



Gonvarri
Steel Services

Sustainability
Report 2015



The conversation continues at



gonvarristeelservices.com
leadingthechange.com



-  twitter.com/EmotionalDrivin
-  facebook.com/emotionaldriving
-  linkedin.com/company/emotional-driving

#EmotionalDriving



Gonvarri
Steel Services

Sustainability
Report 2015



Index



Part I

General Standard Disclosures	7
Strategy and analysis	8
Organizational Profile	15
Identified material aspects and boundaries	26
Stakeholders engagement	33
Report profile	34
Governance	35
Ethics and integrity	39



Part II

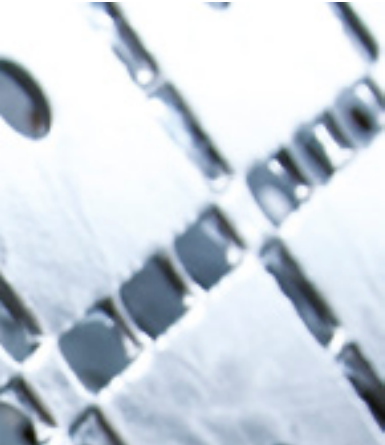
Specific Standard Disclosures	45
Economic Dimension	46
Social Dimension	58
Environmental Dimension	86



Part III

Annexes	101
Independent Review Report	102
GRI G4 Content Index	104
Contents based on the Principles United of the Nations Global Compact	109
List of consolidated subsidiaries companies	110





Part I

General Standard Disclosures

- 8 Strategy and analysis
- 15 Organizational Profile
- 26 Identified material aspects and boundaries
- 33 Stakeholders engagement
- 34 Report profile
- 35 Governance
- 39 Ethics and integrity



Gonvarri
Steel Services

Sustainability
Report 2015



G4-1

Letter from the Chairman

>>>

We are proud of the results obtained, while still aiming to drive forward our development through shared principles and values.

Dear readers,

We once again wish to welcome you to the Gonvarri Steel Services 2015 Sustainability Report, offering a balanced and precise vision of the economic, environmental and social results of the company.

Gonvarri Steel Services is one of the leading firms in the business of flat steel transformation worldwide, and is continuing to grow and consolidate its status as a global company, positioning itself in new markets, developing new products through innovation and the use of cutting-edge technology, in response to client needs.

In this report, we set out our performance in accordance with the guidelines established in version G4 of the Global Reporting Initiative. Our focus is essentially on an analysis of the demands of our stakeholders, and hence those aspects that are material for the Company. Meanwhile, the information included in this document has been reviewed externally by an independent body.

From the perspective of expansion and business development, in 2015 we increased the company's presence through two new facilities in Central Europe, while also adding a new production line in Germany, using the most modern 3-D laser cutting technology.

What is more, we finalised through a joint-venture with our partners in China the agreements to embark on the construction of four new plants, which will be fully operational in 2017, and represent, along with the acquisition of a 60% stake in the new company in Dongguan, a substantial challenge for development in the Chinese market.

Alongside this, the Sustainability Steering Plan begun in 2013 was concluded during the year. And from next year onwards, sustainability will be integrated on a more horizontal basis across the company as one of the four strands of the Gonvarri Steel Services Strategic Plan 2016-18: People, Efficiency, Innovation and Sustainability.

As regards the results for the financial year, despite the sharp downturn in steel prices and slackness in certain markets, such as Brazil and Turkey, we fulfilled our forecast for the year in terms of EBITDA.

We are proud of the results obtained, while still aiming to drive forward our development through shared principles and values. In order to underpin this message, we have renewed our support for and adherence to the United Nations Global Compact. In early 2016, then, the Board of Directors approved the "Gonvarri Steel Services Sustainability Policy", reflecting the shared commitments for all professionals in all countries where we operate.

As well as being a reliable company, we believe it is important for Gonvarri Steel Services to be a good place to work. Which is why we launched a "Working Climate Survey", applicable equally and globally to the professionals at most of our operational sites (12 countries and 26 facilities). The participation rate was 68%, the most highly valued aspect being: "Health and Safety and Working Conditions", the key aspect for improvement being "Professional Remuneration". With the aim of improving those aspects registering the lowest scores, numerous initiatives have been developed as part of the "People" strand of the Strategic Plan 2016-18.

As for the most significant initiatives in 2015, we would highlight the "Emotional Driving" projects, our scheme to raise awareness about road safety. What most excites me about the project is that it allows us to take our risk prevention and safety philosophy a step further: outside the factories, outside the company, and into the daily lives of our employees, of all of us.

This initiative, which was launched in late 2014, has now been in place for a year, during which employees at the plants in Madrid, Asturias, Navarra, Barcelona, Galicia, Tarragona, Valencia and Burgos have had the opportunity to take part in the venture. So far the initiative has received seven accolades in different spheres.

But "Emotional Driving" does not end here. Following the domestic experience, the proposal is to export the initiative to other company plants in Europe and the Americas. Meanwhile, the stories told at the event, along with other experiences of success against the odds have been compiled in a commemorative book released in early 2016.

I would like to invite you to learn about commitment of Gonvarri Steel Services to road safety through the project Emotional Driving (www.emotionaldriving.com) and to help us spread the word about this project through our social media channels: LinkedIn, Twitter and Facebook.

At Gonvarri Steel Services we view the future with enthusiasm and confidence, to continue growing as a profitable and sustainable company, where our employees are able to fulfil their objectives and enjoy their work.

Jon Riberas Mera
President





G4-1
A Word
from the
CEO

>>>

This plan sets one shared, long-term objective based on sustainable growth, the availability of an extensive portfolio of innovative and high-quality products, the maintenance of a sound financial base and value creation in the communities where we operate.

Dear friends,

It is once again my pleasure to present the Gonvarri Steel Services Sustainability Report corresponding to the 2015 financial year.

The period 2013-2015 was a challenging one because of the global crisis, low steel prices and surplus supply. We nonetheless achieved a positive balance in terms of economic results, albeit with a lower EBITDA than expected, caused mainly by the delays suffered in various projects, lower volume growth, and local problems suffered in certain countries (above all Turkey and Brazil).

In economic terms, particular mention should be made of the hugely competitive and complex environment, within which Gonvarri Steel Services nonetheless enjoys a sound financial balance sheet, allowing us to continue to progress, with a portfolio of projects and stable investments focused on value creation for our different stakeholders.

Through the progress achieved and within the current context, we now face up to the new challenges set out in the Strategic Plan 2016-18. This plan sets one shared, long-term objective based on sustainable growth, the availability of an extensive portfolio of innovative and high-quality products, the maintenance of a sound financial base and value creation in the communities where we operate. It likewise places greater significance on corporate innovation and growth through the creation of the office of the Managing Director for Strategy, responsible for the areas of innovation, corporate development, occupational health & safety, quality, management systems and operational control.

Meanwhile, in order to guarantee our regulatory compliance and prevent possible incidents regarding ethics and corruption, there are plans to reinforce the current control mechanisms by means of the Internal Audit area, which will be fully operational in 2016.

Our strategy as regards innovation focuses essentially on three lines of action: The first is to foster the development of lightweight vehicles, adapting our production processes to new materials allowing vehicle manufacturers to comply with increasingly restrictive emissions regulations. This is followed by advances in Road Steel, helping to improve highway protection and safety mechanisms. And lastly, we are committed to increasingly efficient solar structures, through which we indirectly contribute to reduced CO₂ emissions thanks to the generation of renewable energy.

The health and safety of employees and subcontractors is one of the cornerstones of the company, our main focus being on prevention, by training and raising awareness among our team while providing safe working environments. Thanks to these efforts, in 2015 we registered the lowest accident rates in our history. We were nonetheless saddened by the death of a subcontractor employee at the Gonvarri Tarragona plant, in an accident that was analysed in detail to prevent similar situations and to mitigate the risk.

2015 was an important year for the company with a view to laying the foundations for more notable growth over the coming years. A joint-venture was set up in China with the local steelmaker Vama, through which we are embarking on the construction of four new plants, one of which will be operational in 2016, and the other three in 2017. The aim is that by 2018 these facilities should be functioning at maximum capacity and making a positive contribution to the group.

During the financial year we also grew in Central Europe through two new 3-D laser facilities: Laser Automotive Brandenburg and Laser Automotive Thüringen, alongside substantial growth at Gonvarri Czech. We meanwhile strengthened management at the plants in Turkey and Colombia, and implemented a substantial adjustment plan in Brazil. All of which allows us to look ahead to 2016 with tempered optimism.

Our end product is essentially sold by the ton, but the quality of each item is measured in millimetres. As a result, our processes are performed using cutting-edge technology, allowing us to provide a high-quality, precision service, delivered by our team of skilled professionals, capable of responding to market needs. In this regard, we have increased our collaboration with our clients, involving them directly in the process of developing the vehicles of the future, allowing us to demonstrate the benefits of the Gonvarri prescriptions and solutions as opposed to other options.

I lastly wish to thank each and every one of you who make up Gonvarri Steel Services for your inestimable contribution to the company, since without your dedication and effort, the results presented here would not be possible.


Josu Calvo
CEO Gonvarri Steel Services

Main effects, risks and opportunities

At Gonvarri we help create value within society through employment, taxes, purchases from local suppliers and social initiatives.

Meanwhile, the Auto and Solar Steel divisions, through the research and use of new materials, help to manufacture lighter and less polluting vehicles, along with lighter solar structures that improve the returns and efficiency of solar generation facilities. Likewise, the Road Steel division contributes to minimising harm on the highway in the event of an accident. This information is expanded on in Part 2 of the Report.

However, in developing its activities the company is subject to various risks inherent in its operations in the different countries where it does business. The main risks identified are summarised below:

Operational risks

Reputational, ethical and human rights risks (DMA)

>>>

Through research and development projects we achieve continuous improvements in the various products and processes, allowing us to meet clients' needs, and thereby be more competitive.

Derived from possible behaviour in violation of the guidelines established in policies and codes as regards human rights, ethics and anti-corruption.

In order to minimise this risk, Gonvarri Steel Services develops a range of policies and initiatives such as, for example, the Code of Ethics and Conduct, the Behavioural Code for the Offering of Incentives, Gifts and Invites, the Harassment Prevention Guide, the Integrated Environment, Quality and Health and Safety Policy, and the Sustainability Policy.

The company has in place communication mechanisms to respond to any grievances and conflicts that might arise in this field. Information is available at: www.gonvarristeelservices.com/es.

In 2015, no risks were identified in connection with child labour, threats to freedom of association or forced labour. (G4-HR4, G4-HR5, G4-HR6).

Risks derived from the activity

This section includes the possible risks derived from technological or quality failures, management problems, etc. In order to minimise these risks, we develop numerous improvement, mo-

nitoring, measurement and efficiency initiatives, such as, for example: the SPG Gonvarri Production System, obligations derived from quality standards (ISO 9000) and the automotive sector (ISO-TS 16949), among others.

Likewise, through research and development projects we achieve continuous improvements in the various products and processes, allowing us to meet clients' needs, and thereby be more competitive.

Business risks

In order to analyse viability and development in the various countries where the company operates or intends to operate, its business model establishes the methodology to be followed so as to provide the information required as to potential investment risks. Meanwhile, the evaluation of possible regulatory risks derived from changes in the regulations established by the various governments is included, such as changes in environmental and tax regulations, aspects connected with local procurement, etc.

The Business Development Department, in collaboration with the departments involved (finance, legal, markets, environmental, etc.) analyses the possible risks and contingencies, with the aim of establishing a complete overview of the situation. If the operation is viable, collaboration is requested from an external company specialising in due diligence, in order to take the process forward in greater depth.

With all this information and the possible scenarios in place, the potential risks and means of mitigation are analysed. Our CEO and Chairman present this information before the Board of Directors, which reaches the relevant decisions in this regard.

The Group has arranged insurance policies with leading companies to cover the risks derived from its activities, protecting its assets, and also its sales of products and services to clients. Any problems that might give rise to damages suffered by said clients are duly covered by Civil Liability policies, along with potential environmental damage, likewise covered by specific policies for this type of risk.



Financial risks

The company's activities are exposed to various financial risks. The risk management programme focuses on mitigating the uncertainty of financial markets and aims to minimise the potential adverse effects on financial returns.

Risk management is handled by the Financial Department, which identifies, evaluates and arranges cover for financial risks in accordance with the policies approved by the Board of Directors. The Board provides policies for global risk management, and also for specific areas.

Below we summarise the most significant financial risks:

Market risks

Defined as the exposure of results and assets to a possible loss caused by variations in the fair value or future cash flows of financial instruments as a result of changes in market prices, interest rates or exchange rates.

- **Exchange rate risk:** the company operates internationally, and so is exposed to exchange rate risk through operations in currencies other than the Euro in the countries where it operates. In order to mitigate this impact, the company has in place an exchange rate risk management policy, which takes the form of periodic reports detailing all flows receivable/payable in non-euro currencies over a specific period and in accordance with results. On occasion, financial hedging instruments are incorporated to allow for greater flexibility.

- **Exchange rate risk from cash flows and fair value:** as the companies does not have any major remunerated assets, revenue and cash flow from operating activities are fairly independent of variations in market interest rates.

This risk is derived from long-term external resources, and is mitigated through the simulation of various scenarios, taking into account re-financing, renewal of current positions, alternative financing and hedging.

The Group, in its relationship with certain OEM clients, maintains agreements to benchmark the prices of the services it provides to the Euro currency, as in the case of Argentina, Russia and the United Kingdom. The aim in such situations is to neutralise the effect of exchange rate variations that could apply to the local currencies.

Meanwhile, it maintains interest rate hedges to cover variations in the Euribor. These hedges are arranged at the Group level, the aim thereby being to hedge a substantial proportion of all Loan and Credit facilities arranged with financial entities and which have the Euribor as a component of the cost of finance.

Meanwhile, intra-group financing operations are typically formalised in euros from the parent company, GCF, with the borrowing subsidiary bearing the exchange rate risk if its local currency is not the Euro. Individual cases, such as finance from Poland for its subsidiary in Arizona, have been formalised in dollars, and implemented by taking the bank finance in dollars as the counterpart, with natural hedging being applied.

Commercial purchase/sale operations are hedged to avoid fluctuations in the exchange rates used to formalise orders. Essentially, the purchase/sale operations hedged have the Dollar as their reference currency.

Credit risks

Credit risk is handled by groups. This arises out of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and above all accounts receivable.

The risk is mitigated by means of the consideration of internal and external ratings in accordance with the limits set by the Board, and the constant review of credit limits.

Insurance is likewise arranged for collection from certain clients where the Risk Department deems this advisable.

Liquidity risks

The risk entails holding sufficient cash and tradable securities, along with the availability of finance and the capacity to liquidate market positions.

The Group's Cash Management Department has the mission of maintaining flexibility in terms of finance through the availability of committed credit facilities, while Senior Management monitors the companies' forecast liquidity reserves.

Environmental risks

Gonvarri Steel Services has in place environmental management systems in accordance with standard ISO 14001 at all its facilities, in order to monitor and measure its impact and legal compliance.

The company incorporates the principle of precaution through the Code of Ethics and Conduct, the Environmental Policy and the Sustainability Policy, including the commitment to protect the environment and achieve continuous improvement.

Risks connected with health and safety

Health and safety is a priority objective for the company. The model is based on Integrated Prevention in accordance with the Health and Safety Policy, which must be fulfilled on a mandatory basis and applies to all professionals at the company's facilities, as well as the achievement of the requirements and obligations established in the health and safety management system in accordance with standard OHSAS 18001, for which most facilities have certification or are in the process of obtaining this.

Meanwhile, as expanded on in the Social Performance section, numerous initiatives are undertaken to improve safety conditions and the working environment.

Confidentiality and privacy

The company believes that information has today become a strategic asset for businesses and individuals.

It therefore establishes the required mechanisms in order to maintain the privacy of the information and protection of the data of clients and suppliers, while also appropriately managing and handling documentation in accordance with its level of relevance.

In order to underpin security, the information security procedures are periodically reviewed. The Information Security Policy and an Information Security Plan were launched in September 2014, containing measures that will be gradually implemented and monitored to ensure continuous improvement.

Situation in 2015

In 2015, Gonvarri Steel Services faced different risks derived from the market situation in the countries where it operates, which have at the global level had no significant impact on the results for the financial year, thanks to diversification across different markets.

Below are summarised the most significant risks identified:

- The volatility in commodities prices, influenced directly by the downturn in iron ore, with an impact on low steel prices and hence the value placed on the stock available at the plants.
- The supply/demand imbalance in commodities and steel. Surplus capacity in the sector, above all in China.
- The tightening of margins at every stage of the supply chain.
- The risk of a new global financial crisis.
- The situation in Turkey, both because of the staging of various electoral processes that have led to a suspension of public works procurement, and the conflicts in neighbouring countries and the consequent migration crisis, with millions of refugees attempting to reach Europe, Turkey being one of the main routes of access, thereby limiting its natural export markets.
- The devaluation of the Brazilian Real, the Argentine Peso, the Turkish Lira, the Colombian Peso, the Rouble and the Yuan, and also the weakness of the Euro against the Dollar.
- The successive scandals in the automotive sector connected with CO₂ emissions and the impact on diesel vehicles.
- Particularly significant situations suffered at various Gonvarri plants which, as in the case of Argentina, have had a twofold effect, first through the "foreign exchange padlock" preventing payments from being made in accordance with the forms and times agreed with suppliers throughout the financial year, and subsequently the devaluation performed in December by the incoming Government, which had a significant impact precisely because of the cumulative "padlock".

The other particularly significant case is that of Brazil, where the downturn in the market went hand-in-hand with a 31.7% depreciation of the currency over the course of 2015.

Profile of the organisation

G4-3

Name of the organisation

Gonvarri Corporación Financiera, S.L.

G4-4

Brands, products and services

Gonvarri Corporación Financiera, S.L. (hereinafter Gonvarri, or GSS) was founded in 1958, performing its operations in the manufacture, transformation and sale of steel products and metals connected with steelmaking.

At its service centres, steel and aluminium are subjected to a series of high-tech processes allowing the product to comply precisely with client needs, fulfilling at all times the most rigorous standards.



In accordance with activity and geographical position. It is grouped into 7 divisions:

Gonvauto Iberia	Western Europe	Gonvarri Metal Structures	Central Europe	NAFTA	LatAm	Asia
<p>Include facilities</p> <ul style="list-style-type: none"> • Gonvauto Navarra • Gonvauto Barcelona • Gonvauto Galicia 	<p>Include facilities</p> <ul style="list-style-type: none"> • Ferrodisa • Laser Automotive Barcelona • Gonvarri Barcelona • Gonvarri Burgos • Gonvarri Tarragona • Gonvarri Portugal • Steel&Alloy UK 	<p>Include facilities</p> <ul style="list-style-type: none"> • Hiasa • Gonvauto Asturias • Oficinas de Bilbao • GMS Arizona • Çepas • Gonvarri Colombia • GMS South Africa 	<p>Include facilities</p> <ul style="list-style-type: none"> • Gonvauto Thüringen • Laser Automotive Thuringen • Laser Automotive Brandenburg • Gonvarri Polonia • SG Kaluga • Gonvarri Czech • AMG Senica 	<p>Include facilities</p> <ul style="list-style-type: none"> • Gonvauto Puebla • Gonvauto Carolina del Sur 	<p>Include facilities</p> <ul style="list-style-type: none"> • MAG Resende • AMG Campinas • AMG Paraná • Gonvarri Argentina 	<p>Include facilities</p> <ul style="list-style-type: none"> • GAIPL Pune

Main brands and products

Gonvarri Corporación Financiera, S.L. operates under one single brand “Gonvarri Steel Services”, adapted to the various plants and business lines. They all have in common the use of the same logo as the company’s corporate hallmark.

The various plants maintain this logo and include the name of the facility accompanied by the main brand “Gonvarri Steel Services”, or for those that are mainly engaged in the automotive sector, the main brand “Gonvauto”.

The company also shares its brand with its partners at the following plants: SG Kaluga (Russia) with Severstal, in Brazil

(AMG Paraná and AMG Campinas) and Slovakia (AMG Senica) with ArcelorMittal, and at the MAG Resende plant in Brazil with Mitsui and ArcelorMittal.

Gonvarri produces various formats grouped into six business lines: automotive, mecano, roadsteel, energy, storage and industry, which have their corresponding brands, as summarised below.



G4-5 Main Headquarters

Main headquarters are located at:

**Prolongación de Embajadores, s/n.
28053 Madrid
SPAIN**



Automotive

It accounts for 65% of sales. Supply of flat, tubular and 3D laser cut steel for the main tier 1 suppliers and automotive manufacturers.

Over recent years, aluminium has also been supplied from the following facilities: South Carolina, Barcelona and Senica.



Mecano

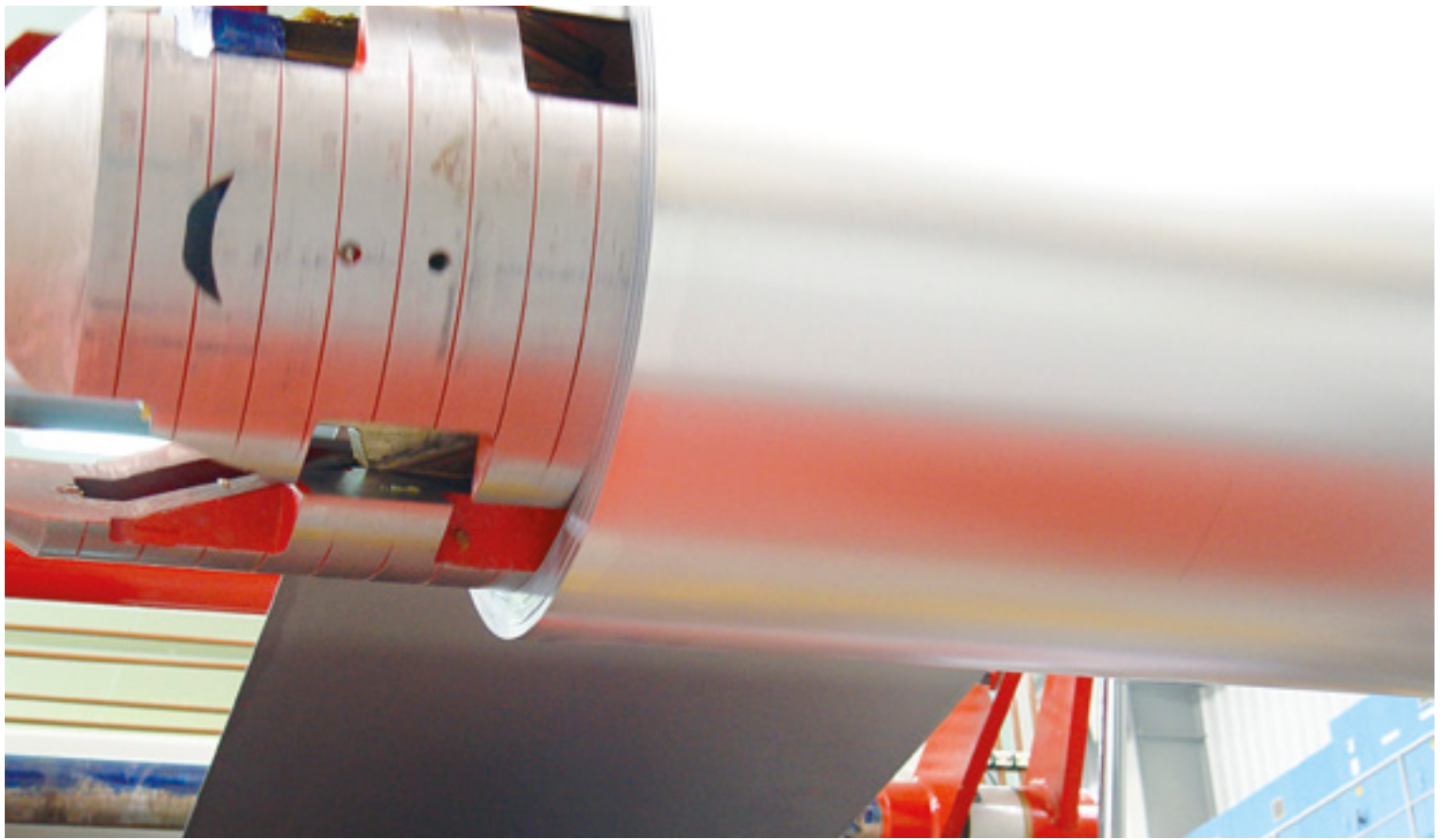
Manufacture of cable carrying systems, busbar trunking and profiles, with appropriate accessories in accordance with client needs, for use both in industry and homes.



Road Steel

Development of practically all vehicle containment systems for highways, along with anti-noise screens and sound-absorbent tunnel cladding, strictly complying with all standards and with a great many patents.





Solar Steel

By **Gonvarri**
Steel Services

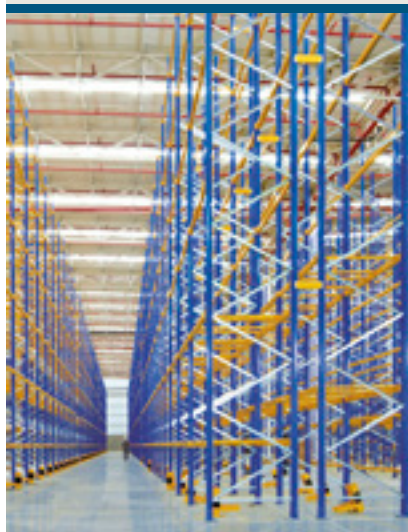
Solar Steel
Design and development of fixed and mobile solar structures, along with lampposts and electricity pylons.



Almaceno

By **Gonvarri**
Steel Services

Storage
Design, manufacture and assembly of integrated storage systems, guaranteeing compliance with technical specifications, functionality and system safety.



Steel Construction

By **Gonvarri**
Steel Services

Steel Construction
Supply of flat steel for the household appliance line, along with metal structures for footbridges, industrial flooring and construction in the main.



G4-4 & G4-6

Global presence in 2015

Gonvarri Steel Services had 33 plants in operation during 2015, distributed across 17 countries, and agreed the construction of 4 new plants in China, extending its presence in Central Europe through new 3D laser cutting production lines at Gonvarri Czech, Laser Automotive Brandenburg and Laser Automotive Thüringen.



Information updated on June, 2015

*Not included in the scope of the report

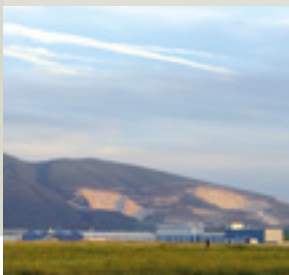
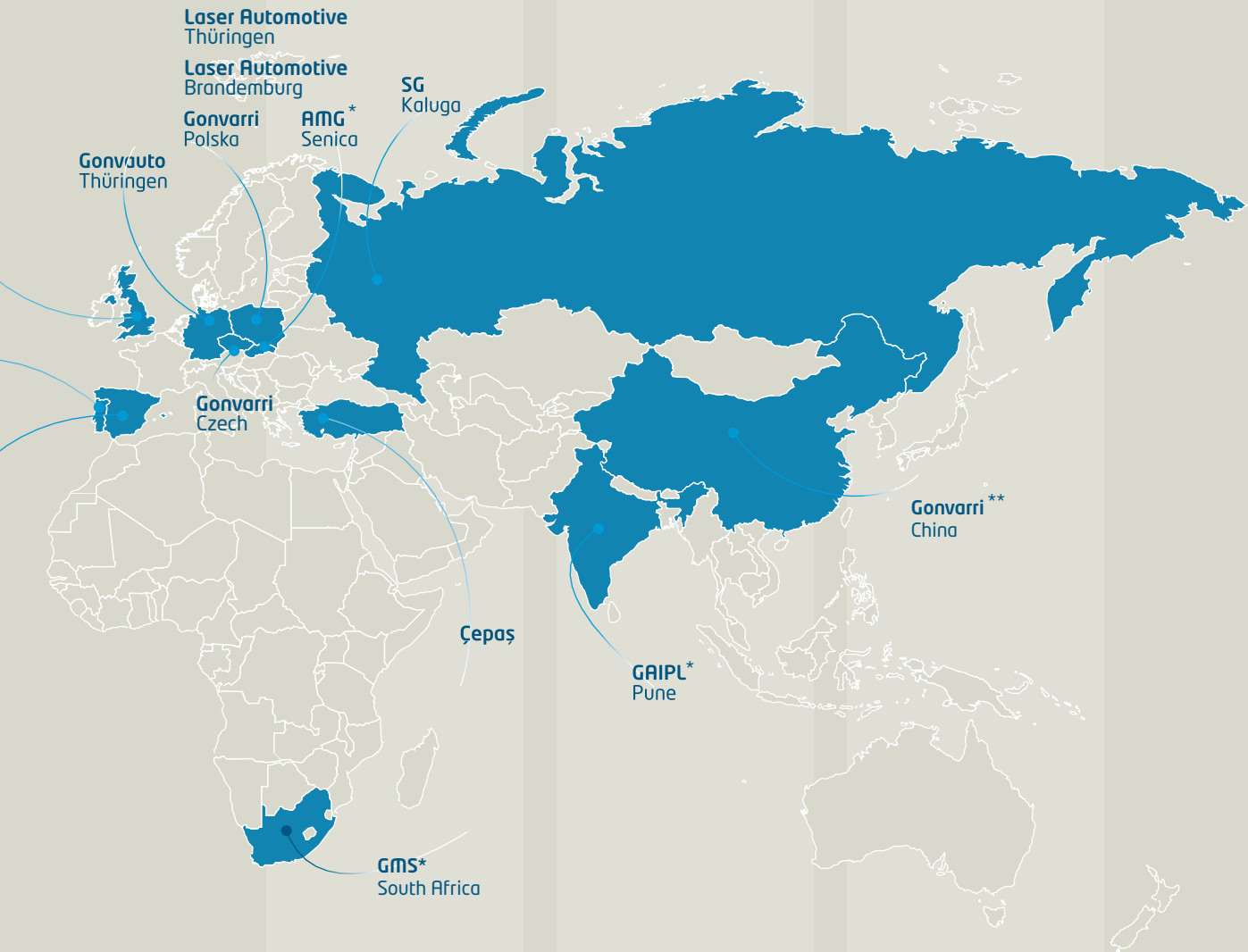
**Comercial offices

In 2016, 4 new plants begin to be built.

17
countries

33
plants

2,930
professionals



G4-7

Ownership structure and legal form

The corporate parent structure of Gonvarri Corporación Financiera is 100% owned by HOLDING GONVARRI, S.R.L.

The subscribed capital stock at 31 December 2015 amounts to "two hundred and one million five hundred and thirty-eight thousand one hundred and seven euros and ninety-five eurocents" (€201,538,107.95), represented by six million seven hundred and six thousand seven hundred and fifty-nine shares of a par value of 30.05 euros each, all subscribed and paid up. The company is not listed on the Stock Market

G4-8

Markets

The countries where Gonvarri Steel Services operates and the products and services developed are included in sections G4-4 and G4-6.

Geographical location:

The company is present in 17 countries, allowing us to cover the entire global market. We likewise continue to invest in our service centres, with new production lines as demand increases.



>>>

The new 3D laser cutting lines in Central Europe allow us to perform high-precision cutting of parts in the drop-forging process.

Meanwhile, the new 3D laser cutting lines in Central Europe allow us to perform high-precision cutting of parts in the drop-forging process, and are being gradually installed over the course of 2014-2016 Laser Automotive Thüringen (2 new lines), Laser Automotive Brandenburg (5 new lines) and Gonvarri Czech (8 new lines), thereby increasing the quantity and quality of products and services, above all in Europe.

In 2015 we ratified the agreements among our partners in China, with the construction of 4 new plants being agreed for 2016.

Business lines

The client profile is directly linked to the business lines developed, as summarised below:

Automotive: the main clients are automotive OEMs and large-scale drop-forge facilities.

Road Steel: the main clients are linked to large construction companies and public authorities.

Solar Steel: the main clients are companies involved in the EPC development and construction of solar power facilities.

Storage: The products are focused on companies that during their process require the storage of raw materials, semi-processed or finished products, along with companies in the logistics sector and/or hypermarkets. In other words, all companies that require storage at some stage of their management process.

Mecano: the Mecano market focuses, in accordance with its specifications and design standards, mainly on companies in the Mining, Oil and Energy sectors that require energy and data ducting systems. Mecano nonetheless offers products for the industrial and commercial sector, which are marketed by means of distributors for the target market.

Steel Construction: this business line develops products (electricity pylons, fuel and chemical products storage tanks, ad hoc structures, etc.), the main clients for which are therefore involved in the electricity, oil, chemicals sectors, etc.

Industry: this business line stands out for its white goods products, the main clients being household appliance manufacturers. We also manufacture a wide range of steel products, to measure and on demand for various industrial clients.

G4-9

Main figures

The main consolidated figures are summarised below:

- Number of direct employees: 2,930.
- Number of operating plants: 33.
- Net sales: 2,275,141 thousand euros.
- Capitalisation (debt + assets): 1,183,512 thousand euros.

The products and services offered by the company are summarized in the G4-4 and G4-6 indicators.



G4-10

Workforce

Direct employment

In 2015 the workforce comprised 2,930 professionals distributed across 17 countries. Some 45.9% are concentrated in Spain, where the main headquarters are located. Compared with the previous financial year, the workforce shrank by around 4%, mainly because of the downturn in Brazil.

Stability in employment is a priority. In the 2015 financial year, 91.2% of the workforce had a permanent contract, and 98% a full-time contract.

No. of employees	2015	
	M	W
Type of employment		
Full-time	2,511	360
Part-time	36	23
Kind of contract		
Permanent	2,332	339
Temporary	215	44

In 2015, the total workforce comprised 87% men and 13% women. A total of 514 external professionals were also employed.

G4-11

Employees covered by collective agreements

Below is set out the direct distribution of employees by region and gender.

	2014		2015	
	M	W	M	W
Own personnel				
Germany	83	16	84	18
Argentina	45	6	42	6
Brazil	247	67	184	52
Colombia	297	53	262	55
Spain	1,225	124	1,215	126
USA	101	17	103	22
Mexico	104	13	97	11
Poland	48	13	58	15
Portugal	57	18	59	18
U.K.	69	23	171	23
Czech Republic	0	0	24	12
Russia	67	17	53	12
Turkey	332	24	195	13

As regards indirect employment, we do not have access to information for the 2014 financial year by gender, and so set out below the figures for 2015.

	2015	
	M	W
External personnel		
Germany	19	0
Argentina	0	0
Brazil	3	0
Colombia	98	6
Spain	271	4
USA	6	0
Mexico	24	3
Poland	0	0
Portugal	12	0
U.K.	23	1
Czech Republic	1	5
Russia	4	1
Turkey	33	0

The rights and obligations of professional staff members are set out in accordance with local requirements and legislation.

In general, the appropriate collective agreements for each company are applied to those workers employed in Brazil, Germany, Argentina, Mexico, Portugal, UK and Spain. These agreements apply in some countries to 100% of workers, and in others exclude Senior and Middle Management. 67% of all Gonvarri Steel Services employees are covered by a collective agreement.

Meanwhile, some countries have other supplementary documents and agreements setting out specific working conditions, such as for example the "Union Pay Negotiation" in the UK, the "Company Agreement" in Spain, etc.

However, matters related with inherent corporate organisation, the legislation of each country, or even local practices and customs mean that certain groups are expressly excluded from the scope of such agreements.

In the USA, this formula is replaced with a "Handbook". This document is a guide setting out employment conditions, marking behavioural standards in accordance with the context and local legal requirements, indicating the rights and duties of employees in aspects connected with recruitment processes, working hours, absence, salaries, social benefits, annual leave, etc., covering 100% of employees in the USA, accounting for 4% of the entire workforce.

All other countries, along with employees not covered by collective agreements, have their conditions set out in contracts in accordance with the internal labour legislation of the country. In Poland, for example, they comply with what are known as the Work Regulations and Payroll Regulations, which all employees must sign. They account for the remaining 29%.

G4-12

Supply chain

At Gonvarri Steel Services, the purchasing process, the procurement of external services, and the corresponding approval and management of suppliers are centralised for large volume orders through the “Steelmaking Purchasing” (for purchases of steel and aluminium) and “Non-Steelmaking Purchasing” Departments. All other purchases and minor procurement contracts are executed locally by the purchasing managers at each facility. The purchasing mechanisms and methodology are summarised in Part 2: Economic Dimension. Supply Chain.

Steelmaking purchases

Steel is the raw material most used at all facilities, while the use of aluminium is gradually increasing. In both cases, such purchases are centralised at the Corporate Purchasing Department, in coordination with the plants, in accordance with the scheduled orders, client requirements and available stock.

All steelmaking purchase suppliers are evaluated annually. The evaluation includes aspects connected with the environment, quality and occupational health, but does not expressly include factors connected with human rights.

Non-steel purchases

Focused on purchases of other important commodities, materials and services needed for the various plants, requiring substantial negotiation given the volume they represent. Such purchases are in the main, given the economic scale, processed by the Supplier Portal, available on the website, which also contains the Code of Ethics and Conduct of Gonvarri Steel Services.

Approval of non-steel suppliers is not currently performed. Nonetheless, for future years processes and manuals are being analysed and defined to improve the requirements and controls for these suppliers, while also increasing the functions and usage of the Supplier Portal.

Local purchases

Minor, non-steel purchases are performed independently of each facility. Although the same approval criterion is not applied, the supplier and contractor selection and evaluation process is always conducted on an impartial, rigorous and objective basis. Meanwhile, payment terms with supplier entities and subcontractors are properly defined and established in writing on the basis of preset criteria that are periodically monitored and reviewed.

As regards the availability of environmental, social and human rights and employment criteria (G4-



EN32, G4-LA14 and G4-HR10), these are evaluated separately at the different plants, as summarised in Part 2: Economic Dimension.

In 2015, the total expenditure on suppliers amounted to 2,271,789.03 thousand euros, 71% of which corresponded to local suppliers. Below is set out the percentage distribution by country:

<<<

In 2015, the total expenditure on suppliers amounted to 2,271,789.03 thousand euros, 71% of which corresponded to local suppliers.

Country	Spending on locally-based suppliers
Germany	87%
Argentina	16%
Spain	79%
USA	90%
Mexico	34%
Poland	9%
Portugal	49%
Czech Republic	87%
Russia	75%

*Information about Brazil, UK, Colombia and India not included.



G4-13 Significant changes

As regards its activity, Gonvarri Steel Services has increased its presence in Central Europe with new 3D laser cutting lines, allowing us to perform high-precision cutting of parts in the drop-forging process. These cutting lines are being gradually installed over 2015 and 2016 at the following facilities: Laser Automotive Thüringen (2 new lines), Laser Automotive Berlin (5 new lines) and Gonvarri Czech (8 new lines).

G4-14 Principle of precaution

The company incorporates the principle of precaution through the Code of Ethics and Conduct, and the Environmental Policy, including a commitment to protect the environment and achieve continuous improvement.

It furthermore mitigates its environmental impact through the monitoring and measurement of aspects and impacts derived from its activities, by means of the Environmental Management Systems. Lastly, it encourages habits and behaviours that help to minimise this impact, through training and awareness-raising.

G4-15 Collaboration with external initiatives

Gonvarri Steel Services aims to participate in social action initiatives and projects aligned with its business and corporate culture, and that make an effective contribution to the well-being of Society.



United Nations Global Compact

In 2014, GSS joined the UN Global Compact. It currently complies with all necessary requirements in order to renew this commitment in 2016.

The Company's objective is to promote and implement the 10 universally-accepted human rights, labor standards, environmental, and business strategy principles.



What Really Matters Foundation (LQDVI)

The What Really Matters Foundation's goal is the advancement and dissemination of universal human, ethical, and moral values among the public at large. It does so by way of organizing conventions geared towards young person, as well as other activities. Thus, the Foundation helps promote ethical values, while also making a positive contribution to society as a whole.

The first agreement with the Foundation in 2013, was signed by Gonvarri Steel Services.



Juan XIII Foundation for Intellectual Disabilities

This Foundation was created to improve the quality of life of adults with intellectual disabilities, and promoting their inclusion in society at large.

The Foundation focuses on organizing activities that help these adults learn who to flourish in and connect with their places of residence. It also manages an adapted vocational center and helps people with intellectual disabilities to find a job. The company's commitment to the Foundation began in 2007.

G4-16

Associations and organizations

Corporate level

- Fundación Consejo España – China.

Europe

- European Steel Association (EUROFER).

Spain

- Confederation of Spanish Metal Sector Employers' Organizations (CONFEMETAL).
- Iron & Steel Industry Association (UNESID).
- Spanish Accounting and Business Administration Association.
- AMCHAMSPAIN
- Innovation in Prevention Association.

Gonvauto Barcelona y Gonvarri Barcelona

- Foment del Treball.
- Patronal multisectorial de Empresas Catalanas (CECOT).
- Clúster de Automoción de Cataluña.
- Unión Patronal Metalúrgica Associació D'empresaris de Castellbisbal.
- Unió de Magatzemistes de Ferros de Catalunya i Balears.
- Asociación de Empresarios de Castellbisbal.

- Unió Empresarial Metallúrgica Consell d'úsuaris del Transport de Catalunya.

Ferrodisa

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

Gonvauto Galicia

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

Gonvauto Navarra

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

Gonvarri Burgos

- Spanish Association for Quality.
- Association of Entrepreneur-Proprietors of Gamonal-Villimar Industrial Park (ASPIGAVI).
- Burgos City Strategic Plan Association.

- Burgos University Foundation.
- Metal Business Association (FEMEBUR).
- Federation of Business Associations of Burgos (FAE)

Hiasa

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

Gonvarri Tarragona

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

Portugal

- Associação Nacional das Empresas Metalúrgicas e Electromecánicas (ANEME).

Colombia

- National Association of Industrialists of Colombia (ANDI).
- National Institution of Technical Standardization (ICONTEC).

Gonvarri Alemania

- Initiative Erfurter Kreuz

Steel&Alloy

- Confederation of British Metal Forming

Cepas

- TOD GALVADER



Alzheimer Spain Foundation

The Foundation has as aim to facilitate information and guidance to people that suffer the symptoms of disease as well as to their families and relatives, to ensure technical and health assistance to affected people, to promote the investigation and to do all the activities to contribute to the therapeutic development of the pathological processes degenerative brain. The company's commitment to the Foundation began in 2010.

Global Reporting Initiative

The Global Reporting Initiative is a non-governmental organization focused on promoting an environment of transparent and credible information on sustainability matters by the development of a common framework applicable to all types of organizations.

Association for the Study of Spinal Cord Injuries (AESLEME)

Since 2014, the company has been working with AESLEME, whose goal is the prevention of accidents and their serious consequences. It also works to raise awareness of the problems faced by those who have been involved in an accident, and improving their quality of life through psychological and legal support.



World Central Kitchen (WCK)

Since 2013, the Company has supported the work of World Central Kitchen. WCK is a NGO whose mission is finding sustainable solutions that will put an end to nutritional insecurity and malnutrition through policies of sustainable food sources and local prosperity, especially focusing on areas suffering human catastrophes.

Seres Foundation

The foundation is 100% private and its purpose is to promote companies have a role more relevant in improving of the society. For it develops initiatives that help businesses create value and assume its role as agent key to solving Social problems. The company collaborates with SERES from the 2015.

Material aspects and boundaries

G4-17

Material aspects and boundaries

Perimeter

The current Report sets out the information and details corresponding to the financial year 2015 (running from 1 January to 31 December). Where reference is made to information beyond this financial year, it will be clearly indicated in the corresponding section.

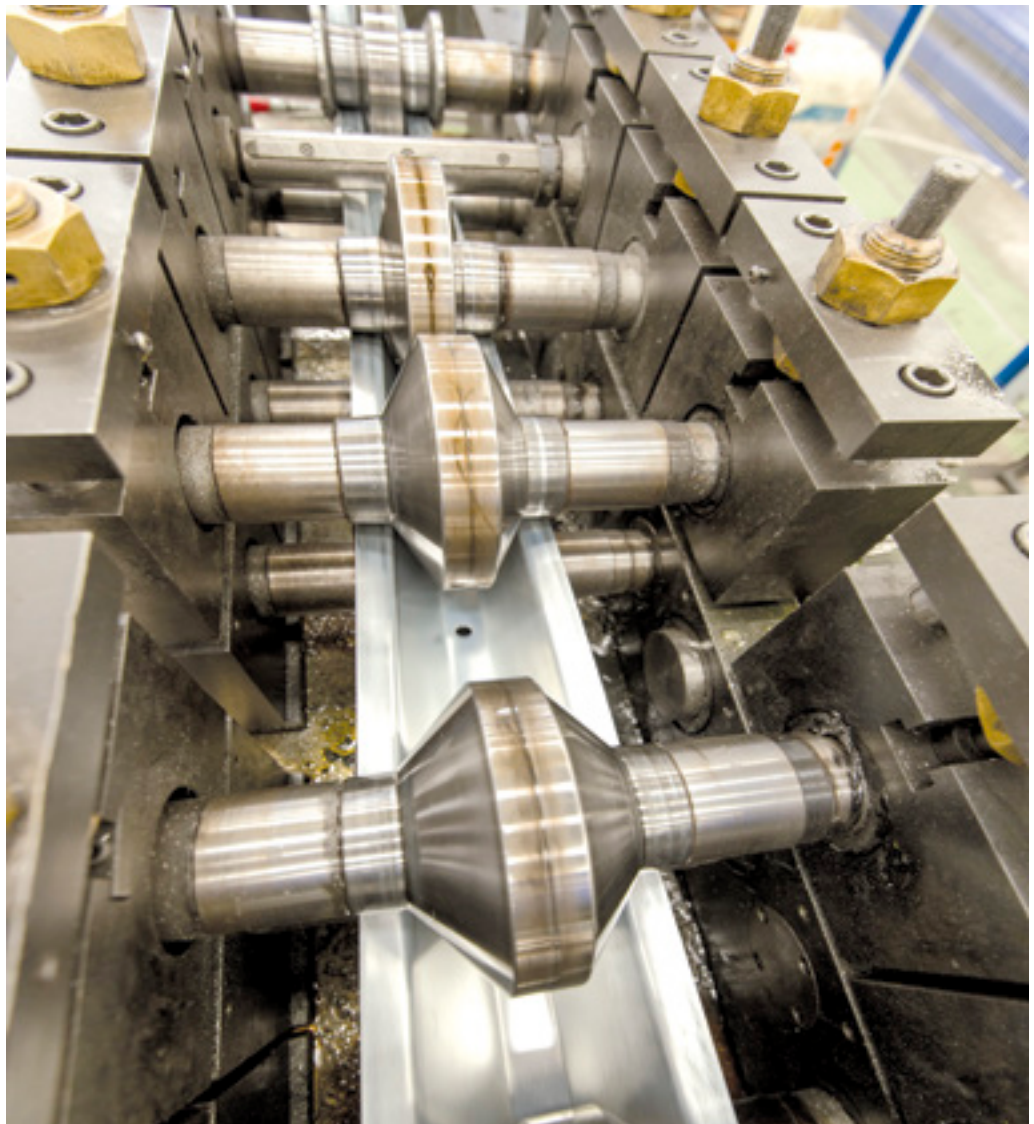
With regard to the previous year, we have not increased the scope of the Report, as summarised below:

The facilities of AMG Seneca, MAG Resende (Brazil), GMS South Africa and GAIPL Pune are not included, as they are managed by the corresponding partners.

Limitations on the information

For those indicators where information is not available for any of the companies, this will be indicated as "not available".

^
^
The current Report sets out the information and details corresponding to the financial year 2015 (running from 1 January to 31 December).



G4-18, G4-19, G4-20, G4-21 & G4-27

Content, scope and principles. Material aspects within and outside the organisation

The Sustainability Report and the Materiality Study have been drawn up in accordance with principles established in the Guide for the generation of sustainability reports produced by Global Reporting Initiative, in version G4.

For the definition of the scope and content of the Report, consideration was given to all activities of Gonvarri Steel Services. Through its 2015 Materiality Study, the company aims to identify the most significant aspects for its stakeholders, with a response being provided in the second part of this document.

Principles:

Generation of the Report took into consideration the "principles for determining the content of the report" established by GRI, as summarised below:

- **Participation of stakeholders:** over the course of this section, the stakeholders are identified in the company's response indicated.
- **Sustainability context:** the Report presents the performance of the organisation within the broader sustainability context.
- **Materiality:** the Report sets out and develops in Part 2 the material aspects reflecting significant economic, environmental and social effects.
- **Comprehensiveness:** the Report addresses the organisation's performance in all material aspects and their coverage.

Process of execution of the materiality study

A. Identification of relevant aspects (G4-18)

The internal and external context of the company was analysed. For the external context, a benchmark was available for companies in the sector, serving to detect trends in terms of sustainability, as well as the section regarding the energy sector in the document "Sustainability Topics for Sectors: What do stakeholders want to know?" (GRI, 2013), which takes into account the

opinions of sectoral associations, the third sector, international agencies and authorities, big business and analysts.

As regards the internal context, a review of the issues identified as material in the 2014 Materiality Study of the company was conducted, taking into account the corresponding recommendations report drawn up by an independent firm. It should be pointed out that no external feedback was received on the Sustainability Report.

This exercise served to identify a total of 26 topics.

B Prioritisation (G4-18)

The 26 issues identified were weighted on the basis of their importance and impact on sustainability, by means of an analysis evaluating their importance through a dual focus, taking into account the internal company perspective and the external perspective.

For the prioritisation of the topics identified, the following stakeholders and relevant information were considered:

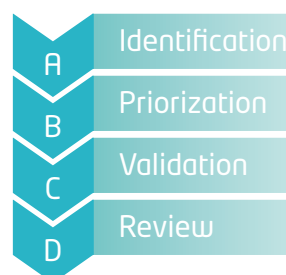
Within the company:

- Analysis of the content and objectives of Gonvarri Steel Services in its Strategic Plan.
- Contractual commitments entered into by the company and internal management tools and policies
- Internal prioritisation of the different issues conducted by Senior Management (managers of the main departments and directors and CSR managers at each plant, in order to draw on the opinions of the countries where the company operates). During this process, Senior Management was called on for its opinion, taking into account for each aspect:
 - The likelihood and severity.
 - Possible risks and opportunities arising.
 - The timeframe (relevant impact in the short, medium and long terms).

<<<

Through its 2015 Materiality Study, the company aims to identify the most significant aspects for its stakeholders, with a response being provided in the second part of this document.

Materiality Analysis Process





Outside the organisation:

- Key topics for the sectoral associations in the main regions where the company operates, and for other companies in the sector.
- Presence of the identified issues in the press.
- Analysis of information and demands of main clients and suppliers, along with their vision of sustainability.
- Employee survey for the evaluation of material issues, covering a significant percentage of the workforce. Particular mention should be made of the high participation rates in the USA, Mexico and certain facilities in Spain.

Following publication of the Report appropriate mechanisms will be established in order to be able to obtain feedback.



C Validation (G4-18)

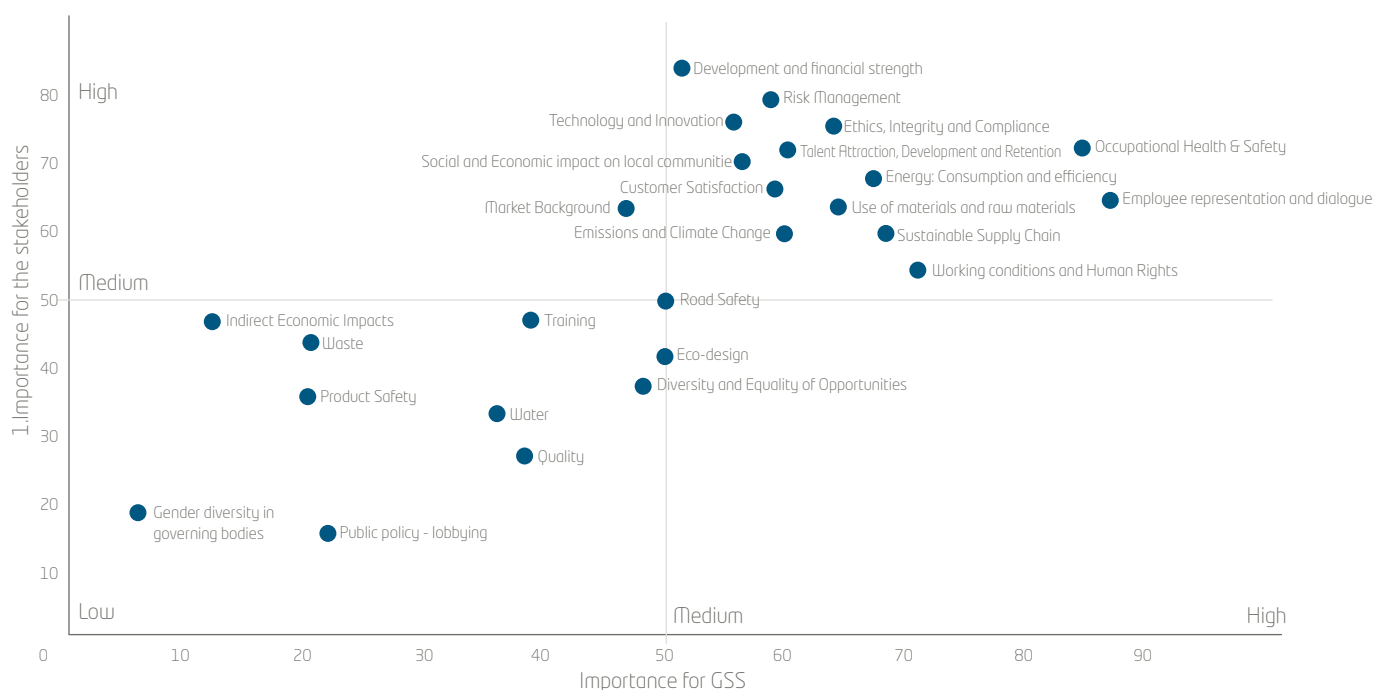
Lastly, the topics identified were reviewed and approved by the CEO, the following being included as key topics: "Road Safety" and "Emissions and Climate Change".

D Review (G4-18)

Furthermore, following publication of the Report appropriate mechanisms will be established in order to be able to obtain feedback.

Following this process, 15 material issues were defined, as summarised below:

(G4-19)



Details of each material issue identified and their impacts for stakeholders within and outside the organisation are given below.

(G4-20, G4-21 & G4-27)

>> Ethics, integrity and regulatory compliance

Companies are now called on to comply with standards of ethics and integrity in their management. A failure to do so involves exposure to significant risks as regards competitiveness, reputation and possible penalties.

Which stakeholders consider this matter to be the important?
Management
Contractual Undertakings
Policies and Strategies
Sector-Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 1 - General standard disclosures: Ethics and Integrity.
Part 2- Specific standard disclosures: Economic Dimension: Governance.

>> Risk management

Firms are exposed to different kinds of risk (economic, environmental, reputational, etc.) that could depend on both external and internal factors.

It is essential to identify these risks so as to be able properly to manage them, through mitigation plans and control mechanisms. They offer robustness and trust, and contribute to the sustainable development of companies.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Society-Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 1 - General standard disclosures: Ethics and Integrity.
Part 2- Specific standard disclosures: Economic Dimension: Governance.

Development and financial soundness <<

Factors such as maintaining a significant position in strategic markets or having proven solvency in place, contribute to the financial soundness of the companies. In addition, the diversification of products, locations and markets, alongside experience and market knowledge, serve to diversify clients and identify new sources of business, allowing profitable and sustainable long-term development of the companies.

Which stakeholders consider this matter to be the important?
Management
Sector-Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2- Specific standard disclosures: Economic Dimension.

Responsible supply chain <<

Appropriate management of the supply chain contributes to the sound performance of any industry. Lasting and stable relationships with suppliers promote quality and good corporate performance, allowing for the economic development of the regions where the firm operates.

From the economic perspective, realistic forecasts of purchasing volumes and the negotiation of balanced purchasing agreements reduce the risk of mutual dependence. Meanwhile, there is a growing demand from clients throughout the supply chain for compliance with a series of environmental, ethical, safety and human rights requirements. This serves to encourage the development of a more sustainable business fabric, strengthening the image of companies.

The handling of these aspects is a challenge for firms, in particular those that purchase and operate internationally.

Which stakeholders consider this matter to be the important?
Management
Contractual Undertakings
Policies and Strategies
Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2- Specific standard disclosures: Economic Dimension: Supply Chain.

(G4-20, G4-21 & G4-27. Cont.)

>> Client management and satisfaction

Client satisfaction is the *raison d'être* of most companies, since it is one of the key factors in their survival. Elements such as quality, prompt delivery, communication and the efficient handling of grievances help to develop and guarantee client satisfaction, by forging strong and lasting relationships.

Within the current context of economic crisis and reduced demand, the ability to develop innovative products that specifically respond to the demands of clients and the capacity to anticipate their needs contribute to company competitiveness.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2- Specific standard disclosures: Economic Dimension: Clients.

Energy: consumption and efficiency <<

Given the substantial level of consumption, this is given increased importance in the production process.

Currently, the concept of energy efficiency is undergoing extensive development through the benefits it offers both in economic terms (cost-cutting) and environmental aspects (reduction in fuel use and emissions). This trend is likewise reflected in the emergence of new energy management systems (such as ISO 50001), and new regulatory requirements such as the European Energy Efficiency Directive 2012/27/EU.

Which stakeholders consider this matter to be the important?
Management
Contractual Undertakings
Policies and Strategies
Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Environmental Dimension: Energy and Efficiency.

>> Use of materials/commodities

More efficient usage of resources in turn generates ecological benefits, reducing the negative impact on the environment, as well as economic returns, by reducing the costs associated with purchasing, transportation, storage and waste management.

There is ever greater awareness of this aspect, hence the growing development of new, more efficient processes, the use of recycled materials and more responsible end of life management.

Which stakeholders consider this matter to be the important?
Management
Contractual Undertakings
Policies and Strategies
Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Environmental Dimension.

Climate change and emissions <<

Climate change is increasingly significant, hence the growing need to establish strategies and targets that will help arrest global warming.

As regards companies, most of these objectives are tied to emissions of greenhouse gases through measurement plans, reduction targets, use of renewable energy or offsetting initiatives.

Which stakeholders consider this matter to be the important?
CEO
Management
Employees-Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Environmental Dimension.

(G4-20, G4-21 & G4-27. Cont.)

>> Talent attraction and retention

In order to maintain and enhance their competitive position, companies need to attract new specialist talents and personnel allowing them to innovate and improve their operability. It is also necessary, though, to develop measures to retain the teams in which companies' know-how resides. In order to achieve this, measures are typically implemented to underpin the pride in belonging, recognition of merit and talent development.

Talent attraction and retention are thus a strategic goal not just of human resources departments, but of the whole company.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Sector-Employees - Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Social Dimension: People.

>> Health and safety at work

Given the type of industrial activity it involves, the sector is highly exposed to occupational risks, and there is a very strongly rooted culture of risk prevention. Nonetheless, given its considerable importance this field remains strategic for companies faced with challenges such as the identification and mitigation of potential risks that could arise, awareness-raising among all personnel irrespective of their position, and the strengthening of accident prevention and health improvement measures.

Proper management of occupational health and safety contributes to the reputation of companies and the efficacy of their processes, ultimately impacting on their bottom line.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Employees - Clients - Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Social Dimension: Health&Safety.

Employment conditions << and human rights

Respect for human rights is a risk factor in those countries where social rights are less well developed. In addition, working conditions are a decisive factor in the company's effective performance and sound working climate.

These days companies, through their human resource policies and the demands they place on suppliers, play a decisive role in protecting human rights and improving working conditions.

Which stakeholders consider this matter to be the important?
Management
Compromisos adquiridos
Policies and Strategies
Employees - Clients -Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Social Dimension: People.

Representation and dialogue << with employees

Trade union freedom is a fundamental right of employees and, along with other channels of communication, allows for active and two-way dialogue between employees and company management. Through dialogue, companies can improve their competitiveness by fostering their adaptation to changes occurring in their surrounding context, as reflected in their risk management and their bottom line.

Which stakeholders consider this matter to be the important?
Management
Compromisos adquiridos
Policies and Strategies
Employees
Clients
Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Social Dimension: Health&Safety.

(G4-20, G4-21 & G4-27. Cont.)

>> Economic and social impact on the local community

Activity linked to the sector typically has a substantial repercussion on local communities because of its social impact (above all the creation of direct and indirect employment) and economic impact (rates, local purchasing, etc.). Meanwhile, the development of social action programmes, typically connected with training, culture and health, helps to improve the quality of life of the local population.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Employees - Clients - Suppliers
Gonvarri Steel Services ' Response:
Part 2 - Specific standard disclosures: Social Dimension.

Technology and innovation <<

The sector faces numerous demands to increase its efficiency and reduce its environmental impact, above all as regards the use of lighter and stronger materials in the automotive sector, linked to highly restrictive regulations governing emissions.

In order to address these requirements, and likewise as a way of making its products and services stand out, innovation is a strategic tool fostering corporate competitiveness in the medium and long terms.

Which stakeholders consider this matter to be the important?
Management
Policies and Strategies
Sector - Employees - Clients - Suppliers
Gonvarri Steel Services ' Response:
Part 2- Specific standard disclosures: Economic Dimension: Innovation.

>> Road safety

Traffic accidents are one of the main causes of mortality as a result of non-natural causes, above all in more developed countries. Travel by employees to their places of work or during working hours therefore constitutes a potential risk that companies can help to mitigate through awareness-raising, education and road safety plans. Companies with businesses connected with road safety have an even more significant role to play in this field, as they are direct actors.

Which stakeholders consider this matter to be the important?
CEO
Gonvarri Steel Services ' Response:
Part 2- Specific standard disclosures: Social Dimension: Society.

G4-22 & G4-23

Significant changes and reformulations regarding previous reports

The focus of the Report has been modified to adapt it to the new Global Reporting Initiative (GRI) reference guide in version 4, along with an extension to the materiality study.

In this regard, the scope has been extended, as shown by indicator G4-17.

No other relevant changes have occurred since 2014, and the minor changes are indicated in their corresponding sub-sections.

Participation of stakeholders

G4-24, G4-25 & G4-26

Collaboration between stakeholders and the company

The relationship between Gonvarri Steel Services and those groups affected by its activities (stakeholders) is developed in two aspects: from the perspective of social responsibility, responding to their expectations and needs, and from the perspective of reputation, managing stakeholders' perceptions of the company.

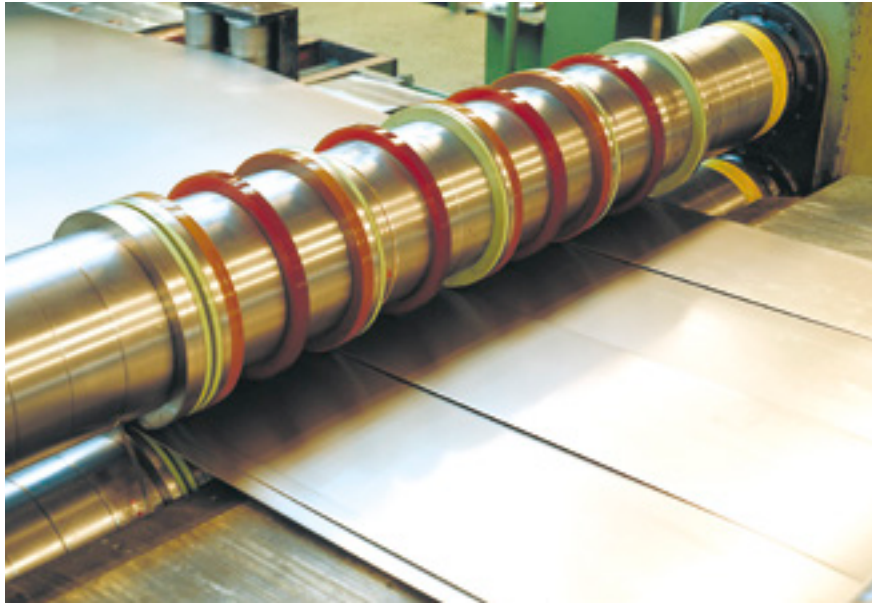
The identification and selection of the company's stakeholders was performed by means of an internal reflection process at the Sustainability Department, supervised by the directorial team, identifying as stakeholders all groups and organisations that could influence or be influenced by the company to a significant degree. This process began with the first Sustainability Report in 2013.

For each of the stakeholder groups, specific mechanisms are established to facilitate active dialogue, allowing for a swifter and more efficient response to trends and to their needs.

Below are described the categories defined as well as the most significant channels for dialogue and communication:

Stakeholders G4-24	Communication and dialogue tools G4-26
Shareholders	<ul style="list-style-type: none"> · The General Managers of each area periodically report to the CEO. · Each quarter, the company's most significant results and aspects are included on the order of business of the Board of Directors.
Employees	<ul style="list-style-type: none"> · Satisfaction surveys and global working climate. · Corporate intranet (Leading The Change) with daily news about the company and discussion forums. · Interdepartmental meetings with management at each operational site. · Works Committee and Health and Safety Committee.
Clients	<ul style="list-style-type: none"> · Catalogues and stands at trade fairs. · "B2B Platforms" of certain clients, as a tool for communication with their suppliers. · Annual satisfaction survey.
Suppliers	<ul style="list-style-type: none"> · Annual supplier evaluation surveys. · Periodic "delivery planning and complaints management" meetings. · Visits to their facilities so as to plan improvement actions. · Supplier portal.
Local communities and authorities	<ul style="list-style-type: none"> · Relationships with local authorities, sectoral associations and other organisations are typically organised by Management at each plant. · Meeting with third-sector organisations supported at the global level by the company.
Medios de comunicación	<ul style="list-style-type: none"> · All relevant international and national news items regarding the sector and Gonvarri are compiled and analysed daily. · Press releases. · Nine social media channels and a website.

Report profile



<<<
For each of the stakeholder groups, specific mechanisms are established to facilitate active dialogue, allowing for a swifter and more efficient response to trends and to their needs.

There are also shared corporate communication channels to interact with stakeholders.

A number of the key indicators are detailed below, as a practical example of the channels for dialogue established by Gonvarri Steel Services:

Gonvarri Steel Services website	
Number of visits to Gonvarri Steel Services website	98,251
Number of pages visited	277,050
% of new visitors to the website	76.8
Number of web users	76,585

Intranet Leading the Change	
Number of visits to Gonvarri Steel Services intranet	1,010
Number of pages visited	681,972

Gonvarri Steel Services' Social Media	
Number of Twitter followers	917
Number of profiles' s visits	8,719
Number of LinkedIn followers	4,390
Number of visitors to LinkedIn	3,613

The key issues arising as a result of the involvement of stakeholders are set out on page 33 and in Part 2 of the Report.

G4-28

Period covered by the report

Period from 1 January 2015 to 31 December 2015.

G4-29

Date of the previous report

Sustainability Report for the 2014 financial year.

G4-30

Report presentation cycle

Annual.

G4-31

Contact

For general issues regarding this report, information is available at:

rsc@gonvarri.com

+34 913 719 19 00

Calle Ombu 3, 6. 28045 Madrid. Spain

G4-32

Conformity with GRI

The Sustainability Report is drawn up "in conformity" with the GRI G4 Guide 'Comprehensive' option.

The GRI Table of Contents can be found in Annex.

The Report was furthermore subjected to the Materiality Disclosure Service, and GRI confirmed that the materiality contents (G4-17 to G4-27) are properly positioned.

G4-33

External verification

Gonvarri Steel Services has for the third year running conducted external and independent verification through the company PwC. Meanwhile, the Report on the Individual Annual Accounts and the Consolidated Report are audited by PwC.

The external verification report is included in Annex.

Governance

G4-34

Structure of governance

The governing bodies of the company are the General Shareholders' Meeting and Board of Directors, the highest body of governance, supervision, decision-making and control of Gonvarri Corporación Financiera. The Articles of Association of Gonvarri set out the functioning of the Board of Directors, the requirements and the deadlines established for the calling of the General Shareholders' meeting.

They likewise establish various methods for the organisation of administration, vesting in the General Shareholders' meeting the entitlement to opt for any of them, without the need for a modification to the Articles.

Any resolution to modify the mode of organisation of the executive management of the company, whether or not this comprises a modification to the articles of association, shall be recorded in a public deed and registered with the Companies Register.

At 31 December 2015, the Board of Directors of the Company comprised:

- **President:**
Mr. Juan María Riberas Mera
- **Vice president:**
Mr. Gonzalo Urquijo Fernández de Araoz.
- **Secretary:**
Mr. Francisco José Riberas Mera
- **Board Members:**
Mr. Alain Le Grix de la Salle
Mr. Jose Manuel Arias García
Mr. Jesús Calvo Moreira
Acek Desarrollo y Gestión Industrial, S.L.
Gonvauto S.A.
Agrícola La Veguilla, S.A.

The company ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L. represented by Mr Juan Maria Riberas Mera held the position of Managing Director at 31 December 2015, vested with each and every one of the powers attributed to the Board itself, except those that according to the Law or the Articles of Association may not be delegated.

G4-35

Delegation of the highest body of governance

The Board of Directors reaches relevant decisions at its plenary sessions, and where relevant, delegates execution of the decisions. Meanwhile, the Board of Directors may agree special powers of attorney to be vested in company employees to address individual aspects of operations previously approved by the body.

G4-36

Economic, environmental and social responsibilities

The responsibilities of the Managing Director include the commitment to comply with the Code of Ethics and Conduct, and the Sustainability Policy.

The Managing Director may likewise expressly vest powers of attorney in company employees to perform one-off aspects in those operations previously approved by said body.

The members of the Governing Body shall perform their duties with the diligence of a responsible business owner and loyal representative, and must maintain secrecy as to confidential information, even after leaving their posts.

GSS furthermore integrates economic, social and environmental responsibilities at the various departments, the heads of which refer any decisions to be taken to the Managing Director and, where appropriate, the Board of Directors.

G4-37

Processes for consultation between stakeholders and the senior body of governance

The various departments organise the mechanisms for the exchange of information between the Board of Directors and the different stakeholders.

G4-38

Composition of the senior body of governance and its committees

Indicator G4-34 summarises the composition of the Board of Directors.

The members of the Board of Directors are involved in the discussion and adoption of decisions regarding economic, social and environmental matters, and are responsible for approving the Code of Ethics and the Sustainability Policy.

GSS is a non-listed company, the members of the Board of Directors representing all the shareholders (2 alternative options):

- A) and there are no representatives of other stakeholders.
- B) and as a result there is no legal requirement to have representatives of other stakeholders in place.

>>>

We have in place, through the parent company, a global corporate culture that has maintained the same values and principles since the outset

G4-39

Executive function of the President

The President of GSS does not hold an executive position.

G4-40

Processes of appointment and selection to the senior body of governance

Powers for the appointment of Directors lie solely with the General Shareholders' Meeting, which represents the interests of all the company's shareholders (see G4-34).

Shareholder status is not required in order to be appointed as a Director, and the position may be held by both natural and legal persons. Similarly, the Articles of Association establish the conditions prohibiting the performance of said functions.

The Management Body appointed shall perform its functions for an unlimited period, notwithstanding the powers of the General Meeting of Shareholders to proceed at any time to exclude and/or dismiss individuals, pursuant to the terms of the Act and these Articles of Association.

GSS is a non-listed company, at which the members of the Board of Directors are appointed by the company shareholders, and so consideration is not given to other aspects regarding diversity, minorities, etc.

G4-41

Conflict of interest

Shareholders may not exercise the voting rights corresponding to their stakes if they are subject to any case of conflict of interest as established in Article 190 of Royal Legislative Decree 1/2010, of 2 July 2010, approving the Consolidated Text of the Capital Companies Act.

On a supplementary basis, the possibility that different local cultures and customs could condition the understanding of certain subsections of the Code of Ethics and Conduct has been detected (including conflicts of interest). In order to avoid conflicts in the interpretation and application of the Code, the "Guide governing behaviour in the event of the offering of incentives, gifts or invites" has been drawn up, setting out a more detailed and practical operational framework. The distribution of these guides is performed via the corporate university, and they are available in English and Spanish.

Communication with other stakeholders is conducted directly via the various company departments.



G4-42 & G-43

Functions and knowledge connected with sustainability

We have in place, through the parent company, a global corporate culture that has maintained the same values and principles since the outset, while adapting to the local needs in each country, current market conditions and the demands of stakeholders.

Furthermore, the functions of the Board of Directors include the approval of and commitment to comply with the standards of the Code of Ethics and Conduct, including the Corporate Principles governing the company, and covering economic, environmental and social aspects and the Sustainability Policy.

The members of the Board are kept permanently informed as to economic, social and environmental issues, via the various internal communication mechanisms, such as: periodic meetings with the directors of the different areas, the Sustainability Report, and the various actions and initiatives of the company, together with such communication mechanisms as the Leading the Change Intranet.

G4-44

Performance of the senior body of governance

The performance of the Board of Directors is not evaluated, as the members are, through their stakes, the owners the company, and represent all the shareholders.

In accordance with the applicable legislation, the Board of Directors meets during the first quarter to draw up the annual accounts for the previous financial year.

In addition to this meeting, the body meets in accordance with operational, business and project approval needs.

At the General Shareholders' Meeting, corporate resolutions are passed by a majority of the votes validly cast (except for reserved matters), provided that they represent at least a third the votes corresponding to the shares into which the capital stock is divided, with blank votes not been calculated.

There have been no changes to the members or organisational practices.

G4-45, G4-46 & G4-47

Functions of the senior body of governance in risk management

At Gonvarri, for the development and execution of new projects a detailed study is conducted, to evaluate and analyse all quantitative and qualitative aspects of the project, along with the potential risks, with the various departments of the company and the Management Committee making their contributions, prior to presentation before the Board of Directors.

In the initial project definition and analysis phase, information is gathered as to potential clients, the potential turnover associated with each of them, costs and associated investments, and the inherent country aspects (regulatory, repatriation of capital, etc.).

Following analysis of these aspects in depth, a decision is taken as to whether to refer the project to be Board so as to move onto the next phase, or to suspend the process.

The CEO (Executive Managing Director) and, where relevant, the various company departments, provide information for the Directors at quarterly meetings. The Board of Directors has responsibility for approving the development of new plants and the measures established to mitigate any kind of risk.

The project, if it is continued, is tied to aspects prior to the implementation and financing of projects. Firstly, the issues connected with the engineering and construction project are set in motion for manufacturing set-up, along with the processing and issuance of all permits, licences and authorisations that will allow the plant to be constructed. Meanwhile, the purchasing of the productive assets and required machinery begins.

Subsequently, the company commissioned to perform the construction is selected and assigned. In parallel, the personnel required to operate the plant are selected.

Once the plant has been built and the required machinery installed, commissioning teams are deployed, with experience built up at other group plants, and along with the locally hired teams they are responsible for the commissioning and fine-tuning of the productive assets, along with the training of local operatives, over periods normally ranging from 3 to 6 months.

All these actions and the possible risks derived from them are continuously analysed by Gonvarri's management and teams, serving to detect risks and to implement the required corrective measures in a swift and agile manner.

G4-48

Review and approval of the Sustainability Report

Sustainability Report organisation is coordinated by the sustainability team, including the Corporate Communication, Marketing and Sustainability Department. The function is transversal within the organisation, and so covers all the different companies of the Group.

The Report and the materiality analysis are produced annually by this team, in collaboration with the different areas and departments involved at the company.

Once it has been produced, a process of supervision and review by the various management teams involved in authoring it then ensues, along with the Communication Director and the CEO, who is responsible for final approval.

Furthermore, in order to guarantee the reliability of the information, the Report is externally verified by an independent body.

G4-49

Communication with the senior body of governance

The General Meeting of Shareholders will be called by the Directors and, where applicable, the Liquidators of the Company. It will be called within the first six months of each financial year in order to scrutinise corporate management, approve the accounts for the previous financial year, if so decided, and rule as to the application of the result.

The directors will likewise call a General Meeting whenever deemed necessary or desirable, and in all cases when so requested by one or more shareholders representing at least five percent of the capital stock.

Those responsible for the various managerial departments maintain permanent and fluid communication with the company's Managing Director. Any major concern is passed on immediately by the managers of the various areas to the Managing Director, who will, if necessary, immediately refer it to the Board of Directors.

Meanwhile, periodic meetings are staged, attended by all corporate professionals. These are two-way meetings, with the Managing Director informing all personnel of relevant aspects concerning the management and position of the company, while receiving feedback from professional staff as to such issues and any other matters of interest.

G4-50

Nature and number of issues raised at the Board of Directors

If management and representation of the company is entrusted to a Board of Directors, the guidelines established in this regard will be followed.

It will meet at least four times per year, and whenever deemed appropriate by the Chairman or Vice-Chairman. Notification of meetings will at all times be served in writing and in person on each Director, with a minimum of five days' notice being given prior to the date of the meeting.

The Board met once every quarter (4 times) in 2015. Prior to each meeting, the finance, legal and business development directors' offices draw up and present to the Chairman a report as to the situation and monitoring of relevant issues. Meanwhile, if any other department requires consultation or approval of any matter by the Board, this is included with the remaining information.

The Chairman is responsible for communicating and conveying this information within the context of the Board.

The Board of Directors may appoint from amongst its members an Executive Committee and one or more Managing Directors, determining who will hold these posts and the tasks entrusted. Said individuals may be assigned, in whole or in part, on a temporary or permanent basis, all powers that may be delegated by law.

All discussions and resolutions of the Board will be recorded in a Register of Minutes, with the minutes being signed by the Chairman and the Secretary, or, where relevant, by the Vice-Chairman and the Vice-Secretary.

It should be emphasised that in 2015 the Board approved the Sustainability Policy, dated 14 December 2015.

G4-51, G4-52 & G4-53

Remuneration of the Board of Directors

Remuneration of the Board of Directors will comprise a fixed allotment in cash, to be decided at the General Meeting held at any time prior to conclusion of the financial year.

This will be compatible with all other professional or occupational earnings to which directors might be entitled as a result of any executive or consultative functions performed at the company, with the corresponding payment rules being established.

In the event that the governing body takes the form of a Board of Directors, it will determine the amount to be received by each of the members, in accordance with their dedication to the management of the company. If the governing body has some other form, then the General Meeting will decide, in accordance with these parameters, whether the remuneration paid to each director will be the same or will vary.

Calculation of remuneration does not take into account the consultation of stakeholders (the company is not listed).



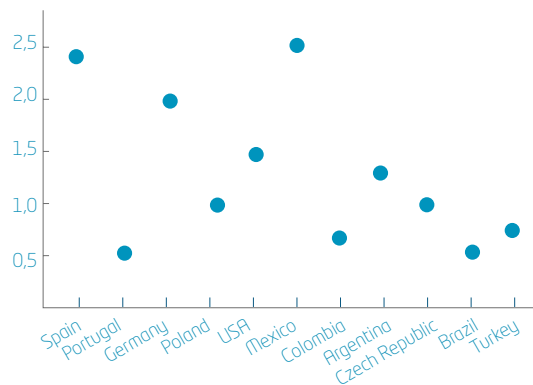
G4-55

Remuneration and increase in remuneration

Indicator G4-54 is not reported, as we do not have a uniform methodology to obtain the result, and the information is in some cases deemed confidential. This information will be published next financial year.

For calculation of the ratio between the percentage increase in the total annual maximum remuneration and the percentage increase in the average annual remuneration, the difference is expressed as a percentage for the change in salary from 2014 to 2015 of the employee with the highest salary, compared with the average change obtained during the same period by the remainder of the workforce, as indicated below:

Ratio between the percentage increases in total annual maximum remuneration and average annual remuneration.



The rate did not consider information regarding CEO or General Managers. Russia and United Kingdom are not available.

G4-56

Values, principles and code of ethics

Gonvarri Steel Services strives to grow as a sound and responsible company, through sustainable action in all countries where it has a presence, while also expanding its activities in all countries where appropriate conditions are met.

Its global corporate culture preserves the same values of Honesty, Humility, Tenacity and Work, and the principles that have since the outset acted as the guarantor of these objectives, adapting to local needs in each country, current market conditions and the demands of stakeholders.

Alongside this, sustainability has become another key element at the company, since sustainable development is believed to be the best way to achieve its Mission and the expectations of its stakeholders.

The mission of GSS is to improve the efficiency and results of its clients through Innovative and Sustainable Metal Solutions, by means of a Highly Collaborative Global Organisation.

<<<

Gonvarri Steel Services strives to grow as a sound and responsible company, through sustainable action in all countries where it has a presence.





Gonvarri Steel Services Sustainability Policy (DMA)

Gonvarri Steel Services (GSS) aims to be the leading company in the flat steel transformation markets, in a profitable and sustainable way, and at the forefront in implementing new technologies. It works to grow as a solid and responsible company, aligned with its stakeholders' objectives and expectations and in compliance with the highest quality, environmental and safety standards.

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

Gonvarri Steel Services is aware that its actions have a direct impact on the environment, thus **Sustainability** is positioned as a key element, as it is reflected on its corporate culture and on the development of mechanisms able to create value for all its stakeholders.

Furthermore, it strongly supports the compliance with the ten principles of the **United Nations Global Compact**.

This **Policy** aims to establish a global framework for GSS Industries in order to reinforce the actions, initiatives and behaviors in all the countries in which it operates, as it is summarized in the following commitments:

- Contribute to the **creation of long-term value** for society, customers, suppliers, employees and communities in which it operates, as well as for any other stakeholder particularly relevant to the Company.
- Promote **Corporate Governance** best practices, prioritizing transparency, risk management and fight against corruption, through the **Ethics Code** dissemination and the management and denunciation channels held by the Ethics Committee.
- Comply with applicable local **legislation** adopting, where needed, additional commitments and standards recognized to act with integrity in all countries.
- Protect, respect and promote the **human rights** in all its activities and anywhere in the world, as well as to establish, where circumstances warrant it, mechanisms strengthening this commitment and ensuring compliance.

- Maintain a smooth communication with **stakeholders** being able to listen and to respond to their expectations through the available channels.
- Achieve excellence through **innovation** and **continuous improvement** in its processes and products, maintaining high quality and safety standards, minimizing its **environmental impact**, reducing **greenhouse gas emissions** and improving its contribution to Society.
- Collaborate with its **clients** to adapt our products to their needs, always offering a quality service.
- Work closely with its **suppliers**, promoting ethics and respect for human rights in the supply chain.
- Promote the **health and safety** care of all professionals working directly or indirectly in its facilities, and contribute to the improvement of their quality of life.
- Develop measures for promotion and retention of talent, framed by favorable labor relations based on equal opportunities, remuneration based on responsibilities and **personal and professional development** support through training and employment generation.
- Take part in **social action initiatives** and projects aligned with its business and corporate culture to contribute effectively to the welfare of Society.

This Policy must be dynamic and adapted to the changing situations of the environment and the markets where GSS operates. Thus, the **Sustainability Master Plan** is periodically elaborated, reviewed and updated and the different improvement objectives are gathered in its different action axis.

Gonvarri Steel Services is committed to offer transparent, reliable and accurate information about its performance through its Sustainability Report, as well as any other channel deemed suitable to fulfill this commitment.



Code of Ethics and Conduct

Gonvarri Steel Services expects the company to be an ethical landmark in all decisions on the part of all its members, following all guidelines set out in the Code of Ethics and Conduct.

The principles developed here are based on the Declaration on Fundamental Principles and Rights of the International Labour Organization (ILO), the 1992 Rio Declaration on the Environment and Development, the Universal Declaration on Human Rights and the 10 principles of the United Nations Global Compact, created in the year 2000.

Gonvarri Steel Services operates in numerous countries, and so the interpretation and application of some subsections of the Code may be conditioned by local culture and customs, giving rise to different readings. In order to clarify and complement certain aspects connected with the Code of Ethics and Conduct, the following reference guides have been developed:

- The "Guide on the prevention of harassment and operational protocol".
- The "Guide governing behaviour in the event of the offering of incentives, gifts or invites".

The "Economic Dimension" chapter develops on these issues in depth.

G4-57 & G4-58

Ethics Committee and whistleblowing mechanisms

The Ethics Committee is an internal consultative body responsible for promoting the values and conduct of the company, along with the monitoring, communication, distribution and oversight of the Code of Ethics, processing and support for the resolution of queries, and the response to any possible incidents or complaints that might arise.

The Committee guarantees that information will be treated with due confidentiality, discretion and protection for any employees or outside parties who in good faith serve notice of alleged breaches

In order to facilitate communication, whistleblowing channels are in place allowing any employee, partner, supplier, etc. observing any breach or violation of this standard to file the co-

responding report or complaint. There are three whistleblowing channels available: by email, telephone or post. They are also visible on the website.

During the 2015 financial year the Ethics Committee received a complaint from its employees. It did not receive any claims from third parties, (G4-LA16) regarding discrimination (G4-HR3) or other human rights (G4-HR12).



<<<

The Ethics Committee is an internal consultative body responsible for promoting the values and conduct of the company.





Part II

Specific Standard Disclosures

- 46 Economic Dimension
- 58 Social Dimension
- 86 Environmental Dimension



Gonvarri
Steel Services

Sustainability
Report 2015

Material aspects: Economic dimension

Following the materiality analysis undertaken and described in the basic general content (G4-18, G4-19, G4-20 & G4-21) the most significant aspects are summarised below:

Subject	General matters of particular interest	Groups that consider the aspect material
Economic Management	Development and financial strength	Internally: CEO, Management, Policies and Strategies. Externally: Sector, Employees, Clients and Suppliers.
	Ethics, integrity and compliance	Internally: CEO, Management, Policies and Strategies and Contractual Undertakings. Externally: Sector, Employees, Clients and Suppliers.
Ethics and Governance	Risk Management	Internally: CEO, Management, Policies and Strategies and Contractual Undertakings. Externally: Employees, Clients, Suppliers and Mass Media.
	Technology and innovation	Internally: CEO, Management, Policies and Strategies. Externally: Sector, Employees, Clients and Suppliers.
Product and Innovation	Responsible supply chain	Internally: CEO, Management, Policies and Strategies and Contractual Undertakings. Externally: Employees, Clients and Suppliers.
Supply Chain	Management and clients satisfaction	Internally: CEO, Management, Policies and Strategies. Externally: Employees, Clients and Suppliers.
Clients		

Over the course of the chapter, we set out Gonvarri Steel Services management and initiatives connected with these aspects.

Economic Dimension

Current context (DMA)

As was to be expected, in 2015 the global economy found itself passing through a difficult stage. The growing instability on financial markets and growth forecasts over the coming years indicate a weak recovery in advanced countries, along with a slow-down in growth in many emerging markets.

Meanwhile, low steel prices, mainly as a result of excess output and reduced demand, impacted directly on the sector. Within this sphere, China stands out as the world's largest steel producer, accounting in 2015 for 44.8% of the global market, followed some considerable way behind by Japan and India.

According to the World Steel Association, in January 2016 global raw steel output stood at 128 million tonnes, a fall of 7.1% compared with January 2015, with China continuing to lead the world markets, despite having cut its production by 7.8%.

Nonetheless, there are numerous indicators allowing for an optimistic view of the future. These include the expected population increase, which would suggest a rise in demand, the emergence of new applications for steel, and hence the development of additional markets, along with the possible promotion of favourable policies that would even out exit barriers in the various countries and serve to improve competition. It is likewise expected that the demands derived from environmental legal and social requirements will become more uniform, serving to minimise the current differences.

Particular mention should be made in this regard of one of the main consumers: the automotive sector. In 2015, the automotive market grew by 2% worldwide, despite the challenging situation in such major markets as Russia and Brazil, as a consequence of the economic crisis and the downturn in oil prices.

In comparison with 2014, Asia stood out, registering the highest growth level of 6.5%, while South Korea managed to increase sales by 10.5%. At the other end of the scale is Japan, with a downturn of 10%. Second place is held by the North American market, with growth of 5.7%, with Europe in third position, rising by 2.5%, held back mainly by the Russian market, which shrank by 35%.

Growth of GSS

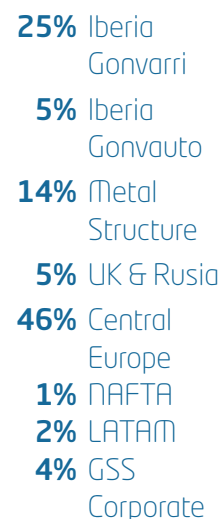
Gonvarri Steel Services was founded in 1958 and has continued its growth by diversifying worldwide. It currently has 33 steel transformation centres, and has a presence in 17 countries. As one of Europe's leading companies, and one of the largest worldwide in the transformation of flat steel, it places its emphasis on sustainable and profitable growth.

The investments made in 2015 reveal a total of 33,778 thousand euros.

Within this context, a Gonvarri strengthened its presence in Central Europe through the new Laser Automotive Brandenburg and Laser Automotive Thüringen plants, the expansion of the Gonvarri Czech plant and the new hybrid blanking line for 2016 at the Gonvarri Burgos and Gonvarri South Carolina plants.

Meanwhile, construction of four new plants in China was approved for 2016, with the aim that they should be fully operational by 2018, making a positive contribution largely as a result of the Asian market.

Investment distribution



Prevision delivery by region

	Recorded in 2015	Budget 2016	Estimated 2017	Estimated 2018	Total growth	Gagr* 15-18
Western Europa	1,807,430	1,835,173	1,930,810	1,969,114	8.95%	2.90%
Gonvauto Iberia	612,677	608,582	605,609	678,589	10.76%	3.46%
Metal Structures	314,516	315,023	320,839	347,651	10.54%	3.46%
Central Europe	743,706	819,216	972,465	1,058,522	42.33%	12.49%
Nafta	320,056	303,174	523,368	580,228	81.29%	21.93%
Latam	532,384	574,105	727,477	814,706	53.03%	15.24%
Asia	71,110	66,150	224,271	304,539	328.26%	62.39%
Total	4,401,878	4,521,423	5,304,838	5,753,350	30.70%	9.34%

Data reporting 100% of the delivered tons-
*Compound annual growth rate (2015-2018)

Balance sheet: 2015 results

(G4-EC1 & G4-EC4)

Gonvarri Steel Services continues to progress towards the goal of increasing its international presence in creating value in the communities where it takes root. This is possible thanks to a positive balance sheet and appropriate financing.

Within the current cyclical context of the sector, following several years of tension in sales and margins, an upturn in activity is now being detected, although margins remain very tight because of substantial competition and surplus output, above all in China.

At the close of the financial year, its EBITDA stood at 139,695 thousand euros, with a consolidated net result of 74,113 thousand euros.

This EBITDA reveals a net improvement of 6% compared with the previous financial year. Although it is uneven across the different countries, particular mention should be made of the growth of the NAFTA division, Metal Structures operations and the Western Europe region. Meanwhile, the LatAm region once again saw a downturn in EBITDA compared with the previous financial year, mainly because of the recessionary situation in Brazil.

Below are summarised the key consolidated economic figures of Gonvarri Steel Services:

To begin with, the company received economic grants amounting to 3,909 thousand euros, corresponding in the main to the Gonvarri Aluminium and Gonvarri Automotive plants in Germany, Gestamp Solar Steel US in the States and HIASA in Asturias.

As for other accounting obligations, the companies that make up the GSS Group are, in the main, required to draw up an annual audit reports on their individual annual accounts given the total volume of their assets, their turnover and their average number of employees. Said reports contain no exceptions.

Following approval by the corresponding body, these reports are filed in due time and form at the Companies Register for each of the financial accounting years with legalisation of official records and the filing of annual accounts. In addition, the Group companies have no outstanding Social Security or taxation payments.

Lastly, as set out in the Code of Ethics and Conduct, GSS does not provide any economic support to Governments (G4-EC4).

Economic Value Created (thousand €)	2014	2015
Turnover	2,252,165	2,305,944
Financial income	9,704	6,609
Other revenue	20,365	28,294
Total EVC	2,282,234	2,340,847

Economic Value Generated (EVG) with a total of 2,340,847 thousand euros, distributed as follows:

Economic Value Distributed (thousand €)	2014	2015
Payment to capital providers	52,881	25,508
Taxes	32,209	42,419
Personnel Costs	92,048	94,528
Operational costs*	2,023,923	2,075,421
CAPEX	13,530	33,778
Investments in the Community	744	716
Total EVD	2,215,335	2,272,370

Economic Value Distributed (EVD) with a total of 2,272,370 thousand euros, distributed as follows:

Economic Value Retained (EVR) with a total of 68,477 thousand euros.

*It is included the material purchase and auxiliary services.

Ethics, Integrity and regulatory compliance

(DMA)

Based on the understanding that the company is now expected to be an ethical leader in all decisions taken by its members, in 2014 the Gonvarri Steel Services Code of Ethics and Conduct was approved by the Board of Directors.

The Code deals with such issues as relationships with clients, employees, suppliers and the community, and will serve to underpin the existing trust between the company and third parties. The principles it establishes are based on the Declaration on Fundamental Principles and Rights of the International Labour Organization (ILO), the 1982 Rio Declaration on the Environment and Development, the Universal Declaration on Human Rights and the 10 principles of the United Nations Global Compact, created in the year 2000.

The Code of Ethics is available online in English and in Spanish by the corporate intranet. In 2015 training in the Code of Ethics and Conduct, which includes aspects connected with corruption, was delivered to 626 employees in person (77 directors and middle managers and 549 technical and administrative staff) along with 91 employees online (10 directors and middle managers, and 81 technical and administrative staff), amounting to a total of 343 hours of training. (G4-S04)

The number of employees trained was particularly significant in the following: Colombia (30.4%), Brazil (33.6%), USA (18.3%), with the remaining employees distributed across Mexico, Spain and Poland (17.7%). (G4-HR2).

Gonvarri Colombia Calendar

One clear example of the dissemination, communication and integration of the values and culture of Gonvarri Steel Services is the Gonvarri Colombia calendar.

Gonvarri Colombia was added to the group in 2014 and has gradually been incorporating the company's policies, plans and programmes. One of the initiatives undertaken in 2015 was the design of the calendar, setting out the values across the different months and underpinning them with an inspirational and motivational phrase, helping to inculcate the corporate culture. The calendar is distributed to all employees.

Whistleblowing and compliance mechanisms

The Code of Ethics establishes the guidelines and channels for whistleblowing to be employed in the event of any conduct that could represent a violation of the legal standards or of the company's principles. There are three whistleblowing channels available: by email, by telephone, or in writing, by using the whistleblower form. All matters are analysed, managed and resolved by the Ethics Committee.

The Ethics Committee is an internal consultative body responsible for promoting the values and conduct of the company, along with the monitoring, communication, distribution and oversight of the Code of Ethics, processing and support for the resolution of queries, and the response to any possible incidents or complaints that might arise. In 2015, the Ethics Committee received a complaint. (G4-S05).

In 2015, Gonvarri Steel Services received no complaints nor was it involved in any proceedings regarding unfair competition or anti-trust practices (G4-S07), or any breach of legislation or regulations (G4-S08). The company received no fines as a result of breaches connected with the supply and use of products (G4-PR9), marketing communications or client data privacy.

Risk management (DMA)

In performing its operations, Gonvarri Steel Services is subject to various risks inherent in its activity and the countries where it operates. As summarised by the indicator "G4-2 Main effects, risks and opportunities":

Over recent years, given the company's considerable growth in various countries and cultures, and the potential risks to which it is increasingly exposed, it was found necessary to improve the monitoring, control and audit mechanisms.

In order to strengthen these controls, the creation of the Internal Audit Department was approved in 2015. This Department will be fully operational in 2016. The objective is to implement a systematic and disciplined focus to evaluate and improve the effectiveness of risk management, control and company processes, thereby ensuring the proper use and sound control of material, human and financial resources.

No risks connected with corruption (G4-S03) were evaluated in 2015, nor were any grievances received regarding environmental matters, employment practices, human rights or unfair competition practices (G4-EN34, G4-LA16, G4-HR12 and G4-S07). The number of penalties, and fines as a result of breaches in 2015, were insignificant (G4-S08).

<<<

Gonvarri Steel Services has a global corporate culture that values and preserves the same principles from its origins.

The Group has arranged insurance policies to cover the risks derived from its activity, protecting its assets and also its sales of products and services to clients. Potential damage to clients and the environment are duly covered by Civil Liability policies.

Anticorruption mechanisms (G4-S04)

At Gonvarri Steel Services, issues connected with corruption, transparency, good governance and conflicts of interest are a concern all stakeholders. As a result, the fight against corruption forms a part of its principles, and is based on "zero tolerance" with regard to this type of malpractice.

In 2014 the "Guide to behaviour in response to the offering of incentives, gifts or invites" was developed, and is available on the intranet, in both English and Spanish, with the aim of guiding company employees in the event of possible conflicts that could emerge in their professional operations.

Operational mechanisms to address harassment

For Gonvarri Steel Services, personal dignity and inherent and inviolable personal rights, the free development of personality, equal treatment, non-discrimination and physical and moral integrity are fundamental rights, irrespective of the country and culture within which it operates. Nonetheless, harassment and violence do constitute an issue that could affect the company.

To inform staff and minimise this type of behaviour, in 2014 the "Harassment Prevention Guide and Response Protocol" was published and it is available on the intranet.

United Nations Global Compact

Gonvarri Steel Services is a signatory to the Global Compact, and so is committed to promoting and implementing the 10 universally accepted principles in the fields of human rights, labour regulations, the environment and anti-corruption.

The company complies with all necessary requirements to renew its commitment in 2016.

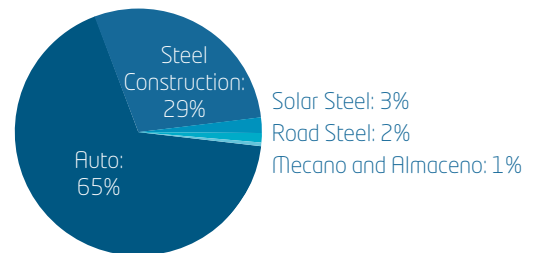
Project funding

In 2015 the projects developed and financed at Gonvarri Steel Services did not require any clause or undertaking as regards human rights and anticorruption practices. (G4-HR1)

Product

(DMA, G4-PR1, G4-PR2 & G4-PR3)

Gonvarri Steel Services manufactures various products grouped into six business lines, as summarised under the indicator G4-4. As for sales, the distribution by product type is summarised below:



For all of them the main raw material is steel, and to a lesser extent (and solely for the automotive sector), aluminium.

Steel and aluminium are 100% recyclable and can be adapted to a wide variety of products. At the different facilities, both are subjected to a series of high-tech processes allowing the product to comply precisely with client needs, fulfilling the most rigorous standards at all times.

As regards product labelling (steel and aluminium formats), Gonvarri's obligations focus on supplying the details required for appropriate traceability and correct definition of the characteristics (thickness, coating, etc.) for all products. In any event, they reveal no chemical or environmental risk. (G4-PR3)

In 2015 no incidents associated with the health and safety of products and services were noted (G4-PR2), nor incidents derived from product information and labelling (G4-PR4).

Gonvarri strives to improve the characteristics of its products through research projects focused essentially on:

- **Health and Safety:** through its Road Steel Division it is involved in various projects helping to minimise harm in the event of accident, while through the Automotive division it works with new materials that, among other aspects, improve safety conditions.
- **Environment:** through its Solar Steel division it develops lighter solar structures that improve the MW/t CO₂ ratio, while the Automotive division also help reduce the weight of vehicles, and thereby fuel consumption and CO₂ emissions.
- **Efficiency and improvement in processes,** serving to optimise production, with an impact on reduced consumption and waste minimisation.

Research, development and innovation

(G4-PR1)

Innovation plays a particularly key role, forcing the entire value chain to update constantly. Within this sphere, collaboration with clients and partners is vital.

In the automotive sector, the company has qualified teams in place with the aim of working directly at the client from the design and construction phase of lighter structures and new solutions (aluminium, third-generation steels, etc.), improving materials and processes that will nonetheless be more rigid, safer and more resistant to collisions, recyclable and of a lower weight, thereby contributing to meeting the emissions reduction challenge.

Another aspect of concern to Gonvarri is road safety, hence the fact that its Road Steel division develops practically all highway vehicle containment systems through numerous R&D+i projects to minimise negative impacts in the event of a collision.

It furthermore has other lines of action in place, focused on the development of products with new, lightened materials based on composites, and has embarked on collaborative projects focused on the manufacturing of prototype auto-parts using composite materials.

>>>

Innovation plays a particularly key role, forcing the entire value chain to update constantly.



The main projects in progress in 2015 are summarised below:

Projects connected with the automotive and road safety sectors

ECOVOSS

> Ferrodisa

The project focuses on the development of new "Multi-material Eco-structure" solutions, to build safer and more sustainable vehicles. Ferrodisa's involvement addresses the development of a composite demonstrator for a vehicle chassis part.

The project began in June 2015 and is scheduled for conclusion in December 2018. It holds certification from the CDTi (Centre for Technological Industrial Development).

Project hours and expenses in 2015:

- >> Inhouse staff hours 1,862 h.
- >> Subcontractor/external expenses € 43,965.
- >> Raw materials and other expenses € 18,450.

Fusible anti-impact mechanism applicable to roadways signage support structures (ES3)

> Hiasa

The aim of this project is the application of new steels and means of bonding serving to control the breakage or collapse mechanism in highway signage support structures, in particular in the case of highway lighting (lamp posts/gantries).

The project is scheduled for the period 2014-2016 and was approved by the IDEPA (Institute for Economic Development of the Principality of Asturias) on 29 December 2014.

Project hours and expenses in 2015:

- >> Inhouse staff hours 2,565 h.
- >> Subcontractor/external expenses € 187,491.60.
- >> Raw materials and other expenses € 39,755.36.

ABECATIM project

> Hiasa

The main aim of the ABECATIM project is to develop a kinetic energy absorption system for impact attenuators, integrating intelligence applied to detection, qualification and a response to accidents. In addition to containing and reducing the seriousness of impacts in the event of an accident, it reports on the event in real time, with a twofold aim:

- >> Reduce the number of fatalities caused by vehicles leaving the carriageway.
- >> Reduce the economic impact on public finances.

The project forms a part of the ERDF Interconecta programme, and holds CDTi certification dated 15 April 2015, for an amount of €589,034.

Project hours and expenses in 2015:

- >> Inhouse staff hours 1,900 h.
- >> Subcontractor/external expenses € 33,250.
- >> Raw materials and other expenses € 2,200.



Projects connected with solar structures

Optimisation of single axis solar trackers. Solar Tracker 2.0. > Hiasa

The project focuses on optimising the design of the solar tracker, with the aim of minimising the weight of the support structure for each MW of energy output.

The project began in June 2015, and is scheduled for conclusion in December 2017. It was approved at internal level, with the certification subsequently being applied for from the IDEPPA.

Project hours and expenses in 2015:

- >> Inhouse staff hours 1,835 h.
- >> Subcontractor/external expenses € 3,886
- >> Raw materials and other expenses €13,630

Biostirling 4SKA

The project is co-funded under the 7th EU Framework Programme and headed by Gonvarri MS Corporate, acting as the leader of a consortium of 13 European companies to develop a new generation of Stirling dish solar plants, based on storage and hybridisation, to achieve profitability and efficiency.

The project began in June 2013 and is scheduled to end in June 2016. The project is in the development phase.

Project hours and expenses in 2015:

- >> Inhouse staff hours 4,109 h.
- >> Raw materials and other expenses € 117,353.

Projects connected with manufacturing processes and materialsforging

Development of a steel cutting production process for drop forging

>Gonvauto Navarra

The project comprises the analysis, study and improvement of pressing line cutting tools to improve the cutting quality of high elastic limit materials, including the Dual Phase family.

The project began in February 2015, and ended in December 2015. A certification application is being processed with the Regional Government of Navarre.

Project hours and expenses in 2015:

- >> Inhouse staff hours 3,250 h
- >> Subcontractor/external expenses € 3,000
- >> Raw materials and other expenses € 18,000

Tension straps for longitudinal steel cutting (CORTEFACE)

> Gonvarri Burgos

The general aim of the project is to optimise and reduce the costs of the sheet roll cutting process by addressing the band tensioning system, through the development of a new generation of straps that would eliminate the current problems, of increasing duration, improving quality and production parameters, with substantial cost savings.

The project began in September 2014 and is scheduled end in June 2016. It is certified by the CDTI.

Project hours and expenses in 2015:

- >> Inhouse staff hours 7,590 h
- >> Subcontractor/external expenses € 14,400
- >> Raw materials and other expenses € 56,960

Reduction in the presence of slag and dross in the galvanisation process

> Gonvarri Barcelona

The main objective of the DISDROSS project focuses on research into a new molten zinc mixture configuration to be used by the plant in the continuous hot-dip galvanising process.

This will serve to improve the quality of the coatings obtained in galvanising process, through increased control and minimisation of the generation of residual slag, and reduction in the dross deposited at the base of the mix.

Gonvarri Barcelona and the CTM Centre Tecnològic Foundation are leading the DISDROSS R&D project, which has been under technical development since it began in March 2014, and is scheduled to conclude in February 2016. It enjoys funding and certification from the CDTI.

Project hours and expenses in 2015:

- >> Inhouse staff hours 2,625 h
- >> Subcontractor/external expenses € 57,550
- >> Raw materials and other expenses € 45,104

3R-COMP. Repairable, re-processable and recyclable thermo-stable composites for aeronautics and automotive applications

> Gonvauto Galicia

This project came about with the aim of offering new materials for the automotive and aeronautics industries, offering all the advantages of composite materials along with the possibility of reprocessing, recycling and/or repair.

These composites can be selected in order to achieve unusual combinations of rigidity, strength, weight, high-temperature performance, corrosion resistance, hardness or conductivity. These materials are derived from the need to obtain materials that can combine the properties of ceramics, plastics and metals. For example, carbon fibre materials.

The project was launched in July 2015 and is scheduled for conclusion in December 2017, and is certified by the Centre for Technological and Industrial Development/Ministry of Economy and Competitiveness.

This initiative forms a part of the Innovation Strand of the "Gonvarri Strategic Plan 2016-2018", within which the study of replacement materials represents one of the key drivers serving to direct the efforts of the innovation area towards new market scenarios in the medium/long term.

The total budget for the development is estimated at €2,285,221, 36.4% of which is assigned to Gonvauto Galicia.

Development of the project within the Consortium that has been put in place involves not only Gonvauto Galicia but also the company Sofitec, supplier of the leading OEM clients in the aeronautical sector, and Segula, the leader in the development of solutions for the modelling and design of automotive and aeronautical components. Below are summarised the main objectives under development:

The challenges set by Gonvauto Galicia within the scope:

- >> Optimise the RTM processing parameters for flat sheet manufacture and adapt the current metal die-stamping/shaping processes for 3R compound materials, for the shaping of flat sheets.

- >> Develop a high-cadence production process to obtain 3D blanks based on die-stamping/shaping and produce composite 3D blank prototypes for subsequent heat-shaping, as proof of concept to validate the above materials and processes.
- >> Provide an automated process in order to be able to supply TIER 1 manufacturers with 3D composite blanks, to obtain automotive components by means of high-cadence production processes.
- >> Position the company in the vanguard of the supply of compound material pre-forms for subsequent heat-shaping in the automotive sector.

Meanwhile, the aims of Sofitec focus on:

- >> Formulate a new 3R epoxy resin to obtain and manufacture pre-impregnated materials and optimise parameters for subsequent processing by means of autoclave moulding.
- >> Produce prototypes for the aeronautical sector as proof of concept to validate the above materials and processes, with a view to their justification.
- >> Undertake an environmental and economic analysis of the entire life-cycle of the compound materials produced, from the manufacture of the initial raw materials up to repair, reprocessing and/or recycling of the composite.

Meanwhile, the aims of Segula focus on:

- >> Perform the modelling and multi-scale simulation of the above materials and processes, so as to understand the new concepts of repair, reprocessing and recycling.
- >> Develop a calculation and design tool serving to define for each component the optimal geometry, thickness, type and percentage of fibre, and the configuration of the sheet to comply with the established functional load requirements.
- >> Develop an RTM injection simulation tool for the new materials, serving to determine and optimise process parameters and predict deficiencies in the proper curing of the resin.
- >> Development of a 3D heat-shaping simulation tool for the new materials, serving to determine and optimise process parameters and the optimal arrangement of the compound material fibres.

Supply chain (DMA)

At Gonvarri Steel Services the process of purchasing, hiring outside services, the corresponding approval and management of suppliers is performed on a centralised basis for large volumes, through the Steelmaking Purchasing and Non-Steelmaking Purchasing Departments. All other small-scale purchasing and procurement is performed at the local level at each facility.

Steelmaking purchases

Focused on steel and aluminium purchasing, and centralised at the Corporate Steelmaking Purchasing Department, where large volumes are negotiated in coordination with the needs of the different divisions, depending on the forecast orders, client requirements and the available stock.

With regard to purchases for the Auto division, they are pre-defined in the contract by the client, which approves them internally in accordance with its requirements.

In these cases the objective, in accordance with standard ISO TS 16949, is vigilance and monitoring, evaluation of performance and closure of any incidents and deviations that might arise.

For all other purchases, 100% of suppliers are required to provide information regarding the availability of ISO 14001, ISO 9001 and OHSAS 18001 certification. Aspects connected with human rights are not expressly included (G4-EN32, G4-LA14 and G4-HR10).

Non-steel purchases

Focused on the purchasing of other raw materials (oils, lubricants, etc.), materials (packaging, etc.) and services (cleaning, transportation, travel, etc.) requiring large-scale negotiation given the volume they represent.

Such purchases are in the main performed by means of the Supplier Portal, available on the website, along with the Code of Ethics.

Approval of non-steel suppliers is not currently performed. Nonetheless, for future years processes and manuals are being analysed and defined to improve the requirements and controls for these suppliers, while also increasing the functions and usage of the Supplier Portal.

Local purchases

Minor, non-steel purchases are performed independently of each facility. Although the same approval criterion is not applied, the supplier and contractor selection and evaluation process is always conducted on an impartial, rigorous and objective basis.

Meanwhile, payment terms with supplier entities and subcontractors are properly defined and established in writing on the basis of preset criteria that are periodically monitored and reviewed.

As regards the availability of environmental, social and human rights and employment criteria (G4-EN32, G4-LA14 and G4-HR10), these are evaluated separately at the different plants, as summarised below:

- These criteria are employed to evaluate 100% of new suppliers of the Ferrodisa, Gonvauto Galicia, Gonvauto Navarra and Gonvarri Barcelona plants, and also apply at Gonvarri Argentina.
- On a partial basis, including health and safety and/or environment criteria, the suppliers of the Gonvarri plants in Germany, Gonvarri Kaluga, Gonvarri Colombia and Cepas are also included. Gonvauto Puebla does not include social impact in the evaluation.

Gonvarri does not identify significant negative impacts on the environment (G4-EN33), on employment practices (G4-LA15), or on human rights (HR11) whether real or potential, within the supply chain.

In 2015, the total expenditure on suppliers amounted to 2,271,789.03 thousand euros, 71% of which corresponded to local suppliers. Below is set out the percentage distribution by country:

Spending on local supplier (G4-EC9)

Country	Spending on suppliers (thousand €)	% of the spending on locally-based suppliers
Germany	206,670.1	87%
Argentina	8,432.0	16%
Spain	1,201,968.9	79%
USA	25,093.8	90%
Mexico	60,636.7	34%
Poland	8,732.8	9%
Portugal	56,568.2	49%
Czech Republic	8,755.4	87%
Russia	30,885.4	75%
Total	1,607,743.3	71%

Clients (DMA, G4-PR5)

The company is of the opinion that its success depends to a great extent on its ability to place the client at the heart of its business, establishing a culture centred on a commitment to the client, and focused on creating value-added.

The current scenario is characterised by substantial competition, with new information technologies providing clients with greater knowledge of potential suppliers, and hence competition. Meanwhile, over recent years there has been a notable trend towards a reduction in margins because of surplus supply, and so client care and relationships therefore become even more important.

Within this context, Gonvarri Steel Services understands that its approach to its clients must be personal, anticipating their needs, with a real-time response capacity, detecting new opportunities and collaborating in the development of joint solutions to foster lasting, long-term relationships.

It is likewise convinced that it is vital to respond to client requests by offering an efficient service, with a high standard of quality, flexibility and response capability so as to fulfil the established deadlines. To this end, the facilities have a specific quality management system certified in accordance with standard ISO 9001. Meanwhile, facilities providing automotive services likewise hold certification under standard ISO TS 16949.

In this regard, the plants establish specialist commercial teams that, among other functions, plan, send out and analyse client satisfaction surveys on a yearly basis. These surveys are not uniform, and are either adapted to a particular type of business and product (automotive, road safety, etc.), or are more general surveys corresponding to different divisions. In any event, the ultimate goal is to identify points for improvement and to increase loyalty and market share.

A number of examples are set out below:

General surveys for different divisions:

One example would be those conducted at Gonvarri Iberia. In 2015 these surveys obtained an average response rate above 50%, with a satisfactory overall result, used to define improvement actions, the outcome of which will be evaluated in the 2016 survey. The plants involved are summarised below:

- **Ferrodisa:** the survey was sent out to 160 clients. The response obtained was 47%.
- **Gonvarri Burgos:** the survey was sent out to 324 clients. The response obtained was 51%.
- **Gonvarri Portugal:** the survey was sent out to 38 clients. The response obtained was 60.5%.
- **Gonvarri Barcelona:** the survey was sent out to 135 clients. The response obtained was 66%.

Focused surveys

The activity performed at some plants is focused more on their main activity, such as for example the Gonvauto facilities, where most of their output is for the automotive sector. However, other plants produce parts and formats for different divisions. One example would be Hiasa, where the client satisfaction surveys are separated out for each division, as summarised below:

- **Service Centre Client Satisfaction:** sent out to 74 clients, with a response rate of 80% and an average satisfaction index of 84.68%.
- **Road Client Satisfaction:** sent out to 17 clients, with a response rate of 100% and an average satisfaction index of 85.63%.

>>>
Gonvarri has a specific quality management system certified in accordance with standard ISO 9001 and its facilities providing automotive services likewise hold certification under standard ISO TS 16949.

In addition to the surveys, various initiatives are undertaken with a focus on creating value at clients, as summarised below:

Automotive division

Automotive has a higher turnover than any other part of the business. The main clients are automotive OEMs and large-scale drop-forge facilities.

For Gonvarri, closeness to our clients is very important, hence our collaboration and development of joint solutions, focused above all on the use of new, lighter materials achieving lower CO₂ emissions.

Particular mention should be made in this regard of the increased demand for aluminium blanking in general on the part of traditional and other new clients. As a result, in 2015 Gonvarri decided to invest in a new hybrid line at Gonvauto Thüringen, with the aim of providing support for aluminium blanking for the leading OEMs and Tiers in Central Europe. In addition, the possibility of providing a longitudinal cutting service at Gonvauto Thüringen is also being analysed, given the expectations for growth over the coming years.

Meanwhile, there are plans for substantial growth in the NAFTA area, where considerable investments are being made by aluminium manufacturers, their main market in the US being automotive with the expectation of also reaching out to the leading European OEMs.

As for the Asian market, negotiations are beginning for possible blanking collaborations with a number of aluminium manufacturers and European OEMs located in China.

In this regard, in Part 1, the G4-PR1 indicator described the main research projects in the automotive sector, while Part 2: Environmental Dimension, expands on this information.

Road Steel Division

The main clients are connected with leading construction companies, signage and maintenance companies and public authorities.

Numerous activities were undertaken during 2015, above all through the Emotional Driving project. The events staged also involved many clients, as summarised in Part 2: Social Dimension. Society.

Meanwhile, Gonvarri Colombia presented a new catalogue for the road safety line, and sent out the new technical information bulletins, as well as giving information talks for clients.

Solar Steel Division

The main clients are companies involved in the EPC development and construction of solar power facilities.

The client satisfaction survey was conducted in 2014, with a 100% response rate and an average satisfaction level of above 50%.

Meanwhile, numerous trade fairs and conventions were attended, to present the company and in particular the Solar Steel division and the products developed. Meanwhile, single-issue meetings are held with clients and potential clients. The main trade fairs at which Solar Steel was present as an exhibitor are summarised below:

- Solarex (Istanbul): 11 to 14 April.
- MIREC (Mexico City): 19 to 20 May.
- Intersolar Europe (Munich): 10 to 12 June.
- CIREC (Santiago de Chile): 26 to 29 October.

Almaceno Division and Mecano Division

The Almaceno and Mecano Divisions are centralised at Gonvarri Colombia, with management being performed jointly.

The Almaceno client profile is linked to industrial clients, companies in the logistical sector and hypermarkets, with substantial storage needs. Meanwhile, Mecano clients are linked to the mining, oil and energy sectors, and require energy and data ducting systems.

The client strategy is divided into 4 different focuses, grouped into:

- Documentation: technical articles, technical datasheets, successful case studies, etc.
- Communication: online marketing, websites, emailing, etc.
- Technical support material for sales.
- Specific client events.

A number of examples are summarised below:

The Mecano division actions included: the presentation of the new catalogue, involvement at the International Electronics Sector Trade Fair, the staging of events connected with training for clients, distributors and installers, and the publication of technical articles in specialist journals. The Almaceno division, meanwhile, took part at the Logismaster sectoral trade fair.

Material aspects: Social dimension

Following the materiality analysis undertaken and described in the basic general content (G4-18, G4-19, G4-20 & G4-21) the most significant aspects are summarised below:

Social dimension: People		
Attraction and retention of talent	Employment Training & Education	Internally: CEO, Management, Policies and Strategies. Externally: Sector, Employees, Clients and Suppliers.
Labor conditions and human rights	Nondiscrimination Child labor Forced labor Security measures	Internally: CEO, Management, Policies and Strategies. Externally: Employees, Clients and Suppliers.
Representation and dialogue with employees	Freedom of association and collective bargaining Relations between workers and management	Internally: CEO, Management, Policies and Strategies. Externally: Employees, Clients and Suppliers.
Social dimension: Health&Safety		
Health&Safety at work	Health&Safety at work Road safety	Internally: CEO, Management, Policies and Strategies. Externally: Sector, Employees, Clients and Suppliers.
Social dimension: Society		
Economic and social impact on the local community	Local communities Grievance mechanisms for social impact Market presence	Internally: CEO, Management, Policies and Strategies. Externally: Employees, Clients and Suppliers.

Over the course of the chapter, we set out Gonvarri Steel Services management and initiatives connected with these aspects.

Social dimension: People

Management focus

Gonvarri Steel Services is made up of a team of professionals with shared culture and values in common, and who together with their ideas and hard work help to promote the company's sustainable growth.

Human resource management focuses on people in order thereby to guarantee quality employment, offering a stable working environment with opportunities for promotion on the international stage.

A diverse and international professional team (G4-10 & G4-LA12)

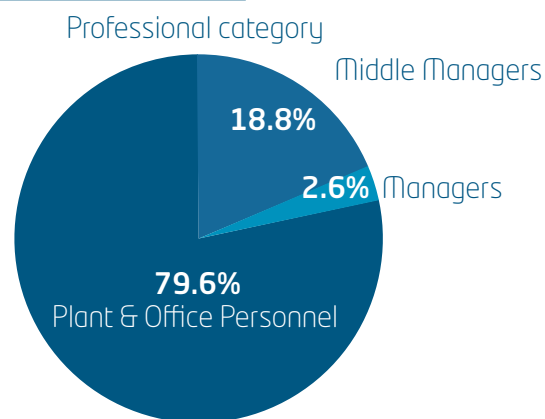
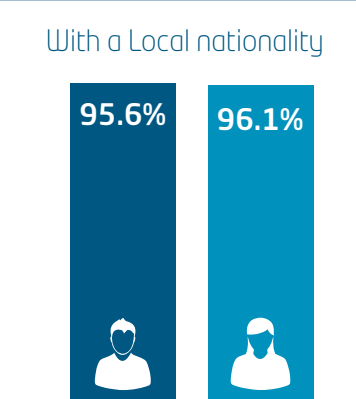
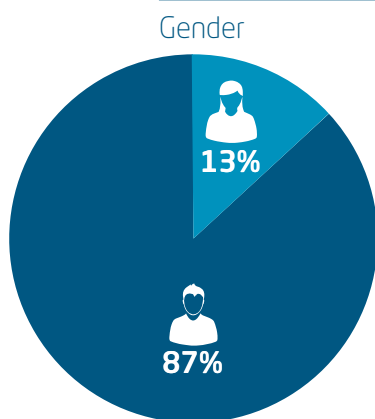
In 2015, Gonvarri Steel Services was made up of 2,930 company professionals distributed across Spain (45.9%), accounting for the highest percentage, Colombia (10.8%), Brazil (8.0%), Turkey (7.1%), the United Kingdom (6.6%), USA (4.3%), Mexico (3.7%), Germany (3.5%), Portugal (2.6%), Poland (2.5%), Russia (2.2%), Argentina (1.6%) and the Czech Republic (1.2%).

The enclosed table indicates the distribution of the workforce by age and gender:

Country	Men			Women			Total
	≤30 years old	>30 ≤50 years old	>50 years old	≤30 years old	>30 ≤50 years old	>50 years old	
Germany	20	59	5	5	12	1	102
Argentina	18	23	1	2	4	0	48
Brazil	60	119	5	24	25	3	236
Colombia	28	154	80	13	36	6	317
Spain	53	844	318	11	104	11	1,341
USA	24	47	32	9	4	9	125
Mexico	43	53	1	5	6	0	108
Poland	42	16	0	3	12	0	73
Portugal	10	40	9	0	16	2	77
U.K.	27	101	43	4	12	7	194
Czech Republic	9	8	7	4	8	0	36
Russia	17	34	2	6	6	0	65
Turkey	69	103	23	10	3	0	208
Total	420	1,601	526	96	248	39	2,930

Human resource management focuses on people in order thereby to guarantee quality employment. >>>

2,930 Employees



We have a balanced workforce in terms of experience and dynamism. Most employees (62.9%) are aged between 30 and 50 years, while the remainder are equally divided between those under 30 and over 50.

As for executive staff, 55.5% are aged over 50, and the remaining 44.5% are between 30 and 50 years old. Meanwhile, 88.8% are of local nationality, and all are men. (G4-LA12)

The enclosed table shows the distribution of the workforce by gender (M: Men - W: Women) and professional category:

Country	Managers		Middle Managers		Plant & Office personnel	
	H	M	H	M	H	M
Germany	2	0	11	5	71	13
Argentina	1	0	14	6	27	0
Brazil	5	0	45	5	134	47
Colombia	5	1	28	10	229	44
Spain	32	1	216	28	967	97
USA	5	0	22	6	76	16
Mexico	1	0	32	10	64	1
Poland	1	0	6	4	51	11
Portugal	1	1	16	5	42	12
U.K.	4	0	19	3	148	20
Czech Republic	0	0	8	1	16	11
Russia	6	0	7	2	40	10
Turkey	2	0	14	1	179	12
Total	65	3	438	86	2,044	294

We have a balanced workforce in terms of experience and dynamism. >>>

Talent attraction and retention (DMA)

Gonvarri Steel Services is aware that the development and future of the Company depend to a great extent on the commitment and effort of its team. This means that having trained, qualified and motivated professionals in place, in a pleasant working environment, is a key aspect in order to grow as a competitive, sound and sustainable company.

In this regard, numerous initiatives are undertaken with a focus on training and promotion.

Hiring and internal promotion (G4-LA1)

The activity undertaken at plants and offices has a qualified workforce on hand, tailored to the specific needs of the sector, with the technical skills required in order to perform specialist tasks in the different production positions, and in management tasks.

Gonvarri Steel Services believes that a good way of capturing and retaining talent is to be able to show professionals that their jobs are not static, and that they can improve their position through internal promotion and mobility.

When a specific position needs to be filled, then, the vacancy is published internally via a Job Posting on the intranet noticeboard. Job offers are made public only if, after a certain period, which varies depending on the level of urgency, they cannot be filled internally.

Meanwhile, opportunities for fixed-duration deployments are offered internally, on the so-called "Commissioning Teams". The function of these positions is to transfer corporate culture and experience to new company facilities in different countries. The teams are deployed to the facilities for a set period, for commissioning and the training of future workers.

For those posts that given their specific requirements cannot be filled internally, the process of external recruitment begins.

From the outset, the selection process aims to bring in the professionals best suited to the job requirements. This involves electronic tools, such as employment exchanges, specific gatherings such as job fairs and, on occasion, specialist consultants are engaged directly.

Performance Assessment (G4-LA11)

In order to ensure that professionals are kept abreast of their performance and what is expected of their work, we are progressively implementing a target-based evaluation system.

This system performs a periodic qualitative and quantitative evaluation of the degree of efficacy with which each of the employees have developed their own responsibilities and activities, and on the basis of the results, then goals and measures for improvement are established, enhancing the quality of work and employee satisfaction.

In 2015, 369 performance evaluations were conducted for directors and middle managers at all the plants, corresponding to 74 women and 295 men. This evaluation is managed via corporate Human Resource management in Madrid.

Meanwhile, some plants evaluate 100% of the workforce, including plant personnel, with a methodology suited to their activities, measuring parameters such as on-the-job multitasking. This is performed in: Portugal, United Kingdom, Poland, Russia, Colombia and Brazil.

Training (DMA, G4-LA9 & G4-LA10)

Gonvarri Steel Services strives to attract, retain and develop the talent of its team, fostering their training and qualifications, ensuring at all times that promotion is based on individual merit, skills and abilities, from the selection process up to the end of their professional career.

A Training Plan is drawn up each year, setting out the training needs of the teams, the main objectives being:

- Induction and integration of new employees at the company.
- Improvement of on-the-job skills.
- Dissemination of familiarity with the Code of Ethics and whistleblowing mechanisms.
- Expansion of promotion opportunities and adaptation to new positions and countries.
- Prevention of risk situations through health and safety.
- Awareness-raising regarding environmental aspects.
- Improvements to the qualification of professionals in any technical or management speciality.

<<<

From the outset, the selection process aims to bring in the professionals best suited to the job requirements.

In 2015, 87,625 hours of training were delivered in production, health and safety, quality, logistics, IT, finance and professional skills, with a mean percentage distribution of 80% for men and 20% for women. This corresponds to an average of 29.9 hours of training per employee. The professional category receiving the most training is administrative technical staff and plant personnel, with 72%.

The following table details the distribution by country, gender and category:

Country	Managers		Middle Managers		Plant & Office personnel	
	M	W	M	W	M	W
Germany	5	0	45	32	1,411	592
Argentina	25	0	1,066	180	579	0
Brazil	147	0	1,795	211	5,574	1,903
Colombia	195	76	1,042	616	7,205	1,096
Spain	737	0	6,867	686	23,149	6,922
USA	100	0	100	10	1,585	200
Mexico	55	0	2,286	823	3,300	69
Poland	31	0	1,968	913	2,836	1,061
Portugal	0	24	405	125	699	159
U.K.	63	0	323	0	3,523	540
Czech Republic	0	0	100	16	0	0
Russia	30	0	48	0	48	0
Turkey *	39	0	273	19	3,490	234
Total	1,427	100	16,318	3,631	53,399	12,777

*The distribution by category has been estimated.

Among the various issues addressed, we would highlight training in occupational health & safety, with a total of 22,446 hours delivered, representing a ratio of 7.6 hours per employee.

To analyse the quality and usefulness of the training received, the employees in attendance are given opinion questionnaires to complete, to evaluate whether the training fulfils expectations. The general conclusion would be that the Training Plan corresponding to 2015 was satisfactory delivered.

As regards training focused on administering the end of the teams' professional careers, this is included only in the training plans of Gonvauto Galicia and Gonvarri Colombia (G4-LA10). Internal training is not given to security personnel in the field of human rights, since the security companies at the company are legally regulated and recognised. (G4-HR7)

<<<
In 2015, 87,625 hours of training were delivered.

Remuneration (DMA, G4-EC5)

Gonvarri is aware that remuneration is an important factor in attracting and retaining talent. It therefore aims to improve on the minimum salary established in local legislation.

In most countries, the minimum salary considered is as established in the Collective Agreements, which in 100% of cases is higher than the minimum salary the country.

Below is indicated the ratio between the annual starting salary at the company for the lowest national category and the minimum salary established by local legislation or the collective agreement.

Country	Remunerations		
	Men's Ratio	Women's Ratio	Global Ratio
Spain	0.86	0.93	0.86
Portugal	0.8	0.83	0.83
Germany	0.6	0.45	0.56
U.K.	1.0	1.00	1.00
Russia	ND	ND	ND
Poland	0.1	0.06	0.06
USA	0.7	0.71	0.71
Mexico	0.2	0.17	0.17
Colombia	0.3	0.35	0.35
Argentina	0.8	0.45	0.74
Czech Republic	0.5	0.46	0.46
Brazil	0.6	0.62	0.64
Turkey	ND	ND	ND



Gonvarri Leadership Program

One of the key projects is the Gonvarri Leadership Program (GLP), focused on the development of talent, and personal and professional growth and leadership at Gonvarri.

GLP is an internal training programme, produced by key professionals at the company together with the corporate Human Resources Department and the Instituto de Empresa (IE), involving 41 people from 9 different countries.

It was launched in late 2014, when the first session was staged, with three further sessions held during 2015, as summarised below:

- The second session was held in March at the facilities of Hiasa (Asturias). On this occasion, it was dedicated to the areas of product, steelmaking process, human resources, occupational health and safety and management tools.
The training day was rounded off by a visit to the ArcelorMittal installations in Avilés.
- The third session was staged in June at the Instituto de Empresa campus in Madrid, and focused on plant equipment management.
- The fourth session was held in November in Barcelona. This time, the main topic addressed the fields of purchasing, industrial sales and automotive sales. The session ended with a visit to SEAT head office at its industrial complex in Martorell, Barcelona.

Job stability

For Gonvarri Steel Services, promoting stable employment is a way of demonstrating its trust in its team, in long-term relationships, and their experience.

During 2015, 91.2% of the workforce had a permanent contract, while the remaining 8.8% were on temporary contracts. Meanwhile, 98% of the workforce is employed full-time, and the remaining 2%, part-time.

The gender and country distribution is set out below:

Country	Contract				Employment			
	Permanent		Temporary		Full-time		Part-time	
	H	M	H	M	H	M	H	M
Germany	63	15	21	3	84	15	0	3
Argentina	42	6	0	0	42	6	0	0
Brazil	182	51	2	1	179	50	5	2
Colombia	252	49	10	6	262	55	0	0
Spain	1,154	107	61	19	1,187	118	28	8
USA	93	21	10	1	103	22	0	0
Mexico	73	8	24	3	97	11	0	0
Poland	28	5	30	10	58	15	0	0
Portugal	45	17	14	1	59	18	0	0
U.K.	128	23	43	0	168	13	3	10
Czech Republic	24	12	0	0	24	12	0	0
Russia	53	12	0	0	53	12	0	0
Turkey	195	13	0	0	195	13	0	0
Total	2,332	339	215	44	2,511	360	36	23

Employee churn (G4-LA1)

The churn rate is -3%, and differs across the various countries. In the Czech Republic, for example (where operations began in late 2014), most employees are new hirings, and the rate is therefore 89%, while the Brazil and Turkey plants, which underwent substantial adjustments, had a churn rate of -32% and -33%, respectively.

Over the course of 2015, 421 new professionals joined the company: 340 men and 81 women.

Meanwhile, there were 523 departures, mainly in Brazil, because the situation of crisis led to a number of redundancies being performed.

The table shows their distribution by gender, category and country.

Country	Hires		Turnover	
	M	W	M	W
Germany	16	8	8	2
Argentina	5	0	8	0
Brazil	24	3	85	17
Colombia	16	16	40	24
Spain	75	16	84	7
USA	47	4	27	4
Mexico	19	4	12	2
Poland	14	4	4	2
Portugal	5	1	4	2
U.K.	25	1	15	1
Czech Republic	30	14	9	3
Russia	5	4	11	8
Turkey	59	6	133	11

Mobility

To underpin professional development opportunities, Gonvarri Steel Services promotes dynamism and mobility among its employees. As a result, where the market strategy so requires, they are offered the voluntary challenge of taking on greater responsibility or developing new projects in other countries and regions, serving to foster the development of their professional careers.

This mobility allows Gonvarri Steel Services to strengthen team bonding, guarantee a high level of quality in its installations, and extend its corporate culture and know-how to other countries and to local staff.

12 staff transfers between different countries were performed in 2015. The transfers took place in the main from Spain (11 transfers), 1 from the United Kingdom.

Employment conditions and human rights

(DMA)

Working climate

Gonvarri Steel Services has an interest in the opinion of its employees, their level of satisfaction and their motivation. This is based on the belief that a satisfied employee is more efficient and achieves better results.

Gonvarri is a multinational operating in different countries, with different employee profiles (both at the plants and in the offices), and is aware that the perception of the different processes, results, decisions and procedures will differ depending on the post in question and the location.

Over recent years, the various plants have conducted internal working climate surveys, with distinct content and different implementation periods (annual, biannual, etc.). This did not serve to obtain overall, comparable results.

As a result, on 27 May 2015 the first "global working climate survey" was launched at 23 centres and in 12 countries, covering a total of 2,691 employees. Average participation was 68% (1,839 participants). The aim is to continue staging this survey yearly.

It gathers information covering such various aspects as: commitment, communication, working conditions, health and safety, culture, leadership style, training and development, innovation and change management, organisation of work and remuneration.

Following analysis, the most highly valued aspect highlighted was "working conditions and health and safety", the key aspect for improvement being "remuneration". The most favourable results, meanwhile, were obtained in Brazil and Colombia.

The survey resulted in the design of the "Growing Together" project, covering various improvement initiatives to be implemented across the whole group from 2016 onwards.

The Working Climate survey results revealed the level of satisfaction of our employees with the activities performed, as a result of the structuring of an Occupational Well-being Plan, based on employee needs and motivations, and staged jointly with the Family Compensation Fund.

The plan stages activities focused on psychological and family well-being, health and training.

Diversity

(G4-EC6)

The workforce in 2015 comprised 87% men and 13% women.

95.3% of employees are of local origin, corresponding to 95.2% men and 96.1% women. Except for the professional category of male director and women with middle management status, with 66.6% and 82.6%, respectively.

All other professional categories reveal a local nationality percentage above 90%

As regards differently able professionals, the company has a total of 34 men and 6 women. The distribution by country is as follows (G4-LA12):

- The women are distributed similarly across Spain, Brazil and Mexico.
- Most of the men are in Spain (72.2%), followed by Brazil (11.1%), with the remainder in Germany, Colombia and Turkey.

At Gonvarri Steel Services, no significant risks of discrimination, child Labour and/or forced Labour or breaches of human rights have been noted at any in-house operational site or at suppliers, nor have any grievances been raised in this regard (G4-H33, G4-HR5 and G4-HR6).

No plants were examined or evaluated for human rights in 2015 (G4-HR9).

Work-life balance

Flexibility

The company aims to contribute to improving the quality of life of its employees, and so in 2015 approved "Dynamic Flexible Working Hours" at offices.

This system allows a degree of flexibility in arrival and departure times, by choosing a time band from among various pre-established options, serving to adjust arrival, lunch break and departure times in accordance with staff needs.

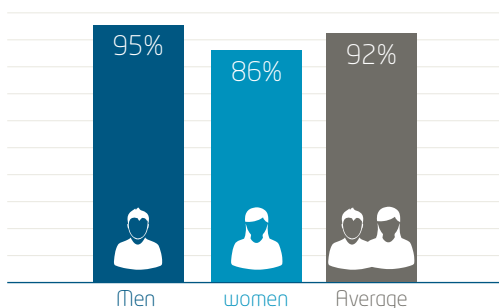
However, most of the staff are employed at the plants, where work is very much dictated by the client needs and most workers follow set shifts, making flexible working hours difficult, with the necessary adjustments being applied individually.

Maternity/paternity (G4-LA3)

Maternity and paternity leave in 2015 corresponded to 56 men, 53 of whom resumed their posts, and 22 women, of whom 19 resumed their posts. All of them currently remain at the company.

Meanwhile, 78% of men and 74% of women who took maternity/paternity leave in 2014 remain at the company.

The enclosed graph summarises the resumption rate following maternity/paternity leave in 2015:



Social benefits (G4-LA2)

Gonvarri Steel Services is a diverse company where social benefits are not uniform, but are adapted to the characteristics of the different plants and countries. There are in any event no significant differences for workers between the benefits offered to part-time employees as opposed to those offered to full-time employees.

The social benefits at the different facilities and countries are summarised below:

Life and disability insurance: a benefit covering 100% of employees at the facilities in Spain, Brazil, Poland, Portugal, USA, United Kingdom and Mexico, and some employees in Russia. Meanwhile, Portugal and Russia do not include disability or invalidity within the cover.

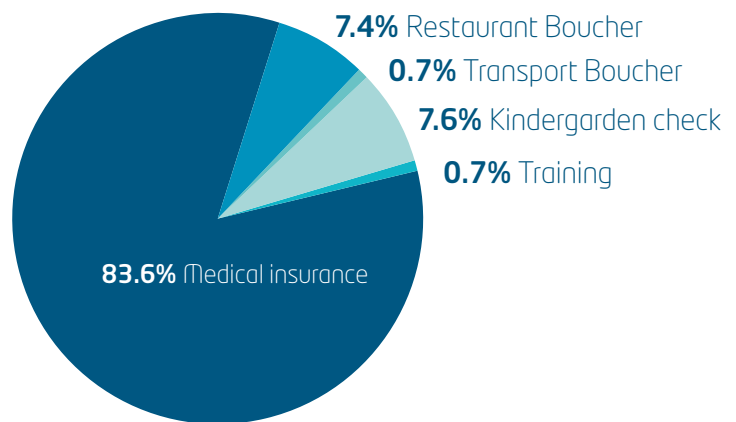
Medical insurance: some plants have a medical service for 100% of employees, such as Germany, Brazil, Poland, United Kingdom and Turkey.

The Argentina, Mexico, Portugal, USA and Russia plants have medical insurance, but it does not cover the entire workforce.

Canteen subsidies and/or transport subsidies: a canteen service is available in Argentina, Germany, Brazil, Cepas, Mexico, Colombia, USA, Russia and Portugal. As for transport, either a company bus or transport subsidies are provided as benefits in Argentina, Brazil, Burgos, Cepas, Mexico, Russia, the Czech Republic and Portugal. Meanwhile, the sales department use company vehicles in some countries.

Flexible Remuneration Plan: employees in Spain have access to the Flexible Remuneration Plan, which offers the opportunity of including within the remuneration package various products that offer tax and employment benefits, allowing them to be adapted to each individual's personal needs.

The services currently offered are: childcare vouchers, restaurant vouchers, transport vouchers and purchase of computer equipment. In 2015, 420 employees had signed up to this 'PRF' scheme, distributed as follows:



The general Gonvarri policy does not include pension funds or retirement schemes among the social benefits. They are available in some countries, either through obligations derived from local legislation or because they represent historic commitments. In any event, these are highly individualised cases of little significance across the company as a whole (G4-EC3).

Meanwhile, local initiatives have been developed in a number of countries, such as for example:

- In **Germany** there is the so-called "health bonus", paid to employees who suffer no sickness each quarter, and the "child birth bonus" for each baby born.

- In **Argentina**, presents are given to women on Women's Day, a rose on Spring Day, and a present for each birth.
Meanwhile, the whole workforce receives a present at Easter, subsidies for external courses, and rewards for the best ideas submitted.
A lunch is held for all workers at the end of the year, with a prize draw and gift box.
- In **Mexico**, employees are given a day off on their birthday, a present for each new baby born, and in some cases training bursaries are awarded, along with subsidies in the event of marriage or the death of a direct relative.
- In **Portugal**, the company gives out Christmas hampers, and a gift for employees with children aged under 12. This is extended to Easter, when all workers receive a bag of almonds as a gift.
- In **Spain**, corporate hampers are likewise given to employees, along with a festive event at the close of the year. Meanwhile, Gonvarri Barcelona has signed up to a show platform which applies discounts to employees wishing to access the scheme, and hands out yearly fuel tickets. Gonvarri Tarragona offers its workers the chance to make use of the Estival Park facilities, with gym, swimming pool and spa.
- **Mexico** grants 45 days additional maternity leave beyond the legal requirement, which may be taken either before or after the birth. There are also social provision plans covering benefits for employees, and numerous activities connected with the health and safety of employees and their families, issuance of bursaries, creche service, information on subsidies, outings and events, etc.
- **Russia** offers involvement in outings, sporting events, etc.
- **United Kingdom**: Involvement in the government-approved scheme Cycleplus/cycle2work allows employees to lease a bicycle and safety equipment, representing a considerable saving.

Representation and dialogue with employees

(DMA, G4-LA4)

In order to provide an appropriate structure for labour relations, the company has in place collective agreements or equivalent specific arrangements governing aspects connected with Human Resource management. They set out the rights and obligations of professionals in accordance with the law and local requirements.

- 67% of all employees are covered by "sectoral collective agreements or similar arrangements" in accordance with local practice, customs and legislation.

The table below indicates the local percentage of employees covered by this type of agreement:

Country	% of employees covered by collective agreements
Germany	85%
Argentina	58%
Brazil	100%
Spain	98%
Mexico	49%
Portugal	84%
UK	91%

*The employees of the other countries don't have a collective agreement.

- In the USA, this formula is replaced with a Handbook covering 100% of employees, corresponding to 4% of the total workforce.
The Handbook is a guide setting out employment conditions, indicating behavioural standards in accordance with the context and local legal requirements, stating the rights and duties of employees in aspects connected with recruitment processes, working hours, absence, salaries, social benefits, leave, etc.
- Local employment regulations apply in all other countries, and correspond to the remaining 29%. In addition to other types of obligation and reference, such as, for example, the "Company Agreement" in Spain, and Union Pay Negotiation in the United Kingdom.

No significant suppliers or centres have been identified where freedom of association and the right to benefit from collective agreements could be infringed or threatened, at the facilities in operation. (G4-HR4)



Communication

(G4-LA4)

INTERNAL

The internal Gonvarri Steel Services communication model corresponds to the needs of a multinational team used to periodic deployment. Among other channels we would emphasise:

Leading the Change: the corporate intranet "Leading the Change" helps to promote dialogue between management and all employees through a social network with applications to share/acquire information and knowledge, along with the development of teamwork and pride in belonging.

During 2015, the Intranet received 1,010 visits, with a total of 681,972 page views.

Meetings with the CEO: another internal communication initiative takes the form of meetings between the CEO and all employees, so as to respond to their concerns and communicate key aspects of the company's strategy.

Gonvarri Production System (SPG): SPG has been gradually implemented at the plants, as it helps to achieve objectives, increase competitiveness and the continuous improvement of processes.

SPG aims to eliminate operational inefficiencies (defects, over-production, unproductive movements, unnecessary processes, etc.) through a series of technical improvements leading to excellence.

Headed by a group of SPG Coordinators, all employees are invited to participate and to contribute ideas which will help optimise processes, facilitate work and increase performance. These ideas are evaluated, and the most significant also receive rewards.

Below are summarised the main results for 2015:

- Nearly 2,800 employees took part in SPG routines.
- 22,194 hours of training or SPG workshops.
- 807 workshops (5S, LO, STDW, SMED, VSM, TPM, CTP..).
- 364 GRPs concluded (Problem Resolution Groups).
- 4,529 Improvement Ideas issued.

Operational changes: Although there is no formal procedure in place establishing a minimum prior notice period for announcing operational changes to all employees, in the event of any modification or major development, the CEO proceeds to inform employees by email. (G4-LA4).

EXTERNAL

Relevant issues are published via the website and media (press, radio, etc.). The website also covers issues connected with sustainability, such as the Report, the Code of Ethics and Conduct and general information about corporate culture. In 2015 the website was visited 96,231 times by a total of 73,942 users.

The company also has in place various social media channels (Twitter, LinkedIn, YouTube, etc.), intended to establish more agile and fluid dialogue with its stakeholders. Participation in these channels is shown in Part I of the report on materiality indicators (G4-18 to G4-27).

During 2015, the Intranet received 1,010 visits, with a total of 681,972 page views.

<<<

Social Dimension: Health and safety

Management focus (DMA)

Gonvarri Steel Services views as a priority the health and safety of its employees, and of all those working at its plants and offices. This undertaking is expressed in the Health and Safety Policy and the Code of Ethics and Conduct, compliance with both of which is mandatory, a condition which applies to all professional staff of the company.

Health and safety management is organised in accordance with the guidelines set out in the OHSAS 18001 standard. The management system formally establishes by means of manuals, procedures and instructions the specifications regarding personal protective equipment (PPE) available to all employees, training, reporting of accidents, periodic inspections and other aspects. Likewise, Gonvarri Steel Services performs precise and regular monitoring of the health and safety conditions of its operations, so as to be able to improve its management through the swift detection of possible incidents.

>>>

Gonvarri Steel Services views as a priority the health and safety of its employees, and of all those working at its plants and offices.

In this regard, 81.4% of the facilities in operation are certified in accordance with this standard by an accredited body, while the remainder are in the process of design and implementation, in order shortly to obtain certification.

Based on the principle that "all accidents are avoidable", Gonvarri Steel Services works to eliminate or mitigate risks as far as possible through the following focuses:

Risk analysis

Through the Occupational Risk Assessment, identifying and quantifying the various risks to which workers are exposed.

In 2015, 22 jobs and 126 workers exposed to such risks were identified, most of them that Gonvarri Colombia and Steel & Alloy. None of the risks identified entails a risk of occupational illness. (G4-LA7).

In order to minimise risks and improve the safety of professionals in performing their work, appropriate instructions and preventive measures were defined.

Furthermore, all facilities have defined emergency/adaptation plans in accordance with their activity, their size and their context. Emergency drills are performed each year with regard to various risk aspects, in order to maintain readiness to deal with any possible incidents that could arise, such as fires or spillages.

Employee training and awareness-raising

Before they join the company or are transferred to a new job, all workers receive training in risk prevention in accordance with their category and functions, in order to learn about their duties and responsibilities in this regard. This demand likewise applies to subcontractors, who, before operating at the facilities, must have regulatory training to guarantee quality standards and minimise the risk of accident/incident.

Meanwhile, employees receive additional training to underpin and update their knowledge of risk prevention matters. In 2015, 26,085 hours of health and safety training were delivered, some 8.9 hours per employee.

The focus adopted ensures that a risk prevention culture is very firmly inculcated across all employees. This aspect was clearly reflected both in the global employment climate survey and in the materiality study undertaken in 2015, in which health and safety was the most highly valued issue.



First aid drill. Gonvauto Navarra

Gonvauto Navarra staged a training day connected with emergency drills. Just as in other years this training addressed firefighting, this year the chosen focus was first aid.

The training action was delivered by a serving firefighter, and prior to the staging of the drill various workers received a theoretical and practical first aid course to be put into practice over the course of the drill.

The workers received training in PAH (Protect-Alert-Help) conduct and the basic CPR, including use of the SAD (Semi-automatic Defibrillator). Eight of its employees have been trained and authorised to use it.

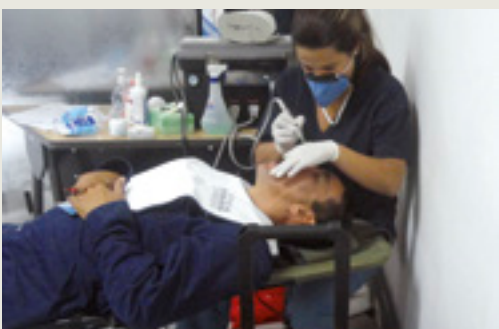
The main aim of the drill is as far as possible to reduce harm to people and facilities in the event of an emergency.



The specific situation simulated was a worker receiving an electric shock while working on a distribution board, causing cardiorespiratory arrest. All the emergency supervisors at Gonvauto Navarra were involved.

Occupational well-being plan at Gonvarri Colombia

As part of the "Occupational Well-being" plan for families and employees, the "Oral Health Day" was staged in April, focusing on preventive health for employees and family members. A team of dentists performed an oral examination of all employees so requesting, helping to increase personal, family and occupational well-being.



Health and safety management and organisation (DMA)

The Gonvarri Steel Services model is based on integrated prevention in accordance with its Health and Safety Policy.

This model involves all those responsible in the line of command, up to and including plant management, who are directly responsible for monitoring the health and safety plans and programmes. The responsibilities and functions are documented in the technical processes, in the organisation of work, and throughout the company's hierarchical structure, always taking the protection of worker health and safety into account in all decision-making.

Each plant has workers designated to administer health and safety, with higher-level training in this regard. Meanwhile, depending on the size and requirements of the plant, they are either exclusively responsible for occupational health and tasks, or otherwise share such duties with others in the field of Human Resources and/or Environment.

The task of monitoring and overseeing the health of workers in terms of their exposure to risks at their respective workstations is outsourced, drawing on various medical services in accordance with the provisions of the local legislation in this regard.

The company also understands that the good health of workers equates to better performance, whether physical or intellectual, and a reduction in absence as a result of illnesses caused by poor nutrition and a lack of physical exercise. We therefore encourage employees to take part in sporting activities and healthy lifestyle campaigns.



Madrid Rock 'n' Roll - 2015 Marathon

A team made up of 35 runners took part in Madrid Rock 'n' Roll 2015. Despite the poor weather conditions during the race, the participants set off from the Plaza de Cibeles determined to meet the challenge, with miles of effort and dedication ahead of them all the way to the finish line, which they all crossed.

Health and safety initiatives

Gonvarri Steel Services believes a strong corporate health and safety culture and sound working environment to be essential. This applies not only to workers' health, but also has a positive impact on their productivity, their motivation, their job satisfaction and their quality of life.

In order to underpin this culture, various initiatives have been undertaken and implemented, including among the most significant:

One Step Forward

The "One Step Forward" programme was developed and implemented in 2007. Its aim is to strengthen the culture of integrated prevention and awareness, thereby reviewing safety as an essential requirement in order to help avoid accidents and incidents arising out of improper behaviour by staff. This demand likewise extends to subcontractor companies.

The aim of the programme is to go beyond fulfilment of the legal requirements and achieve safe working environments through the development of communication, training and monitoring of health and safety indicators.

"One Step Forward" is used to coordinate safety at plants in accordance with the following principles:

Consistency
Universality
Reward/Penalty
Proactive Approach
Immediacy

These initiatives have successfully reduced overall accident rates and frequency year on year.



Healthy Lifestyles project

Gonvarri Steel Services views healthy lifestyles as essential for the health of employees. As a result, the "Healthy Habits Project" was developed in 2015.

The project contributes to improvements to employees' quality of life and awareness, impacting in particular on the preventive health aspect. Options have likewise been included to help achieve balance in their personal life, reminding them how important it is to lead a healthy life. To this end, the project was supported by the John XXIII Foundation, a key partner in the Social Action policy.



The aims of the project are:

- Raise awareness among workers as to the importance of a balanced diet, and the relationship between this and their state of health.
- Provide them with basic recommendations to promote healthy habits in their personal life, with an approachable and eminently practical tone.
- Improve employees' understanding of the factors involved in their health, providing them with training in this regard and the implementation of connected habits.
- Promote an understanding of healthy alternatives, such as organic farming.
- Maintain constant activation of health promotion messages, in an attempt to modify harmful habits.

10 Golden Rules

The "10 Golden Rules" are 10 basic milestones the dissemination and fulfilment of which are mandatory at all company facilities.

Dissemination and scrupulous compliance are obligatory both for in-house personnel and for subcontractors, based on the principle that "Unsafe behaviour will never be permitted in any way" as this could have consequences regarding the safety of the workers themselves or their colleagues, demanding strict compliance with the instructions given by the company.



World Health & Safety at Work Day

On 28 April, to mark World Health & Safety at Work Day, Gonvarri Steel Services announced the launch of a new campaign at all its plants.

Under the slogan "Join in building a culture of Health and Safety at Work risk prevention", the aim was to foster a genuine culture of risk prevention at every level of the organisation.

The campaign began on 26 May with a photo competition at which the different plants presented photos representing each of the "10 Health and Safety Golden Rules" (in addition to 2 categories created for office staff). The photos were rated over the corporate intranet by all workers wishing to take part

Lastly, awards were given both for the photos receiving the most votes in each category, and also the plant with the highest participation rate, the winner in the latter case being Gonvarri Colombia.

The winning photos in each category are set out below:



- 1 Access and transit: AMG Paraná.
- 2 Tidiness and cleanliness: Steel & Alloy.
- 3 Respect for safety instructions and use of PPE: Gonvarri Kaluga.
- 4 Explicit authorisation to perform special jobs: Gonvarri Burgos.
- 5 Responsibility in the reactivation of equipment: Gonvarri Burgos.
- 6 Event and anomaly notification: Gonvarri Burgos.
- 7 Prior planning of jobs: AMG Paraná.
- 8 Sheet metal cutting risks: Gonvarri Burgos.
- 9 Equipment actuation: Gonvarri Burgos.
- 10 Jobs performed inside equipment: Gonvarri Burgos.
- 11 Ergonomics in the workplace: Gonvarri Burgos.
- 12 Emergency evacuation: AMG Paraná

Communication

(G4-LA5)

Gonvarri Steel Services has established various channels of communication to facilitate a two-way flow, allowing for direct participation and information on the part of all in-house and external staff as regards health and safety issues.

This flow is coordinated and managed directly from the plants, through periodic safety meetings, the figure responsible being the Director of each site, serving to facilitate paperwork and prioritise the key aspects in a swift and transparent manner.

Meanwhile, the Health and Safety Committee meets quarterly. This Committee comprises the risk prevention delegates and management supervisors, and addresses aspects connected with health and safety and the mitigation of potential occupational accidents and risks. The risk prevention delegates are elected by the workers to represent them and exercise their voting rights. (G4-LA8).

In the USA, the health and safety committees did not meet in 2015, for various reasons. A redefinition is taking place in 2016.

The enclosed table summarises the percentage representation of employees on the Health and Safety Committees by country (G4-LA5):

Country	% of employee representation*
Germany	100
Brazil	100
Colombia	100
Spain	100
Mexico	100
Poland	100
Portugal	100
U.K.	100
Czech Republic	100
Russia	100
Turkey	100

*It includes all employees, except for the steering committee. Argentina is not available.

In addition to direct communication, there are other channels of communication to foster consultation and participation of workers, such as the Safety Management Committees, the health and safety forum on the corporate intranet, participatory meetings, hazard identification processes and plant health and safety information panels.

Notification is performed internally in accordance with the procedure, providing information on the characteristics and the time of occurrence, the location and the consequences of accidents/incidents.

Tracking indicators

(G4-LA6)

Gonvarri Steel Services performs comprehensive monitoring of accident-related indicators, both those affecting its own staff and subcontractors. Particular importance is likewise given to the monitoring of "incidents" at the plants, serving to establish risk prevention measures, and thereby to continue improving safety and the working environment of our professionals.

Balance

In 2015 there were a total of 74 accidents with absence and 327 accidents without absence. The distribution is set out below:

	Accidents with leave		Accidents with out leave	
	M	W	M	W
Own Personnel	50	1	265	2
External Personnel	23	0	53	1
Total	73	1	318	3

Below are detailed the accident rates suffered in each of the countries where the company has a presence:

Country	Accidents with leave rate				Accidents without leave rate			
	Own Personnel		External Personnel		Own Personnel		External Personnel	
	M	W	M	W	M	W	M	W
Germany	20.9	0.0	66.6	NA	48.8	0.0	233.2	NA
Argentina	35.0	0.0	0.0	NA	23.4	0.0	0.0	NA
Brazil	0.0	0.0	98.1	NA	17.7	0.0	49.0	NA
Colombia	2.6	0.0	29.6	0.0	23.2	0.0	41.5	0.0
Spain	12.1	4.7	13.6	0.0	95.5	9.5	56.5	0.0
USA	0.0	0.0	NA	NA	0.0	0.0	NA	NA
Mexico	0.0	0.0	0.0	0.0	11.9	0.0	31.1	0.0
Poland	31.6	0.0	NA	NA	10.5	0.0	NA	NA
Portugal	18.7	0.0	0.0	NA	46.7	0.0	257.2	NA
U.K.	6.0	0.0	0.0	NA	65.9	0.0	0.0	NA
Czech Republic	52.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Russia	0.0	0.0	0.0	NA	43.5	0.0	0.0	NA
Turkey	17.7	0.0	27.4	NA	0.0	0.0	0.0	NA
Average	10.22	1.51	20.78	0.00	54.19	3.02	53.32	29.28

Accidents with leave rate: No. of accidents with medical leave in 2015 x 1,000,000 / No. of hours worked
 Accidents without leave rate: No. of accidents without medical leave in 2015 x 1,000,000 / No. of hours worked

No professional illnesses were registered in 2015, and the professional illness rate per employee is therefore 0.00.

As for fatal accidents, we regret to announce that a male subcontractor died at Gonvarri Tarragona after falling from a height while performing repair work.

Days lost per accident

The accidents registered led to a loss of 1,280.38 working days, 94.5% corresponding to men, and 5.5% to women.

Below is detailed the average rate of days lost per occupational accident and employee in 2015.

Day lost due to accident rate* (Own Personnel)		
Country	M	W
Germany	313.8	0.0
Argentina	934.2	0.0
Brazil	0.0	0.0
Colombia	91.6	0.0
Spain	343.6	335.8
USA	0.0	0.0
Mexico	0.0	0.0
Poland	1,494.5	0.0
Portugal	338.9	0.0
U.K.	41.9	0.0
Czech Republic	364.6	0.0
Russia	0.0	0.0
Turkey	17.7	0.0
Average	227.7	107.2

Rate: (No. of days lost due to occupational accidents x 1,000,000) / No. of hours worked in 2015.

With regard to the notification of minor, serious and very serious accidents and deaths occurring at the facilities, external reporting is performed in accordance with the established reporting channels and the obligations and deadlines defined by the competent authority.

Days lost through absence

In 2015 a total of 17,783.69 days were lost through absence, 88.3% corresponding to men and 11.6% to women.

The average rate of days lost per employee per country is set out in the following table.

Day lost due to absenteeism* (Own Personnel)		
Country	H	M
Germany	0.0	0.0
Argentina	10,018.9	3,767.8
Brazil	2,257.3	796.4
Colombia	1,352.7	982.2
Spain	4,252.3	2,723.0
USA	966.6	2,063.3
Mexico	213.8	0.0
Poland	0.0	0.0
Portugal	21,542.7	34,332.6
U.K.	5,953.0	2,385.1
Czech Republic	0.0	156.2
Russia	0.0	0.0
Turkey	0.0	0.0
Average	3,272.9	3,053.0

Rate: (No. of days lost due to occupational accidents + day lost due to other causes) x 1,000,000 / No. of hours worked in 2015

Gonvauto Puebla receives Safe Company accolade

9 July the Gonvauto Puebla plant received the Safe Company accolade from the Government of the Mexican Republic.

The Representative of the Employment and Social Prevention Department, Vanessa Barahona de la Rosa, handed out the award, which forms part of the PASST (Health and Safety at Work Self-management Programme), and covers three levels:

- 1 Compliance with health and safety at work regulations
- 2 Continuous improvement initiatives
- 3 Achievements in health and safety at work administration.

Gonvauto Puebla has attained the highest possible level (3), with just 11 of the 1800 companies in the state of Puebla having achieved this recognition.

Management focus (DMA)

Gonvarri Steel Services contributes to the creation of value in the local economy through various focuses that aim to strengthen and consolidate the business fabric in the region.

The main points of this contribution in 2015 were:

- **Economic value distributed**, amounting to 2,272 million euros.
- **Purchases from local suppliers**, corresponding to 71% of all purchases, representing expenditure of 1,608 million euros, with a positive impact on the development of the local economy.
- **Employment created and maintained**: during the financial year Gonvarri Steel Services had 2,930 employees, 95.3% of whom were of local nationality.
- **Payment of taxes and social security**, representing 42,419 thousand euros.

Local suppliers

Most purchases, except for purchases of raw materials, are performed locally, "local" being understood as corresponding to the same country where the facilities are located. This serves to contribute to the generation of indirect local employment in the value chain, while also reducing CO₂ emissions derived from transportation.

In 2015 the local supplier budget amounted to a total of 1,608 million euros.

Particular emphasis should be placed on the local community development programmes at the facilities in Madrid, Colombia and Brazil (11%). The remainder perform one-off local community initiatives, as indicated in the chapter, without having implemented programmes for development, impact assessments and local community participation (G4-S01).

No significant actual or potential negative impacts on the local community as a result of Gonvarri's facilities have been identified (G4-S02), nor any claims received or filed regarding social impacts during the financial year (G4-S011).

Job creation

In 2015, Gonvarri Steel Services directly employed 2,930 staff, of whom 90.8% are on a permanent contract, and 95.3% are of local origin.

This stability likewise helps stimulate the economy and, in accordance with its growth and expansion forecasts, the company expects to continue creating more employment. During this financial year salary costs together with social benefit costs amounted to 94,528 thousand euros.

Payment of levies and taxes

Meanwhile, the towns and regions where Gonvarri has a presence receive income in the form of taxes, levies and rates, which help improve quality of life and services available to the local population. In 2015 some 42,419 thousand euros were paid in local taxes, as detailed below:

Taxes by country	Thousand of euros
Germany	1,205
Argentina	3,013
Brazil	1,865
Colombia	1,158
Spain	29,634
USA	-899
Mexico	-914
U.K.	1,933
Russia	1,580
Portugal	2,731
Poland	1,590
Czech Republic	-41
Turkey	-792
Others	355
Total	42,419

*In "others" categories is included office and warehouses without relevance that are not included in the perimeter of the report.

Creating value in the local community

Gonvarri Steel Services believes that the creation of value in society is an obligation towards the surrounding area in which it operates. Meanwhile, its products and services aim to contribute to meeting the social challenges faced around the globe. So as to achieve this objective, it aims to align its social collaboration with business activities, through direct engagement with the communities where it operates.

In this regard, the company contributes to local development through various initiatives, including in particular:

- The commitment to road safety has two facets: through innovative products developed in the field of road safety by the Road Steel division, and through awareness-raising as a result of the Emotional Driving projects.
- The development of new products that contribute to reduced emissions and the mitigation of climate change.
- Social action and collaboration with various associations.
- Membership of local industrial associations.
- The relationship with public authorities.

Below are summarised the key initiatives undertaken in 2015.

Commitment to road safety

Almost a third of fatal occupational accidents are traffic accidents, and 60% occur on the way to and from work (Monday to Friday, between 8 in the morning and 8 in the evening). Source: DGT.

In order to reduce both the number and seriousness of such accidents, there are two possible approaches: one addressing passive road safety (improved carriageway conditions, installation of containment systems for drivers and optimisation of signage), and another to raise awareness among drivers (increasing sensitivity to enhance safer conduct behind the wheel).

The Gonvarri Steel Services workforce complete more than 5 million journeys per year, most of them by car. Meanwhile, 78% of employees use their car for at least two trips per day to go to and return from their workplace. The majority of the remaining percentage use public transport.

Given the high frequency of car use as a means of transport among staff, the company felt it was necessary to develop a safe driving awareness campaign, impacting on the preventive dimension.

Improvement to containment systems: Road Steel

The Road Steel division is dedicated to the production of highway equipment, located at the Hiasa, Cepas and Gonvarri Colombia plants. The division researches, designs, develops, manufactures, installs and markets carriageway equipment products, intended to improve the protection of highways and minimise possible harm in the event of an impact.

The products developed include in particular an extensive range of vehicle containment systems, including: metal safety barriers, metal bridge parapets, wood and steel aesthetic barriers, impact attenuators, barrier terminals and motorcyclist protection systems. They are all characterised by their high level of safety, validated by and consistent with the regulations in force, thanks to the efficacy of their performance, their permanent innovation and their painstaking quality and durability.

ABECATIM Interconecta innovation project. HIASA

The main aim of the ABECATIM project is to develop an intelligent kinetic energy absorption system for impact attenuators.

By applying the latest accident detection, classification and response technologies, this system is capable of containing and reducing the seriousness of impacts in the event of an accident, and reporting them in real time, with a dual purpose:

- reduce the number of road fatalities as a result of vehicles leaving the carriageway, by launching emergency procedures.
- alleviate the economic impact for public finances on the part of those vehicles that, after a minor road accident, fail to report the damage caused to carriageway installations, by allowing the vehicle causing the incident to be identified.

The following aspects will be developed in order to achieve this goal:

- **energy absorption system**, for application to impact attenuators
- **impact attenuators micro-electronics and sensor systems**, to gather data from the various sensors and generate events or alarms.
- **decision-making and result extrapolation models**.
- **telecoms and video system** associated with the infrastructure/vehicle.

Road Steel believes that the potential market for the project is substantial, strategic and international.



Emotional Driving project

As an agent involved in the highways sector, Gonvarri Steel Services has the responsibility to contribute towards the minimisation of negative impacts in the event of accident. With the aim of fostering a culture of road safety risk prevention, in 2014 the company set up the Emotional Driving programme.

Emotional Driving was designed to encourage safer driving, beginning with employees (the primary ambassadors for this project), before spreading to other stakeholders, such as clients, suppliers, institutions, etc. In this case the company opted for an innovative focus far removed from traditional prevention campaigns based on fear, threat or negativity, and instead raising awareness through a focus on emotions, positivity and approachability.

Meanwhile, with the aim of giving a voice to victims as a group, and impacting on the most immediate context (employees), a collaboration agreement was signed with AESLEME (the Association for the Study of Spinal Injuries). This association was given the task of reinforcing the emotional component of the programme, through tragic but optimistic first-hand accounts by its members.

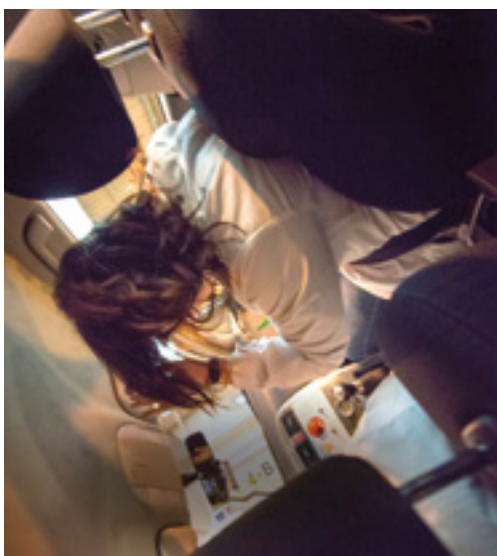
Generation of the campaign took into account a combination of the following elements:

- **experiential elements** (days at the Gonvarri Steel Services plants with driving simulators and various accounts from victims, firefighters, police, etc.).
- **learning** (road safety courses provided by the Mapfre Foundation).
- **gamification** (rewards for employee involvement through a charitable donation on their behalf to AESLEME, amounting to €20,000 in 2015).
- use of **various formats and channels of communication** to enhance the impact of the message among users (newsletters, intranet, working groups, audiovisual materials, merchandising, guerrilla marketing campaigns in areas shared by workers, etc.).



Meanwhile, Gonvarri placed users at the focal point, making them the protagonists through various initiatives such as the collaborative Emotional Driving Challenge. This action appealed to users' beliefs and emotions for safe driving, inviting them to be the primary ambassadors in spreading the positive message about safe driving.

The participation and engagement of the teams at the various days was motivated twofold by the desire to win (in the competition phase), and because all the points built up during the games are cashed in and automatically donated to the association.



The most significant milestones in the 2015 programme are summarised below:

- Between 2014 and 2015, nearly 2,000 employees undertook the experience in Spain.
- The event was staged at the Asturias, Navarre, Barcelona, Galicia, Tarragona, Valencia and Burgos plants.
- The participation rate was above 95%, shared with hundreds of people in each edition.
- The satisfaction level recorded was 9.1 out of 10.
- Internal network and platform consumption rate (80% more interactions performed and 78% more logons to internal communication platforms).
- An increase was noted in page views and interactions via Facebook, LinkedIn and Twitter.

Once the objective of increasing the responsibility of the company staff behind the wheel had been achieved, the decision was taken to extend the project to society at large.

We lastly feel that Emotional Driving is a project that attracts and retains talent, given the interest it arouses, increasing the sense of belonging. It has also been presented and experienced at a range of international trade fairs and events. It likewise represents an excellent calling card clients.

Emotional Driving was designed to encourage safer driving.

<<<



Next steps:

The Emotional Driving programme does not end here. In 2016 there are plans for numerous initiatives in this regard, as summarised below:

- The internationalisation of the project. Beginning with the plants in Germany and Colombia, a country with particular sensitivity as regards road safety given the high annual accident rate.
- The extension of the project to the children of employees through training and prevention initiatives in the field of road safety.

- Publication of the book "Reflections to Understand Road Safety with Optimism", setting out first-hand accounts of traffic accident victims and experts in the field, such as racing driver Carlos Sainz.
- The creation of the Emotional Driving website, comprising four episodes voluntarily starring four of the book's authors.
- The development and implementation of indicators so as to evaluate the performance and improvement actions to be implemented with a view to each new edition.
- Mobility survey conducted to obtain information about the degree of penetration of the programme.



Sustainable Mobility

Transport is a major emitter of greenhouse gases, accounting for 25% of total CO₂ emissions in the European Union (Source: IDEA).

Vehicle weight is a decisive factor in this regard, since the less the vehicle weighs, the less fuel it consumes, resulting in a reduction in associated emissions.

Gonvarri Steel Services works together with the automotive sector, adapting processes and developing more lightweight products through the increased usage of aluminium and third-generation steels.

Meanwhile, by using fully recyclable natural resources, such as steel and aluminium, the company contributes to more rational resource usage and generates less waste.

Social Action

As part of its commitment to value creation, Gonvarri Steel Services aims to participate in social action projects aligned with its business and corporate culture, effectively contributing to social well-being.

With this goal in mind, various partnership agreements have been established with non-profit organisations, together with which corporate projects are undertaken. In addition, at the local level initiatives are also undertaken with a focus on improving the quality of life of the local community.

In 2015 the company gave economic support to various associations, foundations and projects, amounting to a total of €188,528, divided across Spain (82.3%), Brazil (14.1%) and the remainder in Colombia, the US, United Kingdom and Turkey.

Below are set out the most significant initiatives from 2015.

Corporate initiatives

At the corporate level, Gonvarri collaborates with various organisations described above under indicator G4-15. Below are summarised a number of the activities undertaken with these organisations:



John XXIII Disability Foundation

In 2015, the following activities were undertaken in partnership with this foundation:

- **Healthy lifestyle campaign:** awareness-raising campaign staged at head office in Madrid, publishing daily information about healthy lifestyles, while distributing fruit juice and mandarin oranges from the foundation's market garden.
- **Promotion of employment for people with special abilities:** the foundation has a special employment centre, of which the company is a client, using its function room rental, catering service, etc.



What Really Matters (LQDVI) Foundation

The foundation was given economic support in 2015, along with an investment for the development of an online course based on the company's values.

- Meanwhile, 133 Gonvarri Steel Industries professionals have the opportunity to take part at various motivational conventions staged in a number of Spanish cities, presenting stories of success against the odds.
- Lastly, 10 employees attended the entrepreneurial idea development course organised by LQDVI.



AESLEME (Association for the Study of Spine Injuries)

AESLEME is actively involved in the Emotional Driving programme.

Aside from economic support, the Emotional Driving Challenge and involvement by employees in the online challenge "What motivates you to drive safely?" clocked up a total of 1,951 points, which the company converted into an additional donation.



World Central Kitchen (WCK)

In 2015 an economic contribution was made to the funding of its local development projects through nutrition.

Local initiatives

At the local level, the Gonvarri Steel Services plants have contributed to the social development of the communities where they operate through direct investment and the sponsorship of local initiatives and food bank campaigns. Below are set out a number of examples of the local projects undertaken in 2015:

Charitable campaigns

Gonvarri Portugal

Gonvarri Portugal stages continuous donation campaigns for clothing, toys and books, to help deprived families. It is meanwhile involved in a bottle top collection campaign promoted by the "Meninos de Oiro" Association, to assist children at risk.

In this regard, unused office furniture was likewise donated in 2015, to be used by underprivileged third parties.



AMG Brasil

The project focused on improving the life of elderly people (Pela Vida do Idoso Project), and is staged at the Erasto Gaertner Hospital, a centre of excellence in the prevention, diagnosis and treatment of cancer, focusing on the well-being of elderly patients (those over 60 years old). The aim of the resources (costs and services) is to rehabilitate and restore their vitality, through proper treatment and support for social integration when their treatment ends.

Gonvauto Galicia

The "4th Food Collection Campaign" was staged, along with donations of clothing and toys for underprivileged families, in collaboration with the Port Authority and Cáritas in Marín.

HIASA

In collaboration with the "Asturias Food Bank Foundation", HIASA staged a charitable campaign known as "Operation Kilo", to collect food for underprivileged groups. The campaign lasted two weeks, and involved all employees at the plant.

Gonvarri Barcelona

Under the slogan "Give new life to your unused stuff", the plant organised a hugely successful clothing and footwear collection campaign in partnership with "L'Armari Solidari", the aim being to fulfil basic clothing and footwear needs in the town.

Ferrodisa

Ferrodisa took part in a food collection campaign, handed in at the Sagunto Charity Centre, responsible for the regional food bank. This served to improve the nutritional situation of some 550 families unable to meet their basic food needs.

Gonvauto Barcelona

The plant organised a campaign to collect soft drink ring pulls, which are made from aluminium, a highly recyclable, reusable and cutting-edge material.

The campaign had two purposes: firstly, to raise awareness as to the impact of consumption and contribute to environmental improvements through recycling, while also assisting the occupational integration of people in vulnerable situations through the "Worthy of Being" project, which has designed a range of sustainable bags made from discarded aluminium ring pulls from fizzy drink cans.



AMG Paraná and AMG Campinas

AMG Paraná and AMG Campinas took part in two internal campaigns: Agasalho, collecting and donating 337 items of clothing, and another food campaign to collect 3,650 kg of food for the underprivileged.

Training and support campaigns for young people

Gonvarri Kaluga

In October, Mechanical Engineering students at Tula State University visited the Gonvarri Steel Services plant in Russia, where they were able to see how the different product lines and technical processes function.

The various plant supervisors organised and accompanied the students, with the aim of offering them the fullest information possible, while also resolving any queries they might have.

At the end of the day, the students expressed their satisfaction, and even their interest in the possibility of working at the plant in the future.

Gonvauto Galicia

In June, Gonvauto Galicia was visited by eight primary and secondary students from Galician schools of above average intellectual ability. They belong to the "Eureka Programme", the purpose of which is to develop the capacities of students by encouraging their interests and motivations. Among other activities, the children visiting the plant took part in projects involving robotics, giving them the chance to see the tooling processes at the plant first-hand, with the involvement of the various supervisors to resolve any queries they might have.

Collaboration in the training of young engineers

Gonvauto Barcelona, Gonvarri Barcelona and Gonvarri Tarragona were visited by six young engineers from Gestamp Bizkaia to supplement their training.

During these training days, the engineers received theoretical and practical instruction in how Gonvarri Steel Services operates and the main steelmaking and non-steelmaking processes at the plants, accompanied by the supervisors, to resolve any queries they might have.

Sports campaigns



Head office in Madrid

The 2015 Companies Race took place in December, with more than 14,000 runners from 800 firms, once again beating the participation record, with the Gonvarri Steel Services competitors enjoying a great day of sport.

Gonvarri Burgos

Gonvarri Burgos took part in the charitable padel tennis tournament, to help a 6-year-old child from the city suffering a serious illness.

During their free time, 24 workers from the plant and a number of volunteers met up to have a good time while helping to fund the treatment needed by young Adrián.



Gonvauto Navarra

Gonvauto Navarra took part at the "3rd Pamplona Citadel Race", an event staged within the context of the "Company Challenge" sports programme, with the aim of involving companies from the region in promoting healthy lifestyles through sport.

This year the Gonvauto Navarra representatives took part in the Run mode, achieving a hard-earned third place in the men's team category. The trial covers a 6 km route, and involved 203 runners from 29 companies in Navarra.

Environmental and cultural campaigns

Gonvauto Puebla

Gonvauto Puebla signed a partnership agreement with the National Protected Natural Areas Commission to collaborate in the "Iztaccíhuatl-Popocatepetl National Park Resource Conservation, Restoration and Protection" project. A donation of 29,008.50 dollars was made in 2015.



AMG Brasil

In 2015, the AMG Paraná and AMG Campinas plants undertook 13 initiatives, including cultural and social events, motivating a direct audience of some 6,000 people, with an investment of nearly 278 thousand Reals.

These events likewise had an impact on the lives of the employees and the communities where the company operates.

Membership of associations

Involvement in associations and bodies is important, as it allows the company to keep abreast of trends, take part in consultations, studies and working groups in the sector, and help establish a reference framework.

Industrial organisations and other associations are detailed under indicator G4-16.

Local collaboration with public authorities

Gonvarri Steel Services collaborates with public authorities on an altruistic basis, establishing relationships with local and regional authorities with complete transparency, in accordance with the guidelines set out in the Code of Ethics. A number of examples are summarised below:

CEOE Day: "Discover Burgos: industrial and technological territory"

On 10 June, Jon Riberas, Chairman of Gonvarri Steel Services, took part at this symposium organised by the CEOE and the FAE (Confederation of Business Associations of Burgos), before more than 100 business people and executives representing investment funds, consultants from ambassadors and foreign chambers of commerce in Spain.

During the gathering, representatives of businesses in Burgos with an international or multinational profile established in the city emphasised its potential for industry and technology.

Jon Riberas drew the symposium to a close, accompanied on the panel by the President of the FAE, addressing the possibilities offered by the city for exporters.

Gonvarri and Gonvauto Barcelona receive representatives from Castellbisbal Local Council

The Department of Economic Promotion of Castellbisbal Local Council aims to strengthen growth, collaboration and consolidation within the town's business fabric, to improve the competitiveness of the local enterprise structure. With this aim in mind, a tour was arranged of the Gonvarri and Gonvauto plants.

During the morning they visited the factories and were shown the most representative facilities, along with an explanation of the key processes performed there. They likewise have the chance to learn about the services offered by the local council, laying the foundations for a forthcoming partnership between the Economic Promotion and Human Resources Departments of the two organisations.

HIASA involved at the 3rd Business Competitiveness Forum

On 9 October the third edition of the Business Competitiveness Forum took place, organised by the APD (Association for Progress in Management) in Asturias.

On this occasion, the forum focused on "smart specialisation as a lever of competitiveness", and was attended by representatives of local government and a number of companies present in the region.

The gathering was attended by Fernando Castró, General Manager of the Metal Structures Division, who provided a snapshot of the sector, expressing the need to update means of production, improve communications, resolve the issue of high energy costs and create an innovative product brand.

Visit by the Regional Government of Asturias to HIASA and Gonvauto Asturias

On 20 November a number of members of the Regional Government of Asturias visited the HIASA and Gonvauto Asturias plants.

The reason behind the visit was to learn first-hand about the HIASA facilities in order to understand the different business lines and production plants of Gonvarri Metal Structures (GMS) at its other locations. They were also shown the initiatives being developed in the field of R&D+i.

The local representatives registered their satisfaction at the new products developed at the Road Steel division over recent years, representing the market launch of new road safety elements with higher levels of containment and performance in the event of vehicle impacts, generating shared social benefits.

<<<
Company
collaborates with
public authorities on
an altruistic basis.

Emotional Driving awards and accolades

Below we summarise the awards and accolades obtained by Gonvarri Steel Services over the course of 2015.

Awards received for the Emotional Driving project:



Social Enterprise Awards. Best CSR and Road Safety Initiative

On 18 June the 2015 Social Enterprise Awards were handed out at a ceremony staged by the Mundo Ciudad Foundation, with the aim of rewarding those companies with social campaigns intended to improve their surrounding context and the world. Gonvarri Steel Services was honoured with the Internal Human Resources Communication, CSR and Road Safety and Social Action awards.



Publifestival Best Public Relations Social Action and Best Internal Human Resources Communication

In June the "Best Public Relations Social Action and Best Internal Human Resources Communication" award was received from Publifestival.



CSR International Excellence Award 2015

Recognition of Corporate Social Responsibility Initiative

On 29 June the CSR International Excellence Awards 2015 were handed out, in recognition of all those companies and projects helping to change society through Corporate Social Responsibility initiatives, with Gonvarri Steel Services among those honoured.



DGT Best Practice in Work Road Safety by the Dirección General de Tráfico

In June the "Best Practice in Work Road Safety" was recognised by the DGT (Dirección General de Tráfico).



Eikon (Gold) Awards Best Internal Communication Project

EIKON Award handed out on 26 October in Buenos Aires, Argentina. The accolades are dedicated to Excellence in Institutional Communication, with Gonvarri Steel Services receiving the Gold Award for Best Internal Communication Project.



International Business Awards (Gold) Best Internal Communication Project

An accolade handed out on Friday, 23 October at the International Business Awards 2015, held in Toronto, Canada, also known as the Stevie Awards Emotional Driving received the "Stevie Gold" in the Internal Communication category.



Internal Communication and Corporate Identity Observatory Strategic Communication focused on the internal audience, innovation and excellence

Award for Best Practice in Internal Corporate Sustainability Communication, received on 25 November from the Internal Communication and Corporate Identity Observatory. This category is one of the nine accolades given to strategic communication projects focused on an internal audience and setting the trend in the fields of innovation and excellence.



Corporate Engagement Awards 2015 Recognition of Internal Communication

In September, a "Recognition of Internal Communication" accolade was received from the 2015 Corporate Engagement Awards (CEA).

Awards received at the various Gonvarri Steel Services plants

Below we summarise a number of the local accolades received/awarded at the different Gonvarri Steel Services plants during 2015:

CEE Manufacturing Awards 2015

The CEE Manufacturing Awards 2015 held in Warsaw, Poland, reward achievements in Manufacturing Industry in Central and Eastern Europe. Gonvarri Polska was nominated in 4 categories, and ultimately claimed the Supply Chain and Logistics Award.

Internal Health and Safety competition: "Prevention Means Everyone"

To mark World Safety Day and the 2016 Open Day at Gonvauto Barcelona, a Safety Competition was staged among employees, both individually and in groups, with a maximum of 5 people per group.

Professional contingency instalments

3 June, Gonvarri Steel Services received an economic incentive on its professional contingency Social Security instalments, demonstrating its contribution to reducing and preventing occupational accidents at all levels of the company.



Proposals focused on Safety, either at the individual workstation or working area of the participating team, or of general interest for the whole plant.

The following awards were handed out in accordance with the classification:

- 1st Place: €200 Corte Inglés store gift voucher for each member.
- 2nd Place: Tablet for each member.
- 3rd Place: Dinner for two for all members.

Safe Company

On 9 July Gonvauto Puebla received the Safe Company accolade from the Government of the Mexican Republic. The award forms part of the PASST (Health and Safety at Work Self-management Programme), under which the plant is registered at the highest possible level.

The reward was handed out by the Directorate-General for Social Security Regulation, through ASEPEYO, a mutual insurer working in collaboration with the Social Security.



Material aspects: Environmental dimension

Following the materiality analysis undertaken and described in the basic general content (G4-18, G4-19, G4-20 & G4-21) the most significant aspects are summarised below:

Subject	General matters of particular interest	Groups that consider the aspect material
Consumption of raw materials	Use of materials / raw materials	Internally: Management, Policies and Strategies and Contractual Undertakings. Externally: Employees, Clients and Suppliers.
Energy	Energy: consumption and efficiency	Internally: CEO, Management, Policies and Strategies and Contractual Undertakings. Externally: Employees, Clients and Suppliers.
Climate change	Emissions and climate change	Internally: CEO and Management. Externally: Sector, Clients and Suppliers.

Over the course of the chapter, we set out Gonvarri Steel Services management and initiatives connected with these aspects.

Environmental Dimension

Environmental performance

The commitment of Gonvarri Steel Services to the environment means operating efficiently and responsibly so as to supply more competitive and profitable products, that are lower-impact and more environmentally friendly.

It also undertakes its operations in accordance with strict environmental criteria, on the basis of the principles assumed in its Code of Ethics and in the Environmental Policy, including the principle of precaution (G4-14), while incorporating the environmental variable in decision-making and in business operations, as an integral element of the sustainability strand of the "Strategic Plan 2016-2018".

Environmental management monitors, oversees and establishes improvement mechanisms through compliance with the obligations and requirements derived from the Environmental Management System of each plant, in accordance with international standard ISO 14001.

In 2015, 89% of plants had in place a certified environmental management system, with certification pending at the plants in South Carolina, the Czech Republic and at Laser Automotive Barcelona.

Meanwhile, training and environmental awareness raising is a fundamental practice in order to promote responsible behaviour. During 2015, such training focused on good practices and aspects such as energy efficiency, waste management and the environmental management indicators.

Environmental Performance Index (ICA)

In addition to the management systems, in order to guarantee a commitment to environmental protection and continuous improvement at all its factories, the company defined and implemented its 'ICA' Environmental Performance Index.

The focus of the ICA goes beyond compliance with the legislation in force, and establishes a shared control framework by means of monitoring of measurement of environmental performance indicators classified into 3 key categories:

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

In accordance with its performance, each facility receives an objective evaluation associated with a score of between 1 and 100.

The result of this ICA rating is integrated within company management and operational priorities.

The ICA results for the last three years are summarised below.

Plant	2013	2014	2015
Gonvauto Barcelona	71	75	77
Gonvauto Galicia	74	80	88
Gonvauto Navarra	80	83	83
Gonvarri Barcelona	65	66	66
Gonvarri Burgos	77	82	82
Gonvarri Tarragona	77	78	78
Hiasa	58	58	58
Ferrodisa	68	68	68
Gonvarri Portugal	86	90	90
Gonvarri Thüringen	50	59	68
Gonvarri Polonia	63	72	90
AMG Campinas	65	67	67
AMG Paraná	73	73	73
Gonvarri Argentina	74	75	75
Gonvarri Puebla	80	80	80
SG Kaluga	53	55	55
SteelGAlloy*	ND	ND	40*

*Plant joining the ESI in 2015, so no previous data available.

The 2015 result indicates an improvement of 2.25% compared with the previous year, thereby fulfilling the target that had been set. The plants achieving the highest scores were: Gonvarri Portugal and Gonvarri Poland.

Environmental Performance Indicators

Gonvarri Steel Services monitors the environmental impacts resulting from its activities through the various environmental performance indicators linked to the consumption of natural resources and raw materials, as well as waste generation, discharges and emissions, allowing it to measure its performance and identify opportunities for improvement.

Below we summarise the most significant indicators, excluding those connected with consumption of materials, energy and climate change, as these are material aspects developed in greater depth throughout the chapter.

Water (G4-EN8 & G4-EN9)

In 2015, total consumption was 229,890m³, 4% more than in 2014. 95% of water consumed comes from the mains system, and the remaining 5% from groundwater sources, consumption being mainly industrial, although a part is used for washrooms and the irrigation of park and garden areas.

The activity undertaken by the company does not require water in its processes, and so consumption levels are not high, although as this is an essential and increasingly scarce natural resource, control is applied in order to achieve sustainable use of water.

No source of water was significantly affected by the company's water abstraction.

Gonvarri Steel Services monitors the environmental impacts resulting from its activities. >>>

Waste

Waste is properly segregated, monitored, identified, stored and managed by means of authorised management entities.

The enclosed table indicates the main wastes:

No hazardous waste	Weight (tons)
Steel scrap	168,708
Aluminium scrap	1,156
Wooden pallets and forest residues	1,208
Paper, cardboard and plastic	1,342
Reagent and bath remains	11,729
Contaminated material	7,630
Sludge	578

Given its importance and characteristics, particular emphasis will be placed on scrap steel and, to a lesser extent, aluminium, both of which can be recycled and enjoy a substantial consumer market.

Environmental investments and expenditure

In 2015 the company allocated 245,000 euros to environmental investments, and earned some 15 million euros through the sale of scrap metal and other waste/by-products.

Environmental expenditure amounted to 553,475 euros, mainly as a result of waste management (78%).



Consumption of raw materials

(DMA, G4-EN1 & G4-EN2)

Production processes at Gonvarri Steel Services make intensive use of raw materials, above all steel (98.5% of overall consumption), since this is the main component of all its products.

Aware of the need to preserve this resource, it has optimised processes to ensure that both the machinery and cutting designs make the best possible use of the steel sheeting, achieve efficient consumption, reducing waste generation and minimising environmental impact, while maintaining high product quality standards at all times.

Below are summarised the main consumption figures for 2015:

Consumption	Weight (tons)
Steel	3,238,910
Aluminium	11,222
Wood	18,403
Hydrochloric acid	12,941
Zinc and zinc oxide	7,142
Oil	705
Others	101

Although the materials are obtained from non-renewable sources, emphasis should be placed on the benefits derived from the use of steel, as summarised below:

Steel

Thanks to its capacity to recover its original properties without losing quality after being smelted, steel is the most recycled material in the world.

Recycling entails savings of up to 80% in terms of energy, 85% water and 95% coal, thereby reducing emissions by 80%.

Thanks to this, over the last 20 years twice as much steel has been produced, while reducing greenhouse gas emissions by 50% (Source: UNESID).

Both steel and aluminium are recyclable, leading to the conclusion that practically 100% of the products manufactured at Gonvarri Steel Services are fully recyclable, thereby significantly reducing their environmental impact of the end of their useful life.

As regards the use of recycled materials, the steel is partially made up of recycled steel.

This composition varies depending on the supplier, the estimate being that at least 30% is of recycled origin in the rolls derived from integrated steelmaking (accounting for some 80% of supplies), and between 50% and 80% in the case of roles derived from electrical steelmaking. (G4-EN2).

If we estimate that 30% of the total weight of the rolls is of recycled origin, then in 2015 we consumed a total of 971,673 t of recycled steel in our products.

Conflict Minerals

In 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. It requires public companies to inform the US Securities and Exchange Commission of the results of their investigations to ascertain the origin of conflict minerals required in the manufacture of the products that they sell.

Conflict minerals are understood as columbite-tantalite (coltan), cassiterite, wolframite and gold, with use being restricted in those cases where the source would encourage and permit revenue on the part of armed groups in the Democratic Republic of the Congo or neighbouring countries, which would serve to continue perpetrating human rights atrocities.

This aspect is a growing concern for clients and for the general public, as they call for ever more information as to the principles, actions and values connected with the supply chain. In response to this demand, the company provides information as to the absence of such minerals from the rolls required for the products it manufactures. It likewise calls on its main steel suppliers to certify their compliance with these requirements.

Energy and energy efficiency (DMA)

The production process is energy-intensive, mainly at those factories that include galvanisation and zinc-coating processes. As a result, one of the main aspects within the environmental management system is the monitoring, reduction and control of its consumption.

Energy

Internal energy consumption (G4-EN3)

In 2015, Gonvarri Steel Services consumed a total of 572,251 GJ of energy and non-renewable sources.

Practically all electrical energy consumed at the facilities is used for production. Only some 8% of the total is used for climate control.

Of all the energy consumed, the most significant is electrical consumption, standing at 311,084 GJ, followed by natural gas consumption, at 240,797 GJ. Compared with 2014, an increase may be seen in electrical consumption of around 9.4%, and a reduction in natural gas consumption of around 6.1%.

Nonetheless, other fossil fuels are consumed to a lesser extent, such as a total of 8,875 GJ of diesel, a total of 3,897 GJ of LPG, and a total of 7,598 GJ of propane.

The consumption levels in the different countries in 2015 are detailed below:

Electricity consumption:

54,3%

Natural gas consumption:

42,1 %

Diesel consumption:

1,6%

LPG consumption:

0,7%

Propane consumption:

1,3%

Country	Electricity (GJ)	GLP (GJ)	Natural Gas (GJ)	Propane (GJ)	Diesel (GJ)
Germany	9,761	388	3,268	NA	391
Argentina	3,167	902	NA	NA	4
Brazil	24,267	278	23,574	NA	NA
Colombia	7,215	475	20,952	NA	248
Spain	212,191	NA	174,449	1,124	6,291
USA	9,839	NA	9	3,599	191
Mexico	7,329	1,601	NA	NA	1
Poland	5,148	251	1,464	NA	475
Portugal	6,609	NA	NA	86	310
U.K.	13,097	NA	16,996	524	NA
Czech Republic	690	NA	58	NA	NA
Russia	5,362	NA	NA	2,265	NA
Turkey	6,408	NA	26	NA	965
Total	311,084	3,897	240,797	7,598	8,875

Calculation of the conversion factors employed such acknowledged sources as DEFRA (Department for Environment Food and Rural Affairs) and IDAE (Instituto para la Diversificación y Ahorro de la Energía). The sum totals may not coincide with the breakdowns because of the rounding of data.

Carbon footprint.

Gonvauto Navarra

In order to improve information as to the company's carbon footprint, a pilot project was staged in 2015 at Gonvarri Navarra to measure its carbon footprint. The project was funded by the Regional Government of Navarre within the context of the cross-border ENECO project, and undertaken by an accredited external consultant, in accordance with the terms of the GHG Protocol and ADEME-Bilan Carbone methodologies.

The resulting estimate was that in 2015 the plant's carbon footprint was 197,136.3 tCO₂e, with 99.6% of total emissions constituting scope 3. The detail of the emissions generated is set out below in accordance with their source:

Scope	Emissions
1	Direct emissions 424.4 tCO ₂ e
2	Indirect emissions 275 tCO ₂ e
3	Other indirect emissions 196,400.3 tCO ₂ e

Emissions derived from logistics lie within scope 3 and account for 9,414.9 t of CO₂ and around 5% of total emissions, distributed as indicated below:

- Logistics (truck transportation): 9,346.3 t of CO₂.
- Logistics (train transportation): 68.6 t of CO₂.

Next steps (G4-EN4)

The activity undertaken by Gonvarri Steel Services is diverse, since the different divisions produce different formats and finishes (automotive, shelving, solar structures, etc.) and depending on their location, the typical means of transport likewise varies (ship, train, truck, etc.). This means that the calculation and availability of data to estimate scope 3 in connection with external energy consumption proves complex.

As a result, following conclusion of the pilot trial at Gonvauto Navarra, the aim is gradually to implement this methodology at the different plants, beginning over the 2016-2018 period with the Gonvauto facilities.

The information will subsequently be extended to all other plants in order to provide the overall energy and carbon footprint information for the whole company by 2020.

Renewable Energy

The company is aware that climate change is one of the main environmental problems facing the planet, and a relevant aspect for its stakeholders. In order to contribute to the reduction of this impact, it promotes the use of renewable energies, in particular photovoltaic.

In 2010 a photovoltaic installation was put in place at Gonvauto Navarra, with an installed power rating of 1.9 GJ, while two further installations were added in 2011, one at Gonvauto Barcelona, with a power rating of 2.5 GJ, and another at Gonvarri Barcelona, rated at 2.0 GJ. The installations were put in place on the roofs of the plants themselves with the collaboration of Gestamp Solar.

Meanwhile, Gonvarri Thüringen has photovoltaic panels installed that belong to and are managed by third parties.

During the 2015 financial year, solar energy production from these installations amounted to: 7,728.18 GJ.

In all cases the energy is sold to third parties, as local legislation does not allow self-consumption.

Steel & Alloy is involved in the Cycleplus / cycle2work project

Cycleplus / cycle2work is a project approved by the Government, allowing a bike to be leased together with safety equipment for use when travelling to work and at weekends. Registered users can request a bike at any store that has signed up to the scheme, benefiting from discounts of up to 32%, representing a significant saving.

Depending on the agreement signed with the company, the lease will be for between 12 and 18 months, the cost being deducted from the user's gross salary each month, making this a tax-free benefit. Meanwhile, when the lease agreement comes to an end, the bike can be purchased at a fair market price.

Thanks to this project, the users not only obtain tax benefits, but also improve their health and fitness and reduce their transport carbon footprint.

Energy intensity (G4-EN5)

Gonvarri Steel Services believes that the measurement of its energy intensity is a good way of measuring the efficiency and impact of its processes. The resulting annual ratio is calculated by dividing the internal energy consumption (G4-EN3) by the total weight of the products sold in each country.

The calculation takes into consideration both electricity and fuel (LPG, natural gas, propane and diesel), corresponding solely to internal energy consumption.

The table below sets out the results obtained:

Country	Energy intensity (Consumption in GJ/ tons of product sold)
Germany	0.07
Argentina	0.07
Brazil	0.10
Spain	0.23
USA	0.14
Mexico	0.04
Poland	0.06
Portugal	0.05
U.K.	0.11
Russia	0.13
Turkey	0.25
Total	0.16

Due to the nature of different products are not included Colombia and Czech Republic

Energy efficiency

(G4-EN6 & G4-EN7)

In the current context, with most energy consumed being derived from conventional sources and the use of fossil fuels, there is a need to promote measures focused on reducing energy consumption and improving efficiency.

Gonvarri Steel Services is therefore working on the corporate energy efficiency project known as "GSS ECO-ENERGY", as a part of the INDUSTRY 4.0 initiative, the aim of which is to reduce energy consumption.

With the goal of increasing action to address energy efficiency, the aim is to manage, analyse and study the different processes and consumption patterns associated with energy at the plants.

Through the implementation of this energy monitoring and management system, PRO-EFFICIENCY,

it will likewise be possible to correlate production data against consumption data and signals drawn from the PLCs, with the aim of generating comprehensive knowledge of the different lines and the consumption levels of the main equipment so as to optimise processes, reduce consumption of gas, water and electricity, and control the manufacturing costs of each of the products.

At the same time, this data management will serve to provide control over the specific costs and consumption levels of each of the process lines in each of the references, so as to establish a baseline, and then be able to identify and correct any deviation that might occur at the earliest possible opportunity.

By achieving a high level of energy efficiency at the plants, this will achieve a reduction in energy costs, and hence the cost of manufacturing, optimising processes, improving equipment and installations and reducing emissions.



1. Data Capture and Integration

- Communication in real time via the sensors, meters and analysers.
- Capacity to integrate information from SAP, AS400.
- Automatic validation of data quality.

2. Supervision

- Partial and total monitoring of energy consumption in real time (electricity, gas, compressed air, water, fuel).
- Supervision of the costs of energy by process line and by-product.
- Monitoring of the sensor network.



3. Information management

- Consumption levels, statistics and summary reports.
- Warnings and alerts if preset limits are exceeded.
- Availability of energy costs in accordance with the rates for each period.
- Control of residual consumption.

4. Analysis

- Advanced and adaptable data processing.
- Patterns of consumption.
- Energy quality control.
- Display tools for decision-making.



Projects developed in 2015

As regards the projects undertaken at the different plants, the main initiatives are summarised below:

With regard to 2015, the initiatives undertaken essentially comprised the migration of the energy monitoring system previously used at the Hiasa, Gonvarri Burgos, Gonvarri Portugal and Gonvarri and Gonvauto Barcelona plants to the new PRO-EFFICIENCY system, since the previous system could not obtain information with the expected level of detail.

The goal of implementing PRO-EFFICIENCY over the years 2016 and 2017 is summarised below:

Monitoring plans	
2016	2017
Gonvauto Barcelona	Gonvauto Puebla
Gonvarri Barcelona	Gonvarri Czech
Gonvarri Tarragona	Gonvarri Argentina
Gonvarri Burgos	Gonvarri Colombia
Gonvarri Portugal	Gonvauto South Carolina
Hiasa	Gonvarri Arizona
Ferrodisa	Steel & Alloy West Bromwich
Gonvauto Galicia	Steel & Alloy Bridge Street
AMG Campinas	
AMG Parana	
Gonvarri Thüringen	
Gonvarri Polska	

Plant	Project	Estimated saving (%)**	Energy reduction (GJ)
HIASA	Installation of VSD in HCl extractors in the galvanisation line stripping tanks.	48.8	375.41
	Improvements in the installation and operational improvements in the extraction of combustion gases from the Zn furnace .	0.9	ND
Gonvarri Tarragona	Improvements to the stripping boiler burner. Installation of a new digital equipment controller, variator in the combustion air fan and O ₂ sensor at the combustion gas outlet for self-regulation of the burner and optimisation of combustion.	1.14	368.78
	Reduction of consumption in the generation of compressed air (rather than propelled) through optimisation of the WWTP plant.*	15	112.87
	Installation of tantalum exchangers in the stripping line tanks.*	1.1	162
	Heat insulation of the acid tanks of the stripping line*.	4.48	2,023.2
Gonvarri Portugal	Automation of changing room climate control.	12.5	90
	Change to LED technology lighting, reducing the installed lighting power from 216 kW to 89.78 kW.*	58.53	582.55
Gonvarri Barcelona	Installation of self-regulated natural gas burner with O ₂ sensor in the galvanisation boiler.	3	365.69
Gonvarri Colombia	Replacement of the 1,000,000 BTU burners with two 1,500,000 Btu burners in the 7 m galvanisation furnace.	11	71.05

* Corresponding to the last 4 months of the year.

** Estimated saving on the energy baseline.

Emissions and climate change

(DMA, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EC2)

Meanwhile, light fittings were replaced with LED technology at Gonvauto Barcelona, Gonvarri Barcelona (Spain), Gonvarri Arizona (USA) and CEPAS (Turkey).

The energy reductions achieved through energy efficiency projects have served to reduce electricity consumption, thereby achieving a saving in scope 2 emissions of 321.82 t of CO₂ (G4-EN19).

Projects scheduled to 2016

Similarly, the following initiatives are being examined for 2016.

- Reduction in consumption levels of the production line hydraulic units.
- Introduction of compressors with variators.
- Recovery of energy in the form of heat.
- Improvements in the efficiency of refrigeration, etc.

As regards the increase in the efficiency of its products, since the design and characteristics of pre-defined by client requirements, Gonvarri has a very limited role in this sphere.

Energy audits

As established by Royal Decree 56/2016, of 12 February 2016, transposing Directive 2012/27/EU, of the European Parliament and of the Council, of 25 October 2012, regarding energy efficiency, in terms of energy audits, accreditation of service providers and energy auditors and the promotion of energy supply efficiency, Gonvarri Steel Services developed an energy audit plan at its plants, in order to comply with the obligations derived from this legislation.

The Royal Decree establishes the obligation to audit at least 85% of total final energy consumption of all installations in Spain. In order to fulfil this obligation, the action plan includes the execution of audits of all plants and offices, which will thus surpass the targets set.

The project will begin at head office in Madrid and continue at all the plants, and will be completed by the deadline of October 2016.

Climate change is of increasing significance, and is one of the main challenges we face, the great environmental hill to be climbed by humanity in the 21st century. Hence the growing need to establish strategies and objectives that will help arrest global warming.

Towards the end of 2015, Paris staged the 21 United Nations Climate Change Summit (COP 21). This legally binding agreement brings together for the first time a global commitment to "hold the increase in temperatures below 2 degrees compared with pre-industrial levels and pursue efforts to limit the increase to 1.5 degrees". So as to achieve this goal, global CO₂ emissions will need to be reduced by 2020 or 2025 at the latest, and halved by 2050.

These objectives are largely linked to energy consumption and fossil fuel use. It is a clear fact that in order to arrest its advance, we must implement all available mechanisms and achieve cooperation by all countries.

Risks associated with climate change (G4-EC2)

The transportation of goods and people is one of the most significant sources of carbon emissions, in particular air and road transport. In order to reduce levels, various measures have been adopted such as the use of less polluting fossil fuels, improvements in the design of vehicles to make them more aerodynamic, reduce their weight, and improve the awareness and sensitivity of drivers, but they are still not sufficient. In 2014, for example, transport was the industry that had the greatest greenhouse gas emissions in the United States after the electricity sector, accounting for some 26% of the national total. Source: EPA

Meanwhile, ever more restrictive and challenging legal compliance requirements are being established worldwide. These include the European Union's goal of 95 g of CO₂/km by 2020, the EPA regulations in the USA and the measures adopted by China to reduce pollution levels. All of which means that this is a risk and an issue of huge importance for all companies working in the sector.

Opportunities associated with climate change (G4-EC2)

Within this context, the company believes that it has a responsibility, and must contribute to mitigating this impact, in particular given that its auto division accounted for 65% of its sales in 2015.

Vehicle weight reduction

Vehicle weight has a direct impact on fuel consumption, and hence CO₂ emissions.

Numerous initiatives are currently being developed with a view to producing lower-weight components and formats, without impacting on vehicle safety and longevity. The chassis, bodywork, engine and suspension systems account for more than 50% of a car's total mass. As a result, measures intended to reduce the weight of these components are fundamental in order to cut CO₂ emissions. It is estimated that for every 10% reduction in vehicle weight, between 6 and 7% less fuel is used.

Gonvarri is developing lighter formats through the use of third-generation steels and aluminium.

Safer and stronger steel

Considerable advances have been made in the development of AHSS steels for cold and mainly drop forging, along with the creation of new materials and lighter structures, with greater impact absorption capacity, that are recyclable and appropriate for existing production technologies, while maintaining safety levels at all times, this being a priority for the sector.

Forecasts indicate that the use of AHSS steels will increase significantly, from the 68 kg of steel that today's vehicles contain, to 204 kg in the vehicles of 2020. This will reduce the bodywork weight by up to 25%. Source: World Auto Steel.

Gonvarri is contributing to research and the incorporation of high-strength steels within its processes, in accordance with the goal of reducing vehicle CO₂ emissions. These steels are used mainly in the formats intended for the side reinforcement bars and cross members. The use of type 22MnB5 tempered steel is also on the increase for the A and B pillars, where thicknesses have been reduced to one half.

In order to progress with these new materials, substantial investments are also needed. In 2015 two new 3D installations were opened (Laser Automotive Brandenburg and Laser Automotive Thüringen) while their presence was increased at Gonvarri Czech.

This serves to expand the cutting lines for tempered type 22MnB5 steel, which given its characteristics requires this cutting technology.

There are furthermore plans to install a new press at Gonvarri Burgos, focused on cutting AHSS high-strength steels, and this will be operational by the end of 2016.

Along similar lines, the Tailored Blank system is used to develop a range of components (such as doors), as a result of the adjoining of various formats with different thicknesses and forms, bonded by laser welding.

All this not only reduces the weight of the car but also allows for substantial weight reductions combined with improved safety, by increasing the structural strength of the whole unit.

Increase in the use of aluminium

Aluminium use is expected to register exponential increase over coming years. Its main competitive advantage is its density (3 times lower than the steel), making it possible to achieve average reductions of up to 10% of the weight of the vehicle, and between 5% and 7% in fuel consumption, although it does make the vehicle somewhat more expensive, as it costs 3 times as much as steel, requires longer heat treatments and is more difficult to weld.

In this regard, the company developed three flagship projects last year within its two main production and consumption focuses (one in the USA and two in Europe).

Development of solar energy

The increase in the interest on the part of society and governments in renewable energies represents a great opportunity for the development of this form of energy.

Through the Solar Steel division and the production of solar structures for renewable energy generation, Gonvarri contributes indirectly to the mitigation of climate change.

Particular emphasis should be placed in this regard on innovation projects focused on using lighter and more modern structures to improve the efficiency and performance of solar generation facilities.

Optimisation of single axis solar trackers: Solar Tracker 2.0. Hiasa

The project focuses on optimising the design of the solar tracker, with the aim of minimising the weight of the support structure for each MW of energy output.

The total cost of the project is estimated at €1,547,892.00, 43.8% of which is assigned to Hiasa.

Development involves the HIASA solar division, the lead company in the consortium and promoter of the project, together with two of its main suppliers, ArcelorMittal and PRASAT, and the company Dronorte to incorporate robotised vehicle technology. Below are summarised the main objectives under development:

The main actions by Hiasa focus on the following:

- Optimise the design of the solar tracker in terms of minimising the weight of the support structure for each MW generated, thereby reducing the costs of the solar generation facility and improving its yield.
- Achieve a tracker design that can be adapted to the terrain and different characteristics and inclines.

The main actions by ArcelorMittal focus on the following:

- The application of high-strength steels to the profiling sector, serving to lighten steel components without forfeiting mechanical strength.
- Improve the performance of high-strength steels in discontinuous galvanisation processes, so as to achieve higher elastic limits and breaking loads.
- Increase the corrosion resistance of profiles in different types of soil.
- Model the reassignment of high-strength steel qualities intended for the manufacturing of pillars at solar power stations.

The main actions by PRASAT Instalaciones Eléctricas S.L. focus on:

- Energy independence: Achieve electrical energy self-supply for the solar tracker, avoiding the need for power cables.
- Remote control via Wi-Fi and incorporation of the wind variable within the project.

The main actions by Dronorte – Rover focus on:

- Analysis and improvement of the current system to anchor the structure to the ground. By means of the design of equipment for subsoil mapping.

Greenhouse gas emissions

(DMA, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EC2)

By measuring its carbon dioxide (CO₂) emissions, Gonvarri Steel Services helps to improve the communication of its impacts and the gathering of specific data, with a view to establishing possible improvement targets.

As regards the calculation of CO₂ emissions, they are reported in accordance with the Green House Gas (GHG) Protocol, taking as the reference point the emissions factors provided by the International Energy Agency (2013).

Direct emissions: Scope 1

(G4-EN15)

Direct emissions of greenhouse gases are derived from the burning of fuel in the production process (natural gas, propane and diesel), along with R-22 gas recharges.

In 2015, 14,909.45 tonnes of CO₂ were produced, distributed as shown below:

Direct emissions*	
Country	tCO ₂
Germany	236.81
Argentina	57.21
Brazil	1.357.82
Colombia	1.223.76
Spain	10.323.71
USA	241.82
Mexico	101.09
Poland	133.21
Portugal	28.35
U.K.	986.56
Czech Republic	3.28
Russia	142.93
Turkey	72.90

Fuel: Emission Factors from Cross-Sector Tools (GHG Protocol latest version available April 2014).

R-22: IPCC Fourth Assessment Report: Climate Change 2007 (http://www.ipcc.ch/publications_and_data/ar4/wg1/en/ch2s2-10-2.html) and Royal Decree 138/2011, of 4 February 2011, approving the safety regulation for refrigeration installations and the complementary technical instructions.

Indirect emissions: Scope 2

(G4-EN16)

Indirect emissions correspond to those generated at electricity generation plants as a result of consumption at the plants and offices, corresponding in 2015 to 25,858.64 tonnes of CO₂.

indirect emissions	
Country	tCO ₂
Germany	1,274.29
Argentina	329.06
Brazil	492.09
Colombia	306.64
Spain	16,209.02
USA	1,404.82
Mexico	924.27
Poland	1,125.41
Portugal	574.62
U.K.	1,637.10
Czech Republic	112.88
Russia	621.11
Turkey	847.33
Total	25,858.64

The emissions factors employed for electricity consumption are the mean emissions factors for the national electricity mix of each country for the period 2009-11, according to the IEA (International Energy Agency).

Other indirect emissions: Scope 3

(G4-EN17)

This scope includes emissions from corporate travel by plane and train, and transportation of employees to working sites, amounting to a total of 11,068.79 tonnes of CO₂, as summarised below:



**Corporate
trips**
1,632.44
CO₂ tons



**Employee
transportation to
the workplace**
9,436.35
CO₂ tons

Calculation of the emissions derived from plane travel was performed using the website: https://co2.myclimate.org/en/flight_calculators/new. Likewise, the emissions factors for the calculation of the tonnes of CO₂ emitted in train travel were derived from the Practical Guide for the Calculation of Greenhouse Gas (GHG) Emissions issued by the Catalan Climate Change Office (March 2013 version).

Emissions derived from employee travel were estimated by means of a transport survey conducted last year.



Intensity of emissions

(G4-EN18)

Gonvarri Steel Services also takes into account the intensity of emissions to measure the efficiency and impact of its processes.

The resulting annual ratio is calculated by dividing energy consumption for the sum of direct and indirect emissions (G4-EN15 and G4-EN16), by the total weight of the products sold in each country.

The table below sets out the results obtained:

Emissions intensity	
Country	CO ₂ tons / tons of sold product
Germany	0.008
Argentina	0.006
Brazil	0.004
Spain	0.016
USA	0.017
Mexico	0.005
Poland	0.010
Portugal	0.004
U.K.	0.009
Russia	0.013
Turkey	0.031
Total	0.012

Due to the nature of different products are not included Colombia and Czech Republic.

Other emissions (G4-EN21)

We perform regular monitoring of emissions at those facilities that, given their activity, are controlled by an accredited body with the frequency established in the corresponding licences or other legal requirements. The enclosed table indicates the main emissions.

Country	NOx (t)	SO2 (t)	CO (t)	N2O (t)	Particulates (t)	HCl (t)	Zn (t)	VOC (t)	Others (t)
Spain	5.82	1.50	4.31	0.00	1.29	0.92	0.00	0.72	0.00
Russia	0.05	0.00	0.89	0.05	0.00	0.00	0.00	0.00	0.08
Colombia	1.43	0.00	0.00	0.00	1.86	0.11	0.00	0.00	0.00
Brazil	0.01	0.00	0.48	0.00	0.00	0.03	0.00	0.00	0.03
Turkey	0.41	0.00	0.60	0.00	1.01	0.17	0.05	1.35	0.00

Information is not included for Germany, Argentina, USA, Mexico, Poland, Portugal, United Kingdom and Czech Republic, since given the type of processes they perform, they do not require regulatory emissions controls, given their scant impact.

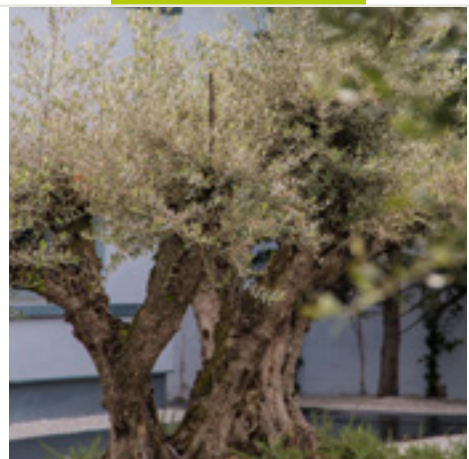
Ozone-depleting substances (G4-EN20)

Refrigerant gases are used in the climate control equipment at offices and the installations at certain plants, for the production line coolant equipment. The equipment at the AMG Paraná plant in Brazil was recharged in 2015, with a total of 11.815 kg of R-22. These emissions are included in scope 1.

The other plants did not report any recharges of their equipment.

Produced Emissions:
51,836.87
tons of CO₂

Avoided Emissions:
80,725.68
tons of CO₂
(EN-19)





Indirect emissions avoided.

Solar Steel (G4-EN19)

The company is very much aware of the possible negative impact that could be caused by climate change.

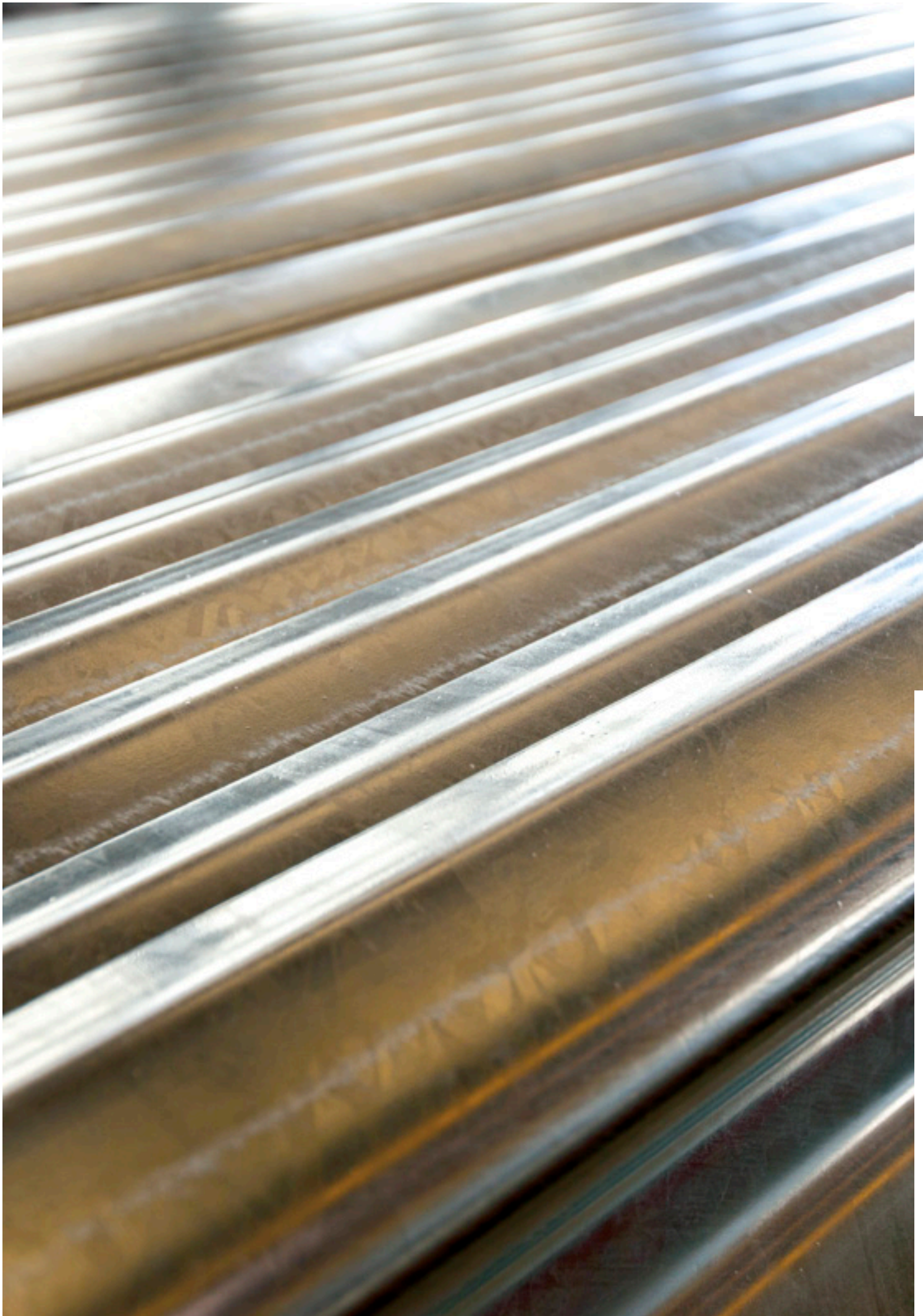
To address this real risk, Gonvarri contributes to the mitigation of this impact through its Solar Steel division.

The main activity of the division is the manufacture and supply of solar structures, mainly fixed structures and single-axis trackers, which are used in photovoltaic generation facilities to generate renewable energy emitting no greenhouse gases into the atmosphere.

In 2015 solar structures were supplied for the installation of a total 649.6 MW, distributed as summarised below:

Country	Installed capacity (MW)
Chile	54
USA	197.24
France	7.2
Guatemala	30
Honduras	61.2
Israel	40.98
Jamaica	27.8
Japan	35.54
Jordania	6.03
Kuwait	10
Mexico	16.34
South Africa	75.44
Turkey	33.96
U.K.	53.904
Total	649.634

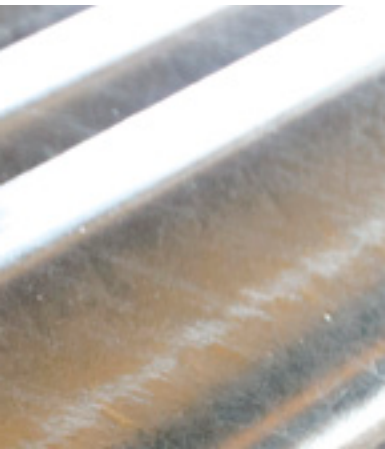
Estimating, among other factors, the net hours of solar radiation per project, and the percentage that the cost of these structures represents out of the project total, along with the conversion factor applicable to each country, we estimate that we contributed to avoiding a total of **80,725.68 tonnes of CO₂** during 2015.





Gonvarri
Steel Services

Sustainability Report 2015



Part III Annexes

- 102 Independent Review Report
- 104 GRI G4 Content Index
- 109 Contents based on the Principles of the United Nations Global Compact
- 110 List of consolidated subsidiaries companies

Independent Review Report



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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS

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

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators indicated in "GRI G4 Content Index" of the 2015 Sustainability Report (hereinafter "CSR Indicators") of Gonvarri Corporación Financiera S.L. and its corporate group (hereinafter "Gonvarri Steel Services") for the year ended 31 December 2015, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Report of the Global Reporting Initiative (GRI) version G4 (hereinafter GRI G4 Guidelines).

Responsibility of the Management

Management of Gonvarri Steel Services is responsible for the preparation, content and presentation of the Sustainability Report in accordance with the Comprehensive option of the GRI G4 Guidelines. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

Management of Gonvarri Steel Services is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators, is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Gonvarri Steel Services' personnel from various areas who have been involved in the preparation of the Sustainability Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 032 111, Fax: +34 913 083 566, www.pwc.com/es

R. M. Madrid, hoja 87 250-1, folio 75, tomo 9 267, libro 8 054, sección 1ª
Inscrita en el R.O.A.C. con el número 30042 - CIF: B-79-011290

1



- Analysis of the Gonvarri Steel Services' CSR indicators adaptation to the requirements established by the GRI G4 Guidelines for the preparation of reports and to the Construction and Real Estate Sector Supplement.
- Verification, through random sampling tests revisions and substantive tests on the quantitative and qualitative information used to determine Gonvarri Steel Services' CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by Gonvarri Steel Services' sources of information.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that the indicated Gonvarri Steel Services' CSR indicators, for the financial year ending 31st December 2015, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines.

Use and Distribution

Our report is only issued to the Management of Gonvarri Steel Services, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Gonvarri Steel Services' Management.

PricewaterhouseCoopers Auditores S.L.

M^o Luz Castilla
29 July 2016



GRI G4 Content Index

External verification: The contents of this index have been externally verified by the independent entity PwC. Information omissions are included as a note in italics on appropriate indicators. The related independent review report for verification can be found in the Annex of this document. The indicators G4-54, G4-EC3, G4-EN4 y G4-EN7 are not available or are not applicable, so they haven't been verified neither.

Part I. General Standard Disclosures

Description

1. Strategy and analysis		
	Page	Omissions
G4-1	8-11	
G4-2	12-14	
2. Organizational profile		
	Page	Omissions
G4-3	15	
G4-4	15-17, 18-19	
G4-5	16	
G4-6	18-19	
G4-7	20	
G4-8	20	
G4-9	21	
G4-10	21-22	
G4-11	22	
G4-12	23	
G4-13	24	
G4-14	24	
G4-15	24-25	
G4-16	25	

3. Identified material aspects and boundaries		
	Page	Omissions
G4-17	26	
G4-18	27-28	
G4-19	28	
G4-20	29-32	
G4-21	29-32	
G4-22	32	
G4-23	32	

4. Stakeholders engagement		
	Page	Omissions
G4-24	33	
G4-25	33	
G4-26	33	
G4-27	29-32	

5. Report profile

	Page	Omissions
G4-28	34	
G4-29	34	
G4-30	34	
G4-31	34	
G4-32	34, 104-108	
G4-33	34	

6. Governance

	Page	Omissions
G4-34	35	
G4-35	35	
G4-36	35	
G4-37	35	
G4-38	36	
G4-39	36	
G4-40	36	
G4-41	36	
G4-42	37	
G4-43	37	

G4-44	37	
G4-45	37	
G4-46	37	
G4-47	37	
G4-48	38	
G4-49	38	
G4-50	38	Full information is not currently available. Next year this information will be reported.
G4-51	39	
G4-52	39	
G4-53	39	
G4-54	105	Information not available due to the absence of homogeneous measurement methodologies. It will be reported in 2017.
G4-55	39	

7. Ethics and integrity

	Page	Omissions
G4-56	39-42	
G4-57	43	
G4-58	43	

Part II. Specific Standard Disclosures

Economic Dimension

1 Financial management

Basic specific contents	Information about management approach and indicators	Page	Omissions
Economic Performance	DMA	47	
	G4-EC1	48	
	G4-EC2	96	
	G4-EC3	65	Due to its limited relevance, full information about this indicator is considered as not applicable thus it hasn't been reported.
	G4-EC4	48	

2. Ethics & Good governance

Basic specific contents	Information about management approach and indicators	Page	Omissions
Anti-corruption	DMA	49	
	G4-S03	49	
	G4-S04	49-50	Full information not available. It is expected to have information from all the countries in 2017.
	G4-S05	49	
Grievance mechanisms in environmental, human rights and labour practices materials	DMA	49	
	G4-EN34	49	
	G4-LA16	49	
Anti-competitive Behavior	G4-HR12	49	
	DMA	49	
Compliance	G4-S07	49	
	DMA	49	
	G4-S08	49	
	G4-PR9	49	

3. Product & innovation

Basic specific contents	Information about management approach and indicators	Page	Omissions
Customer Health and Safety	DMA	50	
	G4-PR1	50-52	
	G4-PR2	50	
Product and Service Labeling	DMA	50	
	G4-PR3	50	
	G4-PR4	50	

4. Supply Chain

Basic specific contents	Information about management approach and indicators	Page	Omissions
Procurement Practices	DMA	55	
	G4-EC9	55	
Supplier Environmental Assessment	DMA	55	
	G4-EN32	23 and 55	
	G4-EN33	55	
Supplier Assessment for Labor Practices	DMA	55	
	G4-LA14	23 and 55	
	G4-LA15	55	
Supplier Human Rights Assessment	DMA	55	
	G4-HR10	23 and 55	
	G4-HR11	55	

5. Customers

Basic specific contents	Information about management approach and indicators	Page	Omissions
Product and Service Labeling	DMA	56	
	G4-PR5	56	

Environmental Dimension

1. Raw materials consumption

Basic specific contents	Information about management approach and indicators	Page	Omissions
Materials	DMA	89	
	G4-EN1	89	
	G4-EN2	89	

2. Energy and energy efficiency

General Standard Disclosures	Information about management approach and indicators	Page	Omissions
Energy	DMA	90	
	G4-EN3	90	
	G4-EN4	91	The calculation methodology will be implemented gradually and is expected to have all the energy information and the carbon footprint in 2020.
	G4-EN5	91	
	G4-EN6	92-94	
	G4-EN7	92-94	Does not apply. The products follow the customers' specifications, so the company has little influence.

3. Emissions and Climate Change

General Standard Disclosures	Information about management approach and indicators	Page	Omissions
Emissions	DMA	94, 96	
	G4-EN15	96	
	G4-EN16	97	
	G4-EN17	97	
	G4-EN18	97	
	G4-EN19	94, 98	
	G4-EN20	98	
	G4-EN21	98	

Social Dimension

1. Talent attraction and retention

Basic specific contents	Information about management approach and indicators	Page	Omissions
Employment	DMA	60	
	G4-LA1	60-61, 63	
	G4-LA2	65-66	
	G4-LA3	65	
Diversity and Equal Opportunity	DMA	41, 60	
	G4-LA12	60 y 64	
Training and Education	DMA	41, 61	
	G4-LA9	61	
	G4-LA10	62	
	G4-LA11	61	

2. Labor conditions and human rights

Basic specific contents	Information about management approach and indicators	Page	Omissions
Non-discrimination	DMA	64	
	G4-HR3	43,64	
Child labor	DMA	12,41	
	G4-HR5	12,64	
Forced or Compulsory labor	DMA	64,41	
	G4-HR6	12,64	
Security Practices	DMA	41	
	G4-HR7	62	
Assessment	DMA	64	
	G4-HR9	64	

3. Representation and dialogue with employees

Basic specific contents	Information about management approach and indicators	Page	Omissions
Freedom of Association and Collective Bargaining	DMA	66	
	G4-HR4	66	

4. Occupational Health and Safety

Basic specific contents	Information about management approach and indicators	Page	Omissions
Occupational Health & Safety	DMA	68-69	
	G4-LA5	72	
	G4-LA6	72-73	
	G4-LA7	68	
	G4-LA8	72	

5. Social & Economic Impact on Local Communities

Basic specific contents	Information about management approach and indicators	Page	Omissions
Local Communities	DMA	74	
	G4-SO1	74	
	G4-SO2	74	
Market Presence	DMA	62	
	G4-EC5	62	
	G4-EC6	64	
Grievance Mechanisms for Impacts on Society	DMA	74	
	G4-SO11	74	



Contents in relation to the Global Compact Principles

The following table shows the chapters of this report that provide the most relevant information regarding the 10 principles of the Global Compact, in addition to the one included on the management approaches of every GRI aspect. Each stakeholder can evaluate Gonvarri Steel Services' progress concerning these principles by the following this table:

Aspect	UN Global Compact Principles	Progress included in chapter
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Part I. General Standard Disclosures
	Principle 2: make sure that they are not complicit in human rights abuses.	Part I. Raw materials consumption
Labour Rights	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Part I. Labour Conditiond and human rights
	Principle 4: the elimination of all forms of forced and compulsory labour;	Part I. Labour Conditiond and human rights
	Principle 5: the effective abolition of child labour;	Part I. Labour Conditiond and human rights
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Part I. Labour Conditiond and human rights
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Part I. General Standard Disclosures
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Part II. Environmental Dimension
	Principle 9: encourage the development and diffusion of environmentally friendly technologies	Part II. Environmental Dimension
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Part II. Risk management

Scope consolidation of Gonvarri Steel Services and subsidiaries

Scope of consolidation: the group was composed by the following companies at the end of 2015.

Subsidiary/ Associated company	Country	Subsidiary/ Associated company	Country
Arcelor Mittal Gonvarri SSC Slovakia	Slovakia	Gonvasolar, S.L.	Spain
ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A.	Brazil	Gonvauto Asturias	Spain
Bikostar International, S.A.	Uruguay	Gonvauto Craiova, S.R.L.	Romania
Çepas Galvaniz, Sanayi Anomin Sirketi	Turkey	Gonvauto Navarra, S.A.	Spain
Gestamp Automotive India Private Ltd	India	Gonvauto Puebla, S.A. de C.V.	Mexico
Gestamp Solar Steel South Africa, Ltd.	Spain	Gonvauto Pune India Private Limited Co.	India
Gestamp Solar Steel US, Inc	USA	Gonvauto South Carolina	USA
GMS France	France	Gonvauto Thüringen, GMBH	Germany
Gonvarri Aluminium, GMBH.	Germany	Gonvauto, S.A.	Spain
Gonvarri Argentina S.A.	Argentina	Hiasa Montajes Guatemala, S.A.	Guatemala
Gonvarri Automotive GMBH	Germany	Hiasa Montajes Honduras, S.A.	Honduras
Gonvarri Chile Estructuras Metálicas, Ltda.	Chile	Hierros Villaverde, S.A.	Spain
Gonvarri Corporación Financiera, S.L.	Spain	Hierros y Aplanaciones, S.A.	Spain
Gonvarri Czech, S.R.O.	Czech Republic	Ind. Ferrodistribuidora, S.A.	Spain
Gonvarri Galicia, S.A.	Spain	Láser Automotive Barcelona, S.L.	Spain
Gonvarri I.Centro de Servicios, S.L.	Spain	Lasser Automotive Branderburgo, GMBH.	Germany
Gonvarri Industrial Maroc, S.A.	Morocco	Lasser Automotive Thüringen, GMBH.	Germany
Gonvarri Italia, S.p.A.	Italy	MAG Aliança Automóveis do Brasil SSC S.A.	Brazil
Gonvarri MS Colombia, S.A.S, S.L.	Colombia	Mexicana de Servicios vLaborales del Acero, S.A de CV	Mexico
Gonvarri MS Corporate, S.L.	Spain	Severstal Gonvarri Holding, S.L.	Spain
Gonvarri Polska, SP, ZO O.	Poland	Severstal Gonvarri Kaluga Ilc	Russia
Gonvarri Portfolio Brasil, S.L	Spain	Steel & Alloy Holding LTD.	U.K.
Gonvarri Portfolio Internacional, S.L.	Spain	Steel & Alloy Procesing	U.K.
Gonvarri Ptos. Siderúrgicos,S.A.	Portugal	Steel & Alloy Turkey	Turkey
Gonvarri Steel Services US, INC	USA	Transacciones Siderúrgicas, S.A.	Spain
Gonvarri Tarragona, S.L.	Spain	UTE Hiasa-Energés	Spain
Gonvarri Vizcaya, S.A.	Spain	UTE Hiasa-Obratel	Spain



Gonvarri
Steel Services



The conversation continues at



gonvarristeelsservices.com
leadingthechange.com

**Leading
the Change**
2016 / 2018



Gonvarri
Steel Services

The conversation continues at



gonvarristeelsservices.com
leadingthechange.com

**Leading
the Change**
2016 / 2018



twitter.com/EmotionalDrivin



facebook.com/emotionaldriving



linkedin.com/company/emotional-driving

#EmotionalDriving