



GRI

Renewable
Industries

GRI

SUSTAINABILITY
REPORT 2017

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Letter from the President

Jon Riberas

President. GRI Renewable Industries

102-14

Dear readers,

It is a pleasure to present the **GRI Renewable Industries Sustainability Report 2017**, which summarises our economic, social and environmental performance.

The Report was made under the **Global Reporting Initiative Standard (GRI)** and the **materiality study** results. For this study, we have improved the methodology to understand the views of our stakeholders through a technological data and information analysis tool, counting on the direct participation of management, employees, customers and suppliers, assessing material aspects on importance and perception.

At GRI Renewable Industries, we believe that our future holds **two big challenges**: the evolution of the wind component sector, in accordance with the global trend towards an energy mix where renewable energies are becoming increasingly prominent, and the fight against climate change, where this energy plays a fundamental role.

Therefore, in our strategy it is key to improve our products through the development of modern and innovative components (towers and flanges), adapted to our customers' needs, and through diversification, increasing our presence in different countries and covering the global demand for our products.

A clear example are the important **investments** made over the year, focused on the improvement of our existing facilities and on the development of new factories.

In this area, we should note the commissioning of our first offshore factory in Sevilla and the closing of the joint venture agreement in Argentina with our partner Metalurgias Calviño, which will operate under the trademark "GRI Calviño Towers Argentina".

After the approval of the **Sustainable Development Goals (SDG)**, a path was shaped on which companies can focus their efforts to end poverty, reduce inequality and fight climate change. Because of these we consider it to be an obligation for GRI Renewable Industries to contribute to their completion, focusing our attention on the following goals.

SDG 9: Industry, innovation and infrastructure, through goal 9.4: to build resilient infrastructure, foster inclusive and sustainable industrialization and encourage innovation.

In our commitment to Innovation we opt for maintaining our top position. We are developing various projects steering to improving processes, making these more efficient, productive and reducing our environmental impact. We are improving our products, seeking the best solutions to integrate the know-how and needs of the sector when manufacturing flanges and towers based on new welding and manufacture strategies, with which we seek to revolutionize the market. In addition, we are participating in the Spanish Wind Industry's Technological Platform (REOLTEC) where we coordinate R+D+I activities that meet the needs of the sector.

SDG 13: Climate action, through goal 13.2: to advance in the different initiatives fighting climate change.

The manufacturing of components for the wind industry is key in this objective. These initiatives help us to make energy more accessible in remote areas, as well as to minimize effects of climate change, by generating energy which is renewable and free of CO₂ emissions.

In this area, GRI Renewable Industries constructed a total of 987 wind towers, with which we contribute to the generation of non-contaminating energy and indirectly **prevent** the emission of 348,254 tons of CO₂.

Additionally, for the third consecutive year we have continued with our goal of planting at least one tree for each tower manufactured, through three **reforestations** in Spain carried out in the surroundings of the plants GRI Towers Galicia, GRI Flanges Iraeta and GRI Madrid offices. These activities bring a double benefit. On one side, we have planted over 1,300 trees which will contribute to the absorption of 608 tons of CO₂ over the next 40 years. On the other side, thanks to the cooperation of our professionals and their families, we improve the work environment and the pride of belonging.

After the success obtained year after year, we wish to add two factories to this challenge in 2018: GRI Castings Zestoa and GRI Towers Sevilla.

Regarding our performance on **Compliance**, this year we have put in an enormous amount of effort on both training and awareness, raising both online and on-site

on the Code of Ethics and the accompanying guidelines. Furthermore, we continue to reinforce the General Internal Control Framework and to improve the Risk and Control Matrix for the key business processes.

The **Health and Safety** of our professionals is a key aspect. In 2016 we started the implementation of the internal health and safety standard "IPRL", which encompasses and goes beyond the legal provisions applicable in each country. As a result of this we can see important improvements in working conditions, on reducing risk exposure and evaluating our performance more accurately. In 2017, the improvements made in GRI Towers Turkey stood out and were assessed as "excellent performance".

In relation to **Social Action**, we are collaborating with various organizations: The "What Really Matters" Foundation, the Foundation Juan XXIII Roncalli, World Central Kitchen and AESLEME (Association for Study of Spinal Cord Injuries). Moreover, the factories develop local initiatives, mainly focused on culture and education.

All these actions are done under a model of ethics, sustainability and respect for human rights, as is reflected in the renovation of our commitment to the **United Nations Global Compact**.

Therefore, I encourage you to **read** this report, your recommendations and opinions will be most welcome, and will serve us as a guide to continue our efforts in being experts and offering the best of ourselves.



Letter from the CEO

Javier Imaz

CEO, GRI Renewable Industries

102-14

Dear friends,

As like every year, since 2014, it is a pleasure to present our new **Sustainability Report 2017**, in which we want to reflect and summarize the main figures and events of this financial year.

2017 has been a difficult year for the company in terms of **economic performance**, principally stemming from changes in energy policies in some countries and start-up difficulties in the new plants.

Thus, our plant in **Amarillo, USA** has been affected by difficulties in starting its activity which has affected production levels. Other plants like **India** and **South Africa** have suffered the effects of changes in energy policies in their respective countries, which have caused the temporary suspension of many wind projects in these countries, together with the consequent impact on the supply chain for said projects.

In 2017, **investment** spending (CAPEX) reached 99 million euros, which implies a 36% increase in respect to last year, which focuses on the improvement and development of new facilities.

This year, we closed a joint venture agreement with Metalurgias Calviño in Argentina. This new project will operate under the trade mark **GRI Calviño Towers Argentina**, and will allow us to supply around 300 towers per year, mainly designated to the Argentinean market, which has become one of

the most dynamic markets in South America. This was made possible after the approval of a new series of renewable energy generation projects by the Government.

Furthermore, we have launched our first offshore tower factory, **GRI Towers Sevilla**, which has already begun the production of its first offshore towers and has obtained, in record time, quality certification under the ISO 9001:2015 standard and Health and Safety certification under the OHSAS 18001 standard.

We are currently carrying out the construction of the new **GRI Towers India II** plant. Its development has been delayed due to the long duration of the Monsoon, which made completion on schedule impossible, and we hope that this factory is operational mid 2018. This, in addition to the construction of the fourth plant in China, **GRI Flanges China IV**, which is already in the testing phase, expecting its satisfactory start-up in 2018.

GRI Renewable Industries has therefore continued its endeavor in investment and internationalization in 2018 to be able to go with its customers to new markets in which wind energy is being developed.

Sustainability continues to be a key aspect for us. For this reason, we have enforced our contribution to the **Sustainable Development Goals (SDG)**, particularly to Goal 9: Innovation and infrastructure, and Goal 13: Climate action.

In this context, **innovation** plays a fundamental role in our contribution to **SDG 9**, through our innovation projects, which allow us to be at the forefront of the market, offering certified high-quality solutions and products, consistent with our customers' needs.

At GRI we firmly believe in the necessity of contributing, via the reduction of production costs of our products, to LCOE reduction which allows wind energy to become an economical and **reliable alternative for energy supply** in the future, and to achieve this, we believe that innovation in our manufacturing processes and in products we offer to our customers is a key aspect.

Regarding environmental matters, we play an active role in the fight against **climate change**. In line with **SDG 13**, we have once again come through on our commitment to plant one tree for each produced tower, in reforestation completed by the facilities GRI Towers Galicia, GRI Flanges Iraeta and the offices of GRI Madrid.

In regard to our **team**, we have slightly increased our workforce this year, reaching a total of 3,418 professionals. The increase mainly took place in our facilities in the United States and Spain, due to the start-up of new factories. Nevertheless, in the remaining countries the workforce was affected by a reduction in production, and decreased as a result.

In regard to **Health & Safety**, it should be noted that after the start of the IPRL implementation (Occupational Risk Prevention Index) in 2016, we have improved global working conditions by 12%. In 2017, the GRI factories in Brazil and GRI Towers Turkey stood out the most, boasting excellent performances, and GRI Towers USA and GRI Castings Zestoa that have been integrated to the IPRL.

The objective in 2018 is to continue our work so that the other factories of the group continue **to improve their health and safety conditions**, and reach the excellence level in the index also, as well as the inclusion of the new plants: GRI Towers Sevilla, GRI Calviño Towers Argentina and GRI Towers India (under construction).

This objective must focus our actions on the design of our plants, the definition of our processes and products, and ultimately on all our actions, so that **accident prevention** will be a determining factor when making decision that might have an impact on it.

Before I finish, I would like to thank all the support and constant work of the GRI Renewable Industries **team**, which helps us to be a **leading** company in the wind energy sector, but above all, an increasingly **sustainable** one.



GRI Renewable
Industries

- 1 GENERAL STANDARD DISCLOSURES
- 2 SPECIFIC STANDARD DISCLOSURES**
- 3 ANNEXES





1 STANDARD DISCLOSURES GENERAL

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OUR COMPANY

102-1, 102-2, 102-3 AND 102-5

GRI Renewable Industries S.L. (GRI Renewable Industries or the Company onwards) was founded in 2008 as the main provider of towers, flanges and castings for the renewable energy sector. We use cutting-edge technology to supply high quality products and services all around the world.

The headquarters are located in:
C/ Ombu 3, pl.12. 28045 - Madrid

In 2015, the Japanese group Mitsui & CO Ltd was integrated as a partner, with the acquisition of 25% of the Company.

In 2017 GRI continues growing globally, operating in 8 countries with a total of 14 operating plants, one of which is dedicated to the offshore market, and 2 plants which are under construction, one destined to towers and the other to the flange sector.

Milestones

Development of our factories since 2008



*Factories under construction

GRI in figures

102-7



Turnover
383,916
Thousand of €

Expenditure in
local suppliers
81%

6
Ongoing
R&D
Projects



CAPEX
99,019
Thousand of €

Net equity
324,851
Thousand of €

4
Reforestation
projects

tons CO₂
348,254
avoided



Presence in
8 countries

Tower
production
987

Under
construction
facilities
2



Employees
3,418
professionals

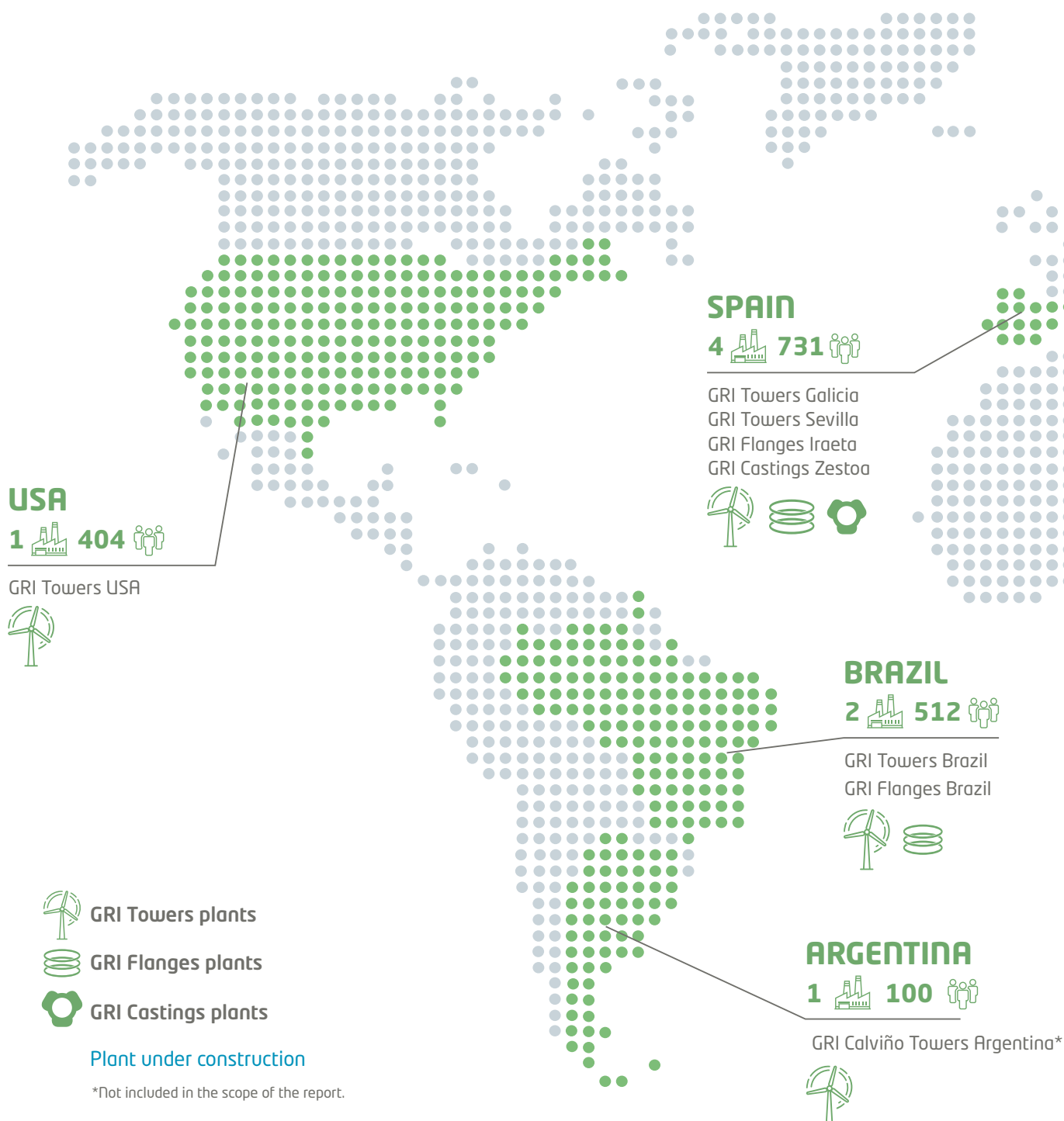


Operational
facilities
14



Worldwide presence

102-4 AND 102-6





Countries

8



Operational
facilities

14



Under construction
facilities

2



Professionals

3,418

TURKEY

1  246 

GRI Towers Turkey



CHINA

4  895 

GRI Flanges China I
GRI Flanges China II
GRI Flanges China III
GRI Flanges China IV



INDIA

2  355 

GRI Towers India I
GRI Towers India II



SOUTH AFRICA

1  275 

GRI Towers South Africa



BRANDS AND PRODUCTS

102-2

The company operates under the brand of GRI Renewable Industries, keeping the same structure and specifying the product or service personalized to each country and region.



GRI Towers

This division is responsible for the manufacturing of towers for the main wind energy OEMs in accordance with the specifications defined by these.

It has 8 operating facilities for "onshore" towers in Galicia, Brazil, Turkey, India, South Africa, Argentina and the USA, as well as a plant in Seville to manufacture "offshore" towers. Additionally, a beveled cutting line has been added to the plant in Galicia.

The second plant in India is currently under construction.



GRI Flanges

Its activity is the manufacturing of flanges (structure designed to join segments of wind towers). It has five operating plants distributed over Spain, Brazil and 3 in China.

Moreover, it is building its fourth plant in China, consolidating its presence in the Asian market.



GRI Castings

Its activity is the casting of steel to produce components for the wind industry.

Currently it has one plant in Spain, "GRI Castings Zestoa", but expanding production of pieces and tooling has not been ruled out.



RISKS AND OPPORTUNITIES

102-29, 102-31, 103-1, 103-2, 103-3 AND 205-2

Our risk management

102-30 AND 103-2

Currently we are in a prominent position in the wind sector, contributing to a new renewable and sustainable energy model. In this way, we contribute to the development of the communities where we operate, through improvement and reduction of the contamination and the accessibility of electricity.

GRI Renewable Industries has varying risks inherent to its activity and to the different countries in which it operates.

For this reason, it counts with a General Internal Control Framework since 2015, based on COSO (Committee of Sponsoring Organizations of the Treadway Commission), which includes:

- Internal Control Committee and Policy
- Array of Entity Levels Controls
- Risk and Control Matrix for each key business process

After in depth analysis, 8 societies and various processes were defined in which testing was conducted representing 44.4% of the company.

Through these, various control deficiencies were found, their material impact assessed and action plans and measures were defined and implemented at the closing of the year, which contribute to assure correct financial reporting and compliance to the applicable laws and regulations.

It should be noted that despite the detected deficiencies, no fraudulent activity or corruption was found in the analyzed operations (205-3).

All the analyzed risks, which may or may not have a relation to fraud/corruption, are linked to a control for its mitigation (205-1).

Additionally, the operations and providers that have risks regarding child labor, forced labor and/or human rights have been evaluated (408-1, 409-1 and 412-1).

To enhance the implementation of these control mechanisms, training related to control deficiency detection and testing were given on a corporate level as well as on a factory level.

As of the 31st of December 2017, no claims nor significant fines, that exceed €100,000 or that have a special impact on the Company by nature, related to social, environmental, economic aspects nor to labor practices and/or human rights were received. Neither were there any significant fines nor claims related to unfair competition practices, monopolistic practices or customer data leakage (206-1, 307-1, 418-1 and 419-1), nor any non-compliance regarding products and services information and labelling (417-2) nor any non-compliance regarding marketing communications (417-3).



Main risks and opportunities

102-15, 102-29, 103-1, 103-2 AND 103-3

At GRI Renewable Industries we work to mitigate and reduce all possible risks through mechanisms integrated in the organization, as is outlined next:

Risk management: new projects

For the development and execution of our new projects, an exhaustive study is done in which all quantitative and qualitative aspects of the project, as well as the potential risks, are analyzed and assessed by the distinct departments prior to their presentation to the Board of Directors.

All proceedings and their derived risks are continuously analyzed by the management and the teams of the company, which allows for their detection and for the quick and agile implementation of correcting measures.

Phases:

1. Data collection (customers, potential business volume, investment costs, regulatory aspects, capital repatriation, etc.). Once analyzed, and if viable, it is brought to the Board of Directors for the next phase.

2. The Board of Directors approves the new project as well as the necessary measures to mitigate potential risks. It is periodically informed about its degree of process by the CEO and, where applicable, by the different departments.

3. Once approved, all procedures to **obtain the necessary permits and licenses**, the startup and the outsourcing of the design, engineering and construction activities are initiated, as well as the investment, financing, and purchasing of assets and machinery. Similarly, the selection of the necessary personnel for the plant's operations is started.

4. Once the plant is finalized and starts operating, it counts with **"startup teams"** from other plants of the group to put the plant into operation together with the local teams.

In the developed and financed projects, no clause or commitment regarding human rights has been required (412-3).

Operational risks

We focus our efforts on keeping and improving the relationships with our customers, adapting ourselves to their needs, amplifying our product and service portfolio and increasing our global presence.

To minimize this risk, various technological improvement, innovation and production efficiency actions have been defined in the Strategic Plan aiming to avoid faults in the product, management problems, competition problems, etc. and to adapt ourselves better to the customer's requirements, without losing the high quality that characterizes us.

Furthermore, as a result of controlled testing, a list of improvements in the different company processes has been defined, which will be implemented over the year 2018.

A clear example of our expansion and improvement is the joint-venture with Metalurgica Calviño (An Argentinean company founded in 1943 which specializes in the manufacturing of metallurgical structures and equipment), with whom we are currently immersed in a modernization, amplification and improvement process, which will then allow us to operate under the GRI Calviño Towers Argentina brand at the end of 2018.

Reputational, ethical and human right risks

These are caused by possible behaviors which are contrary to the guidelines indicated in the policies and codes of GRI Renewable Industries regarding ethics, human rights and anti-corruption.

Through the new Management of Corporate Compliance and the managers of the different plants, an ambitious training plan covering the compliance codes and policies for all personnel has been executed.

In addition, a compliance committee and the channels belong have been defined to respond to complaints and conflicts that may arise.

Through these mechanisms, we have mitigated the risks and improved communication and management regarding the economic impact of our factories (business opportunities to local providers, employment, improving the local economy, tax payments, etc.).

Financial Risks

The activity of GRI Renewable Industries is subject to financial risks. These are managed through the risk management program, which focuses on the uncertainty in the financial markets and minimizes the potential adverse effects on the financial profitability. Additionally, we use derivatives to reduce the impact of the currency exchange rates.

The financial department is in charge of identifying, evaluating

and covering these risks in accordance with the policies approved by the Board of Directors.

For GRI Renewable Industries, having a presence in different countries and to be close to the customer is a competitive opportunity. Risks and possible incidences are reduced and mitigated with more robust, profitable and sustainable growth.

The three most relevant financial risks are outlined next:

Market Risks

The risks that may arise due to losses caused by variations in the fair value or in cash flows of the financial instruments are the following:

- **Exchange rate risks:** the company operates in the international sphere, and, for this reason, is exposed to exchange rate risks in operations with foreign currency.
- **Price risk:** This risk arises from our raw materials that are exposed to the risk of price variations in the international markets.
- **The interest rate on cash flow and fair value:** As the company does not have large remunerated assets, incomes and cash flow in its exploitation activities are greatly independent of variations of the market's interest rates.

The company analyzes its exposure to these risks by defining the possible scenarios and variables (refinancing, renovation of current positions, alternative financing and coverage), for the liabilities that represent the most relevant positions supporting an interest.

As for the closing of the financial year, as this risk was considered to be of small significance as well as the expectations regarding the evolution of the interest rates, which are considered to be optimistic, the company has not deemed the formalization of interest rate coverage contracts necessary.

Credit risks

The credit risk stems from cash and cash equivalents, derivative financial instruments and deposits in banks and financial institutions, and, fundamentally, from outstanding payments of customers.

This risk is mitigated through various mechanisms such as the rating and relation of the banks and financial institutions, sales to the customer by geographical location and/or independent appraisals of customers, if available, and otherwise by evaluating their credit capacity.

Liquidity risks

This management implies the maintenance of cash and sufficient negotiable securities, the availability of financing and the capacity to settle market positions. Due to the dynamic character of underlying business, the treasury department of the company has as its aim to keep flexibility in financing through having short and long-term credit lines available.

Social and environmental risks

Due to the continuous growth of the population in the coming decades, natural resources, products and services will be used more intensively, thus creating a bigger environmental impact and causing more emissions to be released into the atmosphere. In this area, renewable energies will play a more important role in the world's energy mix.

For this reason, GRI Renewable Industries offers more innovative and efficient products, with the least possible impact.

Through innovation and new technologies, we are addressing the challenges as they arise in the wind energy sector.

For its environmental management, the Integrated Management System is available which includes the precaution principle (102-11) through the Code of Ethics and the Sustainability Policy, aiming to protect the environment and continuous improvement. This will be further elaborated on in its corresponding section.

Risks related to health and safety

GRI Renewable Industries has its Health and Safety policies integrated and works under the OHSAS 18001 standard which is of unavoidable compliance and is applicable to all profes-

sionals that are on the premises. Through the IPRL index, important improvement opportunities are detected. This will be further elaborated on in its corresponding section.

Risks: confidentiality and privacy

Information security

GRI Renewable Industries is convinced that information has become a strategic asset for business and people.

For this reason, the necessary mechanisms have been established to safeguard information privacy and to protect the data of customers and providers, as well as to manage and treat documentation adequately according to its level of relevance, and to enhance security. The information security procedures are periodically revised and the systems are continuously tested to ensure their tightness.

In the year 2017, the following actions, among others, have been taken to improve security policies:

- Periodical system scans to detect external and internal vulnerabilities and their correction in accordance with their level of criticality.
- Diagnostic of information security and its risks based on the ISO 27000 norm. To reinforce awareness and training of the group's employees' campaigns and training actions were done. The following should be noted
 - "Anti-Phishing", with the objective to detect the level of risk and to make employees aware of these attacks.
 - Yearly Information Security Course, aiming to update employee's knowledge of applicable policies.

Improvement opportunities are detected in the information security area through tracking, control and diagnostic mechanisms.

Business Process Support

The Information Systems are a fundamental element for the execution of the business processes. With this objective, the IT department keeps the ERP SAP, the PLM tool and the Group's infrastructure and communication services centralized. At the same time, the department carries out transformation projects to align the systems with the growth of the company and to the new processes, focusing on business support, efficiency and profitable and sustainable growth.

In some cases, the collaboration of third parties may be necessary for which an impartial process is followed, consisting of the publication of the needs, reception and appraisal of offers and the final selection based on criteria related to business support and IT systems efficiency.

To this effect, the Systems area has been present not only in the incorporation of new companies to the Group (GRI Towers Sevilla, GRI Calviño Towers Argentina), but also in new challenges that the organization faces in its innovation strategy and the improvement of productivity and efficiency, such as tools to exchange documentation with providers, the digitalization of invoices and the digital management of cost notes. During the year, the rollout of the new Immediate Provision of Information system (SII) which allows for the daily and automatic sending of information required by the Spanish tax authorities (national and provincial).

Main risks 2017

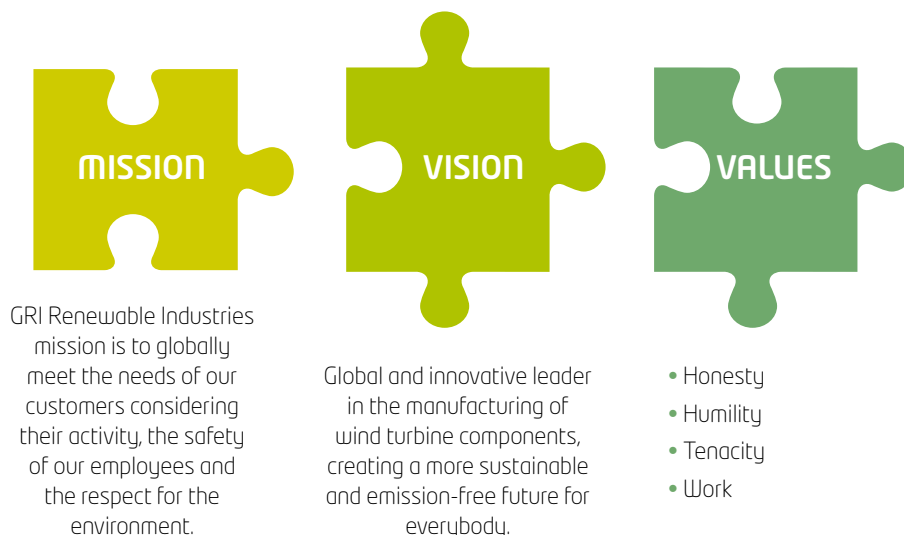
In 2017 GRI Renewable Industries has faced various derived risks from the market situation in the countries it operates in. Due to the materialization of some of these, there was a significant reduction in turnover compared to the expected turnover. The most relevant identified risks in this period are:

- Risk of a new global financial crisis.
- The downturn in the Chinese market
- The tendency to concentrate on big customers, which reduces its number.
- The price hike of raw materials, especially steel.
- The threat of Chinese tower producers and the high tariffs on steel originating from China.
- The change in the wind market's pricing model in countries where GRI Renewable Industries has a presence (Turkey, South Africa, USA, India).
- Risks derived from the USA protectionist policy.

MISSION, VISION AND VALUES

102-16 AND 102-17

The Company has developed a global corporate culture that has kept the same values and principles since its origin, but which are adapted to the local necessities of each country, to the current market conditions and to the requests of stakeholders.



Furthermore, policies and formally established common guidelines are available, as are outlined next:

1. Sustainability Policy

Approved by the Board of Directors at the end of 2015, its aim is to reinforce the main commitments on ethics, sustainability and human rights in all the countries we operate in.

The Sustainability Policy is available on our web.

2. United Nations Global Compact

We have renewed our commitment once again with the interest of promoting and implementing the 10 universally accepted principles.

3. Compliance Policy and Management

In 2017 the Compliance Department was created and approved by the Board of Directors. This policy includes the following:

• Code of Ethics and Conduct

Approved by the Board of Directors in January 2014, as a reference for all decisions taken by all employees and collaborators of GRI Renewable Industries.

• Harassment prevention guidelines and action protocol

This incorporates the measure for prevention and reporting of possible situations of harassment, with the minimum aspects of obligatory compliance in all the countries we operate in.

• Behavioral guidelines to offers of incentives, gifts or invitations

These regulate bribery and corruption in the countries we operate in with the objective to comply with all the laws, regulations and standards.

4. Ethics Committee ¹⁰²⁻³⁴

This is the body responsible for the promotion of the values and conduct of GRI Renewable Industries, and for the tracking, the communication and the dissemination of the Code of Ethics, as well as to assist in the resolution of doubts regarding possible claims or incidents, all through the complaint channels: by email, by telephone or by post.

During the year 2017, the Ethics Committee received one report for illegitimate use of charge or inappropriate conduct, which was closed in 2017 (406-1). The company has not received any complaints from third parties, nor any related to labor practices nor related to human right violations.

With the objective to make the policies and guidelines known to all employees, a Company Training Plan has been developed. This training has been conducted by the Compliance area through an on-line and on-site course, in which 2,290 people participated. Which is 67% of all employees, of which 75% followed the on-site course and 25% took the course on-line through the Leading the Change platform (205-2 and 412-2).

CORPORATE GOVERNANCE

102-5

GRI Renewable Industries S.L. was founded on June 22 of 2008 under the name "Gonvarri Infraestructuras Eólica", later it was denominated "Gestamp Wind Steel" before taking on its current name, GRI Renewable Industries, and absorbing Gonvarri Eólica.

The subscribed share capital as of December 31, 2017 amounts to ten million twenty-one thousand three hundred

forty-four euros (€10,021,344) represented by three hundred thousand four hundred (300,400) accumulable and indivisible company shares of one single class and series, of a par value of thirty-three euros and thirty-six cents (€33.36) each, numbered correlatively from 1 to 300,400, both inclusive and which are fully subscribed and disbursed. The company is not listed on the Stock Market.

Structure of Governance. Composition and its committees

102-18, 102-22 AND 102-23

The governing bodies of the company are the General Shareholders' Meeting and the Board of Directors, the highest body of governance, supervision decision-making and control of the company.

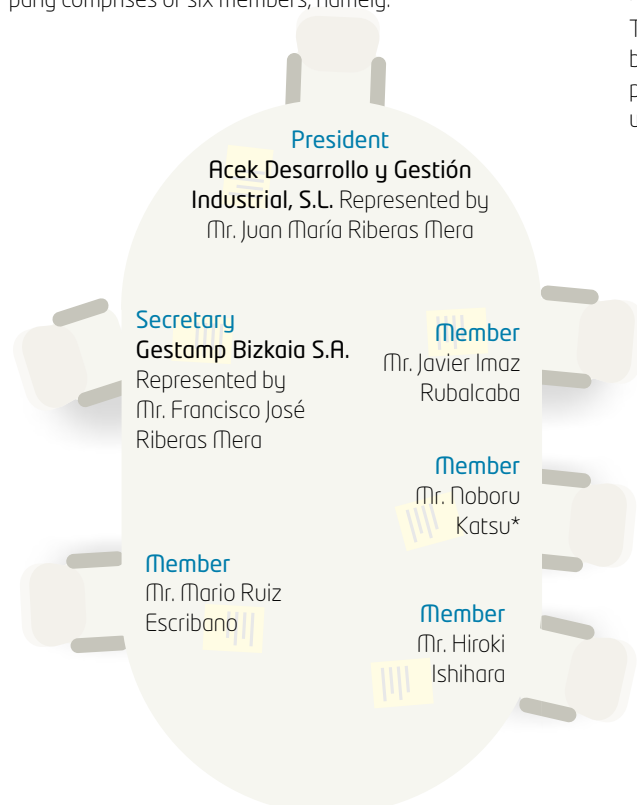
The Articles of Association of the company set out the functioning of the Board of Directors, as well as the requirements and established deadlines to convene the General Shareholders' Meeting. No provisions are made for other means to manage the company, and the modification of the executive body would, therefore, entail a modification to the Articles of Association.

As of December 31, 2017, the Board of Directors of the Company comprises of six members, namely:

The company ACEK Desarrollo y Gestión Industrial, S.L., represented by D. Juan María Riberas Mera held the position of Managing Director of the Company at 31 December 2017, being delegated each one of the powers vested to the Board, except those that may not be delegated by Law or according to the Articles of Association.

The Board of Directors will represent the Company in all the matters lying within the corporate purpose and those associated with the trade or dealings thereof, subject to no form of limitation, placing obligations upon the Company with its acts and contracts, with the entitlement to exercise all powers not expressly reserved by the Act or by these Bylaws for the General Meeting.

The company is not listed on the Stock Market and its members of the Board of Directors represent the total number of partners and therefore, there is no legal obligation to count with representatives from other stakeholders.



*Replaced by Mr.Hori Shinichi on May 7, 2018

Delegation, economic, social and environmental responsibilities

102-19 AND 102-20

The members of the Board of Directors will perform their duties with the diligence of a responsible business owner and loyal representative, and they must maintain secrecy as to confidential information, even after leaving office. The responsibilities of the Board include the approval and commitment to the Code of Ethics and Conduct and the Sustainability Policy.

The Board of Directors takes relevant decisions at its plenary sessions and delegates, where relevant, the execution of said

decisions. The Board of Directors may agree to vest special powers of attorney in company employees to address specific aspects of operations previously approved by the Board.

Similarly, the Company integrates its social, environmental and economic responsibilities at the various Departments, whose most senior management figures refer any decision to be taken to the CEO and, if applicable, to the Board of Directors.

Appointment and Selection Processes. Conflicts of interest

102-24 AND 102-25

The President of GRI Renewable Industries does not hold an executive position. Power to appoint Board Members lies solely with the General Shareholders' Meeting, which represents the interests of all partners (see indicator 102-18).

The members of the Board of Directors are appointed by the shareholders themselves, and therefore other aspects regarding diversity, minorities, etc. are not taken into consideration. They will perform their duties indefinitely, without prejudice to the General Shareholders' Meeting' power to proceed at any time or moment with the severance or termination, in accordance with the Law and with these Articles of Association.

Shareholder status is not required to be appointed as a director, and the position may be held by both natural and legal persons. Likewise, the Articles of Association establish the conditions that prohibit the performance of said functions.

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



Functions and knowledge regarding sustainability

102-22, 102-26, 102-27 AND 102-32

The functions of the Board of Directors include the approval and commitment to comply with the standards of the Code of Ethics and Conduct. They are kept permanently informed regarding social, environmental and economic issues, through the communication channels such as: periodic meetings with the management of the different areas, the Sustainability Report and actions and initiatives of the company.

The Sustainability Report is coordinated through the sustainability team, which is part of the Communication, Marketing and Sustainability Department. After its elaboration, a revision and supervision process is conducted by the different departments, to finally be approved by the CEO. Similarly, to ensure the reliability of the information, the Report is externally verified by an independent body.



Communication with the senior body of governance

102-33 AND 102-21

The General Meeting is called by the Board of Directors when it is deemed necessary or desirable in the corporate interests, and, in all cases, on the dates or during the periods established in the Law on Corporations.

Additionally, the meeting must be called in case one or several shareholders representing at least five (5) percent of the share capital request so, stating the matters to be discussed in their request. In this case, the General Meeting must be invoked to be held within two (2) months of the date when the notarial demand was served on the Board of Directors to call the meeting. The order of business must necessarily include the matters which formed the object of the request.

Unless any other mandatory requirements are established, the General Meetings will be called by means of a written, individual announcement sent by registered mail with confirmation of receipt, by telegram, by registered fax services or any other written or remote electronic means that guarantee the receipt of said announcement by all the shareholders, at the address they have designated for this purpose or at the address recorded in the Company's documentation.

Those responsible for the various departments keep a fluid and permanent communication with the CEO and the Company. Any major concern is immediately conveyed, which, if necessary, is immediately referred to the Board of Directors.

Meanwhile, periodic meetings are organized in which all the corporate experts participate. These are bidirectional meetings, with the CEO communicating all the relevant aspects regarding the management and situation of the company, and in turn, receiving feedback from the experts to these issues and to other aspects of interest.

Finally, the consultation processes between stakeholders and the senior body of governance (102-21) are done through mechanisms for the exchange of information between the Board of Directors and the stakeholders.

Nature, performance and number of issues raised at the Board of Directors

102-28

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

The General Meeting will be held within the first six months of each financial year to scrutinize the corporate management and to approve, where applicable, the accounts for the previous year, and to rule on any matter regarding the results. The General Meeting will be validly established to deal with any issue, without the need for prior notification, as long as all the share capital is present or represented and those present unanimously agree to hold the meeting and its Order of Business.

Unless any other majority is mandatorily established, and except for the provisions of the adoption of the Key Decisions for which the General Shareholders' Meeting is responsible, corporate agreements will be passed by a majority of validly cast votes, provided that they represent at least a third (1/3) of the votes corresponding to the shares into which the share capital is divided. Blank ballots will not be counted.

Regarding the Board of Directors, it will convene whenever so decided by its President, either on his own initiative or when so requested by two of its members, and it will meet at least once per quarter, and in all cases within ninety (90) days of the end of the financial year. In 2017, the Board of Directors met 9 times.

The announcement will be sent by letter, telegram, fax or any other written or electronic means. The announcement will be addressed personally to each of the members of the Board of Directors, listing the matters to be dealt with in the meeting, along with the required information to allow the Board Mem-

bers to participate in an informed discussion of the matters set out in the order of business. Where applicable, the announcement of the meeting must mention the fact that it may be attended in person or by proxy, physically in person or through teleconferencing, videoconferencing or any other equivalent system, with the requirement to indicating and providing the necessary technical resources for this purpose, which must, in all cases, allow for the direct and simultaneous communication between all attendees.

Unless all the Board Members should agree otherwise, the announcement will be served thirty calendar days prior to the date when the meeting is to be held, except in cases of extreme urgency, in the judgement of the President or at the request of any Board Member, when it may be served five (5) days in advance. An announcement will not be required provided that all Board Members are present and decide to hold a meeting.

The Board of Directors will be validly convened whenever the meeting is attended by five (5) of the members, each Board Member entitled to be represented by another Board Member, through a written authorization, signed by the represented party, on an individual basis for each meeting. Nevertheless, if a Board Meeting could not be held due to lack of the established quorum, it may be convened again just 7 days in advance, with the same order of business, in which case it will be deemed validly convened if the meeting is attended, in person or represented, by the majority of its members.

Resolutions may be passed in writing, without a meeting being held (including through written electronic means), provided that no Board Member opposes this procedure.

Remuneration of the Board of Directors

102-35, 102-36 AND 102-37

The position of director is unremunerated in said capacity, notwithstanding payment of any fees or salaries that might be payable by the Company for the provision of professional service or an employment relationship, as applicable, resulting from a contractual relationship other than those derived from the directorial position. Said fees will be subject to the legal regime that would be applicable.

Additionally, and irrespective of the above, whenever the administration and representation of the Company is entrusted to a Board of Directors, and a member of the Board of Directors is appointed managing director or is attributed executive functions by virtue of some other title, a contract must be made between the Company and said individual in accordance with the Law.

The contract will detail all the items for which a remuneration for the performance of executive functions may be received, including, where applicable, the possible compensation for premature dismissal from said functions and the amounts payable by the Company for insurance payments or contributions to saving plans.

The contract must comply with the remunerations policies approved, where applicable, by the General Meeting.

This financial year the indicators 102-38 and 102-39 are not reported. We do not have a uniform method to obtain a result that would comply with the requirements of the indicators and in some cases the information is considered to be confidential.

STAKEHOLDERS: MATERIALITY

Communication with stakeholders

102-40, 102-42 AND 102-43

GRI Renewable Industries has constant dialogue with its stakeholders through the various communication channels, as are detailed below:



In addition, the plants collaborate locally with the following organizations (102-13):



AICA
Carballiño Industrial Area Association

ASIME
Metal Industries Association

AIMEN
Metallurgical Research Association of the Northeast

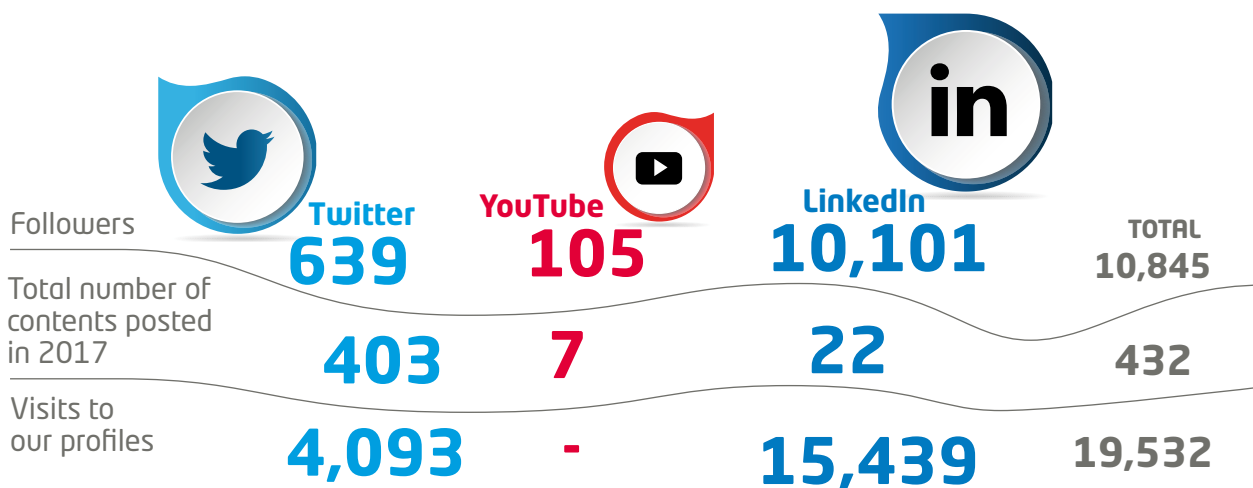
BOSB
Bandirma Organize Industrial Zone

GTO
Gönen Chamber of Industry

BSO
Balıkesir Chamber of Industry

IMMIB
Istanbul Metal and Mining Exporter Commerce

We highlight the internal and external communication with the stakeholders through social networks, the website and the intra-net. In 2017, the following results were obtained:



Relevant aspects: Materiality study

102-44 AND 103-1

For the "Identification of material topics", a benchmarking process about the companies in the sector was undertaken, the appearances in the media and in reports from analysts regarding issues relevant to our sector were analyzed and assessed, as well as the implementation and development of the Company (policies, plans, etc.). This allows us to group the relevant information into 20 topics.

Below, we weigh these 20 topics to identify those most relevant to our stakeholders and to the company, from an internal and an external perspective.

For this identification, we have amplified and improved our methodology to gather information and representativeness of our stakeholders through technological data and information analysis tools, having the direct cooperation of the management, employees, customers and providers, through the assessment and the perception of the identified topics.

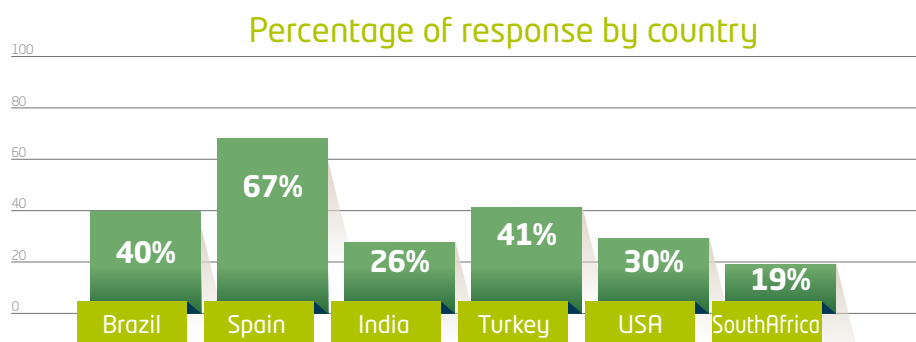
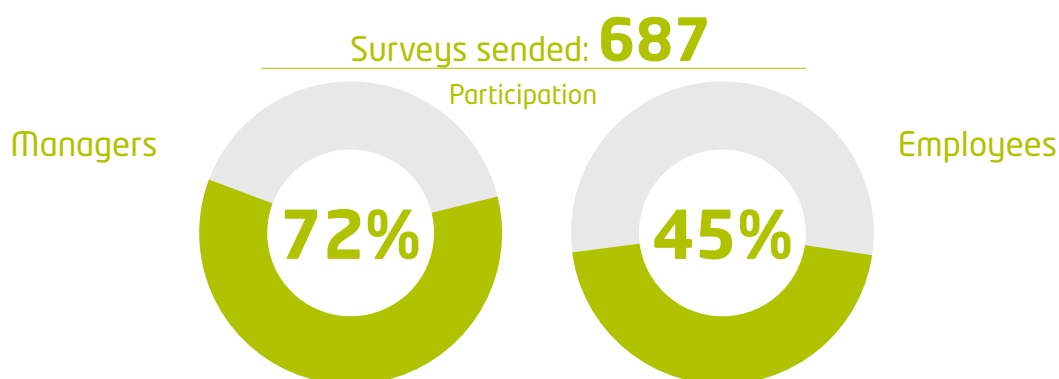
This improvement allows us to have this information not only at a corporate level, but also for each country in which GRI Renewable Industries has a presence and, by doing so, to define the local measure that improve our management and response.

External and internal coverage

102-46



The **average participation** of the surveyed stakeholders is around 60%. For the stakeholders: management and employees. We have the following results:



After this analysis, its weighing and revision, a global total of 6 material issues were defined. In the table the material topics and the chapter in which they are elaborated on are outlined:

	Global materiality aspects in GRI Renewable Industries (102-47)	Information of reference	Coverage (102-46)
1	Presence in new countries and the development of new products.	Economic dimension	Both
2	The commitment of senior management regarding sustainability and good governance.	General Standar disclosures	Both
3	Formal ethics and anti-corruption framework. Communication, rollout and complaint channels.	General Standar disclosures	Both
4	The formal framework for risk control and compliance. Communication, rollout and complaint channels.	General Standar disclosures	Both
5	Talent attraction and retention. Training programs, professional development and performance reviews.	Social Dimension: People	Both
6	Health and Safety management for employees and subcontractors.	Social Dimension: Heath and safety	Both

The answers have been analyzed on a global scale and for each country, to determine the material topics which were not covered globally, but which are important locally.

The result has been homogeneous in all countries, and only in Brazil "Employee health, habits and lifestyle improvement

programs" (promotion of sports, healthy eating habits, etc.) are considered to be a material topic.

Regarding this topic, additional information will be given in the corresponding chapter.



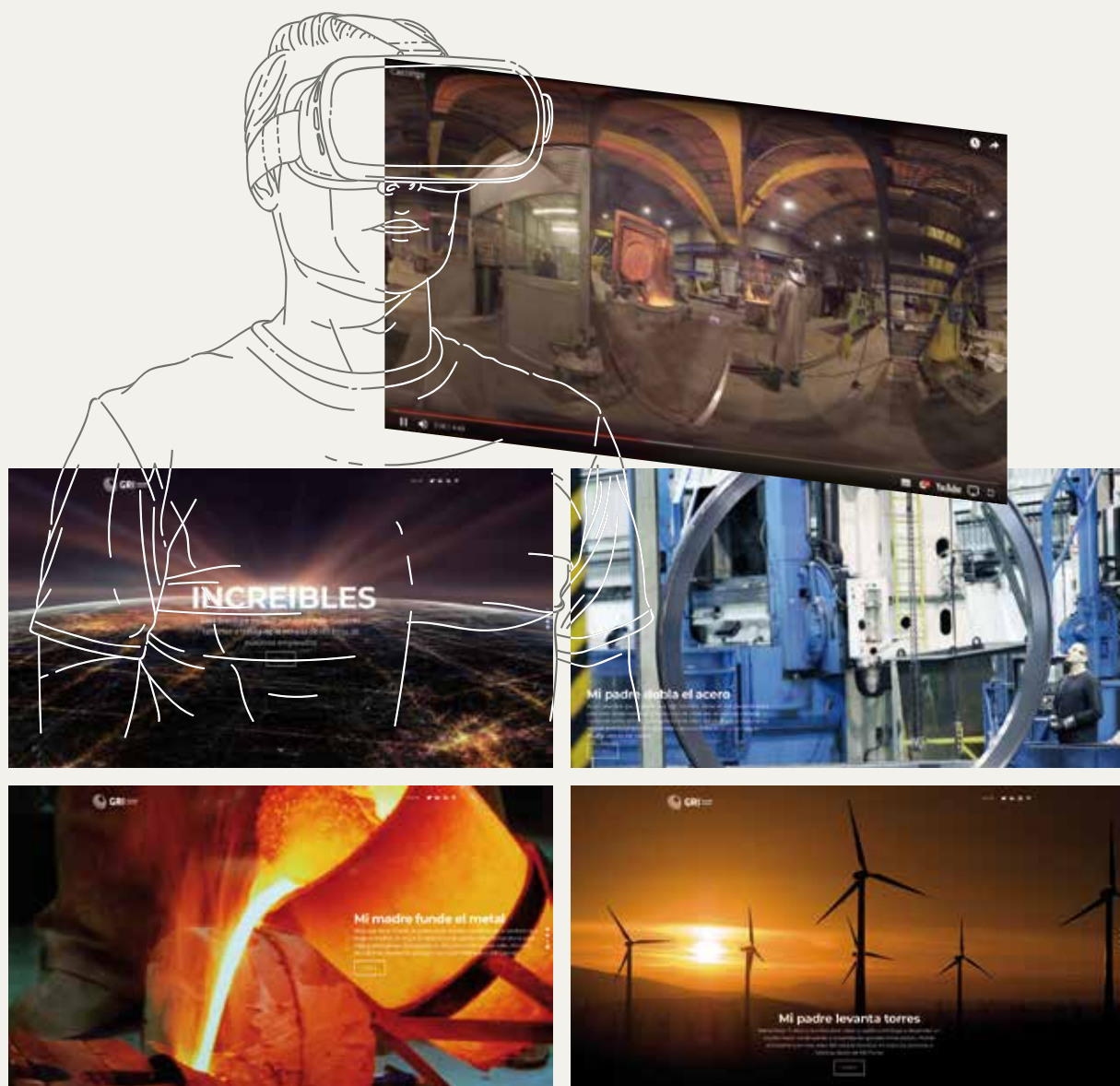


GRI presentation Incredible 360!!

In January, the presentation of the Incredible 360 campaign took place for the employees of GRI corporate in Madrid. Javier Imaz, CEO of GRI Renewable Industries (GRI), explained what the campaign entailed, highlighting its importance as a tool to inform the organization of the different initiatives and activities.

Juan Llovet, corporate director of communication and sustainability, explained the name and showed how to access the campaign through the new Leading the Change application. Additionally, he spoke about the 360-degree video technology used for its recording.

At the end of the presentation of the Incredibles, attendees were able to enjoy a 360-degree experience of the GRI plants GRI Castings Zestoa, GRI Flanges Iraeta and GRI Towers Galicia, thanks to the Google Cardboard glasses that were handed out to the attendees to display the videos through their own mobile phones.



REPORT PROFILE

102-49, 102-50, 102-51, 102-52 AND 102-53

The report was drawn up in accordance with the guidelines established by the Global Reporting Initiative (GRI-standards), and shows the information regarding the year 2017, from January 1 to December 31.

Regarding the previous financial year, the scope has been extended with the quantitative information of already operating "GRI Towers Sevilla" and with the qualitative information regarding our new plant "GRI Calviño Towers Argentina".

In the event that any reference to information outside this period is made, it will be clearly indicated in the corresponding section. Similarly, indicators which have no available information will be indicated as "not available".

There has not been any restatement of information regarding the previous financial year (102-48).

Presentation cycle

The report, which is made annually, encompasses the period between January 1 of 2017 and December 31 of 2017, the 2016 report being the last produced.

Contact of the report

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



rsc@gri.com.es

+34 91 379 19 00



C/ Ombú 3, floor 12.
28045 Madrid. Spain

Significant Changes

102-10 AND 102-49

In 2017 there have been two significant changes in comparison with the last Report:

- The GRI Towers Sevilla plant has been integrated with quantitative and qualitative information.
- Qualitative information on the new GRI Calviño Towers Argentina plant has been included.

There have not been any changes made to the supply chain, except those deriving from the new facilities.

GRI conformity and external verification

102-54 AND 102-56

The Report was drawn up in conformity with the GRI standards, on a comprehensive basis, whose table of content can be found in the Annex of this report, together with the independent external verification report done with the company PwC.





GRI Renewable
Industries

1 GENERAL STANDARD DISCLOSURES

2 SPECIFIC STANDARD DISCLOSURES

3 ANNEXES



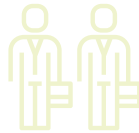
2 SPECIFIC STANDARD

DISCLOSURES

ECONOMIC DIMENSION 32

SOCIAL DIMENSION 43

ENVIRONMENTAL DIMENSION 60



ECONOMIC DIMENSION

103-1, 103-2 AND 103-3

ECONOMIC PERFORMANCE

Momentum of the wind industry

At GRI Renewable Industries, we seek to consolidate our leading position in the wind sector through quality service and innovation in response to the customer's requirements.

The year 2017 stood out because of the good results obtained in the wind energy sector. Global wind capacity has increased to 52,573 MW, so covering 5% of the global electricity demand. The leading countries in installed capacity are China, the USA, Germany and India.

The Asian giant has added 19 GW to its portfolio, the USA 7.1 GW and Europe reached 16.8 GW installed capacity, with leading countries as Germany, the United Kingdom, Finland and Belgium, among others, according to data by WindEurope. Spain continues to be the second European country with 23 GW installed power.

Since 2016, Spain has been pushing the wind industry via REOLTEC (Spanish Wind Industry's Technological Platform) of which GRI Renewable Industries forms part, being its R&D coordinator.

Marine wind energy

In 2017, more than 3,000 MW of offshore wind energy was installed. Marine wind energy has also reached major milestones such as the first floating marine wind park, located in Scotland, which also helps to drive new wind technology. France, Finland and Belgium have added installed 227 MW to this technology.



Jon Riberas, president of Gonvarri Steel Industries, visited the facilities of GRI Flanges China

Jon Riberas visited the facilities of GRI Flanges China to see their progress and the state of affairs "in situ".

Among others, the new heavy forge plant with the capacity for 16-meter flanges spiked his interest, and so did the machines and installations such as the new rolling mill and press which is expected to be put into operation in 2018. Similarly, he visited the innovative raw material plant, developed under a patented project, which implies a qualitative leap in the heavy forge.

And, finally, he was able to visit the tooling plant, which, after the acquisition of the latest technology, will produce prototypes of complex pieces for high requirement markets (Nuclear, Civil, Aeronautic, ...).

Growth and global presence

In GRI Renewable Industries we work to be a reference in the sector, and for this reason we have a global presence in countries such as Argentina, Brazil, USA, South Africa, Spain, Turkey, India and China.

This 2017 GRI Towers Sevilla and GRI Calviño Towers Argentina have started operating and the construction of two new plants continues: GRI Flanges China IV and GRI Towers India II. Their state of affairs is summarized below:

NEW PLANTS IN **OPERATION** **GRI TOWERS SEVILLA**



This is the first plant dedicated to the manufacturing of marine wind towers. It is located in Sevilla, in the shipbuilder's zone. The plant occupies an area of 159,700 m² and has an average staff of over 175 professionals.

Production will start in April in accordance with the customer's requirements that include metal sheet cutting and manufacturing flanges and ferrules. In September the first tower pieces were built designated for Germany.

Additionally, UN 1090:2015 and ISO 9001:2015 certification was obtained in record time, GRI Towers Sevilla being the first plant to obtain this certification under this new version of the standard.

GRI CALVIÑO TOWERS ARGENTINA

GRI Renewable Industries set up a Joint Venture agreement with Metalurgia Calviño to start manufacturing wind towers in Argentina in the second semester of 2017.

This new plant will be located in the already existent industrial facilities of the Industrial Center which CALVIÑO possesses in Florencio Varela, in the province of Buenos Aires, Argentina.

Initially, it will allow for the provision of 300 wind towers per year to the Argentinean market, and it will create 350 highly-skilled jobs.

The partnership between GRI Renewable Industries and Calviño guarantees the provision of wind towers made in Argentina, under the highest international quality and delivery standards, offering an immediate and internationally proven solution.



NEW PLANTS UNDER **CONSTRUCTION**

GRI FLANGES CHINA IV

Located in the Shandong province, this plant will manufacture 16-metre diameter flanges (tower junctions) from various materials such as stainless steel, copper alloys and aluminium, etc.

Testing for its startup in 2018 began at the end of 2017 in accordance with requirements established by customers.

Production will mainly be designated to the nuclear energy market, and to renewable energy: offshore towers and to the aerospace market, among others.



GRI TOWERS INDIA II



Located in Anthavaram, in the Nellore district of Andhra Pradesh, this new facility will provide support to the current GRI Towers India I plant. Estimated annual production is 300 towers, creating 300 direct jobs. It is currently in its testing phase, aiming to start production in 2018.

Balance Sheet

201-1 AND 201-4

Over the past four years, GRI Renewable Industries Group has made an extraordinary financial endeavor with the commissioning of 11 new plants, along with the modernization of the existing plants by incorporating state-of-the-art machinery. All this has involved an investment of 250 million euros. Additionally, there is the planned startup of two new plants in China and India.

This has resulted in the doubling of the volume of its fixed assets which have gone from over 200 million euros to 400 million euros, doubling the company's dimension.

The company's key economic figures are outlined below:

Economic Value Generated (EVG) with a total of 393,497 thousand euros, distributed as follows:

Economic Value Generated		
Thousand euros	2016	2017
Turnover	401,319	383,916
Financial revenue	4,207	3,463
Other revenue	3,702	6,118
TOTAL EVG	409,228	393,497

Economic Value Distributed (EVD) amounting to a total of 475,544 thousand euros, distributed as follows:

Economic Value Distributed		
Thousand euros	2016	2017
Operational costs	269,480	282,700
CAPEX	72,634	99,019
Payment to capital providers	7,069	6,522
Taxes	28,236	21,628
Personnel	57,300	65,468
Investments in the community	200	207
TOTAL EVD	434,919	475,544

The Economic Value Retained (EVR) with a total of -82,047 thousand euros

Economic Value Retained		
Thousand euros	2016	2017
TOTAL EVR	-25,691	-82,047

The locations where GRI Renewable Industries is present received a total of 21,628 thousand euros through business rates, taxes and levies, which contribute to improving the quality of life and the services available to the local population.

The company's **Net Worth** is 324,851 thousand euros.

Net Worth		
Thousand euros	2016	2017
TOTAL	330,989	324,851

The company received 5,477 thousand euros (201-4) in the form of **tax incentives** by public administrations as shown below:

Tax Benefits		
Thousand euros	2016	2017
Tax reliefs and tax credits	1,914	1,029
Subvention	111	243
R&D	320	558
Financial Benefits	5,157	3,617
TOTAL	7,502	5,447

As for the other accounting obligations, the companies that form part of the GRI Renewable Industries Group are, in the main, obliged to draw up annual audit reports on their individual annual accounts given the total volume of their assets, turnover and average workforce. There are no exceptions in these reports.

Following approval by the corresponding body, these reports are presented, in due time and form, at the Mercantile Register for each financial accounting year, with the legalization of the Official Records and the filing of the Annual Accounts. Furthermore, the companies of the group have no outstanding Social Security, General Treasury or tax payments.

Supply Chain

102-9

GRI Renewable Industries' suppliers are an indispensable asset within the value chain, for their importance in project planning and in the project's cost competitiveness.

The following areas are integrated in the "Supply Chain" corporate division: Procurement, Warehouses, Purchases (direct and indirect), Supplier Quality and Logistics. Their respective functions are specified next:

Procurement

This is the first link in the supplier area. For it to function correctly, the team must assure that providers comply (in good time and manner) with deadlines, monitor costs according to the planning done beforehand and that the latest technologies are used to generate new synergies which optimize supply chain management.

Another of the functions of Procurement is to maintain fluid and continuous communication with each project's stakeholders, and to manage risks that might arise before the material's correct delivery to the plant.

To comply with these requirements, meetings are held to establish mechanisms for identification and minimization of risks.

Warehouses

Those in charge of warehouse management are responsible for receiving goods and stock management in all plants under the group's standard.

They continuously look to optimize processes in order to reduce costs, stock levels, and to improve service without compromising on quality nor delivery terms.



Purchases

There are two types of purchases: Direct purchases, production and investment aspects; and Indirect purchases, supplies and services.

Direct Purchases

For all our business lines, the operating purchase entails a wide range of product families. Steel, by volume and cost, is our main product. A raw material which has certain limitations, depending on the country, due to legal aspects as well as customer requirements.

For this reason, suppliers calibrated in the market are selected. As steel processors, we are very proud of our strategic relations that tie us to other steel providers and, consequently, we dedicate many resources to having long-term relationships and that allow for a competitive advantage for both parties.

Apart from steel, other products are fundamental for our competitiveness such as: internal tower parts, doorframes, flanges, etc. for which we seek global and strategic partnerships.

The 2017 financial year required an in-depth revision of the area, with the purchase of a new mill in GRI Flanges Iraeta, our new Slitting & Beveling center in GRI Galicia, the launch of the first Off-shore project (GRI Sevilla) or the new GRI Towers plant in India, to adapt to the new requirements and market.

Indirect Purchases

For purchases related to investments, supplies and services a selection process is completed for suppliers and subcontractors, based on service quality criteria, market positioning, competitive advantage and risk prevention.

Given the drive for growth of the group, all our supplier relations within the area are long-term, as well as strategic for operational purchases.

In this context, we seek to develop relations with providers and to assure that GRI Renewable Industries has a cost and service advantage over its competitors, and at the same time build a creditworthy and fruitful business for the supplier.

Real and potential impacts regarding environment, labor practices, social impacts and human rights in the supply chain are not considered in GRI Renewable Industries.

Supplier Quality

The supplier quality area, at a corporate level as well as in each plant, is in charge of the certification/auditing of suppliers, complaint management and remedial action development, which allow us to ensure that products and their providers live up to the Group's standards.

2017 has been a year where various projects have been developed, and in which the supplier quality area has defined objectives to reduce claims and their associated costs. To this effect, new specific procedures and new tracking indicators have been set.

In addition, the obligation to inform on sustainability, ethics and human rights in process and/or product audits have formally been included as part of the "General Process Check List".

Regarding the supplier evaluation and homologation process, 100% of the suppliers have been evaluated in the "Supplier Initial Assessment" (SIA) on aspects related to environment, health and safety, human rights and work and social aspects (414-2 and 308-1). We also incorporated new requirements to the survey regarding human rights and compliance.

This is reinforced through a clause incorporated in supplier con-

tracts, where contractors express their agreement and commitment to comply with the Code of Ethics and Conduct of GRI Renewable Industries, which is included in the annex as a part of the contract.

Finally, in the purchases of materials to which this applies, a requirement to inform on the provenance of the material is included. They may not originate from foundries that use so-called "conflict" minerals (coltan, cassiterite, gold, wolframite, tin, tantalum, or any other mineral or its derivatives) that may contribute to funding conflicts in the Democratic Republic of the Congo and/or neighboring countries.

Logistics

The logistics area focusses on transportation cost reduction (for acquired goods, thus reducing costs, as well as for the finished product, extending business scope); hereby improving service and creating competitive advantage over competitors in the sector.

This area also centralizes all information related to tariffs and taxes associated with the movement of goods, which is of increasing relevance in the sector.



Supplier Relations

GRI Renewable Industries prefers to work with efficient suppliers, which allow for global coverage with a standardized service.

The evaluation and homologation of suppliers of raw materials and materials (steel, paint, etc.) are coordinated and managed from the head offices in Madrid through the Supplier Quality department, complying with the procedure that requires the evaluation of all new suppliers and the biannual re-evaluation of existing suppliers.

This evaluation is done through a supplier homologation questionnaire called "Supplier Initial Assessment" (SIA), which includes various aspects related to quality, environment and safety, ethics, compliance, human rights and restrictions of foundries that use "conflict minerals".

In 2017 a total of 49 suppliers were evaluated and re-evaluated. In addition to the evaluation, "in-situ" product and process audits were done by the purchase team.

We contribute to the development and wealth generation in the communities of the countries we are present through expenditure in local suppliers.

The total expenditure in suppliers in 2017 reached 514,347.41 euros, of which 81% corresponds to local suppliers. Its distribution per country is given below:

Expenditure on local suppliers (204-1)

Country (thousand €)	Total supplier's expenses	Local supplier's expenses	Local supplier's %
Brazil	125,926.24	113,411.48	90
Spain	136,434.59	94,573.59	69
India	9,799.46	7,531.58	77
South Africa	19,647.76	14,994.13	76
Turkey	17,120.93	5,712.33	33
USA	24,914.34	18,620.53	75
China	180,504.08	162,671.51	90
TOTAL	514,347.41	417,515.15	81

Annual quality training: the APQP4Wind concept

A global meeting, in which the main issues related to quality control are put together, is held annually and there is a training day on the subject of "APQP4Wind Concept" (Advanced Product Quality Planning).

This concept focuses on guaranteeing customer satisfaction in five phases that include planning, design and development of products and processes, their validation, evaluation and continuous improvement.

Its implementation generates various benefits such as process standardization, a preventive and cost reductive approach, risk design error minimization and energy reduction, among others.

This concept is gradually being implemented in all plants of GRI Renewable Industries.



Innovation: products and processes

102-2

GRI Renewable Industries relies on an expert team dedicated to designing the manufacturing of towers and flanges, fulfilling the objectives set by each customer.

Offering a quality product and service is an essential aspect to us, which is why all operating plants are certified under international quality standards. It should be noted that the GRI Towers Sevilla and GRI Towers Turkey plants have updated to the new 2015 version of the standard and that the remaining plants are in the adaptation process.

Similarly, all plants, aside from GRI Towers Brazil, are also certified under the EN1090 standard, and, consequently, our products have the CE conformity declaration.

Regarding product labelling (towers and flanges), our obligations focus on being able to provide necessary information for their adequate traceability and their correct definition. In any event, our products do not feature any chemical or environmental risk (417-1).

Due to the classification of our products and services, their evaluation on health and safety matters is deemed non-applicable (416-1). Similarly, no incidents have occurred related to non-compliance concerning impacts of products and service on health and safety during their life-cycle (416-2).



**SUSTAINABLE
DEVELOPMENT GOALS**

GOAL 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, all countries taking action in accordance with their respective capabilities.

Investment in innovation and infrastructure are fundamental drivers for growth and economic development as much in the company as in the country.

Technological advances are essential in order to find permanent solutions to economic and environmental challenges, just

as/as well as for the generation of new employment opportunities and the promotion of energy efficiency.

For this reason, we choose in our commitment to innovation to keep a leading position and to develop initiatives that allow for improvements in processes as well as in products.

Development of new processes

At GRI Renewable Industries, we believe that the investment in technologies and the continuous processes improvement report relevant benefits, amongst the ones it could be highlighted: the investigation of new production processes, quality excellence, occupational safety and the improvement in the data obtaining, analysis and management.

Down below we summarize the main on-going initiatives:

Industry 4.0 implementation

We are working on the digitalization of the manufacturing processes in all its phases, which will enhance:

1. Flexibles processes adapted to the demand.
2. Totally individualized dealing with customers.
3. Shorter cycles of designing, manufacturing and sales.
4. Short, fast and efficient production series.
5. Information collection and integration from different channels.
6. Big Data development and analysis for the processes optimization in real time.

New methods of manufacturing

Focused on the technological improvement and automation, we are working on the assembling automation processes, the application of new welding technologies, the time saving on the paint processes, and so on.

This initiative greatly benefits the ergonomic conditions of the employees and reduces the energetic consumption as it is more efficient.

Improvement of equipment

Focused on the improvement of the standard equipment and machinery to adapt it to the needs of our manufacturing department.

For such purpose, we have multidisciplinary equipment enhancing us to have better practices and the knowledge for an internal specific development. Upon completion of its development, it is implemented in the plants.

Lean manufacturing

We are always seeking the excellence in our manufacturing processes. To this effect, culture is focused on a more efficient organization, with a greater response speed through the minimization of waste and the cost and time reduction. Thus, we carry out:

- Analysis of the Processes Value.
- Measurement indicators (lead tiem, WIP, Takt Time...).
- Search of the continuous flow.
- KANBAN development...

GRI Renewable Industries, as a leading company in the sector, works daily with a continuous improvement system, achieving an efficient and technological manufacturing process and providing a product with high quality standards.



Lean Manufacturing

At GRI Renewable Industries, we believe that continuous improvement allows us to be more efficient and competitive. Therefore, we focus our efforts on initiatives that generate value via the "Lean Manufacturing" philosophy, and through investment and the development of new processes.

The search for improvement opportunities and the implementation of the right measures allow us to adjust our production to the demand of the market, reduce our costs, keep our high-quality standards and, be more competitive throughout.

Since 2014, we have gradually implemented this philosophy in our factories, focusing on three points:

I. To provide a culture of continuous improvement at all levels of the company

Lean Manufacturing is a commitment for "all". We have developed a training course and instructional plan for all levels of the organization, from its leaders to the workers, which allows us to raise awareness and to implement this new improvement culture.

We have internal training teams available, that, with the help of external collaborators, are in charge of training and raising awareness for factory employees.

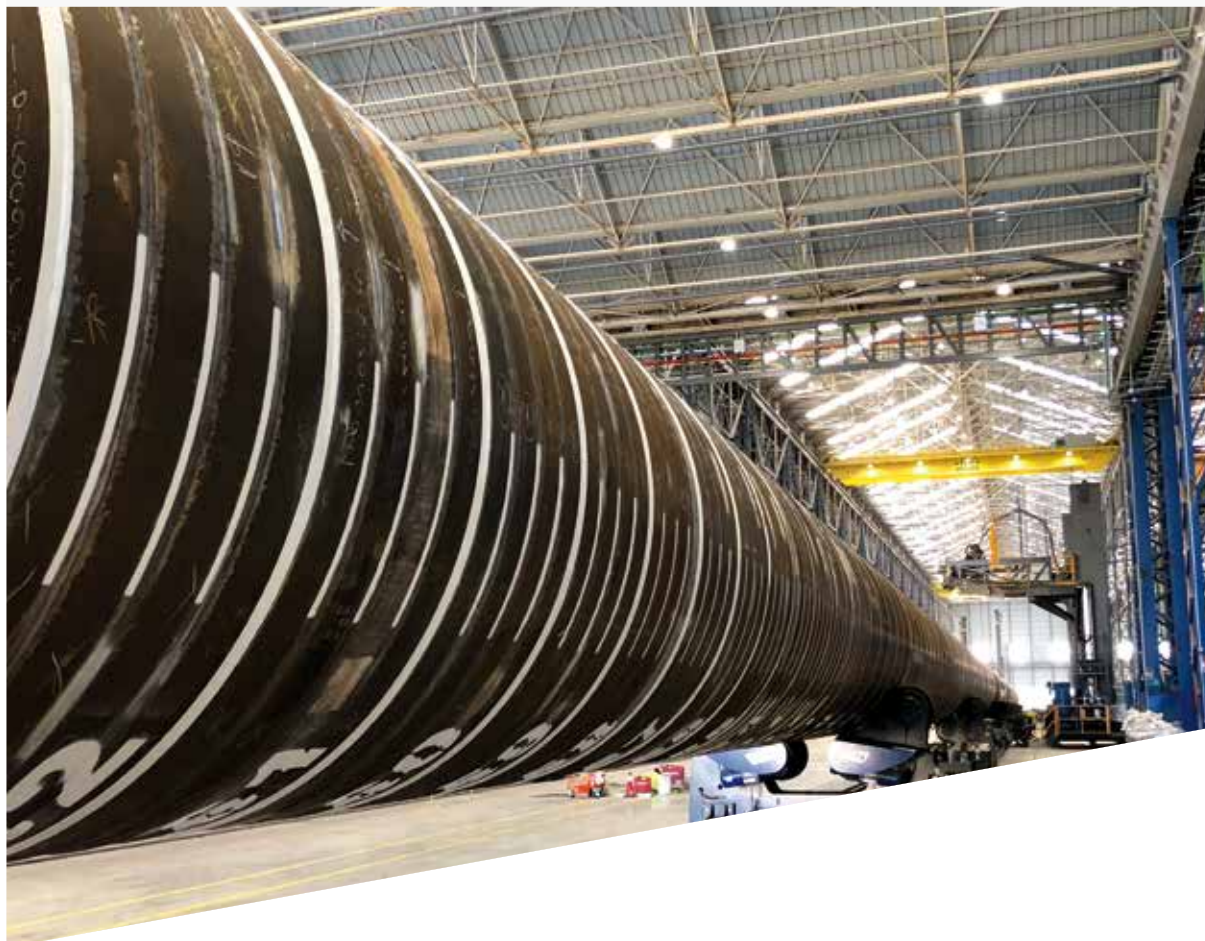
II. To create a standard for communication and analysis of operational indicators

As the Lean project is being implemented, measurement indicators specific to each factory and process are defined, that give us objective information on the degree of progress and the end result.

III. To improve productivity in all areas

These indicators give us objective information on the result of the project and allow us to extrapolate to other similar projects in other factories of the group, and so facilitate the continuous improvement.

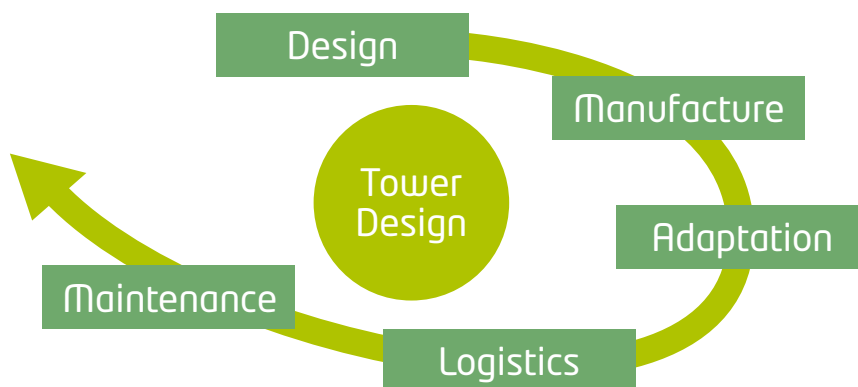
This philosophy is currently being implemented at an "advanced" level in the GRI Towers Galicia and GRI Flanges Iraeta factories, and is being developed in GRI Towers Sevilla and GRI Towers Turkey. In all factories, the results have exceeded expectations



Product innovation

Since its beginning in 2015, GRI Renewable Industries has taken a step forward, setting a new line of action in the wind sector from its position as a reference manufacturer in the industry, creating the R+D+I department.

The R+D+I team coordinates inputs from all business units involved in the "product life-cycle", to transform them in novel solutions with competitive costs. In addition, we rely on the experience of the group in the manufacturing of metal components.



The developed projects are focused on providing our customers' products with added value, bringing our own product development and meeting, among others, the high-quality standards and the cost adjustment requirements that the sector has been subject to for years.

We are at the right time in the industry, leading, developing and applying different projects from R+D+I which were agreed with main customers, suppliers and certifying organisms, marking a turning point in understanding the development of the present and future wind turbines. These designs are embodied in different proposals for tubular metal towers, hybrid towers and solutions for higher metal towers.

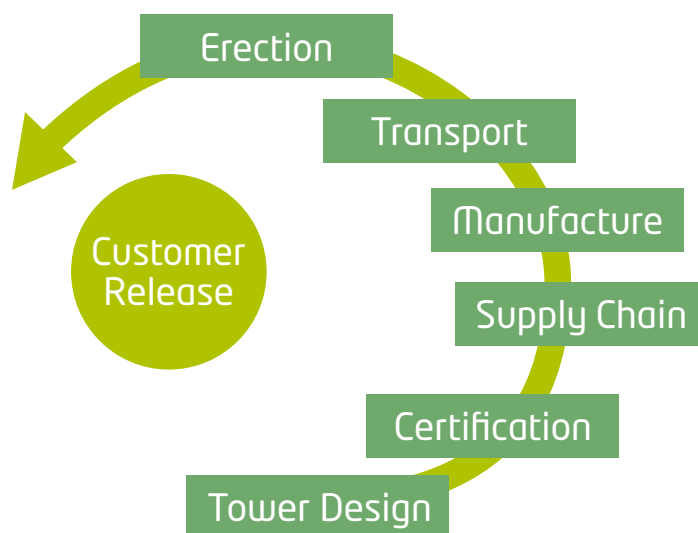
Furthermore, various tools/software have been developed that allow to automatize, design and certify wind towers automati-

cally, which allows us to streamline and accelerate the design and development of new projects. The main pillar for all this, is generating added value while exploring the limits of state-of-the-art technology.

On this road, we rely on the support of the Centre for the Development of Industrial Technology (CDTI), and on the strong belief of the Group in the solvency of investing in the development of products linked to research.

Currently, after years of developments, the R+D+I department holds a strategic position in the market. Our final objective is to answer to the current and future needs of the market, which increasingly requires more powerful turbines, accompanied by higher towers, to improve the competitiveness of wind products.

GRI Renewable Industries continues to offer added value to the wind market





SOCIAL DIMENSION

PEOPLE

103-1, 103-2 AND 103-3

HEALTH AND SAFETY

LOCAL COMMUNITY

Management focus

GRI Renewable Industries has an international, competent and highly qualified staff, who are committed to the mission and values of the company, which helps promote sustainable growth.

From the Human Resources department, we take care to guarantee stable and quality employment, with growth and promotion opportunities for its employees.

Headcount

102-8

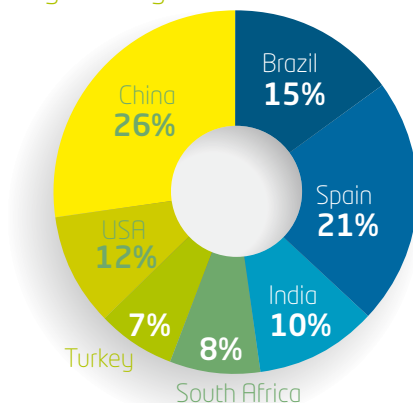
In 2017, the workforce of GRI Renewable Industries comprised of 3,418 (direct) professionals and 129 external (indirect) collaborators.

Compared with 2016, the global workforce saw a slight increase of 1.8%, although this growth varies within the different countries, as is shown in the turnover section.

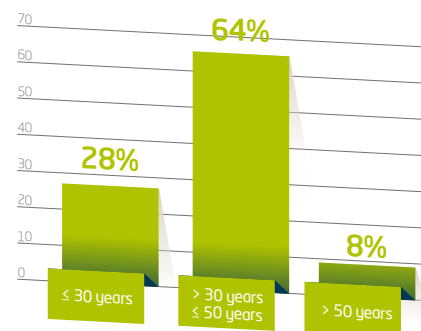
As for the distribution by age, the segment of workers between 30 and 50 should be noted, which makes up 64% of the total workforce.

PERSONNEL		MEN			WOMEN		
Country	- 30 years	30-50 years	+50 years	- 30 years	30-50 years	+50 years	TOTAL
Brazil	117	297	26	18	52	2	512
Spain	106	456	74	17	70	8	731
India	27	307	20	1	0	0	355
South Africa	71	172	14	6	12	0	275
Turkey	102	136	2	2	4	0	246
USA	160	183	33	10	10	8	404
China	236	390	84	67	110	8	895
	819	1,941	253	121	258	26	3,418

Personnel by country



Personnel by age



The evaluation of both direct and indirect employees in regards to last year is shown below.

Direct employment	2016		2017	
	m	w	m	w
Brazil	559	86	440	72
Spain	525	82	636	86
India	289	10	354	1
South Africa	381	1	257	18
Turkey	322	29	240	6
USA	164	14	376	28
China	712	183	710	185

Indirect employment	2016		2017	
	m	w	m	w
Brazil	10	2	1	0
Spain	1	0	17	4
India	18	6	74	0
South Africa	146	0	2	1
Turkey	0	0	12	4
USA	78	0	12	2
China	0	0	0	0

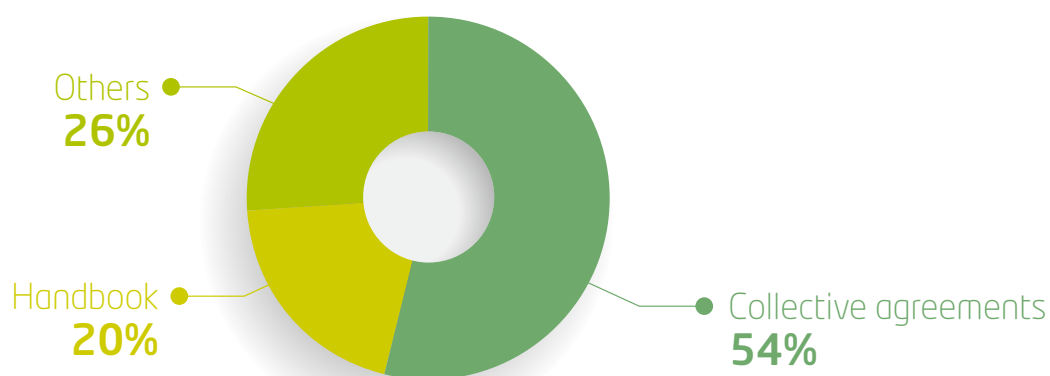
As for executive staff, 66% are aged over 50, and the remaining 33% are between 30 and 50 years old. 67% have the local nationality and all are men.

Collective agreements

102-41

54% of the employees at GRI Renewable Industries are covered by sectoral collective agreements or similar agreements, and 20% are protected by a "Handbook", stipulating employment conditions, rules of conduct, salaries, social benefits, etc.

The remaining 26% corresponds to the employees located in China, which have agreements or similar structures in compliance with provisions defined and regulated by the Ministry of Work and its applicable legislation.



GRI Renewable Industries benefits club: New employee portal

GRI Renewable Industries presented its Benefits Club, a tool through which its employees can enjoy many offers and discounts at online and street stores.

It can be accessed through the intranet and the "Leading the Change" Mobile App, available on Android and iOS. The site is available 24 hours a day, 365 days a year.

Its use is easy and intuitive. It only requires setting the preferences and the location, and the system will provide offers and discount that might interest the user.

Turnover

401-1

Taking into account the total headcount, this financial year a slight difference can be seen in comparison with last year, of around 1.8%. Nevertheless, if we analyze the workforce data by country, more significant differences can be found.

On one hand, the workforce at GRI Towers India has increased, and with the start of operations of GRI Towers Sevilla, GRI Castings Zestoa and GRI Towers USA, there is also a significant

increase of personnel in those countries. In China, on the other hand, the number of employees has remained stable and in Brazil and South Africa the workforce has been reduced.

A total of 625 new hirings were made, mostly in Spain and in the USA, and 761 discharges. The average turnover rate was 22.2%.

Hires	MEN			WOMEN			TOTAL
	- 30 years	30-50 years	+50 years	- 30 years	30-50 years	+50 years	
Brazil	14	15	1	3	4	0	37
Spain	79	168	16	9	16	0	288
India	3	0	0	0	1	0	4
South Africa	1	7	1	0	1	0	10
Turkey	0	1	0	0	0	0	1
USA	90	100	18	3	4	2	217
China	20	36	2	3	5	2	68
	207	327	38	18	31	4	625

Leavings	MEN			WOMEN			TOTAL
	- 30 years	30-50 years	+50 years	- 30 years	30-50 years	+50 years	
Brazil	35	73	7	4	13	0	132
Spain	52	137	17	8	19	1	234
India	23	6	1	1	0	0	31
South Africa	30	35	2	10	4	2	83
Turkey	22	28	0	2	2	0	54
USA	76	70	15	1	5	2	169
China	16	29	5	0	8	0	58
	254	378	47	26	51	5	761



Job stability

Job stability is a priority for GRI Renewable Industries. 99.8% of employees have a full-time contract (of which 11.84% are women and 88.15% are men) and 93.8% are on a permanent contract.

The distribution by country, gender, type and contract duration is as follows:

JOB STABILITY	CONTRACT				EMPLOYMENT			
	PERMANENT		TEMPORARY		FULL TIME		PART TIME	
	M	W	M	W	M	W	M	W
Brazil	440	72	0	0	440	72	0	0
Spain	460	86	176	9	636	88	0	0
India	354	1	0	0	354	1	0	7
South Africa	257	18	0	0	257	18	0	0
Turkey	240	6	0	0	240	6	0	0
USA	326	25	0	0	326	25	0	0
China	690	181	20	4	710	185	0	0
	2,767	389	196	13	2,963	395	0	0

Employment conditions and human rights

GRI Renewable Industries strives to have a competitive and committed workforce, and it is therefore important to have an appropriate work environment where employees are motivated and can develop their career.

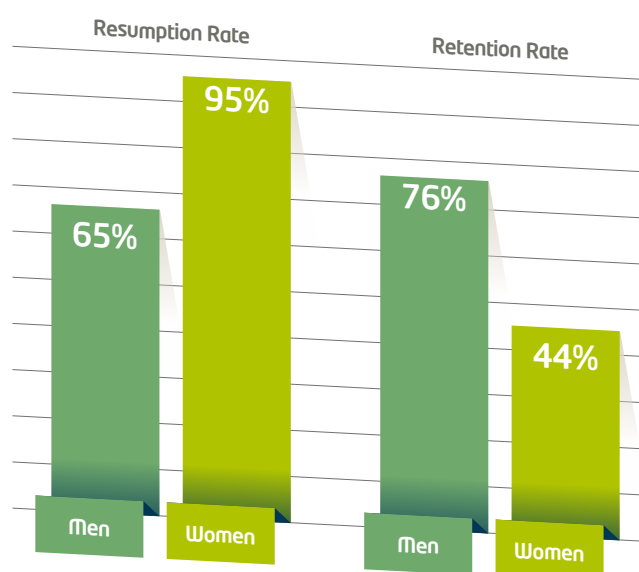
Work-life balance. Maternity/Paternity

401-3

At GRI Renewable Industries, the work-life balance is one of the most highly valued aspects.

For this reason, we have flexible work entry and exit times in our offices. This is more complex in the plants, however, as work is organized in shifts based on the customer requirements, so we strive to offer individual flexibility to those workers whose circumstances require so.

As for paternity and maternity leaves, 71 men took the paternity leave, of whom 65% resumed their job. As to women, of the 19 leaves, 95% have resumed their jobs. Meanwhile 76% of men and 44% of women remain at the company after taking paternity/maternity leave in 2016.



Equality and Diversity

405-1

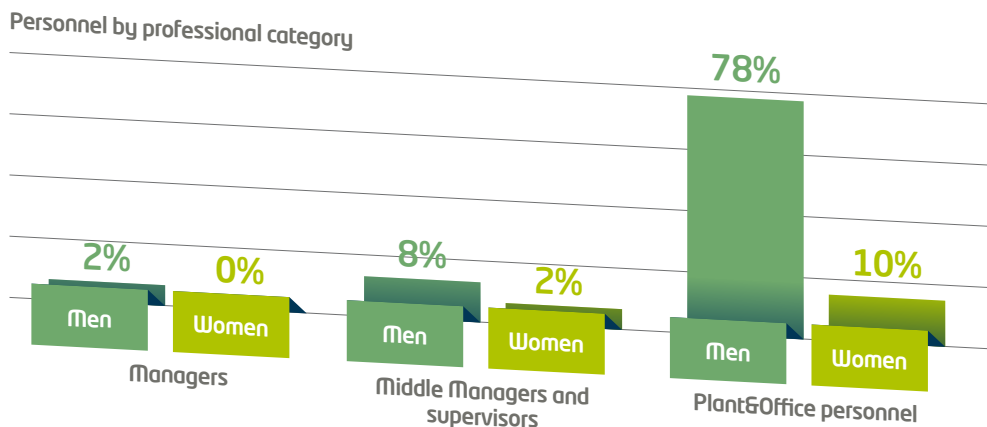
In an international company such as GRI Renewable Industries, the diversity of people with different perspectives, from different origins and different working models prevails, as they bring a great competitive advantage to the company.

The diversity in the workforce is necessary in order to innovate, to make big changes and to continue offering new business opportunities.

As to the distribution by gender, we have kept the same ratios as the year before: 88% are men and 12% are women.

The distribution by gender and category is shown below, increasing the recruitment of female technical plant personnel by 1 percent.

85% of the GRI Renewable Industries workforce holds the local nationality status, thus fostering social development in the communities we have a presence in. Regarding employees with disabilities, we have 17 employees, representing 1%, in senior management and administrative positions located in Brazil, Turkey and Spain.



GRI Renewable Industries participates in the Obstacle run "Gladiator Race"

In October, as a part of the activities programmed in the #BE ACTIVE campaign, our team participated in the GLADIATOR RACE obstacle course, which was held in the town of Alcobendas, Madrid.

It was a day with a significant participation rate, filled with companionship and fun, and, of course, some competitiveness. To top such an amazing day, the company was a prizewinner in the team category.

GRI Renewable Industries encourages its employees to stay active and to take part, and to make it, as well as any other, a recurring activity.



Be Active

This new program, created by GRI Renewable Industries, wishes for its employees to adopt good and healthy habits through the promotion of sport activities.

Sport activities within the group, such as paddle competitions and participation in charity and popular races, have been promoted by this initiative.



Attraction, development and talent retention

GRI Renewable Industries is aware that it needs stable, motivated and qualified staff, where a pleasant work atmosphere should be given priority. This is essential to continue in our sprawl as leaders in the production of wind components.

Hiring and Internal training

Internal Promotion

At GRI Renewable Industries, we believe that internal promotion means talent recognition and commitment to the careers of our professionals within the company.

Generally, when a vacancy is to be filled, the most closely aligned profiles are sought within the workforce. For this purpose, the job offer is published on the portal, to which employees have access, so that they are able to apply.

Additionally, vacancies in other countries as expatriates are offered. This allows our professionals to develop their professional career in different locations, and to gain new experiences, whilst covering these vacant positions.

For the positions that are not internally covered, hiring is carried out externally with the help of expert recruiters.

Short-term deployments are also offered, for shorter periods in so-called "start-up teams". These teams assist in the commissioning of new plants in order to pass on their know-how, experience, corporate culture, methodology and working methods to the new employees in each country.

To improve internal promotion, the "Talent Map" project started in 2016, with the aim of detecting current and future needs through the development of individual short and medium-term plans. In 2017, the critical positions were identified, as well as the abilities, skills and capacities at executive level, with the intention of extending this analysis to the rest of the company in 2018.

Performance assessment

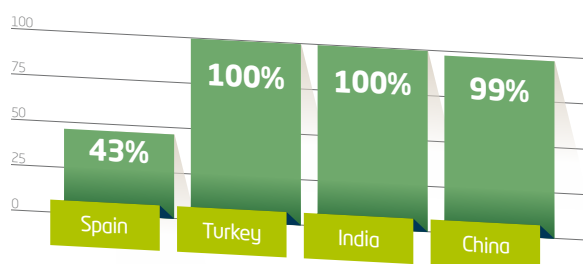
404-3

The performance assessment is intended to periodically assess employees in qualitative and quantitative terms, on their efficiency in their daily tasks as well as on the results achieved.

This financial year, the review was applied to 50 executive positions and 1,463 employees of other categories like intermediate positions and plant technicians, in the following factories: GRI Towers Turkey, GRI Towers India, GRI Castings Zestoa, GRI Towers Sevilla, GRI Flanges China and at the company headquarters in Madrid.

Of the total workforce, 43% of men and 57% of women were assessed.

In the following graph their distribution by country is shown:



Their distribution by category and gender is shown below:

EVALUATION BY CATEGORY	2017	
	M	W
Managers	59%	43%
Middle Managers and supervisors	54%	58%
Plant&Office personnel	41%	57%

For the remaining employees in the operational parts of the factories, a polyvalence analysis was carried out which assessed their skills and knowledge of performing different tasks.

Training and professional development

404-1

At GRI Renewable Industries, we take the development of the capacities and skills of our employees very seriously.

Each year, each plant analyzes the training needs of its workers and a training plan is drawn up "ad hoc" to the requirements of each plant, which integrates new employees.

Since the year 2016, annual comparative English assessments were done between the employees in the head offices in Madrid, and the requirements of their positions.

Thanks to this study, more personalized classes are being given for improvement, and then later for certification under international standards.

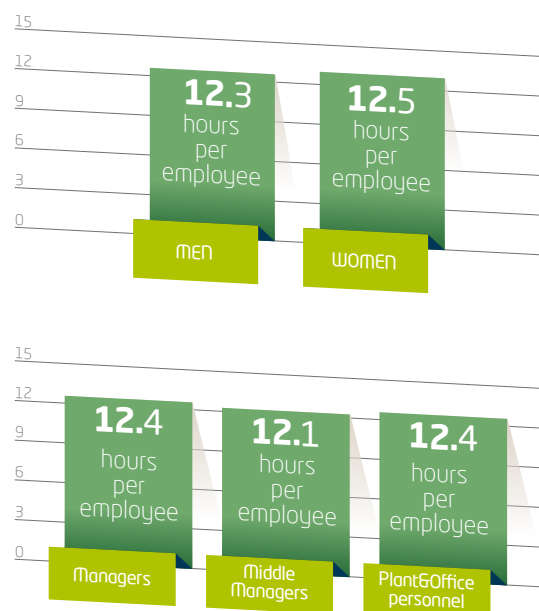
Intending to make training more flexible and to adjust it to business needs, a blended platform embedded in LTC University was launched in 2017, with the support of classes on-site and by telephone.

This same platform has been used in Spain to give training to the different employees who were transferred to the companies of the Group.

In the USA and Argentina, on-site Spanish classes have started, for the local and transferred staff (mainly from Brazil) in the executive and middle management categories.

Training initiatives have started in various companies of the group, in pursuit of complementing a versatility matrix, which

42,212
training hours
12.35 hours
per employee



improves the employability of said workers (404-2), as is the case in Turkey, where courses concerning improving welding work and work at heights were given, and in Brazil where courses in the assembling and disassembling of structures were given. relacionados con la mejora de los trabajos de soldadura y de la realización de trabajos en altura, y Brazil, donde se han impartido cursos de montaje y desmontaje de estructuras.

Country	MANAGERS		MIDDLE MANAGERS AND SUPERVISORS		PLANT&OFFICE PERSONNEL	
	M	W	M	W	M	W
Brazil	9	0	664	76	5,205	532
Spain	224	119	1,390	410	6,091	640
India	22	0	407	0	2,169	0
South Africa	15	0	42	2	3,149	71
Turkey	8	0	185	49	7,078	127
USA	0	0	0	0	6,822	139
China	404	269	338	319	2,900	2,337
	682	388	3,026	856	33,414	3,846

With regard to the distribution of training hours, around 52% of the hours were designated to Health and Safety.

Additionally, 67% of the workforce has completed the Compliance course on the company policies, like the Code of Ethics,

the manual for harassment prevention and the behavioral manual concerning incentives, gifts or bribes. All factories of the group, as well as 20 security subcontractors, were trained in this field (412-2 and 205-2).

Social Benefits

401-2

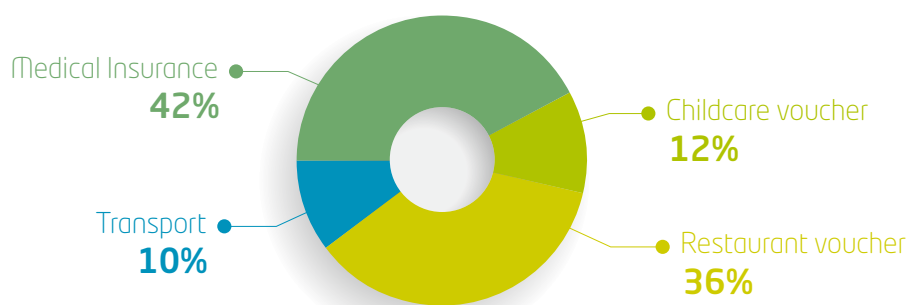
The social benefits that the company offers are very diverse as they are adjusted to the customs of each country.

The distribution of the main benefits is outlined next: Life, medical and disability insurance, canteen or cafeteria service and transport.

COUNTRY	Medical insurance	Life insurance	Disability insurance	Canteen-tickets	Transportation contributions
Brazil	100%	100%	100%	100%	100%
Spain	0%	100%	0%	0%	0%
India	100%	100%	100%	100%	100%
South Africa	0%	0%	0%	0%	100%
Turkey	100%	0%	0%	100%	100%
USA	100%	100%	100%	0%	100%

In Spain, we have the "PRF" Flexible Payment Plan, which offers employees various services within the remuneration package, such as transportation tickets, daycare and food vouchers, etc.,

and therefore benefiting from tax breaks. In 2017, the PRF was solicited by employees with the following distribution:



Pension funds and/or retirement plans

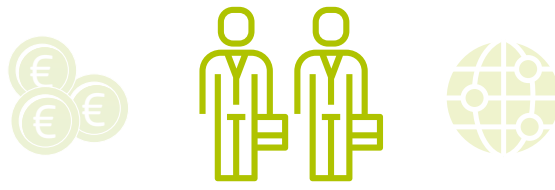
205-3

Pension funds are part of the social benefits of the GRI Towers India and GRI Towers South-Africa plants.

In the case of GRI Casting Zestoa and GRI Flanges Iraeta, these plans are a mandatory requirement of the Metal Sector Collective Agreement Guipúzcoa which regulates both plants.

The plant in India has a **retirement plan** for employees who have been working there for more than 5 years.





SOCIAL DIMENSION

PEOPLE

HEALTH AND
SAFETY

LOCAL
COMMUNITY

103-1, 103-2 AND 103-3

Management focus

To GRI Renewable Industries, the Health and Safety of our employees is a key aspect, always present in the decision-making process and in the development of work plans focused on the constant improvement of safety and working conditions in all production centers.

Our aim is to integrate Health and Safety to all levels of the organization, as well as to establish a true preventive corporate culture based on collaboration, team work and the strong commitment of all our employees.

The organization is based on the development and highest level of implementation of our Health and Safety Policy. To this effect, GRI Renewable Industries has a multidisciplinary team of highly qualified experts, focused on excellence, who work on a daily basis to guarantee maximum Health and Safety condi-

tions, therefore complying with legal requirements as well as with the Group's internal standards.

Our integrated management system (IMS) is based on the international standard OHSAS 18001. Because of this, and as a global company, we accept the commitment to implement a Health and Safety Management System at work as a fundamental part of our strategy, based on the constant evaluation of risks associated with our activity. Through this, we make the health and wellbeing of all workers a priority.

GRI Renewable Industries actively manages each and every detected risk, by implementing preventive and remedial measures to reduce probability and severity of any unwanted occurrences.



IPRL: EXCELLENCE SYSTEM FOR HEALTH AND SAFETY MANAGEMENT

The IPRL represents the internal safety standard for health and safety developed by GRI Renewable Industries itself, and which has been applied since the beginning of 2016. This indicator has defined the common Health and Safety criteria that are applicable to all production centers of the group, gathering all features of the different technologies and production processes, and also including best practices in pursuit of continuous improvement of operational safety and efficiency. The IPRL standard covers and goes beyond the applicable legal provisions in each country where GRI Renewable Industries operates, as well as the OHSAS 18001 requirements.

The satisfactory implementation of this internal referential leads to better employment conditions while reducing risk exposure for the company. At the same time, it allows the organization to accurately evaluate performance on Health and Safety matters in all its facilities. Afterwards, all deviations are internally managed to draw up action plans and to guarantee that all established criteria are respected and met, to ensure the highest level of safety and protection of the workers.

In IPRL, in its most aggregated level, shows performance with a score of 0 to 100; 100 being the most unfavorable and 0 the perfect situation. This rating is calculated through the average weighing of three criteria that in turn build on 89 factors.

IPRL INDEX		
Rates 30%	Working conditions 35%	H&S Management 35%
3 FACTORS	57 FACTORS	29 FACTORS
Frequency Rate 27%	Routes of traffic (3 factors) 9%	Accidente investigations 5%
Severity Rate 27%	Stores (5 factors) 10%	Training 4%
Severe Accidents 45%	Lifting tools (4 factors) 15%	Special Works 5%
	Fire protection (3 factors) 7%	Risk assessment 7%
	Productive machines (31 factors) 32%	External companies 4%
	Auxiliary machinery (6 factors) 12%	Health Surveillance 4%
	Environmental conditions (5 factors) 8%	Safety Inspections 5%
	Ergonomic conditions (2 factors) 7%	Audits 3%

This year, two new plants have incorporated the IPRL index (GRI Towers USA and GRI Castings Zestoo), the latter being a metal foundry for the wind industry and the metallic automotive component industry.

In 2018 the entry of three new plants is planned, which are currently starting up or are under construction. Our plants in China are not included in this scope either.



Employment conditions and prevention management

At GRI Renewable Industries, IPRL results are continuously monitored and evaluated each trimester by the responsible Health and Safety team. In 2017, all plants of the group were audited under the IPRL standard*. The results of the internal audits as well as of the continuous evolution of the plants is

available to the entire organization through the internal communication channels and the corporate intranet.

Below, percentual improvement concerning employment conditions and prevention management in each of the centers since 2016 is shown.

	WORKING CONDITIONS				HEALTH & SAFETY MANAGEMENT			
	4QT 2016	4QT 2017	% Improvement 2016	% Improvement 2017	4QT 2016	4QT 2017	% Improvement 2016	% Improvement 2017
GRI Flanges Brazil	35	29	29%	16%	26	18	7%	31%
GRI Towers Turkey	57	34	30%	41%	48	33	27%	32%
GRI Towers Brazil	30	36	56%	-19%	31	24	16%	22%
GRI Towers India	86	74	10%	14%	68	57	14%	17%
GRI Towers USA	-	73	-	21%	-	76	-	6%
GRI Towers South Africa	86	78	4%	9%	85	75	-13%	12%
GRI Castings Zestoa	-	75	-	7%	-	78	-	7%
GRI Flanges Iraeta	86	76	0%	11%	80	78	19%	3%
GRI Towers Galicia	66	60	7%	8%	60	59	0%	1%
GRI Renewable Industries			17%	12%			10%	15%

* Annual improvement percentages have been calculated with the results of 1QT of 2016 and 1QT of 2017. GRI Towers USA and GRI Castings Zestoa were incorporated to the IPRL indicator in the course of 2017.

In 2017, we improved employment conditions by 12% and prevention management by 15%. Consequently, we increased the number of centers with "excellent" performance by 4%, owing to GRI Towers Turkey entering the green zone of the IPRL.

In addition, this financial year specific training given on Health

and Safety increased by 17%. Training sessions were focused on high-risk activities, the handling of machinery and specific assessment of workstations. Concerning investment, the improvement actions, both specific and headed through IPRL, implied a total investment in safety of over 1.2 million euros worldwide.

GRI Towers Turkey reached the EXCELLENCE level in IPRL, GRI's own health and safety standard

GRI Towers Turkey has reached the level of excellence in the IPRL indicator after the internal audit from 2017. The results show the team work towards a common objective, focused on achieving the improvements of this standard. Their commitment to Health and Safety make GRI Towers Turkey the third plant of the group to reach this goal.

Nur Hanay and Aysegul Demirtas, members of the safety team, indicated that "this is a team effort, just one

person or department would be able to manage this correctly. Everybody, and especially the operators, must be involved. This success will help both to raise awareness for others and to provide a safer and more positive workplace."

The work of GRI Towers Turkey on the IPRL started in January 2016 and, since then, they have been able to reduce the indicator's score by more than half, this being easily visible in the conditions of the plant.

Not only have the employment conditions and health and safety management improved, but also accident rates in the plant.

We are very proud of the performed work, the shown commitment and the absolute integration of safety in the day-to-day functioning of the plant. For all that, GRI Towers Turkey has become a reference for continuous improvement, 5S and preventive culture.

Tracking indicators

GRI Renewable Industries performs continuous tracking of indicators related to accident rates, these being totally integrated within the IPRL structure. These indices relate to internal workers as well as to subcontractors or temporary staffing firms that perform tasks which are necessary and specific to our activity. Among the traditional indicators the following can be found (403-2):

ACCIDENTS WITH LEAVE 2017

OWN PERSONNEL		
Country	MEN	WOMEN
Brazil	0.9	0.0
Spain	62.3	55.0
India	6.6	0.0
South Africa	89.7	23.8
Turkey	2.7	0.0
USA	2.1	0.0
TOTAL	26.0	19.4

Rate of accidents with leave: $\frac{\text{N}^\circ \text{ accidents with medical leave 2017}}{\text{n}^\circ \text{ hours worked}} * 1,000,000$.

ACCIDENTS WITHOUT LEAVE 2017

OWN PERSONNEL		
Country	MEN	WOMEN
Brazil	0.9	0.0
Spain	104.4	78.6
India	11.5	0.0
South Africa	0.0	0.0
Turkey	2.7	0.0
USA	57.7	73.1
TOTAL	34.8	31.6

Rate of accidents without leave: $\frac{\text{N}^\circ \text{ accidents with medical leave 2017}}{\text{n}^\circ \text{ hours worked}} * 1,000,000$.

It should be noted that, globally, in 2017 there was an increase in accident rates, mainly caused by poor performance in several of our production centers.

Nevertheless, there is a group of plants (namely Brazil, USA, Turkey and India) where accident rates are at a historical low due to the work on the integration of the IPRL, commitment of the management and the awareness of all workers. In 2017 no fatal accidents have been registered by our group.

Regarding occupational diseases in 2017, the situation is summarized below

RATE OF PROFESSIONAL ILLNESSES 2017

OWN PERSONNEL		
Country	MEN	WOMEN
Brazil	2.68	0
Spain	3.51	0
TOTAL	1.55	0

Rate of the professional illness: $\frac{\text{n}^\circ \text{ of occupational diseases}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$

In the rest of countries, the rate have been 0,0 for both genders.

Regarding days lost through accidents, there has been a decrease in comparison with the previous year. On the other hand, the rate of days lost through absence has slightly increased. The results corresponding to 2017 are shown below:

DAYS LOST PER ACCIDENT

OWN PERSONNEL		
Country	MEN	WOMEN
Brazil	283	0
Spain	1,626	943
India	127	0
South Africa	552	262
Turkey	11	0
USA	47	0
TOTAL	558	319

Rate of days lost through accident: $\frac{\text{n}^\circ \text{ of days lost due to occupational accidents}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$

DAYS LOST PER ACCIDENT + OTHER CAUSES

OWN PERSONNEL		
Country	MEN	WOMEN
Brazil	1,528	1,969
Spain	4,536	10,146
India	127	0
South Africa	2,973	2,759
Turkey	1,219	0
USA	47	0
TOTAL	2,026	4,260

Rate of days lost through accident + other causes: $\frac{\text{n}^\circ \text{ of absence days}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$

Risk analysis

403-3

Each factory conducts a comprehensive risk assessment that is periodically reviewed by both the plant and at a corporate level.

The main detected risks are listed and addressed globally to guarantee complete control, while defining specific protocols of obligatory compliance, such as: adjustment of specific work equipment within the production process.

In 2017, specific hygienic and ergonomic assessments were started. After the analysis of the results, specific action plans for each of our centers were defined to adjust machines and workstations, improving the wellbeing and conditions for all workers.

In 2017, 7 cases of occupational disease were detected in the plants: GRI Towers Galicia, GRI Towers Brazil and GRI Flanges Brazil, which are being monitored by the Health and Safety departments in each plant.

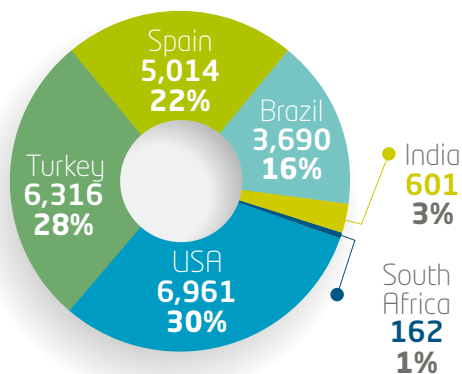
Additionally, 9 risk-exposed workstations were detected, affecting 27 workers, all of these in the plant GRI Castings Zestoa, for which preventive monitoring is being done.

Training and awareness-raising

GRI Renewable Industries provides specific and high-quality training to all its employees, which is necessary to excel in all tasks on the job. Safety plays an inclusive role in said training. All training is based on the results obtained from the risk assessments at the workplace, as well as on the procedures and work instructions.

This ensures that all our workers and external employees have the information, instructions, sufficient training and supervision to perform their daily activities both safely and efficiently.

Health and Safety training



GRI Towers India holds its Work Safety Week

GRI India staged the Work Safety Week from March 4 to 11. This initiative, which is done to commemorate the National Safety Day in India, has covered different activities with the objective of raising the plant employees' awareness on Health and Safety matters.

For this event, there were meetings explaining commitment and safety regulations at work, activities such as creating banners and posters, illustrating safety situations and even drills to prepare workers for emergencies and chemical spills at the plant.



In addition, various competitions about safety were organized to motivate employees: Safety poster and slogan, safety poem, essays and studies on different safety related cases at the plant, group theatre performances about an emergency situation in which feelings and dramatic components came into play, and a quiz with questions on safety, health and other environmental topics.

Communication

403-1

GRI Renewable Industries has developed awareness campaigns (Be Safe!), teaches and organizes TOP 5 and Safety Dialogues (DDS) and releases communication on incidents and accidents to increase participation and inform all workers about specific Health and Safety questions. As a responsible company, we support a sound safety awareness culture based on the people's behavior. We firmly believe that Health and Safety at work is the responsibility of all.



As can be seen in the stakeholder participation section, there are different channels to build direct and two-way communication with different audiences.

An important figure that helps the integration of Health and Safety in the company is the Health and Safety Committee. This internal body comes with representation of the workers, meets periodically and addresses relevant topics related to Safety and employment conditions at the factories (403-4). The representation of the employees in the health and safety committees is detailed in the next table:

REPRESENTATION OF EMPLOYEES IN HEALTH AND SAFETY COMMITTEES

Country	% representation
Brazil	100%
Spain	100%
India	100%
South Africa	100%
Turkey	100%
USA	100%

* Information from China at the moment is not available.

IPRL

ROAD TO EXCELLENCE

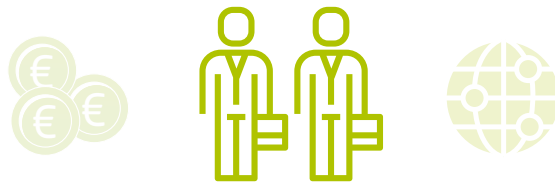


At the beginning of the year, a video of the IPRL standard was recorded at the GRI Brazil facilities.

The aim of this video is to present the improvements made in GRI Brazil by the implementation of the IPRL and having reached the Green color as a sign of EXCELLENCE. This video also shows the importance and the positive impact of the IPRL not only in safety but also in productivity and competitiveness.

GRI Renewable Industries wants for this video to be an example and model for the different plants in order to, progressively, all plants reach the excellence level in the IPRL.

Short videos will be released focused on different factors of the IPRL taking as a reference the plants that have the better score on those factors. These IPRL pills will serve not only to train the workers on the factors, but to prove the improvements that are reached through the IPRL and to share internally all best practices in Safety.



SOCIAL DIMENSION

PEOPLE

HEALTH AND
SAFETY

LOCAL
COMMUNITY

103-1, 103-2 AND 103-3

GRI Renewable Industries contributes to the local economic development in the countries where we are present, by creating value through our products and services.

To this effect, we try to align our business strategy with the SDG (Sustainable Development Goals) through social action, by working with different associations and local authorities through constant and transparent dialogue.

Contribution to local development. Social Action

102-12 AND 413-1

One of GRI Renewable Industries' priorities is to support local development in the areas we have a presence. For this reason, collaboration agreements have been defined with nonprofit organizations with whom we carried out corporate and local activities.

Among others, at a corporate level, we support the following:

The Association for Spinal Cord Injury Studies (AESLEME) has as its goal to prevent accidents through training and social sensitization as well as to offer psychological and juridical support to those affected by traffic accidents. In 2017, dissemination about road safety was specially promoted in schools in the Madrid Community.



Since 2013, we have supported the Foundation Lo Que De Verdad Importa (What Really Matters) with disseminating universal, moral and ethical human values through the development of motivational conferences. This 2017, apart from the support for the conferences and spreading them among our employees, the new volume of LQDVI, which is defined by its special attention to the environment, has also been acquired and distributed among employees, customers and providers.

GRI Renewable Industries has supported the Foundation since 2007, apart from being its Trustee. Its mission is to improve the lives of people with intellectual disabilities and to foment their social integration. This year the company has supported the Foundation with the rent of its spaces and utilities.



Non profit organization whose mission is to end food insecurity and malnutrition in areas of humanitarian catastrophes. In 2017, GRI Renewable Industries made a special contribution to the people affected by the Hurricanes in Puerto Rico.



Entity supported by the group which aims to help children and adolescents with cancer and their families. We have been contributing to this Foundation since 2016. In 2017, we collaborated with the promotion, dissemination and purchasing of the movie Lo Que De Verdad Importa.

This year we have developed various activities related to sports, culture and education, among others.

Supporting cultural and educational topics fosters the growth of people in the different communities; sport programs help to develop healthy habits on top of being an important leverage for fundraising and; programs and activities related to the environment are becoming important support channels to preserve the planet and fight climate change.

It should be noted that no operations with significant (real and potential) negative impacts on local communities have been detected (413-2).

The development activities and programs with the local community took place in 6 countries (57.14%). The most relevant are outlined below:



CULTURE

The Foundation "Aladina" and "Lo Que De Verdad Importa" joined hands this 2017 to release and promote the movie "Lo Que De Verdad Importa", the profits of which are designated to summer camps for children with cancer, following the "Serious Fun Children" Network" created by Paul Newman.

GRI Renewable Industries supported this cause by inviting its employees to watch the movie with their families. In the case of GRI Madrid, 80 people attended, while GRI Towers Galicia organized a special pass for 120 attendees.



SPORT

GRI Towers Galicia promotes healthy living among its employees and families. For this reason, it has renewed its sponsorship of the football team O' Carballiño, of indoor football and car races. GRI Flanges Iraeta sponsors the football team in the Zestoa region.



DONATIONS

GRI Flanges China made a donation to the charity Zhangqiu, to help all groups at risk of social exclusion: elderly people, people at risk of poverty, disabled people and addicts.

GRI Flanges Iraeta made a donation to the town of Aizarnazabal for its patronal feasts.

Local collaboration with public authorities

GRI Renewable Industries establishes relations with local public authorities on an altruistic basis with complete transparency, in accordance with the guidelines set out by the Code of Ethics. Meanwhile, the company does not make any economic or in-kind contributions to political parties (415-1).





EDUCATION

GRI Towers Turkey helped the local Sarıköy High School to clean up its common areas and renovate the exterior of the educational center. Thanks to the collaboration of 5 plant employees for 10 workdays, they were able to paint the front, the fences around the school, plus the sport courts. Because of this, 150 students could benefit from this refurbishment.

GRI Towers India organized, together with the workers committee and its employees, a thorough training day where the main topic was worker care. To mark the occasion, motivational speeches were given, as well as first aid and work safety courses and medical check-ups, among other things.

GRI Towers Sevilla signed a framework agreement for three years with the Seville Council through which it commits to hire and train young Sevillians in the manufacturing of marine wind towers.

Between 15 and 20 young people will be trained in its facilities over a period of two to three months. The Seville Council will take charge of 20% of the training, while **GRI Renewable Industries** will take charge of the remaining 80%.



ENVIRONMENT

At **GRI Renewable Industries**, we are committed to the fight against climate change which is why the challenge of planting one tree for each produced tower was set in 2015. **GRI Madrid**, **GRI Towers Galicia** and **GRI Flanges Iraeta** have organized a reforestation in the regions surrounding the plants and offices, succeeding in planting over 1,313 trees. All this is elaborated on in the environmental chapter.

On their part, **GRI Towers India** participated in the planting of 300 indigenous trees in the region during the week of the Forest, in which 110 employees took part, showing their commitment to the environment and the reduction of environmental impacts and deforestation.



The Andalusian Councils visit to GRI Towers Sevilla

In 2017, our plant GRI Towers Sevilla was visited by the president of the Andalusian council, with the Delegate of the Andalusian Government, the president of the Seville Port Authority and the city mayor, among other figures.

The CEO of GRI Renewable Industries, the plant manager and the Corporate Director of Communication and Sustainability led the visit and explained the processes that take place, such as the treatments to which the steel is submitted and the applications for the towers produced in the plant.

GRI Flanges China participated in a workshop with other Basque companies in Beijing

The Basque Government organized a workshop in Beijing in which GRI Flanges China shared the seminar with other important companies.

The seminar dealt with the market situation in China, the unfolding model change and its risks in terms of application of new paradigms and uncertainties.



ENVIRONMENTAL DIMENSION

103-1, 103-2 AND 103-3



Environmental performance

At GRI Renewable Industries, we operate in an efficient and responsible way and we show our interest in the preservation of the environment. Our work is done under the umbrella of an Integrated System and a Quality, Environment and Health and Safety Policy.

Through these, consumption, emissions, waste and discharges among other environmental parameters are monitored to contribute to the minimization of its environmental impact wi-

thout affecting the quality of the products and whilst working on the continuous improvement.

At present, the GRI Towers Galicia, GRI Towers Turkey, GRI Towers India, GRI Towers South Africa, GRI Towers Brazil, GRI Flanges Brazil, GRI Towers China I, II and III are certified under the standard ISO 14001:2008.

The main monitoring KPI are outlined below:

KPI's

	2016	2017
Steel consumption (tons)	390,933	398,507
Energy consumption (GJ)	271,345	353,973
Other energy consumption (GJ)	133,355	405,329
Non-hazardous Waste: scrap (tons)	25,530	87,031*
Non-hazardous Waste: Others (tons)	1,831	2,149
Hazardous waste (tons)	2,081	1,755
Environmental investment (€)	122,306	219,804
Environmental expenses (€)	184,000	455,019

* China Included.

Circular Economy

Life-Cycle Focus

The European Parliament and the European Council support the strategy to generate growth and employment through the circular economy, an initiative which is part of the Europe 2020 strategy.

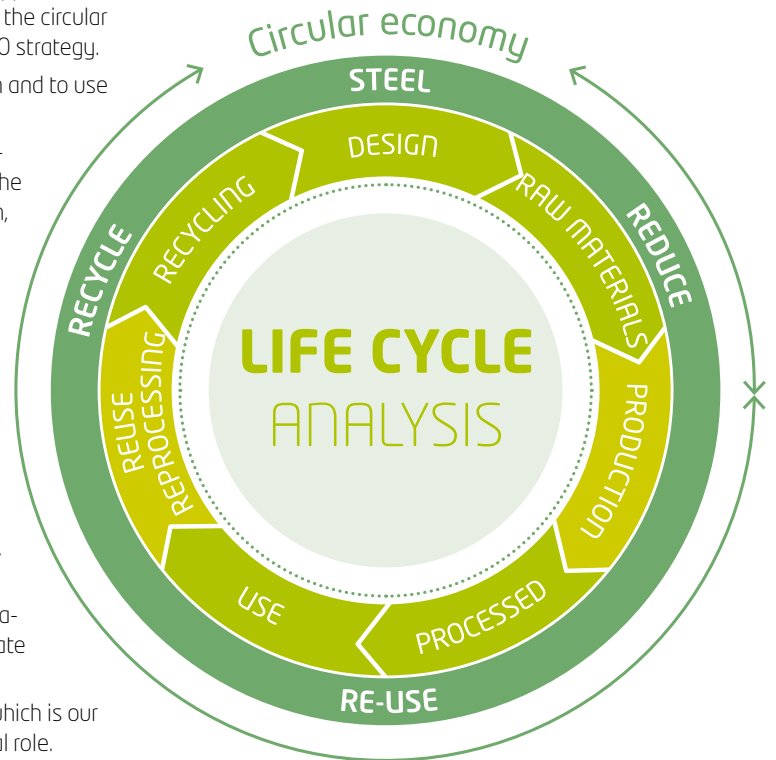
The circular economy aims to reduce waste production and to use it as a resource.

For this reason, the objective is to create a political framework which supports an efficient economy, where the use of consumption improves economic results, growth, innovation and where competitive opportunities are identified, and with the guaranteed supply of resources, while fighting climate change and environmental impacts. This initiative will boost global competitiveness whilst encouraging sustainable growth and the generation of new employment.

The proposals to put the circular economy into practice relate to the complete product life-cycle, in a closed cycle, from its production and consumption to waste management (reutilization, recycling and recovery), the secondary raw material market included, rather than the old "produce, use and discard" model.

To that end, one of the actions to be executed is the tracing of the whole residue process to guarantee adequate infrastructures for recovery, classification, etc.

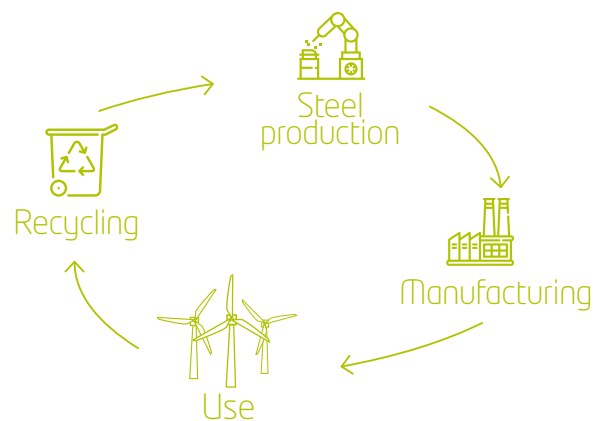
Based on this, and given its specific properties, steel, which is our main raw material in the company, plays a fundamental role.



Steel

Due to its original properties, steel is the most recycled material, as it does not lose quality after smelting. Its recycling allows for 80% energy savings, 85% in water savings and 95% in carbon savings, which avoids the emission of almost two tons of greenhouse gases according to UNESID.

For this reason, practically 100% of the products manufactured in GRI Renewable Industries are totally recyclable, thus reducing their environmental impact at the end of their product life significantly and so helping to close the circle of the product life-cycle. Additionally, within our processes, heeding our quality and environmental systems and our quest for continuous improvement, we are looking to optimize resources and designs as much as possible without losing the quality that characterizes us.



Raw materials and hazardous products

Steel is the main raw material with which we work, followed at a distance by paint. Using and handling hazardous materials is done in accordance with procedures and instructions in

place, complying with the applicable regulations and using the appropriate EPIS. The main consumptions in this financial year are outlined in the following table:

Consumptions (tons)

	GRI Spain	GRI Brazil	GRI Turkey	GRI India	GRI South Africa	GRI USA	GRI China
Steel	99,271	69,070	15,700	5,597	18,028	30,033	190,540
Flux	556	170	84	60	80	136	-
Painting	627	792	86	104	81	151	-
Grit	112	118	4	25	15	58	-
Welding Wire	526	241	69	60	50	119	-

The steel used in our processes partially composes of recycled steel, its composition depends on the product. The results are shown next:

PRODUCT TYPE

	Tons consumed 301-1	% recycled	Steel recycled tons
Towers	128,052	18%	23,049
Flanges	225,301	18%	40,554
Castings	3,704	60%	2,223



Conflict Minerals

Since the year 2010, following the approval of the Dodd-Frank Wall Street Reform, governments, companies and consumers request to know the origin of conflict materials, which has, therefore, become significant within GRI Renewable Industries.

The corresponding homologation of providers, with those previously calibrated in the market, is done within the purchasing process. In this homologation survey aspects regarding the environment, health and safety, human rights, ethics and labor conditions are evaluated.

Requirements which allow us to verify that, for the purchases to which these apply, the origin of the materials are accredited and thus assuring that these do not originate from foundries that use conflict materials (coltan, casiterite, wolframite, gold, tantalum, tin, or any other conflict mineral or its derivatives) which contribute to funding of conflicts in the Democratic Republic of the Congo or any neighboring country, are also included.

Energy

Energy consumption within the company is high due to the industrial processes, and for this reason measures to improve energy efficiency are being incorporated, as well as measures to reduce the environmental impact and the carbon footprint.

With our commitment to the Sustainable Development Goals (SDG), in particular to climate change, we are continuously trying to further reduce our environmental impact through different actions such as reforestation, and by favoring renewable energy production.

Internal energy consumption

302-1

In 2017, GRI Renewable Industries consumed a total of 761,134 GJ, of which 53% came from electricity consumption and the remaining 47% came from fuels such as LPG, natural gas, propane and diesel.

With regard to the electricity consumption, the majority is designated to production, as is detailed next:

As for external energy consumption, no available data is available related to this indicator. Information is expected to be available by the year 2030 (302-2).

Internal Consumption (GJ)

	Electricity	GLP	Natural Gas	Propane	Diesel
GRI Spain	59,389	0	70,458	1,716	13,289
GRI Brazil	32,781	81	9,931	0	1,124
GRI Turkey	9,524	0	2,306	942	0
GRI India	8,181	519	0	0	661
GRI South Africa	9,541	3,364	0	0	0
GRI USA	11,621	1	827	0	0
GRI China	222,936	0	301,942	0	0
TOTAL	353,973	3,965	385,464	2,658	15,074



Energy intensity

302-3

Measuring energy intensity is a good way to measure the efficiency and impact of our processes. The calculation takes electricity and fuel, corresponding to internal use, into consideration. The resulting annual ratio is calculated by dividing energy consumption by the total weight of products sold in each country. The results obtained from the different tower and flange manufacturing processes are detailed in the following charts.

Energy intensity "Towers"

	GJ consumed/tons of sold product
Brazil (Towers)	0.67
Galicia (Spain)	0.80
India	0.64
South Africa	1.15
Turkey	1.16
USA	2.49
TOTAL	0.87

Emissions and climate change

201-2 AND 302-4

At GRI Renewable Industries we are concerned about the fight against climate change. Therefore, we have joined the sustainable development goals this year, and in particular to goals 7 (affordable and clean energy) and 13 (climate action).



7 AFFORDABLE AND CLEAN ENERGY

GOAL 7

Ensure access to affordable, reliable, sustainable and modern energy for all

Energy is key to almost all big challenges and opportunities that the world is currently facing. Whether it is for employment, safety, climate change, food production or to increase incomes, universal access to energy is essential.



13 CLIMATE ACTION

GOAL 13

Take urgent action to combat climate change and its impacts

Climate change affects all countries on all continents. It has a negative impact on the economy and on the lives of people, communities and countries. In the future its consequences will be even worse.

People are feeling the consequences of climate change first-hand, which include changes in weather patterns, increasing sea levels and more extreme weather events. Greenhouse gas emissions caused by human activity increase this threat. In fact, emissions never have been this high.



Since the installation of the first turbines at the end of the 20th century, wind energy's contribution to the power mix has become increasingly higher. In 2017 this type of energy grew by 9%, reaching 539,291 MW of installed capacity. Thus covering 5% of the global electrical demand. (Source: World Wind Energy Association).

China is the undisputed leader on the world stage, with an installed capacity of over 168.7 GW, far ahead of the USA whose installed capacity amount to 82.1 GW and which is losing out due to the change in trend of the new government.

In Latin America, markets like Mexico, Brazil and Argentina are becoming increasingly more important. Mexico should be noted, which reached 4 GW but will exceed 12 GW in 2020 due to its long-term auctions.

Europe, led by Germany, is already the second electricity source, with 18% of the total energy production capacity installed. This is in line with the EU's objective to obtain 50% of its energy consumption from renewable origins by 2030. In this area Denmark stands out, which set a world record by obtaining 43% of its energy from wind energy.

Regarding marine wind energy (offshore), in 2017 a new historic world record was set with 3,148 new megawatts installed, double the amount of 2016. This ranking is led by the United Kingdom with 53% of the installed power, followed by Ger-

many with 40% and, to a lesser extent, by Belgium and Finland.

The future development perspectives of this offshore energy are very favorable. According to the last IRENA report "Innovation Outlook: Offshore Wind", the marine wind capacity could grow from 13 GW in 2015 to 400 GW in 2045.

At GRI Renewable Industries, we contribute to the fight against climate change through the use of efficient and cutting-edge technology, as well as by the development and rollout of energy efficiency measures (elaborated in the R&D chapter) in our processes and through the training and raising of awareness of our personnel.

Another of the initiatives we carry out is the replanting of trees, to which a new facility joins each year. In 2016, GRI Madrid and GRI Towers Galicia planted trees, in 2017 GRI Flanges Iraeta joined and we hope that GRI Castings Zestoa and GRI Towers Sevilla will join in 2018 (302-4).

Additionally, in Spain, we perform energy audits in our plants in accordance with the Royal Decree 56/2016. In 2017 the following plants were audited: GRI Casting Zestoa, GRI Towers Galicia and GRI Flanges Iraeta. After the audits improvement plans were made, which already are being implemented in some cases to increase efficiency and to save electricity and natural gas.

Greenhouse gas emissions

At GRI Renewable Industries we measure and communicate our carbon dioxide emissions (CO₂) to be able to establish improvement objectives. The following standards have been taken into account for the calculation of CO₂ emissions: Green House Gas Protocol (GHG Protocol) and the Emissions Factors from Cross-Sectors Tools (GHG Protocol 2014) to calculate the fuel emission factors, the IPCC Fourth Assessment Report: Climate Change 2007 for electricity consumption, and the average emission factors of the national electricity mix of each country for the period 2009-2011 as reported by the IEA (International Energy Agency).

Direct Emissions

305-1

Direct emissions are mainly from the production of the company, in 2017 23,160 tons of CO₂. The emissions by country are given next:

Country	Emissions (tCO ₂)
Brazil	646
Spain	5,046
India	82
South Africa	212
Turkey	189
USA	46
China	16,939
TOTAL	23,160

Indirect Emissions

305-2

Indirect emissions are those produced by third parties and are consumed by our plants and offices, they amount to 59,853 tons of CO₂. The emissions by country are given next:

Country	Emissions (tCO ₂)
Brazil	619
Spain	4,801
India	1,945
South Africa	2,303
Turkey	1,249
USA	1,624
China	47,312
TOTAL	59,853

Other emissions

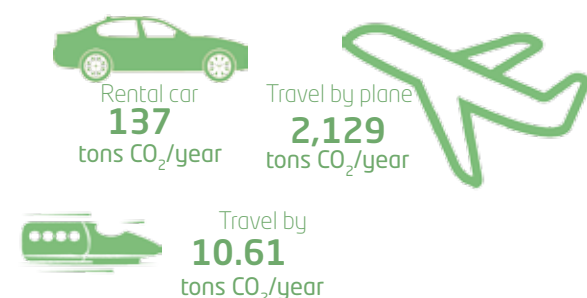
305-3

These emissions correspond to corporate trips made by plane, train and rental cars. Additionally, the estimation of emissions deriving from employees' commutes is also included.

Scope 3 emissions are outlined next:

Type	Emissions concept (tons CO ₂)
Corporate Trips	2,276
Transportation employees	78
Corporate buses	27,030
SCOPE 3 TOTAL	29,384

Corporate Trips



Intensity of Emissions

305-4

The intensity of the emissions is taken into account to measure efficiency and the impact of our processes.

The yearly ratio is calculated by dividing the sum of all direct and indirect emissions by the total weight of all products sold in each country. In the following table the obtained results are detailed for each production process:

Emissions intensity "Towers"

	Tons consumed/tons of sold product
Brazil (Towers)	0.02
Galicia (Spain)	0.06
India	0.14
South Africa	0.22
Turkey	0.13
USA	0.33
TOTAL	0.09

Avoided emissions

305-5

The main activity of GRI Renewable Industries is manufacturing the components for wind turbines (towers and flanges), which are designated to the generation of wind energy. This renewable and sustainable energy does not emit greenhouse gasses and it so contributes to mitigate climate change.

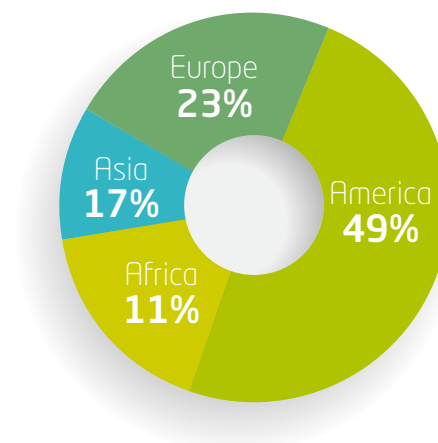
Moreover, we are committed to the achievement of the Sustainable Development Goals (SDG), and, in particular, to those that contribute to the fight against climate change (SDG 7.3 and SDG 13.2).

Next, we highlight our contribution in this context in 2017.



Tower Production

In the financial year 2017, the company manufactured a total of 987 wind towers, the final destination of which is shown below:



The proportional weighing represented by the cost of the wind tower manufactured by GRI Renewable Industries out of the total cost of the tower is deemed to be 16.4%. If one estimates the annual net operational hours of the turbines in the countries where they are present, the installed power, the conversion rate applicable to each country and the percentage of the cost of the tower out of the total structure, we estimate that our contribution to combating climate change amounts to 348,239 tons of avoided CO₂ emissions in 2017.

CO₂ Produced
83,013 tons CO₂/year

SCOPE 1
23,160 tons CO₂/year

SCOPE 2
59,853 tons CO₂/year

BALANCE
+265,241
tons CO₂/year

CO₂ Avoided
348,254 tons CO₂/year

TOWERS PRODUCTION
348,239 tons CO₂/year

REFORESTATION
15 tons CO₂/year

Reforestation

Trees and woodlands have a direct relation to climate change and they contribute to curb its impact, functioning as a drain by trapping and storing CO₂.

Therefore, GRI Renewable Industries committed in 2015 to minimize its impacts through reforestation, with the objective to match, as far as possible, the number of trees planted to the number of towers built.

In 2017, we have undertaken three reforestations, in which our staff and their families participated.

As a result of these plantings and based on the species that were planted, it is estimated that a total of 608 tons of CO₂ will be absorbed over the next 40 years, which is equal to 15 tons per year. Moreover, India undertook a reforestation in the surroundings of its facilities.

In 2018, new reforestations are planned by GRI Towers Sevilla and GRI Castings Zestoa.



GRI Towers Galicia

The team in Galicia and their families planted 500 trees in Leiro of four species typical of the region (*Betula celtiberica*, *Fraxinus excelsior*, *Alnus Glutinosa* and *Salix alba*).

The planting of these trees is estimated to allow for the total absorption of 267.50 tons of CO₂ over the next 40 years.



Madrid head office

The team of Madrid and their families planted 700 trees of the species *Pinus sylvestris* in Avila. This planting is estimated to allow for the total absorption of 1.19 tons of CO₂ over 40 years.



GRI Flanges Iraeta

The team from the Basque Country and their families planted 500 trees in Zumaia, belonging to four species typical of the region (*Betula pubescens*, *Acer psuedoplatanus* and *Salix atrocinerea*) This planting is estimated to allow for the total absorption of 221 tons CO₂ over the next 40 years.



GRI Towers India I

As occurs every year, GRI Towers India I held the plantation of 250 karanj trees in the surroundings of the factory. 110 employees took part in it.



GRI Renewable
Industries

- 1 GENERAL STANDARD DISCLOSURES**
- 2 SPECIFIC STANDARD DISCLOSURES**
- 3 ANNEXES** —————



3

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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 GRI Renewable Industries S.L.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in "GRI Content Index" of the 2017 Sustainability Report (hereinafter "CSR Indicators") of GRI Renewable Industries S.L. and its subsidiaries (hereinafter "GRI Renewable Industries") for the year ended 31 December 2017, prepared in accordance with the content proposed in the GRI Standards of the Global Reporting Initiative (GRI) (hereinafter GRI Standards).

Responsibility of Management

Management of GRI Renewable Industries is responsible for the preparation, content and presentation of the Sustainability Report in accordance with the Comprehensive option of the GRI Standards. 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 GRI Renewable Industries 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 GRI Renewable Industries' personnel from various departments who have been involved in the preparation of the 2017 Sustainability Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

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Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es*

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Inscrita en el R.O.A.C. con el número 50242 - CIF: B-79 031290



- Analysis of the GRI Renewable Industries' CSR indicators adaptation to the requirements established by the GRI Standards for the preparation of sustainability reports.
- Verification, through random sampling tests revisions, and substantive tests on the information used to determine GRI Renewable Industries' CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by GRI Renewable Industries' 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 GRI Renewable Industries' CSR indicators, for the financial year ending 31st December 2017, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the GRI Standards.

Use and Distribution

Our report is only issued to the Management of GRI Renewable Industries, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than GRI Renewable Industries' Management.

PricewaterhouseCoopers Auditores S.L.

M^a Luz Castilla
21st May, 2018

GRI Content Index

102-55

External verification: The contents of this index have been externally verified by the independent entity PwC. The related independent review report for verification can be found in the Annex of this document. Information omissions are included as a note in italics on appropriate indicators.

GRI Standards	Content	Page/ Omission	Review
GRI 101: Foundation			
GRI 102: General Content			
Organizational profile	102-1 Name of the organization	10	✓
	102-2 Activities, brands, products, and services	14, 39	✓
	102-3 Location of headquarters	10	✓
	102-4 Location of operations	12	✓
	102-5 Ownership and legal form	10, 20	✓
	102-6 Markets served	12	✓
	102-7 Scale of the organization	11	✓
	102-8 Information on employees and other workers	43	✓
	102-9 Supply chain	36	✓
	102-10 Significant changes to the organization and its supply chain	29	✓
	102-11 Precautionary Principle or approach	17	✓
	102-12 External initiatives	57	✓
	102-13 Membership of associations	25	✓
Strategy	102-14 Statement from senior decision-maker	4 and 6	✓
	102-15 Key impacts, risks, and opportunities	16	✓
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	19	✓
	102-17 Mechanisms for advice and concerns about ethics	19	✓

GRI Standards	Content	Page/ Omission	Review
Governance	102-18 Governance structure	20	√
	102-19 Delegating authority	21	√
	102-20 Executive-level responsibility for economic, environmental, and social topics	21	√
	102-21 Consulting stakeholders on economic, environmental, and social topics	22	√
	102-22 Composition of the highest governance body and its committees	20	√
	102-23 Chair of the highest governance body	20	√
	102-24 Nominating and selecting the highest governance body	21	√
	102-25 Conflicts of interest	21	√
	102-26 Role of highest governance body in setting purpose, values, and strategy	22	√
	102-27 Collective knowledge of highest governance body	22	√
	102-28 Evaluating the highest governance body's performance	23	√
	102-29 Identifying and managing economic, environmental, and social impacts	16	√
	102-30 Effectiveness of risk management processes	15	√
	102-31 Review of economic, environmental, and social topics	15	√
	102-32 Highest governance body's role in sustainability reporting	22	√
	102-33 Communicating critical concerns	22	√
	102-34 Nature and total number of critical concerns	19	√
	102-35 Remuneration policies	23	√
	102-36 Process for determining remuneration	23	√
	102-37 Stakeholders' involvement in remuneration	23	√
Stakeholder engagement	102-38 Annual total compensation ratio	ND	√
	102-39 Percentage increase in annual total compensation ratio	ND	√
	102-40 List of stakeholder groups	24	√
	102-41 Collective bargaining agreements	44	√
	102-42 Identifying and selecting stakeholders	24	√
Reporting practice	102-43 Approach to stakeholder engagement	24	√
	102-44 Key topics and concerns raised	26	√
	102-45 Entities included in the consolidated financial statements	77	√
	102-46 Defining report content and topic Boundaries	26	√
	102-47 List of material topics	27	√
	102-48 Restatements of information	29	√
	102-49 Changes in reporting	29	√
	102-50 Reporting period	29	√
	102-51 Date of most recent report	29	√
	102-52 Reporting cycle	29	√
	102-53 Contact point for questions regarding the report	29	√
	102-54 Claims of reporting in accordance with the GRI Standards	29	√
	102-55 GRI content index	70	√
	102-56 External assurance	29	√

GRI Standards	Content	Page/ Omission	Review
Materiality topics			
ECONOMIC PERFORMANCE			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Economic Dimension.	103-1 Explanation of the material topic and its Boundary	32	√
	103-2 The management approach and its components	32	√
	103-3 Evaluation of the management approach	32	√
Economic Performance			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	35	√
	201-2 Financial implications and other risk and opportunities due to climate change	64	√
	201-3 Defined benefit plan obligations and other retirement plans	50	√
	201-4 Financial assistance received from government	35	√
Procurement Practices			
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	38	√
Anticorruption			
GRI 205: Anti corruption	205-1: Operations assessed for risks related to corruption	15	√
	205-2: Communication and training about anti-corruption policies and procedures	15,19,49	√
	205-3: Confirmed incidents of corruption and actions taken	15	√
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	15	√

GRI Standards	Content	Page/ Omission	Review
Materiality topics			
ENVIRONMENTAL PERFORMANCE			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Environmental Dimension.	103-1 Explanation of the material topic and its Boundary	60	√
	103-2 The management approach and its components	60	√
	103-3 Evaluation of the management approach	60	√
Materials (not material)			
GRI 301: Materials	301-01: Materials used by weight or volume	62	√
Energy (not material)			
GRI 302: Energy	302-1: Energy consumption within the organization	63	√
	302-2: Energy consumption outside of the organization	63, Note A	√
	302-3: Energy intensity	63	√
	302-4: Reduction of energy consumption	64	√
	302-5: Reduction in energy requirements of products and services	Note B	√
Emissions (not material)			
GRI 305: Emissions	305-1: Direct (Scope 1) GHG emissions	65	√
	305-2: Energy indirect (Scope 2) GHG emissions	65	√
	305-3: Other indirect (Scope 3) GHG emissions	66	√
	305-4: GHG emissions intensity	66	√

NOTE A: There is no information on this indicator, which is expected to be in the year 2030.

NOTE B: Does not apply. The products follow the customers' specifications, so the company has little influence.

GRI Standards	Content	Page/ Omission	Review
Materiality topics			
SOCIAL PERFORMANCE			
Management Approach			
GRI 103: Management Approach. It is applicable to all indicators reported in this section Social Dimension.	103-1 Explanation of the material topic and its Boundary	43, 51, 57	✓
	103-2 The management approach and its components	43, 51, 57	✓
	103-3 Evaluation of the management approach	43, 51, 57	✓
Employment			
GRI 401: Employment	401-1: New employee hires and employee turnover	45	✓
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	50	✓
	401-3: Parental leave	43	✓
Occupational Health and Safety			
GRI 403: Occupational Health and Safety	403-1: Workers representation in formal joint management-worker health and safety committees	55	✓
	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	54	✓
	403-3: Workers with high incidence or high risk of diseases related to their occupation	55	✓
	403-4: Health and safety topics covered in formal agreements with trade unions	55	✓
Training and Education			
GRI 404: Training and Education	404-1: Average hours of training per year per employee	49	✓
	404-2: Programs for upgrading employee skills and transition assistance programs	49	✓
	404-3: Percentage of employees receiving regular performance and career development reviews	48	✓
Diversity and Equal Opportunity (not material)			
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	47	✓
Non-discrimination (not material)			
GRI 406: Non-discrimination	406-1: Incidents of discrimination and corrective actions taken	19	✓
Child Labor			
GRI 408: Child Labor	408-1: Operations and suppliers at significant risk for incidents of child labor	15	✓

GRI Standards	Content	Page/ Omission	Review
Materiality topics			
SOCIAL PERFORMANCE			
Human rights assessment			
	412-2: Employee training on human rights policies or procedures	15	√
GRI 412: Human rights assessment	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	19, 49	√
	412-3: Significant agreements and investment contracts with clauses on human rights or submitted to evaluation of human rights.	16	√
Local Communities (not material)			
GRI 413: Local Communities	413-1: Operations with local community engagement, impact assessments, and development programs	57	√
Suppliers social assessment (not material)			
GRI 414: Suppliers social assessment	414-1: New suppliers that have passed selection filters according to social criteria.	36.37	√
Public Policy			
GRI 415: Public Policy	415-1: Political contributions	59	√
Customer Health and Safety			
GRI 416: Customer Health and Safety	416-1: Assessment of the health and safety impacts of product and service categories	39	√
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	9	√
Customer Privacy (not material)			
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	15	√
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance	419-1: Non-compliance with laws and regulations in the social and economic area	15	√



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 GRI Renewable Industries' 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.	Part I. General Standard Disclosures
	Principle 2: Make sure that they are not complicit in human rights abuses.	Part I. General Standard Disclosures
Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Part I. Social Dimension
	Principle 4: The elimination of all forms of forced and compulsory labor.	Part I. General Standard Disclosures
	Principle 5: The effective abolition of child labor.	Part I. General Standard Disclosures
	Principle 6: The elimination of discrimination in respect of employment and occupation.	Part I. General Standard Disclosures
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Part II. Environmental Dimension
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	Part II. Environmental Dimension
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Part II. Environmental Dimension
Anticorruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Part I. General Standard Disclosures

Scope consolidation of GRI Renewable Industries S.L. and subsidiaries

Scope consolidation. The group was composed by the following companies at the end of 2017 (102-45).

Subsidiary/ Associated company	Country	Subsidiary/ Associated company	Country
Gestamp Wind Steel Pernambuco S/A	Brazil	GRI Castings, S.L.	Spain
Iraeta Brazil S/A	Brazil	Gestamp Hybrid Towers S.L.	Spain
G&B Wind Services S/A	Brazil	Gestamp Powergear Wind Steel, Pvt. Ltd.	India
Gws Corte E Biselado S/A	Brazil	Shrenik Industries Private Limited	India
Shandong Iraeta Heavy Industry Stock Co, Ltd	China	Gesbey Enerji Turbini Kule Uretim Sanayi Ve Tikaret As	Turkey
Shandong Golden Luyang Heavy Industry Co Ltd	China	Gestamp Wind Steel Us, Inc	USA
GRI Renewable Industries, S.L.	Spain	GRI Wind Steel South Africa, Ltd.	South Africa
Gonvaeolic, S.L.	Spain	Hami Iraeta Heavy Industry Co, Ltd	China
Gestamp Wind Steel Galicia, S.L.	Spain	Jinan Siemat Cnc Machine Co, Ltd	China
Gesberg Investment Holding, S.L.	Spain	GRI Towers Sevilla, S.L.	Spain
Forjas Iraeta Heavy Industry, S.L.	Spain		



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