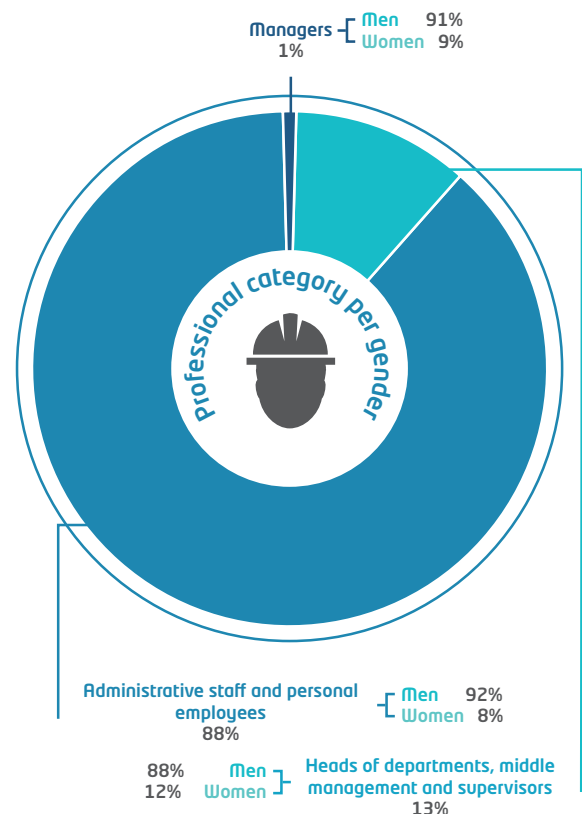


Distribution has been rather uneven: all cases involving early retirement and contract terminations occurred in Gonvarri Burgos, Hiasa and Ferrodisa; those who were transferred to other plants were in most cases employees from Gonvauto Galicia, Gonvarri Burgos and Hiasa, and to a lesser extent, from Gonvarri Tarragona and Gonvarri Portugal. The rest of reasons for leaving the company are distributed among all of the plants, with the exception of Gonvauto Navarra, whose staff has not experienced any variations in 2013.

With regards to the 24 new recruits, six of them were hired to cover positions occupied by employees on medical leave and the contract ended in the same year. The distribution per plant is one person recruited in Ferrodisa, another one recruited in Gonvarri Portugal, both hired in order to cover two vacancies, and four people hired in Hiasa, in order to carry out specific tasks.

The rest of new recruits still work at the company.

With regards to the work type, according to the level of responsibility allocated to each position, jobs have been grouped into three professional levels or category, as shown on the chart below:



Professional category	Man	Women
Managers	10	1
Heads of departments, middle management and supervisors	119	17
Administrative staff and personal employees	960	81
Total	1,089	99

Around 86% of the staff members have an average age over 36. Within this age range, approximately 47% are older than 46.

In terms of the most common type of employment at our work centres, 98% of men and 83% of women work on a full time basis.

55% of the plant managers are older than 45, 36% are between 36 and 45, whereas 9% are between 25 and 36.

The attached chart shows the distribution of the staff based on age and gender:

Age range	Man	Woman	Total
Between 18-25 years old	8	0	8
Between 26-35 years old	128	26	154
Between 36-45 years old	484	57	541
More than 46 years old	469	16	485
Total	1,089	99	1,188

We believe that the experience and knowledge gained through the years are major factors of success in our company.

We encourage a stable working environment and the sense of belonging, as shown by the low staff turnover that, in 2013, was 6%*, and the seniority of our employees, as most of them have been working at our plants ever since the company started off.

*To calculate this rate, we have taken into account the total number of people leaving the company, with the exception of those employees transferred to corporate or another plant, with respect to the total workforce by 31 December 2013.



Continuing training and career development

We believe that the most valuable people are those who work at our company. We strive to improve their training and qualifications, and to retain talent, always ensuring that promotion is linked to individual merit, competences and abilities from the recruitment stage up to the end of the professional career.

New recruits

We seek to achieve that new employees feel part of the team from the first day. To facilitate their awareness with the company, all employees receive a **Welcome Pack**, which includes several videos and courses under the motto "Make the company yours!"

The pack helps us disseminate the messages and essential information concerning our company that we believe that our collaborators should know in an effective way.

Internal job promotion

In our experience, a positive measure in order to recruit and retain talent is to be able to show to our employees that their posts are not static and that their conditions may be enhanced through the internal recruiting and promotion system.

"**Job Posting**" is a project developed in order to enhance internal recruiting.

When the need arises to cover a specific position or to constitute a start-up team, the job offer is internally published at the notice board located in each plant, and also through the channel on the corporate Intranet that has been created to such effect.

The job offer is only made public if after a period of time has elapsed, the length of which will vary depending on the urgency of the situation, the position has failed to be internally covered.

Training

Beyond our economic data, in Gonvauto Iberia we all share the same objective: continuing improvement.

We believe that training is the best way to achieve it, as it contributes to our employee's personal development and enhances their performance at work.

In 2013, a total of 33,317 hours of training in areas such as health and safety, languages and professional skills and competences were taught, from which 1,120 people benefited.

The charts below show the distribution of the Training activities conducted.

Annual training hours per professional category

Professional category	Man	Woman	Total
Managers	353	7	360
Heads of departments, middle management and supervisors	6,127	880	7,007
Administrative staff and personal employees	22,623	3,327	25,950
Total	29,103	4,214	33,317

GSS at the Job Market Fair organised by Instituto de Empresa

GSS' Human Resources team attended the annual Job Market Fair, organised by Instituto de Empresa and specifically addressed to their own students. The purpose of the fair is to introduce students in their final year at IE the possibilities available for employment and the company internships provided by the companies participating at the Fair.

The most prestigious Spanish and international companies usually attend this forum in search of the talent offered by students at IE. Our Human Resources team had the opportunity to contact students from several fields of Master degree programmes.



Number of trained employees

Professional category	Man	Woman	Total
Managers	8	1	9
Heads of departments, middle management and supervisors	109	14	123
Administrative staff and personal employees	892	85	977
Total	1,009	100	1,109

We assess the effectiveness of the training performed, as many of the courses provided have greatly contributed, among others, to improving production ratios, obtaining better results in the audits performed on management systems and increasing the number of improvement initiatives submitted by the employees.

Also, our factories have implemented several initiatives aiming at promoting their employees' training activities. Such is the case of, for example Gonvarri Portugal, that encourages employees by granting paid leave to pursue studies, and Ferrodisa, that provides support schemes for employees who have been made redundant, in which two employees have taken part.

Performance and Potential Appraisal

We are progressively implementing a Performance and Potential Appraisal assessment system among our employees.

According to this system, the person responsible for each employee performs a periodical, qualitative and quantitative appraisal of the effectiveness achieved during the employee's performance of his/her activities and his/her compliance with his/her responsibilities deriving from his/her work post.

The employee's competence is also assessed. This appraisal allows us to identify certain difficulties such as lack of understanding or the employee's adaptation to a certain activity.

Once the results obtained from the appraisals have been analysed, corrective measures have been implemented, which has led to enhancing the quality of the work performed and to achieve more satisfaction among employees.

In 2013, 47 men and 12 women (5% of the staff) have participated in this programme and its scope is expected to broaden within the next few years.

Our future challenge

In 2013, we conducted an analysis that would help us improve our employees' education, training and promotion.

Based on the outcome of this analysis, the following initiatives have been defined.

Leadership School

Creation of a Managers School focused on the development and training of leadership skills for those professionals with the greatest potential to achieve highest positions in the future. It is divided in four different profiles:

- Managers that have been recently recruited
- Team leaders
- Managers of managers
- CEOs and Directors

Visual Map

Its goal is to improve the knowledge and sense of belonging of our employees through a graphic presentation of the past, present and future of our company in a dynamic and easily understandable manner.

Managers' school

It aims to achieve the operational excellence, in the framework of SPG guaranteeing the deployment of the manager's role in the plants.

This project is framed under the approach of change management, driving the transformation from supervisor to team leader in charge, and identifying people management skills and equipment necessary to perform the supervisor's duties, according to the Leading Change University learning model.



Employment Policy

Our values and principles establish our employees' commitment towards "effort and honesty". In addition to this, we believe in personal merit and equal opportunities, as set out in other Ethics and Conduct Code.

Through our recruitment procedures we seek the best candidates, irrespectively of their gender, race or religion and we promote local employment.

Selection criteria are based on academic and professional merit and respond to the company's needs, always prioritizing internal promotion in order to boost our team members' professional career.

Equal opportunities

8% of our staff is formed by women and this is clearly an aspect that needs improvement.

In the current framework of global recession, the number of staff recruited has been reduced significantly.

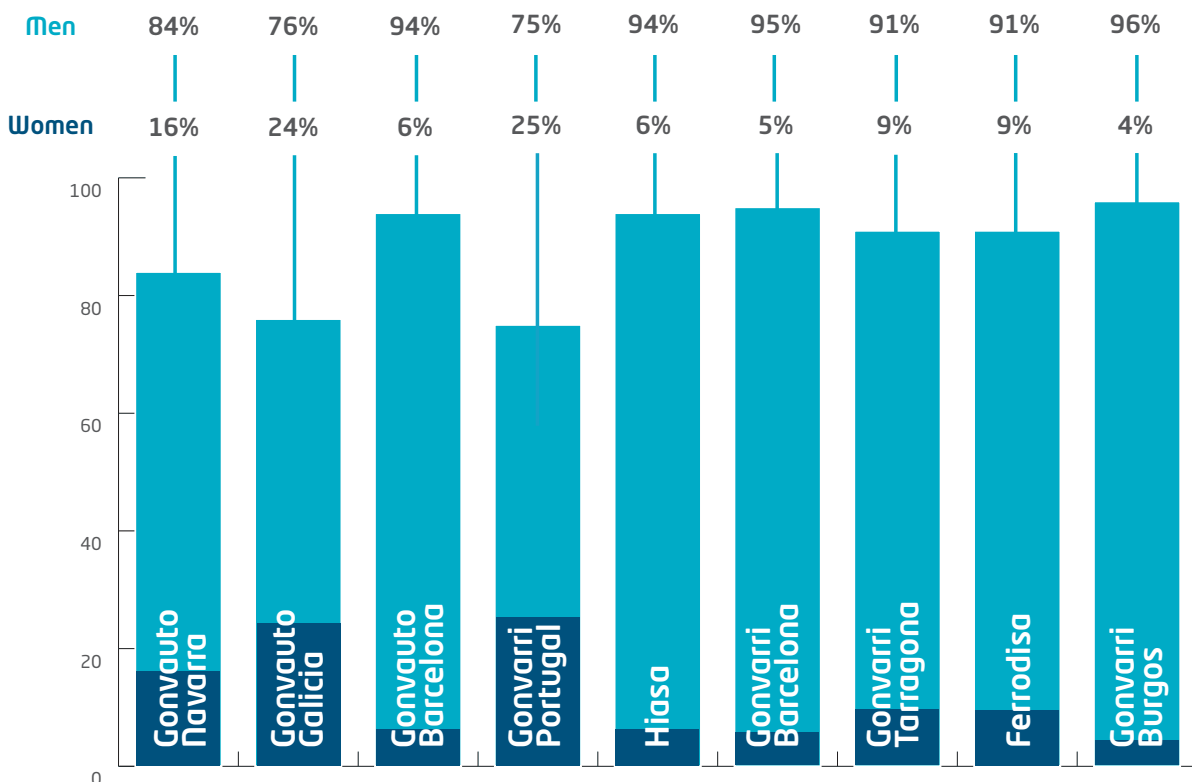
Likewise, the average seniority of our staff is high, most employees being in the over 45 age group, as most of them have been working at our plants from the beginning.



Men 92% Women 8%

We wish to highlight the initiatives implemented by Gonvauto Navarra and Ferrodisa in the shape of Equality Plans, through which they expect to improve the foregoing ratios.

Below is the gender distribution of our plants, showing that Gonvarri Portugal and Gonvauto Galicia stand out from the rest on account of having the highest percentage of women workers.



Employees' distribution by gender and plant

Best Practice

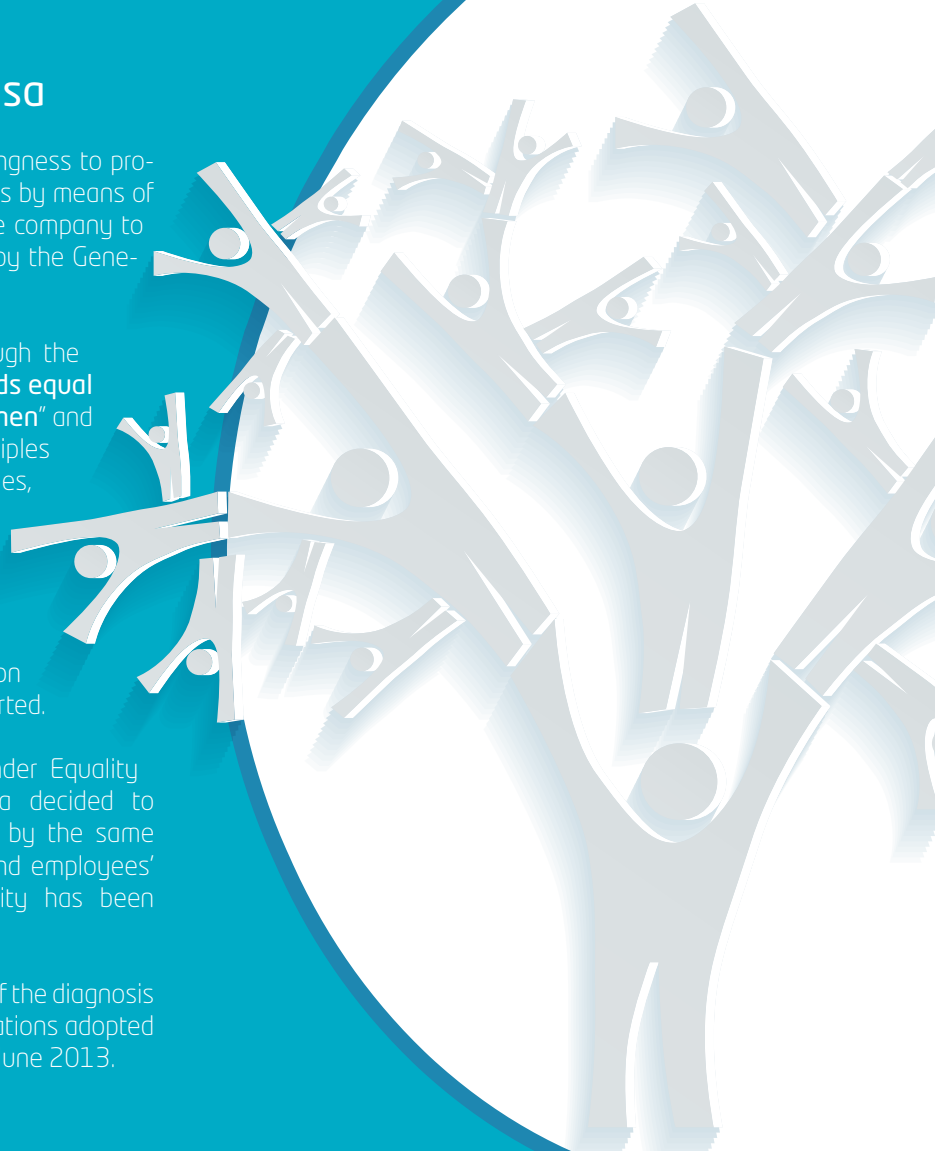
Equality plan in Ferrodisa

In 2013, Ferrodisa emphasized its willingness to promote and encourage equal opportunities by means of its Policy and Equality Plan that led the company to obtain the "Equality Plan Visa", issued by the Generalitat Valenciana.

This commitment is materialised through the "Commitment of Management towards equal opportunities between men and women" and the Company's Policy based on the principles of equal treatment and equal opportunities, non-discrimination (direct or indirect) on the basis of sex, and the prohibition of sexual or gender harassment. In addition to this, these measures ensure immunity against the potential retaliation that may arise in connection with a violation of this policy being reported.

Also, pursuant to Act 3/2007 of Gender Equality between women and men, Ferrodisa decided to create an Equality Committee formed by the same number of company representatives and employees' representatives in which gender parity has been achieved.

Said Committee conducted an analysis of the diagnosis and following the corresponding negotiations adopted an Equality Plan that came into force in June 2013.



Life balance policies

The work culture which we believe in, is based on achieving balance between production requirements and our employees' personal needs, as we regard reconciliation of work and family as an essential element to attain a working atmosphere based on support and collaboration. At our plants the working pace is very much subject to the client's needs and most workers work in shifts; therefore, applications for reductions in working hours are very few.

However, although the working hours and the type of work performed are very much influenced by the existing demand, informal arrangements have been made in order to encourage flexibility at the time of organizing

working shifts (employees are given the chance to change shifts with their colleagues). Additionally, employees are allowed to take time off in order to manage their personal matters, when necessary, and to manage their own breaks and rest periods. Given that office workers do not depend from production requirements as much as factory workers do, flexible start and finish times have been implemented in certain office posts, and thus employees can adapt their working hours to their own personal circumstances.

All employees entitled to maternity / paternity leave in 2013 (41 men and 5 women) have exercised their right to use it. All of them returned to work twelve months later, 95% of the men and 100% of the women are still working at our company.

Best Practice

Gonvauto Navarra: Reconciliation of work and family life

We, at Gonvauto Navarra, are fully aware of the great benefits, internal and external, derived from implementing a system that helps to manage the balance of work, Family and Personal life.

In collaboration with the **Association of Women Entrepreneurs and Executives of Navarra**, whose goal is to encourage the implementation of management systems that help achieve the balance of work and personal life within the organisation, in order to obtain improved productivity rates and an added value from which the entire society benefits, Gonvauto Navarra has started its own reconciliation project.

Therefore, within the social dimension of Corporate Social Responsibility, the following guidelines for action have been established in order to develop **Plan Reconcilia** (Work-Life Balance plan):

- In 2012 a Situational Diagnosis was carried out by means of interviews and working groups held with several employees from every professional category within the Company.
- In 2013 a Work-Life Balance Plan was designed based on the results of the Diagnosis and the current context.
- Communication and implementation of the Work-Life Balance Plan are expected to take place in 2014.



No discrimination

Based on the 'no discrimination' principle under the Ethics and Conduct Code, all centres of Gonvauto Iberia comply with the current Spanish regulation for Social Integration of the Disabled, through the several mechanisms provided by the Law.

These mechanisms include, among others, the hiring of professionals with different abilities, as summarised below:

Contracts (LISMI)			
Plant	Man	Woman	Total
Gonvauto Barcelona	1	0	1
Gonvauto Galicia	3	0	3
Gonvauto Navarra	1	0	1
Gonvarri Barcelona	7	0	7
Gonvarri Burgos	3	0	3
Gonvarri Tarragona	0	0	0
Hiasa	8	0	8
Ferrodisa	5	1	6
Total	28	1	29

*We have not included Gonvarri Portugal, as LISMI is not applicable.

Working climate surveys

In our plants, our employees' opinion is of paramount importance in order to improve day to day.

Due to this, working climate surveys are conducted and thoroughly analysed, its periodicity being determined by each centre. What the surveys pursue is to help us find out which our strengths are and identify our weaknesses, so that we can establish the necessary actions to solve the problems, thus enhancing our employees' satisfaction and, therefore, their performance.

The surveys have taken place in all of our centres, with the sole exception of Hiasa, with varying turnout.

An analysis conducted on the results obtained from the surveys show the following most relevant aspects.

- The **most highly rated aspects** are: good working environment, communication among colleagues and managers and the importance attached to occupational health and safety.

- The **aspects with the lowest ratings** are: the recognition given to the work performed, labour stability and the low employee participation in decision making processes.

Our plants, based on the results obtained, have developed a series of initiatives focused on solving the areas for improvement identified, among which we would like to highlight the following:

In terms of corporate communication

Leading the Change

At the Corporate Department, we are very aware of how important it is to align internal communication to our business strategy, in order to improve and promote communication and participation among the group's companies and employees. This is the context in which the **Intranet** known as **Leading the Change was born in 2012**.

This format aims at encouraging the creation of synergies among people, divisions and departments, and at facilitating daily work, by incorporating the latest technologies.

Access to the Intranet is allowed to all employees with a corporate email address. Such access allows employees to find updated information on the company, to use the online working groups, to share documents and to take an active part by submitting their opinions or participating in surveys, as outlined in chapter 2 of the report.

We are currently developing a corporate project known as "**Leading The Change University**", whose goal is to stimulate, integrate and coordinate all training activities performed within the Group.



In terms of communication among facilities

In order to achieve communication at all levels within the company, and addressed to the plant employees who have not been provided with a corporate email address, a major effort was made to reinforce and improve internal communication by means of the following actions:

- A **general notice board, and a specific notice board for each Autonomous Production Group (APG)** that contain documents relating to APG members, multi purpose, ideas for improvement, customers, suppliers, days without accidents, quality alerts, productivity charts, etc.
- A **specific notice board** that provides information on **Health and Safety matters**.
- **Multidisciplinary work groups** that meet periodically in order to analyse and propose ideas for improvement.

- Some of our plants publish a **newsletter** on a quarterly basis. The goal of these publications is to give a voice to the concerns, challenges and goals in each plant and at the same time to report the most relevant initiatives to employees, making them feel involved.

These newsletters are published in Gonvarri Tarragona "Tarraco Bobinas", Ferrodisa "Ferronews" and Gonvarri Burgos "El Fleje", which addresses environmental issues or health and safety matters on a monthly basis. "SER Gonvarri Portugal" was first published by Gonvarri Portugal in 2013.

The information is regularly updated to ensure that all employees are directly and immediately made aware of all initiatives that may be relevant to their projects, the facilities and the company.

In many of our plants, information screens have been strategically located that constantly display information regarding interesting issues, such as safety, environment, useful telephone numbers, employees' benefits, strategies, etc.



Ideas for Improvement

The **Production System of Gonvarri (SPG)** includes their "ideas for improvement" within its communication model.

These ideas are, generally speaking, simple, inexpensive actions that have a significant impact on daily work and that are collected, assessed, and if deemed relevant, carried out either individually or within a working group, the best ideas being conveniently rewarded. Every time that an idea is accepted, a person responsible for the project and a deadline are allocated and employees are permanently informed of the status through the SPG notice board placed in each factory.

The ideas are documented and once the procedure has ended all of them, whether they have been rejected or accepted, are submitted to the supervisor for them to be signed.

The Ideas for Improvement have become a natural indicator of the staff's degree of involvement. In 2013 12% more ideas were received than in the previous year. Some of these ideas are set forth below:

Gonvauto Barcelona

Idea: Tidy up automatically the glue rolling table during the process.

Benefit: Achieves greater efficiency and prevents accidents.

Gonvauto Galicia

Idea: To build a visual panel fitted with a colour code showing the load data.

Benefit: Maintains the staff informed. Avoids mistakes.

Gonvauto Navarra

Idea: To change the layout and location of the oil and oily water area.

Benefit: Improved order and cleanliness. Avoids confusion and placement errors.

Ferrodisa

Idea: To provide training for authorisation of thermal rearming.

Benefit: Reduces down time.

Gonvarri Barcelona

Idea: To make modifications on the galvanisation bell.

Benefit: Improves safety.

Gonvarri Burgos

Idea: The fact that the coating process is continuous requires that the start of the incoming coil is linked with the end of the outgoing coil. During this process, the material gets stopped inside the treatment tanks, which may result in stains. Therefore, the proposal consists of making the steel move forward at low speed, thus providing sufficient time for the evacuation to take place without the stoppage.

Benefit: Improves speed. Avoids superficial defects.

Gonvarri Portugal

Idea: The testing process is carried out with samples collected from the coils. These samples have the same curvature as the coil itself. A straightening machine has been installed in order to straighten the samples.

Benefit: Speeds up the testing process.

Gonvarri Tarragona

Idea: To place plates under the M1 ramp.

Benefit: Avoids mill scale on the straightening machine. The waste is collected from the machine itself, thus preventing it from ending in the floor.



Social benefits

Our factories participate in the improvements established both on a Corporate (Flexible Remuneration Plan or the life and accident insurance) and on a local level, setting out internal guidelines for enhancing flexibility, work-life balance and in general, the well-being of our employees.

Some of these initiatives are summarised below:

Corporate Initiatives

Flexible Retribution Plan

In Spain, a Flexible Retribution Plan (hereinafter, FRP) has been defined. It is being progressively implemented in the different centres. Implementation of the plan may be performed in each centre by selecting the profiles and actions included in the retribution pack that are more suitable to their requirements.

The Plan provides the opportunity to integrate different products (including assets and services) within the retribution pack, offering both tax-related and labour benefits, thus adapting the retribution to the employee's personal needs to the extent possible.

The services that are currently being offered by the FRP are: child care voucher, restaurant voucher, medical insurance, purchase of IT equipment and in the case of employees working in Madrid a travel pass.

In GSS Península Ibérica, the demand for these services is distributed as follows:

- **Gonvarri Tarragona:** 3 restaurant voucher users and 5 medical insurance holders with a total of 6 users.
- **Gonvauto Galicia:** 3 child care voucher user and 1 IT equipment user
- **Gonvauto Barcelona:** 20 medical insurance holders and 34 users.

In 2014 the launching of PRF is scheduled at the plants of Ferrodisa, Hiasa, Gonvarri Barcelona, Gonvauto Navarra and Gonvarri Burgos and it is expected to move forward in the development and implementation of these initiatives, by adopting two different approaches: expanding the services provided

at the different production services and increasing the number of possible beneficiaries, involving 100% of the staff members.

Christmas gifts

GSS Península Ibérica traditionally delivers to its employees a corporate Christmas gift consisting of a basket filled with seasonal products to enjoy with their families.

Life insurance

All employees have been provided with a Life insurance Policy that covers death, disablement and professional incapacity, whether due to disease or accident.

Due to its significance, both to our employees and to their families, the company provides a coverage that exceeds the minimum legal requirements.



Local initiatives

Each center establishes different initiatives that benefit employees based on their needs and the history of the plant.

We would like to further note at this point the initiatives carried on by:

Gonvarri Portugal

As established by the Portuguese legislation; we provide twice a week a medical service which covers all the reviews and necessary requirements for the suitable aptitude of the workers in their working place. As an improvement, Gonvarri Portugal has increased this service allowing all the employees who request it to **receive personal consultation** at the plant. This allows them to receive the medical service in a more comfortable way, with no need to travel.

We Finance 100% of the cost of the canteen service. The plant has a canteen services intended to cover the needs of the workers of the first shift (from 8:00 to 16:00) and we provide with restaurant ticket the employees of the afternoon and night shift.

From the beginning of our activities, Gonvarri Portugal **subsidizes transportation** of all the employees. The access to our facilities in public transport is complicated due to the mismatch between the bus schedule and frequency and our work schedules, especially for the night shift. Proving a company bus services was analyzed as a possible option, but it was ruled out due to the number of employees and shifts. Finally, the transport subsidies for all the employees were the best choice.

At Christmas, a Christmas Hamper is offered for all the employees as well as gifts for the under-12-years-old children of employees. And for Easter, all the employees receive an almonds' bag.

Regarding the **medical insurance**, Gonvarri Portugal has two different methods:

- Financing of 100% of the medical insurance for all our employees (except managers) and direct family members (spouse and sons/daughters).
- For the managers, medical insurance is voluntary and a percentage is financed. The inclusion of any direct family member is not financed and the complete fee must be paid.

Gonvarri Tarragona

Gonvarri Tarragona owns eight **membership cards** of the leisure complex Estival Park available for their employees. Those cards allow any employee and his/her family to enjoy a sport day at the complex (swimming, paddle, tennis, spinning, capoeira, etc.) or just to relax at the spa.

The cards are distributed on a first-come-first-served basis. The employee must indicate the dates when they want to access the complex and the number of family members who wish to use it.



Our environmental management



ISO 14001

100% of our plants are certified



Hazardous waste

10% less than previous year



Energy consumption

369,244 GJ



CO₂ emissions

31,432 ton

Contribution to society



Product development

- Development of products resulting in lighter and less polluting cars
- Road safety guardrails manufacturing



Promotion of local economy

1,188 direct employments



Tributes

83.4 million euros

Axis 6: Environment

Waste

Gonvauto Galicia

- 2012-2013: 10% reduction in the volume of waste of gloves and sleeves used (Completed).

Hiasa

- 2013-2014: Reduction of hazardous waste: oil with over 10% of water, taladrina and used gloves (in process).

Raw materials

Gonvarri Tarragona

- 2013-2014: Control of water consumption and avoiding of pressure descents in the network (in process).

ESI

GSS Península Ibérica

- 2013-2015: Improve the ESI referential (in process).

Agua

Gonvauto Navarra

- 2012-2013. Establish corrective actions to prevent flooding in times of heavy rain and resulting damages (completed).

Axis 7: Emissions reduction, renewable energy and energy efficiency

Ferrodisa

- 2013-2014. Reduce our emissions by replacing diesel trucks by electric trucks (in process).

Gonvarri Barcelona and Gonvauto Navarra

- 2013-2014. Diagnosis of energy efficiency and measures planning based on results (in process).

Gonvarri Burgos

- 2012-2014. Reduce gas consumption for heating by 20% (in process).



5. Planet

5.1 Environment

Our environmental management

Best practice: Environmental awareness in Golvauto Navarra

Best practice: Training on environmental issues at GSS

Environmental impact of our products

Environmental sustainability index

Our environmental aspects

Best practice: Reasonable purchasing

Best practice: Initiatives in Energy Efficiency. Hiasa

Climate change and emissions

Biodiversity

5.2 Value creation

Our groups of interest

Our commitment

Association with organisations

Best practice: GSS sponsors the International Iron and Steel Symposium

Support of social action

Awards and recognition



5.1 Environment

Our environmental management

Our commitment in terms of environment protection entails that all procedures must be carried out in an efficient and responsible way; therefore the goods manufactured and delivered will be more competitive and profitable, will have a lower environmental impact and will be environment-friendly.

All our centres have developed rigorous environmental management systems that have been certified under the UNE EN ISO 14001 standard.

Environment-related training and awareness play a key role in encouraging responsible behaviour towards the

environment. In 2013, this training has been focused on good practice and aspects such as energy efficiency, waste management and environmental management indicators.

During the present year, no relevant environment-related incidences or spills have occurred at our different plants in, to which must be added that we are not involved in ongoing legal proceedings or litigation relating to environmental issues.

Best Practice

Environmental awareness in Gonvauto Navarra

Preserving the Environment is everyone's task. It is essential to make those around us aware of how significant our daily actions are when it comes to using resources. Therefore, individual behaviour is of paramount importance.

Given that a great deal of the day is spent at the workplace, it seems relevant to pay attention to how our working activities affect the environment and to try to find out how we can collaborate in the preservation of the environment, preventing negative impact and inadequate conduct.

In connection with said environmental responsibility, last 16th July, a training lecture under the name "**Environmental Awareness**", provided by an external company, was held in Gonvauto Navarra.

When the lecture ended a dossier entitled "**Environmental Aspects in Gonvauto Navarra in the production procedure**" was handed to all participants.



Best Practice

Training on environmental issues at Gonvarri Steel Services

In September, a workshop was held that gathered the people responsible for environmental matters in the different factories and countries, along with other departments with shared interests (maintenance, SPG and MARCOM).

The workshop was divided into two different modules, a theoretical one and a practical one. In the theoretical section training was provided on the ISO 50001 standard for energy management, whereas in the practical part current issues relating to the work of the environmental care departments (environmental risks, emissions, RSC and internal environmental communication) were presented and discussed, while the attendees shared real experiences and their know-how.

At the same time, the strategy, the environmental targets, the Environmental Performance Index (EPI), the environmental aspects and opportunities for improvement and ongoing environmental projects were also reviewed

Environmental impact of our products

We perform an analysis of our environmental impact during the process stage, by means of periodical evaluations deriving from our Environmental Management Systems.

The indicators available at our centres provide us with information relating to our consumption of natural resources and raw materials, and the production of

waste, discharges and emissions that result from the production process. We also establish goals that pursue their minimization.

As to our products, we try to comply with our customers' demands, by implementing improvement mechanisms in our process that will enable us to be more efficient.

Some examples of these initiatives are summarised below:

The automotive sector

In the automotive sector work is being done to develop lower weight parts and formats, which will lead to reduce consumption and atmosphere emissions without adversely affecting their safety and duration.

The production of the "A Pillar" is a clear example of these initiatives. The pillar links the roof with the lower part of the car and due to the hot stamping process it undergoes it increased its resistance by 2 or 3 times, thus reducing its weight by half and consequently reducing CO₂ emissions from cars.

Logistics

Use of metal platforms instead of wooden pallets for transportation of formats and strips is becoming increasingly frequent in our plants.

The system allows for the platforms to make many return trips on account of their high resistance, thus avoiding the use of wood and the generation of waste.

Minimization of acoustic impact

Noise is one of the biggest problems resulting from road traffic. Citizens and the public administrations are becoming more and more aware of the deteriorating effect that noise has on our quality of life, mainly in the case of people who live near roads with heavy traffic.

One of the measures that may be taken in order to minimize this impact is the use of acoustic screens/ barriers.

Acoustic screens provide a noise reduction in the receiver's area. The mitigation's efficiency mainly depends on the size of the screen and the construction material used to build it.

The product portfolio of Hiasa includes devices such as anti-noise galleries and screens (made both of metal and methacrylate), and noise-absorbing coating for tunnels, whose characteristics comply with those established under the European UNE-EN 1793 norm.

Our product by the end of its operational lifetime

All of our steel and aluminium parts are recyclable, which contributes to reducing consumption of natural resources and to saving energy, by transforming waste into raw material.

Characteristics of steel

Steel can be recycled endlessly, its quality never diminishing. As a matter of fact, steel that was manufactured 150 years ago is still being recycled.

Per each ton of steel that is recycled, the Spanish steel industry saves around a ton and a half of iron mineral, 85% water, 80% energy and 95% coal*.

*Source: 2013 Report on Steel Recycling in the Spanish Steel Industry UNESID - Unión de Empresa Siderúrgicas.

Characteristics of aluminium

Due to its properties, aluminium is particularly suited to recycling, as none of its properties are lost throughout the process. In fact, 75% of the aluminium that has been manufactured for the last 100 years is currently being used in different products, thanks to recycling.

Another great advantage of aluminium recycling is that it leads to saving energy, as manufacturing aluminium products with recycled aluminium saves around 95% of the energy required for producing it from the mineral.



Environmental sustainability index

We monitor the development of our environmental aspects through the Environmental Sustainability Index (ESI).

The Environmental Sustainability Index has been already implemented in our factories and allows for the standardization of environmental protection elements. The results obtained at each plant are subject to an objective assessment and rated between 1 and 100.

The assessment is focused on three key aspects:

- **Legal and corporate environmental requirements**
This section describes the applicable legal requirements as well as the corporate requirements.
- **Environmental management**
This section is similar to an internal audit as per the ISO 14001 standard; however, it also allows for the possibility of analysing its degree of compliance in order to compare it with those obtained in other centres.
- **Environmental practice**
Good environmental practice beyond legal requirements is appreciated, as, they provide economic and environmental improvement, including elements that enable energy efficiency.

The table below summarizes the results of the ESI corresponding to 2012 and 2013.

Plant	ESI (average) 2012	ESI (average) 2013
Gonvauto Barcelona	68	71
Gonvauto Galicia	70	74
Gonvauto Navarra	75	80
Gonvarri Barcelona	62	65
Gonvarri Burgos	74	77
Gonvarri Tarragona	73	77
Hiasa	56	58
Ferrodisa	64	68
Gonvarri Portugal	72	86

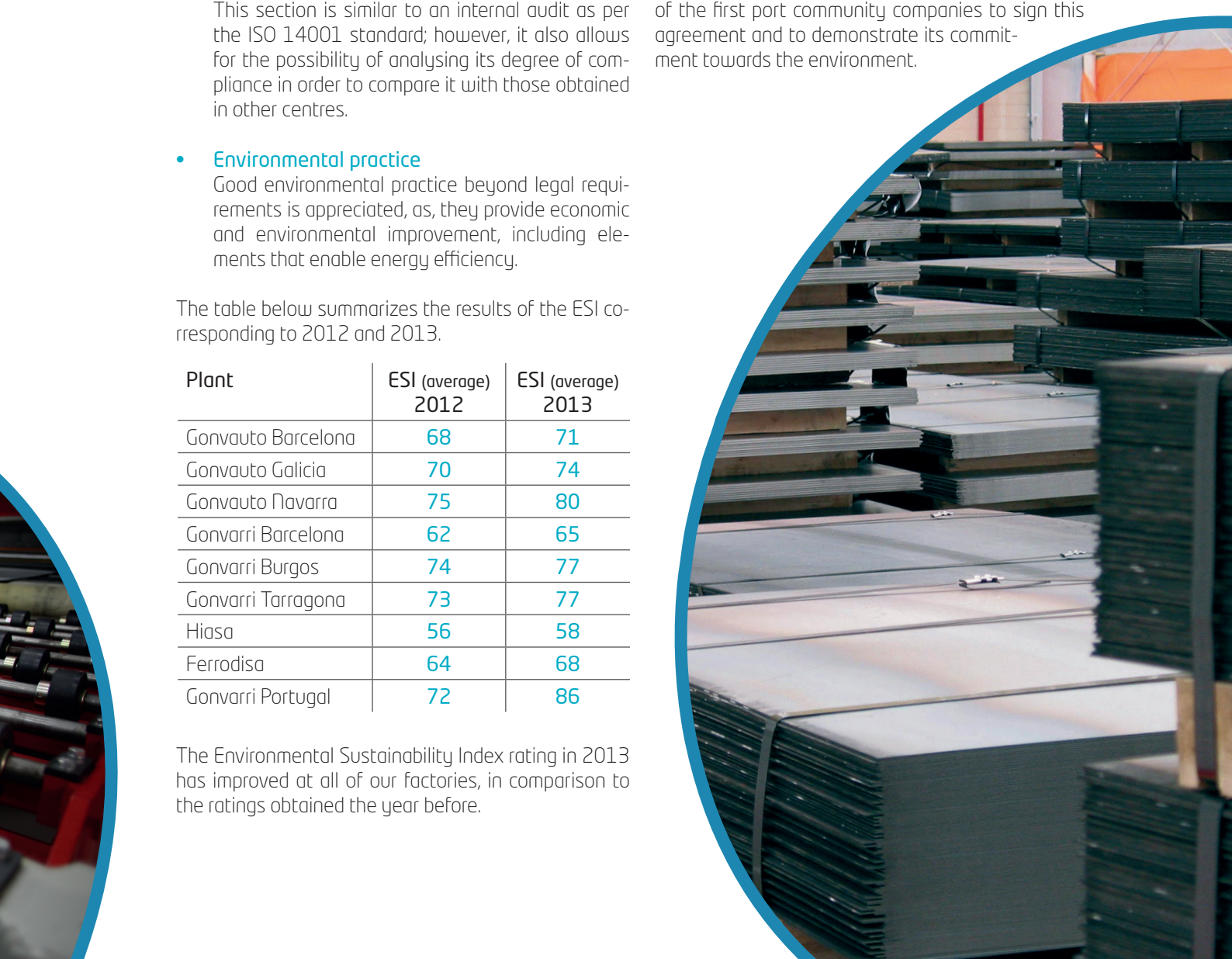
The Environmental Sustainability Index rating in 2013 has improved at all of our factories, in comparison to the ratings obtained the year before.

The increase in the indicator corresponding to the legal and corporate requirements area is due to the reinforcement of the control exercised on legal requirements and the actions performed in pursuit of compliance with the corporate requirements.

The marks awarded to environmental practice have also improved, due to the great efforts made to maintain the coil warehouses and the Green Points at the plants clean and tidy.

As an example of good practice we would like to highlight the agreement concluded in September 2012 between Gonvarri Tarragona and APT for obtaining the activity fee allowance for good environmental practice, currently in force.

By signing this agreement Gonvarri has become one of the first port community companies to sign this agreement and to demonstrate its commitment towards the environment.



Our environmental aspects

Raw materials

Our environmental policy and management includes our commitment to monitoring and minimizing, to the extent possible, our consumption of raw materials and natural resources.

In GSS, 96% of the raw materials used at our processes relates to steel. We are very aware of how necessary it is to preserve this resource, and to such end, we have optimized our processes so that both the machinery and the cutting designs make the most of the steel plates, promoting efficient consumption and reducing waste generation.

The chart below shows consumption of raw material during 2012 and 2013:

Materials (ton)	2012	2013
Steel	1,636,502	1,752,514
Oil	38,491	54,222
Wood	7,595	7,790
Hydrochloric acid	8,192	7,648
Aluminium*	21	2,930
Zinc and zinc oxide**	1,666	1,690
Total	1,692,466	1,826,794

*In 2012, the aluminium cutting process was still undergoing tests; therefore, aluminium production started in 2013.

** The zinc plating process is solely carried out in Gonvarri Barcelona.

Other requirements: Conflict Minerals

In 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 1502 of the Act binds public companies to submit to the US Securities and Exchange Commission their findings relating to the origin of conflict minerals required for manufacturing the products they sell.

The following are considered as conflict minerals:

- Columbite-tantalite (coltan): refined to make tantalum.
- Cassiterite: refined to make tin.
- Wolframite: refined to make tungsten.
- Gold and its derivatives.

With regards to the aforementioned minerals, its use is restricted in those cases in which such use may lead armed groups from the Democratic Republic of the Congo or its neighbouring countries to obtain revenue which would allow them to continue their atrocities against human rights.

This issue is a growing concern to our customers, who are increasingly requesting more information on the principles, actions and values relating to the supply chain, particularly with regards to the automotive field. This sector is committed to the proposals of the Electronic Industry Citizenship coalition Project® (EICC®) and Global e-Sustainability Initiative (GeSI) and finds all mining activities fuelling these conflicts unacceptable.

The Project includes the **Conflict-Free Smelter Program**, and we contribute by submitting information relating to the provenance and characteristics of our steel coils.

The steel coils that we use at our plants do not contain any of the materials stated above as their high price makes them better suited to special steel used in other activities.



Best Practice

Reasonable purchasing

At **Gonvarri Tarragona**, a tube exchanger and tantalum housing were purchased and installed for replacing similar equipment made of graphite, in order to reduce the team boiler's consumption of natural gas during the start and operation of the line.

At the time of the purchase, consideration was given to the fact that tantalum was a metal included in the conflict mineral list.

At the bidding process the supplier who got selected, despite having higher costs than some of its competitors, ensured that the provenance of tantalum complies with the requirements under the **Conflict-Free Smelter Program** regarding observance of human rights and mineral extraction in conflict-free regions.

Also, on an annual basis since 2010, our supplier has passed all independent audits performed for assessing the monitoring of its chain of suppliers and operating system.

Additionally, our supplier is a member of the CFSI (Conflict-Free Sourcing Initiative) site <http://www.conflict-freesourcing.org/about/members-and-collaborations/>



Water

Consumption

The water consumed at our plants is mainly used for sanitary and industrial purposes. In the case of Gonvarri Portugal, Gonvarri Burgos and Gonvauto Navarra, water is also used for irrigation of green spaces. The water is supplied by the public network, except in the case of Gonvarri Portugal, that has two irrigation tanks.

However, given that water is an essential, increasingly limited natural resource, we try to make a sustainable use of it by conducting the necessary supervision and measurement.

During 2013, 138,591m³ of water has been used from which 98% comes from the public network, whereas the remaining 2% is subterranean water. None of these sources are significantly affected by our activities.

Reduction of our water consumption is mainly due to the Company's wider awareness of the need to use water in a rational way and also to the detection of leaks that took place in 2012.

Plant (m ³)	2012	2013
Gonvauto Barcelona	1,769	1,350
Gonvauto Galicia	744	756
Gonvauto Navarra	2,432	2,300
Gonvarri Barcelona*	73,873	55,948
Gonvarri Burgos	12,345	11,314
Gonvarri Tarragona	27,553	24,028
Hiasa	35,089	32,682
Ferrodisa*	8,327	3,783
Gonvarri Portugal**	5,503	3,417
Total	167,635	135,578

*Difference due to the water leaks in 2012.

** Includes tank water.

Discharges

Wastewater is generated during the cleaning of installations and equipment, sanitary use and certain industrial processes such as pickling.

Our processes vary widely, just as the discharges generated, which affects the systems implemented for their treatment, monitoring and measuring.

Our Hiasa, Gonvarri Burgos, Ferrodisa, Gonvarri Barcelona, Gonvarri Tarragona and Gonvarri Portugal plants have systems for wastewater purification. The other plants have oil and grease separators or manage their discharges through authorised third parties.

In terms of discharge volume, except in the case of Hiasa and Gonvarri Tarragona, discharge declarations make reference to the consumption data available, as independent meters are not available.

The discharge volume estimated in 2012 and 2013 is 144,334m³ and 123,247m³ respectively, and its reduction is proportional to the lower consumption.

Energy

Our production process uses large amounts of energy, mainly in the case of Gonvarri Barcelona, due to the galvanization process that takes place in the plant. Therefore, monitoring, reducing and controlling energy consumption is one of the main issues that our environmental management system needs to address.

Below is shown the energy consumption data of our plants in 2012 and 2013.

Electrical consumption

Electrical consumption at our plants in 2013 was **190,141 GJ**. As shown on the chart provided, electrical consumption has remained stable during the two last years.

Electricity consumption (GJ)

Plant	2012	2013
Gonvauto Barcelona	18,176	20,181
Gonvauto Galicia	4,027	3,914
Gonvauto Navarra	6,443	5,580
Gonvarri Barcelona	94,530	89,895
Gonvarri Burgos	16,180	16,273
Gonvarri Tarragona	14,467	14,716
Hiasa	18,882	22,287
Ferrodisa	10,473	10,873
Gonvarri Portugal	5,991	6,422
Total	189,169	190,141

Fuel consumption

Fuel consumption at our plants in 2013 was **16,069 GJ**. As shown on the chart provided, fuel consumption has also remained stable during the last two years.

Gasoil (GJ)*

Plant	2012	2013
Gonvarri Barcelona	4,131	5,054
Gonvarri Burgos	1,491	1,645
Hiasa	5,688	6,648
Ferrodisa	3,824	1,536
Gonvarri Portugal	1,060	1,186
Total	16,194	16,069

*Gonvauto Barcelona, Gonvauto Galicia, Gonvauto Navarra and Gonvarri Tarragona do not apply.



Natural gas consumption

Gas natural consumption at our plants in 2013 was **163,013 GJ**. As shown on the chart provided, natural gas consumption has slightly decreased in comparison to the year before.

Natural gas (GJ)		
Plant	2012	2013
Gonvauto Navarra	9,281	8,280
Gonvarri Barcelona	30,661	32,950
Gonvarri Burgos	41,602	38,354
Gonvarri Tarragona	29,367	30,255
Hiasa	42,622	46,149
Ferrodisa	7,764	7,025
Total	161,297	163,013

*Gonvauto Barcelona, Gonvauto Galicia y Gonvauto Navarra do not apply.

Propane gas consumption

Most propane gas was consumed in Gonvarri Portugal, whereas low quantities of it were consumed in Gonvarri Burgos, consumption in 2013 being **23GJ**, and **22GJ** in 2012.

According to the results of the materiality study, which will be analysed next, energy efficiency is a relevant issue to our groups of interest:

Energy efficiency

Energy efficiency is currently part of our **Master Plan for Sustainability 2013-2015**, and we have undertaken to develop new initiatives that will help us to reduce our energy consumption and consequently, our carbon footprint.

Below are some of the most relevant actions carried out in 2013:

Gonvauto Barcelona and Gonvauto Galicia

A diagnosis was performed in order to identify the lighting requirements of the plant. The actions carried out were focused on replacing bulbs by LED technology, with lower consumption and longer lifetime, and ensuring a better sectorization of the lighting.

Gonvauto Navarra

Resulting from the diagnosis obtained certain engines and lighting systems were replaced by others with lower consumption and the efficiency of air conditioning units was improved. Implementation of these measures will lead to an estimated 10% reduction of energy consumption at the facilities.

Gonvarri Tarragona

The pickling process requires that hydrochloric acid reaches a high temperature and this is achieved through the use of five thermal exchangers. This procedure entails high energy expenditure and in order to reduce it one of the graphite exchangers has been replaced by one made of tantalum.

Given that tantalum is insoluble in hydrochloric acid, irrespective of its concentration, the thickness of the tubes is lower than in the case of those made of graphite.

This entails higher efficiency and less thermal inertia and reduces heating time and consequently, the natural gas consumption of the steam boiler. For example, thanks to the new equipment, making the acid solution reach 85 °C from the original 50°C now takes one hour instead of the original 7 hours. In addition to the energy saving benefits this change entails a reduction of maintenance costs.

Gonvarri Portugal

A preliminary energy audit took place in 2012 and as a result, the quality and control of the indicators are currently being improved. With the information obtained an in-depth diagnosis will be carried out in 2014, in order to implement the most suitable measures to gain efficiency.

This objective includes raising our employees' awareness in terms of making rational use of electrical energy.



Gonvarri Barcelona

In April 2013 the Technical Managers of Gonvarri Barcelona and Gestamp Energy Solutions (Gestamp Biomass) embarked on a project whose purpose was to save energy. The necessary data and information were provided to track and measure consumption in each process, in order to define and implement improvement measures and energy savings in 2014.

Gonvarri Burgos

Several initiatives were defined, some of which have already become effective, whereas other are pending from initiation, as summarized below:

- 2012-13: the maintenance department carried out a campaign for detecting and repairing compressed air leaks which lead to significant energy loss. In 2013 the campaign was in the inspection and maintenance stage.
- 2012-13: Installation of a system for controlling the automatic on and off and the operating time of the climate control systems, both in the boilers

and in the radiant tubes of the roof. The purpose is to ensure fully operative heating systems when necessary and to prevent heat loss in the lines and hours in which heat is not necessary. In 2013 a follow-up and measurement of the saving achieved has been carried out, with an estimated 19% reduction in said systems.

- 2012-2014: the Project is aiming at installing compressed air cutting valves in the lines when production stops, thus avoiding unnecessary losses.

The Project is developed primarily during the summer season, as it is the time when stopping the lines is more feasible. By 2013, 60% of the lines are expected to be connected.

- 2013: The project for repairing and improving the pickling steam installation is in a proposal stage.

This project entails significant energy saving, due to lower gas consumption, in addition to lower water consumption, thus reducing the CO₂ emissions.

Renewable energy

Gonvauto Iberia is aware that climate change is one of the main environmental problems of our planet, we try to reduce this impact through the promotion of renewable energies. Moreover this aspect is also a relevant issue for our stakeholders, so we target our efforts to respond to this demand. In order to contribute to reducing such impact, we promote the use of renewable energy, most particularly photovoltaic energy.

We set in motion a photovoltaic installation in Gonvauto Navarra in 2010 with 1.9 GJ installed power and in 2011 we launched two further installations:

one in Gonvauto Barcelona with 2.5 GJ power and one in Gonvarri Barcelona with 2.0 GJ power.

These facilities were made over the roofs of the plants in collaboration with Gestamp Solar, allowing us to produce 7312 GJ of clean energy.

	Gonvauto Barcelona	Gonvauto Navarra	Gonvarri Barcelona
Power (GJ)	2.5	1.9	2.0
Electricity production (GJ)	2,649.2	2,491.2	2,171.5
CO ₂ avoided	175.1	164.7	143.6



Best Practice

Initiatives in Energy Efficiency. Hiasa

Through the **Gestamp Energy Solutions** division (Gestamp Biomass) and in collaboration with **Hiasa's Engineering department**, an energy review of the different processes conducted at the plant was carried out.

The Project was developed in 2012 and 2013 through five stages. Once the preliminary analysis was carried out, several initiatives, as shown below, were implemented:

- **Installation of a remote system for monitoring and controlling energy consumption in the different processes**, through the **Gridmanager** tool. This allows us to obtain accurate information of KWh consumed per line and to identify areas for improvement, in a more accurate manner through the web site.

A detailed monthly report showing the different consumptions is drawn up, which allows us to perform an objective follow-up and measurement of

the reductions achieved through the implementation of these measures.

- **Replacement of the luminaries with a magnetic induction system**, which improves efficiency, increases service life, allows for a fast flicker-free ignition, acoustic emissions and glare reducing maintenance costs.

An average reduction of about 69% is expected with this measure.

- **Installation of a new digital burner in the steam boiler at the pickling line**, which allows the electronic regulation of the air-fuel mix, optimal combustion values and lower emissions of carbon monoxide.

By implementing this initiative we expect to achieve an average reduction of 16%.

Finally, the development of projects for installation of the steam boiler economizer and replacement of the exterior lighting are under study.

Phase 1
Previous considerations

Phase 2
Preliminary analysis

Phase 3
Energy auditing

Phase 4
Energy monitorization and management

Phase 5
Implementation of measures



Climate change and emissions

Climate change is one of the biggest issues we face today, as it is the most serious environmental challenge for mankind to address in the 21st century. To alleviate this huge problem worldwide agreements and measures are required for stabilizing the temperature on the planet's surface, thus preventing irreparable harm.

Although our activities are not among the greatest greenhouse gas emitters, this issue is very relevant to our groups of interest, as shown on the materiality matrix.

During the last Summit on Climate Change, "COP19", held in Warsaw in November 2013, the main challenge was to move towards the conclusion of an agreement in order to reduce the greenhouse gas emission, on the basis of the latest report issued by the IPCC (Intergovernmental Panel on Climate Change).

This report states that since 1850 the temperature of the Earth's surface during each one of the past three decades has been warmer than in any of the previous decades, thus concluding that the climate system's increased warming is unequivocal.

"Continuing greenhouse gas emissions will give rise to increased heating and new changes in the components of the climate system. In order to fight climate change, it will be necessary to reduce greenhouse gas emissions in a significant and sustainable way". Mr. Thomas Stocker, Co-President of Work Group I at IPCC.

Among the initiatives proposed for mitigating such impact we would like to highlight the proposal made by the European Union, based on an integrated package of measures known as 20/20/20 and that includes the following commitments:

- **To reduce greenhouse gas emissions (GE) by 20%.**
- **To save 20% of energy consumption by means of achieving better energy efficiency.**
- **To increase the production of renewable energy up to 20%.**

In terms of the activities performed and the services rendered, for example in connection with the automotive sector, one of the biggest challenges we are facing is to reduce CO₂ emissions.

Projections indicate that passenger transport services, particularly the production of cars, will increase within the next few years and this ceteris paribus will result in bigger CO₂ emissions. This fact, along with the publication of EC Ruling CE/443/2008 of the European Parliament and Council from 23 April 2009, establishing performance standards in terms of emissions of new vehicle, entails increasingly restrictive obligations regarding vehicle emissions.

During the last years, the situation has developed by decreasing from 185 g. CO₂/km in 1995 to 164 g CO₂/km in 2005; current forecasts expect to reach 130 g/km in 2015, and 95 g/km in 2020.

GSS Península Ibérica is aware of the importance of reducing its CO₂ emissions, for which several initiatives have been defined:

Energy efficiency

We have a team formed by professionals who conduct the consumption diagnosis of our different processes, in order to subsequently apply the most suitable correcting measures.



Each plant defines its own initiatives. In some of the cases, these initiatives have the support and assistance of the local administrations. Regarding energy efficiency we will now provide a brief description of the main actions carried out in this field.

Automotive field

We have a close relationship with the automotive field, particularly in the case of Gonvauto centres; thus, albeit indirectly, we have a responsibility towards Climate Change.

We are in permanent contact with our customers and this enables us to adjust our processes to their product requirements by making lighter goods and maintaining the quality, safety and resistance requirements, which will contribute to reducing vehicle emissions throughout their whole operational life.

Replacement of materials

The use of aluminium is increasingly widespread in the production of vehicles. Aluminium is approximately 3 times lighter than steel, thus its lower weight leads to lower fuel consumption and consequently, fewer emissions.



Renewable energies

In GSS Península Ibérica we encourage the use of renewable energies, by placing solar panels at our plants of Gonvauto Barcelona, Gonvauto Navarra and Gonvarri Barcelona.

Greenhouse gas emissions

Our future goal is to assess our carbon footprint. We aim at establishing an indicator that is able to measure our emissions based on production, which will allow us to minimize and communicate better our impact.

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

- **Direct emissions (level 1):** greenhouse gas emissions resulting from fuel burning during the production process.
- **Indirect emissions (level 2):** emissions generated at the electricity production plants as consequence of our electric energy consumption.
- **Other emissions (level 3):** in our case, this reach is quite limited as we only include those emissions resulting from the transport of our employees to our facilities. This data has been obtained through the estimates provided by the RSC managers at each plant and the anonymous enquiries conducted among employees.

The reference source used for this calculation is the emissions factors for electricity provided by the International Energy Agency.

Using the consumption data from 2013, the CO₂ emissions resulting from our production process are:

CO ₂ direct emissions in tones (level 1)	
Gasoil	346.7
Natural gas	16,210.65
Propane	5.3
Total	16,562.65

CO₂ indirect emissions in tones (level 2)

Plant	Emissions
Gonvauto Barcelona	1,334
Gonvauto Galicia	256
Gonvauto Navarra	369
Gonvarri Barcelona	5,943
Gonvarri Burgos	1,076
Gonvarri Tarragona	973
Hiasa	1,437
Ferrodisa	719
Gonvarri Portugal	455
Gonvarri Corp Financiera	152
Total	12,714

CO₂ emissions produced by employee's transport (level 3)

Transport	2,392.5
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Other emissions

NO_x, SO_x and particles

We regularly conduct a follow-up of our emissions of NO_x and SO_x and particles in those plants that, due to their activities, are subject to the control of an accredited body with the frequency established in the corresponding licenses or other legal requirements.

In 2013, a total of 5.5 Tons of NO_x and SO_x and 0.87 tons of particles, distributed as shown on the attached chart:

Emissions (ton)	NO _x and SO _x	Particles
Gonvarri Barcelona	0.39	0.02
Gonvarri Burgos	1.85*	0.14
Gonvarri Tarragona	0.02*	NA
Hiasa	1.05	0.35
Ferrodisa	2.19	0.36
Total	5.5	0.87

*Corresponds to measurements of NO_x in the boilers.

Substances damaging the ozone layer

Refrigerant gas is used in the air conditioning and heating equipment installed at the offices and some factories. Such is the case of, for example Burgos, with cooling equipment installed at the production lines. No recharges have been made at the plants during 2013.

Waste

Our waste is suitably separated, identified, stored and managed by authorised management agents.

Non-hazardous waste

Our main non-hazardous waste is metal scrap. This residue consists mainly of steel and to a lesser extent, aluminium and is the result of the cutting process itself and the use of outdated equipment.

It is recoverable waste that may be sold for reuse, and has a significant market. At GSS Península Ibérica, 82,542 tons of scrap were produced in 2013.

Other non-hazardous waste:

- **Organic waste:** this type of waste is mainly generated at the rest areas and is managed by the council collection services or by an authorized managing agent.
- **Paper, cardboard and plastic:** packaging waste or office stationery. The waste is separated and is managed by authorized agents.
- **Wood residues:** it comes from wooden packaging and broken pallets. In the case of Gonvauto Galicia, wood is handled as a by-product that, once used, is returned to the supplier for the material to be recovered or reused.
- **Sludge:** classified as non-hazardous, this waste may be the result of our processes or sanitation.

Non-hazardous waste

Residue (ton)	2013
Scrap	82,542
Wood	423
Sewage sludge	195
Organic, paper, cardboard and plastic waste	713
Total	83.873

The income generated from scrap sale amounts to 19 million euros.

Hazardous waste

Processes carried out at our plants are not homogeneous, thus several types of hazardous waste may be generated. We have selected those that are common to almost all plants or that are particularly relevant, such as the ones summarized below:

Hazardous waste		
Residue (ton)	2012	2013
Solvents	2.2	1.5
Oil	56.6	54.0
Contaminated material	44.8	37.4
Sewage sludge	304.9	247.9
Contaminated packaging	16.8	13.4
Batteries and accumulations	0.9	2.5
Fluorescentes	21.4	41.2
Reagents/	13,745	14,006
W.E.E.E.*	3.9	7.5
Total	14,196	14,411

*W.E.E.E: waste of electrical and electronic equipment

Handling fees totalled 233,288 euros in 2013, which amounts to expenditure lower by 30% than in the previous year, coinciding with a reduction in the generation of waste.

Management fees (€)	2012	2013
Residues	288,343	233,288

Environmental expenditure and investment

The attached chart provides a summary of the main environmental-related expenditure in 2013:

Environmental costs (€)	2013
Maintenance of the Management system	42,110
Waste processing	22,015
Effluent treatment	233,288
Others	34,337
Total	331,750

Biodiversity

Our plants are located in industrial estates, with the exception of Gonvarri Portugal and Hiasa, both in the vicinity of protected areas, as outlined below:

Gonvarri Portugal

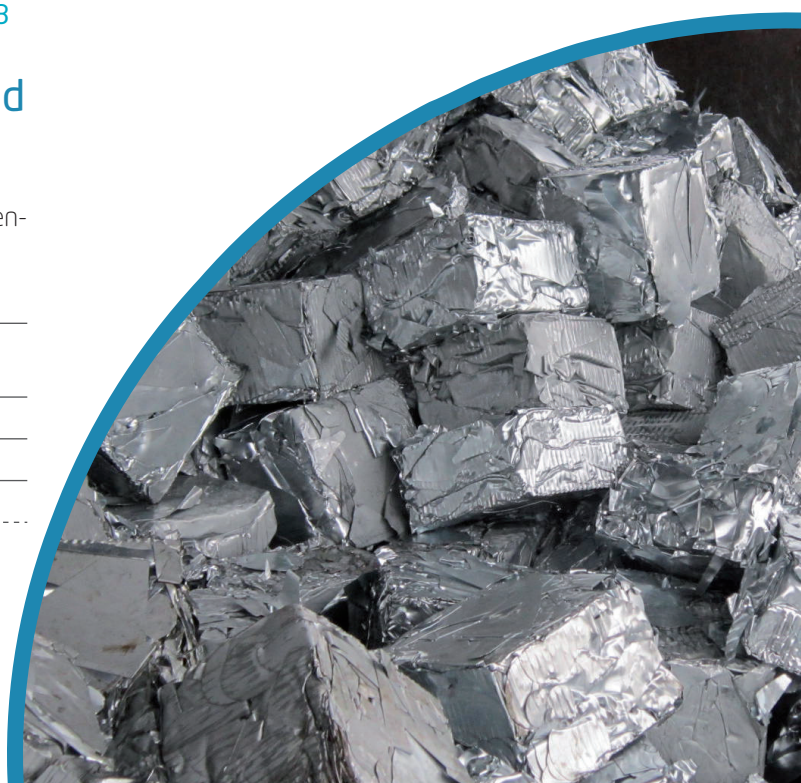
The plant of Gonvarri Portugal is adjacent to "Parque Natural da Arrábida". The Park is a biogenetic reserve and a member of international conservation networks. The entire territory is classified as a Site of Special Interest for Conservation of Nature.

The administration has not demanded any specific or particularly restrictive environmental control measures other than actions relating to visual impact, such as planting trees around the plant or requesting that the paint colour of the building was neutral.

Hiasa

Hiasa is located in the basin of River Alvares, which flows through the reservoirs of Trasona (Corvera) and La Granda (Gozón). Both reservoirs are protected areas and have been declared as Special Protection Area for Birds (ZEPA), in compliance with European regulations.

Therefore, the discharges from the plant are subject to rigorous controls carried out by accredited control bodies, who ensure that the discharge complies with the regulations.



5.2 Value creation

Our groups of interest

This Chapter deals with the commitment of GSS Península Ibérica towards sustainable development from an economic, social and environmental perspective, strengthening the bonds with our groups of interest and enforcing our corporate values.



Clients

Economic impact

- + We guarantee in every delivery the highest quality possible while fulfilling the required deadlines.

Social impact

- + We collaborate in the process and participate in the projects developed by our clients.

Environmental Impact

- + By locating our plants nearby our clients we reduce CO₂ emissions from transporting our products to our customers.
- Indirectly, the automotive industry contributes to greenhouse gas emissions.



Employees

Economic impact

- + The jobs generated at the Group are stable in most of the cases.

Social impact

- + We promote our employees' professional development.
- + We create a safe environment.
- We still need to improve our policies related in balancing family and work life as well as social benefits.

Environmental Impact

- Transportation from the workplace and business trips generates CO₂ emissions.



Shareholders

Economic impact

- + We create economic value for our shareholders.
- + We are great investment since we are supported by the Group's solvency.



Suppliers

Economic impact

- + Our local purchasing policy benefits local Suppliers.

Social impact

- + Generation of indirect employment through our value chain.
- Most of our main raw goods are purchased centrally. We are currently implementing RSC requirements in the purchasing process.

Environmental Impact

- The purchases of our main raw materials are made at corporate level, without taking into account the carbon footprint resulting from good transportation from their place of origin to our centres.



Local communities and Administrations

Economic impact

- + We contribute to the local economy through the taxes we paid due to our business.

Social impact

- + Participation in local industry associations and public administration's initiatives.
- + Participation in social events locally.
- + Products that contribute to road safety, both in the installation of crash barriers and in terms of vehicle safety.



Social media and social media Channels

Social impact

- + Regular updates in our social media channels and corporate websites.
- + Development of the Leading The Change mobile APP that allows our stakeholders to access to this information easily from mobile devices.

Our commitment

The local economy

We contribute to local economy through the generation of wealth, the payment of taxes and contributions, the purchase of goods from local suppliers and the employment that we create and maintain.

- **1,271 million euros** of economic value distributed.
- **1,188 direct jobs.**
- **96% permanent work contracts.**
- **45.6 million euros** for salaries and other social benefits.

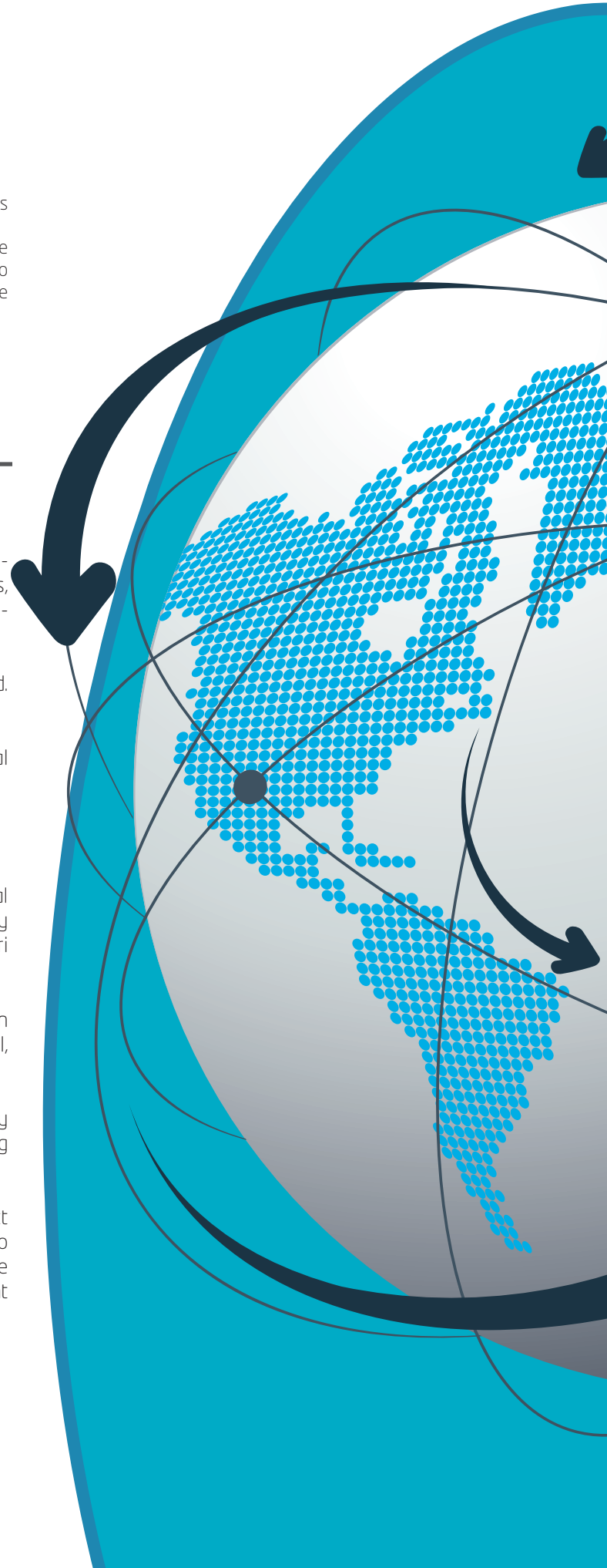
Local suppliers

A large share of our purchases involves the global acquisition of first-class raw material carried out by the Corporate Purchasing Management at Gonvarri Steel Services.

In this process besides the cost attention is also given to other criteria that our suppliers are expected to fulfil, such as quality, safety and environmental care.

The rest of the purchases and services are usually carried out locally, thus contributing to generating indirect local employment in our chain of value.

Also, early in 2014 we added the Ethics and Conduct Code to the Supplier section on our web site, in order to ensure our suppliers' acceptance of its content in the next few years, and consequently, their commitment towards responsible behaviour and sustainability.



Local employment

It is our belief that the creation of value also applies to employment, as this is one of the driving forces for local economy. In 2013, GSS Península Ibérica recruited directly 1,229 employees, 96% of whom have been hired on a permanent basis.

Products

Our contribution to road safety

In 2013, the overall situation in Spain in terms of road safety has improved in comparison to 2012. The global accident rate has decreased, most of the cases being related to cars going off the road, both in large capacity and conventional roads.

However, the number of motorcyclists deceased on account of road accidents has increased, as they are more vulnerable than car drivers. According to DGT (Spanish Directorate-General for Traffic), the mortality risks entailed in motorbike accidents are approximately 1.7 times higher than those in the case of car accidents.

The EuroRAP review conducted in 2013 shows that in 3.6% of the Spanish road network drivers are likely or very likely to suffer an accident. By improving the state of the road surface, placing containment systems for motorcyclists (crash barriers), improving road signs and exercising a better control of speed, the rate of serious or deadly accidents might be reduced, mainly with regards to motorcyclists.

In connection with protecting, limiting and signalling barriers, although great progress has been made in the last few years, there is still a great deal to do with regards to the substitution of the traditional profiles in the crash barriers, mainly in those areas with a high rate of motorbike accidents.

Our contribution to minimizing this impact

In Hiasa we research, design, develop, manufacture, install and sell products intended for road equipment and designed for improving the protection devices in our roads, in order to minimize harm in the event of accidents.

Our vehicle restraint systems include metal safety barriers, metal retainers, wood and steel barriers, impact attenuators and systems for protection of motorcyclists (SPMs).

All of our products ensure high safety levels and are compliant with the current regulations on safety due to their efficient performance, permanent innovation, durability and attention to quality.

Our metal safety barriers have obtained the **approval of the Directorate-Generale of Roads of the Ministry of Development**, as per Order 321/95 T and P "Recommendations on vehicle restraining systems", and have been awarded the relevant standardization and accreditation by authorized bodies.

Among these products, we would like to highlight the "System for protection of Motorcyclists", "SPM", that ensures protection of the motorcyclist in the event of a collision against the protection barrier, by preventing two different types of risk:

- Direct impact of the motorcyclist against the barrier post might lead to serious, even fatal injuries.
- During an accident the motorcyclist might go through the clearance between two posts, thus being forced to face the risks that the metal barrier is intended to protect the motorcyclist from, such as slopes, obstacles, etc.



Our contribution to improving car safety and reducing emissions

At GSS Península Ibérica we work hard to develop and improve our products for the automotive sector.

The car industry is highly dynamic and makes significant investments in terms of research and development, which compels us to closely observe the innovations regarding materials, such as the use of aluminium or the improved features and resistance of steel, which contribute to reducing its weight.

This allows us to reduce the weight of vehicles, maintaining high levels of safety and quality and consequently, reducing CO₂ emissions throughout the vehicle's life span. Also, both steel and aluminium are recyclable, which allows us to reduce consumption of natural resources and the generation of waste.

Our commitment with the local community

GSS Península Ibérica is directly involved with the communities in which the company operates by contributing to their development through the transmission of knowledge, the collaboration with the relevant public administrations in the development of projects focused on raising awareness, membership of industrial associations and social activities.

Transmission of *know-how*

GSS Península Ibérica believes that collaborating with universities and learning centres and the transmission of knowledge are key elements to achieve the technological and industrial development that the society requires.

In October we launched our intranet, Leading the Change, during the 5th Conference on Online Corporate Communication held at Universidad Carlos III of Madrid, dedicated to mobile applications.

The event was aimed at students and at all enthusiasts of corporate communication interested in the new media.

Our Business Technology Manager explained that companies need to focus on new technologies through the implementation of Leading the Change on mobile devices.

Local collaboration with the public administrations

We participate in local projects relating to corporate responsibility, in coordination with the relevant public administrations, as a driving force behind sustainable development.

Gonvauto Navarra and the InnovaRSE method

InnovaRSE is developed within the Scheme of Aids for Promoting Entrepreneurial Social Responsibility, through the General Directorate for Work and Occupational Risk Prevention of the Rural, Industry, Employment and Environment Department of the Navarra Government.

InnovaRSE is a method created by the Navarra Government, which aims at, progressively and voluntarily, implementing the Social Responsibility concept in the company world.

Gonvauto Navarra has joined this Project, by developing its **RSE Diagnosis** in 2012, and based on the conclusions reached, by developing the corresponding **Plan for Action** in 2013. In addition to contributing to achieving a more responsible Company management, InnovaRSE also intends to create a local network of companies committed towards sustainability.

Along these lines, the people responsible for this Project in Gonvauto Navarra participated in a series of meetings addressed to suppliers for Volkswagen Navarra that were integrated in the **2007-2013 Spain - France - Andorra Territorial Cooperation Programme**, for developing the economy, thus encouraging the creation of synergies, exchanging experiences and achieving closer relationships.

Environmental care

In order to contribute to achieving sustainable development we aim for efficiency in all of our production processes. We also work closely with our customers, which will enable us to apply the most innovative technical developments, thus reducing environmental impact.

Furthermore, our commitment towards the environment also leads to a reduction of the impact caused on the environment through our activities, by implementing adequate environmental management and initiatives such as energy efficiency.



Association with organisations

Our participation in industrial associations and organisations is also relevant, as it allows us to be aware of the latest news, trends, advances and developments concerned with our activity, to participate in consultations and to contribute to the definition of a sectorial reference framework.

We are members of several organisations, the most relevant of which are the following:

GSS Península Ibérica

- Global Compact and Spanish Global Compact Network.
- Spain-China Council Foundation.
- Confederación Española de Organizaciones Empresariales del Metal (CONFEMETAL).
- Bureau veritas.
- Unión de Empresas Siderúrgicas (UNESID).

Gonvauto and Gonvarri Barcelona

- Foment del Treball.
- Patronal multisectorial de empresas Catalanas (CECOT).
- Clúster de Automoci3n de Catalunya.

Gonvauto Galicia

- Asociaci3n Patronal del Metal de la Provincia de Pontevedra (ASIME).
- Clúster del Autom3vil de Galicia (CEAGA).

Gonvauto Navarra

- Asociaci3n de Empresarios del Metal (ANEM).
- Asociaci3n de la Industria Navarra (AIN).

Gonvarri Tarragona

- Asociaci3n provincial de empresas del metal de Tarragona (APEMTA).

Ferrodisa

- Clúster de Automoci3n de Valenciana-Asociaci3n Valenciana de la Industria de Autom3vil (AVIA).
- Asociaci3n Empresarios Camp de Morvedre (ASECAM).
- Federaci3n del Metal de Valencia (FEMEVAL).
- Uni3n de almacenistas del hierro de Espa1a (UAHE).
- Instituto Tecnol3gico Metalmecánico (AIMME).

Gonvarri Burgos

- Asociaci3n Espa1ola para la Calidad.
- Asociaci3n de empresarios propietarios del Polígono Industrial Gamonal-Villimar (ASPIGAVI).
- Asociaci3n Plan Estrat3gico Ciudad de Burgos.
- Fundaci3n Universidad de Burgos.
- Federaci3n Empresarial del Metal (FEMEBUR).

Gonvarri Portugal

- Associaç3o Nacional das Empresas Metalúrgicas e Eletromecânicas (ANEME).

Hiasa

- Federaci3n de Empresarios del Metal y Afines del Principado de Asturias (FEMETAL).

Best Practice

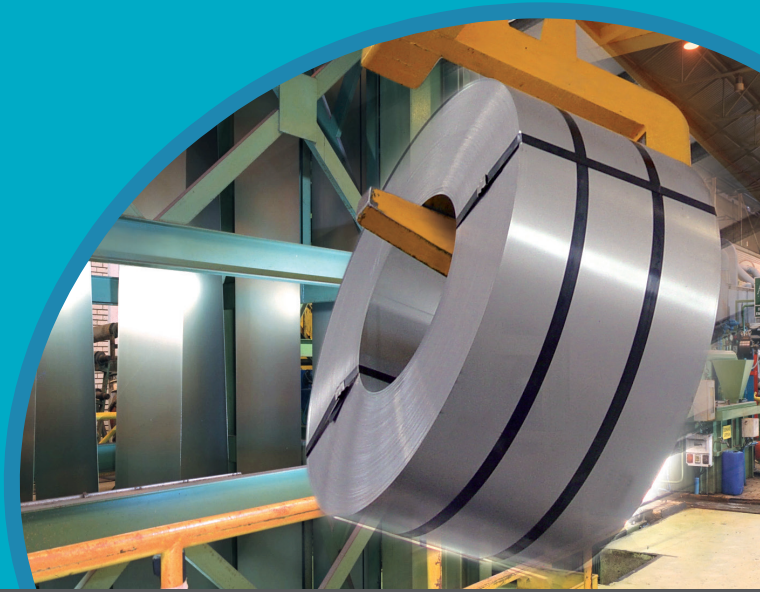
Gonvarri Steel Services sponsors the International Iron and Steel Symposium

The Association of Iron and Steel Business Organisations (UNESID), the Spanish Technological Platform of Steel (PLATEA) and the Centre for Advanced Scientific Research (CSIC) organised the International Iron and Steel Symposium that was held on 24 and 25 October: 50th Anniversary of the Spanish Centre for Iron and Steel Research.

Gonvarri Steel Services, as member of UNESID and sponsor of the event, attended this interesting symposium that was attended by fifteen professionals from different departments of the company.

The objectives of the symposium were on the one hand, to learn about the latest developments in iron and steel science and technology and on the other hand, to discuss the challenges that the Spanish iron and steel industry is facing.

The symposium was divided into three sessions: Science & Technology, Innovation Challenges and Funding Sources, and an Expert Panel with participants from the business, the academic and the innovation areas. This event was a meeting between public R + D + i organizations, Spanish steel companies, technological centers and universities.



Support of social action

Lo Que De Verdad Importa foundation

The main goal of the LQDVI Foundation (which in Spanish means "What Really Matters") is to encourage the development and dissemination of universal human, ethic and moral values. Well aware of the importance of these values that we share, the Company has provided a framework for collaboration through the Foundation.



"Lo Que De Verdad Importa" in Barcelona

On 8 November 2013, some employees from Gonvauto Barcelona attended a Congress organized by the LQDVI Foundation, where they had the chance to listen to the inspirational words of Jorge Font, Alex Corretja and María Belón.

Within the communication campaign of the new version of the code of ethics and conduct all plant employees received a letter explaining the link of the sustainability policy and collaboration with the Foundation. The invitations to the event were accompanied by a book published by the Foundation, which consists of a collection of real life testimonials transmitting a motivational message for achieving success.

Juan XXIII Foundation for Intellectual Disability

This foundation was born as way to improve the quality of life of intellectual disabled adults and to encourage their social integration.

Gonvarri Steel Industries participates in the foundation by hiring the services provided at its special employment centre, including the rental of rooms for celebrating events and the catering service.

In addition to it, in the framework of the 3rd International Week of Corporate Volunteer, 32 employees from Gonvarri Steel Industries became corporate volunteers at an amusement park, accompanying intellectually disabled members of the Foundation



Project "Caps for Alba"

Alba is the daughter of a Ferrodisa employee who suffers from Spinal Muscular Atrophy type 2, one of the so-called "rare diseases". As for now, no cure has been found for the disease and on account of her reduced mobility, she needed an overhead lift with rails and a stretcher to take her from the dining room to her bedroom.

After we became aware of the situation we launched the campaign known as "Caps for Alba". This campaign consisted of collecting as many tons of plastic caps as possible, in order to help the family buy the lift and the stretcher.

All GSS plants in Spain became involved in the project by collecting more than 12,500,000 plastic caps that were sold to a recycling plant for 6,855€.

Additionally, several activities and charity events were carried out in Ferrodisa which raised 2,429€. In less than a year and thanks to everyone's help the goal was achieved and Alba has today a bathroom stretcher and an overhead lift.



Word Central Kitchen (WCK)

Word Central Kitchen (WCK) is an NGO led by the chef José Andrés, whose mission is to find sustainable solutions in order to put an end to unsafe food and malnutrition, thanks to sustainable nutrition and improvement of the local wealth.

WCK combines three goals: to contribute to eliminating the chronic food insecurity suffered in certain regions, to encourage the use of new technologies and fuels in order to ensure safer, more sustainable cooking methods, and to ensure a rapid response in the areas that have undergone catastrophes or humanitarian crisis.

To achieve these goals, WCK has developed different programmes that seek to encourage healthy, sustainable nutrition (purchases made locally, support of local agriculture, use of traditional recipes that incorporate nutritious ingredients, use of sustainable fuels and technologies, etc.). Aware of the significance of this project, Gonvarri Steel Industries supports it by contributing to its funding



WORLD
CENTRAL kitchen

Other

In 2013 all of the GSS Península Ibérica centres contributed to social development on a local level through direct investment, the sponsorship of local initiatives and the organization of food collection campaigns.

In 2013, further initiatives were carried out on a local level, such as:

- Solidarity campaign “**Banco de Alimentos**” with contributions from Gonvauto Galicia that collected 250 kg, 750 kg in the case of Gonvarri Barcelona and another 750 kg from Gonvarri Burgos.
- Gonvarri Portugal jointly with the Portuguese association “**Meninos de Ouro**”, collaborated in a campaign for collection of plastic caps, clothes, schools books, school support material and/or toys.
- Gonvarri Tarragona collaborated with Cáritas in different campaigns for **collection of food, clothes, toys and books**.
- Ferrodisa collaborated with the Red Cross in a campaign focused on **searching for funds to help the Philippines**.
- In collaboration with the Red Cross, Gonvarri Barcelona and Gonvarri Burgos celebrated several **blood donation** drives among their employees.

- Gonvauto Navarra usually sub-hires **workers provided from Foundation Varazdín** for performance of certain tasks that need to be carried out on a periodical basis. Varazdín is a foundation that focuses on facilitating socio-professional integration of socially excluded people, or those who face the risk of becoming so
- Gonvauto Barcelona sponsors on an annual basis the publishing of the **magazine of Castellibib School**.

Leading
the Change
Solidaridad



Promotion of sports

In GSS we like to promote doing sport among our employees. Among the events carried out in 2013 we would like to highlight the following:

- **Bike Festival**

This sport event has been held in Madrid for a very long time and some colleagues from GSS and other companies within the Group participated in this fun 22 km long tour through the main Madrid routes.

- **The launching of GSS parking for bikes in Embajadores.**

Featuring a mural to encourage use of this means of transportation and the cycling ring next to our headquarters.

- **Participation in the 33rd Madrid Marathon.**

A team formed by 40 runners from GSS and other companies within the Group ran 42 kilometres.

The GSS team was formed through the "Runners" group, which exchanges information on running events and other similar initiatives through the corporate Intranet.

- **Gonvauto Barcelona sponsored two cycling and one athletics team**

Aiming at building relations among our employees and the values of team sport.

- **Gonvauto Navarra has participated in the 7th edition of Desafío Empresas,** organized by the Sports and Health Department of Navarra Government.

The activities included a 5.7 km race through Pamplona with the aim of promoting hard work, the spirit of achievement and teamwork. The proceeds obtained went to the Medicus Mundi Navarra NGO.



**Leading
the Change**
2013 / 2015



Awards and recognition

Below is a list of the awards and recognition given to our companies in 2013.

Corporates

- **Silver Stevie Award**, given to Leading the Change in recognition of the best practice performed in the area of corporate internal communication.
- **Entrepreneurs & Employment Award for innovation in the area of Human Resources**, given to the Leading the Change Project by the Expansión Economy Journal and the IE.

Local

Gonvauto Barcelona

- **Finalist for the Atlante Award for Safety and Health Good Practice**, given by "Foment del Treball". November 2012.
- **Participation** in the Study on integration of Occupational Risk Prevention to Social Responsibility Policies and its contribution to entrepreneurial success in 2013.

Gonvauto Navarra

- **Healthy Company Blue Seal**, given by Mutua Navarra in 2013.
- **InnovaRSE Seal**, given by the Navarra Environmental Resources Centre. 2012 and 2013.

Gonvarri Tarragona

- **Awarded by Adecco**, on account of its management of occupational risk prevention.

Ferrodisa

- **Recognition for its contributions on Gender Equality matters**, through the "Seal of Ferrodisa's Equality Plan", given by the General Directorate of Family and Women.





Annex

Scope and coverage of the Report

Business structure

Independent Review Report

GRI Statement

GRI Index:

- Profile disclosures
- Disclosures on Management Approach (DMAs)
- Performance indicators

Contents related to the Principles of the UN Global Compact



Scope and coverage of the Report

The Sustainability Report for GSS Península Ibérica has been drafted in compliance with the provisions of the Global Reporting Initiative (GRI 3.1), both in terms of content determination and quality assurance.

The scope of the Report includes all of our factories in Iberia, as summarised below:

- **Gonvarri Burgos, Gonvarri Barcelona, Laser Automotive, Gonvarri Tarragona, Gonvarri Portugal** and **Ferrodisa** all of them members of Gonvarri Iberia Division.
- **Gonvauto Barcelona, Gonvauto Navarra** and **Gonvauto Galicia**, members of Gonvarri Iberia Division.

- **Hiasa** and **Gonvauto Asturias**, from the Metal Structures Division

Subsequent reports will have an increased scope and coverage, in order to ensure the availability of a full report of the Group's activities by 2015, with regards to the information and data gathered in 2014. We intend to publish a sustainability report on an annual basis.

The Report provides information on our activities and main social, financial and environmental impacts in 2013, and significant events that took place in 2014, up to its publishing date.

Business structure

Below is a summary of the business structure of our factories in Iberia:

Gonvauto, S.A.: trade name "Gonvauto Barcelona".

Gonvarri Galicia, S.A.: trade name "Gonvauto Galicia".

Gonvauto Navarra, S.A.: trade name "Gonvauto Navarra".

Gonvauto Asturias, S.L.: trade name "Gonvauto Asturias".

Gonvarri I. Centro de Servicios, S.L., which includes Madrid-based offices, "Gonvarri Burgos" and "Gonvarri Barcelona".

Industrial Ferro Distribuidora, S.A.: trade name "Ferrodisa".

Gonvarri Tarragona, S.L.: trade name "Gonvarri Tarragona".

Gonvarri Productos Siderurgicos S.A.: trade name "Gonvarri Portugal".

Hierros y Aplanaciones, S.A.: trade name "Hiasa".

Laser Automotive Barcelona, S.L.: trade name "Laser Automotive".

Also, some information relating to the company **Laser Automotive Barcelona, S.L.**, which started its operations in 2013, has been partially included in certain sections of the Report.

Quantitative information on Gonvauto Asturias, S.L., is presented jointly with the data corresponding to Hiasa.



Regarding the scope of the Report

Below is an outline of the contents of the Report:

- Information on the structure and administration of the Company; financial information and management framework, as well as a description of our activities and procedures, are summarised in chapter **1. Our organisation**.
- Information on our corporate culture; dialogue with our interest groups and the conclusions of the materiality analysis are summarised in chapter **2. Our corporate culture**.
- Information on the current context, our performance and most relevant aspects relating to quality and innovation, are summarised in chapter **3. Performance**.
- Information on the members of our staff is summarised in chapter **4. People**, in sub-chapters 4.1 Occupational Health and Safety and 4.2 Our commitment to people.

- Social and environmental information is summarised in chapter **5. Planet**, in sections: 5.1 Environment and 5.2 Creation of value: society.

The relevant specifications have been made in connection with those cases whose coverage and scope are other than those set forth above.

Contact

This Report is available on www.gonvarristeelsservices.com or in www.leadingthechange.com/sostenibilidad/gonvarri-peninsula-iberica/

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

Please address your comments, suggestions or clarifications to:
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Independent Review Report



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INDEPENDENT REVIEW REPORT ON GONVARRI STEEL SERVICES (IBERIAN PENINSULA) 2013 SUSTAINABILITY REPORT

Translation of a Sustainability Report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Management of Gonvarri Steel Services:

Scope

We have reviewed the contents of Gonvarri Steel Services' 2013 Sustainability Report (the Report).

The scope determined by the Gonvarri Steel Services for the preparation of this report is defined in the annex "Profile and scope of the memory" of the accompanying Report.

The Report was prepared based on:

- The Global Reporting Initiative (GRI) Preparation Guide for Sustainability Reports (version 3.1 - G3).

The preparation of the accompanying Report, as well as the information contained therein, is the responsibility of Gonvarri Steel Services' Chief Executive Officer, who is also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

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

Applied Procedures

Our review consisted in requesting information from Gonvarri Steel Services' corporate managers and the various managers of business units involved in preparing the Report, and applying certain analytical procedures and sampling review tests, including:

- 1) Interviews with the Marketing and Communication team in order to gain an understanding of the report process. Interviews with other key management personnel involved in preparing and defining the content of the Report.
- 2) Understanding the reporting systems used, the processes for preparing the report, and follow-up of Gonvarri Steel Services' policies, relationships, and commitments acquired with stakeholders.

- 3) Analysis of the adaptation of the structure and content of the report as indicated in G3.1 Global Reporting Initiative (GRI).
- 4) Review of quantitative and qualitative information through analytical testing and other review procedures based on samples of indicators included in the Report and their correct compilation from data supplied. Tests were conducted in various plants such as Gonvarri Burgos, Gonvauto Barcelona, Gonvarri Barcelona and Hiasa (Asturias).
- 5) Review of the coverage, relevance, and consistency of the information included in the Report, and of the information reported and published in connection with other public information: financial statements and press releases.

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

These procedures were performed on information published in Gonvarri Steel Services' 2013 Sustainability Report with the abovementioned scope.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the *International Federation of Accountants* (IFAC).

Conclusions

As a result of our review of Gonvarri Steel Services 2013 Sustainability Report, within the previously described scope, we conclude that:

- No matter came to our attention that would lead us to believe that the Report was not prepared according to the guidelines included in the Global Reporting Initiative Preparation Guide (version G3.1) for Sustainability Reports.
- No matter came to our attention that would lead us to believe that the remaining Sustainable Development information and indicators included in the accompanying Report contain significant errors.

This report has been prepared solely for the management of Gonvarri Steel Services, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

José Juan de Frutos
Madrid, July 30, 2014

GRI Statement



Statement GRI Application Level Check

GRI hereby states that **Gonvarri Steel Services** has presented its report "Sustainability Report 2013. Gonvarri Steel Services Península Ibérica-Spain and Portugal" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 28 August 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because Gonvarri Steel Services has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 04 August 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Profile disclosures

G3.1 Content Index	Page	Status
1. Strategy and analysis		
1.1 - Statement from the most senior decision-maker of the organization.	6-7	IC
1.2 - Description of key impacts, risks, and opportunities.	15-16, 36, 44-46	IC
2. Organizational profile		
2.1 - Name of the organization.	12-110	IC
2.2 - Primary brands, products, and/or services.	17-18, 24-31	IC
2.3 - Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	10-12,110	IC
2.4 - Location of organization's headquarters.* <i>*S/Embajadores 458, 28053. Madrid. Spain</i>	-	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.	8, 10-11, 19-23	IC
2.6 - Nature of ownership and legal form.	110	IC
2.7 - Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	19-23	IC



G3.1 Content Index	Page	Status
<p>2.8 - Scale of the reporting organization:</p> <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 	2,8,56,70, 110	IC
<p>2.9 - Significant changes during the reporting period regarding size, structure, or ownership:*</p> <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. <p>* The most significant changes of the 2013 financial year have been the star-up of Gonvauto Asturias and Laser Automotive.</p>	110	IC
2.10 - Awards received in the reporting period.	107	IC
3. Report parametrers		
<p>3.1 - Reporting period (e.g, fiscal/calendar year) for information provided.* *Information and data for the financial period 2013.</p>	-	IC
<p>3.2 - Date of most recent previous report (if any).* *Gonvauto Iberia Sustainability Report 2013.</p>	110	ND

Complete information **IC** Partial information **IP** Not available **ND** Not applicable **NA**



G3.1 Content Index	Page	Status
3.3 - Reporting cycle (annual, biennial, etc.)	110	IC
3.4 - Contact point for questions regarding the report or its contents	111	IC
3.5 - Process for defining report content:	37-39	IC
<ul style="list-style-type: none"> • Determining materiality • Prioritizing topics within the report • Identifying stakeholders the organization expects to use the report. 		
3.6 - Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	110-111	IC
3.7 - State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	110-111	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.	110-111	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.* <i>*Explained in each section where it applies.</i>	-	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).* <i>*No previous reports certified by GRI.</i>	-	ND
3.11 - Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.* <i>*No previous reports certified by GRI.</i>	-	ND
3.12 - Table identifying the location of the Standard Disclosures in the report.	5,115-125	IC
3.13 - Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider.	112	IC
4. Governance, commitment and engagements		
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.	12	IC
4.2 - Indicate whether the Chair of the highest governance body is also an executive officer.	12	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.* <i>*The Board of Directors does not include independent Directors.</i>	12	IC
4.4 - Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.* <i>*Ethics Committee and denunciation channels.</i>	14,37-38	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). <i>*Being a member of the Board of Directors is an unremunerated duty. The remuneration of the teams depends of the year-end results and the accomplishment of the stated objectives.</i>	-	IC

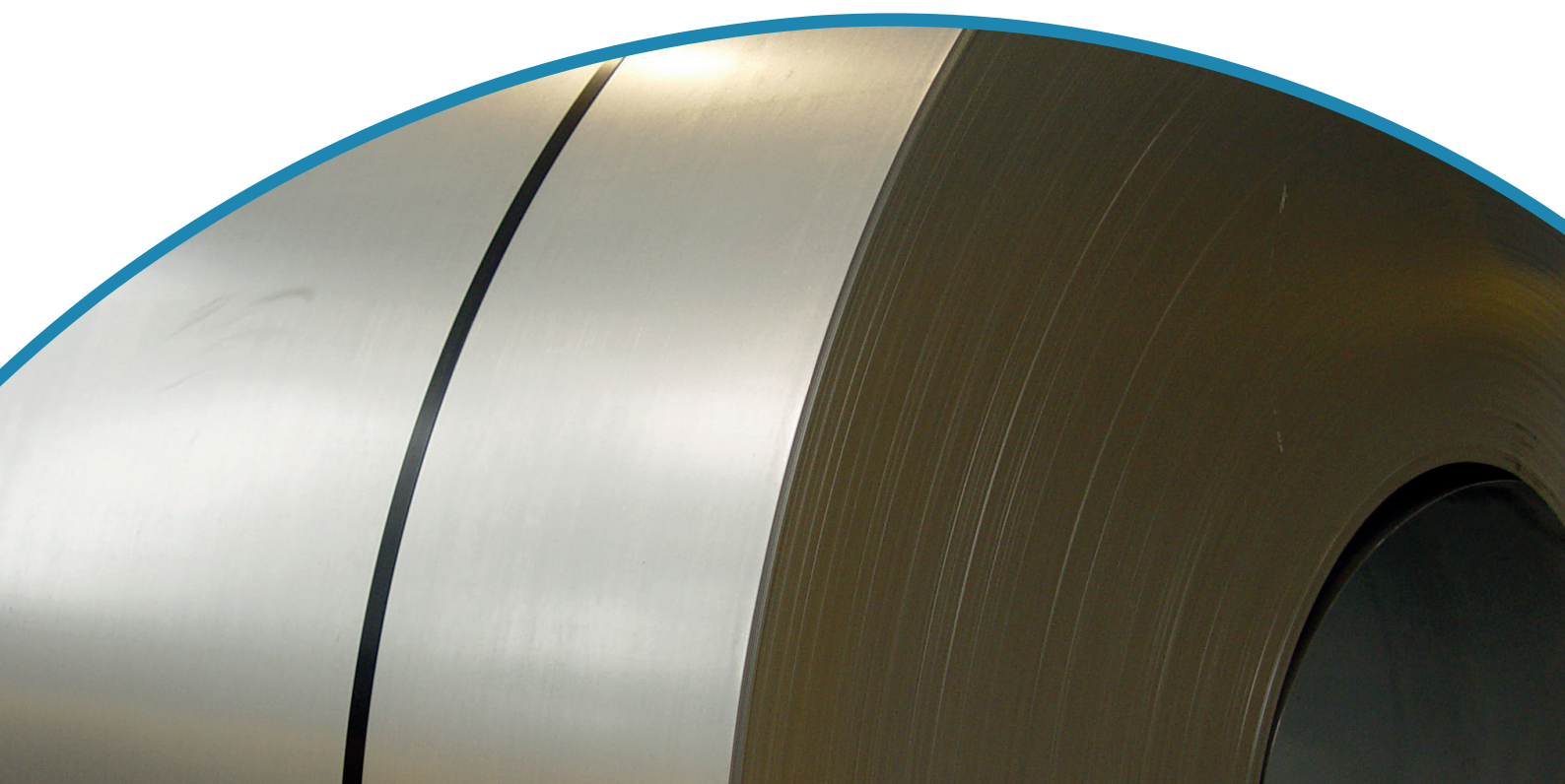
G3.1 Content Index	Page	Status
4.6 - Processes in place for the highest governance body to ensure conflicts of interest are avoided. *The composition and structure of the government and managing of the group is established by the Company Bylaws and follows the existing legislation about society aspects.	12,14	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. *The members of the Board of Directors are appointed by the General Meeting of Shareholders	-	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.	13-16,34-36, 47-48, 82, 84, 87	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.	14-16, 102, 126	IC
4.10 - Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.* *The performance of the members of the Board of Directors are annually evaluated by the General Meeting of Shareholders.	-	IC
4.11 - Explanation of whether and how the precautionary approach or principle is addressed by the organization.	16	IC
4.12 - Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.* *Adherence of Gonvarri Corporación Financiera S.L to the UN Global Compact on 8th of January 2014, parent company of all the societies of Gonvarri Iberia.	102,126	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. 	102	IC
4.14 - List of stakeholder groups engaged by the organization.	37-38	IC
4.15 - Basis for identification and selection of stakeholders with whom to engage.	37-38	IC
4.16 - Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	37-38,52-53, 60-61-77-79	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.	39	IC

Disclosures on Management Approach (DMAs)

Aspects	Page/Justification	Status
Economics		
Economic performance	13	IC
Market presence	8, 10-11, 19-23	IC
Indirect economic impacts	82, 98-101	IC
Environment		
Materials	88	IC
Energy	90-93	IC
Water	89	IC
Biodiversity	97	IC
Emissions, effluents and waste	90, 94-97	IC
Products and services	85, 86	IC
Compliance	84	IC
Transport	84	IC
Overall	82	IC
Labour practices		
Employment	70-77	IC
Labor/management relations	72-77	IC
Occupational health and safety	58-68	IC
Training and education	72-73	IC
Diversity and equal opportunity	74-77	IC
Equal remuneration for women and men	Collective agreement and Ethics Code	IC
Human rights		
Investment and procurement practices	Ethics Code of Conduct, 14	IC
Non-discrimination	Ethics Code of Conduct, 14	IC
Freedom of association and collective bargaining	Ethics Code of Conduct, 14	IC
Child labor	Ethics Code of Conduct, 14	IC
Prevention of forced and compulsory labor	Ethics Code of Conduct, 14	IC
Security practices	Ethics Code of Conduct, 14	IC
Indigenous rights	We don't conduct our activities in areas where indigenous communities may be affected. This aspect is managed by the Ethics committee.	IC

Aspects	Page/Justification	Status
Assessment	88, 99	IC
Remediation	No incidents related to Human Rights or to the freedom of association have been detected by the Ethics Committee	IC
Society		
Local communities	98-101	IC
Corruption Public policy	Ethics Code of Conduct, Rules of Behaviour in respect of Incentives, Gifts or Invitations, 14	IC
Public policies	Ethics Code of Conduct, 14	IC
Anti-competitive behavior	Ethics Code of Conduct, 14	IC
Compliance	Ethics Code of Conduct, Development Guides, 14	IC
Product responsibility		
Customer health and safety	48-52	IC
Product and service labelling	48-51	IC
Marketing communications	The MARCOM department manages the communications, ensuring compliance with applicable law	IC
Customer privacy	16	IC
Compliance	Ethics Code of Conduct, 14-16	IC

Complete information **IC** Partial information **IP** Not available **ND** Not applicable **NA**



Performance indicators

KPI	Disclosure of management approach	Page	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.	8, 13, 82	IC
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	94-96	IC
EC3	Coverage of the organization's defined benefit plan obligations.* *We have no benefits associated to retirement plan.	-	NA
EC4	Significant financial assistance received from government.	13	IC
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.* *Established in the Collective Bargaining Agreements applicable to each plant.	-	IC
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	13, 53-54, 99	IC
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.* *All the plant's managers are from the local community.	74, 100-101	IC
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	98-102	IC
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	98-102	IC
Environment			
EN1	Materials used by weight or volume.	88	IC
EN2	Percentage of materials used that are recycled input materials.	88	IC
EN3	Direct energy consumption by primary energy source.	90-91	IC
EN4	Indirect energy consumption by primary source.	90	IC
EN5	Energy saved due to conservation and efficiency improvements.	91-93	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.	92-93	IC
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	91-93	IC
EN8	Total water withdrawal by source.	89	IC
EN9	Water sources significantly affected by withdrawal of water.* *No water source has been significantly affected by our activities.	-	IC
EN10	Percentage and total volume of water recycled and reused. *Not recycled or reused water takes part in our activities.	-	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.	97	IC

KPI	Disclosure of management approach	Page	Status
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	97	IC
EN13	Habitats protected or restored.* *There have been no further protection or habitat restoration measures.	-	IC
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	97	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.* *We have no record that any habitat of protected species from the IUCN has been affected by our activities.	-	IC
EN16	Total direct and indirect greenhouse gas emissions by weight	95-96	IC
EN17	Other relevant indirect greenhouse gas emissions by weight.	96	IC
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	91-93	IC
EN19	Emissions of ozone-depleting substances by weight.	96	IC
EN20	NOx, SOx, and other significant air emissions by type and weight.	96	IC
EN21	Total water discharge by quality and destination.	90	IC
EN22	Total weight of waste by type and disposal method.	96-97	IC
EN23	Total number and volume of significant spills.* *There has been no significant spills in 2013 at our facilities.	84	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.* *We do not deal with this type of waste.	-	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.* * No habitat has been affected by our discharges.	-	IC
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	84- 87	IC
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	85-86	IC
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	84	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.	86-87, 96	IC
EN30	Total environmental protection expenditures and investments by type..	96-97	IC

KPI	Disclosure of management approach	Page	Status
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	70-71	IC
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	70-72	IC
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	80-81	IC
LA4	Percentage of employees covered by collective bargaining agreements.	14, 62	IC
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.* <i>*The communications on organizational changes are made in accordance with regulations and specified in the "Statute of Workers Right" (Royal Legislative Decree 1/1995) and collective agreements.</i>	-	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.	62	IC
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	68, 69	IC
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	64-66	IC
LA9	Health and safety topics covered in formal agreements with trade unions.	62	IC
LA10	Average hours of training per year per employee by gender, and by employee category.	56, 64	IC
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	64-66, 73	IC
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	72-73	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.	70-71	IC
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.* <i>* Collective agreements that apply to us are committed to equality of workers regardless of gender, including their compensation, with no more differences than those resulting from the merit and ability of those affected. Therefore, the ratio of wages between men and women for the same professional category, same experience and same performance is 1: 1.</i>	-	IC
LA15	Return to work and retention rates after parental leave, by gender.	76	IC

KPI	Disclosure of management approach	Page	Status
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.* *The % of agreements and contracts that take into account human rights is not included. We are in the process of acceptance of the Ethics Code by our suppliers. With their agreement, they undertake to comply with the respect human rights.	54	IP
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.* *No analysis has been performed to our suppliers or subcontractors regarding human rights. This is a long-term objective, after the implementation of the homologation process related to human rights.	-	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. *Scheduled for the first quarter of 2014.	-	IC
HR4	Total number of incidents of discrimination and corrective actions taken.* *No incidents have been detected related to this aspect.	-	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.* * This risk has not been identified in Iberia.	-	NA
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. * This risk has not been identified in Iberia.	-	NA
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. * This risk has not been identified in Iberia.	-	NA
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.* *The security companies are legally regulated and their staff has enough training to develop their activity.	-	IC
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. * Our activities in Iberia do not involve any impact on the rights of indigenous people.	-	NA
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. *This risk has not been identified in Iberia.	-	NA
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.* *There are no recorded incidents and complaints related to human rights.	-	IC

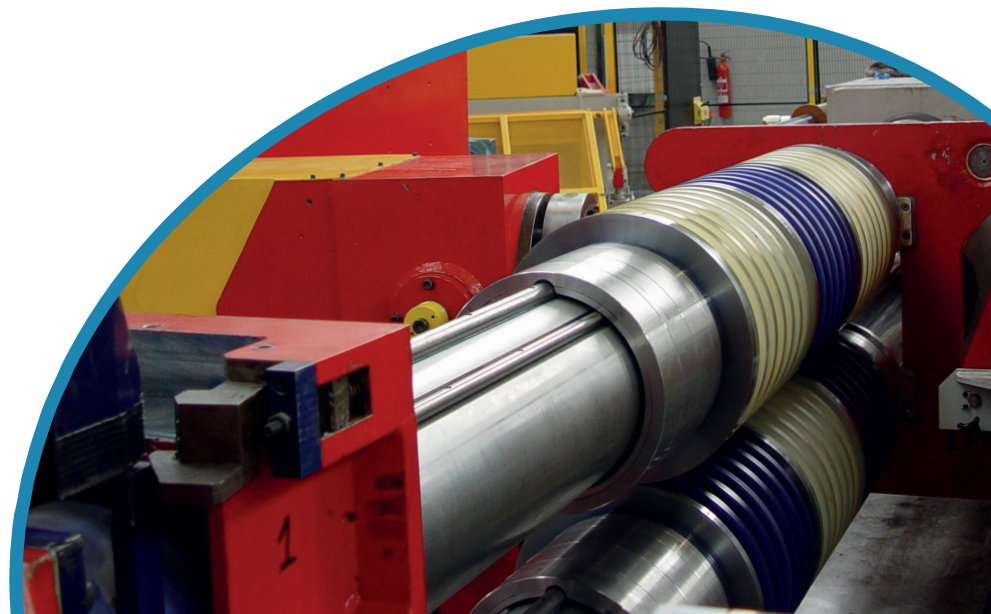
Complete information **IC** Partial information **IP** Not available **ND** Not applicable **NA**

KPI	Disclosure of management approach	Page	Status
Society			
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	98-102	IC
S02	Percentage and total number of business units analyzed for risks related to corruption.* <i>*Ethics Code of Conduct, Rules of Behavior in respect of Incentives</i>	14	IC
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.* <i>*Training planned in 2014.</i>	-	IC
S04	Actions taken in response to incidents of corruption.* <i>*There are no recorded incidents and complaints related to corruption.</i>	-	IC
S05	Public policy positions and participation in public policy development and lobbying.* <i>*There have been no lobbying activities.</i>	-	IC
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.* <i>*According to our Ethics Code of Conduct, the financing of political parties is not allowed.</i>	-	IC
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.* <i>*No incidents or complaints have been detected related to this aspect.</i>	-	IC
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.* <i>*No incidents or complaints have been detected related to this aspect.</i>	-	IC
S09	Operations with significant potential or actual negative impacts on local communities.	98-99	IC
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	98-99	IC



KPI	Disclosure of management approach	Page	Status
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.	48	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 have been detected in 2013.	-	IC
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements*	48	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 have been detected in 2013.	-	IC
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	52	IC
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.* * Complete in Ethics Code of Conduct.	14	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 or complaints have been detected related to this aspect.	-	IC
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.* *No significant penalties or fines have been registered. See implementation of the provisions of the Spanish Organic Law 15/1999 of 13 December on the Protection of Personal Data and RD 994/1999 of 11 June, which approves the Regulation on Mandatory Security Measures for the Computer Files which contain Personal Data.	-	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 penalties or fines have been registered.	-	IC

Complete information **IC** Partial information **IP** Not available **ND** Not applicable **NA**



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, SO5, 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
Principle 2: Make sure that they are not complicit in human rights abuses.	HR1-9, SO5	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
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, SO5	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, SO5	Goal 2: Achieve universal primary education Goal 3: Promote gender equality and empower women
Principle 5: The effective abolition of child labour.	HR1-9, SO5	
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, SO5, PR1, PR3	Goal 7: Ensure environmental sustainability
Principle 8: Undertake initiatives to promote greater environmental responsibility.	EC2, EN1-30, SO5, PR3-4	
Fight against corruption		
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-6	



Sustainability report 2013



Gonvarri
Steel Services

Gonvarri Steel Services Península Ibérica (Spain and Portugal)

Gonvarri Steel Services was founded in 1958. Since then the company has diversified its activities and goods, and has expanded globally, with presence in many countries.

Our business is steel processing, with a special emphasis on sustainable, profitable growth. We strive to achieve a continuous improvement of our products and services, in order to strengthen our relationship with both customers and suppliers.

About this report

This report is yet another example of our commitment towards our groups of interest. Our goal is to present a balanced overview of our company from a financial, social and environmental perspective, by providing reliable, transparent information on our activities.

We will continue on this path because our future success depends ultimately on our capacity of growing and developing in a sustainable way.

The conversation continues at



Available on the
App Store

ANDROID APP ON
Google play

www.leadingthechange.com
www.gonvarristeelsservices.com

