## Gestamp SUSTAINABILITY REPORT 2013



### SUSTAINABILITY REPORT 2013

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"In 2013 we took important steps to extend and strengthen our defining culture and values, we changed our organisation in order to meet future challenges, we improved our financing sources and our debt profile and we started projects to improve our operating model."

For Gestamp, 2013 has been the year of consolidation. After a four-year period of strong growth leading to the integration of two major business groups and to more than 1,700 million euros in investments in new facilities and projects, we needed to strengthen Gestamp as a global, integrated organisation and lay the foundations aimed at providing us with stability for continued growth.

Consequently, we took important steps to extend and strengthen our defining culture and values, we changed our organisation in order to meet future challenges, we improved our financing sources and our debt profile and we started projects to improve our operating model.

In terms of growth, I should mention the start-up of three manufacturing facilities in China and one in the United States, as set out in the Strategic Plan, aimed at strengthening our presence in emerging markets and those that have great potential. Lastly, due to mergers of nearby sites, the total number of manufacturing facilities remains the same as last year.

In economic terms, 2013 was a stable year with a turnover very similar to that of 2012 and an EBITDA that was 4% lower. In this area it is important to highlight the profound change in our financial strategy that we introduced successfully during 2013 and which allowed us to extend the profile of debt maturities and to diversify our sources of finance. In this sense, we are especially satisfied by the success of our emission of bonds in European and American capital markets and by the agreement signed with Mitsui, a result of which the Japanese company has acquired a 30% stake in our operations in North and South America. In the future, this operation will allow us to not only strengthen our commitment in the area, but also to increase our collaboration with major Japanese automobile manufacturers.

We have managed to ensure that our entire organisation knows and observes our Code of Conduct. We created the channels to ensure fluid and confidential communication about any areas for improvement that may be identified at any level of the company. At the same time, we set up the Ethics Committee and the processes to ensure independence and rigour in the treatment of information communicated.



Aware of the importance of cultivating relationships with our stakeholders, we carried out great efforts in terms of resources and means in order to improve communication and, above all, to manage their expectations. Among other initiatives, I'd like to mention: the creation of the President's Office comprising the Communication and Institutional Relations Departments, our new website, the global intranet and the publication of our first Sustainability Report.

With regard to strengthening our operating model, in 2013 we launched the "One Gestamp" initiative. This programme comprises three projects that affect the most critical areas for Gestamp: the definition of new product processes; the management and planning of production capacity to make business and planning decisions; and, lastly, process management, which is aimed at sharing and streamlining processes across the entire organisation. On environmental issues, we have the dual objective of helping to improve the environmental impact of vehicles by reducing the weight of our parts along with our commitment to reducing emissions resulting from our business activity.

With regard to the former matter, we are continuing with our commitment to R&D and to incorporating technologies that help us reduce the weight of the parts. We have become world leaders in hot stamping, in this respect the key technology, and our R&D teams are achieving increasing success in delivering lighter pieces to our customers through innovative solutions.

An innovation in 2013 in line with our commitment to reducing emissions, was an energy efficiency project that over the medium and long term will lead to a significant decrease in our energy consumption and, consequently, in our emissions.

We are a key player when it comes to making vehicles safer. Our parts manufactured with high strength steel are integrated into vehicle bodies, helping them to perform well in terms of safety and, especially, in the event of an impact. As we increase the production capacity of these parts and are able to become more efficient in our processes, their use has become generalised, not just exclusively for top of the range vehicles.

We continue to believe that our commitment to training actively contributes to achieving the Group's objectives. There are many initiatives that illustrate this commitment: the launch of the Gestamp Global Learning platform as the "seed" of our corporate university; the Master's in Project Management in collaboration with Comillas Pontifical University, or the Gurukul initiative in one our sites in India that we explain in one of the Best Practices cases in this report.

In general, we work in close collaboration with universities, business schools and vocational training centres in order to generate industrial culture and technical expertise among the public. This allows us to improve employability in the locations where we operate. With a firmly established health and safety policy and a very mature management model, we are taking steps to continue innovating in this area and to offer solutions to the Group for the challenges that arise in our day-today activities. One example is a project that will allow us to eliminate one of most significant risks associated with the use of cranes and which has caused serious accidents in the past. Since we were unable to find a technical solution for this risk in the market, together with a crane manufacturer, several engineering companies and the involvement of some of the Group's plants, we have developed a special device. This initiative is the most outstanding due to its innovative nature, however as we do each year, we continue to strengthen our system and to make health and safety the most important corporate policy.

As you can see, the past year has been a year packed with new projects. I have no doubt that we are more prepared to continue to grow and be successful in a global environment that is increasingly more complex and marked by major challenges in terms of sustainability.

Lastly, I would like to reiterate our commitment to the Global Compact. The ten principles set out by the Compact are a reference for us and are integrated into our Business Principles. In 2013, we attained the "Advanced" level in the Global Compact. "Advanced" is the highest level of differentiation of the reports that show the progress made in the application de ten Principles.

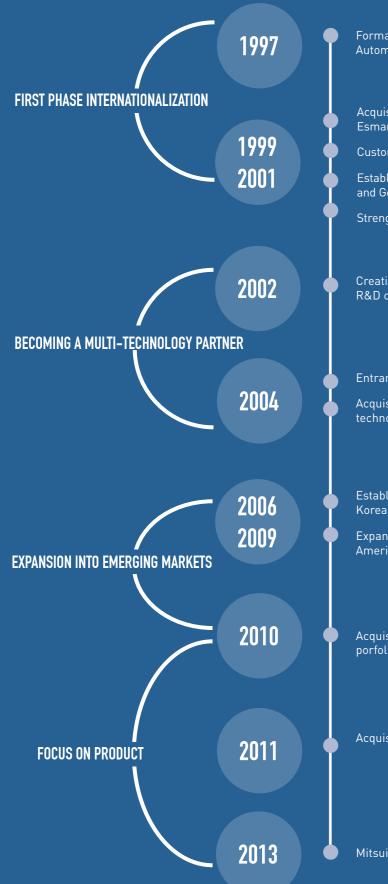
Francisco J. Riberas Mera Chairman of Gestamp

## GESTAMP GROUP

About us
Where we are
Business lines and proc
Manufacturing process
Corporate governance
Organisational structur

Gestamp is an international business group dedicated to the design, development and manufacture of metal components and assemblies for the automobile industry, especially for light vehicle production.

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Formal foundation of Gestamp Automocion

Acquisition of Metalbages Group, Griwe Gmbh, and Esmar Group

Customer diversification to GM/FORD/VW

Establishment of market presence in Latin America and Germany

Strengthening presence in Western Europe

Creation of Autotech Engineering to boost the Group's R&D competencies

Entrance into USA market

Acquisition of Hardtech Group to further extend technological competencies

Establishment of market presence in China, South Korea, India, Russia, Turkey

Expansion of activities in South America, North America, Eastern Europe

Acquisition of Edscha Group. Expansion of product porfolio with hinges & mechanisms

Acquisition of Thyssen-Krupp Metal Forming

Mitsui Joint Venture in the Americas

#### **ABOUT US**

We are a benchmark supplier for leading vehicle manufacturers such as Volkswagen, Renault-Nissan, Peugeot-Citroën, Daimler, GM, BMW, Ford, Fiat-Chrysler, Tata, Volvo, Hyundai, Honda y Toyota, among others.

We specialise in developing innovative design products for vehicles which are increasingly safer and lighter and, therefore, better with regard to energy consumption and environmental impact.

Gestamp was founded in 1997 with the goal of being a global supplier with a technological profile. Since then, Gestamp has never ceased to grow, while gradually incorporating new products and technologies.

Our challenge is to position ourselves at the forefront of innovation in the automotive sector. This is why we devote significant efforts to the research and development of technologies.

Region	Manufacturing facilities	3 R&D centres	
Western Europe	46	8	
Eastern Europe	15*	_	
North America	10*	1	
South America	9	1	
Asia	16	2	
Total	96	12	

\* Includes a facility under construction

#### WHERE WE ARE

The automobile is one of the economy's most globalised sectors. At Gestamp, we know that in order to progress, we must be close to our customers. This is why we are present in the major automobile manufacturing locations worldwide.

As of 31 December 2013, we have 94 manufacturing facilities and 2 more facilities under construction. These are spread across 20 countries (Spain, Sweden, Poland, Hungary, the United Kingdom, Germany, France, Russia, Portugal, Turkey, Argentina, Brazil, United States, Mexico, South Korea, China, India, Thailand, Slovakia and the Czech Republic).

Our commitment to innovation is reflected in our 12 R&D centres we have in Europe (8), Asia (2) and the Americas (2).

- **Europe:** 63 manufacturing facilities
- North America: 9 manufacturing facilities
- **South America:** 10 manufacturing facilities
- Asia: 15 manufacturing facilities

The following table shows the total number of our company's manufacturing and R&D facilities, broken down by region:

GESTAMP IN	AMERICA	AMERICA		EUROPA
THE WORLD		Michigan ••	-	SWEDEN (1+1)
		West Virginia •		GERMANY
	USA (6+1)	Chattanooga • South Carolina •		(6+2)
		Alabama •		
		•		
0/		Troy • Aguascalientes •	_	
<b>96</b> Manufacturing facilities	MEXICO (4)	Toluca		
facilition	MEXICO (4)	Puebla*		
Idullies		Taubaté •	-	UNITED
	BRAZIL (5+1)	Sorocaba		KINGDOM (7+1)
19 000 0		Santa Isabel		
<b>12</b> R&D Centers		Paraná •		
		Gravataí •		
		Sâo Paulo	_	
		Córdoba •		
	(4)	Buenos Aires • • •		FRANCE (9+2)
			_	(772)

•

A	
	Luleå 🛛
	Ludwigsfelde •
	Bielefeld ••
	Haynrode •
	Westerburg •
	Hengersberg •
	Hauzenberg •
	Remscheid •
	Newscastle •
	Washington •
	Newton – Aycliffe • •
	Cannock •
	Llanelli •
	Luton •
	Fareham •
	St. Romain •
	Gouzeaucourt •
	Le Theil •
	Pure •
	Briey •
	Gretz – Armainviliers •
	Tournan •
	Sermaises •
	Ronchamp •
	Meudon •
	Les Ulis •

### EUROPA

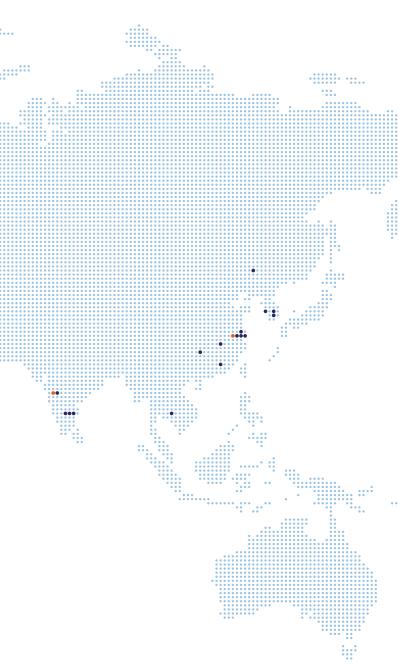
PORTUGAL (3)	Vilanova de Cerveira •	SPAIN (20+2)	Cantabria
[3]	Aveiro •		Vizcaya 🔹
	Vendas Novas •		Guipuzcoa
POLAND (2)	Poznan •		Vigo •
	Wroclaw •		Burgos •
SLOVAKIA (1)	Velky Meder •		Navarra
HUNGARY (1)	Mör •		Zaragoza Barcelona
CZECH	Louny •		Valencia
REPUBLIC (3)	Hradec •		Palencia
	Kamenice •		Toledo
RUSSIA (4)	St. Petersburg •		Linares •
	Kaluga 🔸		Lindics
	Togliatti* ●●		
TURKEY (4)	Gebze •		
	Bursa ●●●		
		****	• • • • • • • • • • • • • • • • • • •
		•	

Manufacturing facilities

- R&D Centers
- \* Includes a facility under construction



ASIA	
SOUTH	Daegu 🔸
KOREA (3)	Busan •
	Chungnam •
CHINA (8+1)	Shenyang •
	Hefei •
	Shanghai ••••
	Chongqing •
	Wuhan •
	Dongguan •
INDIA (4+1)	Pune ••
	Chennai •••
THAILAND (1)	Ayutthaya •



#### **BUSINESS LINES AND PRODUCTS**

We offer our client a wide range of products, manufactured primarily from steel which are integrated into the vehicle body and define its structure.

We focus our activity on the following major business lines:

#### METAL COMPONENTS FOR VEHICLE BODIES

The body is the essential structure of the vehicle. The vehicle body is made from stamped metal parts which are subsequently welded together.

Metal body components are classified into two groups: exterior parts and structural parts.

The category "external parts" refers to the individual parts and assembled sets of parts that make up products such as bonnets, roofs, doors and wings. As the exterior parts make up the vehicle's visible exterior, they are known in the industry as "skin parts" and require perfect finishes and flawless surfaces.

Structural parts are the parts that form the vehicle's "skeleton" and include floors, pillars, rails and wheel arches. Although these parts are not visible, they are crucial for safety and especially relevant in the event of a crash.

#### Exterior:

- Bonnets
- Roofs
- Fins
- Doors

#### Structural:

- Floors
- Pillars
- Rails
- Wheel arches
- Front-end modules
- Bumpers
- Dashboard crossbeams



#### CHASSIS

variety of assembled components.



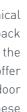
#### MECHANISMS

Our product portfolio of mechanisms includes mechanical components such as hinges for doors, bonnets and hatch-back doors, as well as door stays which connect these parts to the vehicle assembly, enabling it to move and turn. We also offer integrated opening systems, a combination of hinge and door checks. We have developed automatic opening systems. These are electrical systems that enable car doors to be opened and closed via remote control.



#### **OTHER PRODUCTS (TOOLING)**

We have extensive in-house capabilities to design, engineer and manufacturing dies. We also have the capacity to build presses in-house.



- **Product categories:**
- Hinges
- Door checks
- Automatic opening systems
- Powered systems
- Hand brakes
- Pedal boxes

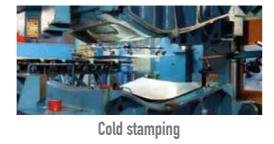
#### MANUFACTURING PROCESSES

Since we were founded in 1997, we have had an ongoing commitment to incorporate new technologies into our manufacturing processes and to develop traditional technologies. We started off as a company based solely on cold stamping small parts and we have become a company based on multiple technologies.

Our manufacturing is done using a large portfolio of technologies and capabilities throughout the value chain, including:

- In-house capabilities for manufacturing tooling and tools.
- A wide range of forming technologies, from the latest technology (hot stamping) to profiling and hydroforming, including a wide range of traditional cold stamping processes for various products using different materials.
- Advanced assembly technologies such as remotecontrol laser welding.
- Finishing technologies such as powder coating and cataphoresis.

All our products guarantee our customers' specifications. To achieve this, we have rigorous quality management systems backed up by the QS 9000, VDA-6, ISO 9001/9002 and ISO TS 16949 certifications, among others.







Hot stamping





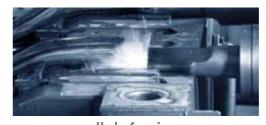
**HSS stamping** 

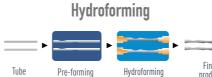




Roll forming



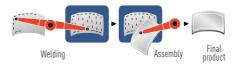




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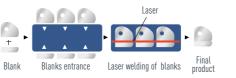


Welding and assembly



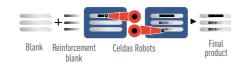


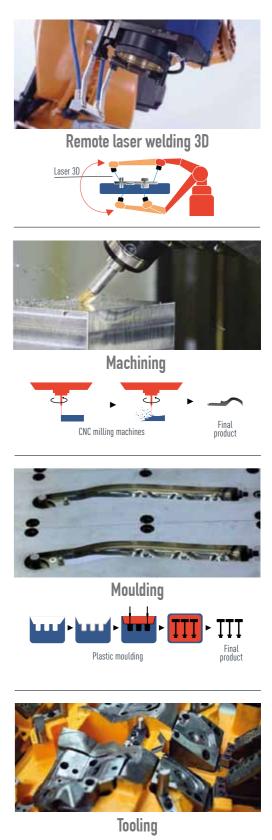
Laser welded blanks





Welded and patchwork blanks







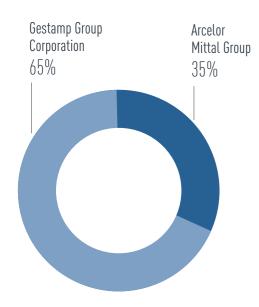
#### CORPORATE GOVERNANCE

Gestamp Group consists of Gestamp Automoción S.A. and its subsidiaries.

As the Group's parent company, the corporate purpose of Gestamp Automocion S.A. is to hold shares in companies and to provide consultancy services and technical assistance to its investee companies in relation to their administration, financial structure and production or marketing processes. The fundamental activity of Gestamp Group's subsidiaries is engineering, design, development, manufacture and provision to the industry of the automobile of metallic components, mechanisms, tools and dies<sup>1</sup>.

Our shareholder structure as of 31 December 2013 was as follows:

#### Share structure





#### Share capital

Gestamp Automocion, S.A. is a public limited company established under Spanish law. Its share capital amounts to €288,236,775.30, represented by 4,795,953 shares of €60.10 par value each. The share capital is fully subscribed and paid up<sup>2</sup>.

#### The Board of Directors

The Board of Directors is Gestamp Group's highest governing body and has the power to decide on Company management, except for the matters reserved for the General Meeting of Shareholders, and to represent the Company in actions aimed at achieving its corporate purpose. The structure of the Board of Directors as of 31 December 2013 was as follows:

Position	Name	Position
Chairman	Francisco José Riberas Mera	Executive
Secretary and CEO	<b>Holding Gonvarri, S.L.</b> Rep: Juan María Riberas Mera	Executive
Director and CEO	<b>Gestamp Bizkaia, S.A.</b> Rep: Francisco José Riberas Mera	Executive
Director	<b>Risteel Corporation, B.V.</b> Rep: Francisco López Peña	Proprietary external director
Director	Autotech Engineering, A.I.E. Rep: Juan María Riberas Mera	Proprietary external director
Director	Ángel Gamboa Llona	Proprietary external director
Director	Arcelormittal Basque Holding, S.L., Rep: Jean Martin Van der Hoeven	Proprietary external director
Director	Arcelormittal Aceralia Esperbras, S.L. Rep: Robrecht Himpe	Proprietary external director
Director	<b>Arcelormittal Gipuzkoa, S.L.U.</b> Rep: Gonzalo Urquijo Fernández de Araoz	Dominical

The Board of Directors currently comprises 9 members, 3 of whom are Directors and 6 are proprietary external directors.

The Chairman of the Board of Directors, Mr Francisco José Riberas Mera, is also Chief Executive Office (CEO) of the Gestamp Group.

1. For further information on Companies making up the Gestamp Group, please consult the Annual Consolidated Accounts for the year ending 31 December 2013.

2. For further information on Share Capital, please consult the Annual Consolidated Accounts above mentioned.

In accordance with Article 27 of the Articles of Association, the office of administrator was not remunerated during 2013.

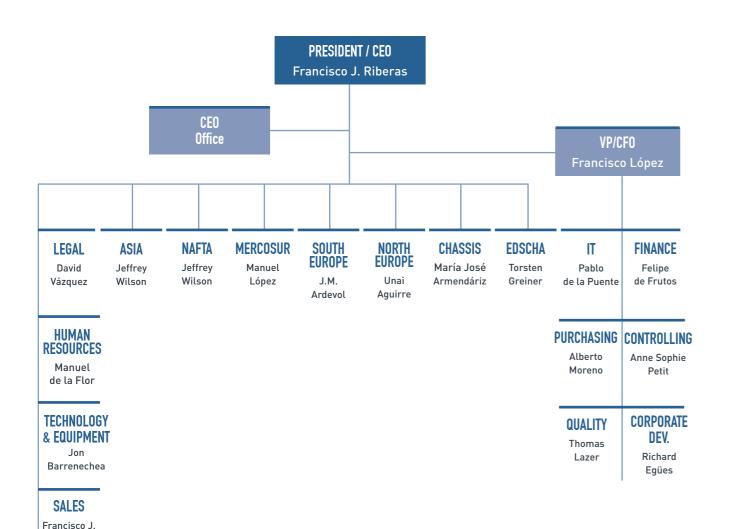
None of the companies comprisong Gestamp Group has granted salary advances to members of the Board of Directors or assumed obligations in terms of pensions or life insurance for their benefit.

Riberas

#### ORGANISATIONAL STRUCTURE

Our organisational structure is the result of the evolution undergone by the company in recent years.

The manufacturing sites are the driving force for the Group and the other areas, such as Legal, Human Resources and Purchasing, exist to provide them with support and services. In addition, in late 2013 a new area called "Technology, Tooling and Equipment" was created for the purpose of facilitating the integration of hot stamping technology, a technology that sets Gestamp apart from the rest, in the entire value chain and that also brings together the entire tool and die making business line. This change also allows us to speedily implement innovations in our business and manage projects on a global basis.



#### The Management Committee

The Steering Committee is made up of the following people:

- Francisco J. Riberas, President and CEO
- Francisco López, Vice President and Chief Financial Officer
- Manuel de la Flor, Director of Human Resources
- David Vázquez, Director of Corporate Legal Advisory
- Unai Aguirre, Director of the Northern Europe
   Division
- José María Ardevol, Director of the Southern Europe Division
- Manuel López, Managing Director of the Mercosur Division
- Jeffrey Wilson, Managing Director of the North America and Asia Division
- Torsten Greiner, Managing Director of the Mechanisms Business Unit
- María José Armendáriz, Managing Director of the Chassis Business Unit

The Ethics Committee was established in 2013 in order to ensure compliance with the Code of Conduct and its correct interpretation, more information is provided on this in the Sustainability chapter. The Directors of Human Resources and Corporate Legal Advisory, and an external advisor are part of this committee.

The functional areas of Health, Safety, Environment and Corporate Social Responsibility fall within the remit of the Human Resources Division.

Matters related to sustainability are monitored through the Group's key indicators by both the Board of Directors and the Management Committee.



## SUSTAINABILITY AT GESTAMP

Corporate principles Application of the Code Stakeholder engageme Our performance

When we talk about sustainability at Gestamp, we mean it in the broadest sense. Sustainability at Gestamp means sustainable over time, and as such it is one of our Business Principles and we believe that to achieve it, we need to be aware of our surroundings and respond to the expectations that society and the people close by have of us. For this reason we pursue economic, environmental and social objectives equally.

which we operate.

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We believe in long-term projects, based on honesty, effort, and developing relationships of trust and respect within the different environments in

#### CORPORATE PRINCIPLES

Our Corporate Principles define Gestamp Group's culture and also allow us to provide added value and set ourselves apart from the rest.

#### THE CLIENT AS THE . CENTRE OF THE BUSINESS

The basis of our business lies in achieving and maintaining a client portfolio by developing and providing products that offer high value in terms of innovation, price, quality, safety and environmental impact.

We must be able to take the lead in providing the best solutions so that the business of each of our clients prospers, which requires having a thorough understanding of their needs in the short, medium and long term.

Building solid, honest and lasting relationships with our clients is what really sets us apart.

## 2. INNOVATION AS A MEANS OF PROGRESS

Innovation enables us to consolidate the Group's leadership and to provide new alternatives for products and processes that bring value to clients and efficiency to our internal management.

Our challenge is to position ourselves at the forefront of innovation in our industry.

To be innovators and to bet our customers to be aware of the differential value provided by Gestamp.

#### SUSTAINABILITY TO ENSURE PERMANENCE IN TIME

We plan to grow and to be around for a long time. Financial strength, profitability, cautious risk management and respect for the different environments in which we operate are the best guarantees of our future.

Winning the trust of our shareholders and business partners, complying with the laws of the countries where we operate, expressing our support for fundamental human rights and making health, safety and environment important issues.

## 4. OF SUCCESS

Talent, motivation and the ability to work as part of a team of people are essential assets for Gestamp's success.

Promoting the personal and professional development of employees, this then brings about the fulfilment of other business objectives.

#### APPI ICATION OF THE CODE OF CONDUCT

Maintaining a corporate culture that is ethical and in compliance with the law is the responsibility of everyone who works for Gestamp.

Our Code of Conduct is the mainstay of our commitment to integrity and a point of reference for any Group employees who have doubts about what they are expected to do in a given situation.

The Code of Conduct contains a number of rules of conduct that we drafted based on our Business Principles, with further inspiration from the principles of human rights, labour, environmental and anticorruption of the United Nations Global Compact.

#### Implementation of the Code of Conduct

A definitive step in the implementation of the Code of Conduct was taken in 2013. The following activities were carried out:

- All Gestamp employees received the training necessary to understand and apply it.
- The procedure to be followed in order to ensure the continuity of this process with new hires was established.
- The Code was made available to the rest of the stakeholders by publishing it on Gestamp's website.

The main goal of the training was to ensure that the message received by each employee was the same regardless of professional category, country or culture, so the project was launched by the Corporation, which provided the tools and training support required.

Delegates from different geographical areas where Gestamp is present were the first to be trained in order to provide support to the Corporation when it was time to continue the process in stages.

Training was done in two ways:

- Online: training for employees with internet access through Gestamp Global Learning, coordinated by the Corporate Training area.
- **Classroom-based:** group training, provided and organised by the Human Resources Directors at the worksites.

In both cases, a video was shown in the official language of the country and the Code of Conduct was made available. The Code of Conduct is available in the 17 languages used in the Group.

At the end of the course an opinion survey was distributed in order to assess the impact of the training and the employees' opinions on various aspects. The majority confirmed they were satisfied or very satisfied with the goals that had been set out for the course.

#### **Ethics Committee activities**

The Ethics Committee is the body charged with ensuring compliance with the Code of Conduct and its correct interpretation.

In 2013, the Regulations of Ethics Committee were drafted, establishing the Committee's functions and composition, the communication channels and process for complaints and the internal investigation process to assess whether breaches of the Code take place. These Rules of Procedure are available on the intranet for employees to consult.

In turn, the Rules of Procedure includes the concept of the Compliance Office. This body answers to the Ethic Committee and is responsible for receiving, channelling, tracking, reporting properly and documenting:

- Questions, queries, inquiries and suggestions for improvement from employees with respect to the contents of the Code of Conduct and any document or regulation implementing it
- Complaints from employees or third parties regarding actions that, to their knowledge and belief, may constitute alleged violations of the Code.

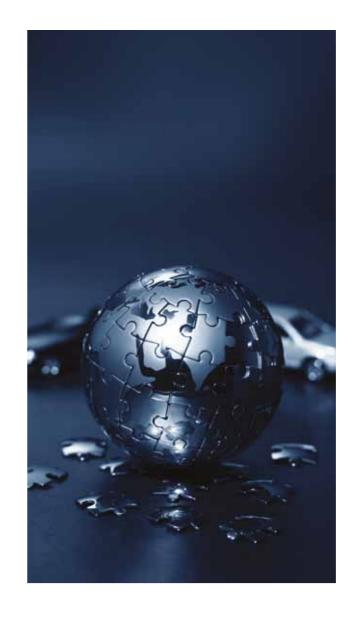
Among the objectives of these Rules of Procedure is to ensure that those filing such complaints in good faith are held harmless and, at the same time, to preserve the honour and the presumption of innocence of all employees with regard to malicious or unfounded communications.

Gestamp employees have various communication channels. They may contact the Director of Human Resources of the organisational unit to which they belong through any of the communication channels available or, if they so wish, they may use the Communication Channel on the website (www.gestamp.com\codeofconduct). The Ethics Committee met in July and November 2013 to monitor the implementation of the Code of Conduct and the assessment of the communications received through the various channels. Out of these meetings came specific regulations designed to cover certain aspects of the Code.

50 notifications via different channels were received as of 31 December 2013, of which 30 were related to Code of Conduct breaches (13 Respectful work environment and fair treatment, 7 Asset protection, 3 Harassment, 1 Bribes and corruption, 1 Health and safety, 1 Acceptance/ offer of gifts or invitations, 1 Limitations and conflicts of interest, 1 Truthfulness of information, 2 Other).

After initial investigations, 6 were dismissed due to lack of proof or evidence. Investigations into the remaining breaches notified gave rise to 22 dismissals, and as of 31 December 2013, 2 cases were still open pending resolution. The other notifications were suggestions for improvements to protect assets and several interpretation discrepancies were resolved.





#### Regulations

In 2013, the Ethics Committee drafted the Gifts and Tokens of Appreciation Policy aimed at standardising the exchange of gifts or tokens of appreciation between employees and third parties, understood as applicable in both directions.

The document does not apply to internal relations among Group employees. If there is a local procedure in a company that is more restrictive than this general Group rule, the local policy will apply. Any local rule must meet the requirements of the general rule.

The regulation defines the requirements to be followed as well as the behaviour expected with regard to the exchange of gifts and invitations and making donations. It also sets out a prohibition on accepting or offering cash gifts.

In 2014, the groups most susceptible to this type of exchange due to their relationship with third parties will recieve a training course.

It is planned to extend the regulations within the framework of the Code of Conduct. The following rules and procedures are envisaged: limitations and incompatibilities, conflicts of interest and the use of privileged information in financial transactions.

#### STAKEHOLDER ENGAGEMENT

Strengthening the Group's communication with its stakeholders is a constant for Gestamp. Our global position means that we have a great variety of stakeholders with very different needs and expectations. For this reason, our relationship with them is mainly handled at the local level. Throughout 2013 we worked at the Group level to standardise and establish new channels of dialogue able to respond to and to reflect our Group reality.



- Public administrations
- Academic sectors
- The Media
- Sectorial associations

#### With our employees

Communication among more than the 30,000 employees in the Group worldwide is aimed at:

- Strengthening corporate culture
- Enhancing the sense of belonging to the Group
- Promoting cooperation and coordination between workers, involving staff in essential aspects of the business

As a tool to achieve these objectives, in 2013 Gestamp launched a new corporate channel for global communication with all its employees. Available in 15 languages, One Gestamp is the new corporate intranet that integrates information for the Group's 96 manufacturing facilities; it contains the Group's history and strategic concepts, includes organisational information and presents the main economic indicators.

#### The structure of the One Gestamp corporate intranet:

SECTION	CONTENTS
One News	One News is the One Gestamp's area with news about projects, milestones and people
Press clipping	Press Clippings is the review of national and international press on the sector
Employee	Information on the employee him/herself ar the applications that he/she can access
Communities	Creation of spaces dedicated to projects an areas of knowledge
Gestamp Group	Institutional information about the Group
Employment opportunities	Publication of job openings
Transactional	Management of expenses, trips, holidays (coming soon)

The structure of One Gestamp meets the internal communication criteria set by the Group and listed in the 2014 **Internal Communications** Plan:

- Business focus: the keystones of our information relate to efficiency, quality, safety and people. For this reason, the news published in One News will always maintain some of these components as a way to set us apart in our relationship with customers.
- Content personalization: The information will be accurate and appropriate to the target audiences. One Gestamp enables the creation of private spaces for groups based on geographical segmentation, professional or project-related category.

	OBJECTIVE
e	To strengthen internal communication through news and best practices as inspiration for the rest of the Group
nd	To promote greater knowledge of the business and the automotive industry
nd	To facilitate communication with other employees within the Group
nd	To Increase cooperation between teams
	To strengthen corporate culture
	To harness talent, promote internal mobility
	To improve process efficiency

- Collaboration: Internal communication at Gestamp will focus on integration and teamwork. Through the communities, teams can share documents, discuss matters in forums and interact online around a common project.
- Decentralised communication: At Gestamp, internal communication has a global scope, while at the same time it strengthens communication developed locally. The creation of spaces for local intranets within the One Gestamp platform has been scheduled as part of the development of the scope of this intranet.

#### With our customers

Customer relationship is one of our priorities. Not only do we want to offer products of great value, but also to anticipate their expectations. This is why we work closely with them from different areas.

Meetings at the highest level are held annually with all customers where, in addition to reviewing shortterm forecasts and results, longer-term perspectives and opportunities are analysed. These include the development of common strategies, new technologies and any needs that the customer may bring up.

Our R&D areas are in constant contact with our customers' technical departments with proposals for new developments and working with their design areas on improving systems and products. An important part of this activity is to anticipate their needs with innovative and feasible technical solutions.

Our manufacturing units have the most operational contact, every day, with our customers' plants, meeting their requirements, listening to their needs and solving problems that may arise.

Customers pay regular visits to our manufacturing facilities to conduct audits and contribute to our continuous improvement, both in terms of quality and of processes.

Moreover, a Rapid Escalation Procedure was created in 2013 so that, in the event of an emergency, any customer can receive assistance within 24 hours.

All the above shows that the processes we follow promote dialogue and exchange with our customers in both directions. If we add to this the results obtained so far, we have reason to believe that the Group's communication channels with its customers are fully defined and satisfactory.

#### With business partners

We occasionally rely on regional strategic partners as we enter new markets to reduce the risks of starting up projects and to benefit from our partners' direct knowledge about local requirements and customer needs. Two examples of these joint ventures are the operations that we have in Turkey with Beycelik and in Russia with Severstal.

We also have financial partners in some joint ventures in order to reduce the financial costs of entering new markets.

In 2013, we entered into a strategic alliance with Mitsui, which we hope will bring us not only financial support but also strategic benefits such as strengthening our relationships with Japanese auto manufacturers.



#### With investors

In May 2013, Gestamp placed its first bond issue worth 768 million euros, which included a tranche of 350 million dollars and a tranche of 500 million euros. Approximately 250 investors bought during the initial investment. There is an active buying and selling market for the bonds in the market.

On the occasion of this issue, a section of the corporate website was enabled to channel information and respond to inquiries from investors. The Group's financial results are published quarterly and conference calls are organised to explain the results.

Additionally, conferences in Europe and the United States are attended, and face-to-face meetings are held with investors throughout the year.



#### With our suppliers

At Gestamp, our relationship with our suppliers is key to managing the business. Locally, each facility has a close relationship with them that is based on trust and commitment. Main, day-to-day management of our suppliers is centralised through our suppliers' portal. This tool enables us to have an open channel of communication, helping them to constantly improve their products or services, because this will:

- Simplify and harmonise the Group's procurement process.
- Unify indicators for decision-making.
- Set the criteria required, depending on the type of supplier (raw materials, components, machinery and tools, or indirect purchases).
- Ensure compliance with legal and sustainability requirements, among others.
- Channel queries, complaints or suggestions that may occur during the purchase process faster.
- Generate positive and transparent competition.

In addition, the portal allows us to address and respond to their demands and queries, thanks to the mailbox created for such purpose. We strive to always provide a response in a timeframe of less than 48 hours. In 2013, we responded to than 2,000 queries, and we also have a telephone line set up where we provide direct support to suppliers in several languages.

With all this, Gestamp's Purchasing area aims to position its suppliers in an environment of growth and expansion, where mutual benefit and win-win relationships are key.

#### With our local communities

Our global positioning and for efficiency reasons, dialogue with the communities where we are present is recommendable at local level, in the field.

Our facilities have influence in the areas we operate in, for the purpose of employment and as economic catalysts; our units and the employees themselves create relationship with the society in which they work by contributing time, expertise and solidarity.

Fruit of the dialogue and the assessment of opportunities for collaboration, our facilities are represented in regional and local working groups and provide resources for training activities or provide support to initiatives related to improving health and well-being.

This is just one example of the intense involvement with local societies which is addressed in greater detail in the section "Involved with society".



#### With institutions and the media

The mission of the corporate area of Communication and Institutional Relations is to enhance and protect Gestamp's corporate reputation. The main objective consists of giving the company a voice and influence in opinion forums where decisions are taken on matters relevant to their business, in regulatory, political and economic milieus, as well as finding out about and managing their expectations in relation to our business.

The first steps in this area, which was established in early 2013, in terms of institutional relations have been aimed at establishing or consolidating relations with the public relevant to the company in the principle key markets. The initial process has identified academic sectors, industry and business associations, national and international forums related to issues such as industrialisation, internationalisation and innovation, regulators, legislators and opinion leaders likely to have an impact on Gestamp and vice versa.

Together with the dissemination of content to the media and managing Gestamp's public presence, other tasks are carried out, such as coordinating awards and recognitions granted to the company or responding to analysts, business schools, industry associations or specialised media in the form of questionnaires, op-ed articles, participating in round tables and case studies. Lastly, events such as grand openings, anniversaries and public presentations are organised and plans with action steps are designed and executed to respond to crisis situations which may affect the reputation of the company, along with communication plans to support other projects and functional areas.

### Sustainability at Gestamp for our stakeholders

After the publication of Gestamp's first Sustainability Report, we conducted an opinion poll with the stakeholders that we consider key. The purpose of the survey was to:

- Take into account the aspects that are most interesting to them regarding sustainability.
- Discover how much their perception of the company changed after reading the Report.
- Improve the quality of the content, the design and structure of the next Report.

The stakeholder groups with the highest participation in the survey were employees followed by suppliers and customers. We were able to draw some conclusion from studying the results:

The Report made it possible to improve knowledge about the Group and its economic aspects; these were the two highest rated sections. However, our stakeholders asked us to attempt to provide more quality information about our activities in the local communities where we operate.

Respondents suggested that we provide more detailed information about R&D activities, quality and economic aspects, and that we should include more case studies.

The majority of respondents stated that their perception of Gestamp had undergone a very positive change with regard to sustainability and their knowledge about the company.

The ideas contributed and the results obtained have served as an inspiration to us when we prepared this Report.



## OUR PERFORMANCE

Over the next several sections, we will explain our performance for each of the areas and their evolution compared to 2012.

We also highlight issues we believe to be relevant based on studies of the industry and the comments made by our stakeholders in the opinion survey on the last Report. The most significant 2013 data for Gestamp are as follows:

### **ECONOMIC** DEVELOPMENT **AND BUSINESS STRATEGY**

82% growth in sales over the past 3 years

€5,789 M turnover

€594 M EBITDA

## R&D 12 centres

1.000 employees

## 11 **PEOPLE**

5% growth in personnel compared to 2012 and 68% over the last 3 years

92% permanent employees

> 75% of the workforce is under the age of 45

15% are women

1.5% of the people have some disability

22.9 training hours per employee



#### **OCCUPATIONAL HEALTH AND** SAFETY

0.19 Accident Severity Index

€13.3 M in improvements and risk management programmes

131 people dedicated to Health and Safety management

3.6% improvement in working conditions

7.2% improvement in management



79% ISO 14.001

406,390 tonnes of CO<sub>2</sub> equivalent emitted into

54,134 tonnes of waste generated

### **ENVIRONMENT**

of the manufacturing facilities have

the atmosphere

1,259,776 m<sup>3</sup> of water consumed



289 supplier audits

93% of suppliers of raw materials and components have quality certifications

**399** apprentices receiving job-related training in the Group

### €592,138

earmarked for contributions to society

#### 696 employees participated in volunteer activities



## 01 ECONOMIC DEVELOPMENT AND BUSINESS STRATEGY

2013 economic results Main economic indicator Our strategic priorities Risk management Outlooks for 2014 BEST PRACTICES

We strive to be an indispensable partner to automobile manufacturers. To achieve this, we focus our strategy on providing a comprehensive and coordinated response, having a diversified product portfolio and by investing in innovation and technology while maintaining quality and efficiency in our operations.

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#### 2013 ECONOMIC RESULTS

#### The macroeconomic context

2013 has been again a very complex year on a macroeconomic level with limited global GDP growth, and at a rate lower than in 2012. Although it is true that several risks that were looming at the end of last year did not materialize (such as the fiscal cliff in the US, a severe slow-down in the Chinese economy and challenges to the integrity of the EU), several significant factors did in fact have a strong negative impact on 2013, such as the disappointing development of the economy in Euro zone, and problems in emerging economies such as Brazil, Russia and Turkey whose currencies have suffered significant devaluations.

#### The Automotive sector

On a global level, the Automotive sector has been a true reflection of the macro-economy in 2013. The worldwide production of light vehicles grew 4% last year to 84.8 million units, with positive contributions from China and North America, while Europe and Japan were a drag on world growth rates.

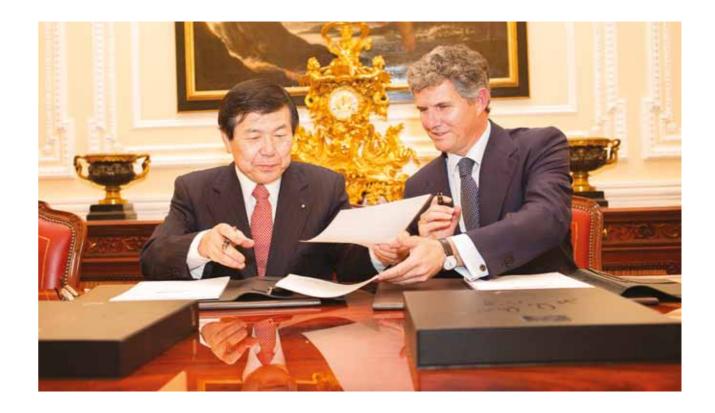
#### The Group in 2013

Against this background, revenue has reached 5,789 million euros, a similar figure to the prior year. The growth in sales from new projects, especially in China and the US, has mitigated the decline in sales from Europe and the negative effect of the depreciation of foreign currencies against the Euro. Sales that were lower than budgeted, combined with the high cost of launching several growth projects worldwide, have led to lower results vs. the prior year, with consolidated EBITDA declining by 4% to 594 million euros.

Despite the disappointing results in 2013, last year needs to be understood as a consolidation phase after the strong growth, which the Group has experienced since 2009, when revenue was 2,032 million euros and consolidated EBITDA was lower than 223 million euros. In this 4-year period, Gestamp has undertaken ambitious growth, acquiring two important German Groups (Edscha and the Metalforming Division of ThyssenKrupp) and investing more than 1,700 million euros in new plants and projects.

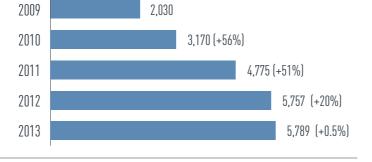
#### Strategic agreement with Mitsui

However, beyond the financial results, 2013 has also been very important on a strategic level for the Group: firstly, as a result of the closing of the investment agreement signed with the Japanese group Mitsui in the prior year by which Mitsui has acquired 30% of our operations in North and South America. This transaction not only will reinforce our position in those geographies in the future, but foremost it will enhance our relationships with key Japanese manufacturers with the help of our new partner.



#### Evolution of turnover (in millions of euros)

#### 2013 has been the year of consolidation after the strong growth of last years



#### Bond issue

In addition to the Mitsui investment, the Group has taken an important step forward by undertaking a profound change in its finance strategy. Through its inaugural issuance of bonds in the European and American capital markets and the agreement with its main institutional lenders, the Group has extended the maturity profile of its debt, at the same time reducing its dependence on bank financing.

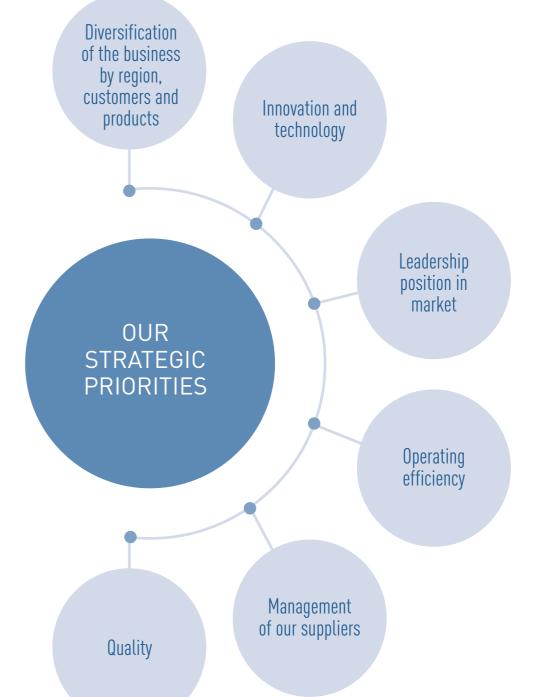
#### MAIN ECONOMIC INDICATORS

The performance of the main economic indicators for the 2007-2013 period is shown below:

	2007	2008	2009	2010	2011	2012	2013
<b>EBITDA</b> (in thousands of euros)	275,011	269,630	223,236	390,026	547,419	620,073	593,700
<b>Pre-tax profit</b> (in thousands of euros)	81,692	41,314	26,112	146,089	230,003	262,568	140,144
<b>Net profit</b> (in thousands of euros)	70,631	47,480	28,114	113,082	172,614	186,134	107,481

#### ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

Economic value generated (in thousands of euros)	2011	2012	2013
Net turnover	4,774,622	5,757,314	5,788,663
Others	139,198	114,832	150,221
Total	4,913,820	5,872,146	5,938,884
Economic value distributed (in thousands of euros)	2011	2012	2013
Expenditure, suppliers	(3,165,268)	(3,635,257)	(3,553,053)
Expenditure, workforce	(733,879)	(989,572)	(1,060,002)
Other operating and finance expenditures*	(788,798)	(1,000,742)	(1,180,097)
Payments to government entities (taxes and fees)	(57,389)	(76,434)	(32,663)
Total	(4,745,334)	(5,702,005)	(5,825,815)
<b>Economic value retained</b> (Economic value generated minus that distributed, in thousands of euros)	168,486	170,141	113,069



\*Data obtained from the consolidated financial statements as of 31 December 2013



#### Geographic diversification

We have a global presence with 94 manufacturing facilities in 20 countries on four continents, with two additional plants under construction as of 31 December 2013.

Since 2007, we have focused on expanding outside our traditional markets in Western Europe in order to gain entrance into North America, South America, Asia and Eastern Europe, where we have been able to respond to the growing demand for our products driven, in part, by the significant increase in vehicle manufacturing, in particular in the United States, Mexico, Brazil, China, India, Thailand, Turkey and Russia.

As part of the customer-centred approach of our expansion strategy, we have been proactive in managing

decisions on when and where we should expand in our growth markets by coordinating our deployment plans with the automobile manufacturers that we supply.

Since 2007, we have opened 22 manufacturing sites outside Western Europe, with two more under construction.

Our broad geographic diversity allows us to take advantage of global growth opportunities and has helped to mitigate the impact of the fluctuations in regional demand of our business during economic crisis periods.

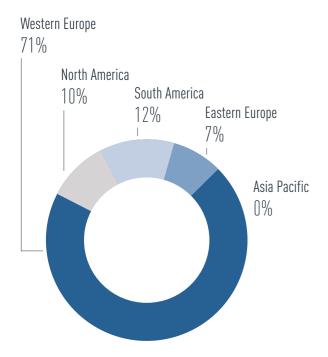
The following charts show the evolution of our geographic diversification between 2007 and 2013 in terms of revenue:

#### **Customer diversification**

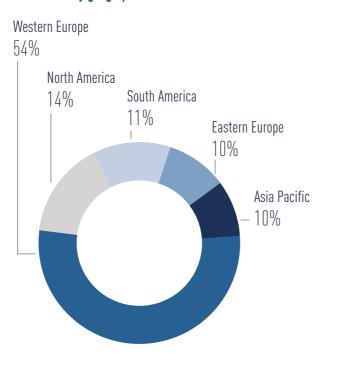
We have a well diversified customer base that includes the 12 major car manufacturers by production volumen, compared to the seven we had in 2007. As of year-end 2013, our top three customers accounted for 49% of our sales, while in 2007 they accounted for 60%.

We have pursued a strategy of customer diversification and have forged new global relationships with Jaguar Land Rover, Hyundai, Toyota, Honda and other OEMs with whom we had a limited relationship before 2007.

#### 2007. Sales by geographic distribution



#### 2013. Sales by geographic distribution





#### **Product diversification**

Our historic product portfolio consisted primarily of Body-in-White products and, to a lesser extent, Chassis products. With the acquisition of ThyssenKrupp Metal Forming in 2011, we strengthened our position in Chassis products. Sales of our Body-in-White and Chassis products represented 80.8% of our total revenues in 2013.

The acquisition in 2010 of Edscha, a manufacturer of Mechanisms products, enabled us to diversify our product portfolio by further increasing the range of products we can offer our customers. Sales of our Mechanisms products represented 12.2% of our total revenues in 2013.

The diversification of our product portfolio has helped us to strengthen our strategic relationships with our main customers, who are able to turn to us for innovative and market-leading product solutions across the value chain.

#### Innovation and technology

We work in a highly competitive and globalised industry and this obliges us to constantly adapt in order to meet our customers' needs and expectations, as we are their technological partner in our field.

One of the global trends in the automotive industry is the growing inclusion of innovative, technologically advanced products and components in vehicles that will improve the safety of passengers and other road users, reducing weight and, consequently,  $CO_2$  emissions.

According to studies we have performed internally, we estimate that a 10% weight reduction in a vehicle weighing 1,500 kg produces an emissions reduction of 10 to 20 g  $CO_2/km$ .

In terms of safety, we have shown through different crash test, e.g., when hit head-on, that a vehicle equipped with high-strength crossbeams has a deformation of up to 60% less than a vehicle equipped with standard crossbeams of the same weight. Currently, in our R&D areas, we are working on hot-stamped crossbeams in order to obtain controlled deformable areas on the crossbeam itself and thus optimise the energy absorbed in accordance with the specifications of customers and markets.

When designing and manufacturing our products, we work closely with automobile manufacturers from the early stages of development to final production, in some cases even 5 years before the vehicles are produced on the assembly line. Besides allowing us to meet their expectations in terms of current products, this collaboration makes it easier to jointly develop concepts, technologies and advanced solutions for the future.

During the process of conception, design and production of a product, we focus our efforts on reducing weight and increasing passive safety, as well as on comfort, durability, recyclability at the end of its design life and quality, which are the main demands of manufacturers today. These demands entail an increased use of high-strength steels, and have made hot stamping a key technology for the sector.

The Group is one of the pioneers in this manufacturing process; we have many years of accumulated experience and knowledge. We have made significant investments over the past three years aimed at developing and extending this technology around the world, so that we can meet growing demand from automobile manufacturers for our products.

We are the world's largest supplier of hot-stamping parts. As of 31 December 2013, we had 50 hot stamping lines installed around the world, and we will have 56 lines installed at the end of 2014.

Our innovative products and our market-leading processes have been developed through our R&D, which has a team of about 1,000 people.

These teams are distributed at the 12 R&D centres we have scattered all over the world, as well as at manufacturing sites.

Our R&D teams have cutting-edge design and simulation tools, and develop other specific ones internally in order to improve processes and add efficiency and time saving. In addition, we have laboratories for testing the resistance and reliability of mechanisms with specific machinery for the material assessment via prototypes of the developments designed. Passive safety tests and crash tests are performed in our laboratory in Sweden.

For more information about the work performed by our R&D teams, please see the Best Practices at the end of this chapter.

#### Leading position in the market

Manufacturers are increasingly collaborating with suppliers to design car models based on common platforms. In turn, the latter try to consolidate their supplier base by giving increasing attention to international suppliers that are technically and financially strong and able to produce compatible, high quality products at competitive prices. As a result, we large suppliers, with our multiple technologies and high quality, are better able to win orders and continue to grow.

We believe that, globally, we are the leader in the majority of our products. In 2013, we were recognised in the ranking compiled by Automotive News with position 25 of the largest suppliers of automotive components by volume of sales.

Our technological and R&D capabilities, our global manufacturing and business approach, our operational efficiency and quality, and our track record of financial stability enable us ultimately to develop a competitive advantage over our competitors, ensuring strategic relationships with automobile manufacturers.

#### **Operating efficiency: ONEGestamp**

Launched in 2013, ONEGestamp is a strategic programme directly promoted by Gestamp's Top Management. It aims to define and implement a new and improved operational model that will leverage the current strengths and capabilities and will help Gestamp to achieve its strategic business goals in the following years.

The programme's main goal is to strengthen Gestamp as a global and integrated organisation that can offer and deliver efficient global and local solutions to its customers. The three pillars of the programme are:

- **One Team:** To improve collaboration by implementing global collaboration tools and processes and promoting global culture.
- One Process: To increase process efficiency by implementing common processes and tools across the the entire organisation.
- One Data: To enhance reporting and decision making processes by standardising data and consolidating sources of information.

Based on these three pillars, a list of areas of improvement in the organisation was identified and agreed during the first half of 2013. These areas were prioritised by Top Management, which led to the programme being focused on the most critical areas and to the launch of the following projects:

- New Product Related Processes (pre-industrial processes): A project that aims to optimise the new product related processes with special focus on project execution. (RFQ management, Project management of awarded contracts Process design and production engineering processes)
- Capacity planning and management: This project will implement a common capacity management tool with planning and forecasting capabilities that will lead Gestamp to better decision making in the commercial and business planning processes.
- Process Taxonomy: This project will implement a process management framework and tool that will support common processes definition, sharing and optimization throughout the organization.

All these projects are currently on going.

#### Quality

The automotive sector is one of the sectors that requires a higher level of excellence in quality. This requirement extends from the manufacturers to the entire supply chain and is the basic driving force for all links on the supply chain.

Our first Corporate Principle reflects this mandate, which also forms the basis of our long-term commitment and therefore becomes the priority for each and every one of us at Gestamp.

All our facilities have developed and maintain a Quality Management System and are certified in accordance with the ISO/TS 16949 standard. Some of them are located in countries with local standards, or at the customer's request, are certified in accordance with VDA or QS 6000, for example. Newly built plants have a defined, specific deadline for obtaining the certification they need to deliver products to customers.

At the division and group level, all plants conduct a monthly check and follow-up through which we assess the parts per million (PPM) that are rejected by the client in terms of deliveries, as well as the claims per million (CPM) at the plant and customer level.

During 2013, we achieved an 11.7% reduction in the number of PPMs at Group level and a reduction of 4.4% in the number of CPMs. We were able to improve the intended target by 15%.

All incidents that occurred during the year were solved between automobile manufacturers and the Group, and were handled properly within optimal timeframes. This has meant that end users have not experienced any problems, and no vehicles in the hands of end users have been recalled in relation to products supplied by the Group during 2013.

The management of these incidents has been instrumental in their resolution, so it has not been necessary to activate any of the insurance guarantees the Group has taken out.



#### Managing our suppliers

Managing suppliers in the supply chain is a prerequisite for the automotive industry. Just as automobile manufacturers closely monitor their suppliers to ensure compliance with delivery deadlines and a specific level of quality, at Gestamp we do the same with our suppliers. The quality of materials and components supplied by our suppliers influence the quality of the final product we deliver to our customers.

During 2013, a total of 27,898 suppliers were registered in our Suppliers' Portal, 71% of which were awarded a purchase contract.

Depending on the type of product or service they offer, our suppliers are classified into the following categories: raw materials, components, machinery, tooling and general purchases.

The suppliers with the greatest weight and which are strategic for our business are the raw material suppliers; they are responsible for more than 50% of the purchases made. Steel is the material we buy in the largest quantities.

#### **Suppliers**

Total number of suppliers

Total number of suppliers with purchase contracts awarded

Most of the suppliers we work with are local suppliers, which promotes the economic development of the communities where we operate.

Managing suppliers is done directly from the manufacturing sites, which facilitates compliance with the Group's quality and environmental policies and with our customers' conditions, as well as the monitoring and inspection of quality levels.

Specifically, all suppliers of raw materials or components, representing nearly 70% of the turnover, are required to have ISO TS 16.949 or ISO 9001 certification and ISO 14.001 certification is positively regarded.

In the event that a supplier does not have the compulsory certifications, time is given to obtain them and an action plan is required.

The "Involvement with society" chapter further elaborates on the quality control we carry out on our suppliers.

2011	2012	2013
22,442	26,706	27,898
13,845	16,238	19,861

#### **RISK MANAGEMENT**

Risk management is of vital importance to the Group, because it allows us to review our business plans, study the relationship between exposure and the current value of the cash flows an investment yields as well as get the accountancy perspective, which allows the status and evolution of the different risk situations to be assessed.

Among the risks the Group considers the most relevant are those relating to:

- Financial risks: associated with fluctuations in the financial markets. The main risks the Group's activities are exposed to are:
- Market risk, materialised in:
- The risks of fluctuations in exchange rates and certain financial instruments such as buying/ selling currencies are used to manage such risks.
- The risk of interest rate fluctuations that may affect borrowing at variable interest rates. The use of instruments such as swap contracts mitigates this risk.
- Liquidity risk: inability to meet its commitments. The organisation's policy is to maintain sufficient liquidity to meet short-terms needs for cash.
- Credit risk, concentrated in the receivables. Each business unit manages this risk according to the policy, procedures and oversight established in relation to managing these risks.
- Risk related to raw material prices. In 2013, 57% of the steel was bought through "re-sale" programmes with customers through whom the customer negotiates the price of the steel. This negotiated price is directly included in the selling price to the customer. The remaining steel purchases are made via contracts negotiated with Group suppliers. In these cases, we negotiate the transfer of the impact of changes in the steel price with our customers.

- Business risk: derived from a possible fall in sales in the automotive sector as a result of the current global economic crisis.
- Legal risk: In limited instances, our Group is subject to lawsuits or out-of-court claims by third parties (such as customers or suppliers). The probability of success in these lawsuits and claims is assessed on an ongoing basis and all the necessary measures are taken to achieve favourable results and to resolve the conflicts.

As we stated in our Annual Financial Statements, none of the lawsuits or claims have had a negative impact on our income Statement.

- Risk related to the health and safety of employees: aware that this issue is relevant to the Group, there is a very demanding and strict health and safety policy that applies to all companies irrespective of their geographical location.
- Risks related to climate change: we have identified the existence of regulatory risks that may involve tighter regulation in areas such as emissions reductions. Group policy is to implement an environmental management system, ISO 14001 or EMAS, and invest in new technology projects associated with reductions in CO<sub>2</sub>, which we believe will continue to progress and improve.
- Operational risk: The Group's Corporate Risk Management Area manages the transfer of operational risks to the insurance market. Gestamp Automoción's insurance portfolio comprises various global and local programmes covering its assets, employees, shareholders, activities and risks involving third parties, including a specific programme for environmental risk.

#### OUTLOOKS FOR 2014

In macroeconomic terms, we expect that worldwide growth in 2014 will be higher than in 2013, with improvements in the more developed economies – mainly in the US but also in Europe and Japan – and more uncertainty with regard to growth in some countries which experienced high growth rates in recent years but which showed signs of fragility in 2013. In this context, the gradual reduction of monetary stimulus from the US Federal Reserve may drain funds from emerging economies and cause a depreciation of their currencies, resulting in lower growth in the short term.

In this economic context, we expect a moderate growth in vehicle manufacturing in 2014, varying by geography, and growth in the euro zone for the first time in three years.



We expect Gestamp to experience a significant increase in sales compared to the prior year due to the improvement in the European market as well as to the ramp-up in a significant number new projects we have developed over the past two years.

This year the Group will moderate the high level of investment of recent years but will maintain its commitment to long-term growth, with two new plants starting operations in Mexico and Russia.

On a financial level, improved results due to higher sales, along with the moderation of investments, are expected to lead to a reduction in debt and to a significant improvement in our financial ratios this year.

## BEST PRACTICE

## AT OUR CUSTOMERS' SIDE AS THEY GROW

Gestamp Auto Components (Shenyang). China: Creating a new plant.

By: Jamie Mitchell, Shenyang Plant General Manager



#### PART OF GESTAMP'S DNA

One of the pillars of our Group's strategy is to be at our customers' side, wherever they go. We are a global partner for vehicle manufacturers and we have the knowledge and experience to set up and get plants up and running in a short time.

In accordance with these criteria, towards the end of 2011 we considered the possibility of providing services to our customers in northeast China from a location in the area. After some consideration, the location chosen was Shenyang.



#### > THE CONSTRUCTION OF THE PLANT

The plant had to house hot and cold stamping equipment, welding systems, laser cutting facilities and several production lines. The total area available was 103,600 m<sup>2</sup>, of which 45,470m<sup>2</sup> was for buildings.

A senior multidisciplinary team was designated comprising a number people from the Group's functional and geographical areas which remained on-site from the beginning of the project.

We started with the preliminary studies and layout in December 2011.

The implementation project was complex; we had to coordinate all the facilities, building work, operations, suppliers and arrivals of equipment so that everything went according to plan. During this process, we received strong support from the technical, functional and purchasing areas within the Group.

Earthworks began in April 2012 and the first main column of the metal structure was put into place in July of that year.

The first major equipment, the hot stamping line, arrived at the plant in September. The next installation to arrive was the cold stamping line, which was delivered in November.



#### > LARGE INVESTMENT

- The total investment in the plant was around 60 million euros.
- Over 90% of suppliers who worked on the construction of the plant and its facilities were local, so most of the investment stayed in the country itself.
- To build the plant, 12,000 m<sup>3</sup> of concrete, 10,500 m<sup>3</sup> of asphalt and 2,000 tonnes of steel for structures were used. For the electrical system, 76,000 m of different types of cable were used to service the production line equipment and to cover the plant's remaining needs.

#### ENVIRONMENTALLY-FRIEND AND SAFETY

During the plant construction, there were no serious accidents of company, subcontracted personnel or supplier personnel. This is satisfactory, given the high number of company and external people involved in the work. There were no environment-related incidents either.

#### SELECTION, RECRUITMENT AND TRAINING OF EMPLOYEES

The selection of the plant's management team began in February 2012. Once it was finished, in August of the same year, the process for recruiting the rest of the employees began.

Training was also started immediately after this in August. At first, the training was given by Gestamp trainers, in both the plant itself and in its sister plant Gestamp Kunshan. This training was completed with specialised training from the manufacturers of the equipment installed in the plant.

By the end of 2013, nearly all of Shenyang's 193 employees were locals; only two people were not of Chinese nationality.

#### > PRODUCTION START-UP

After the start-up of the facility, the first manufactured part correctly rolled off the line in December 2012 and we made the first customer delivery the following month.

In the early months of 2013, we worked hard to get samples, prototypes and pre-series for our customers, fine-tuning our technical and human teams.

Our plant's official opening took place in April, and was attended by our President. Soon after that, in May, that we started our second shift and, in June, our first mass production.

In the second half of the year, we began a second mass production for another customer.

Only nine months passed between the start of the earthworks and the first delivery of parts, a good record for a plant with characteristics like ours.

#### **INVESTMENT RESULTS**

- 60 million euro investment
- A year and a half passed from the launch of the project to the start of production
- 90% local suppliers
- 193 employees from the local community and two expatriate employees
- The ppm at the end of 2013 were below 50



## CHASSIS RESEARCH AND DEVELOPMENT

Teamwork designing excellent chassis.

By Tom Larsen, R&D Technical Center Manager.



#### DESIGN, A CHALLENGE FOR CHASSIS PARTS

Designing chassis parts is key to the performance of a vehicle. These parts connect the wheels to the car. They have to bear tremendous force, they affect the way the vehicle drives, they dampen the noise and vibration entering the vehicle and, in addition, they have to be lightweight and provide security for passengers. To simultaneously achieve all of these characteristics in the same product is no easy task.



#### THE COLLABORATION OF A LARGE TEAM

At Gestamp, we are able to produce good designs for chassis parts thanks to the expertise of a large team of professionals working together. From the beginning of the projects, not only are R&D engineers involved, but also stamping, tooling, welding and quality engineers, and their contribution is valuable throughout the entire development. Facilities in England, Germany and Spain have constant contact with their closest customers and, together with the technicians scattered world-wide, they share experiences and provide support when needed. This makes knowledge and best practices common and can benefit all our customers, no matter where they are. Communication among all of us is one of the foundations of our strength as a team.

#### WORKING SIDE-BY-SIDE WITH CUSTOMERS

I've been working in this department for over ten years now. During this period, the team I'm a part of in the UK has carried out a number of high-level projects for customers such as Ford, Volvo, Jaguar, Land Rover and BMW. We celebrate a vehicle launch, just like our customers, as it is the result of the effort made and the satisfaction of seeing the results of our work.

## BEST PRACTICE

#### > PUTTING SAFETY TO THE TEST

The chassis assembly is a crucial structure in the passive safety of the vehicle's passengers. This is true not only while driving but, more importantly, in a crash. Safety requirements and specifications have been incorporated in previous phases and are refined and adjusted in the prototype stages, both in-house and through the customers recommendations once they have tested the prototypes sent.

#### STATE-OF-THE-ART TECHNOLOGIES

Gestamp has developed innovative products based on new technologies such as hydroforming high-strength steels, which allows weight to be reduced, thereby improving product performance. This technology also enables the production of complex geometries by minimising the number of assembly components and, therefore, reducing the need for welded joints. The use of this technique in a development for a French client, along with the product's modular concept, allowed us to achieve a 35% weight saving compared to the initial figures, and to reuse the model across the board in several vehicles with the same platform and with minimal changes in the manufacturing done in the plant.

In addition, by taking advantage of the hot stamping knowledge available in the Group, more specifically softzone technology, we create front cross beam designs in which the advantages of this technology are leveraged and used to give different mechanical properties to a single component. Depending on the requirements in different areas, some parts of it will be stronger or have improved welding or elongation performance. By using high strength steels with this technique, we can decrease the thickness of the materials by up to 25%, and reduce its weight, depending on the assembly, by between 10 and 20%.

#### **OUR FUTURE CHALLENGES**

Associated with the concept of weight reduction, Gestamp has made a clear commitment to composite materials, with a special emphasis on the use of carbon fibre in chassis components. As part of this strategy, we have obtained resources for the proper design, manufacture and testing of these materials. The work of recent years has resulted in development programs underway with number of top-tier customers, both European and Japanese, for which several prototypes have been made and testing has been carried out, and we expect to be able to advance to production stages shortly. The parts that are suitable to be replaced by carbon-fibre components with minimal impact on the adjacent parts include front control arms, rear track rods or, in a clear commitment to the future, the front cross beam. By applying these materials, are able to reduce weight, depending on the product, by up to 35% without affecting performance or safety at any time.

By using technologies as well as new materials, the Group is leading the industry's way in its sector, as a pioneer of the introduction of new high performance steels, technologies such as hybrid welding in hydroformed chassis components for rear axle torque and the use of composite materials.





## **BODY IN WHITE RESEARCH AND DEVELOPMENT**

Strategy and safety in vehicle body projects.

By Christophe Cazes, Global BIW R&D Manager



#### NEW END-USER REQUIREMENTS

Car buyers no longer look only at the line or the features, they are concerned about safety and are looking for cars that have the highest level of protection possible. On a global level, the NCAP network conducts crash tests and awards ratings based on the performance and security that vehicles offer their passengers, which makes it possible for any user on any continent to compare car models and results.



#### CHANGING DEMANDS FROM CAR MANUFACTURERS

Throughout my over 20 year career in the automotive industry and from the perspective of having been a former Head of Engineering at PSA, R&D Manager at ArcelorMittal and now Global Director of BIW R&D at Gestamp, I've been able to verify how manufacturers' demands for increasingly lighter and safer vehicle bodies have grown.

#### **>** THE ADDED VALUE THAT SETS UP APART

To meet customers' demands, Gestamp has developed many innovations in the field of steel for vehicle structures using techniques such as hot stamping, laminating and hydroforming, besides using high strength materials or products with controlled deformation areas.

As a technology partner for our customers, we work closely with their technical departments in what we call "co-development". Even when the customer has yet to decide which technical solution is the best fit for the new vehicle and there are still no technical drawings, we work with them to develop the body structure, providing them with innovative ideas and comparing alternative solutions. Our engineers offer their experience and all the potential of our R&D units in the metal mechanics area. This approach continues throughout the project to the mass production phase, and situates us in a leading position in the sector.



#### THE COMPANY'S TEST CENTRE IS AVAILABLE TO CUSTOMERS

CAD/CAE tools permit simulations of the various solutions and the design to be adjusted by numerically validating the crash tests, fatigue and rigidity tests and testing for noise, vibration and hardness. The physical performance of the development is checked by final testing performed in the prototype stage in which the components are subjected to real crash and force tests in our laboratory located in Luleå (Sweden).

At this facility, we can conduct complete crash testing for vehicles, not only of the body but of the entire finished car, in accordance with any international standard.

In view of the results of the tests we are able to propose and validate solutions on-site for our customers. This competitive advantage makes it easy for us to take part in all of the projects of customers of a certain size, always keeping in sight the medium and long term.



We are proud to be helping our customers achieve better ratings in NCAP tests or other standards and from contributing in part with our work to making cars safer.

#### TANGIBLE RESULTS OF OUR WORK

By working with our customers from the very beginning of projects, we are able to provide knowledge and innovation.

In a recent project for one of our European customers, we managed to reduce the overall product weight by more than 10%. To do this, we applied hot-stamped materials in the bumper and designed a dual cell to dramatically improve the robustness of the front spoiler. We also used hot stamping with controlled deformation areas for the front rails and the upper structure.

We have another project for a Japanese manufacturer, where we achieved a saving of more than 20% of the weight of the whole assembly. The door column was designed to be made using hot stamping, but with a special design, by precisely defining the deformation points in the structure and thus ensure the safety of passengers. This project also included the snake-type design in the side profiles. This new innovation was a milestone in terms of reducing weight and increasing safety.

These cases confirm that the use of more resistant materials and new designs can substantially improve the project's initial safety parameters.



## MECHANISM RESEARCH AND DEVELOPMENT

Components that make vehicles safer and more comfortable.

By Heiner Ackers, Head of Core Engineering Hinge Systems



#### PRODUCTS THAT PROVIDE SAFETY AND IMPROVE CONSUMPTION

Just as in the rest of the Group, we are always looking to make the products we manufacture safe and lightweight.

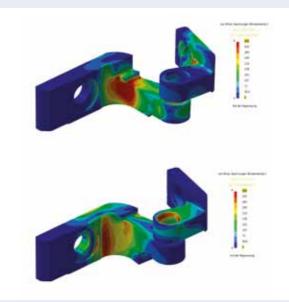
In our R&D offices, we have improved our components by replacing metal elements with plastic ones that provide the same performance. By doing this, we help to reduce the total weight of the car.

We've also developed handbrake systems and bonnet hinges with sandwich-type steel and plastic hybrid materials, which results in a saving of up to 20% in weight.

We are not only dedicated to optimising components through the application of new materials. One of the products that makes us stand out from the rest is our active and passive pedestrian protection systems, our experience in this area dates back to the 90s. In the event of a vehicle-pedestrian collision, the active system is triggered within milliseconds to provide an impactabsorbing area which helps to minimise the severity of the accident.

#### > MY EXPERIENCE AT MECHANISMS

I've been with the company since 2006, when I joined for a year as a student. When I finished studying, I joined the Daimler Customer Team as a product engineer. After holding various positions of responsibility in the area, I became the Core Engineering Hinge Systems department head.



## BEST PRACTICE

#### AT THE FOREFRONT OF THE SECTOR

Over time, our innovative ideas have been accepted by our clients until, finally, our developments become standard in the marketplace.

Years ago, it would have been unthinkable to see our electric hatch-back door opening mechanisms anywhere other than in top of the range cars, but nowadays they are installed in all kinds of cars on a frequent basis, which improves safety and usability for the driver.

Something similar will happen with our automatic door opening systems. These are a great leap forward in making vehicle use more convenient, since they allow the driver to open the door to the extent desired.

#### > TECHNOLOGY TO ENSURE RELIABILITY

Each one of our products has a number of defined specific and reliability tests, aimed at preventing and correcting safety-compromising problems that may arise throughout the product's life that could affect safety.

We have special equipment to simulate operating cycles which, in the case of door locks and hinges, may reach as many as 100,000; these are always run under adverse weather and load conditions.

We even conduct tests to prevent misuse by users, by overloading, dipping into water or applying dust to the entire assembly.

For bonnet closing systems with active pedestrian protection, we have specific equipment and tests to verify the system's pyrotechnic trigger function and the resetting process after the protection mechanism has been triggered.







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Our firm commitment to growth through expansion into international markets was, and still is, one of the keys to Gestamp's success. There is no doubt that without teams that are highly skilled, committed and aligned with the company's strategic objectives and business, this growth would never have happened or would not be sustainable. As we are fully aware of this, one of our business principles focuses on this idea. With the changes experienced by the Group in recent years, our main challenge is to integrate everyone into the same corporate culture and for everyone to work under the same requirement parameters, regardless of the country where they may be, in order to have a global and integrated workforce and, at the same time, to be able to promote their professional career and to offer a quality working environment.

Two important milestones during 2013 helped us to move forward with this integration: training on the Group's Code of Ethics and the launch of the OneGestamp project. Both are discussed further in the chapters on Sustainability, Economic Development and Business Strategy.

Given the importance that the Group confers to Health and Safety, this issue is addressed in a specific chapter.

Adherence to principles like those expressed in the Global Compact, and our own style of management guided by our Corporate Principles, lead us to consider the following variables when managing human resources, aimed at achieving quality employment:

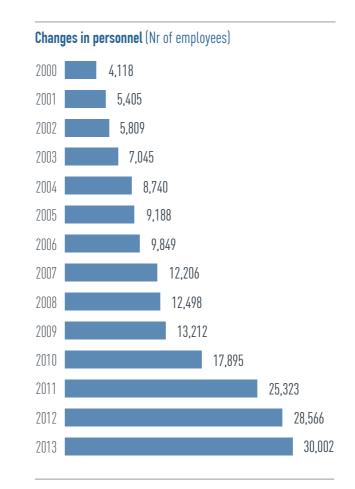
- Caring for Safety and Health
  - Selection policies
- Promotion of ongoing training and career development
- Equal opportunities
- Work-life balance
- Disabilities
- Relationships with employees
- Communication and participation
- Social benefits

#### GENERAL EMPLOYMENT DATA

#### Changes in personnel - Gestamp Group

The workforce has continued to grow, although at a slower pace than in previous years, in virtually all geographic areas where we operate.

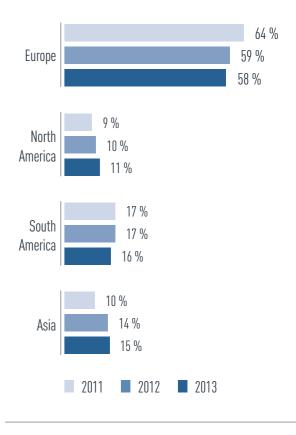
As of 31 December, there were 30,002 employees. This represents an increase of 5% compared to the previous year and an increase of 68% over the past three years.



### Distribution of employees by geographic area

At the end of 2013, 58% of our workforce was concentrated in Europe, while the rest was distributed in South America (16%), Asia (15%) and North America (11%).

Compared to the previous year, in 2013 the number of employees grew in all areas except in South America, where it has remained stable. Since 2011, the figures show that the major growth areas are Asia and North America.



#### **Distribution of employees by geographic area** (% of employees)

### Distribution of employees by type of labour

At Gestamp, we classify the workforce into three broad occupational categories:

- **Direct labour:** manufacturing facility employees directly involved in the production of parts.
- Indirect labour: manufacturing facility employees, whose job is to give direct, specialised support to the manufacturing process, assuring thereby that the process is not interrupted.
- **Structural labour:** all office workers in manufacturing facilities or at service centres.

Following this criterion, as of 31 December 2013, 45% of Group employees fall under the direct labour category, 33% under the indirect labour category, and the remaining 22% of the workforce in the structure category.



### Distribution of employees by type of labour relation

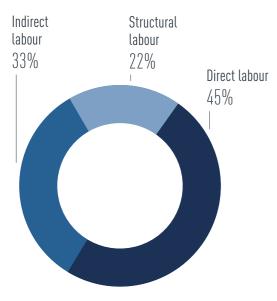
At Gestamp, one of the ways in which we put into practice our commitment to our employees is with employment stability. As the graph shows, in recent years we have maintained high ratios of open ended to fixed term contracts. In 2013, 91% of our employees had open ended contracts and 9% had fixed term contracts.

### Employees by contract type broken down by geographical area

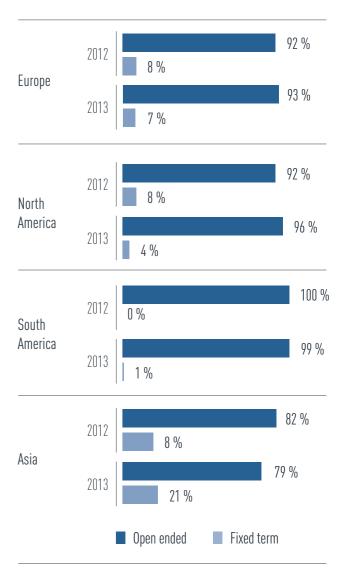
In 2013, we increased the percentage of open ended contracts and reduced the fixed term contracts, compared to 2012.

The opening of new facilities in China has driven the increase in the ratio of temporary workers in Asia.

#### By type of labour in 2013







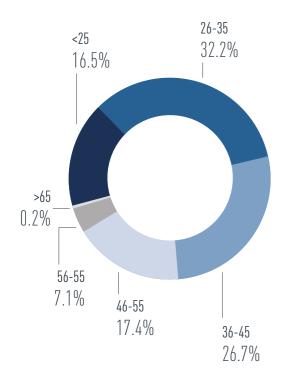
### Distribution of the employees by age group and gender

Our workforce is characterised by its youth; over 75% of the workforce is under the age of 45.

The presence of women is higher in our offices. By country, Slovakia, Japan, the Czech Republic and Portugal stand out as having a higher percentage of women than the Group average.

Among all manufacturing sites, Gestamp Cerveira, to which we dedicate a Best Practice at the end of the chapter, is the manufacturing facility with the greatest number of women in the entire Group.

#### Distribution of the employees by age group



Country	Female	Male
Slovakia	40%	60%
Japan	40%	60%
Czech Republic	33%	67%
Portugal	26%	74%
Hungary	23%	77%
Mexico	19%	81%
France	19%	81%
United States	19%	81%
China	16%	84%
Brazil	16%	84%
Poland	15%	85%
Spain	15%	85%
Group Average	15%	85%
Sweden	14%	86%
Russia	11%	89%
United Kingdom	11%	89%
Argentina	9%	91%
Germany	8%	92%
South Korea	4%	96%
India	1%	99%

	Female	Male
Service centres	27%	73%
Manufacturing facilities	15%	85%

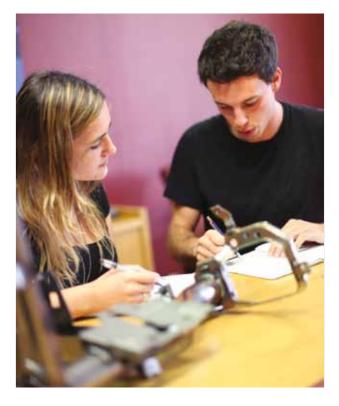
	Female	Male
Direct labour	16%	84%
Indirect labour	7%	93%
Structural labour	26%	74%

#### Workforce turnover

In 2013, the Gestamp Group hired 5.635 people, mostly men, under 45 years of age.

In the same period, 4,706 people were left due to contract termination, voluntary resignation or retirement.

	Fen	nale	Male		Total	
Age range	New Hires	Leavings	New Hires	Leavings	New Hires	Leavings
< 25	228	169	1,812	1,270	2,040	1,439
26-35	312	289	1,773	1,498	2,085	1,787
36-45	164	141	766	727	930	868
46-55	58	64	379	324	437	388
56-65	15	31	121	169	136	200
> 65	3	2	4	22	7	24
Totales	780	696	4,855	4,010	5,635	4,706



Proportionally, the number of women and men who joined and left the company remained the same and did not produce a gender imbalance in the organisation.

#### RECRUITMENT

Each workplace, whether a manufacturing facility or a service centre, has the autonomy to define and manage the recruitment and selection processes. Our common reference framework that sets the minimum basis for the entire Group in this area can be found in the basic principles of non-discrimination included in the Code of Conduct and the respect for human rights; with good reason we have signed the United Nations Global Compact. We also take special care when applying the legislation in effect in the country where we are operating.

Our personnel selection processes are conducted using objective, rigorous criteria, while simultaneously focusing on two aspects: recruiting the best candidates by assessing their skills and academic and professional qualifications, and meeting the needs of the Group. To the extent possible, priority is given to internal promotion versus external recruitment.

In general, the search for candidates is done locally in order to promote employment in the community where operations are taking place. However, when a new manufacturing facility is being opened or when we need highly specialised profiles, we occasionally use support teams from other Group geographical areas which spend a period of time training local staff. This is one way of promoting development and getting the knowledge transferred to the community. Another common source of recruitment in the Group is through the people taking part in dual training programs or doing internships who, once they have finished their training period, are offered the opportunity to work for the organisation.

In 2013, the Mechanisms Business Unit (the companies that make up Edscha) was certified as "Top Employers" and also awarded the second "Top Arbeitgeber Automotive" award in the category of innovation management from the Top Employers Institute in Germany.

The "Top Employers" certification is only granted to those companies meeting the highest standards of excellence in the conditions they offer to their employees. Companies applying to be certified must successfully pass a detailed analysis of their human resources area that analyses the management and conditions the employees have inside the organisation. Of the 23 automotive sector companies that were certified, Edcha also received an award recognising its innovation, which was granted for its forward-looking human resources policies, its ongoing work on optimising its tangible and intangible working conditions and its investment in employee development.

In addition to paving the way, these external acknowledgements certifying the good management of our human resources, make a compelling case when attracting and retaining talent in the Group.



#### TRAINING AND CARREER DEVELOPMENT

At Gestamp, we believe that training our employees is a fundamental tool that ensures their personal and professional growth and the ongoing improvement in our manufacturing facilities and service centres.

#### Our training model: Gestamp Global Learning

A new model to manage employee training and development was launched in 2013: **Gestamp Global Learning**, Gestamp's Corporate University. This model aims to provide effective and comprehensive training for the entire Group through individual plans that are consistent with employees' duties, training needs and goals.

The goals of Gestamp Global Learning are:

- To align the training and development strategy with Gestamp's business strategy
- To ensure that all employees have the skills and competencies required for excellent performance, they are provided through the platform.
- The training process is integrated, standardized and optimized globally
- Know-how is certified, endorsed, shared, and secured
- To contribute to the consolidation of corporate culture and company values

Access to the platform is done via a direct link from the corporate intranet's "One Learning".

Training at Gestamp is structured around four key focal points:

• **Global:** Training programmes focused on knowledge and skills that are essential for the Gestamp Group.

The first course conducted in 2013 through Gestamp's Global Learning platform was training on the Code of Conduct. It was important for the organisation to reach all employees with a single message that was the same for everyone and to have a system to record and document the people who had received the course. (More information in the chapter on Sustainability-Code of Conduct).

• Leadership and skills: Management development programme with specific action steps for developing management skills.

In 2013 a development program took place in which the eleven Directors of Quality participated through classroom and virtual sessions. The main objectives of this programme included increasing the ability to identify high-potential people in the Quality area who need to develop themselves by learning new skills, promoting the availability of geographic mobility and establishing communication channels.

Participants highlighted the improved negotiation skills and the strategic vision that the programme offered them, as well as the good relations they share following the course, that helps them solve day-today difficulties.  Manufacturing technologies and processes: training on manufacturing technologies and processes.

A technological project management tool that stores information centrally and has shared access has been implemented in the Southern Europe Division. This tool allows users to collaborate and exchange information and knowledge with each other.

To implement the tool, two training processes were conducted during 2013 using a video-learning methodology for 50 project managers in the Southern Europe Division and their teams.

Given the good results obtained, in a second phase we hope to generalise this to the entire Group, creating a common base that can be adapted in the future to the specialties of each business unit.

Professional: Training linked to specific professional duties.

In 2013, the IT area, together with the Group's Corporate Training area, designed an IT project management training plan that covered several years (2013-2016). The objective of this plan is to spread the use of best practices in IT project management throughout Gestamp, laying a foundation for standardisation in order to facilitate communication and thus be able to share information among the entire IT team.

One important milestone in the training plan for our project managers, is to obtain the PMI-PMP® (Project Management Professional) certification. The target we have set for 2014 is to have 30% of our project managers PMI-PMP® certified.

At the end of 2013, 148 IT area personnel at manufacturing facilities, divisions and corporate areas had received some training related to project management, with more than 900 hours dedicated to the training.

Global Learning Gestamp plans to further develop in the coming years so that:

- Employees improve their training and monitor their own career development path, connecting with other users, exchanging ideas and accessing the networks of experts.
- Managers empower their teams, showing them clearly what their skills and personal goals are; they ensure that all employees have an active development plan and provide tools for learning and to monitor progress towards these goals.
- Human Resources teams track the learning and development, and monitor the knowledge that exists in the organisation, since the tool has a system to register key indicators.

Furthermore, training plans should be easily organised and managed, and responsibilities allocated to organisations, teams or certain job positions.

#### 2013 training figures

During 2013, the newly built facilities have required. The newly built plants have required an extra deployment in order to train their employees in all the tasks to be done and the Group's systems, work standards and corporate culture.

The total investment made in 2013 was 12 million euros, of which almost half was associated with costs arising from the course. The number of equivalent participants was 223,778. The Group receiving the most training hours was the direct labour group; i.e., manufacturing facility employees directly involved in the production of parts.

A total of 673,740 training hours were provided, mainly using external resources and training staff.



Thus, the ratio of training hours per employee this year was 22.9 hours, an increase of nearly 2.5 hours over last year.

Hours / Training employee 2012	20.6
Hours / Training employee 2013	22.9

At the end of this chapter, we explain Gestamp India's Best Practice, which shows how a training system can impact the business results and processes of a manufacturing facility.

In the "Involvement with society" chapter of this report, we supplement the section on training with actions dedicated to the local communities where we operate.

#### EXPATRIATES AND POSTED WORKERS

One of our Group's strengths is having highly qualified personnel who are able to transfer for a period of time to countries where new projects are being started up (the start-up of a new facility, implementation of a new technology or process, etc.).

At Gestamp Group, we differentiate between two type of groups when considering stays abroad: posted professional staff who are transferred for short periods (less than one year) and expatriate staff, who are professionals that, due to the circumstances of the project and the country move, in most cases with their families, for longer periods (a minimum of year and a maximum of five years).

In both cases, the main goal is to train local employees and collaborate with the launch of the project. This ensures success not only in terms of deadlines and product quality, but also in terms of implementing our corporate culture and policies.

Once the ultimate goal of maintaining the plant activity has been reached in response to customer requirements, in terms of time and quality, and in accordance with the Group's policies, the support (posted) teams and expatriates return to their countries of origin, leaving the plant operated either entirely or mainly by local professionals.

The Corporate Human Resources Department coordinates the corporate policy on expatriation and posted workers. This ensures compliance with the law in all the countries of destination and origin, it offers employees working and social conditions similar to those they enjoyed in their country of origin and maintains these conditions once the contract has ended.

In 2013, there were 102 expatriate and 37 posted workers in the Group, plus support teams who are transferred for shorter periods of time. The largest movements of personnel have been towards China and Russia. The origin of most of the expatriates is Spain, followed by a growing number of people from the United States.

Include among the expatriates is a total of 32 employees from the "Plan Cantera", a programme that originated in late 2012 and which aims to offer a first job abroad to those under 30 years of age.

#### EQUAL OPPORTUNITIES

Equal Opportunities and non-discrimination are part of the standards set out in our Code of Conduct and are relate to Principle 6 of the Global Compact, which we committed to since 2008.

To complement corporate commitments, and depending on the various centres' autonomy in human resource management, this principle has been implemented locally in the form of specific equality plans. At the end of 2013, it was available in 43% of our companies.

The presence of women is rare in both our industry and our company. The percentage of women on Group Companies' boards of directors is 17%, which is higher than the workforce average.

It is difficult to find women during the recruitment process for certain positions like die-makers, welders or maintenance technicians. This is not a profession with a high presence of women, although in some cases there, like the Best Practice at the end of this chapter on Gestamp Cerveira (Portugal), we can see that women make up 47% of the workforce.

We have not had any complaints of discrimination either internally through any of the established channels, or externally. There were three complaints about workplace harassment in 2013. (See the chapter on Sustainability).



## WORK-LIFE BALANCE

To date, there is no common policy in the Group regarding work schedules and personal, family and professional life balance.

The work and time off schedules are agreed at each manufacturing facility or division through their human resource departments and are always in compliance with the framework of the particular collective bargaining agreement and each country's legislation.

Our customers are automobile manufacturers and in this business working "just in time" is essential. Our manufacturing facilities have to supply parts to customers continuously and with tight deadlines. There are usually three shifts; when there is extra demand, there may be an extra one, always planned in advance. Altogether, this means that in areas closely linked to the delivery of parts, establishing personal, family and professional life balance measures is extremely difficult.

However, for job positions where this is possible (structural labour), flexible hours, a compact working day, reduced hours or a schedule adjustment in certain family circumstances are all facilitated.

Thus, for example, working hours in offices located in the Madrid headquarters and in the divisions of Northern Europe and Southern Europe allow for work-life balance and are above the national average.

Of European countries, Spain is last in the queue in terms of measures aimed at balancing working hours and shifts with family life. This is why Gestamp took part in a forum on the Rationalisation of Working Hours in Spain in late 2013. At the event, we shared our model and stated our approach: the assessment of work quantity and quality must be done through achieving objectives; the mere continued presence at a place of work does not ensure good performance.

#### DISABILITIES

In order to facilitate access to employment for people with disabilities, Gestamp Group companies directly recruit and incorporate them into their workforce, or outsource products and services to special employment centres.

At the end of 2013, 1.5% of the Group as a whole were employees with disabilities. The total value of the goods or services procured by our plants from special employment centres where people with disabilities work amounted to  $\notin$ 901,622. Products from this source were procured by 37% of our centres.

We include a Best Practice from our plant in Bielefeld (Germany) on the integration of people with hearing disabilities at the end of this chapter.



#### **RELATIONS WITH EMPLOYEES**

Through its Code of Conduct, Gestamp demonstrates its willingness to work with the unions and other organisations that our employees collectively choose to represent them within the relevant legal framework.

As a rule, each manufacturing facility or division has its own collective agreement; these are negotiated periodically and detail working conditions, rights and duties.

This policy means that each centre can adapt to its own circumstances and specific needs, economic performance and productivity. It also allows workers to better identify with their own workers' committee.

During 2013, 94% of Group companies had a legal framework allowing freedom of association and the right to collective bargaining. For the remaining 6%, the Group establishes the communication channels needed to prevent abusive practices.

Along the same line of protection, in countries where the labour law is more ambiguous, the Group undertakes to clarify and define in the contracts all of the basic aspects that guarantee workers' rights.

The percentage of employees who are covered by specific collective agreements was 61% in late 2013.

Communication with our employees, as well as communication with their representatives, is fundamental for Gestamp, since it enables to build open and trusting relationships. We comply with applicable law in all countries where we operate with regard to consultation and participation. We also facilitate two-way communication channels to provide them with relevant information, but also to understand their actual concerns and worries. Each centre has its formal channels of communication between the company and employees. The most common communication tools are:

- Corporate intranet
- Internal bulletin board
- Survey of satisfaction and working environment
- Suggestion box
- Informative posters
- Newsletter

From 2013, they also have the channel that has been set up in the Code of Conduct. The Group has created the corporate intranet, which keeps personnel informed of the organisation's most important issues, not only at the corporate level, but also at the division, plant and individual levels. We discuss all this further in the Sustainability chapter.

#### SOCIAL BENEFITS

Social benefits (understood as voluntary benefits provided to employees beyond those established by legislation or collective agreements), are another sign of Gestamp's commitment to its employees and their welfare.

This is why a significant percentage of our companies offer employees various social benefits. Each one, based on its budget, type of workforce or agreements reached, offers some benefits of one kind or another that help to improve the working conditions of its employees.

As you can see in the table below, the social benefits offered by most Gestamp companies are like last year's: life insurance, medical insurance and food allowances.

2012	2013
56%	66%
68%	81%
64%	62%
24%	28%
43%	44%
	56% 68% 64% 24%

% of companies offering benefits to employees

#### **NEW PROJECTS**

## Implementation of the SAP HCM (human capital management) tool

In 2012, the Corporate Human Resources Department launched an ambitious project to build a common strategic model that would include the design and implementation of a SAP-supported integrated technological system.

The roll-out for the implementation of this tool began in 2013. This tool will facilitate administrative and organisational management from global and local perspectives that will enable us to obtain the following benefits:

There is a team of 38 employees in human resources and information technology that is putting in a concerted effort to achieve all these benefits in all the countries where we operate. The first phase of this project began in March 2013 and, in terms of operations, the entire Group will be working with this tool in 2015.



#### Benefits at the global level:

Alignment	Ensure the consistency of information and enable common human resources practices within the Group.
Transparency in reporting	Obtain human resource indicators at both the corporate and local levels and provide consistent reporting across the organisation.
Strategic decisions	Allow Human Resources teams to make decisions based on business needs and demands at the various levels (corporation, division, region and plant)
Benefits for the HR tea	ms' in their daily activities:

Information integrity	Have common information across the organisation, optimising the data repository and making processes more standardised thus preventing the duplication of employee infor- mation
Information traceability	Facilitate real-time tracking of information and obtaining reports, both locally and at the corporate level
Continuous Improvement	The tool enables the adaptation to any new improvements made in human resource functions and processes in the future.

#### Job Posting

The geographical expansion and technological development in which Gestamp is immersed require continued efforts to attract professionals to join new projects being developed by Gestamp. In many cases, it is an issue of vitally important profiles with a high level of skills requiring specialised training which is frequently provided only by Gestamp, and there is a limited availability in the market.

Gestamp wants to favour filling its job vacancies with internal candidates because of the following advantages:

- **Higher retention:** An increase in the levels of employee retention and satisfaction by offering new opportunities for promotion and career development.
- Better adaptation: A reduction in costs associated with adapting to the new position.
- Reduction in time: Internal processes are usually quicker than external ones.
- A more detailed evaluation: Internal candidates can be assessed more accurately because their level of performance is already known and there are internal references for them.
- Boost internal promotion: An internal recruitment may result in multiple internal promotions. Internal promotion encourages external recruitment to be done at lower professional levels where there are more candidates and a lower adaptation risk and a lower overall cost.

Currently, as mentioned above, Gestamp manages its recruitment processes in a decentralised fashion through its divisions, supervised by corporate headquarters. The Mechanism Unit, a part of the North Europe division and North America division use use their local intranets to post jobs in their respective fields. Gestamp aims to implement a corporate tool for managing employment offers, "Job Posting", which will permit:

- Centralising the publication of vacancies on the Intranet, the website and corporate media. A subsequent phase will include integration into the employment portals most used by Gestamp.
- Implementing a single database of internal and external candidates available for the human resources departments of the various divisions and business units.
- Manage the selection process in a uniform and comprehensive manner, increasing the efficiency of the recruitment process.
- Increasing the degree of Gestamp's employee retention and satisfaction.



## **SPECIAL CAPACITIES IN QUALITY CONTROL**

Gestamp Umformtechnik. Germany: Integration of people with hearing disabilities

By Carsten Bleckmann, Health and Safety Manager and Training Manager



#### TO IMPROVE QUALITY IN OUR PRESS LINES

At the beginning of 2012, we wanted to improve the quality in our press line. The size of some parts, their architecture and the speed of the assembly line made it difficult for quality checkers to ensure that each part was in perfect condition.

We were evaluating several options to deal with the issue and consulted several sources to settle on one that would work. We found out about the experience of one of our plant's suppliers, who had people with hearing disabilities working on its production lines.



#### RECRUITMENT OF PEOPLE WITH HEARING DISABILITIES FOR QUALITY **CONTROL CHECKS**

We have 55 employees with disabilities at our plant in Bielefeld, and so comply with German regulations in this regard. We prefer them to be part of our workforce instead of subsidising other companies to hire them, as we believe that it is more responsible for our plant to contribute directly to society.

Consequently, we knew that people with disabilities often develop other capabilities to counteract the capability that, in principle, limits them, but this case seemed to be different.

While it might have been easier to adopt a more technical (or more classic) solution, seeing how our supplier managed its deaf workers, which were a majority of its workforce, and that the products it was supplying to our plant and other customers met very strict quality standards, we ultimately decided to opt for this solution.



#### > WE LAUNCHED A PILOT PROGRAMME

Three of our supplier's worker came to our line.

Our Quality Department gave them the training required to carry out their work in accordance with Gestamp's criteria.

The Occupational Health and Safety area got to work on making sure that the line and its surroundings would not constitute a danger for the new workers, since they had not been designed to be accessed by deaf people.

Line staff, particularly the forklift drivers, were trained so that they also could adapt to their new workmates.

#### > SOME DISCOVERIES

Our new colleagues demonstrated a tremendous capacity for concentration and very fine senses of touch and vision for finding those little defects that had previously given us so many problems.

They require no hearing protection, the environment does not affect them and they are able to lip-read their workmates without hearing difficulties from a distance, so they don't need to get close to them to receive instructions or new information.

#### LESSONS LEARNED

For us, the experience has been a very enriching one:

- We have shown that people with disabilities can be perfectly incorporated into environments and jobs where previously there were none, and with good results, which favours integration.
- We have highlighted the value of people with disabilities, because we looked for them specifically, as they have "other" capacities that are more developed than those of their non-disabled colleagues.

With regard to forklift traffic, which had been one of our greatest concerns, our deaf workers have developed their other senses and can detect the movement of forklifts in the vicinity, even if they are coming from behind.

#### > THE OUTCOME

Our deaf colleagues' contribution to checking parts along with small adjustments to the press have been determining factors in improving our quality.

At the end of 2013 we had two deaf workers in Gestamp's own workforce and two more subcontracted workers.

The experience and results have been very positive, and it may possibly be expanded in the future.

There are no communication problems; at meetings attended by all the workforce, a sign language interpreter is always provided by the Integration Office. For day-today activities, we use sign language, lip reading and written language, if necessary.

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# TRAINING AS A LEVER FOR EXCELLENCE

Gestamp Automotive India: GuruKul Project

By Rahul Mali, Training and Development Assistant Manager



#### TO MAKE A 180 ° CHANGE IN THE TRAINING SYSTEM

In 2012, we decided to make a major change in our training system. Beyond being able to show in the audits that our employees were qualified, we wanted it to serve as a tool to transform our employees' behaviour and attitudes and, by doing so, have an impact on the plant's business performance.



#### > THE GURUKUL CONCEPT

This was how the Gurukul Project came into being. In the Hindi language, "Gurukul" means "temple of knowledge", an ancient Indian concept of education based on the idea that students learn from their guru or teacher.

One of our first actions was to hire a Project Manager with a profile that was more training-based than technical. We divided the project into several phases: the first phase focused on more general aspects, while the second phase focused more on specific content related to particular job positions.

The areas we needed to involve were Production, Quality, Logistics, Maintenance and the Tool Workshop.

#### > THE BEGINNING

Once the project was planned, we organised an initial meeting with the entire workforce. We explained the principles, the phases, how it was going to work and the outcome expected. Furthermore, a lot of work was carried out within each department clarifying details and motivating.

On a Saturday in February 2013, we carried out a test to assess the workforce's general level knowledge about basic matters to do with the company, the work, quality and safety. Registration for the next modules started the following Monday.



#### HOW THE PROGRAMME WORKS

The internal operating rules are also simple:

- All employees participate in the programme.
- Each module has a defined time of required study. Half of this time can be done during working hours, with prior agreement with the department head.
- Employees have support both while studying and during exams if they need translation into local languages.

"Gurukul offers a good opportunity to grow both vertically and horizontally within the organisation; this means we have employees that are more flexible and versatile."

"Gurukul will continue to be linked to results, wages and promotions in its second phase in 2014"

Rahul Mali, Training and Development Assistant Manager

#### **EXCEEDING EXPECTATIONS**

Thanks to the programme and to our employees' involvement, our plant is successfully moving forward on the road to excellence within the Gestamp Group and with regard to our customers.

- The programme has been designated a "major improvement" in the last two audits to obtain the ISO TS 16949 Quality Certificate.
- Our plant is among the best in the Group, based on Gestamp's Safety System.
- Our customers have acknowledged our improvement in quality.
- We have prepared new customer quality audits and ISO 14.001 certification through the programme.
- The employee assessment and promotion processes are now much clearer and more accepted.

- There is a clear procedure to retake a failed exam.
- The programme is one of the factors taken into account when extending contracts and is a part of the workers' annual objectives.
- It is an essential condition for a worker to get a wage increase and is the basis of the internal promotion process. Gurukul is also part of the objectives of the department heads.

- Security incidents dropped from 29 in 2012 to 15 in 2013.
- The workforce turnover rate fell from 7.3% in 2012 to 0.5 in 2013.
- Absenteeism in 2013 was 0.5%, compared with 1.5% in 2012.
- As for non-conforming parts for the customer, the 2013 ppm were reduced by 40%.
- We increased productivity by 30% in the most important facilities.



## **PARITY IN CERVEIRA PLANT**

Gestamp Cerveira. Portugal: Equal opportunities for men and women

By Sofia Pestana, HR Manager



#### **COMMITMENT TO WOMEN**

It is rare to find women in the automotive sector and particularly in manufacturing facilities. The atmosphere and the work have historically been considered masculine. At our plant, we've shown that there is nothing that prevents women from having a role with responsibilities, including jobs like maintenance technician, fork-lift truck driver, control equipment technician or welder.

As of 31 December 2013, 297 people worked for the plant, 141 of whom were women.



Department	Number of Women	%
Purchasing	3	75.0%
Human Resources	4	80.0%
Finance	4	80.0%
IT	2	50.0%
Production	109	61.2%
Quality	6	35.3%
Logistics	13	52.0%
Total	141	47.5%

#### HIGH RATIO OF WOMEN

While it seems clear that female personnel have skills that are more developed in terms of detailed tasks that make them potentially more suitable for certain manufacturing jobs, over the years the women at the Cerveira plant have shown that they can successfully do any kind of work. 74% of the plant's direct workforce are women, hence their high percentage in the manufacturing area.

Both men and women see our plant as an opportunity for professional development and growth. In the recruitment process, Gestamp Cerveira searches for the best professionals to meet our needs; and jobs have not been associated with a gender for years. Instead, we look for ability, skill and

# BEST PRACTICE

motivation, regardless of the person. In some cases, given the good work done by other female colleagues, there's a preference to fill the jobs directly with women.

#### GESTAMP CERVEIRA IS COMMITTED TO WORK-LIFE BALANCE

The plant's reputation in terms of the conditions, stability, flexibility, work environment and social benefits it offers has led to local women spreading the word that Gestamp is a nice place to work.

The plant takes care of its women. When a woman is pregnant, her tasks are adapted so that the risk is minimal, or they are given to other women who won't be affected. After the baby is born and maternity leave used up, mothers enjoy a shortened workday so they can care for their baby.

In 2013, we had six women on maternity leave and 11 with a shortened shift.

There is a fact should be taken into consideration: when maternity leave or the period of shortened work shifts ends, 100% of the women return to work.

#### > THE OPINION OF THE EMPLOYEES

Plant Management is very satisfied with how the women have shown their abilities.

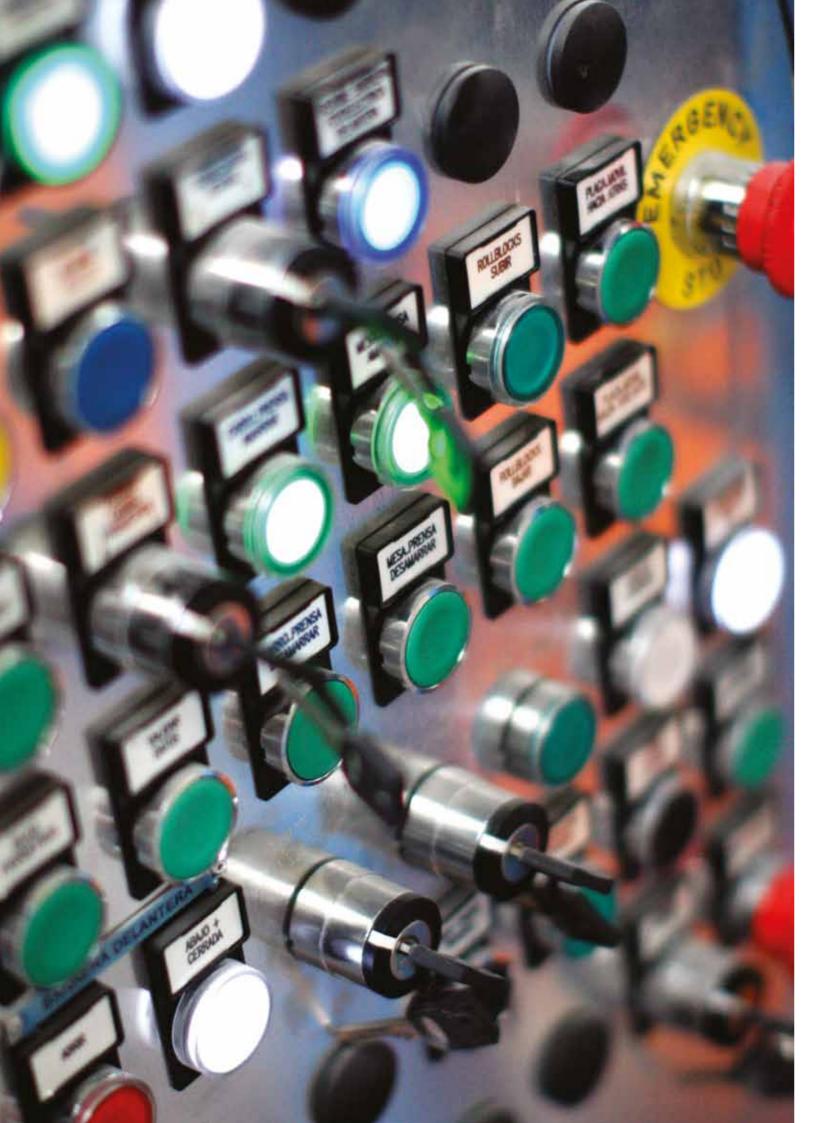
This is confirmed by the Production Manager, ".... we have women carrying out functions in all areas of the company and they render optimum performance in any situation..."

According to the Logistics Manager, "...In the Logistics Department at Gestamp Cerveira, both women and men work as middle-managers, technicians and warehouse operators. *The women assume 100% of the responsibilities entrusted to them...* "



"The high number of women in Gestamp Cerveira is due to the fact that there is no discrimination (gender, religion, race, etc.); we all have the same opportunities. What attracts us to the company is that we feel an integral part of it. The company is committed to training and we are assessed based on the ability to do more meticulous tasks, which becomes an asset to the company. "

Clarisse Silveira, Production Control Technician



# 03. COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

Our Health and Safety P Spread the knowledge a 2013 results BEST PRACTICE

Occupational Health and Safety has been gaining importance in the Group over the years and it has become the most significant corporate policy. This results in a noticeable improvement in the working conditions at our workplaces and in people, who strive to define, implement and comply with the procedures and standards governing the day-to-day activities in our facilities.

We do not know how many serious accidents we have been able to prevent, although we do know that we still have a long way to go, and that we must increase our efforts every year.

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acquired	88
Policy	84

## OUR HEALTH AND SAFETY POLICY

We realise that we are in an industry where there is a safety risk for people and, therefore, we believe that the Health and Safety Policy should be an important aspect in the management of the Group.

Our Health and Safety Policy is based on the following principles: Health and safety management must be integrated. Everyone, within the scope of his or her duties, must assume safety issues.

We must be proactive. We base our continuous improvement on the analysis of risks, not the analysis of accidents.

The same for all. We comply with the law in all countries, but the reference for our facilities is internal and goes beyond the requirements of the law in most cases.

We believe that risks that are significant due to their seriousness, i.e., those that can cause serious accidents, should be avoided or minimised with technical measures.

The definition of standards and procedures, as well as training, are very important to control risks that we have not been able to prevent.

Goals should be realistic and achievable.

We must measure performance in a clear and accurate manner.

#### Management system

We have a comprehensive management system, a part of which is a tool we call "GHSI", the "Gestamp Health and Safety Indicator".

This is a corporate health and safety standard that includes all of our policy particularities; it defines the criteria set out by the Group, spreads best practices and also serves as a reference for comparing the situation of the various facilities.

This comparison between facilities is possible since performance can be accurately assessed with the GHSI. Moreover, it allows information to be obtained with different levels of detail based on the needs of the interlocutor within the organisation.

At its most aggregated level, the GHSI reflects performance with a number from 0 to 100, with 0 being the perfect situation and 100 the worst situation.

This number is a weighted average of three criteria: "Traditional Indicators", "Working Conditions" and "Health and Safety Management". Each criterion is, in turn, developed using different factors, a total of 71 in the 2013 version of the GHSI.



The "Traditional Indicators" criterion is assessed by comparing the results obtained by the facility, in terms of frequency rate, severity rate and serious accidents with respect to established reference values.

Among the factors included in the "Working Conditions" criterion are, for example: internal roads, safety conditions of different types of machinery, warehouse conditions, noise levels and workstation ergonomics.

In turn, among the factors included in the "Health and Safety Management" criterion are, among others: management of external businesses, specific training, management of ergonomics, accident investigation, preventive maintenance of machines or working at heights.

During 2013, 10 new companies joined the GHSI, which means that all manufacturing facilities are included in our policy except the tool and die plants and our newest facilities.

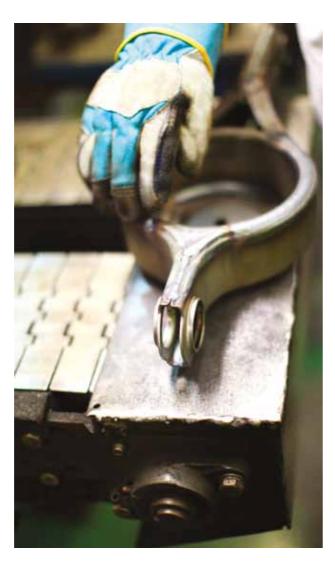
One of the goals for 2014 is to include the tool and die plants. A special development was made for the GHSI to include them, since the tool and die business has its own particular characteristics. Other recently opened companies will also be incorporated in 2014: Gestamp West Virginia, Edscha Kunshan and Edscha Thailand.

#### Organisational structure

We have a team of 131 people spread across the world that cover all technical specialties and all management areas, to ensure that our Health and Safety Policy is properly implemented, to oversee the functioning of management systems and promote action plans.

We have two key roles to ensure the proper functioning of the GHSI, they are:

- Advisors: Advisors are specialists on the Group's health and safety team who are responsible for a number of manufacturing facilities, their purpose is to provide ongoing support and guidance to help the facilities implement the policy and its actions for improvement. They are integrated into the divisionlevel teams, but in operational terms they report to the Group' Director of Health and Safety.
- Auditors: Each of the Group' facility is assigned an auditor who, in addition to planned GHSI audits, must validate any improvement in the score submitted. In order to ensure impartiality, they have no connection whatsoever with the facilities they audit. Four of the division-level health and safety managers audit centres that are outside their division and two people from the corporate team cover the other centres.



#### Improvements in the management model

#### New requirements

Every year, we review our GHSI in order to incorporate new requirements that help us monitor and eliminate risks. These requirements stem from the experience gained during the previous year. Those responsible for health and safety at the division level offer a number of proposals that they, in turn, have collected from the centres or that they themselves consider appropriate. These proposals are discussed with corporatelevel managers and decisions on the changes to be incorporated by the new version of the GHSI are taken at the beginning of the year.

In 2013 the most significant changes in the GHSI were related to fire protection on a particular type of production line and with a new factor that we incorporated in order to collect all the peculiarities of the laser cutting lines, as this type of facility is increasingly widespread in the Group; previously we had included their status in a general factor along with another type of machinery.

#### Comparability and rigour

The most significant change in 2013 was related to the audit process. This year we decided to strengthen the control by setting the obligation that every facility has to perform a full audit of all factors listed in the GHSI at least every two years.



This change entails effort, since we must devote more resources to the auditing work, but it provides an extra incentive for facilities to strive to maintain the management system and verify the effectiveness of the improvements implemented over time.

#### Communication and reporting

During 2013, we developed a software application to improve the communication and reporting process. This new application has enabled significant advances and streamlining when reporting information as well as with communications between the facilities and the auditors.

Implementation was carried out simultaneously in all centres, but the application's functionalities were introduced in stages. In the second quarter, the centres began reporting through the new application. In the third quarter, a review was made of the proposed improvements and, in the fourth quarter, the option to obtain reports and to perform simulations of scoring changes based on improvements was added.

In addition, we try to develop tools that promote contact and the exchange of opinions and information between those involved in health and safety issues. We created a specific community in our new intranet called the "Health, Safety and Environment Community Forum" where specialists and everyone else involved share information and exchange experiences.

#### SPREAD THE KNOWLEDGE ACQUIRED

#### New developments

There are often safety devices and/or solutions on the market that we can implement to control certain risks, but this is not always the case and we have to investigate and try to develop solutions.

During 2013, we undertook three research projects related to three risks that we considered important and that we intended to control or prevent. Two of them were related to handling cranes and the third was related to fire on a certain type of production line.

#### 1. Levelling the crane's cargo

In this project, we worked on the risk of being hit and trapped that can occur when hoisting a load that is not aligned perpendicularly to the crane.

To design this device, we opened three lines of research. The first is described in the Best Practice in this section and the second is in the testing phase. A third was unsuccessful as it entailed an excessive cost in exchange for the safety advantage obtained.

## 2. Detection of people in cranes that move a special kind of die.

This second project is also related to cranes, although in this case it has a specific application as it only affects the handling of very thin dies. The problem presented by these dies is that they are unstable, and the presence of people around them when they are being handled has a higher risk than when handling other types of load. The idea being worked on is to develop a device to prevent people from being close to the load when this type of die is being handled.

This project is currently underway. We are working with several suppliers of safety devices and cranes and everything indicates that we will have good results in 2014.

#### 3. Fire protection for hot stamping lines

The third project is related to fire protection on hot stamping lines.

We started the project in October 2012 following a fire on one of our lines in China and several incidents on lines worldwide. We created a work team and decided to firstly conduct a thorough and accurate assessment of the risk. To do this, we used two specialised engineering companies from different countries that performed the work on two production lines: one in Spain and one in Germany.

In April 2013, we provided the Group with the criteria for installing the most efficient fire-fighting systems and lastly, in December 2013, we decided to change the oil that was regularly being used to HFDU oil (fireresistant oil).

The complete elimination of the risk has finally been achieved thanks to a joint project that involved the team that developed the technology in the Group, a manufacturer of this type of production line, oil manufacturers and the Corporate Health and Safety Department.

#### Health and Safety Reports

The experience and professionalism of our teams in the plants, divisions and corporation allows us to discover the most significant risks and assess them properly. The size of the Group also allows us to assess the probability of accidents occurring. Therefore, one of the fundamental tasks of the Corporate Health and Safety Department is to convey the knowledge and experiences generated in the Group to all centres via two types of report: the Technical Safety Reports (TSR) and the Health and Safety Standard.

#### **Technical Safety Reports**

Historically, all information on risks and best practices has been communicated globally to all facilities. As discussed in previous sections, the GHSI is a compendium of these best practices. As a supplementary measure, in 2013 we started a new initiative to ensure that the information is transmitted and received in a systematic, clear and detailed way. The result is the "Technical Safety Reports" ("TSR").

The Corporate Health and Safety area collects all available information about new incidents, improvements, projects or very specific issues that arise in a centre that, though relevant, are not generally known. Once the relevant research to warn of the risk has been conducted and criteria to address it along with the best solutions available have been provided, this is publicised throughout the organisation via "Technical Safety Reports" ("TSR"). If the issue is, finally, of a general scope and must be reinforced, it can be incorporated into the GHSI system.

During 2013, four TSRs were published:

- Crane safety. Monitoring the side pull of the load.
- Die safety. Safe use of gas cylinders.
- Crane safety. Incidents due to falling loads.
- Elimination of the risk of fires on hot stamping lines. Change of oil to HFDU.

#### Health and Safety Standard

We realise that sometimes it is not enough for machinery manufacturers to comply with legal requirements in order to ensure that a particular new machine is safe. This is especially true when the machine is complex and has many operating and adjustment options.

In last year's report, we mentioned that, following the fatal accident that occurred in Brazil on a new stamping line, we toughened our requirements to machinery suppliers. We established detailed requirements for this kind of machinery and we checked, in some cases with specialists, that the design and dimensioning of the safety features are correct.

We decided not to stop at setting out detailed requirements for the type of machine that caused this accident, and in 2013 we undertook a project to establish these requirements for all the types of machines and installations we have in the Group. These are complex processes in which industrial departments and the most relevant suppliers are involved, since the sizing of the safety features ultimately defines the functionalities of the machines and their efficiency. The process ends with a document for each type of machine that we call the "Health and Safety Standard".

In 2014, we want to promote the "Technical Safety Reports" and "Health and Safety Standards", publishing at least four and three of them, respectively, during 2014.

#### Training

Quite often, risks cannot be eliminated completely and we must resort to controlling them by training people in relation to the risks they are exposed to and the rules they must follow in order to control and prevent accidents.

We therefore believe that training is a key element so that people can assume the duties assigned to them within the framework of the management system and so that they can carry out their tasks safely.

In 2013, there were a total of 128,328 training hours versus 101,417 in 2012, 26,5% more, representing an investment in training of 695,2 thousand euros.

#### 2013 **RESULTS**

#### Evolution of the GHSI

In 2012, an ambitious Action Plan was launched as a result of the three fatal accidents in 2011. The aim was to improve certain safety aspects related to the accidents that happened based on the GHSI criteria. The facilities made a great effort and the outcome was a 9% improvement in working conditions and a 14% improvement in prevention management compared to 2011.

In 2013, we once again promoted a Corporate Action Plan. This time, the aim was to undertake continuous improvement action steps at the Group centres with poor performance that were not evolving satisfactorily.

This Plan affected several companies of three of the six Group divisions, in particular, several centres in the Northern Europe, Asia and Edscha divisions.

The Plan consisted of setting improvement objectives at each centre for the year and to conduct a special follow up of these objectives at Division and Group level. The 2013 Action Plan ended with unexpectedly low results. While the Edscha and Asia divisions had a satisfactory level of compliance, the North Europe division compliance showed room for improvement. Nevertheless, the plan served to motivate improvements in many facilities and has been important in terms of reaching the levels of improvement in Edscha and Asia shown below.

With respect to the global calculation, although we not reached the 2012 levels of improvement, we are pleased with the improvement that has been gained: 3.6% in working conditions and 7.2% in prevention management. The table below shows the ratings by division and the percentages of change compared to the previous year's figures.

As of this date, 45% of the facilities were in a situation where their performance showed a considerable need for improvement. This group includes newly created companies and old companies that need to improve their working conditions or be more effective in management. 35% of the plants were classified as requiring improved performance and 20% showed good performance. In the latter group are mature companies with significant experience in Occupational Health Safety matters.

Division	Working	Working conditions		Working conditions Her		Health and Safety management	
North Europe	60	-3.0%	55	1.5%			
South Europe	44	3.2%	41	6.5%			
North America	44	8.5%	45	12.3%			
South America	49	6.2%	50	3.5%			
Asia	62	4.3%	67	28.5%			
Edscha	69	7.4%	81	6.3%			
Gestamp	55	3.6%	55	7.2%			

The investment allocated in 2013 to programmes related to health and safety or risk control (expenditures for personal protective equipment, training, assessments, etc.) was 13 million euros.

For 2014, we have set a goal of improving working conditions and prevention management in the Group by 10 and 15%, respectively.

#### Accident rates

Among the traditional indicators, the most representative indicator for us is the Seriousness Index as it is a compilation of the number of accidents and their seriousness.

We complement the Seriousness Index with Average Duration to assess whether the results are due to the number of accidents or the severity thereof. That is, an increase in the Severity Index may be due to an increased number of accidents or to an increase in the Average Duration.

The changes in the Seriousness Index and Average Duration in recent years are shown below. We are presenting the results beginning with 2007 as that is the year our current Health and Safety Policy was implemented

	2007	2008	2009	2010	2011	2012	2013
Seriousness Index	0,65	0,57	0,35	0,25	0,29	0,22	0,19
Average Duration	10,7	11,0	11,0	12,2	14,7	14,0	13,9
Fatal Accidents	1	1	0	1	3	1	1

Seriousness index: Nr. of workdays (Mon-Fri) lost per thousand hours worked. Average Duration: Nr. of workdays (Mon-Fri) lost / No. of accidents resulting in sick leave.

Number of fatal accidents: Nr. of fatal accidents in the Group of company employees or from outside companies carrying out Gestamp business.

In the table you can see that we have reduced the Seriousness Index significantly between 2007 and 2010, with the Average Duration stable and fairly contained. This is an indication that we have managed to reduce both serious and minor accidents in equal measure.

In 2011, we experienced a set-back in our improvement process due to the longer average duration of accidents resulting in sick leaves. We improved the number of accidents but deteriorated in terms of Average Duration and thus did not improve the Seriousness Index. This fact is explained by including statistics from companies that were recently acquired with medium-high Durations in the Group. However, in 2012 and 2013 the tendency towards improvement could be seen again.

Lastly, it should be mentioned that there was a fatal accident at our Gestamp Kunshan in China. The accident occurred during the handling of a die from a hot stamping production line. Following this accident, we started the project that is discussed in "New developments", Project 2. We are seeking to develop a device that can be installed on cranes handling this type of die to ensure that there is no one at the side of the load when it is being handled.



## **CO-INNOVATION IN SAFETY**

Gestamp Group: Safety device for preventing accidents when using cranes.

By: Ivo Lima, Expert in Working Conditions at Gestamp Group



#### TO PREVENT ACCIDENTS WHEN USING A CRANE

In the Group's plants, moving cranes with heavy loads is associated with risks to people and equipment. In the past, some of the most serious accidents happened while using this kind of machine.

In particular, one of the biggest risks takes place right when the load starts to be hoisted, precisely when the load loses contact with the ground. If the operator doesn't correctly centre the pull of the crane with the load to be lifted, there can be a significant back-and-forth swinging movement that can hit the operator himself, or even third parties who may be close.

Every day, thousands of load-hoisting movements are made in Group's plants.

Most of the time, the risk is controlled by the expertise of the operators and by strict procedures that ensure that only the most skilled people are allowed to handle cranes. But it's no easy task to ensure that the pull is vertical at any given time, given the height of the crane which is, in the majority of cases, more than 10 metres high. Moreover, there are other factors that can increase the risk:

- Handling loads in confined spaces, such as die storerooms.
- Difficulties to ensure a correct visual monitoring by the crane operator due to voluminous loads.
- Personnel entering the area of operation unseen by the crane operator.

Given that the crane manufacturers we work with did not have safety devices to control this risk and that, according to our safety policy, we should use technical measures try to avoid or minimise risks that can cause serious accidents, we decided to research and develop a safety system.





#### DEVELOPMENT OF AN INNOVATIVE SYSTEM

The idea was to prevent the cranes from raising loads when these are not centred. This is the point we focused our work on.

We spent over a year researching and working with crane manufacturers and safety engineering companies to find a solution that was safe, efficient for handling loads and had a reasonable cost that would allow us to install the solution throughout the entire Group.

We had the help of several facilities that tested different solutions, collaborated on the development, or even attempted to develop a device on their own.

We set out on three lines of research and finally developed a tilt detector with a photocell. Basically, it comprises two optical sensors installed on the crane cab and a reflector element (the mirror) on the hook.

The load's tilt limits are defined by the size of the mirror installed on the hook. If the optical sensors exceed this dimension, it means that the load is not aligned and the lifting movement is stopped.

To make the operation easier for the crane operator, a signal light was been included that uses colours to indicate load status:

- Red: load not aligned.
- Orange: error in components
- Green: load aligned.

The system also features an inhibitor option for very special cases, such as turning dies, in which the function would be overridden.

The worksite where this device was developed and initially installed for testing by crane operators was Gestamp Abrera in Spain. Other facilities involved in the project were Gestamp Puebla and Gestamp Baires.

#### ADVANTAGES OF THE SYSTEM

Below are some of the system's characteristics:

- The risk of swinging while lifting is eliminated.
- We can apply it to all crane operations done within the Group.
- It can be installed on any crane, regardless of the supplier or technology.
- It can be supplied anywhere in the world.
   It has an installation manual and can be installed with local skilled personnel.
- We tested it for several months in one of the Group's plants with good results.
- While it may initially seem that it hinders efficiency in crane-related work, once the learning curve is over there are no significant differences, and the gain in safety is very significant.
- Its cost is reasonable and affordable for any manufacturing plant.
- The system has the EC safety mark.

"We are one of the most important companies in the world in our industry, so we are very aware of the risks to people's safety derived from our business.

We will continue investigating and developing new solutions that will help prevent our people from having accidents. If, in addition, these developments serve to sell new safety devices and other companies will also avoid safety risks for their people, then we will be doubly proud."



# 04. CARING FOR THE ENVIRONMENT

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Our added value lies in our technological and R&D capabilities to develop new products and innovative solutions. This allows us to produce lighter parts that help our customers to lower their emissions, since lighter parts mean that less fuel is consumed and fewer emissions are generated while the vehicle is being used. Climate change is integrated into our business strategy.

#### ENVIRONMENTAL MANAGEMENT AT GESTAMP

Our added value lies in our technological and R&D capabilities to develop new products and innovative solutions. This allows us to produce lighter parts that help our customers to lower their emissions, since lighter parts mean that less fuel is consumed and fewer emissions are generated while the vehicle is being used. Climate change is integrated into our business strategy.

Consistent with this idea, we are striving to minimise the environmental impact of our activities through proper environmental management.

#### Significant environmental impacts

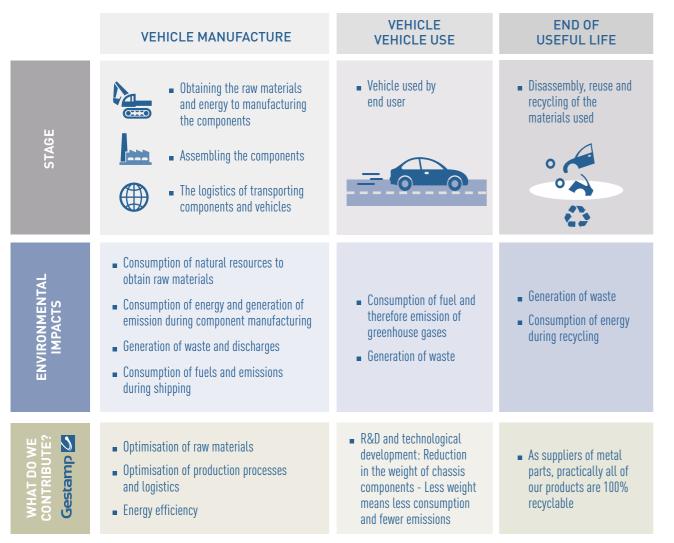
Analysing our significant environmental aspects is essential for us to know where we should direct our efforts in environmental matters. As a manufacturer of automotive components, the impacts we generate must be taken into account throughout the vehicle's design life and not only during the manufacturing stage of our parts:

#### Environmental policy

In order to monitor and minimise the environmental impact of our business activity, the Group has established the requirement that all our manufacturing facilities have a certified environmental management system. All of the management systems are based on principles established at the Group level. They are:

- Compliance with environmental legislation.
- Prevention of pollution and environmental impact.
- Reduction in consumption and waste production.
- Continuous improvement.

Furthermore, all our centres record our environmental indicators in order to track and monitor significant environmental aspects.



#### VEHICLE LIFE-CYCLE



#### Environmental certifications

In 2013, 79% of the manufacturing facilities where we have operational control were certified under ISO 14001. Of these, 5 were also certified by EMAS. This certification is a standard sponsored by the EU that adds requirements to the ISO, one of which is a public environmental statement. It is important to note that in 2013, 4 of the anticipated 5 centres obtained certification.

The remaining 12% of the manufacturing facilities have certification deadlines established that we believe to be consistent, considering that have only recently joined the Group or are newly built. With respect to the remaining 9%, we are working hard to attain certification, we are already monitoring their environmental aspects already via environmental indicators.

Finally, 6 more facilities are expected to obtain environmental certification in 2014.

	2012	2013
Environmental certification	77%	79%

#### Key indicators

In order to monitor the management performed at our facilities in terms of the environment, we have a number of indicators that we believe reflect the management of the most representative environmental aspects.

The environmental indicators included in our balanced scorecard are:

- Waste Production Index, defined as the production of waste in tonnes per €1,000 of added value.
- Waste Management Index, defined as the expenditures on waste management for each €10,000 of added value (for the purposes of these indices, hazardous and non-hazardous wastes)
- Energy Efficiency Index, defined as the energy consumption in MWh for each €100 of added value
- Water Consumption Index, defined as water consumption in m<sup>3</sup> for each €100,000 of added value

These four indicators allow us to monitor and compare over time the facilities' performance in the two most significant environmental aspects. For our manufacturing process, the most important aspects are the generation and management of hazardous wastes, affected by the WMI and the WPI, and the consumption of energy, which is closely linked to the emission of greenhouse gases and which is monitored by the EEI. We decided to incorporate the Water Consumption Index (hereinafter WCI) into these three indicators since, although water does not play an important role in all our processes overall, it is a natural resource, and its management and use should be taken into account.

During this year, 7 manufacturing facilities joined our environmental balanced scorecard. As a result, all of the centres, except those that were created very recently, are currently integrated into the process.

All of the manufacturing facilities, whether large or small, have at least one person responsible for the

implementation and maintenance of the environmental management system.

The investment in improvements and monitoring of environmental risks in 2013 was 4.9 million euros.

#### **New initiatives**

As in other business management areas, in Environment we incorporate new development into our management and reporting systems that allow us to improve our performance and monitor environmental aspects better.

The main new development is the inclusion of the emissions from the manufacturing of the raw material (steel) consumed into our carbon footprint calculation. Thus, we completed our calculations for Scope 3 in accordance with the Greenhouse Gas Protocol (GHG) standard, and take a significant step forward in our commitment to transparency. We should remember that Scope 1 of this standard includes direct emissions, Scope 2 covers indirect emissions from our activities (electricity consumption) and Scope 3 emissions are those from the entire supply chain related to our products.

In 2013, beside greenhouse gases, we began to calculate the emissions of other gases into the atmosphere  $(SO_2 and NOx)$  that are generated in our production process.

Another initiative, as we mentioned before, has been to incorporate a specific index into our key indicators in order to monitor water consumption in the Group, the WCI.

Finally, in 2013 we established a system of monitoring audits for the environmental information recorded in our Environmental Indicator. 12 manufacturing facilities were audited throughout the year and we intend to audit 15 more in 2014.

## CONSUMPTION OF RAW AND PROCURED MATERIALS

Raw materials and materials such as ferrous metals (steel), nonferrous metals (aluminium) and chemicals, along with auxiliary materials (e.g., welding wire and gas) are needed to manufacture our components.

#### Our main raw material: steel

By weight, 99% of the raw material consumed in the Group is steel, and so efficiency in our processes, quality, the design of products and tooling are critical to optimise and reduce the consumption of raw materials.

#### Table of Steel Consumption by Region (tonnes)

Region	2012	2013
Europe	1,516,280	1,484,165
North America	478,545	471,765
South America	254,448	285,598
Asia	145,680	183,589
Total	2,394,953	2,425,117

#### **Procured materials**

There are other materials that we incorporate into our production processes, but their volume is of little importance. The most significant and their consumption are listed in the following table.



#### Other raw material\* consumption by type (tonnes)

Raw materials	2012	2013
Paint	1,752	1,514
Binder	914	847
Oils	2,050	2,248
Welding wire	5,840	6,032
Welding electrodes	402	646
Chemicals	2,195	2,610
Welding gases	12,667	9,679

\* Does not include water or steel

#### WATER CONSUMPTION

#### Water consumption monitoring

In general, water consumption at our facilities is for sanitary use. Only facilities with surface treatment processes consume water for industrial use. In addition, certain machines and welding facilities require a cooling system. In all cases, these are closed circuit systems, so the water is reused for long periods of time.

As a result, water consumption is not a significant environmental aspect in the Group but, because it is a fundamental natural resource, we monitor its use and management.

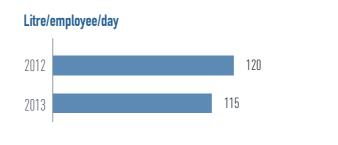
Water consumption in 2013 can be seen below:

#### Water consumption by type (m<sup>3</sup>)

Region	Water from the public water supply	Water from surface resources	Water from underground resources	Total water consumption 2012	Total water consumption 2013
Europe	547,216	3	100,230	687,574	647,449
North America	182,519	0	0	220,255	182,519
South America	65,179	330	64,098	168,154	129,607
Asia	268,734	0	31,467	174,430	300,201
Total	1,063,648	333	195,795	1,250,412	1,259,776

As can be seen, the water used in our facilities is mainly (84%) from the public water supply. This is because most of our facilities are in industrial areas.

When the litres consumed per day and per employee is calculated, it becomes clear that water is not an intensive resource in our processes. If we also compare the consumption per employee with the data provided by the United Nations in its Human Development Report 2006 "Beyond Scarcity: Power, Poverty and the Global Water Crisis", which shows the average consumption per person per day in several countries, we can confirm that our consumption is not excessive. Consumption in the United States, which is the country with the highest average consumption per person per day, is 575 litres a day per person and in India it is 135 litres.



In any event, as we stated earlier, as a scarce natural resource, water is a concern for the Group, and we will continue to monitor consumption and carry out actions aimed at improvement in order to minimise our impact as much as possible. In all of our manufacturing facilities, the discharge of used water is done in a controlled manner to the sewer system of the industrial zone where it will be properly treated. All wastewater is periodically analysed to ensure that it conforms to the limits of the discharge authorisation. Facilities that use water for industrial purposes have a purification plant where the water is treated prior to being discharged into the sewer system.

#### Water Consumption Index

The Water Consumption Index (WCI) allows us to monitor the amount of water consumed by the centres over time. This is useful for the early detection of leaks and for estimating savings in the event of implementing best practices such as the reuse of water.

Region	2012	2013
Europe	53	50
North America	88	65
South America	65	53
Asia	113	190

#### Water Consumption Index

In comparing the results of this index, there is a very obvious reduction of water consumption in both North and South America. For North America, this is mainly due to the plant in Mason, where a flow meter regulating water consumption has been installed along with a device which purifies and reuses the water used for cleaning in the plant. In South America, the decrease was also caused by installing flow meters and measurement metres in one of the centres in Buenos Aires which, in this case, obtains its water mainly from groundwater through wells.

The increased consumption in Asia is due to the effect of the start-up of new manufacturing facilities; this is explained below in the Energy Efficiency Index and affects all the Indices alike. Moreover, in this case, a number of these facilities also have surface treatment processes that entail an increased consumption of water for industrial use.

#### **ENERGY CONSUMPTION**

#### Monitoring energy consumption

Our energy consumption expenditure includes all energy sources (electricity, natural gas, diesel and LPG).

It should be emphasised that, due to the nature of our manufacturing processes, our business activity does not require a lot of energy, compared to other stages in the supply chain, such as the mining and production of steel.

The direct and indirect consumption of energy in 2013 is as follows:

#### Electricity consumption (GJ)

Region	2012	2013
Europe	1,579,095	1,692,117
North America	492,585	575,737
South America	228,726	236,639
Asia	259,250	344,200
Total	2,559,656	2,848,692

#### Energy Efficiency Index

The Energy Efficiency Index (EEI) gives us information about the Group's energy expenditure:

#### **Energy Efficiency Index**

Region	2012	2013
Europe	56	60
North America	82	80
South America	30	34
Asia	53	71

#### **Direct energy consumption by fuel type (GJ)** (GJ)

Region	Natural gas 2012	Natural gas 2013	Diesel 2012	Diesel 2013	LPG 2012	LPG 2013
Europe	892,042	1,010,711	11,083	23,249	93,648	86,843
North America	120,548	182,585	471	2,095	34,945	41,461
South America	22,223	31,446	1,492	3,316	26,860	31,590
Asia	1,833	30,802	18,042	20,736	8,922	6,167
Total	1,036,646	1,255,543	31,088	49,396	164,375	166,061



While our business is not very intensive in terms of energy consumption, we have observed a deteriorating of the indices due the increasing presence of hot stamping technology, which requires more energy than traditional technologies. This increase in energy consumption is clearly offset by the reduction obtained in the weight of the parts and the improved security. However, the energy efficiency project mentioned below arises primarily from this increase in consumption and thus the deterioration of the indicator.

The deterioration in Asia is due to the effect of the four new centres currently in the start-up phase. While there is a fixed energy consumption that does not depend on the activity as many production lines are being tested, the centres do not yet generate added value in the same proportion, and so the indicator is negatively affected.

#### **ENERGY EFFICIENCY**

Many local-level initiatives were carried out during 2013, including the following: installation of high efficiency lighting technologies, harnessing the hot air produced in certain manufacturing processes for the heating, improved insulation in the manufacturing areas and projects for optimising compressed air. The total investment in these energy efficiency initiatives in 2013 was 1.08 million euros, and represents an estimated annual savings of approximately 835,000 euros and a reduction of 11,465 MWh in energy consumption.

In 2013, we undertook a corporate energy efficiency project aimed at applying a common energy management model and encouraging the search for and implementation of improvements.

While energy improvements were historically at plant level and depended on local economic and technical possibilities based on their objectives and action plans, a corporate plan for the entire Group was likely to have a more significant impact.

The most important advantage, as in any other Group initiative undertaken in a company like ours, is to use the knowledge gained and share it with all the stakeholders, thus ensuring that the best practices are taken into account and the potential for improvement is leveraged to the greatest degree possible.

Other objectives that we pursue are: to detect failures in consumption equipment, leverage economies of scale when purchasing, help prioritise improvements by assessing their effectiveness in advance and quantifying the savings accurately.

The project consists of installing energy monitoring systems in each centre that will allow us to have a view of the consumption in all manufacturing and ancillary

facilities. This information is transferred to a control centre and, via a web-based access, the performance of each facility can be displayed in real time.

The installation of monitoring equipment, as well as assistance in the search for improvements, has been entrusted to Siemens.

Consumption thresholds are set for each of the facilities being monitored based on experience and the comparison to facilities with similar characteristics. Thus, the manager of the facility will receive real-time alerts whenever a facility exceeds the consumption limits set. This way, we can correct any failures that make take place in consumption-related equipment.

Furthermore, each facility will undertake energy efficiency measures and will implement the most effective solutions, prioritising those that offer the greatest saving. Improvement options in a facility may be proposed by the facility's own maintenance team, by the corporate Energy Efficiency Team (which possesses all the knowledge gained in the Group) and by the team of experts that Siemens dedicates to analysing Gestamp's information. They all have consumption information in real time through access to the monitoring data and the comparison with other similar centres and facilities. We ensure the coordination among them through monthly reports and follow-up meetings.

During 2013, we began to implement the model in 2 centres on a trial basis. In 2014, we have set the goal of implementing the model in at least 10 more centres and, in 2015, we will extend it to the entire Group. The goal we are pursuing with this initiative is to reduce energy consumption at each centre by at least 10% by the second year of implementation.

#### WASTE PRODUCTION

#### Monitoring waste generation

Different types of waste are generated throughout our manufacturing processes. We have identified the major categories of hazardous and non-hazardous wastes produced by our facilities and, by means of the indicator, can monitor the amounts generated on a guarterly basis. The total hazardous and non-hazardous wastes as of 31 December 2013 was 21.582 and 32.552 tonnes. respectively.

In South America, although we solved a problem in the wastewater treatment system at one of the centres that we mentioned in the previous report, that made it necessary to manage the contaminated water through a waste management service provider, during part of 2013 one of the newly built centres lacked the authorisation needed to use the treatment facility and the water had to be treated through a waste management service provider.

#### Waste generation by type: hazardous and non-hazardous (tonnes)\*

Region	Non-Hazardous Waste 2012	Non-Hazardous Waste 2013	Hazardous Waste 2012	Hazardous Waste 2013	Total 2012	Total 2013
Europe	10,204	9,626	9,691	10,933	19,895	20,559
North America	1,446	18,697	1,728	1,670	3,174	20,366
South America	10,367	3,050	3,175	7,534	13,542	10,584
Asia	799	1,179	847	1,446	1,647	2,624
Total	22,817	32,552	15,441	21,582	38,258	54,134

\*Does not include scrap - see the "Recycling of scrap" explanation

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The following graph shows how contaminated water continues to be the Group's most highly produced hazardous waste.

Composition of hazardous wastes (%)

	2012	2013
Heavy and hazardous metals	6.2	4.2
Contaminated water	67.7	72.6
Other hazardous wastes	7.5	5.1
Others:	18.1	18.0
Hazardous used oils	3.7	3.5
Electrical and electronic equipment	0.9	2.6
Used oil filters	0.7	0.8
Fluorescent tubes	0.8	1.0
Hazardous sludges	3.2	2.4
Contaminated material	3.2	2.8
Coolants	3.4	2.6
Inhalation of welding dust	1.1	0.9
Others	1.1	1.3

#### Waste Production Index

The Waste Production Index (WPI) gives us information about the amount of waste generated in the Group. We receive the information by manufacturing facility and waste type, so, in addition to knowing the tonnes generated, we can compare the performance of different manufacturing facilities to each other and over time.

#### Waste production index

Region	2012	2013
Europe	16	16
North America	13	73
South America	52	43
Asia	11	17

The deterioration in North America is due to an increase in the generation of sludge at the plant in Mason that exceeds the plant's waste treatment capacity, which has forced the plant to manage the excess amount through a waste management service provider, which has led to an increase in the Waste Production Index.

The WPI in South America has improved in comparison to 2012, but continues to underperform compared to other geographic areas due to problems opening the treatment plant mentioned previously.

The small decline in Asia is due to the «new centres launches» effect we mentioned with regard to energy consumption. While they do generate waste, they do not generate added value in the same proportion as many of the production lines are being tested. Nevertheless, the individual indicators of centres operating with an assembly line system did see improvement compared to 2012.

#### Waste Management Index

Each manufacturing facility manages its waste independently either according to the applicable regulations in force or following the waste-minimising goals established as part of its continuous improvement policy.

The Waste Management Index (WMI) provides information on how centres manage their waste. It is closely linked with the WPI since it is often true that the greater the amount of waste generated, the greater the cost to manage them. However, because local law or the specific circumstances of a particular centre sometimes allow us to sell a waste and obtain an economic benefit from it, there may be no relationship between the two indices (e.g.: reuse of wooden pallets or of used oil). In these cases, although generation is high, the cost of management may be low or even negative in specific cases, as financial benefits are received from the management of certain wastes.

#### Waste Management Index

Region	2012	2013
Europe	17	22
North America	17	23
South America	25	23
Asia	3	2

The chart highlights the low cost of waste management in Asia, given how easy it is in these countries to sell most of the waste generated, while in other countries (e.g., in Europe or North America) this situation is not so systematic. It must be noted once again that the high cost of management in South America is due to the volume of waste managed, which, as detailed above, includes the contaminated water from a facility that was managed as a waste as it was impossible to connect the treatment plant in time.

#### Scrap metal recycling

All scrap metals are recyclable and have a market for consumption. At Gestamp, we manage the scrap we generate in different ways, which comes mainly from our stamping and machining manufacturing processes. We try to properly separate the different types of scrap, whether ferrous, alloys or non-ferrous, in order to add value to the recycling chain. In turn, we increase the density of the scrap by packing them and thereby reducing the number of transports to their final consumption destination.

During 2013, 943,355 tonnes of scrap metal were generated, including metal cuttings produced from the Group's manufacturing processes:

Region	2012	2013
Europe	592,470	573,312
North America	160,786	170,895
South America	115,936	124,296
Asia	52,559	74,852
Total	921,751	943,355

#### Scrap metal (tonnes)

As automotive component manufacturers, we must comply with the directive of End-of-Life Vehicle Directive that entails limiting the use of certain hazardous substances and provides vehicle manufacturers with a means to dismantle, reuse, recover and recycle them at the end of their useful life.

Since we produce metal components for the automotive sector, all our products can be recycled at the end of their lives.

In addition, the type of packaging we use for our products is often a requirement of the client.

#### GENERATION AND MANAGEMENT OF EMISSIONS

## Greenhouse gas emissions and climate change

Climate change is one of the most important challenges we face today. In fact, to a greater or lesser extent, all organisations are responsible for greenhouse gases emissions that cause climate change.

Our contribution to the fight against climate change is twofold: on the one hand, the effort we make to reduce greenhouse gases emissions in our production processes through proper environmental management; and, on the other, as a supplier of components to the automotive sector, our added value lies in our technological capacity and R+D to develop new products and innovative solutions that allow us to obtain lighter parts that help our customers reduce their CO<sub>2</sub> emissions, as less weight means less fuel consumption and fewer emissions generated during the vehicle use stage.

Climate change is integrated into our business strategy through our R&D Department. Its primary mission is to work on matters related to safety and the reduction of  $CO_2$  emissions, providing the best solutions adapted to particular specific needs and achieving the best results in terms of weight reduction, safety and comfort. In that vein, we take an active part in national and international projects aimed at developing innovative solutions together with other industry partners and we collaborate with customers and suppliers.

Moreover, as mentioned in the chapter on Economics, we also made a large investment in order to include an increasing number of manufacturing technologies that allow us to offer lighter products to our customers. Investment in these technologies, together with investment in R&D, is a growing part of the Group's investments. Since 2010, the Group has been calculating its carbon footprint in accordance with the Greenhouse Gas Protocol (GHG) Standard:

- Direct emissions of greenhouse gases from the burning of fuels and fuel consumption by company cars (Scope 1).
- Indirect emissions of greenhouse gases due to the consumption of electricity (Scope 2).
- All other indirect emissions from the consumption of raw materials, transport of products and business travel (Scope 3).

PTonnes of  $CO_2$  equivalent that include  $CO_2$  as well as  $CH_4$  and  $N_2O$  are calculated for each of the three scopes.

In 2012 we joined the Carbon Disclosure Project initiative and published the first results on 2011. During 2013, we improved the calculation of Scope 3 by including the tonnes of  $CO_2$ eq generated during the mining and shaping processes of our primary raw material (steel).

To calculate the emissions, we included the 7 new companies that have been included in the Environmental Indicators.

The emissions generated by Gestamp, broken down by geographical area and scope in 2013, can be seen below and take as reference sources: *Emission factors for electricity supplied by the International Energy Agency, CO*<sub>2</sub> *emission factors for fuels from IPCC guidelines and LHV Fuel Factors from UNFCC.* 

Greenhouse gas emissions – Absolute data

**Greenhouse gas emissions** (tCO, eq)

	Direct emissi	ons (Scope 1)		sions (Scope 2) consumption)		nissions es 1+2)
Region	2012	2013	2012	2013	2012	2013
Europe	60,335	66,895	143,027	151,698	203,362	218,593
North America	9,580	13,468	67,695	80,904	77,275	94,371
South America	3,616	4,512	12,124	13,563	15,740	18,074
Asia	2,724	4,450	51,019	70,902	53,743	75,352
Total emissions (tCO <sub>2</sub> eq)	76,256	89,325	273,865	317,066	350,120	406,390

#### Other indirect greenhouse gas emissions (tCO, eq)

	Transport o and raw r	f products naterials	Busines	s travel	Raw	material
Región	2012	2013	2012	2013	2012	2013
Europe	48,293	46,964	6,021	7,359	891,936	879,427
North America	15,857	18,322	863	865	306,795	290,489
South America	7,025	5,481	1,104	1,043	133,733	155,737
Asia	9,711	11,849	17	21	89,974	104,985
Total	80,886	82,616	8,006	9,289	1,422,438	1,430,638

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#### Greenhouse gas emissions – Relative data

#### In terms of turnover

	2012	2013
Turnover (Millions euros)	5,757	5,789
Scope 1+2 emissions (tCO, eq)	350,120	406,390
Emissions/Turnover	60.8	70.2
Year on year change	-3.1%	15.4%

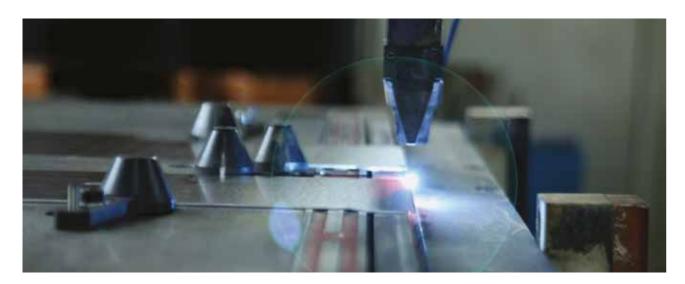
#### In terms of steel consumption

	2012	2013
Tonnes of steel consumed in 2013	2,394,953	2,425,117
Scope 1+2 emissions $(tCO_2 eq)$	350,120	406,390
Emissions/Tonne of steel consumed	0.14	0.16
Year on year change	1.4%	14.6%

#### In terms of employees

	2012	2013
Average workforce as of 31/12	26,944*	29,669*
Scope 1+2 emissions ( $tCO_2$ eq)	350,120	406,390
Emissions/Employee	12.9	13.7
Year on year change	-0.9%	5.4%

\*The number of employees does not match the total number of Group employees because, in order to calculate relative emissions, it must be adjusted to the number of facilities reporting data to the Environmental Indicator to calculate their emissions. Consequently, facilities recently incorporated into the Group that are still not reporting their data and facilities where we have not got operational control are not included.



Although energy consumption is linked to the generation of greenhouse gas emissions, in the Group, this relationship is not proportional and can be distorted by the fact that the most-consumed source of energy is electricity. This is because the electrical generation mix of the country has a direct influence through the Electrical Emission Factor (taken from the International Energy Agency) when calculating the emissions derived from the consumption of electricity. Thus, manufacturing facilities with a significant power consumption located in countries with a low electricity mix because their main source of electricity is renewable or has very low  $CO_2$  emissions may have low  $CO_2$  emissions even with high consumption levels (e.g.,: Brazil, Sweden and France).

We see the greatest growth in Asia. This is due both to the incorporation of 4 facilities in China, so the scope is larger, and because the electricity generation mix in the country is very high. The increase in Scope 2



emissions produced in Asia accounts for about 45% of the increase in emissions of the same scope for 2013, when compared to 2012.

Another reason behind this increase in emissions is the increasingly widespread use of hot stamping. This is a more intensive technology in terms of energy consumption than traditional technologies but, on the other hand, it is one of the technologies that allows us to reduce the weight of our products.

Following our principle of continuous improvement, we are working on improvements in energy efficiency that will allow us to reduce the companies' energy consumption. As already explained in the "Energy Efficiency Initiatives" section, these improvements are carried out at both at the manufacturing facility level as well as those launched through the corporation.

## Emissions to the atmosphere of other gases: SO, and NOx

As a result of the direct burning of fuels in the plants for both manufacturing processes as well as heating systems, we not only emit the greenhouse gases described in the previous section, but also other types of gases that, although small in quantity, must be taken into account due to the environmental impact they produce.

Emissions in tonnes of these two types of gases for Gestamp Group over the past two years were as follows: Just as in the case of greenhouse gas emissions, the table shows that there has been an increase in the emissions of these gases. This can be explained as a result of an increased consumption of fossil fuels during 2013 in comparison to 2012. Since this type of emission is directly related to the consumption of fuel (natural gas, diesel and LPG), the incorporation of new companies into the environmental indicator and the installation of new hot stamping lines (several of which use natural gas as a fuel for furnaces), has caused an increase in the tonnes emitted of both types of gases.

#### ENVIRONMENTAL AWARENESS AND TRAINING

Environmental training and awareness are key elements for our people so that, as they go about their daily activities, they generate the least possible impact on the environment. In that vein, training conducted during 2013 was focused on the following aspects:

- Training on recycling.
- Energy saving and efficiency.
- Responsible energy consumption.
- Waste management.
- Environmental management systems.

#### SO, and NOx emissions

	SO <sub>2</sub> emis	sions (t)	NOx emi	ssions (t)
Region	2012	2013	2012	2013
Europe	0.7	1.3	109.9	121.2
North America	0.1	0.2	19.5	27.1
South America	0.1	0.2	8.0	10.0
Asia	0.9	1.0	3.5	6.0
Total emissions	1.8	2.7	140.9	164.3



#### BIODIVERSITY

All manufacturing facilities are located in urban and industrial areas. Their impact on biodiversity is low and complies with land use regulations.

#### ENVIRONMENTAL INCIDENTS

Occasionally, minor environmental incidents occur during the manufacturing processes, such as spilled oil or chemicals.

In accordance with internal procedures, even when they are minor, we consider incidents with at least one of the following conditions to be environmental incidents requiring corrective measures to be taken: those involving a third party, those requiring outside help to contain and resolve the incident in question and those involving hazardous substances.

Following these criteria, we had three environmental incidents of this type in 2013, but none of them has given rise to the activation of the guarantees associated with the Environmental Responsibility Policy which the Group has taken out.

#### CONFLICT MINERALS

As a result of Article 1502 of the Dodd-Frank Act, all companies reporting to the SEC that use any of the four minerals that are considered conflict minerals (tin, tantalum, tungsten and gold) are required to trace its origin.

If any of these minerals comes from the region of the Democratic Republic of Congo or any of the countries listed in the article, the company must submit an audit report to the SEC.

In addition, the European Union is preparing similar legislation to prevent the trade of these minerals from conflict zones

This legislation does not affect Gestamp directly, since none of the original conflict minerals are used in our manufacturing, but we informed our steel suppliers, which are steel companies, of the issue and in the future we will have a software tool to manage this risk.



## **ZERO DISCHARGES**

Gestamp Navarra. Spain: Waste-water purification and reuse

By José Vicente Martín Azpilicueta, Occupational Safety and Environment Manager



#### TO REDUCE THE VOLUME OF WATER DISCHARGES AS MUCH AS POSSIBLE

At our plant, we distinguish two types of discharges:

- Oil-and-water emulsions from drilling oil, oil from presses and oil from pits.
- Washing and degreasing water from cleaning floors, baths for washing parts and bleeding from cooling systems and compressors.

None of these discharges can be sent directly to the system and must be properly treated.

Since the plant was built, the facility available for processing the waste has been a physical/chemical treatment plant. We had difficulties in treating hydrocarbons, so we disposed of the water/oil mixtures through an authorised waste management service provider, with the consequent extra cost. In addition, the water that was discharged to the system had a high level of COD, which measures the concentration of organic matter in suspension. As a result, a high fee had to be paid to discharge it into the public system's treatment facility.

#### > THE PROJECT

In 2012, taking advantage of the expansion in the manufacturing facilities, we addressed the project of a wastewater treatment plant that would allow us to reduce the volume of hazardous waste to be treated via the waste management service provider and, at the same time, to achieve a zero discharge effect by reusing the water internally.

The new waste-water treatment plant allows us to separate the two types of discharges: those with oil contents and those with degreasing contents. We also acquired a new, more efficient, evaporator.

In June 2013, we finished setting it up, we stabilised the operation of the treatment plant and put it to work at full capacity.



# BEST PRACTICE

#### > THE DISCHARGE FLOW IMPLEMENTED

The treatment that we have implemented is simple:

- Water-oil emulsions are channelled towards a tank where the floating oil is recovered.
- Mixtures with degreaser go to a second tank, where floating oils are also collected.
- Once the floating oils are separated, the water is sent to the evaporator which produces distilled water that is treated with activated carbon filters and sanitised with hypochlorites for reuse.
- The oil is decanted, obtaining waste oil for sale through the waste management service provider.
- Wastes from the evaporator as well as the remains from cleaning the tanks are given to the waste management service provider.

#### > ASSESSMENT OF TREATED VOLUMES

Approximately every year 650 m<sup>3</sup> of contaminated water are sent to the treatment facility through the process described and are transformed into the following:

- 500 m<sup>3</sup> are recovered in the form of treated water used for washing floors, for the washers for parts from the manufacturing process and to be used in the cooling towers.
- 100 m<sup>3</sup> of waste oils are sold to the waste management service provider and from which an economic return is obtained.
- 50 m<sup>3</sup> of oily sludge, from which 10 to 20% of concentrated waste can be obtained so that it can be removed by the authorised waste management service provider.

## OUTCOME: ZERO DISCHARGES OF WATER TO THE SYSTEM

On the one hand, we have a zero-discharge-tothe-system effect and on the other 500 m<sup>3</sup> of water are reused for the plant. Besides the cost saving, we reduce our water footprint.

The actual volume of hazardous discharges that we must treat via the authorised waste management service provider has decreased significantly. This has two effects: the cost saving and the minimisation of our impact.

Most of the former oily wastes are now recovered and sold for subsequent recycling. Again, we have two effects: revenue for the plant and a reduction in impact.

In short, the new water treatment plant is an enormous improvement in our environmental impact, and we are satisfied with what has been achieved. It is one way to really accomplish both the plant's and Gestamp Group's commitment to the environment.





## **IMPROVEMENT IN WASTE** MANAGEMENT AT CHATTANOOGA

Gestamp Chattanooga USA: The 3R Project (Reduce, Reuse and Recycle)

By Bradley Stillwell, EH&S Coordinator Gestamp Chattanooga



#### LAUNCH OF THE 3R PROJECT (RECYCLE, REUSE AND REDUCE)

As a first step, we needed to reduce the amount of waste we were sending to the local authorised disposal site. To do this, we identified the materials that we could classify and separate before sending: cardboard, paper, plastic and aluminium. We also identified those we could reuse: pallets, gloves and rags. As the Plant's Environmental, Health and Safety Coordinator, I was chosen to take charge of the project.

Several meetings were held with all the personnel to inform them of the project and to provide the training required. This was supplemented with complementary actions such as information on notice boards and display screens, as well as posters and signs throughout the facility.

An Environmental Team was put together to coordinate initiatives and conduct inspections.

We acquired different equipment and materials to separate waste and these were distributed at strategic points so that all the personnel could collaborate on the project.

We also involved another key element in the process: our waste management service provider. Once they found out what our goals were, they began to work together with the facility to help us achieve them.



#### SESTAMP CHATTANOOGA'S GOAL: A 25% ANNUAL REDUCTION IN THE WASTE TAKEN TO THE LANDFILL

The facility wants to reduce the percentage of nonrecycled or non-reused waste sent to landfill by 25% each year compared to the previous year's figures during the 2013 to 2015 period.

The goal of reducing our environmental impact is important when you consider that the total weight of waste generated in the facility in 2012 amounted to 106 tonnes of material.

#### RAISING EMPLOYEES' AWARENESS

The main challenge has been to change our employees' mind-set and habits. Thanks to refresher training sessions and support from the Environmental Team, who solved any questions and corrected errors, we've got the entire facility to work with the 3Rs in mind.

As Jason Holland, CMM operator says, "My view about recycling has changed; I've got more opportunities to recycle here than at home".

"We are fully confident that, with the awareness and cooperation of all Gestamp employees, the Gestamp Chattanooga facility will easily fulfil its commitment."

#### THE IMPROVEMENT, IN NUMBERS

- In 2013, the plant generated a total of 137 tonnes of waste.
- 54 tonnes of material were recycled, a 39% decrease in waste treatment. Since the percentage of material recycled in 2012 was 17%, our goal was more than successfully met in 2013.
- 100% of our wood pallets were reused.
- . We went from three compactor units to just one, thereby saving money.

#### TO LOWER THE AMOUNT **OF WASTE TAKEN TO** THE LANDFILL

Since the very beginning in 2011, our Gestamp Chattanooga plant was built according to the principles of responsibility. It earned LEED certification from the US Green Building Council that recognises the use of sustainability principles in the construction, operation and maintenance of facilities.

In early 2012, the plant began to prepare itself to obtain ISO 14.001 certification. We used the analysis of material and waste flows to adapt to the standard when we detected an opportunity to significantly improve our impact on the environment.

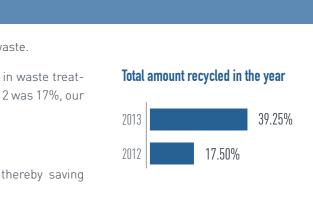


To get employees involved from the start, everyone who starts working for the facility has to complete a 30-minute training session on environmental issues and recycling.

#### LONG-TERM COMMITMENT

The facility has a three-year commitment, so we can't let our guard down.

- We're continuing with refresher training sessions for our employees and with the monitoring and auditing to detect errors and identify improvements.
- The facility's environmental performance and, in particular, the recycling data are reviewed every month and both managers and employees have access to the numbers and status of each period via various media.
- We continue to seek and identify opportunities and sources of improvement, such as the packaging material of the sheet metal coils, which have a high percentage of plastic.
- We're working jointly with our waste manager to systematically improve our processes and our reduce costs.





## HARNESSING RESIDUAL ENERGY

Gestamp Metalbages. Spain: Energy saving

By Sergi Garcia Borjas, Quality Laboratory and Environmental Coordinator



#### THE IDEA

While inspecting the facility, we noticed that there were hot points in the boiler system used to raise the temperature of the heating and paint pre-treatment baths. These hot points were emitting energy into the atmosphere, and we realised that we could leverage this residual energy and use it in another process taking place inside the plant.

We already had experience using residual energy, as over recent years we have been taking advantage of the heat from the plant's compressors for heating, so we started to work on this issue.



#### LOOKING FOR APPLICATIONS

We considered several possibilities, but the one that seemed most feasible was the curing oven, where the parts go once paint has been applied to them.

The oven's operating temperature is 193°C, and the temperature of the gases leaving the boiler is 110°. If we also bear in mind that they are quiet close to each other, the temperature loss was minimal, so the advantages were obvious: we'd spend energy only to raise the temperature from 110 to 193 °C, instead of raising it from ambient temperature to the oven's working temperature. What's more, since the boilers work more continuously during the winter to provide heat, during this season we would be able to leverage the energy even more and it would not effect the low ambient temperature as much.

#### > VERIFICATIONS

The oven is an important point in the manufacturing process and may affect the final quality of the parts that we deliver.

The first thing to do was to verify that the system we had planned for re-routing the excess heat from the boiler towards the oven would not affect the parts or their operation.

## BEST PRACTICE

To make sure, we consulted several suppliers' technical departments, including paint departments and, of course, the technical areas of our plant. Maintenance and Production supported our project.

Once we received confirmation that the curing process would not be affected by the gases, and that neither the parts nor the oven would have any problems, we designed the installation.

#### > TECHNICAL SOLUTION

We were finally able to connect boiler and oven using pipes without the need for any extra elements, as the pressure of the gases leaving the boiler did all the work.

Because of the plant's internal layout, we were unable to do the connection inside it, so we had to run part of the pipes on the outside.

For those sections, we used pieces of thermally insulated pipe with special properties.

We installed the system with the plant running at full capacity, except for the final connections to the oven and boiler; we had to do this part at the weekend with the equipment shut down.

#### CONCLUSION

At our facility, for years now we have been aware of all the different kinds of benefits that improved energy efficiency, especially harnessing residual energy, offers. Locally, this criterion is led mainly by the Maintenance and Environment areas.

### > THE OUTCOME

With this seemingly simple solution, we are saving the plant between 10 and 15% of its gas consumption every month. Besides the saving on the energy bills, we are also helping to reduce greenhouse gas emissions from the plant.

"In our experience, there are always opportunities to improve the energy efficiency of facilities, and these are not necessarily complicated or high-cost. All it requires is to take a fresh look at the equipment once in a while. Leveraging residual energy is an option to always keep in mind."





# $05. {\scriptstyle {\rm INVOLVEMENT}\atop} \\ {\scriptstyle {\rm WITH \ {\rm SOCIETY}}}$

Economic and social dev Shared sustainability: ou Education and training in Social contributions in ad Membership of organisa Awards and recognitions BEST PRACTICES

Gestamp is a powerful driving force for local development in the communities where our manufacturing facilities are located, through job creation, contracts with local suppliers, collaboration with organisations and institutions and involvement in social initiatives.

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Gestamp's presence in the areas where it operates helps to create jobs, not only directly, but through economic impetus that entails purchases from local suppliers made by each manufacturing facility, mainly with subcontractors or sectors providing ancillary services to the industry.

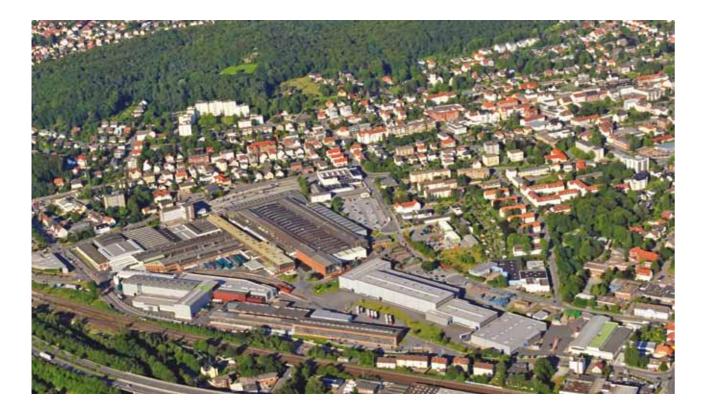
Gestamp also generates a positive effect on the technical/industrial education and training of local people as a result of the collaboration established with universities, business schools and regional vocational training centres aimed at promoting training activities related to industrial development. Thus, Gestamp is helping to strengthen an industrial culture and improve the employability of the surrounding communities.

Gestamp is also actively involved in different initiatives to benefit the various communities. These initiatives are both economic (business associations and clusters) and social (support for projects to improve education, environmental awareness, integration of disadvantaged groups, etc.), that arise from the knowledge of each of the plants of the social reality around them and that are a reflection of Gestamp's commitment to local development.

## ECONOMIC AND SOCIAL DEVELOPMENT OF OUR ACTIVITY

Gestamp contributes to the economic and social development of the countries in which it operates through its manufacturing facilities and service companies by generating positive impacts of different kinds that have been grouped into three categories:

In general, the growth of industrial activity not only benefits the companies in the sector but also encourages the growth of the overall economy due to its ripple effect. According to a US government study, every dollar of industrial GDP generates \$1.34 of aggregate economic activity as a result of the pull effect of industrial companies. In contrast, sectors such as retail or professional services generate less than \$0.60 of activity per dollar of GDP.



		EMPL	01/14	
WEALTH	ΔΝΠ	FWFL	IIYM	ENI
	AND.			

- Wealth GDP
- Quality employment
- Government revenues

- R+D+i, technology and
- Supplier motivation
- Country competitiveness

#### 2013 study of the impact on Spain

To measure how Gestamp contributes to this development, we conducted an initial study with the technical support of B+I Strategy Consultancy and with methodological advice from the Deusto Business School.

The impact study focused on Spain, country of origin and the Group's main decision-making and manufacturing centre. It is our goal to continue to measure the



#### COMPETITIVENESS

technological know-how

## SUSTAINABLE DEVELOPMENT

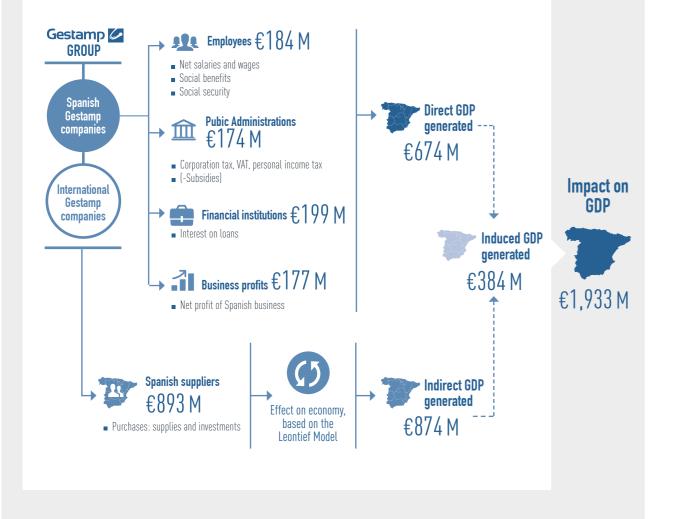
- Sustainable products
- Sustainable processes
- Commitment to the local environment
- impact of Gestamp's activity on our environment in the future, expanding the scope of the analysis to other geographies where we have a significant presence, and introducing new analytical variables that will optimise and enhance the initial impact study.
- The most important conclusions of the study referring to the generation of wealth and employment include the following:

#### **Results of the Impact Study in Spain**

#### Impact on GDP of € 1,933 M, € 674 M directly

Through the economic flows that occur as a result of Gestamp's business activity, €1,933 M of GDP were generated in Spain, which would represent about 3% of the automotive industry's GDP. €674 M were produced directly by the Group's Spanish companies (personnel costs, interest, profits, taxes), €874 M indirectly by the effects of the purchases made to Spanish suppliers by Gestamp's companies, and € 384 M induced GDP generated.





#### 5,505 direct, quality jobs, contributing to the maintenance of 6 jobs in the economy for each Gestamp worker

In 2013, Gestamp's business activity helped to maintain 35,633 jobs in Spain, a figure that would represent around 2% of the population employed by the automotive industry<sup>1</sup>. 5,505 direct jobs in the Group's Spanish companies in 11 regions. 20,370 indirect jobs linked to Gestamp's supply chain. 9,758 induced jobs linked to the demand on the economy of the families benefitted by Gestamp's activity.

Gestamp's direct employment is high quality and stable. The Group has maintained production in Spain during the crisis, increasing its workforce in the country organically by 12% between 2009 and 2013 (a total workforce growth of 36% in Spain including companies acquired in the period), compared to the 10% decline experienced in the automotive sector nationwide. In addition, Gestamp has a team of highly qualified professionals in Spain resulting, in part, from the location in the country of its central services and various heads of business divisions.

#### Net contribution to public finances of € 496 M

As part of the impact on GDP of Gestamp's business activity, €496 M of net income for the Spanish government in VAT, CIT and PIT. €174 M directly, through the revenue generated by the Group's Spanish companies, net of subsidies received. €322 M directly and induced from the effect on its supply chain and economy of purchases made by Gestamp's companies from Spanish suppliers.

1. Relative weight of Gestamp's impact on employment compared to estimates of the automobile sector on the labour force according to ANFAC (7% of total labour force in 2012).

Other aspects taken into account in the study are the impact on competitiveness, which highlights the significant contribution made by Gestamp in Spain through the generation and transfer of advanced knowledge related to manufacturing processes and the automotive sector. It has two R&D centres and a team of 100 researchers supported by project engineers in the country's plants who collaborate with customers

and suppliers on the concurrent development of new products and solutions.

Worthy of note, just like the rest of the Group, is its leadership in hot stamping and in being the number one Spanish group in tooling technology, developing internally capabilities that set it apart in this industrial art that is vital for the quality of stamped products.

#### SHARED SUSTAINABILITY: OUR SUPPLIERS

At Gestamp, we believe that our commitment to sustainability is not confined only to the environment of our operations; we are part of a value chain that is finalised with the activities and performance of our suppliers, without whom we could not meet the requirements of our customers. To the extent that we strengthen them and rely on them locally, we contribute to the development of the communities where we operate.

We are responsible in our operations, but we are convinced that we must also be responsible in our supply chain, developing our suppliers, encouraging continuous improvement and establishing fair and open relationships. It is for this reason that we ask our suppliers to commit in the same terms that we do when they register on the supplier portal. They are asked to respect the Principles of the Global Compact (human, labour, environmental and anti-corruption rights), ensure they care for health, safety and the environment



in their facilities and ensure the quality of the product or service.

All Group companies manage their purchases through a single platform. Suppliers access it through their personalised point of access in our system, which we call the "Suppliers' Portal". One goal of this tool is to facilitate and improve communication with suppliers, and thus promote the continuous improvement of their products or services.

The quality that our suppliers deliver to us affects our operations and the quality of the final product that we send to our customers. For the Group, it is vitally important to control the incoming quality of the raw material and components that we incorporate into our products.

The quality assurance phases implemented in Gestamp at the manufacturing facility level are:

1. Approval. The purpose of the approval is to establish the minimum requirements required from our suppliers for inclusion in the Group's Suppliers' Portal and therefore authorise the possible supplies from one or more families of products in our manufacturing processes.

To begin to provide supplies and be assessed, the supplier is required to be certified by one of the ISO /TS 16949 or ISO 9001 standards, and to have an environmental management system ISO 14,001 certified is positively regarded.

As of 31 December 2013, 93% of these suppliers had one certification and the other 7% were in the process of obtaining it, and there was an advanced group of 23% that had them all.

**2. Periodic assessment.** Suppliers are assessed monthly, based on the degree of compliance with the quality and logistics requirements in each of the

plants they supply. Depending on the outcome of the assessment, suppliers will be categorized as "A", "B" or "C", with "A" being the highest score and "C" the lowest. Depending on their final classification, suppliers with a low score, the plant they work with may require an improvement plan, audit them or even, if necessary, look for an alternative supplier to replace them.

As of 31 December 2013, 86% of suppliers were rated as either "A" or "B".

3. System or process audits. Each manufacturing facility conducts regular audits of its suppliers of direct material, especially those with lower scores. These are in-depth reviews carried out in the supplier's facility in order to assess its quality system, organisation, procedures, tooling and resources aimed at assessing its capability to manufacture products that comply with Gestamp's quality criteria. Other reasons for conducting an audit of this type can be serious quality incidents, the lack of any formal certification or due to interest in having direct evidence of the supplier's quality management.

Should there be any kind of incident related to quality or nonconformity during the audit, suppliers are required to carry out a specific action plan. Depending on its nature and the urgency, immediate action (48 hours), corrective action (response time 7 days) or preventive actions (response 30 days) will be required.

#### New corporate project for supplier quality

Since 2012, the Corporate Quality Supply area has been working on a new project that conducts assessments of direct material suppliers so that they can be approved as Gestamp suppliers. The benchmark being used in these assessments was developed in-house, adapted to our requirements, and based on the ISO TS 16949 and VDA standards. This criterion is being used for suppliers that the company is already working with, as well as potential suppliers that the company might work with in the future.

These assessments are more in-depth than those made at the manufacturing facility level because 8 aspects are assessed:

- 1. Management
- 2. Innovation and development
- **3.** Supplier management:
- 4. Production
- 5. Customer focus
- 6. Environment
- 7. Occupational Health and Safety
- **8.** Sustainability (based on the Principles of the Global Compact and the ILO)

After the assessment, the suppliers are rated as A, B and C or BH (blocked for orders), as is done at the manufacturing facility level.

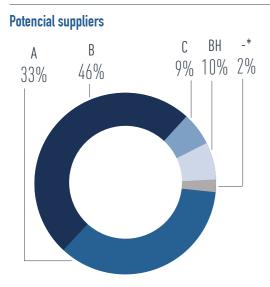
It should be noted that the aspect of sustainability is one of the newest criteria for our suppliers and we want it to serve as a lever to promote corporate social responsibility in their organisations.

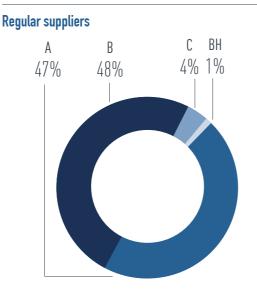
For 2014, there are plans to increase the average of these assessments by 10% in the Group.

#### Assessments made at the corporate level by geographic area:

	2012		2013	
	Number of asse	ssments	Number of ass	essments
Europe	26	27%	79	27%
North America	25	26%	56	19%
South America	13	13%	34	12%
Asia	34	34%	120	42%
Total	98	100%	289	100%

#### Assessments made at the corporate level by results obtained and supplier type in 2013:





\*"-" The assessment team decided not to complete the assessment

#### Assessments by the result obtained in the sustainability aspect:

The highest score is 100-80% and the lowest below 62%.

	2012		2013	
Number of assessments		Number of assessments		
100%-80%	33	34%	161	56%
80%-62%	56	57%	122	42%
< 62%	9	9%	4	1%
*	0	0%	2	1%

\* The assessment team decided not to complete the assessment

## EDUCATION AND TRAINING IN LOCAL COMMUNITIES

With regard to our economic contribution and collaboration with our suppliers, we would like to highlight the role that we play in the field of education and training in the communities where we are present, especially with young people.

Gestamp offers young people the opportunity to combine theory and practice through its dual study programme taught around the world; they are called "apprentices".

Apprentices combine practical training in the company with theory sessions taught at vocational training centres.

This type of training is intended to:

- Encourage young people under 25 years of age to obtain a post-compulsory secondary education qualification through vocational training courses.
- Improve the employability of young people thanks to this system's high capacity to transfer theory into practice.
- Strengthen ties between educational centers and Gestamp's workplaces, establishing a greater connection and shared responsibility in the educational process of young people and/or workers

Usually, apprentices working in any of our workplaces do so accompanied by a tutor during normal working hours. They have a contract, are registered with Social Security and are paid a small wage. In 2013, the number of apprentices in Gestamp were:

Geographical area	No. of apprentices	%
Europe	318	80%
North America	36	9%
South America	27	7%
Asia	18	4%
Total	399	100%

A Best Practice relating to the dual training being carried out at Gestamp United Kingdom plants is included at the end of this chapter.

We would also like to highlight a project sponsored at the corporate level that was launched 2012 in conjunction with Comillas Pontifical University: a Masters programme aimed at creating a reserve pool of International Project Managers.

In 2013, the first edition of the Masters programme ended. Of the 600 applications received, 28 candidates of 8 nationalities (China, India, Germany, Spain, Russia, Italy, France and Poland) were accepted. After graduation, the vast majority were highly satisfied with the entire programme, both the training sessions as well as the work experience at Gestamp's workplaces. Of all the participants, 61% continue to work in the same place where they did their work experience.

At the end of the year, a second edition of the Masters programme was started with another 30 students of 8 nationalities. It will end in 2014 and we are hoping to obtain the same results as in the first edition.

#### SOCIAL CONTRIBUTIONS

Another field in which the Group contributes to society is through its social activities.

This year, for the first time, Gestamp became party to the LBG model (London Benchmarking Group) with the objective of identifying, classifying, and assessing the non-profit making contributions each one of our companies is making individually in the community in which it operates.

The LBG model is the only one accepted internationally as the best practice in measuring the impact of social actions of companies and of all kinds of organisations. In fact, it is the only one recognised by the Dow Jones Sustainability Index, which assesses the sustainability of the most important companies worldwide and is the benchmark used globally by investors seeking to participate in responsible businesses.

The application of the model makes it possible to manage and optimise resources and activities in such a way that the impacts are more efficient and of greater social importance, contributing with a better criterion and where it is needed the most. After the application of the model to the social actions carried out by our Group, we have identified a total of 131 non-profit making social activities that have benefitted 184 organisations and which involved a total of 696 employees.

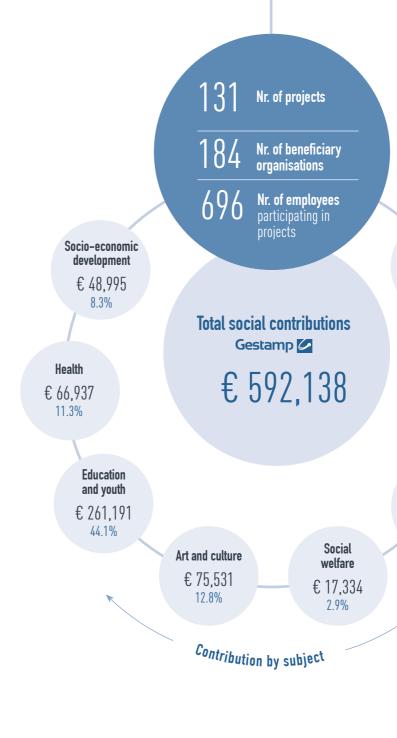
With respect to the kinds of contribution, most of the activities carried out during 2013 were in the form of monetary contributions, followed by contributions of hours of volunteer work by employees within their working day. Another contribution, although in a smaller percentage, refers to those made in kind, such as donations of surplus building materials to non-profit making organisations, of furniture to families affected by natural disasters, of surplus office materials, etc.

According to the motivation for the contribution, 75% of the activities reported by Gestamp Group companies are linked in the medium and long term with the intermediary non-profit making organisations they collaborate with.

The subjects of our contributions, which are tied to the beneficiaries of Gestamp's contributions to social action are the following:



The ripple effect, economic resources and additional impacts that are attracted to the projects as a result of Gestamp's initiatives as a company and as a result of the above activities have been significant, especially the employees' payroll contributions.



If we add Gestamp's direct social contribution to the ripple effect, we are talking about the Group having generated a social impact of €966,026. Gestamp's contribution will include the 13 other companies that are part of LBG in Spain and the 300 worldwide who will publish their joint data throughout 2014.

Contribution by Geographic Area

#### **North America**

19 Projects 34 Beneficiary organisations 106 Employees participating Total contribution € 27,993

#### **South America**

7 Projects 8 Beneficiary organisations 13 Employees participating Total contribution € 73,441

#### Europe

92 Projects 129 Beneficiary organisations 425 Employees participating Total contribution € 484,899

#### Asia

13 Projects 13 Beneficiary organisations 152 Employees participating Total contribution € **5,806** 

**Others** € 14,314 2.4%

> Environment € 3,073 0,5%

Humanitarian aid € 104,764 17.7%

#### MEMBERSHIP OF ORGANISATIONS

As we mentioned in the chapter on Sustainability in the stakeholder segment on "Institutions and the Media", the Group participates in organisations, institutions or forums whose purpose is to promote socio-economic development, innovation, quality or to contribute to the dissemination of knowledge about the automotive sector in the countries where we operate.

Some of them are detailed below:

#### Europe

#### 41 organisations and institutions

- CEOE / CEPYME- Confederación Española de Organizaciones Empresariales
- AEC- Asociación Española de Calidad
- SERNAUTO -Asociación Española de Fabricantes de Equipos y Componentes para la Automoción
- CEAGA Clúster de empresas de automoción de Galicia
- ACICAE- Asociación empresarial de industrias de componentes de automoción de Euskadi
- GIRA Clúster de Automoción de Cantabria
- UPM Unión Patronal Metalúrgica Catalana
- FEMEVAL Federación Empresarial Metalúrgica Valenciana
- AIMME-Instituto Tecnológico Metalmecánico de Valencia
- AIMEN -Centro Tecnológico en Pontevedra
- CPOE -Confederación Palentina de Organizaciones Empresariales
- FACYL -Federación de Castilla y León de automovilismo
- AEI- Agrupación Empresariales Innovadoras de Automoción) de la provincia de Jaén
- Cluster de Industria Automoción Catalunya
- CAAR- Cluster de Automoción de Aragón
- ANEM- Asociación Navarra de Empresas del Metal
- Federación Vizcaína de Empresas del Metal

- Instituto de la Empresa Familiar
- BCSD Portugal Conselho Empresarial para o Desenvolvimento Sustentável
- AINMAP Associação das Indústrias Metalúrgicas, Metalomecânicas e Afins de Portugal
- Câmara de Comércio Luso-Espanhola de Porgual
- VBM Verband bayerischer Metall und Elektrobetriebe
- German Chamber of Commerce
- ARIA regional association of automotive car makers and suppliers France
- Arbeitgeberverband
- Association of European Business of Russia
- Polish Chamber of Automotive
- Lulea University of Technology
- Svenskt Näringsliv (Swedish Enterprise association)
- Industriarbetsgivarna (Industrial Employers) association of Sweden)
- Fordonskomponentgruppen FKG (Association for Swedish suppliers to OEM)
- MEDEI/UNIMM: Organización de empleados
- Economic Forum of the local area "Eichsfeld"
- IMechE- Institute of Mechanical Engineers in the United Kingdom
- CBI- The Confederation of Bristish Industries
- North East Chamber of Commerce UK

- EEF Manufacturers Organisation for UK
- IHK Koblenz
- Institute of Environmental Management Washington UK

#### North America

#### 12 organisations and institutions

- International Center of Automotive Research -Clemson University
- South Carolina Chamber of Commerce
- Spartanburg Development Association
- Union County Development Board in South Carolina
- Chattanooga Chamber of Commerce
- Chattanooga Manufacturers Association

#### South America

#### 4 organisations and institutions

- AFAC Asociación de Fabricantes de Autocomponentes de Argentina
- UIC Unión Industrial Córdoba Argentina
- CIMCC Cámara de Industriales Metalúrgicos de Córdoba Argentina
- SESI Serviço Social da Industria do Brasil

#### Asia

#### 5 organisations and institutions

- CII- Confederation of Indian Industries
- EFSI Employers' Federation of Southern India
- SHRM Society for Human and Allied Resource Professionals of India
- German Chamber of Commerce in China Shanghai
- Shanghai Association of Enterprises with Foreign Investment

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- BUGiAD- Bursa Entrepreneurial Businessmen Association Turkey
- BTSO Turkey
- Michigan Manufacturers Association
- COPARMEX Confederación Patronal de la República Mexicana
- CANACINTRA- Cámara Nacional de la Industria de la Transformación de México
- INA Industria Nacional de Autopartes de México
- ARITAC Asociación de Relaciones Industriales de Toluca - México
- ARIAAC Asociación De Relaciones Industriales de Aquascalientes - México

#### AWARDS AND RECOGNITIONS

One way that recognises good work performed by organisations is the awards and recognitions received.

We are very pleased to have received some of these awards and recognitions during 2013, both at Group level as well as at individual company level. The most significant awards are mentioned below:

#### At the Gestamp Group level:

- Best Volkswagen supplier in 2013. Volkswagen recognised the significant contribution of Gestamp group as one of the 21 best suppliers worldwide; it was the only company of Spanish origin.
- Ranking of the Top 100 Automotive Suppliers and Newcomer prize from Clepa, European Association of Automotive Suppliers.
- The Spain/China Council Foundation Award. The Board of Trustees of the Foundation Council decided to award the prize to Gestamp as an exponent of Spanish excellence in the automotive industry and for its firm commitment to investment and operating in China.

#### To Francisco J. Riberas

 2013 Automotive News Europe Eurostars. Francisco Riberas has received an award for the acquisitions of companies made in recent years which have caused the sales figures and operating income to increase. Brasil 2013 Awards. In the Entrepreneur of the Year category, the award went to our President for the Company's boost to research and development in the automotive components manufacturing industry in Brazil and for their commitment to this country.

We would also like to highlight some of the awards and recognition received by our companies:

- Edscha Group: Fiat Chrysler Supplier of the Year 2013, Metallic category.
- Edscha: "Top Arbeitgeber Automotive" awarded by the Top Employers Institute in Germany in the category of Innovation Management.
- Gestamp Alabama (United States): GM Supplier Quality Excellence Award 2013.
- Gestamp Kunshan (China): GM Supplier Quality Excellence Award 2013.
- Gestamp Wuhan (China): Ford Best Partner Award 2013.
- María José Armendariz, Director of the Chassis Business Unit at Gestamp Group: Business Award from the Association of Businesswomen and Women Managers in Bizkaia (AED).

#### Commitment to external initiatives

We are a company committed to some of the most important global initiatives in sustainability:

 Global Compact: an international initiative proposed by the United Nations. Its objective is to obtain a voluntary commitment via the implementation of Ten Principles based on human, labour, environmental and anti-corruption rights. We have been signatories to the Global Compact since 2008, and partners since 2011.

In 2013, as we do every year, we published our progress report. It can be consulted on the Global Compact website (*http://www.unglobalcompact.* org/participant/4608-Grupo-Gestamp-) and on the Spanish Network of the Global Compact in Spain (*http://www.pm-old.globalincubator.net/component/* consultarinformes/?Itemid=599). We obtained the Advanced level, complying with all of the Global Compact's requirements.



 CDP Carbon Disclosure Project: an independent, non-profit making organisation which maintains the largest global database of corporate climate change information. Through an annual survey, CDP gathers information on the risks and opportunities identified relating to climate change, emission reduction plans and the transparency of corporate actions to mitigate climate change.

We joined in 2011, and it was not until 2012 that we voluntarily published our first report where we provide information on what we are doing in this field. Our goal is to continue to improve over the next few years, because the reduction of  $CO_2$  emissions is a key issue for the company. The information for 2013 will be published throughout 2014.



## WORKING WITH OUR POOL OF **YOUNG TALENT**

Gestamp Tallent. United Kingdom: Apprenticeship programme

By David Pearson, Training Controller



#### A TRADITION IN ENGLISH PLANTS

The Gestamp Tallent Ltd apprenticeship programme at the Aycliffe, Cannock and Llanelli plants has been running for several years. Since its inception, nearly 400 young people have taken part. This program provides local young people with training that allows them to develop their careers while, on the other hand, the plants can meet their technical needs with trained and motivated people. There are many apprentices who, after a time, end up in important positions at the plants and who continue their development at Gestamp.

Let's look at an example:

#### Aycliffe. Employees who participated in the apprenticeship programme.

Department	Number of Employed	Former apprentices	%
Support areas	264	46	17%
Engineering	75	28	37%
Technical areas (*)	127	42	33%
Total	466	116	25%

> APPRENTICE SELECTION PROCESS

Each plant does its own selection process, usually through local advertisements in newspapers career events in local schools and colleges, internal posters or on the National Apprenticeship Service website

Candidates, young people of both genders between 16 and 24 years of age, must pass a rigorous selection process with psychometric tests and personal interviews. The percentage of candidates accepted is about 7% of those who applied.

#### > THE DUAL TRAINING PROGRAMME

This programme runs over a four-year period, during which they are supervised on an ongoing basis by a tutor from the beginning, and by a specialist from the plant in one of the disciplines taught who serves as coordinator and coach.

During the first year, the apprentices study in a technical school all week.

During the second year, training is done at the plant, except one day a week, when candidates attend classes at the technical school.

# BEST PRACTICE

Throughout the entire programme, the apprentices acquire the expertise they need to work in their specialty and, at the same time, they are introduced to what industry is really like, sharing the Group's principles and culture. What sets the Gestamp apprentice programme apart from others rest is the emphasis placed specifically on personal development and the ability to improve, as well as the help and support provided by training coordinators and managers.

Students must pass official academic tests at the end of each year of the programme. At the end of the second year, for example, they must obtain the two-year vocational training diploma and, at the end of the fourth, must pass the examination for the four-year vocational training diploma.

The programme failure or leaving rate is minimal. Over the past 13 years, a total of 4 apprentices left of their accord and 3 others did not successfully complete the programme in the Cannock and Aycliffe plants. These latter were offered jobs as machine operators.

Gestamp has a pool of skilled professionals that it knows well, who very motivated and this allows the Group to make career plans, they can replace people on sick leave and those that leave as they can also deal with future expansions.

#### **BENEFITS OF THE APPRENTICE PROGRAM**

- Both local communities and young people, as well as Gestamp Group, benefit from these programmes.
- Communities where the plants are located have lower unemployment rates, especially in a group undergoing particular hardship in these times, with the consequent social improvement.
- The young people acquire the training and personal skills necessary for a professional career. In addition, during the four-year period, they earn a wage, beginning at 25 to 35% of that earned by qualified and experienced technicians, which in subsequent years is improved based on their achievements.

(\*) Including Tooling and Maintenance Departments

#### > THE PRESENCE OF WOMEN

Although it might seem that, the programme is very technical and for males only, over the last few years 15 women have taken part, and not only in administrative or support-related tasks, but also in maintenance and tooling.



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# SOCIAL AND ENVIRONMENTAL INITIATIVES IN THE COMMUNITY

#### HEALTH

#### Cannock and solidarity: the fight against cancer

Just over a year ago, Lee Woodward, the press shift manager, met someone special at a talk at his childrens' school: Stephen Sutton, a 19-year-old with cancer.

Stephen dedicates his failing energies to work for other young people through the Teenage Cancer Trust, a non-profit making organisation that helps young British cancer patients by organising a fundraising campaign.

Lee spends his free time helping Stephen in his campaign, accompanying him to events and hanging out with him. The Cannock plant found out about the case through Lee and the entire workforce threw itself into Stephen's idea. Everyone is doing whatever they can within their possibilities and have turned helping the campaign into a personal matter. Karin Collins is organising Cannock employees' attendance at the half marathon in Birmingham in October, Fraser Jacks is putting together a massive paintball game to be held in May...the entire workforce has been mobilised.

While we were writing this report, we found out that Stephen had lost his battle with the illness. Despite the pain and feelings of emptiness that his loss means to us, at Cannock they plan to carry on working with the Teenage Cancer Trust.





#### **EDUCATION AND YOUNG PEOPLE**

# Aveiro, co-responsibility in community education

For over four years, the Gestamp Aveiro facility has been a member of the General Council of the Association of Regional Schools of Nogeira do Cravo, San Roque and Cucujaes. This entity manages several educational centres serving over 1,200 students from 3 to 18 years of age. The Council comprises parents' associations, municipalities, government officials and community representatives.

Gestamp Aveiro takes part in the Council's decisions, approving budgets and accounts, choosing directors for the schools and approving school activity programmes.

This way, the facility takes an active part in the community's progress, working together with the representatives involved in the keystone of the region's future, i.e. education.

Aveiro not only offers its knowledge in management, but it also gets materially involved when there's a need to help get something repaired or to coordinate the facility's different volunteer activities, channelling the efforts towards the community.



#### ART AND CULTURE

Gestamp Brazil promotes cultural and leisure activities for young patients at the Pequeno Príncipe Hospital

The Pequeno Principe Hospital is a leading philanthropic institution that treats of children and teenagers in Brazil. It handles around 340,000 cases annually and devotes almost 70% of its capacity to caring for patients without means. Given the importance and the social action of this children's hospital, Gestamp has been contributing its support since 2007. In 2013, it contributed more than €70,000.

Many Gestamp Brazil employees also participate personally by allocating part of their monthly salary to the Rede de Bem Project, which covers the Hospital's needs, and allocate 5% of their income tax to the Pequeño Principe.

The cultural and leisure activities for the young patients make their stay and recovery at the institution much more pleasant, which also contributes to their emotional stability.





#### HUMANITARIAN AID

#### Edscha Germany. Volunteers in the floods

In June 2013, Germany suffered heavy flooding in the south and east of the country. People had to be evacuated and there were tremendous material and personal damages.

The Hengersberg plant was about to be flooded, but was saved due to the coordinated action of firefighters and a large number of volunteers who stood their ground against the advancing water and managed to keep production rolling.

This was not the case in the surrounding area. The community was destroyed, and the homes of many Edscha employees were damaged.

Edscha colleagues in all the plants in Germany pitched in with funds to help the victims and thus

alleviate the enormous losses they had suffered. In a short space of time 32,000 euros were raised. Some suppliers also helped with this campaign by donating 10,500 euros. Meanwhile Edscha provided other 45,000 euros.

Of all the money collected, a total of 18,000 euros was offered to the community and the rest was made available to the employees who had suffered damages.

During the catastrophe, many employees volunteered, helping the community as firefighters, ambulance drivers or doing whatever was needed. Altogether, these were 1,300 hours that Edscha did not deduct from their wages, as a way of showing solidarity with its employees and the community.







#### ENVIRONMENT

Gestamp Kartek, South Korea: working to improve the environment

Helping to preserve and improve the ecosystem is not a job just for companies and institutions: it's everyone's job.

This idea has taken root in Gestamp Kartek employees, who have created a group through the Gyung-nam Union to help nature. They promote activities by means of volunteers and publish their activities every month in a newsletter.

The River Happo passes near the facility, and groups of around 20 volunteers are dedicated to cleaning the banks of materials that should not be there and conducting surveillance patrols to detect whether undesirable materials have been dumped in the river.

Other groups are working on the preservation of wetlands and are concerned about protecting migratory birds. There are also volunteers to monitor green areas and others preserve the local wild flora and fauna.

These activities have several positive effects: they help the planet, promote society's environmental awareness and also serve as a vehicle for peaceful coexistence and teamwork.



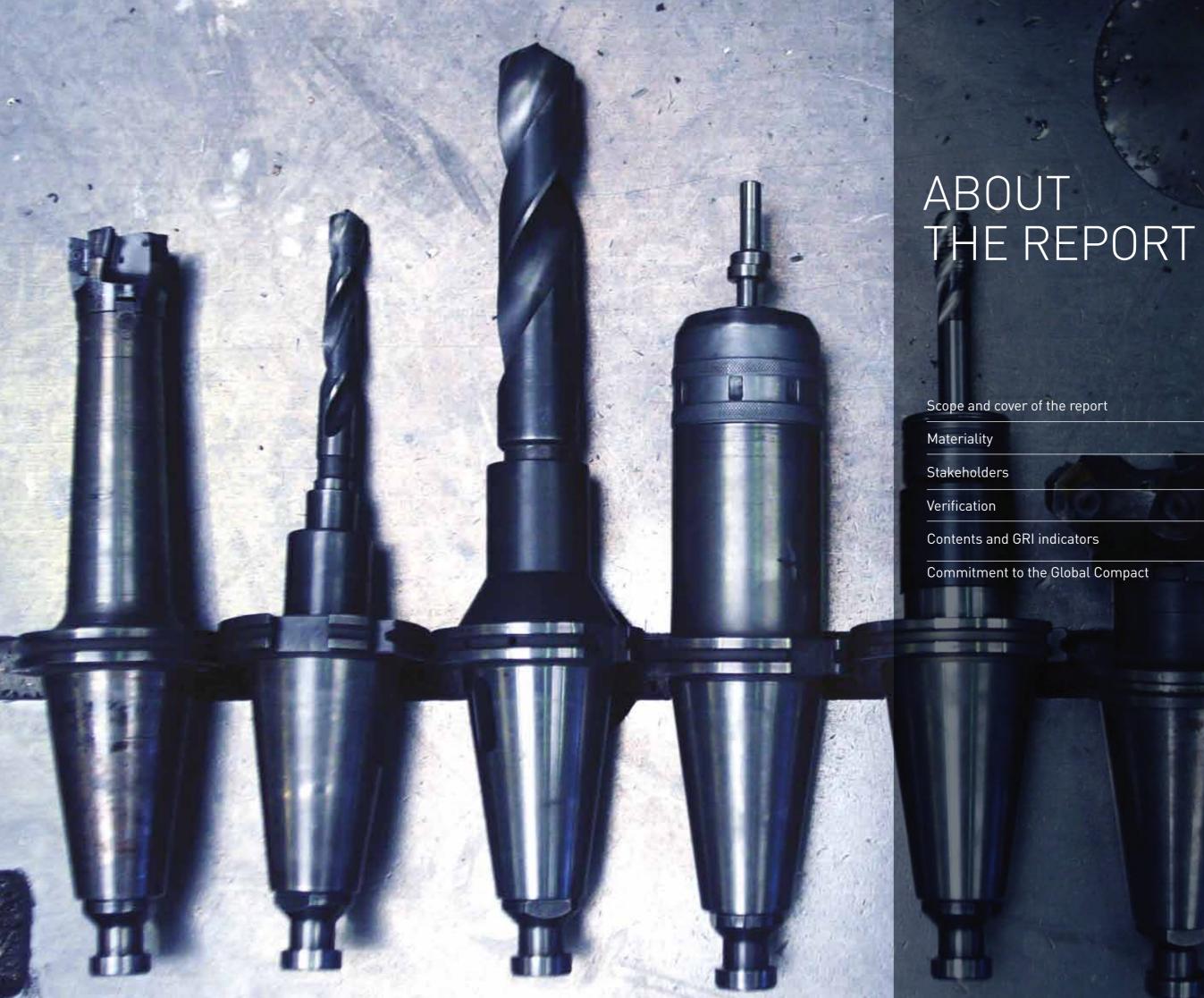
#### SOCIAL WELFARE

Gestamp North America is helping the most vulnerable: food bank

Gestamp North America, and in particular its office in Troy, is taking its responsibility to the community very seriously. For over two years, it has a group of volunteers collaborating with the non-profit making organisation Gleaners Food Bank. This food bank works in the Detroit area, providing food to those with the greatest need through five warehouses distributed throughout the area.

Gestamp volunteers dedicate part of their free time to collecting non-perishable food, organising collections and then sorting and packing the food that will be distributed. In one of their last events, they processed over 3 tonnes of food, equivalent to more than 5,100 meals. Gleaners was impressed by the effort and dedication of the Gestamp volunteers to making sure that local people in need have staple foods.





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#### SCOPE AND COVER OF THE REPORT

Like last year, the Sustainability Report from the Gestamp Group has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI-G3), for both defining the contents of the report as well as to ensure its quality.

In this Report, we provide information about our activities and major social, economic and environmental impacts during 2013.

With regard to the scope of the report:

 The financial information contained in the chapter on Economic Development and Business Strategy refers to all Group companies (Gestamp Automotive S.A. and subsidiaries). These are detailed in Gestamp Group's Consolidated Financial Statements for the year ending 31 December 2013.

- The social and environmental information reflected throughout the chapters: Commitment to People, Commitment to Workplace Health and Safety, Caring for the Environment and Involvement with Society is limited to the manufacturing facilities (plants) where the Group is responsible for the management (see below the list of manufacturing facilities and divisions that fall within the scope of the Sustainability Report).
- In cases where there scope and cover differ from that stated, the appropriate specifications were made.

#### Europe

- Gestamp Servicios, S.A.
- Autotech Engineering Deutschland, GmbH
- Autotech Engineering R&D, UK Ltd.
- Autotech Engineering, AIE
- Gestamp North Europe Services, S.L
- Gestamp Bizkaia, S.A.
- Gestamp Polska SP. Z.O.O.
- Sofedit Polska SP. Z.O.O.
- Gestamp Hungaria, Kft
- Gestamp HardTech, A.B.
- Gestamp Louny, S.R.O.
- Gestamp Washington, UK Ltd.
- Gestamp Tallent, Ltd.
- Matricería Deusto, S.L.
- Adral, matricería y puesta a punto, S.L.
- Gestamp Tool Hardening, S.L.
- Gestamp Tooling Services, AIE
- Gestamp Global Tooling, S.L.
- Ingeniería y Construcción de Matrices, S.A.
- Gestamp Try Out Services, S.L.

- IxCxT, S.A.
- Loire SAFE
- Gestamp Umformtechnik GmbH
- Gestamp Griwe Hayrode, GmbH
- Gestamp Griwe Hot Stamping, GmbH
- Gestamp Griwe Westerburg, GmbH
- Gestamp Prisma S.A.S.
- Gestamp Severstal Vsevolozhsk Llc.
- Gestamp Severstal Kaluga, Llc.
- Gestamp Togliatti, Llc.
- Gestamp Metalbages, S.A.
- Gestamp Ingenieria Europa Sur, S.L.
- Gestamp Abrera, S.A.
- Gestamp Solblank, S.A.
- Gestamp Esmar, S.A.
- Gestamp Levante, S.A.
- Gestamp Navarra, S.A.
- Gestamp Solblank Navarra, S.L.U
- Gestamp Aragón, S.A.
- Gestamp Manufacturing Autochasis, S.L.

- Gestamp Toledo, S.A.
- Gestamp Linares, S.A.
- Gestamp Palencia, S.A.
- Gestamp Galvanizados, S.A.
- Gestamp Cerveira, Lda.
- Gestamp Aveiro, S.A.
- Gestamp Vendas Novas, Lda.
- Gestamp Vigo, S.A.
- Gestamp Noury S.A.S.
- Gestamp Ronchamp, S.A.S.
- Sofedit S.A.S.
- Edscha Santander, S.L.

#### South America

- Gestamp Baires, S.A
- Gestamp Córdoba, S.A.

#### **North America**

- Gestamp North America, Inc
- Edscha Automotive Michigian Inc.
- Gestamp Alabama, Llc.
- Gestamp Mason, Llc.
- Gestamp Chattanooga, Llc.

#### Asia

- Gestamp Autocomponents (Kunshan), Co. Ltd.
- Gestamp Metal Forming (Wuhan), Ltd.
- Gestamp Autocomponents (Shenyang), Co. Ltd.
- Gestamp Autocomponents (Dongguan),Co. Ltd.
- Gestamp Kartek Co, Ltd.
- Gs Hot Stamping Co. Ltd.
- Gestamp Automotive India Private Ltd.
- Gestamp Sungwoo Hitech (Chennai) Private, Ltd.

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- Edscha Burgos, S.A.
- Edscha Briey, S.A.S.
- Edscha Engineering France S.A.S
- Edscha Holding GmbH.
- Edscha Engineering, GmbH.
- Edscha Kunststofftechnik GmbH
- Edscha Automotive Hengersberg GmbH
- Edscha Automotive Hauzenberg GmbH
- Edscha Automotive Kamenice S.R.O.
- Edscha Hradec S.R.O.
- Edscha Velky Meder S.R.O.
- Gestamp Brasil Industria de Autopeças, S/A
- Edscha Do Brasil, Ltda.
- Gestamp South Carolina, Llc.
- Gestamp West Virginia Llc.
- Gestamp Aguas Calientes, S.A. de C.V.
- Gestamp Puebla, S.A. de C.V.
- Gestamp Toluca, S.A. de C. V.
- Gestamp Sungwoo Stampings and Assemblies Pvt. Ltd.
- Shanghai Edscha Machinery Co., Ltd.
- Anhui Edscha Automotive Parts, Co. Ltd.
- Edscha Automotive Technology (Shanghai), Co., Ltd.
- Jui Li Edscha Body Systems, Co., Ltd.
- Gestamp Edscha Japan Co., Ltd.
- Edscha Automotive Components (Kunshan) Co., Ltd.

Corporate headquarters			STAKEHOLDER	COMMUNICATION CHANNELS
Gestamp Automoción	Grupo (	Gestamp		Website
Poligono Industrial de Lebario	C/ Alfor	nso XII 16		Intranet
48220 Abadiño – Vizcaya (España)	28014 N	Aadrid (España)		Orientation manual
			EMPLOYEES	Internal newsletter
MATERIALITY			EMIPLUTEES	Survey of satisfaction and working environment
As a prelude to the process of drafting th	e report an	<ul> <li>A global, integrated team</li> </ul>		Suggestion box
analysis was conducted in order to obtain	the relevant	<ul> <li>Education and training</li> </ul>		Sustainability Report
aspects for a company like ours, which op automotive sector in an international enviro		<ul> <li>Health and safety</li> </ul>		Website
The definition of the relevant issues that have been included in the report is based on several sources:  The company's strategic business plan.		<ul><li>Climate change</li><li>Energy efficiency</li></ul>		Periodic visits and meetings with customers
		<ul> <li>Waste management</li> </ul>	CUSTOMERS	Progress report
<ul> <li>Our mission and vision contained in the Code of Conduct</li> </ul>		<ul> <li>Water consumption</li> </ul>		Financial statements
		<ul> <li>Social and economic impact on local communities</li> </ul>		Sustainability Report
<ul> <li>The analysis of the automotive industry</li> </ul>	in terms of	<ul> <li>Non-profit making contributions to the Company</li> </ul>		Website
sustainability.				Website-Investors
<ul> <li>Benchmarking of key competitors.</li> </ul>				
<ul> <li>Current trends in sustainability, both d</li> </ul>	omestic and	STAKEHOLDERS	INVESTORS	Periodic conferences with investors
international.			INVECTORG	Quarterly reports
<ul> <li>Understanding the expectations of our st</li> </ul>	akeholders.	In the chapter on Sustainability we informed about our stakeholder engagement, and we make it clear that it		Financial statements
As a result of the above information, we hav	e considered	is at the level of each manufacturing or service facility.		Sustainability Report
hat the issues relevant to us are:		Each facility manages its own stakeholder, but it is at		Website
Culture and corporate ethics		the corporate level where we have established large general categories parallel to the usual communication		
<ul> <li>Financial strength</li> </ul>		channels. The frequency of engaging with different	SUPPLIERS	Supplier portal
<ul> <li>Technological innovation</li> </ul>		stakeholders varies, and is appropriate for each	JULI LILINJ	Financial statements

stakeholder and each of our companies.

- Geographic diversification
- Product quality

STAKEHOLDER	COMMUNICATION CHANNELS
	Sponsorships and patronage
	Participation in courses and seminars
local communities	Participation in local organisations, technology centres
CUMMUNITIES	RSC mailbox
	Financial statements
	Sustainability Report
	Press releases
INSTITUTIONS AND THE MEDIA	Website
	Financial statements
	Sustainability Report

The main expectations of our stakeholders have been identified through our relationship channels and have been included throughout this report. The most relevant issues are detailed in the previous section on materiality.

#### VERIFICATION

Sustainability Report

The entire Gestamp Sustainability Report has received independent external verification by Ernst & Young in accordance with:

- Global Reporting Initiative G3.1
- The Principles of the UN Global Compact

It has verified both the structure and content with a limited level assurance assignment under the ISAE 3000 Standard.

In addition, Gestamp S.A.'s and its subsidiaries' Consolidated Financial Statements are audited annually by external independent companies in compliance with applicable law. In addition, all internal information systems are controlled by the internal audit service.

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4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	18-21	٠	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees	18-21	•	
4.8	Internally developed statements of mission or values, codes of conduct, and principles	24-27	•	

#### PART I: PROFILE DISCLOSURES

Profile Disclosure	Disclosure	Reference	Level of reporting	Global Compact Principles
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	21, 26	•	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	21, 26	•	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	24-27	•	7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	24-27, 134	•	7
4.13	Memberships in associations	132-133	•	
4.14	List of stakeholder groups engaged by the organization	28-33, 147	•	
4.15	Basis for identification and selection of stakeholders with whom to engage	28-33, 147	•	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	28-33, 147	•	
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	28-33, 146-147	•	

#### PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAs)

G3.1 DMAs	Disclosure	Reference	Level of reporting	Global Compac Principles
ECONOMIC APP	ROACH			
	Economic performance	37-49	•	
	Market presence	42-45	•	
	Indirect economic impacts	40, 121-131	•	1,2,7
ENVIRONMENT	AL APPROACH			
	Materials	99	•	7,8
	Energy	102-104	•	7,8
	Water	100-101	•	7,8
	Biodiversity	112	•	7
	Emissions, effluents and waste	105-112	•	7,8
	Products and services	95-98	•	7,8,9
	Compliance	113	•	7,8
	Transport	107-109	•	
	Overall	96-113	•	
LABOR APPROA	ICH			-
	Employment	61-65	•	1
	Labor/management relations	72-73	•	1
	Occupational health and safety	84-89	•	1,3,4
	Training and education	67-69	•	
	Diversity and equal opportunity	71-72	•	6
	Equal remuneration for women and men	71-72	•	6
HUMAN RIGHT	APPROACH			
	Investment and procurement practices	24-27	•	
	Non-discrimination	24-25,71, 135, 154	•	6
	Freedom of association and collective bargaining	24-25, 72,135, 154	•	3
	Child labor	24-25, 135, 154	•	5
	Prevention of forced and compulsory labor	24-25, 135, 154	•	4
	Security practices	24-25, 135, 154	•	1
	Indigenous rights	24-25, 135, 154	•	1
	Assessment	24-25, 135, 154	•	

○ Not reported

Fully

#### PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAs)

G3.1 DMAs	Disclosure	Reference	Level of reporting	Global Compac Principles
	Remediation	24-25, 135, 154	٠	
SOCIAL APPRO	АСН			
	Local communities	32, 122-135	•	1
	Corruption	24-25, 126-127, 135	•	10
	Public policy	24-25, 126-127, 135	•	
	Anti-competitive behavior	24-25, 126, 135	•	10
	Compliance	24-25, 46, 48	•	
PRODUCT APPI	IOACH			
	Customer health and safety	46	٠	1
	Product and service labelling	16	•	1
	Marketing communications	Note 1	•	1
	Customer privacy	30, 46	•	1
	Compliance	46	•	1

Note 1: There are no marketing communications in our company since our main customers are OEMs.

#### PART III: PERFORMANCE INDICATORS

Indicator	Disclosure	Reference	Level of reporting	Global Compact Principles
ECONOMIC				
EC1	Direct economic value generated and distributed	40, 129-131	٠	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	48, 108-113	•	
EC3	Coverage of the organization's defined benefit plan obligations	73	•	8
EC4	Significant financial assistance received from government	Note 2	•	
C5	Range of ratios of standard entry level wage by gender compared to local minimum wage	Note 3	0	1,4
C6	Policy, practices, and proportion of spending on locally-based suppliers	31, 47, 126-127	•	
C7	Procedures for local hiring and proportion of senior management hired from the local community	66, 70	٠	6
C8	Development and impact of infrastructure investments and services provided primarily for public benefit	130-131	•	
EC9	Understanding and describing significant indirect economic impacts	40, 122-131	•	
INVIRONME	NTAL			
N1	Materials used by weight or volume	99	•	
N2	Percentage of materials used that are recycled input materials	99	•	
N3	Direct energy consumption by primary energy source	102	•	
N4	Indirect energy consumption by primary source.	102	٠	
N5	Energy saved due to conservation and efficiency improvements	103-104	٠	8
N6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	44, 96, 103-104	•	8,9
N7	Initiatives to reduce indirect energy consumption and reductions achieved	103-104	•	8,9
N8	Total water withdrawal by source	100-101	•	
N9	Water sources significantly affected by withdrawal of water	100-101	•	
N10	Percentage and total volume of water recycled and reused	100-101	•	
N11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	112	•	8
N12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	112	•	8
N13	Habitats protected or restored	Note 4	٠	8
N14	Strategies, current actions, and future plans for managing impacts on biodiversity	Note 4	•	8

Indicator	Disclosure	Reference	Level of reporting	Global Comp Principles
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected	Note 4	٠	
EN16	Total direct and indirect greenhouse gas emissions by weight	108-111	•	7
EN17	Other relevant indirect greenhouse gas emissions by weight	108-111	•	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	108-111	•	7,8,9
EN19	Emissions of ozone-depleting substances by weight	108-111	•	
EN20	NOx, SOx, and other significant air emissions by type and weight	108-111	•	
EN21	Total water discharge by quality and destination	106	•	7
EN22	Total weight of waste by type and disposal method	106	•	7
EN23	Total number and volume of significant spills	113	•	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention	Note 4	٠	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected	Note 4	•	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	44,48,96-98	•	7,9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	46	٠	7,9
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	48, 113	•	7
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	107-112	•	7
EN30	Total environmental protection expenditures and investments by type	98, 104	٠	7,8,9
SOCIAL: LAB	OR PRACTICES AND DECENT WORK			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	61-65	٠	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	65	٠	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	73	•	
LA15	Return to work and retention rates after parental leave, by gender	Note 3	0	
LA4	Percentage of employees covered by collective bargaining agreements	72	٠	1,3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	72-73	•	3
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	84-85	٠	1
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	91	•	1
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	88-89	٠	1
LA9	Health and safety topics covered in formal agreements with trade unions	84-85	•	1
LA10	Average hours of training per year per employee by gender, and by employee category	69, Note 5	•	1
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	67-68	•	1
1 4 1 2		// 71 70 TF	•	1
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	66, 71-72, 75	•	
LA13 LA14	Composition of governance bodies and breakdown of employees Ratio of basic salary and remuneration of women to men	19-21, 64-65, 71 64-65, Note 3	•	1,6 1,6
SOCIAL: HUN		04-00, NULE 3	•	1,0
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	47, 126-128	٠	1,2
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	126-128	٠	1,2
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	25	٠	1
HR4	Total number of incidents of discrimination and corrective actions taken	26, 71	٠	1,6
HR5	Freedom of association and collective bargaining may be violated	24-25,72-73, 135, 154	•	1,3

#### PART III: PERFORMANCE INDICATORS

Indicator	Disclosure	Reference	Level of reporting	Global Compac Principles
IR6	Risk for incidents of child labor	24-25, 135, 154, Note 6	٠	1,2,5
IR7	Risk for incidents of forced or compulsory labor	24-25, 135, 154, Note 6	•	1,2,4
IR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights	Note 3	0	1
IR9	Violations involving rights of indigenous people	Note 7	•	1
IR10	Operations that have been subject to human rights reviews and/or impact assessments.	Note 3	0	1
IR11	Grievances related to human rights	24-26, 135, 154	•	1
OCIAL: SOC	IETY			
601	Percentage of operations with implemented local community engagement, impact assessments, and development programs	32, 122-135	•	
09	Operations with significant potential or actual negative impacts on local communities	32, 122-135	•	
010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	32, 48, 122-135	•	
02	Risks related to corruption	26, 48, 126, 135	•	10
03	Percentage of employees trained in organization's anti-corruption policies and procedures	26, 126, 135	•	10
04	Actions taken in response to incidents of corruption	26, 126, 135	•	10
05	Public policy positions and participation in public policy development and lobbying	26, 126, 135	•	1,2,3,4,5, 6,7,8,9,10
06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Note 8	•	
07	Actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	26, 48	•	
608	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	26, 48	•	
SOCIAL: PRC	DUCT RESPONSABILITY			
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	44,96	•	1,7
'R2	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	46, 113	•	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	14-15	•	
R4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	46	•	
R5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	30, 43, 46	•	
R6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications,	Note 1	•	
R7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	Note 1	•	
R8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Note 1	•	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	46, 48, 113	•	

Note 1: There are no marketing communications in our company since our main customers are OEMs.

Note 2: See the Consolidated Financial Statements of the Group.

Note 3: There is no information available with the level of detail required.

Note 4: All facilities are in urban and industrial areas. They have no biodiversity impact.

Note 5: There is no information available by gender neither employee category.

Note 6: Child labor and forced labor are not risk factors for the company as our activity is very technical and all employees need to be qualified.

Note 7: There are not indigineous people where we are located.

Note 8: We do not do this kind of contributions to political parties, politicians or related institutions.



## Statement GRI Application Level Check

GRI hereby states that **GESTAMP** has presented its report "SUSTAINABILITY REPORT 2013 GESTAMP" 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, 19 June 2014

All. Hullathis

Ásthildur Hjaltadóttir Director Services Global Reporting Initiative

The "+" has been added to this Application Level because GESTAMP 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 6 June 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

## Global Reporting Initiative™



#### COMMITMENT TO THE GLOBAL COMPACT



With this report, Gestamp Group aims to show its continuity and commitment to the principles of the Global Compact, which it joined in 2008 and of which it became a partner in 2011.

Our Group submits an annual progress report. These reports are available on the Global Compact website: www.pactomundial.org

The following table shows the correspondence between the principles of the Global Compact and GRI sustainability indicators in order to facilitate the identification of these principles in this report.

ISSUES	GLOBAL COMPACT PRINCIPLES	GRI INDICATORS
	<ol> <li>Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of</li> </ol>	LA4, LA6-LA8, LA13, LA14,
Human Rights	influence	HR1-HR2, HR4-HR7, S05, PR1
-	2. Businesses should make sure they are not complicit in human rights violations	HR1-HR2, HR4-HR7, S05
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA4-LA5, HR1-HR2, HR5, SO5
	4. Businesses should uphold the elimination of all forms of forced or compulsory labour	HR1-HR2, HR7, S05
Labour Rights	5. Businesses should uphold the effective abolition of child labour	HR1-HR2, HR6, S05
	6. Businesses should uphold the elimination of discrimination in employment and occupation	EC7, LA2, LA13-LA14, HR1-HR2, HR4, S05
	7 Dusingsons should support a prosoutionary approach to	EN3-EN12, EN16-EN18,
	7. Businesses should support a precautionary approach to environmental challenges	EN21-22, EN26-EN30, SO5, PR1, PR3
Environment	8. Businesses should undertake initiatives to promote greater environmental responsibility	EC2, EN18, EN26, EN30, SO5
	9. Businesses should encourage the development and dissemination of environmentally friendly technologies	EN5-EN7, EN10, EN18, EN26-EN27, EN30, S05
Fight against corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	S02-S05



Ernst & Young, S.L. Torre Picasso Plaza Pablo Ruiz Picasso, 1 28020 Madrid España

Translation of a Sustainability Report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Management of Gestamp Automoción S.A.

#### Scope

We have reviewed the contents of Gestamp's 2013 Sustainability Report (the Report).

The scope determined by the Gestamp Automoción Group (Gestamp) for the preparation of this report is defined in the section "About the Report" 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 Gestamp's 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 Gestamp's 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 Human Resources management 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 Gestamp's policies, relationships, and commitments acquired with stakeholders.

Tel: 915 727 200 Fax: 915 727 238 ey.com

#### INDEPENDENT REVIEW REPORT ON **GESTAMP AUTOMOCIÓN GROUP 2013 SUSTAINABILITY REPORT**

- 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 in Spain, the United States, the United Kingdom, China, Argentina, Mexico, India, and Brazil.
- 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 such as financial statements, management reports, 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 Gestamp's 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 Gestamp's 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 Gestamp, 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 Martín Partner Madrid, June 30, 2014

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For any clarification, queries or suggestions related to the report:

#### Contact

René González Castro Director of Health and Safety, Environment and Corporate Social Responsibility. sustainabilityreport@gestamp.com



www.gestamp.com/sustainability-report-2013

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