1 OUR BUSINESS

10 Our Company
19 Our Management Model “Drive”
20 Governance
22 Ethics, Anticorruption and Compliance
24 Our contribution to the SDG
26 Relevant Aspects: Materiality Analysis
Gonvarri Corporacion Financiera, S.L. (henceforth Gonvarri or GSS) was founded in 1958, conducting business in manufacturing, processing and trading in steel products and metals related to the iron and steel industry (102-1).

The corporate structure of the Gonvarri Corporacion Financiera is 100% owned by HOLDING GONVARRI S.R.L. (102-5).

The headquarters are located in (102-1 and 102-3): Prolongación de Embajadores, s/n. 28053 Madrid - Spain (102-3).

From the beginning, Gonvarri Steel Services has experienced huge growth, diversifying itself to a global level, and it has a presence in 16 countries with 37 operating plants and 1 plant under construction.

In 2017, the plants Gonvarri Baja California, Laser Automotive Valencia started operating, as well as the Chinese plants Gonvvama Shenyang (Northeast) and Changshu (East) and, at the end of the year, Chongqing (West). Moreover, the construction of the Steel & Alloy Popes Lane plant is in its final stage.

Similarly, the acquisition of the Constructor Group and the Engineering Support and Development Solutions stands out, which we include in the Report in 2018 (102-10).

Next, the Group’s evolution since its beginning in 1958 will be shown.
2017 Gonvarri in figures

- **Income**: 3,038,010 Thousand of €
- **EBITDA**: 210,086 Thousand of €
- **Net profit**: 99,328 Thousand of €
- **Inversions**: 109,312 Thousand of €
- **R&D investment**: 1,497.4 Thousand of €
- **Employees***: 4,872 professionals
- **223,572 t/CO₂ avoided**
- **Presence*** in 16 countries
- **Operational facilities***: 37

*Global perimeter.
Gonvarri Burgos, the first plant of the group, had its 50th anniversary. It started activity in 1967 with its first cutting line and currently has a workforce of 245 employees. Annually, over 650,000 tons of steel are processed there.

For its 50th anniversary celebration, a commemorative exposition was organized which took us on a tour through its history which reflected the values that have made this company great: Honesty, Humility, Tenacity and Work.

Additionally, the official 50th anniversary App was developed, which is available for iPhone and Android, in which it is possible to take an interactive tour through the different sections of the exposition and be brought to the origins of the company by the virtual reality room.

In addition, an institutional event was held to which our president Jon Riberas, his brother Francisco Riberas, president of Gestamp, attended, together with employees, former employees, directors and customers of Gonvarri. In the event, Artua Sagredo, managing director of Gonvarri Burgos, received an emotive tribute and a commemorative plaque for his years leading the plant.

The main authorities of Burgos and Castile and León also attended, among which Juan Vincente Herrera, president of the Governing Board of Castille and León, who defined the company as "one of the most emblematic and historic companies in the territory he presides; and Francisco Javier Lacalle, mayor of Burgos, who stressed the importance of the Gonvarri Burgos plant in the city as a "reference in the creation of employment and professionalization of its industry".

At the end of this event, Juan Vicente Herrera inaugurated a commemorative statue for the 50th anniversary of Gonvarri Burgos.

Divisions in Gonvarri

In terms of activity and geographical position, the company is grouped into (102-2 and 102-6):

**Central Europe**
- Laser Automotive Brandenburg
- Gonvauto Thüringen
- Laser Automotive Thüringen
- Gonvarri Aluminum
- Gonvarri Polonia
- SG Kaluga
- Gonvarri Czech
- AMG Senica

**Western Europe**
- Gonvarri Valencia
- Laser Automotive Barcelona
- Gonvarri en Barcelona
- Gonvarri Burgos
- Gonvarri Tarragona
- Gonvarri Portugal
- Laser Automotive Valencia
- Steel & Alloy UK
- S&A Aycliffe
- S&A Bridge Street
- S&A Darlastone
- S&A West Bromwich

**Asia**
- GHPL Pune
- GVS Dongguan
- Gonvama
- Loudi
- Shenyang
- Chongshu
- Chongqing

**NAFTA**
- Gonvauto Puebla
- Gonvauto Carolina del Sur

**LatAm**
- MAG Resende
- AMG Campinas
- AMG Parana
- Gonvarri Argentina

**Misceláneos**
- Offices of:
  - Corporación Financiera
  - Italy
  - Morocco
  - ConvaSolar

50th Anniversary Gonvarri Burgos

Gonvarri Burgos, the first plant of the group, had its 50th anniversary. It started activity in 1967 with its first cutting line and currently has a workforce of 245 employees. Annually, over 650,000 tons of steel are processed there.

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At the end of this event, Juan Vicente Herrera inaugurated a commemorative statue for the 50th anniversary of Gonvarri Burgos.
A net profit of 99,328 thousand euros was presented in 2017 and a CAPEX of 109,312 thousand euros.

In this regard, the investment in Gonvvama principally stands out, where three plants were inaugurated, Shenyang (Northeast), Changshu (East) and Chongqing (West).

Similarly, the new Laser Automotive Valencia plant started operating, the construction of the new Steel & Alloy plant in Oldbury (UK) and the second expansion phase of the plant in the Czech Republic were finalized, which will start operating at the beginning of 2018.

Additionally, the expansion of the warehouses in Poland and in NAFTA have started and the plants in Puebla (Mexico) and South Carolina (US) have been expanded.

## Associations and organizations

102-13

### Corporate level

- Fundación SERES
- Fundación Consejo España - China

### Europe

- European Steel Association (EUROFER)

### Spain

- Confederación Española de Organizaciones Empresariales del Metal (CONFEMETAL)
- Unión de Empresas Siderúrgicas (UNESID)
- Asociación Española de Contabilidad y Administración de Empresas (ANCHAM SPAIN)
- Asociación Innovación en Prevención
- Asociación Española para la Calidad (AEC)
- Casino de Madrid
- Instituto Empresa Familiar

### Gonvarri Barcelona and 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 Empresarials (Metallurgica) Consell d’úsuaris del Transport de Catalunya

### Convarri Valencia

- Clúster de Automoción de Valencia-Asociación Valenciana de la Industria de Automóvil (AVIA)
- Asociación Empresarios Camp de Morvedre (AISECARMI)
- Federación del Metal de Valencia (FENIEVACL)
- Unión de almacén de ferreteros de España (UAFHE)

### Convarri Galicia

- Asociación de Industriales Metallúrgicos de Galicia (ASIIME)
- Clúster del Automóvil de Galicia (CERAGA)
- Convarri Navarra
- Asociación de Empresarios del Metal (ANEMI)
- Asociación de la Industria Navarra (AIGN)

### Convarri Burgos

- Asociación Española para la Calidad (AEC)
- Asociación de empresarios propietarios del Polygono Industrial Gamonal-Villamar (RSPIGAVI)
- Asociación Plan Estratégico Ciudad de Burgos
- Fundación Universidad de Burgos
- Federación Empresarial del Metal (FEMIEBUR)
- Federación de asociaciones empresariales de Burgos (FAEB)
- Hiasa/Gonvarri Asturias
- Federación de Empresarios del Metal y Alfarería del Principado de Asturias (FEMETAL)

### Convarri Tarragona

- Asociación Provincial de Empresas del Metal de Tarragona (APIEMETA)

### Convarri Portugal

- Asociación Nacional das Empresas Metalúrgicas e Eletromecânicas (ANEME)

### Convarri Colombia

- Asociación Nacional de Industriales de Colombia (ANDI)
- Instituto Nacional de Normalización Técnica (ICONTEC)

### Convarri Alemania

- Initiative Erfurter Kreuz
- Steel&Alloy
- Confederation of British Metal Forming

### Convarri Turquía

- Tod Galvader
- Kasiad

### Convarri Puebla

- Concantra (Cámara Nacional de la Industria de Transformación)
- Riptac (Relaciones Industriales de Puebla y Tlaxcala P.C.)

### Convarri South Carolina

- HR Association Chamber of Commerce.

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Gonvarri Steel Services Sustainability Report 2017

13
## GSS Global Perimeter

<table>
<thead>
<tr>
<th>Countries</th>
<th>Operational Facilities</th>
<th>Professionals</th>
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</thead>
<tbody>
<tr>
<td>16</td>
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## Perimeter of the Sustainability Report

<table>
<thead>
<tr>
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<table>
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<th>1 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gonvarri Argentina</td>
<td></td>
</tr>
</tbody>
</table>

### U.K.
- Steel & Alloy Poplesline*
- Steel & Alloy Aycliffe
- Steel & Alloy Bridge Street
- Steel & Alloy Darlastone 1
- Steel & Alloy West Bromwich
- 5 194 professionals

### Portugal
- Gonvarri Portugal
- 1 83 professionals

### Brazil
- AMG Campinas
- MAG Resende**
- AMG Paraná
- 3 297 professionals

### Argentina
- Gonvarri Argentina
- 1 55 professionals
Worldwide Presence

GERMANY
- Gonvauto Thüringen
- Laser Thüringen
- Gonvarri Aluminium
- Laser Automotive Brandenburg

POLAND
- Gonvarri Polska

RUSSIA
- SG Kaluga

CZECH REP.
- Gonvarri Czech

TURKEY
- Gonvarri Turkey

SLOVAKIA
- AMG Senica**

INDIA
- Gaipl PUNE**

SPAIN
- Headquarters
- Gonvarri Burgos
- Gonvarri Barcelona
- Gonvarri Tarragona
- Gonvarri Valencia
- Gonvauto Barcelona
- Gonvauto Galicia
- Gonvauto Navarra
- Hiasa
- Gonvauto Asturias
- Laser Automotive Barcelona
- Laser Automotive Valencia

CHINA
- Gonvama Shenyang
- Gonvama Chongshu
- GVS Dongguan
- Gonvama Loudi
- Gonvama Chongqing
- Office Gonvama

Gonvarama Steel Services Sustainability Report 2017

* Under construction
** Not included in the scope of the report
Markets

The company has a presence in 16 countries, which allows us to cover the entire global market. We continue to invest in service facilities, with new production lines subject to the increase in demand and internal initiatives of the company, which allows us to strengthen our position in the global market.

In the sections 102-2 and 102-4, the divisions and countries where GSS is active are elaborated. The main activity in 2017 will be outlined hereunder:

**JANUARY**
Launch of GVS Dongguan, completion of the carve-out of certain assets of DGS.

**FEBRUARY**
Start of the construction Steel&Alloy Greenfield Popes Lane.

**MARCH**
Start-up of Blanking 4 of Gonvarri South Carolina and of blanking and welding in Gonvvama Changshu.

**APRIL**
Start-up of Blanking 7 of Gonvarri Thüringen.

**MAY**
Celebration of the 50th anniversary of our first plant Gonvarri Burgos. Development and publication of the two first key processes (commercial risk management and scrap metal management) in the PE16-18 framework.
**JULY**
Start-up of the new plant Gonvarri Baja California.

**SEPTEMBER**
Start-up of the blanking and welding lines in Gonvvama Chongqing.
Approval of the new Code of Ethics and the rules of procedure of the Ethics Channel by Gonvarri, as well as the compliance and anti-fraud policies.

**AUGUST**
Start of the amplification of Gonvarri Czech.

**OCTOBER**
Negociation for the acquisition of the Constructor Group which markets their products under the Constructor, Kasten, Dexion and PSS brands.
Start of the amplification of Gonvauto Puebla.

**NOVEMBER**
Opening of the Gonvvama Changshu plant.

**DECEMBER**
Agreement with JLR to start NITRA project which implies the construction of our second plant in Slovakia. Acquisition of the “Suports Desarrollo y Soluciones”.

**JUNE**
Start of production of the Gonvvama Shenyang blanking and welding lines.
Gonvarri Steel Services Sustainability Report 2017

Leaders in the supply of flat steel, steel tubing and 3D laser cutting to the main automotive Tier 1s and OEMs as well as to important stamping companies. Development of practically all containment systems for highways, just as anti-noise screens and sound-absorbing coating of tunnels, strictly meeting all regulations and with numerous patents.

In permanent growth. Designs and develops fixed and mobile solar structures, as well as streetlights and electricity towers.

We are an industrial company dedicated to steel processing, in steady growth, with a workforce that is mainly active in the plants (83.3%). For this reason, our brand is based on universal and simple values that represent its greatness, just like the strength and commitment of its workers.

These values continue to be valid at present, being easily adapted to the changes and current situation of the company, allowing us to continue being leaders in our sector.

Finally, the company has been co-branded with its partners in the following plants: SG Kaluga (Russia) with Severstal, AMG Parana and AMG Campinas (Brazil) and AMG Senica (Slovakia) with ArcelorMittal, MAG Resende (Brazil) with Mitsui and ArcelorMittal and in China with our partner Vama.

Main brands and products

The company operates under the shared brand “Gonvarri Steel Services” which is adapted to the different plants and business lines. All of them have the same isotype in common, as a sign of the company’s corporate identity.

Our values “Honesty, Humility, Tenacity and Work” are an essential part of our brand and have been entrenched in the DNA of Gonvarri Steel Services from the very beginning.

Products

The quality and innovation of our products allow us to differentiate from our competitors and so to create competitive advantages.

In our service centers, steel and aluminium are treated with a series of high-tech processes which allow our products and formats to be accurately adjusted to the requirements of our customers, always complying with the most rigorous standards.

Our products can be grouped into 5 business lines as are outlined in the next section:

**ROAD STEEL**

Development of practically all containment systems for highways, just as anti-noise screens and sound-absorbing coating of tunnels, strictly meeting all regulations and with numerous patents.

**SOLAR STEEL**

In permanent growth. Designs and develops fixed and mobile solar structures, as well as streetlights and electricity towers.

**AUTOMOTIVE**

Leaders in the supply of flat steel, steel tubing and 3D laser cutting to the main automotive Tier 1s and OEMs as well as to important stamping companies.

**INDUSTRY**

Versatility and adaptation to the customer through various products: fuel and chemical storage depots, ad hoc structures and products made to order for various industrial customers.

**MATERIAL HANDLING**

Develops, manufactures and assembles integral storage systems, focused on companies that require the storage of raw materials, work-in-process or finished goods during their processes.
OUR MANAGEMENT MODEL “DRIVE”

Drive is the Management Model that pushes Gonvarri to reach its profitability and growth objectives. The model is based on people, on the efficiency of the continuous improvement of its processes, on the particular effort in innovation, and always with a focus on sustainability.

During its dissemination, informative on-site sessions were held in all plants based on a cascade communication, from the Direction to their direct collaborators (managers), and these to their teams, until descending to all the professionals who make up Gonvarri.

To contribute to its proper understanding, a myriad of supporting material was made available, such as rollups, “Drive” decks of cards, leaflets, rollout manuals, explanatory videos, etc. Additionally, the employees were able to ask about their concerns about Drive through the web “Leading the Change”. On this page it is possible to interact with the model, by clicking on each element, as well as through the App on the same platform.

Drive and the Sustainability Report

In Gonvarri, sustainability is part of the company’s values and principles and thus of its strategy and management.

For this reason, we have modified the design of the Report this year. This, consistent with our Management Model “Drive”, with our commitment with the “Sustainability Development Goals” and with topics that are relevant to our stakeholders, allow us to give an approach which is more appropriate and coherent to our way of understanding sustainability and its impact on the management of the company.

As in past years, the Report has an annual periodicity, and covers the information comprised between January 1st 2017 and December 31st 2017, being the last report of the year 2017 (102-50, 102-51 and 102-52).

The Report is made in accordance with “the GRI Standards- Comprehensive Option”, which list of GRI Contents is annexed to the Report, jointly with the independent external verification report of the company PwC (102-54 and 102-56).

For general questions about this report, you may refer to (102-53):

rsc@gonvarri.com

+34 91 379 10 00

C/ Ombú 3, floor 6.
28045 Madrid. Spain
**GOVERNANCE**

**Governance Structure**

102-18

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

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

As of December 31st 2017, the Board of Directors is formed by:

- **Mr. Juan María Riberas Mera**
  - President
- **Mr. Vijay Krishna Goyal**
  - Vice president
- **Mr. Alain Le Grix de la Salle**
  - Board Member
- **Mr. Jesús Calvo Moreira**
  - Board Member
- **Gonvauto, S.A.**
  - Board Member
- **Acek Desarrollo y Gestión Industrial, S.L.**
  - Board Member
- **Agrícola La Veguilla, S.A.**
  - Board Member
- **Mr. Francisco José Riberas Mera**
  - Secretary
- **Mr. José Manuel Arias García**
  - Board Member

GSS is an unquoted company, whose members of the Board of Directors represent all shareholders, and therefore there is no legal imperative to have representatives from other stakeholders, nor to take other factors related to diversity, minorities, etc. into consideration. (102-22 and 102-24). The President of GSS does not hold an executive position (102-23).

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

The Board of Directors makes relevant decisions in plenary session and delegates, when applicable, the execution of these. Additionally, special powers of attorney can be agreed by the Board of Direction in favor of employees of the company to carry out specific elements in those operations previously approved by this body (102-19).

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

The partner will not be able to exercise his voting right associated with their participations when in one of the conflict of interest cases established in article 190 of the Royal Legislative Decree 1/2010, of the July 2, in which the Consolidated Text of the Corporate Law was approved (102-25).

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

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

Through our parent group, we count with a global corporate culture that retains the very same values and principles from our origin, but which are tailored to the local needs of each country, to the current market conditions and to the stakeholders’ demands.
The Board of Directors is responsible for the approval and commitment to complying with the Code of Ethics, the Sustainability Policy, as well as the compliance policies. Moreover, company employees can be expressly empowered to carry out specific elements of operations previously approved by this body (102-20 y 102-26).

Specifically, the following policies and codes were approved in 2017: the new Code of Ethics, the Compliance Policy, the supervising Plan of the complaint channel, the anti-fraud Policy and the internal audit Statute. The heads of the different administrations keep a permanent and fluent communication with the General Manager of the company. Any important worry is immediately conveyed by the heads of the different areas to the General Manager, who, if necessary, will convey this to the Board of Directors (102-33).

The company participates and integrates it’s economic, social and environmental responsibilities into the different management, whose highest managers bring any decisions to be taken to the General Manager and, where appropriate, to the Board of Directors. Additionally, they are permanently informed of economic, social and environmental matters, through different internal communication mechanisms, such as: periodical meetings with the directors of the different areas, the biannual meetings of the General Manager with the staff, the development and approval of the Sustainability Report and different communication mechanisms like the intranet “Leading the Change” (102-27).

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

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

### Risk Management Functions of the highest governing body

For the development and execution of new projects, a thorough study is performed in which all the quantitative and qualitative aspects of the project are analyzed and weighted, just as the investment, financing and potentials risks for the different administrations of the company and the Management Committee, prior to its presentation and subsequent approval to the Board of Directors.

All these activities and the possible risks derived from these are continuously analyzed by the management and the GSS teams, which allows for risk detection and the implementation of the necessary correcting measures in a fast and agile way. In the Risk Management section, the risk management and identification methodology is described (102-29, 102-30 y 102-31).

### Nature and amount of aspects raised in the Board of Directors (102-34)

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

The administrators will invoke the General Shareholders’ Meeting this way when they deem it necessary or convenient and, in any event, when one or various partners that represent at least 5 percent of the share capital request so. When the Management and representation of the Society are entrusted to a Board of Directors the established guidelines for that purpose will be followed. It will gather at least 4 times a year, and additionally when its President or Vice-President deem it appropriate. The announcement will always be made in writing, directed to each Counselor, minimally five days in advance of the meeting.

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

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

In regard with the most relevant topics which were dealt with, the annual accounts of the previous year were designed and in all meetings the projects, investments, budgets, sales and market situation were followed up on, just as the on the issues most relevant to each administration.

### Remuneration of the Board of Directors

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

In the case that the Administrative Body takes the form of the Board of Directors, it will determine the amount each of its members has to receive, in function of their dedication to the direction of the Society. If the Administrative Body takes another form, it will correspond to the General Shareholders’ Meeting to decide if, in function to said parameters, the remuneration of each administrator will be the same or will vary (102-35).

To calculate the remuneration stakeholders shall not be considered nor consulted (102-36 y 102-37).
In 2016 a project focused on developing the new “Compliance Model” was initiated through the Internal Audit area. Within this project a deep revision of the Code of Ethics and Conduct was done, just as the revision of various anti-corruption, risk, commercial sanctions and information exchange policies, among others, which were all approved by the Board of Directors in September 2017 and January 2018. These policies will be outlined hereunder:

**Code of Ethics and Conduct**

The code is applicable to all Societies integrated into the Group, as well as to investee companies that are under effective control. In the investee companies where the Code is not applicable, principles and guidelines consistent to this Code are promoted.

It is mandatory for employees, collaborators, directors and the managers of the Group know the full content of the Code and especially the principles and behavioral guidelines in it. It is mandatory that they carry out training in this subject and that they pass an exam of the principles and guidelines contained in the code of ethics and conduct.

**The statute of the Compliance Committee**

The aim of this document is to define the scope, responsibilities and the powers of the Compliance Committee, just as the principles and guidelines that will regulate its composition and functioning, to control, supervise, evaluate and improve the “Compliance Model”.

**Compliance Policy**

This establishes the commitment of the Group to the corporate values and behavioral guidelines set in its “Code of Ethics and Conduct”, assuming the firm obligation to prevent, detect and punish any behavior that implies a breach of the legal obligations set by the internal and external regulations applicable to GSS.

Its compliance scope encompasses: criminal risk prevention policies, personal data protection, codes of conduct, accounting, financial reporting, transparency and Corporate Governance standards, compliance to IT regulations, to competition Law, Industrial and Intellectual Property Law, to Tax and Customs legislation, to occupational risk prevention legislation, to environmental legislation, to sectoral legislation, to restrictions and international sanctions, as well as to the roles and functions of the Board of Directors and the management of the company.

**Rule zero**

This has as its objective to organize the production, approval and publishing of the internal regulation devised by GSS and designated to the people that are in its structure or related to GSS in any of their own areas of activity. It is an internal global guideline that shall be applied to all departments or division and, therefore, is of obligatory compliance for all employees of the GSS Group.

**Anti-fraud and corruption Policy**

This policy establishes the commitment of the Group to the corporate values and behavioral guidelines set in its “Code of Ethics and Conduct” explicitly expressing the objection of the GSS Group to committing any type of conduct that implies or might imply an act of fraud or corruption. It is applicable to all the societies in the Group with a majority shareholding, directly or indirectly, by its parent society, Gonvarri Corporación Financiera, S.L. and to all the people of the Group in the performance of their functions and responsibilities in all activity areas in which they represent the Group.

The document implements the operational principles concerning prevention, detection, control and sanctioning of fraudulent and misconduct, in its fight against fraud and corruption, basing these on the corporate ethical culture and its commitment to regulatory compliance.

**Compliance Model supervision plan**

The principles that apply to the management, supervision, monitoring and revision of the model are explicitly stated by this plan.

In this area, the GSS Board of Directors, as the most responsible for the safeguarding and management of the risk of default within the Group, mandates the Compliance Committee with the responsibility to ensure its correct supervision and revision.

The plan has the objective to determine the roles and responsibilities in the supervision process, as well as the criteria to be used in its implementation, including the testing of the Compliance Model and the definition of the communication and reporting procedures between the different parties involved in the periodical supervision of said Model.

**Functions and responsibilities of Internal Audit department and compliance**

This policy defines the functions, competencies, responsibilities and operational principles of the management of Internal Audit and Compliance, under the supervision of the Executive Director and the Managing Director.
Rules of procedure of the Ethics Channel

These define the operating principles and the terms of use on which the Ethics Channel is based, such as the functions and responsibilities of each of the bodies involved in the management and processing of queries/complaints.

The Ethics Channel is made available to all employees, directors, managers and collaborators in the Gonvarri Group and also to other external stakeholders, such as customers, providers or the society in general. This with the same objective of consulting doubts about the application of the Code of Ethics and Conduct, just as notifying the possible misconducts that correspond to the breach thereof. This is further elaborated in the sustainability chapter.

Corporate policy on trade sanctions

This policy’s aim is to complement the general provisions, related to the compliance to all laws and regulation on sanctions and international trade restrictions, determined by the Code of Ethics and Conduct and in the Compliance Policy of the Group. It encompasses broad economic sanctions against a country or territory, as well as the particular economic sanctions based on lists, in which certain entities, people and organizations are included.

Corporate policy for risk control and management

This policy has as its aim to determine some basic principles, such as an internal control framework and the management of any type of risk that the Group Gonvarri Steel Services faces.

The risk management system of the GSS Group provides reasonable assurance that all meaningful risks: strategic, operational, financial, and of compliance; are prevented, identified, evaluated, and subject to continuous supervision. This information is further elaborated on in the Risks and Opportunities section.

Corporate policy for information exchange with the competition

This policy has as its aim to define the rules and standards that govern the exchange of information between the personnel of competing companies and our own.

The exchange of information constitutes an especially sensitive act that may imply an infringement of antitrust laws and/or be a crime; this is why mandatory rules of conduct are defined, just as the corresponding sanctions.

Following the approval of all compliance policies and the rules of procedure of the Ethics and complaints Channel, an ambitious communication and training plan for 2018 has been devised, which is outlined in the chapter sustainability. The training done in 2017 is included in the People chapter.

Complaints and ongoing disputes

In 2017, the Ethics Committee received a report of workplace harassment in the central offices. After the investigation, it was concluded that the claim was unfounded (406-1). Apart from that, no discrimination cases nor complaints from third parties have been detected (205-3).

In 2017, 4 proceedings have begun as a result of work accidents related to work procedures. These may lead to sanctions for social security surcharges derived from lack of security measures in Spain, all of these are ongoing at the end of closing the report.

Regarding other initiated procedures against the society, ongoing disputes and sanctions, there are no other meaningful instances that have a relevant economic impact on the Company in regard to unfair competition, monopolistic practices and practices against free competition (206-1), health and safety impacts of products and services (416-2), justified complaints related to customer privacy violations nor to customer data losses (418-1) nor any incidents derived from products information and labelling (417-2), nor breaches resulting from marketing communications (417-3) and nor any non-compliance to the laws and legislation in the social, environmental and economic areas (307-1 and 419-1).
In September 2015, the member states of the United Nations engaged with a historic commitment when approving the 17 Sustainability Development Goals (SDG) 2016 - 2030, as a new roadmap to follow the next 15 years. The contents of these SDG can be interpreted in 169 goals that cover social, environmental and economic aspects.

From our commitment to sustainability, we, at Gonvarri Steel Services, are aware of the importance of an active participation to contribute to the success of these. For this reason, we have defined 4 direct objectives which are linked to our management model and our future strategy, just as other indirect objectives, which are outlined next:
Gonvarri Steel Services Sustainability Report 2017

7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all.
SDG 7.3. By 2030, double the global rate of improvement in energy efficiency.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts.
SDG 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote sustainable industrialization and foster innovation.

Project: Energy efficiency
Project: Innovation.
Light vehicles

Efficiency

Profitable growth

Innovation

8 DECENT WORK AND ECONOMIC GROWTH
Promote inclusive and sustainable economic growth, employment and decent work for all.

17 PARTNERSHIPS FOR THE GOALS
Revitalize the global partnership for sustainable development.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.

Project: Gonvarri 4.0
Project: SPG
Project: Processes and products

Innovation
The relation with our stakeholders is a priority issue in Gonvarri. In this area, we consider every organization that could exert a substantial influence, and what is or might be affected by our activity. For this reason, since the publication of the first Sustainability Report in 2013, we have analyzed and updated our identified stakeholders, to improve the communication and response channels true to their expectations and to orientate the content of the Report to the economic, social and environmental areas.

We have different communication channels specifically for each of our identified stakeholders. This allows us to have an active dialogue, to respond faster and more efficiently to trends and to their needs, as is outlined below:

**Stakeholders**

- Shareholders /Senior body
- Employees
- Clients
- Suppliers
- Local Communities and Authorities
- NGO’s
- Media
- Competence

**Specific mechanism**

- Periodically reports between the General Managers and the CEO
- Each quarter, the most significant results are included on the order of the Board of Directors day
- Global satisfaction climate survey
- Intranet Leading The Change
- Interdepartmental meetings with management
- Work council and Health and Safety Committee
- Catalogues and stands at trade fairs
- “B2B Platforms” as a communication tool
- Annual satisfaction survey
- Regular visits and meetings
- Claims management
- Supplier evaluation surveys
- Regular visits and meetings
- Supplier’s portal
- Claims management
- Relationships with local authorities, sectoral associations and other organisations are typically organised by Management at each plant.
- Events and days of “open doors”
- Institutional meetings
- Joint initiatives with third sector organizations
- Collaborations and volunteering
- Daily analysis of relevant news
- Press releases
- Social media channels and a website
- Forums and associations
- Specific collaborations

**RELEVANT ASPECTS: MATERIALITY ANALYSIS**

Our stakeholders: Identification and communication

102-40, 102-42 and 102-43
Regarding the results of the internal and external communication in 2017, we stress the following results, which include the information of GSS, Emotional Driving and the product pages on LinkedIn.

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Followers</th>
<th>Total number of contents posted in 2017</th>
<th>Visits to our profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twitter</td>
<td>1,723</td>
<td>416</td>
<td>15,775</td>
</tr>
<tr>
<td>YouTube</td>
<td>191</td>
<td>19</td>
<td>23,481</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>8,237</td>
<td>64</td>
<td>15,500</td>
</tr>
<tr>
<td>Facebook</td>
<td>2,910</td>
<td>128</td>
<td>1,300</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>56,056</td>
</tr>
</tbody>
</table>

Materiality study
102-44, 102-47, 102-49, 103-1, 103-2 and 103-3

Materiality study
102-44, 102-47, 102-49, 103-1, 103-2 and 103-3

For the “Identification of material aspects”, a benchmark of the companies in the sector was done, appearances in the communication media were analyzed and assessed, as were reports from analysts regarding topics relevant to our sector, and implementation and development in the company (policies, plans, etc.). This allowed us to group the relevant information in 21 aspects.

Next, we weighed these 21 aspects, from an internal and external perspective, to identify the most relevant to our stakeholders and to the company.

External and internal coverage:
102-46

For this identification, we amplified and improved our methodology for information collection and representativeness of our stakeholders through technological data and information analysis tools, counting with the direct participation of the management, employees, customers and providers, through the assessment of the importance and perception of the identified aspects.

This improvement allows us to have this information, not only at a corporate level, but also for each country where GSS has a presence and, with it, to specify local measures that improve our management and response. The process is shown in the attached graphic:

The average participation of the interviewed stakeholders, directors, employees, providers and customers is around 54% as outlined next:

Surveys sent: **1,534**
Participation

Managers: **64%**
Employees: **54%**
Clients: **41%**
Suppliers: **60%**

There have not been any relevant changes with respect to last year. The minor changes are indicated in their corresponding sections (102-49). There has been no restatement of the information regarding the previous year (102-48).
After this analysis, consideration and revision, a total of 11 global material subjects were defined, taking into account the answers of all stakeholders in all countries. In the table the material aspects are indicated and the chapters in which they are elaborated:

<table>
<thead>
<tr>
<th>GSS Global Material Subjects</th>
<th>Reference material</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Presence in new countries and new product development.</td>
<td>Our business</td>
</tr>
<tr>
<td>2 The commitment of senior management to sustainability and governance.</td>
<td>Our business</td>
</tr>
<tr>
<td>3 Formal ethical and anti-corruption framework. Communication, implementation and Complaint channels.</td>
<td>Drive: sustainability</td>
</tr>
<tr>
<td>4 Formal risk control and compliance framework. Communication, implementation and complaint channels.</td>
<td>Drive: profitable growth</td>
</tr>
<tr>
<td>5 Policies related to Human Rights, Complaint and response channels.</td>
<td>Drive: sustainability</td>
</tr>
<tr>
<td>6 Talent attraction and retention. Training, professional development and performance assessment programs.</td>
<td>Drive: personas</td>
</tr>
<tr>
<td>7 Social action and local community dialogue programs and strategy.</td>
<td>Drive: sustainability</td>
</tr>
<tr>
<td>8 Security and health management for employees and outsourced contracts.</td>
<td>Drive: efficiency</td>
</tr>
<tr>
<td>9 Environmental management.</td>
<td>Drive: efficiency</td>
</tr>
<tr>
<td>10 Energy: Consumption, plans, and energy efficiency programs and development of renewable energies.</td>
<td>Drive: sustainability</td>
</tr>
<tr>
<td>11 Innovation: products, quality, security, environmental impact and process efficiency.</td>
<td>Drive: efficiency, Drive: innovation</td>
</tr>
</tbody>
</table>
Apart from the analysis of the global answers, these have been analyzed on a country level, to determine the material aspects that are important on a national level rather than on a global level. The material issues by country are summarized below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Material Aspects</th>
<th>Reference material</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARGENTINA</strong></td>
<td>Transparent communication with the stakeholders</td>
<td>Our business</td>
</tr>
<tr>
<td></td>
<td>Diversity advancement and policies.</td>
<td>Drive: People</td>
</tr>
<tr>
<td><strong>BRAZIL</strong></td>
<td>Transparent communication with the stakeholders</td>
<td>Our business</td>
</tr>
<tr>
<td></td>
<td>Diversity advancement and policies.</td>
<td>Drive: People</td>
</tr>
<tr>
<td><strong>COLOMBIA</strong></td>
<td>Transparent communication with the stakeholders</td>
<td>Our business</td>
</tr>
<tr>
<td></td>
<td>Diversity advancement and policies.</td>
<td>Drive: People</td>
</tr>
<tr>
<td><strong>MEXICO</strong></td>
<td>Transparent communication with the stakeholders</td>
<td>Our business</td>
</tr>
<tr>
<td></td>
<td>Diversity advancement and policies.</td>
<td>Drive: People</td>
</tr>
<tr>
<td><strong>POLAND</strong></td>
<td>Information on indirect economic impacts.</td>
<td>Drive: profitable growth</td>
</tr>
<tr>
<td></td>
<td>Diversity advancement and policies.</td>
<td>Drive: People</td>
</tr>
</tbody>
</table>

Regarding these aspects, additional information will be given in the corresponding chapters. The rest of the countries do not present additional material aspects.