



GRI Renewable
Industries

Sustainability Report
2016

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2016

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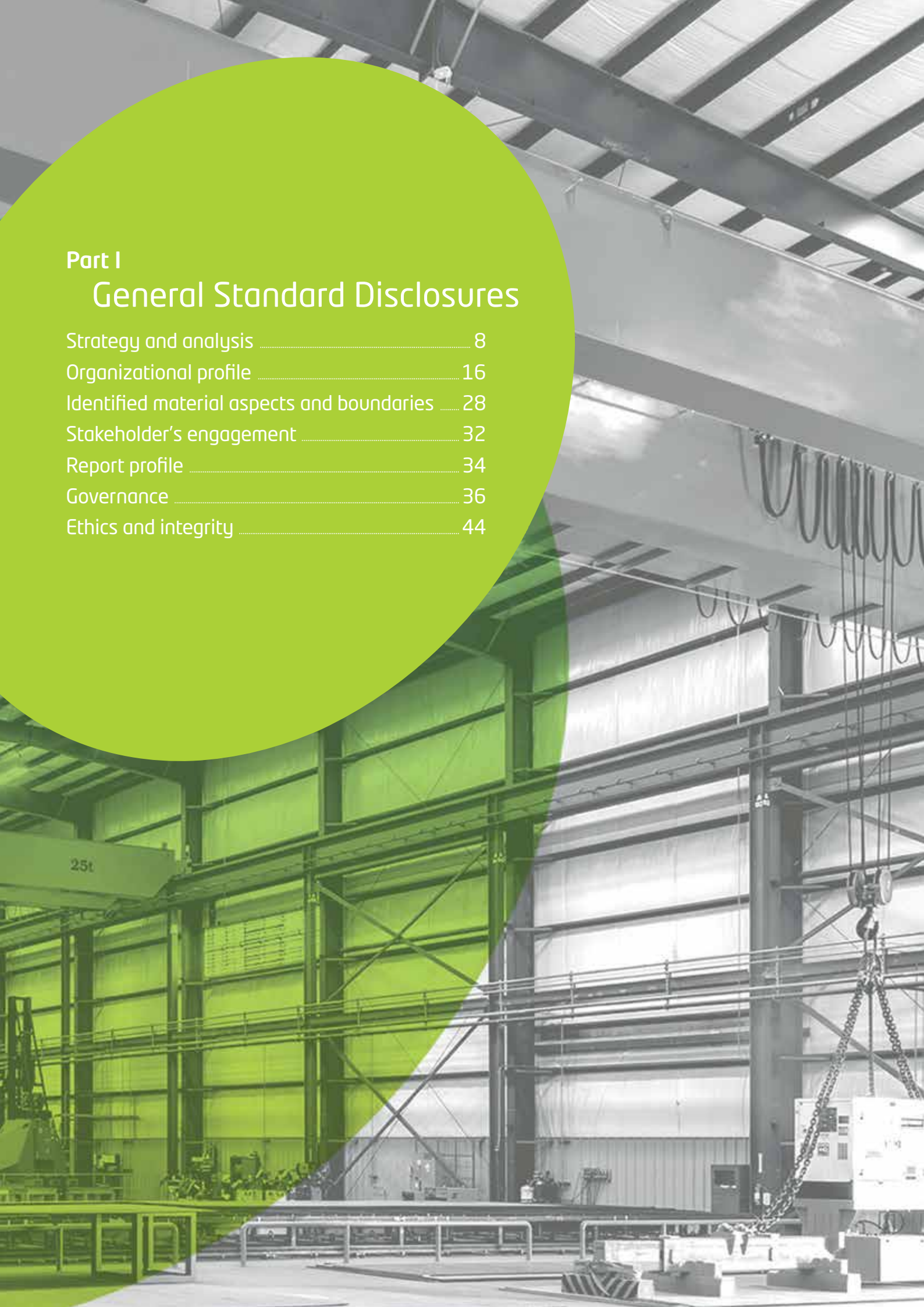
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Part I

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Strategy and Analysis

Letter from the President

G4-1

Dear readers,

It is with pride that I present, in the form of the **2016 Sustainability Report**, the challenges overcome from the threefold economic, environmental and social perspective. The Report drawn up in accordance with the G4 version of the Global Reporting Initiative guidelines, and audited by an independent external body.

This document addresses the concerns of the company's various **stakeholders** as regards those priority issues that could have an impact on the company.

GRI Renewable Industries is a **leading** firm in the wind energy sector internationally, and is continuing to expand and position itself in new markets, while also manufacturing innovative products in response to the demands of its customers.

One of the most significant events of 2016 was the inclusion of the Chinese subsidiary Shandong Iraeta Heavy Industries in the **NEEQ** (National Equities Exchange and Quotation), which reinforces our commitment into the Asian market and develop new products.

We continue to develop the "**General Internal Control Framework**" begun in 2015 which responds to the identified risks in the company's operations and the various countries where it does business. Among other aspects, we have defined the Internal Control Committee and Policy, a set of Entity Level Controls, along with the Risk and Control Matrix for each key business process.

We are tied to **value creation** beyond financial returns. Our product focus wholly on the wind market, hence the generation of renewable energy.

Therefore, we are committed to the **Sustainable Development Goals (SDG)**, in particular those that contribute to minimising the effects of climate change, such as:

- **ODS 7.3:** Advance towards the goal of doubling the global rate of energy efficiency improvement.
- **ODS 13.2:** Advance in the various initiatives to combat climate change.

Within this context, as a part of our goal of planting one tree for every tower produced the previous year, we would particularly highlight the **reforestation** initiatives undertaken in Galicia and Avila. The schemes essentially involved staff and families from the GRI Towers Galicia factory and head office in Madrid, respectively, planting a total of 1,250 shrubs. Thanks to the positive result of the initiative, new planting schemes are being planned for 2017 in a number of sites.

Meanwhile, the manufacturing of 1,277 wind energy generation towers in 2016 meant an indirect contribution to avoiding the emission of **468,219 tonnes of CO₂**.

Customers are a vital asset within the value chain, and we therefore continuously strive to improve our relationship, by fulfilling their requirements, demands and expectations. One clear example would be innovation projects, in particular the installation and hugely successful commissioning of our first hybrid tower at the Rondavino wind farm in Palencia.

The Company **collaborates** with different foundations, to mention some, What Really Matters Foundation (WRM), Juan XXIII Roncalli Foundation, AESLEME (Association for the Research on Spinal Cord Injury) and World Central Kitchen (WCK). In addition, it undergoes local actions amongst which stand out the initiatives carried out by GRI Towers South Africa, primarily focused on the collaboration with local schools to educate children and destitute people in Atlantis community.

The well-being of our employees is our priority. As a result, this was a key year in terms of Health and Safety, firstly through continuation of the **Be Safe!** awareness-raising campaign, with the aim of fostering an active role by all employees in improving safety, and furthermore the gradual implementation of the new **IPRL Occupational Risk Prevention Index**.

The index establishes common health and safety criteria applicable to the factories, while also gathering together on all the specific aspects of the different technologies and production processes. Since its launch last year, it has enabled a considerable reduction in accidents, while in general minimising occupational risks at those factories where it has been implemented.

All these achievements have been made thanks to our corporate culture, the values and principles that have steered us since the outset, and are expressed in our **Sustainability Policy** and our **Code of Ethics**. We meanwhile comply with all requirements imposed for the renewal of our commitment to the Global Compact in 2017

I would encourage all those with an interest to read this report and explore it in greater depth. All opinions and recommendations will be welcome, as they will help us remain an up-to-date and cutting-edge company.



Jon Riberas
President

Letter from the CEO

G4-1



Dear friends,

It is with pleasure that I present our third **Sustainability Report**, corresponding to the year 2016, setting out the achievements made by GRI Renewable Industries in economic, social and environmental terms. During the financial year, we included within the scope of the Report information on the three factories in China: GRI Flanges China I, GRI Flanges China II and GRI Flanges China III, the new GRI Castings Zestoa foundry in Spain, and the new GRI Towers USA plant in Amarillo, Texas. We likewise included qualitative information on our three factories that are under construction.

Following years of global uncertainty as a result of the economic crisis, we closed the 2016 financial year with a positive result, allowing us to make sustainable progress. We improved our earnings to 401,319 thousand euros, some 20% higher than the previous year, along with a substantial increase in investments, with CAPEX totalling **72,634 thousand euros**.

One of the most significant milestones during the year was inclusion in the **NEEQ** (National Equities Exchange and Quotation) of our subsidiary Shandong Iraeta Heavy Industries (SIHI), thereby taking a major step forward in the company's goal of internationalisation.

Our 2016-2019 **Strategic Plan** has a clear focus on sustainable growth, internationalisation and the diversification of our product portfolio for the wind energy market.

In line with this goal, we embarked on the construction of three new factories, as summarised below:

- **"GRI Towers Sevilla"** in Spain, our first factory focusing on the offshore market. Seville was chosen as the location, among other aspects, because of the space available, allowing us to achieve a production capacity of 110 offshore towers a year, as well as its dockside location, which hugely facilitates logistics. The plant will begin operations in 2017.
- **"GRI Flanges China IV"**, which will allow us to manufacture 16-metre diameter flanges, using a wide range of materials and high-strength and stainless steels, copper alloys and aluminium, so as to serve the offshore market, nuclear, aerospace, pressure equipment production and other segments.
- **"GRI Towers India II"**, construction of which began in December 2016. This new factory will allow us to make a contribution to fulfilling the ever-increasing demand on the wind energy market, above all in India.

Meanwhile, we began operations at the “GRI Towers USA” factory, with production capacity of 300 towers/year, thereby allowing us to consolidate the company’s position on the North American market, and we have furthermore completed the adaptation and hugely successful commissioning of the “GRI Castings Zestoa” factory in Spain, our first foundry, which will allow us to supply steel for the manufacture of wind energy components, while also serving other markets.

Given our activities, we believe that we must play a lead role in the fight against climate change. This is expressed in our commitment to the **Sustainable Development Goals (SDG)**, and in particular the achievement of objectives connected with energy efficiency (SDG 7.3) and climate change (SDG 13.2).

At GRI Renewable Industries, we offer high-quality, efficient and cost-effective products that hold all certifications and approvals required by customers and accredited bodies.

Customers are at the heart of our business, and we therefore focus in particular on maintaining a fluid and satisfactory relationship with them. During the year we continue to advance and implement the measures begun in 2015, intended to improve quality, service and personalised attention, among other aspects, through the hiring of new professionals at each factory so as to optimise customer follow-up and management.

We are committed to **innovation** so as to develop new products, working in partnership with our customers to adapt to their needs and requirements.

The main objectives of our innovation projects are the development of taller, lighter and safer towers rooted to the new generation of higher-powered turbines, and the reduction in the unit price of our installations, while maintaining quality and safety conditions. These initiatives also help minimise the environmental impact of wind farms, by requiring fewer towers and increasing the generation of energy.

Within this context, we would highlight the initiatives undertaken at “**GRI Hybrid Towers**”, with the installation of our first patented hybrid tower at the Rondavino Wind Farm (Becerril, Valencia), which will allow us to demonstrate the viability and efficiency of these installations, the Rocket Tower innovation project for the manufacture of towers more than 130 metres high, along with the corresponding approvals and certifications.

Lastly, in order to develop these projects in both the tower and flange segments, we are making substantial investments and improvements in our processes, allowing us to be more efficient, and to cut production costs.

As regards our **professionals**, we would emphasise the expansion of the workforce, to a level of 3,357 employees around the world, thanks mainly to the launch of the new factories in the United States and Spain.

In conclusion, I would like to thank the whole team who make up **GRI Renewable Industries** for their effort, hard work, optimism and trust in the company, which is what allows us to be a leading firm in the wind energy sector.

Javier Imaz
CEO GRI Renewable Industries

Main effects, risks and opportunities

DMA and G4-2

GRI Renewable Industries strives to mitigate and reduce risks through mechanisms that are integrated within the organisation. The company enjoys a prominent position on the current landscape thanks to its activity, leaving behind a polluting energy model based on fossil fuels, as we convert to a renewable and sustainable model.

This is how it contributes to the development of those communities where the company has a presence, through improvements and the reduction of pollution, and access to electricity.

► Operational risks

Operating risks

As for operating risks, such as product failures, management problems, competition, etc., various initiatives have been set up for improvement and efficiency in production. These go hand-in-hand with innovation projects that allow GRI Renewable Industries to improve and better adapt to its customers' requirements. All of which is achieved without undermining the quality for which the company stands out, while adapting to the constant changes seen in the marketplace, such as the consolidation and downsizing of major client companies.

As a result, GRI Renewable Industries is increasing its efforts to improve and retain the existing relationships with its customers, while also developing new ties, as it expands its market by diversifying its service and product portfolio, without neglecting the high quality standards that are its hallmark.

In the field of the manufacturing of towers and other elements for the offshore market, GRI Renewable Industries will be playing a vital role in corporate development. In this regard, 2016 saw the start of construction of the GRI Towers Sevilla factory, dedicated to the offshore market, completion of which is scheduled for mid-2017, along with a new flange factory in China, and a tower plant in India.

Meanwhile, the Strategic Plan also includes an operational strand setting out the guidelines for efficiency and enhancement in production, as well as technological improvement and innovation in the products and services developed jointly with customers.

Opportunities

Thanks to the General Internal Control Framework the company has in place, any possible failings that might arise in processes and supervision are analysed. This involves a testing procedure so as to ascertain whether efficiency and efficacy are being fulfilled in processes, along with the guaranteeing of financial reporting and compliance with the applicable legislation and standards.

Reputational, ethical and human rights risks

These risks arise through behaviour that could potentially breach the guidelines set out in the GRI Renewable Industries policies and codes as regards ethics, rights and anti-corruption. To combat and minimise such risks, the company draws up policies and documents, such as the Code of Ethics, the Behavioural Guide in Response to Offering of Incentives, Gifts or Invites, the Harassment Prevention Guide, the Sustainability Policy and the Integrated Environment, Quality and Health and Safety Policy.

The company has likewise established channels of communication in response to any grievances and conflicts that might arise. Given the type of service we provide and the companies we subcontract, no risks connected with child labour, threats to freedom of association or forced labour were identified in 2016. During this period, the factories were not examined or evaluated as regards human rights. (G4-HR4, G4-HR5, G4-HR6 and G4-HR9).

Opportunities

Production plans have a local economic impact, above all those in developing countries. They serve to generate new business opportunities for local suppliers and services, create jobs in the region, contribute to the development of the local economy and provide economic resources for public authorities, through the payment of taxes.



► Financial risks

The activities of GRI Renewable Industries are exposed to various financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the uncertainty of the financial markets and aims to minimise any potential adverse effects on its financial profitability. The company uses derivatives to reduce the impact of exchange rate risk.

Risk management is handled by the Finance Department, which identifies, evaluates and hedges financial risks in accordance with the policies approved by the Board of Directors.

Below are summarised the most significant financial risks:

Opportunities

Operating in different countries provides a competitive opportunity and the chance to develop a close relationship with customers, thereby mitigating risks or incidents that could arise in certain countries, by offsetting against others that are more stable and offer more profitable and sustainable growth.

Market risks

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

- **Exchange rate risk:** the company operates on the international stage, and is exposed to exchange rate risk through foreign currency operations. At 31 December 2016, as in 2015, there were trade receivables and payables registered in currencies other than the euro, and as a result variations in the exchange rate of said items are recorded on the income statement at the close of the financial year.
- **Price risk:** the company operates with raw materials that are partially exposed to the risk of variations in the prices that might apply on international markets.
- **Exchange rate risk from cash flows and fair value:** as the Company does not have any major remunerated assets, revenue and cash flow from operating activities are fairly independent of variations in market interest rates. The company analyses its exposure to interest rate risk on a dynamic basis. A simulation of various scenarios is performed, taking into account re-financing, renewal of current positions, alternative financing and hedging. Scenarios are implemented only for those liabilities that represent the most significant interest-bearing positions. At 31 December 2016, as in previous financial years, and based on the consideration that this risk would be of little significance, along with the optimistic expectations as regards the evolution of interest rates, the company did not feel it was necessary to arrange any interest rate hedging contracts.

Credit risks

Credit risk is derived from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and essentially customer balances pending collection.

With regard to banks and financial institutions, the average rating of the entities that the company uses is "BB", while in accordance with credit risk, the company insures its sales to customers based on geographical location. If customers have been rated independently, then these ratings are used.

Otherwise, if there is no independent rating, credit control evaluates the client's credit quality, taking into account its financial position, past experience, and other factors.

Liquidity risks

Prudent management of liquidity risk involves holding sufficient cash and tradable securities, having access to finance through a sufficient sum of agreed credit facilities and having the capacity to unwind market positions. Given the dynamic nature of the underlying businesses, the company's Cash Management Department has the aim of maintaining flexibility in financing, through the availability of short- and long-term credit facilities.

► Social and environmental risks

Growth forecasts indicate that over the coming decades the world's population will shoot above 7.3 billion, reaching 8.5 billion by 2030, and 9.7 billion by 2050, according to calculations by the United Nations (UN), mainly as a result of demographic growth in developing countries, above all in Africa.

This growth means more intensive use of the available natural resources, products and services, and hence a greater environmental impact and increasing atmospheric emissions.

To minimise this impact, GRI Renewable Industries helps to enhance its management by means of its Integrated Management System, which includes environmental management under standard ISO 14001, along with the contribution that its own operations make to the generation of renewable energy.

Likewise, the company incorporates the principle of caution through its Code of Ethics and Conduct, the Sustainability

Opportunities

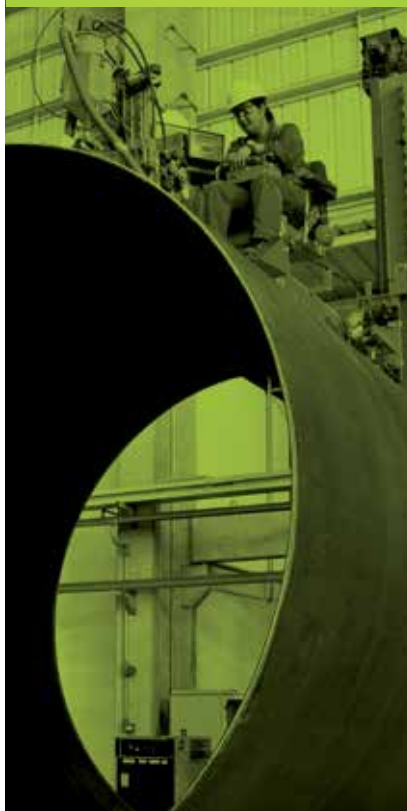
Renewable energies are becoming more important year by year, and to this end GRI Renewable Industries strives to offer a more efficient and innovative product, by developing products with the lowest possible impact. Innovation and new technologies are the avenues pursued so as to address the challenges that arise day by day in the wind sector.

► Risks connected with health and safety

Health and safety is a priority objective for the company. The model is based on Integrated Prevention, in accordance with the Health and Safety Policy, compliance with which is mandatory, and applicable to all professionals at company facilities, as well as in the fulfilment of the requirements and obligations established in the health and safety management system under standard OHSAS 18001.

Opportunities

The implementation of new monitoring and measurement indices for health and safety aspects helps detect new opportunities for improvement.



► Risks: confidentiality and privacy

Information Security

GRI Renewable Industries is convinced that information has become a strategic asset for businesses and individuals alike.

The required mechanisms are therefore established to safeguard the privacy of information and the protection of customer and supplier data, and also properly to handle and manage documentation in accordance with its level of significance, and to underpin security. Information security procedures are periodically reviewed, and the systems are continuously tested to guarantee their robustness.

In 2016, the following initiatives were conducted, among others, to improve the security policies:

- **Periodic scanning** of the systems to identify external and internal vulnerabilities and to correct these in accordance with their level of criticality.
- **Diagnosis** of information security and risks, based on standard ISO 27000.

To reinforce awareness and training among group employees, training initiatives and campaigns were staged. Of particular note was the "Anti-Phishing" campaign conducted in November 2016, with the aim of detecting the degree of vulnerability, and raising employee awareness about this type of attack. Training sessions were subsequently held to address prevention and protection techniques at corporate offices and at the plants, given the risk that this new type of criminality represents for people and assets.

Business Process Support

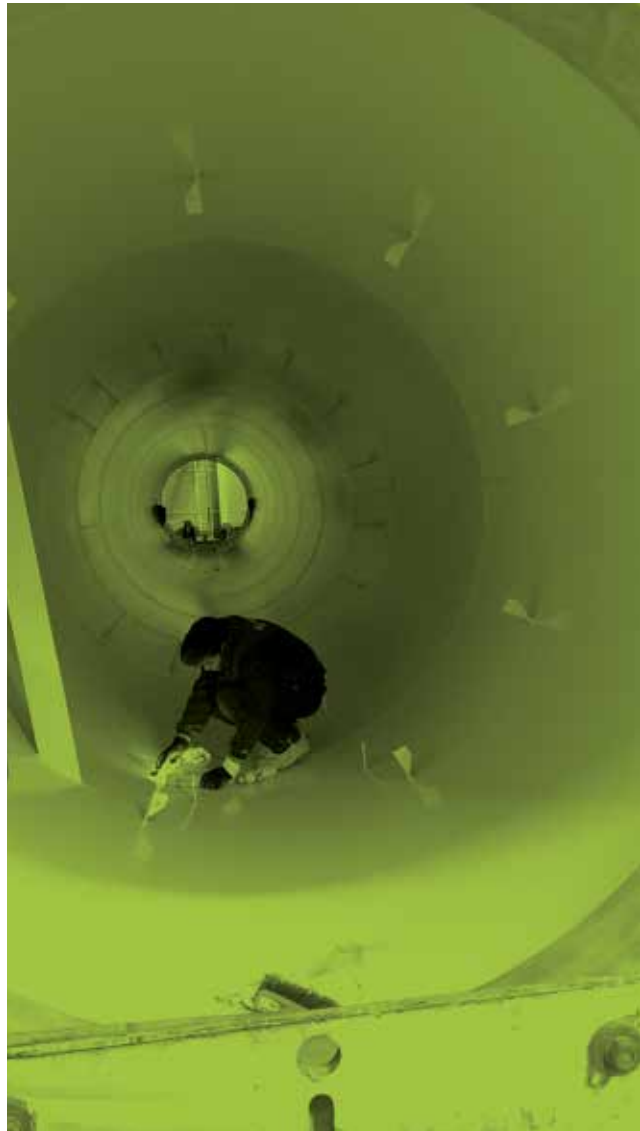
Systems are a fundamental element in executing business processes. To this end, the IT Department centralises the Group's infrastructure and communications services, while conducting transformation projects in parallel to align systems with the company's growth and new processes, placing the focus on business support, efficiency, and profitable and sustainable growth.

These services are managed with third parties, in accordance with an impartial process to publish the specifications dossier, followed by the receipt and evaluation of bids, and finally selection in accordance with quality criteria for business support and IT systems efficiency.

In this regard, the Systems area was involved both in the incorporation of new companies within the group (GRI Castings Zestoa, GRI Towers USA, GRI Towers Sevilla), and the new challenges faced by the organisation in its strategy of innovation and the enhancement of productivity and efficiency, such as the indicator dashboard, and the launch of digitisation initiatives.

Opportunities

Monitoring, control and diagnosis mechanisms serve to detect opportunities for improvement at the information security area. All of which is underpinned by training and communication.



Situation in 2016

In 2016, GRI Renewable Industries faced various risks as a result of the market situation in the countries where it is present. Overall, this had no significant impact on the results for the financial year, thanks to diversification across different markets.

The most significant risks identified during the period were:

- Low oil and gas prices.
- The risk of a new global financial crisis.
- The attempted coup in Turkey
- In the West, the impact of Brexit, political instability in Spain and uncertainty caused by Donald Trump's victory in the US election.
- The slowdown of the Chinese market.
- The trend towards the consolidation of major customers, reducing the overall number.
- The rise in raw materials prices, specifically steel.

Organizational Profile

Name of the organization and headquarters

G4-3 and G4-5

GRI Renewable Industries S.L.

The headquarters is located at:

Street Ombú 3, floor 12

28045 Madrid (Spain)



Brands, products and services

G4-4

GRI Renewable Industries began its journey in the renewable energies sector in 2008, swiftly consolidating its position as the leading industrial supplier of towers, flanges and castings in the sector.

The company applies the very latest technology in its industrial processes, allowing it to supply high-quality products and services to customers worldwide. They are grouped into 3 divisions:



► GRI Towers

This is the division responsible for the industrial process of tower manufacturing worldwide for the leading OEMs in the wind energy market. It likewise handles the outfitting of towers in accordance with the specifications established by each customer. It currently runs 6 plants in operation, with 2 under construction.



► GRI Flanges

This is the company responsible manufacturing flanges, the product used to connect sections of wind towers. It currently has 5 plants in operation, across Spain, Brazil and China, and 1 under construction.



► GRI Castings

GRI Castings Zestoa was set up in 2015 for the purpose of producing steel components for the wind industry. The Casting division currently has one single plant, although the possibility of expanding the market by producing blanking and stamping parts has not been ruled out.

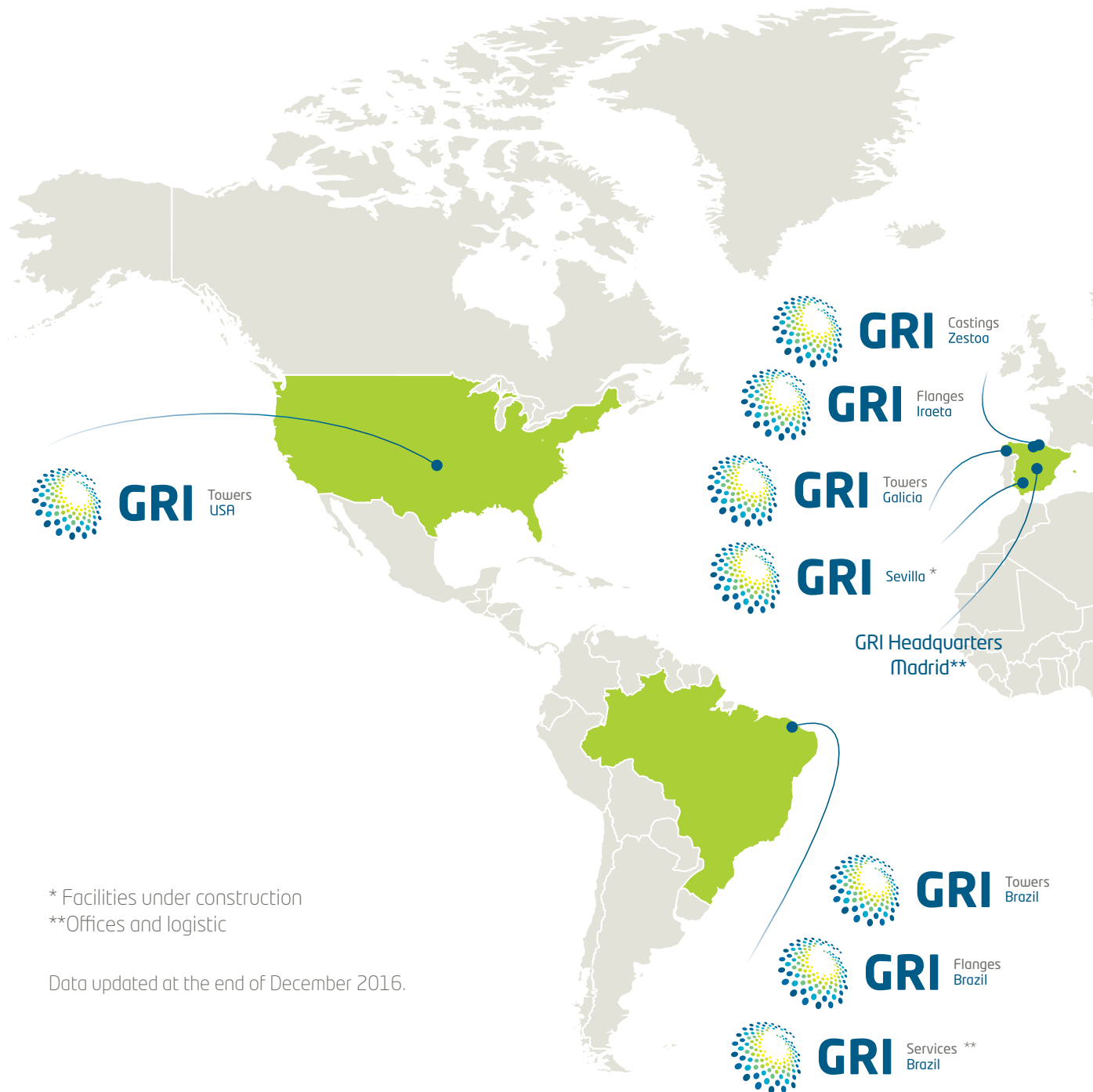
All the factories at the different divisions operate using the same brand identity



The same structure is maintained in all cases, while specifically detailing the type of product or service performed (towers, flanges or castings). At each of the factories, the logos are customised with the name of the country or region.

Global Presence and main figures

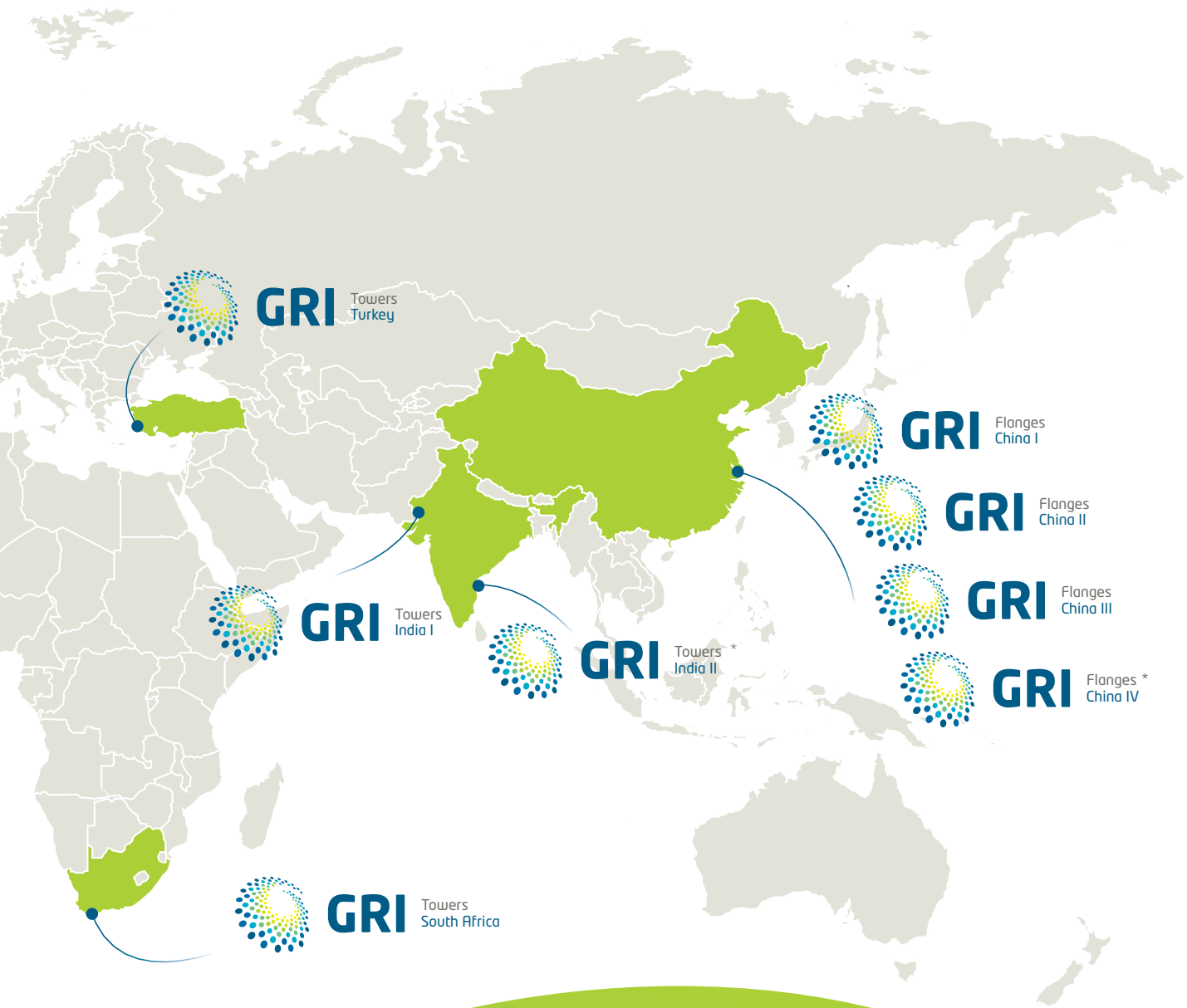
G4-4 and G4-6



* Facilities under construction

**Offices and logistic

Data updated at the end of December 2016.



Main Figures

G4-9



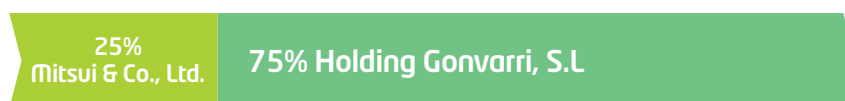
Ownership structure and legal form

G4-7

GRI Renewable Industries, S.L. was established on June 22, 2008 under the name of "Gonvarri Infraestructuras Eólicas"; later it was denominated "Gestamp Wind Steel", before changing to "GRI Renewable Industries" and absorb Gonvarri Eólica.

It is engaged in the manufacturing of towers, flanges and castings, along with integration of the entire value chain in the renewable energies sector, by applying the very latest technology to industrial processes, thereby consolidating its position as the leading industrial supplier in the renewable energies markets, through the following divisions: GRI Towers, GRI Flanges, GRI Castings.

In 2015 it reached an agreement with the Mitsui & Co Ltd Group, which acquired a 25% stake in the divisions specialising in the manufacture of towers, flanges and castings for the wind sector. The corporate structure is summarised below:



The subscribed capital stock at 31 December 2016 amounts to ten million twenty-one thousand three hundred and forty-four euros (€10,021,344), represented by three hundred thousand four hundred (300,400) shares of one single class and series, of a par value of thirty-three euros and thirty-six eurocents each (€33.36). They may be accumulated but not divided, are numbered in sequence from 1 to 300,400, both inclusive, and are fully subscribed and paid up. The company is not listed on the Stock Market.

Markets

G4-8

GRI Renewable Industries has a presence in 7 countries, which are home to its 12 operational factories, 3 under construction, as well as offices and service centres. The company's products and services are summarised under indicators G4-4 and G4-6.

During the year we launched our first factory in Texas, "GRI Towers USA", which will allow us to serve the US market, as well as a new foundry in Spain, "GRI Castings Zesto", allowing us to serve the remaining facilities.

Meanwhile, the future "GRI Towers Sevilla" factory marks the start of our venture in the offshore market, and the construction of the new GRI Flanges China and GRI Towers India factories underpins our presence in this market, mainly in Asia.

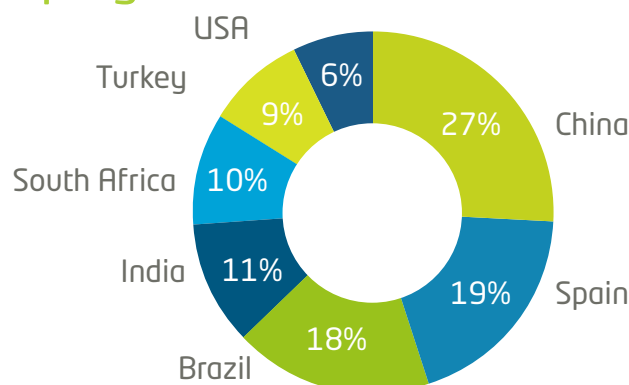
Employee workforce

G4-10

► Direct and indirect employment

During 2016, the workforce of GRI Renewable Industries was made up of 3,357 professionals, distributed across 7 countries. A total of 261 external professionals likewise collaborated with us.

The enclosed graphic shows the percentage of employees in each country:



The workforce increased considerably in comparison with the previous year, mainly through the addition of the new factories in Spain and the USA, as well as the inclusion of our factories in China within the scope of the Report. These changes have a similar impact on the indirect employment figures.

The enclosed tables show the distribution of direct and indirect employment by country and gender.

As for job stability, this is a priority for the company, as reflected in the results: 99.8% of employees have a full-time contract (88% men and 12% women). Meanwhile, 84% of the workforce has a permanent contract.

The following tables summarise the distribution by gender, type and contract duration.

	2015		2016	
	M	W	M	W
Direct employment				
Spain	340	65	559	86
Brazil	672	110	525	82
Turkey	310	8	289	10
India	358	1	381	1
South Africa	93	12	322	29
USA	-	-	164	14
China	-	-	712	183
Indirect employment				
Spain	208	28	10	2
Brazil	3	4	1	0
Turkey	0	0	18	6
India	26	0	146	0
South Africa	0	0	0	0
USA	-	-	78	0
China	-	-	0	0

Nº OF EMPLOYEES	2015		2016	
	H	M	H	M
Labor Contract (Time)				
Full-time	1,993	209	2,950	399
Part-time	17	19	2	6
Labor Contract (Kind)				
Permanent	1,773	196	2,438	366
Temporary	237	32	514	39



Employees covered by collective agreements

G4-11

The employees of GRI Renewable Industries are covered by collective agreements and/or similar arrangements in accordance with local requirements and legislation in each region where the company has a presence.

18% of the workforce is covered by a Handbook, namely a guide specifying employment conditions, the behavioural standards in each location, indicating the rights and duties of employees with regard to working hours, salary, social benefits, holiday periods, etc.

55% are covered by sectoral collective agreements or similar arrangements.

The remaining 27% correspond to our employees in China, who have agreements or similar formulae in accordance with the specific provisions established in connection with collective consultation issues and collective agreements, governed by the Ministry of Employment and the legislation in force in the country

Supply chain

DMA, G4-12, G4-HR10, G4-HR11, G4-LA14, G4-LA15, G4-EN32, G4-EN33, G4-SO9 and G4-SO10

For GRI Renewable Industries, suppliers are a hugely important asset within the value chain, as project planning is dependent on them, while they likewise represent a considerable volume of the cost involved.

The corporate "Supply Chain" division handles this entire process, comprising the following areas: Supply and management of warehouses, Purchases (direct and indirect), Supplier Quality, and Logistics. The different areas that make up this division are as specified below:

► Supply and warehouses

This area is a fundamental part of the supply chain, as the first link in the whole process within the supplier area. In order to ensure that the whole process runs smoothly, the procurement team needs to ascertain that suppliers comply with the specified deadlines in order to offer the plants an adequate service, monitor alignment between the end costs and the budget, and foster the usage of new technologies in pursuit of synergies, optimising management within the supply chain.

They are furthermore responsible for maintaining continuous communication with the stakeholders in the project, and managing the risks identified. So that everything runs smoothly, periodic meetings are held to identify these risks and establish mechanisms to minimise them.

Those responsible for warehouse management aim to optimise these facilities so as to reduce costs, manage stock levels and improve the service without undermining quality or turnaround times.

► Purchases

Within the purchasing area, there are two separate teams for supplier selection and materials purchasing: "direct purchases" and "indirect purchasers", dedicated to aspects of the production process and investments, supplies and services, respectively.

Direct Purchases

For GRI Renewable Industries, the main raw material, in terms of both volume costs, is steel. In order to purchase this in some countries where the company operates limitations exist, both in legal terms and through customer requirements.

In the steel purchasing process, only those suppliers with a proven record in the marketplace are selected. Responsibility for this lies in most cases with the purchasing area, following completion of the supplier approval questionnaire known as the SIA (Supplier Initial Assessment).

The SIA evaluates 100% suppliers for aspects connected with the environment, health and safety, human rights and employment and social aspects (G4-HR10, G4-EN32, G4-LA14, G4-SO9). For 2017, the plan is to include new requirements regarding human rights and compliance as part of the assessment questionnaire.

Meanwhile, a new clause was included in supplier contracts in 2016, by means of which the contractors register their acceptance of and commitment to comply with the GRI Renewable Industries Code of Ethics and Conduct, which is included as an annex to the contract itself.

For those materials purchases where this is applicable, the provenance of the material is specified as a requirement, as materials cannot be sourced from foundries using so-called conflict minerals (coltan, casiterite, gold, wolfram, tantalus, tin, or any other mineral or derivative) that could contribute to the funding of conflict in the Democratic Republic of Congo and neighbouring countries.

Growth in the 2016 financial year, through the purchase of a new rolling mill at GRI Flanges Iraeta, the commissioning of the GRI Castings Zestoa foundry and the new GRI Towers USA plant. This required an in-depth review of the area to adjust to new requirements and market conditions.

Indirect purchases

For those purchases connected with investments, supplies and services, etc., a supplier and subcontractor selection process has been performed, in accordance with criteria of service quality, market position and risk prevention.

In the case of indirect purchases, completion of the SIA (supplier approval questionnaire) is voluntary, although all contracts include a mandatory Code of Ethics and Conduct acceptance and commitment clause.

GRI Renewable Industries does not evaluate environmental impacts (G4-EN33), or impacts on employment practices (G4-LA15), social impacts (G4-SO10) or human rights impacts (G4-HR11) with any actual or potential significant negative effect in the supply chain.

► Supplier Quality

The quality departments at the corporate level and at each factory are responsible for supervision and oversight of products, together with the customer service department. In order to resolve any supplier complaints, the head of quality at the plant is responsible for administering the process up to closure.

Thanks to all the projects begun during 2016, the supplier quality area established goals focused on the reduction of complaints and the associated costs. To this end, new specific procedures and new monitoring indicators were drawn up, with implementation scheduled for early 2017.

The Supply Chain Area was expanded in 2016 with the incorporation of new professionals at all the plants. The aim here is to improve coverage of all aspects connected with the supply chain at each factory. Meanwhile, information is to be formally included as regards sustainability, ethics and human rights in the product and/or process audits, as a part of the General Process Check List.

► Logistics

The external process logistics area refers to internationalisation with the aim of reducing transportation costs, improving service and generating a competitive advantage against rival firms in the sector..



Relationship with suppliers

GRI Renewable Industries only selects major suppliers that can handle the orders in question.

Assessment and approval of these raw materials and materials suppliers (steel, paint, etc.) are coordinated and managed by head office in Madrid, through the Purchasing Department, following a procedure that requires evaluation of all new suppliers, and re-evaluation of existing suppliers every two years.

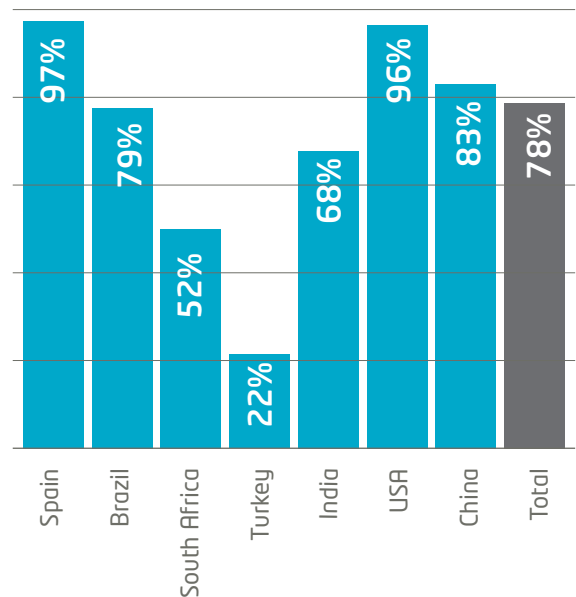
This evaluation is performed by means of the SIA (Supplier Initial Assessment) questionnaire, which includes numerous aspects connected with quality, the environment and safety, as well as requirements associated with ethics and human rights. For all applicable materials, there is the further requirement that they must not be sourced from foundries using "conflict minerals". A total of 49 suppliers were evaluated and re-evaluated in 2016.

In addition to the evaluation, in situ audits are conducted by the purchasing team, about products and processes. As one aspect for improvement, the plan 2017 is to include and verify on the audit checklist the availability of codes or policies as regards ethics and anti-corruption, the availability of information and the Sustainability Report, along with demands as to suppliers with regard to conflict minerals.

Expenditure on local suppliers

G4-EC9

In 2016, the expenditure on suppliers amounted to 400,108,238 euros, of which 78.46% corresponds to local suppliers. The table below sets out the percentage distribution by country:



Significant Changes

G4-13

- In 2016, "Gonvarri Eolica S.L." changed its company name to "GRI Renewable Industries, S.L."
- On 29 August 2016, Beijing was the setting for the ceremonial inclusion in the NEEQ (National Equities Exchange and Quotation) of the Chinese subsidiary of GRI Renewable Industries, S.L., Shandong Iraeta Heavy Industries (SIHI).
- The scope of the Report has changed since the previous year, as a result of the commissioning in July and August 2016 of the new "GRI Towers USA" factory in Texas, and "GRI Castings Zestoa" in Spain, as well as the addition of our three factories in China.
- Qualitative information is included on the future factories under construction in China, "GRI Flanges China IV", in Spain, "GRI Towers Sevilla", and in India, "GRI Towers India II"

Principle of precaution

G4-14

By means of the Code of Ethics and Conduct, the Sustainability Policy and the Environment Policy, GRI Renewable Industries includes the principle of precaution, while also dedicating its efforts to the protection of the environment and continuous improvement.



External initiatives supported by GRI Renewable Industries

G4-15

GRI Renewable Industries contributes to cultural, social and educational integration by fostering social progress and equality. Social action projects are aligned with the Sustainable Development Goals of the United Nations, setting the priorities for global contributions.

Within this context, the company aims always to combine the utmost social impact with consistency with its business daily operations.

Associations and organizations

G4-16

Collaborate with:

- **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



United Nations Global Compact

The company's objective is to promote and implement the 10 universal principles on Human rights, labor standards, the environment and the business strategy of the companies. Therefore, in 2014 GRI Renewable Industries adhered to the United Nations Global Compact, fulfilling all the necessary requirements for the renewal of the commitment in 2017.



What Really Matters (LQDVI) Foundation

Since 2013 GRI Renewable Industries has supported the LQDVI Foundation, dedicated to promote the dissemination of universal human, ethical and moral values to young people through the development of congresses in which stories are presented as personal growth and hope for the future. In 2016, a project has been done together with the foundation to promote values among the company's employees.



AESLEME (Association for the Study of Spine Injuries)

In 2016, the collaboration with AESLEME was renewed, aiming at the prevention of accidents and their serious consequences, social awareness of the problems that people face after an accident and the improvement of their quality of life, offering them support psychological and legal.



Seres Foundation

The aim of SERES is to make companies play a more relevant role in improving society, through initiatives focused on creating value and assuming their role as a key agent to solve social problems.



John XXIII Foundation for mental disability

GRI Renewable Industries has been supporting the Foundation since 2007, whose mission is to improve the quality of life of adults with intellectual disabilities and to promote their social integration. Also, it carries out actions aimed at helping them to develop and interact in the place where they live, acquire an office through an adapted vocational training center and facilitate them in the job search process.



World Central Kitchen (WCK)

World Central Kitchen is a non-profit organization whose mission is to find sustainable solutions to end food insecurity and malnutrition in areas suffering from humanitarian disasters. The company supports this organization every year. Since it started in 2013.



Aladina Foundation

It is a Spanish entity founded in 2005, which aims to help children and adolescents with cancer and their families. GRI Renewable Industries started its collaboration in 2016.

Identified material aspects and boundaries

Coverage

G4-17

► Scope

This Report sets out information regarding the 2016 financial year, running from 1 January to 31 December. In the case of references to information from outside the stated period, this will be clearly indicated in the corresponding subsection.

In comparison with the previous year, we have extended the scope of information to cover our three factories in China and the new facilities at "GRI Towers USA" in Texas, and "GRI Casting Zestod" in Spain.

Meanwhile, qualitative information is included on the future factories "GRI Flanges China IV", "GRI Towers Sevilla" and "GRI Towers India II".

► Limitations on the information

For those indicators where information is not available, "not available" will be stated.

For those where the coverage and scope differ from that indicated, the relevant specifications will be given.

Content, scope and principles. Material aspects

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

The Sustainability Report and Materiality Study were drawn up in accordance with the guidelines established for the preparation of sustainability reports by version G4 of Global Reporting Initiative, while definition of the content and scope took into account all activities of GRI Renewable Industries.

The 2016 Materiality Study allowed us to identify the most significant aspects for our stakeholders. The second part of the Report provides extended information on the material topics.

The Report has been drawn up in accordance with the "Principles" to determine the content of the report established by GRI, as summarised below:

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

► Process of execution of the materiality study



A. Identification of relevant aspects

In order to determine the external context of the company, a benchmarking process was conducted of companies in the sector, detecting trends as regards sustainability, and other significant topics. As for the internal context, consideration was given to the material topics highlighted in the 2015 Materiality Study, along with the recommendations report generated by an independent body. This resulted in the identification of 23 topics.

C. Validation

All the topics identified were reviewed and approved by the CEO.

D. Review

Furthermore, following publication of the Report appropriate mechanisms will be established in order to be able to obtain feedback. Following this process, 18 material issues were defined, as summarised below:

B. Priorization

Following identification, the 23 topics were weighed by importance, viewed in terms of the impact on sustainability, and both the internal and external perspectives.

Prioritisation of the identified aspects took into account their importance as regards relevance for stakeholders, as summarised below:

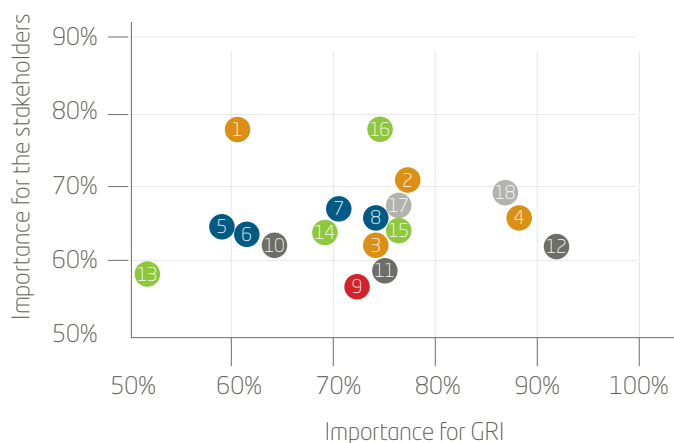
Internal perspective

- Analysis of content and objectives of the company established in the Strategic Plan
- Policies and undertakings acquired by the company
- Internal prioritisation of topics drawn up by Senior Management, taking into account the opinion as to the importance category assigned to the aspect, and also its timeframe (relevant impact in the short, medium or long term).

External perspective

- Analysis of the most relevant topics for the competition
- Topics identified in the press
- Assessment survey regarding material topics for employees, on this occasion involving: 25% of the workforce.
- Information, requirements and vision of sustainability of the main customers and suppliers.

Identified material aspects



GOVERNANCE-ETHIC

- 1 Global Presence
- 2 Ethic and integrity
- 3 Fight against corruption
- 4 Risk management

PEOPLE AND EMPLOYMENT

- 5 Diversity
- 6 Human Rights
- 7 Health and Safety culture
- 8 Talent Attraction

LOCAL COMMUNITIES

- 9 Impact, dialog with the community

PRODUCT

- 10 Quality
- 11 Technology and innovation
- 12 Product

ENVIRONMENT

- 13 Use of raw materials
- 14 Energy
- 15 Emissions
- 16 Environmental management

ECONOMIC MANAGEMENT

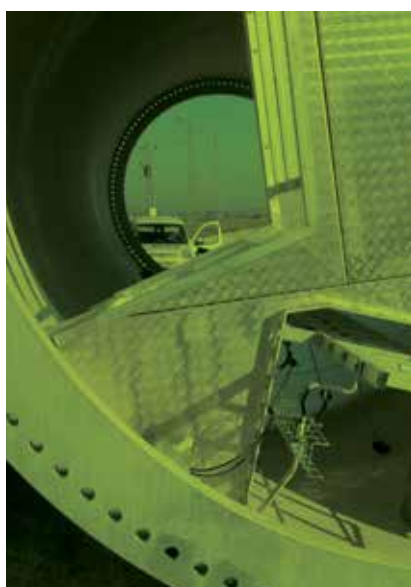
- 17 Customers
- 18 Supply Chain

► Summary of material topics

G4-20, G4-21 and G4-27

RELEVANT ASPECTS	MATERIAL ASPECTS	IMPORTANCE	STAKEHOLDERS	RESPONSE
Government - Ethics	Ethics, integrity and compliance	Companies are currently required not only to comply with the applicable legislation, but also standards of ethics and integrity in their management. A failure to do so involves exposure to significant risks as regards competitiveness, reputation and possible penalties.	Commitments undertaken Employees Clients and Suppliers	Part 1 - General standard disclosures Part 2 - Economic Dimension
	Risk management	Furthermore, companies are exposed to different types of risk (financial, environmental, legislative, reputational, etc.) that could depend on both external and internal factors. It is essential to identify these risks so as to be able properly to manage them by means of appropriate plans and control mechanisms. Risk management provides solidity and trust, and contributes to the sustainable development of companies.	Management Commitments undertaken Employees Clients and Suppliers	Part 1 - General standard disclosures Part 2 - Economic Dimension
	Fight against corruption	The fight against corruption is one of the greatest challenges of modern society. The main concerns focus on irregular practices in purchasing processes, tax evasion, the awarding of contracts, permits and authorisations without transparency, and unlawful payments. Given this situation, it is important to develop mechanisms above all to prevent and, where necessary, to combat corruption. Meanwhile, clear and transparent information for stakeholders underpins the trust and competitiveness of companies.	Commitments undertaken Employees Clients and Suppliers	Part 1 - General standard disclosures Part 2 - Economic Dimension
Economic Management	Global presence and financial soundness	Maintaining a significant position in strategic markets and the existence of proven solvency help companies achieve financial robustness. Meanwhile, diversification of products, locations and markets, alongside experience and know-how, serve to diversify customers and identify new business opportunities, and thereby profitable and sustainable development.	Management Commitments undertaken Employees Clients and Suppliers Mass Media	Part 1 - General standard disclosures Part 2 - Economic Dimension
	Responsible supply chain	The proper management of the supply chain, maintaining lasting and stable relationships with suppliers, promotes quality and good performance on the part of the company. Meanwhile, customers increasingly demand fulfilment of environmental and ethical requirements, safety and human rights throughout the supply chain, enabling the economic development of the regions where the company operates.	Management Commitments undertaken Employees Clients and Suppliers	Part 1 - General standard disclosures
	Client management and satisfaction	Customer satisfaction is a strategic goal for most companies. Elements such as quality, timely delivery, communication and the efficient handling of complaints help to develop and guarantee satisfaction, forging strong and lasting relationships. Within the current context of economic crisis and reduced demand, the ability to develop quality products and to provide efficient services aligned with the requirements imposed, and also to anticipate customer needs, make a significant contribution to corporate competitiveness.	Management Commitments undertaken Employees Clients and Suppliers	Part 2 - Economic Dimension
Environmental	Environmental management and impact	Good business practice means operating efficiently and responsibly, so as to supply more competitive, cost-effective and environmentally friendly products. Having in place environmental management systems that take into account the control and monitoring of indicators such as consumption of raw materials, water usage, and generation of waste, serve to detect opportunities for improvement and to reduce environmental impact.	Commitments undertaken Sector Employees Clients and Suppliers	Part 2 - Environmental Dimension
	Use of raw materials and dangerous products	More efficient usage of resources offers both ecological benefits, by reducing the negative impact on the environment, and economic benefits, by reducing the costs associated with purchasing, transportation, storage and management of waste, in the increasingly significant "Circular Economy".	Management Employees Clients and Suppliers	Part 2 - Environmental Dimension
	Energy: consumption and efficiency	Energy is an important element in the production process. Currently, the concept of energy efficiency is undergoing extensive development through the benefits it offers both in economic terms (cost-cutting) and environmental aspects (reduction in fuel use and emissions). This trend is also reflected in increasingly restrictive legal requirements, such as the European Energy Efficiency Directive 2012/27/EU. Emissions and climate change.	Management Employees Clients and Suppliers	Part 2 - Environmental Dimension
	Climate change and CO ₂	Climate change is increasingly significant, hence the growing need to establish strategies and targets that will help arrest global warming. As regards companies, most of these targets are tied to emissions of greenhouse gases, contributing to mitigation through measurement plans, reduction targets, compensatory actions and the use of renewable energy. This last aspect is directly connected with the activity of GRI Renewable Industries.	Management Sector Employees Clients and Suppliers	Part 2 - Environmental Dimension

RELEVANT ASPECTS	MATERIAL ASPECTS	IMPORTANCE	STAKEHOLDERS	RESPONSE
People and employment	Talent attraction and retention. Training	To maintain and improve their competitive position, companies need to attract new talent and specialist staff, allowing them to innovate and to improve their operability, and to develop measures so as to retain teams and maintain their know-how. This is typically achieved through the development of measures focused on underpinning a sense of belonging, recognition of merit and the development of talent through training.	Management Employees Commitment undertaken	Part 2 - Social Dimension
	Health and safety at work	GRI Renewable Industries has a deeply rooted culture of risk prevention. However, given its considerable importance it remains a strategic aspect. Identify and mitigate potential risks that could arise, raise awareness among all staff in accordance with their position, and underpin accident prevention and health enhancement measures. All these are fundamental aspects. The proper administration of Occupational Health & Safety contributes to a company's reputation, and the efficacy of its processes.	Commitment undertaken Employees Clients and suppliers	Part 2 - Social Dimension
	Human rights	Respect for human rights is a risk factor in several countries in particular. In addition, working conditions are a decisive factor in the company's effective performance and sound working climate. These days companies, through their human resource policies and the demands they place on suppliers, play a decisive role in protecting human rights and improving working conditions.	Management Employees Clients and Suppliers	Part 2 - Social Dimension
	Diversity and equality (not discrimination)	Respect for equality and diversity is a risk factor. Meanwhile, the existence of diversity and equality are decisive factors in the proper development of the company and a positive working climate.	Management Employees Clients and Suppliers	Part 2 - Social Dimension
Local community	Impact, dialog and investment in local community	GRI Renewable Industries activity typically has a substantial repercussion on local communities because of its social impact (above all the creation of direct and indirect employment) and economic impact (rates, local purchasing, etc.) and on the environment (increased opportunities to access renewable energy). Dialogue with social organisations is fundamental in order to ascertain their interests, concerns and expectations, so as thereby to improve the quality of life of the local population.	Management Employees Commitment undertaken	Part 2 - Social Dimension
Product	Technology and innovation	The sector faces numerous challenges to reduce costs, adapt to new and increasingly powerful wind turbines, and above all to adapt to the demands of the offshore market. In order to address these requirements, and likewise as a way of making its products and services stand out, innovation is a strategic tool fostering corporate competitiveness in the medium and long terms.	Management Employees Commitment undertaken Clients and Suppliers	Part 2 - Economic Dimension
	Quality	Product quality is of critical importance, since it guarantees customer satisfaction and improves brand perception, representing a significant competitive advantage.	Management Employees Commitment undertaken Clients and Suppliers	Part 2 - Economic Dimension
	Product: environmental impact and security	The marketplace increasingly demands more efficient, safer and greener products. This aspect is therefore increasingly important for companies.	Management Employees Commitment undertaken Clients and Suppliers	Part 2 - Economic Dimension



Significant changes and reformulations regarding previous reports

G4-22 and G4-23

The focus of this Report is aligned with the Global Reporting Initiative (GRI) guide in version G4.

As regards the scope, qualitative and quantitative information is included on GRI Castings Zestoa, GRI Towers USA and GRI Flanges China, with the exception of Health and Safety in the case of the last of these. Qualitative information is also included on our plants under construction.

Stakeholder's engagement

Collaboration between GRI Renewable Industries and its stakeholders

G4-24, G4-25 and G4-26

GRI Renewable Industries enjoys constant dialogue with its stakeholders through the various communication channels that have been set up to maintain a fluid and two-way relationship. Below are detailed the communication methods in place with the different users:

<p>SUPPLIERS</p>	<p>EMPLOYEES</p>	<p>CUSTOMERS</p>
<ul style="list-style-type: none"> » Auditorias Audits » Criteria for subcontractor's selection » Regular supervision through the H&S Department » Quality System. Monitoring & Performance Measurements 	<ul style="list-style-type: none"> » Corporate intranet "Leading the Change" with daily news of the company as well as discussion forums » Interdepartmental Meetings with Management in each of our work sites » Business and Health & Safety Committees » Semiannual information meetings with the CEO » Sustainability Report » Email » Social Networks and website 	<ul style="list-style-type: none"> » Visit's to GRI installations » Audits conducted by clients » Periodic meetings » B2B platforms available for some clients » Social Networks and Website
<p>MASS MEDIA</p>	<p>SHAREHOLDERS</p>	<p>LOCAL COMMUNITIES & GOVERNMENTS</p>
<ul style="list-style-type: none"> » Social Networks » Corporate Website » Press Office (available on the web) » Press Releases 	<ul style="list-style-type: none"> » Meeting with the Board of Administration » Ordinary and informative communications 	<ul style="list-style-type: none"> » Agreements with local authorities » Licenses, permits and authorization » Consultation time for Environmental Impact Assessment » Social action activities

GRI Renewable Industries is a signatory to ObservaRSE

GRI Renewable Industries has signed up to ObservaRSE (the Co-responsible Communication Observatory). Its aim is to serve as a meeting point for all organisations, whether large companies, SMEs, non-profit organisations, associations or the academic world, who are striving for a better world and who believe in information, communication, transparency, accountability and the importance of generating partnerships and dialogues with all stakeholders.

ObservaRSE was founded for the purpose of helping to showcase responsible and sustainable activities by all manner of companies and organisations in Ibero-America, and will aim to clear up prejudices and misunderstandings as regards CSR communication.

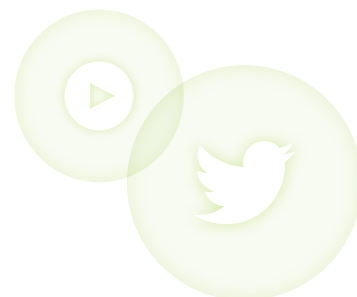
Communication with stakeholders by means of social media, the website and the intranet obtained the following results:

GRI RENEWABLE INDUSTRIES WEBSITE		2016
Nº of visit to www.gri.es.com		29,242
Nº of pages visited		83,497
% of new visitors at the website		75%
Nº of website users		22,217

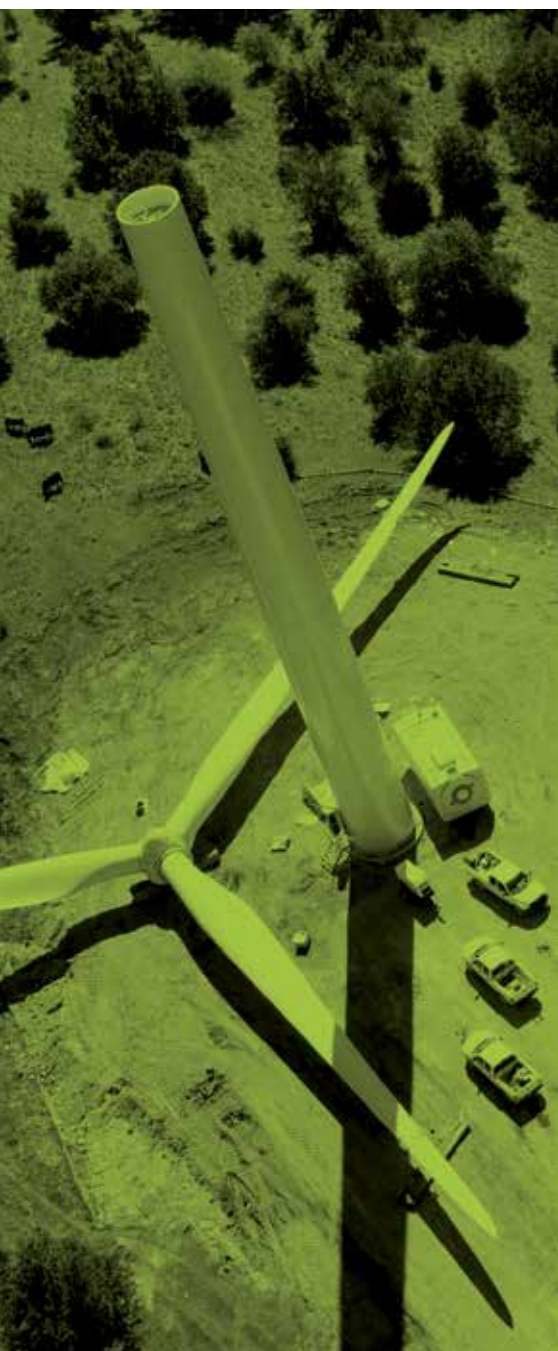


GRI RENEWABLE INDUSTRIES SOCIAL MEDIA		2016
Number of Twitter followers @GRIRenInd		484
Number of profiles' s visits		5,126
Number of LinkedIn followers		5,239
Number of visitors to LinkedIn		4,033

INTRANET LEADING THE CHANGE		2016
Number of visits to LTC intranet		268
Number of pages visited		342,069



Report Profile



Period covered by the report

G4-28

Period from 1 January 2016 to 31 December 2016.

Date of the previous report

G4-29

Sustainability Report for the 2015.

Sustainability Report for the 2015

G4-30

Annual.

Contact

G4-31

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



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GRI conformity and external verification

G4-32 and G4-33

The 2016 Sustainability Report was drawn up in accordance with the approaches, guidelines and recommendations of version G4 of the Global Reporting Initiative, on a comprehensive basis. The GRI Table of Contents can be found in Annex.

GRI Renewable Industries has once again this year performed independent external verification with the company PwC. Both the annual accounts report and the consolidated report are audited by the same body. The external verification report can also be found in the Annex.



Governance

Structure of governance

G4-34

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

The Articles of Association of GRI Renewable Industries set out the functioning of the Board of Directors, and the requirements and deadlines established for the General Shareholders' Meeting to be called. No provision is made for any other means of administration of the company, and as a result the modification to the executive body would entail a modification to the Articles of Association.

At 31 December 2016, the Board of Directors of the Company comprised six members, namely:

President

ACEK Desarrollo y Gestión Industrial, s.L represented by D.Juan María Riberas Mera.

Secretary

Gestamp Bizkaia, S.A. represented by D.Francisco José María Riberas Mera.

Members

D. Javier Imaz Rubalcaba
D. Mario Ruiz Escribano
D. Noboru Katsu
D. Tomofumi Osaki

The company Acek Desarrollo y Gestión Industrial, S.L., represented by Mr Juan María Riberas Mera, held the position of CEO of the Company at 31 December 2016, being delegated each and every one of the powers vested in the Board, except those that by Law or according to the Articles of Association may not be delegated.

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



Delegation of the highest body of governance

G4-35

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

Economic, environmental and social responsibilities

G4-36

The responsibilities of the Board include the approval of and commitment to comply with the Code of Ethics and Conduct, and the Sustainability Policy. It may likewise expressly vest powers of attorney in company employees to perform one-off aspects in those operations previously approved by said body.

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

Likewise, GRI Renewable Industries integrates its economic, social and environmental responsibilities at the various Departments, the most senior managerial figures of which refer any decision to be taken to the CEO and, where applicable, to the Board of Directors.

Processes for consultation between stakeholders and the senior body of governance

G4-37

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



Composition of the senior body of governance and its committees

G4-38

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

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

GRI Renewable Industries is a non-listed company, the members of the Board of Directors of which represent all the shareholders, and there is therefore no legal imperative to have representatives of other stakeholders in place.

Conflict of interest

G4-41

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

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

Executive function of the President.

Processes of appointment and selection to the senior body of governance

G4-39 and G4-40

The President of GRI Renewable Industries does not hold an executive position. Power to appoint Directors lies solely with the General Shareholders' Meeting, representing the interests of all the shareholders (see indicator G4-34).

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

The Board Members will perform their functions for an unlimited period, notwithstanding the powers of the General Meeting of Shareholders to proceed at any time to exclude and/or dismiss individuals, pursuant to the terms of the Act and these Articles of Association.

GRI Renewable Industries is a non-listed company, at which the members of the Board of Directors are appointed by the shareholders themselves, and as a result consideration is not given any other aspects regarding adversity, minorities, etc.

Performance of the senior body of governance

G4-44

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

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

At the General Meeting, unless any other majorities are established on a mandatory basis, and except for the provisions for the adoption of Key Decisions for which responsibility lies with the General Shareholders' Meeting, corporate resolutions will be passed by a majority of the votes validly cast, provided that they represent at least one third (1/3) of the votes corresponding to the shares into which the corporate stock is divided. Blank or spoilt ballots will not be counted.

Key Decisions by the General Shareholders' Meeting will require a majority of the votes validly cast, provided that they represent at least eighty percent (80%) of the shares into which the capital stock of the Company is divided, unless any other majority is established on a mandatory basis.

Functions and knowledge of the body of governance regarding sustainability

G4-42 and G4-43

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

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

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





Functions of the senior body of governance in risk management

G4-45, G4-46 and G4-47

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

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

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

Where necessary, the CEO and the various company departments provide the Board of Directors with periodic information. The Board of Directors has responsibility for approving the development of new

plants and the measures established to mitigate any kind of risk.

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

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

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

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

Review and approval of the Report Sustainability

G4-48

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

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

Once the Report has been generated, a process of supervision and review is conducted by the CEO and the Communication Department, prior to final approval by the President.

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

Communication with the senior body of governance

G4-49

The General Meeting must be called by the governing body and, where applicable, by the liquidators of the Company. The Board of Directors will call the General Meeting whenever deemed necessary or desirable in the corporate interests, and in all cases on the dates or during the periods established in the Capital Companies Act.

They must likewise call a meeting if so requested by one or several stockholders representing at least five (5) per cent of the capital stock, stating in the request the matters to be discussed thereat. In this case the general meeting must be called 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 requirements are established on a mandatory basis, the General Shareholders' Meeting will be called by the Board of Directors by means of an individual, written announcement to be sent by registered mail with confirmation of receipt, telegram, registered post office fax or some other written or remote electronic means guaranteeing receipt of said announcement by all shareholders, at the address they have designated for this purpose, or the address recorded in the Company's documentation.

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

Meanwhile, periodic meetings are staged, attended by all corporate professionals. These meetings are two-way, with the CEO informing all personnel of relevant aspects connected with the management and situation of the company, and in turn receiving feedback from the professionals as to these issues and other aspects of interest.

Nature and number of issues raised at the Board of Directors

G4-50

The Board of Directors is responsible for calling the General Meeting, which will be held within the first six months of each financial year so as to scrutinise corporate management, approve, where applicable, the accounts for the previous financial year, and rule as to any matter regarding the results.

The Board of Directors may call a General Meeting whenever so deemed necessary or desirable in the corporate interest.

The General Meeting will be validly convened to discuss any issue, without the need for prior notification, provided that all the capital stock is present or represented and those present unanimously agree to hold a General Meeting and the corresponding order of business.

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

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

The announcement will be sent by letter, telegram, fax or some other written or electronic means. The announcement will be addressed in person to each of the members

of the Board of Directors, listing the matters to be discussed at the meeting, along with the information required to allow the Directors to take part in an informed discussion as to the matters set out in the order of business. Where applicable, announcement of the meeting must make reference to the fact that it may be attended in person or by proxy, whether physically in person or through teleconferencing, videoconferencing or some equivalent system, with a requirement that the technical resources required for this purpose be indicated and provided, which must in all cases provide the possibility of direct and simultaneous communication among all the attendees.

Unless all the Directors should agree otherwise, the announcement will be served 30 calendar days in advance of the date when the meeting is to be held, except in cases of extreme urgency, in the judgment of the President, or at the request of any Director, when it may be served five (5) working days in advance. No announcement will be required if all Directors 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, with each Director entitled to be represented by another Director, with authorisation being issued in writing and signed by the party re-

presented, on an individual basis for each meeting. This notwithstanding, if a board meeting cannot be held because of a lack of the established quorum, it may once again be called 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 by proxy, by the majority of the members.

Resolutions may validly be passed in writing, without a meeting being held (including via written electronic means), provided that no Director should object to this procedure.

Unless any other majorities are established on a mandatory basis, and except as provided in the following paragraph regarding Key Decisions that are the responsibility of the Board of Directors, the Board, if validly convened, will pass its resolutions by an absolute majority of the Directors validly attending the Board Meeting, it being understood that in the event of an uneven number of Directors, the absolute majority will be determined by rounding up (for example, 2 Directors voting in favour of the resolution, if 3 are in attendance, or 3, if 5 are in attendance).

The Key Decisions of the Board Directors will require a vote in favour by five (5) of the six (6) members of the Board of Directors present in person or by proxy, unless any other majority is established on a mandatory basis.

Remuneration of the Board of Directors

G4-51, G4-52 and G4-53

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

In addition, and irrespective of the above, if administration and representation of the Company is entrusted to a Board of Directors, and a member of the Board of Directors is appointed as CEO, or is attributed executive functions by virtue of some other title, then a contract

must be drawn up between said individual and the Company, in accordance with the legally established provision.

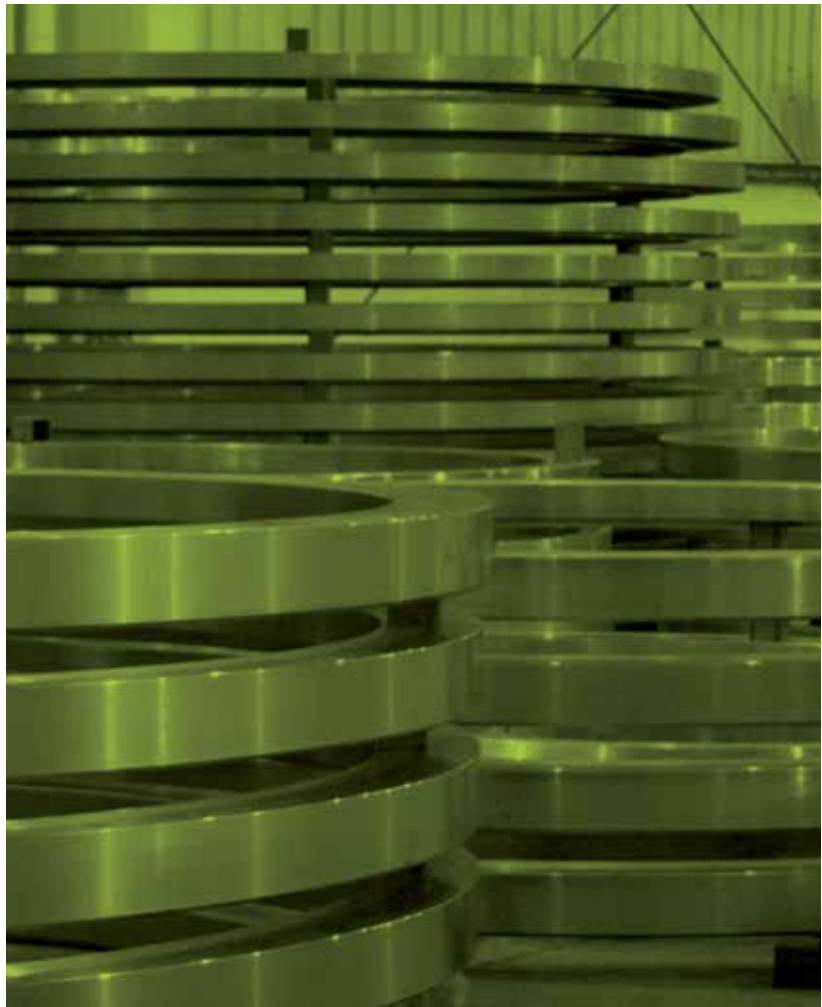
The contract will detail all items for which the director may receive remuneration for performing executive functions, including, where applicable, any possible compensation for premature dismissal from said functions, the amounts payable by the company by way of insurance premiums, or contributions to savings plans.

The contract must comply with the remunerations policy that would, where applicable, have been approved by the General Shareholders' Meeting.

Remuneration and increase in remuneration

G4-54 and G4-55

Indicators G4-54 and G4-55 are not reported on this financial year. We do not have a uniform methodology to obtain a result that would comply with the requirements of the indicator, and in some cases the information is deemed confidential.



Ethics and Integrity

Values, principles, code of ethics and risk management

DMA, G4-56, G4-57 and G4-58

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

Our global corporate culture preserves the same values and principles that have since the outset acted as the guarantor of these objectives, adapting to local needs in each country, current market conditions and the demands of stakeholders. Alongside this, sustainability has become another key element at the company, since sustainable development is believed to be the best way to fulfil its objectives and the expectations of its stakeholders.

Values

Honesty, Humility,
Tenacity and Work

Principles

Clients, People, Leadership
and Sustainability



The formally established Policies and guides are summarised below:

The Sustainability Policy, approved by the Board of Directors in early 2016, for the purpose of underpinning the main commitments in every country where we operate.

The Code of Ethics and Conduct

Approved by the Board of Directors in January 2014, as the text guiding all decisions taken by all members.

Global Compact

GRI Renewable Industries has for a further year renewed its commitment to the Global Compact, stating its wish to promote and implement the 10 universally accepted principles in the spheres of human rights, employment regulations, the environment and anti-corruption.

Harassment Prevention Guide and Operational Protocol

Including measures for prevention and reporting of possible situations of harassment, with the basic aspects for mandatory compliance in order to be able to act honestly and responsibly in all the countries where we operate.

Behavioural Guide to deal with offers of incentives, gifts or invitations

With the aim to comply with all laws, standards and regulations governing bribery and corruption in every country where we operate, such practices being deemed illegal throughout the world.

The Ethics Committee

As the internal consultative body responsible for promoting the company's values and conduct, along with the monitoring, communication, dissemination and oversight of the Code of Ethics, processing and support in the resolution of queries, and the response to any possible incidents or grievances that might arise, via the three available whistleblowing channels: by email, telephone or post.

During the 2016 financial year, the Ethics Committee received one harassment complaint from an employee, the case having now been closed (G4-HR3). The company did not receive notification of any grievance of any third party (G4-LA16), nor any regarding discrimination or other human rights (G4-HR12).

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





Risk management

GRI Renewable Industries may be affected by risks inherent in its activities and the various countries where it has a presence. It has therefore since 2015 had in place a "General Internal Control Framework", based on the COSO methodology, which includes:

INTERNAL CONTROL COMMITTEE AND POLICY

SET OF ENTITY LEVEL CONTROLS

RISK MATRIX AND CONTROLS FOR EACH KEY BUSINESS PROCESS

For the definition thereof, a material impact study was performed at each group subsidiary and for the captions of the income statement and balance sheet, with the scope of the testing procedures being defined in accordance with the outcome thereof. The tests were conducted so as to detect any existing supervisory failings in the various processes, and to ensure that the supervisory system fulfilled its fundamental requirements.

In Part 2: Economic Dimension, further information is given in this regard.

Project funding

DMA

The projects developed and funded at GRI Renewable Industries included no clause or commitment as regards human rights or anti-corruption practices. (G4-HR1).

► GRI Renewable Industries Sustainability Policy

DMA

GRI Renewable Industries mission is to globally meet the needs of our customers considering their activity, the safety of our employees and the respect for the environment.

GRI Renewable Industries is aware that its actions have a direct impact on the environment, thus **Sustainability** is positioned as a key element, as it is reflected on its corporate culture and on the development of mechanisms able to create value for all its stakehol-

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

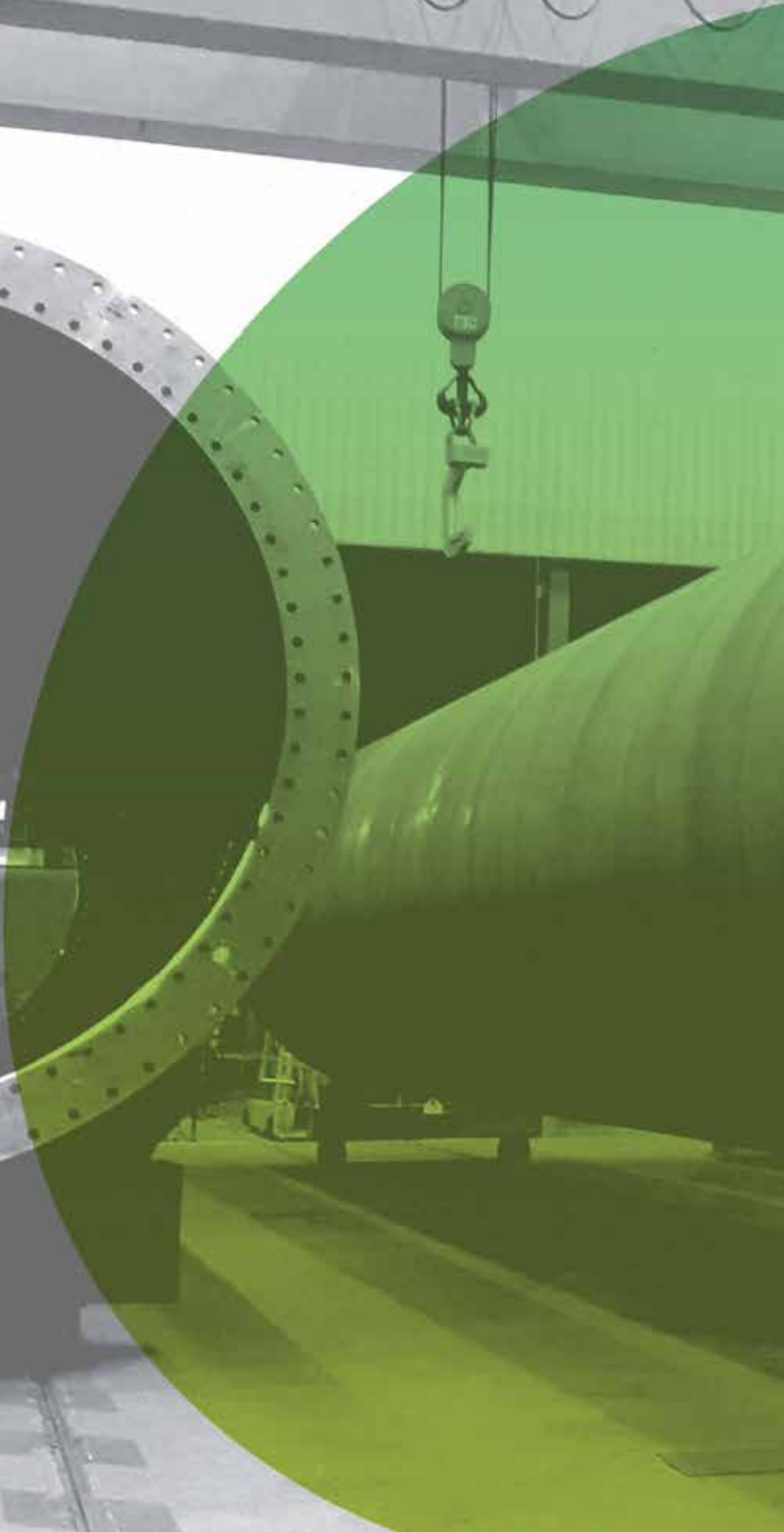
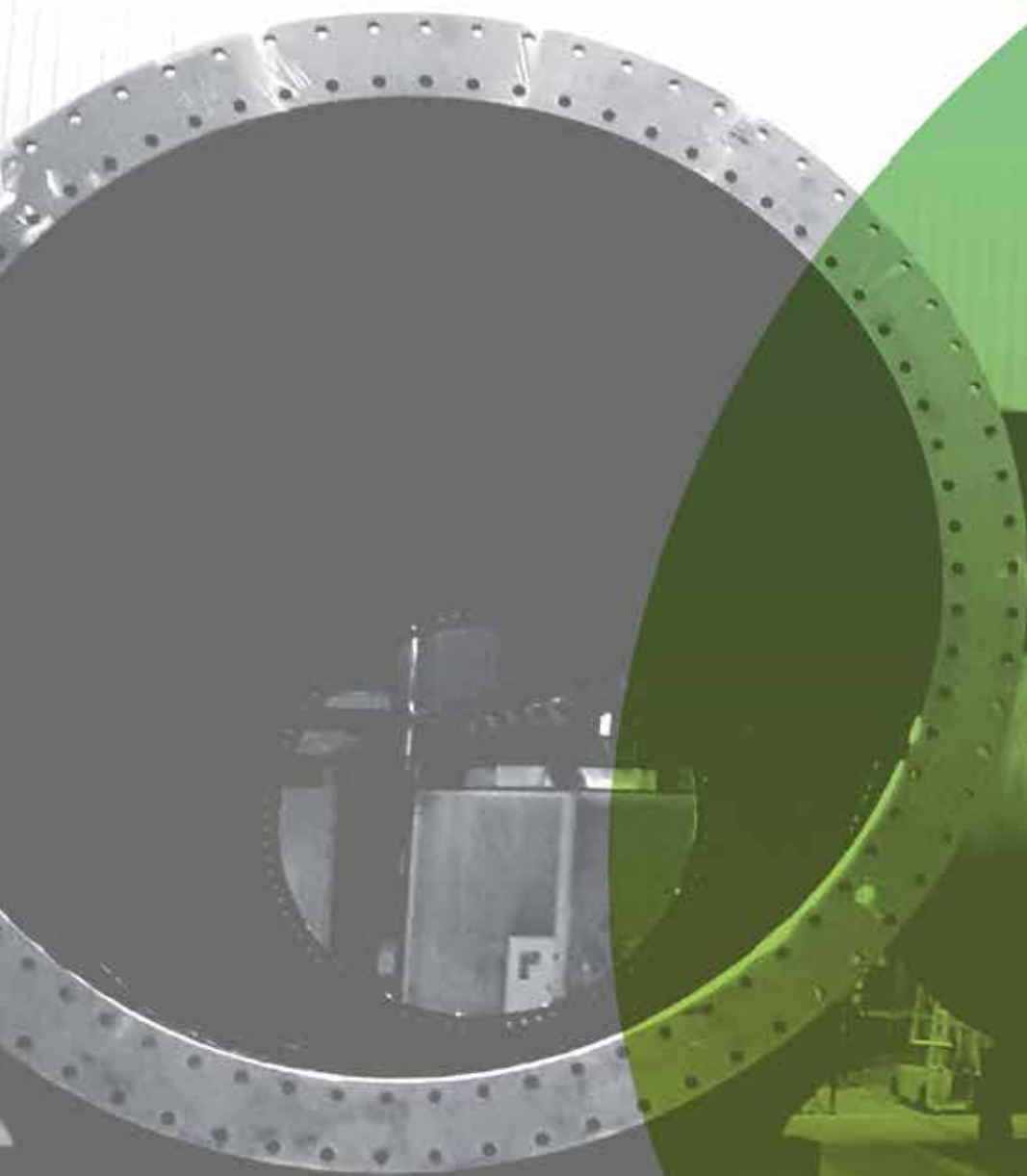
This Policy aims to establish a global framework for **GRI Renewable Industries** in order to reinforce the actions, initiatives and behaviors in all the countries in which it operates, as it is summarized in the following commitments:

- Contribute to the **creation of long-term value** for society, customers, suppliers, employees and communities in which it operates, as well as for any other stakeholder particularly relevant to the Company.
- Promote **Corporate Governance** best practices, prioritizing transparency, risk management and fight against corruption, through the Ethics Code dissemination and the management and denunciation channels hold by the Ethics Committee.
- Comply with applicable local **legislation** adopting, where needed, additional commitments and standards recognized to act with integrity in all countries.
- Protect, respect and promote the **human rights** in all its activities and anywhere in the world, as well as to establish, where circumstances warrant it, mechanisms strengthening this commitment and ensuring compliance.
- Maintain a smooth communication with **stakeholders** being able to listen and to respond to their expectations through the available channels.
- Achieve excellence through **innovation** and **continuous improvement** in its processes and products, maintaining high quality and safety standards, minimizing its environmental impact, reducing greenhouse gas emissions and improving its contribution to Society.
- Collaborate with its **clients** to adapt our products to their needs, always offering a quality service.
- Work closely with its **suppliers**, promoting ethics and respect for human rights in the supply chain.
- Promote the **health and safety** care of all professionals working directly or indirectly in its facilities, and contribute to the improvement of their quality of life.
- Develop measures for **promotion and retention of talent**, framed by favorable labor relations based on equal opportunities, remuneration based on responsibilities and personal and professional development support through training and employment generation.
- Take part in **social action** initiatives and projects aligned with its business and corporate culture to contribute effectively to the welfare of Society.

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

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

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Part II

Specific Standard Disclosures

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Economic Dimension

Material Aspect	Content
Economic management	<ul style="list-style-type: none"> » Economic Performance » Growth and Global Presence » Balance Sheet
Customer Satisfaction management	<ul style="list-style-type: none"> » Customer » Customer satisfaction
Product	<ul style="list-style-type: none"> » Our product and quality » Research, development and innovation
Supply Chain	<ul style="list-style-type: none"> » Responsible supply chain
Governance	<ul style="list-style-type: none"> » Ethic, integrity and compliance » Risk Assessment

Economic performance

DMA

GRI Renewable Industries aims to consolidate its position in the wind energy industry through quality service in response to its clients' expectations, **innovation, and positioning in strategic markets.**





► Momentum of the wind energy industry

G4-EC2

There has been for some years now a global trend to fight climate change by developing various initiatives in order to make the fight effective around the world.

During the year in question, the 22nd United Nations Climate Change Summit (COP22) was held in Morocco, reflecting the worldwide commitment and intention to arrest global warming through specific actions, such as the speeding up of the transition to a structure based 100% on renewable energies.

According to data provided by the Global World Energy Council (GWEC), in 2016 54,600 MW were installed worldwide, the cumulative total power by the close of the year being nearly 490 thousand

MW. The figure is 14.1% lower than in 2015, when a record volume of 63,633 MW was installed.

China remains in first place, with 23 MW, followed by the United States, Germany and India.

In the case of Latin American countries, Brazil tops the market rankings, followed by Chile.

On the African continent, wind investments are particularly significant, with 418 MW in South Africa alone.

According to figures from WindEurope, half of the power installed in Europe was wind, with an additional 12,500 MW installed, and a total power of 153,730 MW, covering 10.4% of electricity demand in

2016. Of the new megawatts installed, 10,000 MW are land-based wind and 2,000 marine installations.

According to GWEC sources, Spain has maintained its position, despite having installed just 49 MW in 2016, as a result of the controversial Energy Reform.

As for the tower building trend, the technology employed continues to evolve towards larger wind turbine blades, increased electricity generation, taller towers, and considerable growth in the offshore area.

► Growth and Global Presence

GRI Renewable Industries is a leading global supplier in the sector, with plants in Brazil, the United States, India, South Africa, China, Spain and Turkey. It follows to offer all its customers tailored and high-quality services.

During 2016, two new plants began operations (GRI Towers USA and GRI Castings Zestoa) while work will begin on the construction of additional three plants (GRI Towers Sevilla, GRI Towers India II and GRI Flanges China IV).

NEW PLANTS



GRI Towers USA

GRI Towers USA began construction in 2015, with the aim of underpinning its position in the marketplace. Operations began in August 2016, following successful completion of all the audits, and with the collaboration of the start-up teams who came mainly from Brazil and Spain.

The plant enjoys a strategic location thanks to its positioning in the vicinity of a major highway, one of the main railway lines, and also with direct road access to shipping, assisting considerably in the factory's logistics.

The plant currently covers 27,900 m², with more than two hundred employees working two shifts. The aim for 2017 is to increase the workforce to 300, and to raise output to 140 towers.



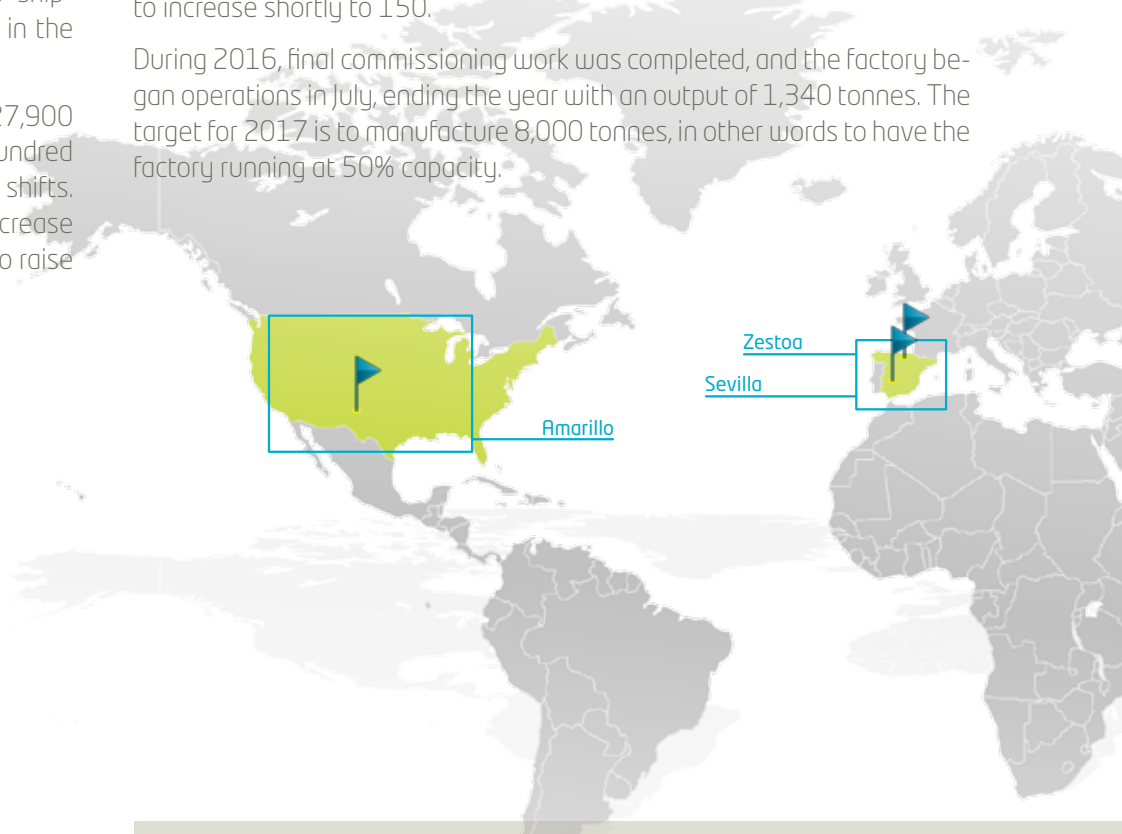
GRI Castings Zestoa

GRI Renewable Industries acquired in 2014 the former TS Fundiciones foundry in Zestoa (San Sebastian, Spain). Over the course of 2015, the company was hard at work modernising and adapting it to produce steel parts for the wind sector.

GRI Castings Zestoa, as the plant is now named, is the group's first foundry, set up with the clear aim of including the machining process and the company's international ambitions, while also establishing its position in the centre, expanding the product portfolio, in order to gradually attain a leading position.

An investment of 7.1 million euros was made; the infrastructure covers 24,780 m², of which 12,000 m² are industrial shop floor, expected to produce some 15,000 tonnes/year, with a maximum weight per part of 22 tonnes. There is currently a workforce of 42 employees, which is planned to increase shortly to 150.

During 2016, final commissioning work was completed, and the factory began operations in July, ending the year with an output of 1,340 tonnes. The target for 2017 is to manufacture 8,000 tonnes, in other words to have the factory running at 50% capacity.



PLANTS UNDER CONSTRUCTION



GRI Towers Sevilla

GRI Renewable Industries is adapting the former shipyard facilities at the River Port of Seville for its marine wind tower factory. It is the company's first offshore tower production plant, and so represents its initial inroads into the market as part of its expansion plan.

The official concession for 50 years was granted in May 2016. The plant will occupy an area of 159,700 m², including industrial workshops, offices and storage areas, and more importantly will have a direct route to sea thanks to its position on the dockside of Spain's only inland port, on the River Guadalquivir in Seville, 80 kilometres from the mouth of the river.

The demolition and construction licences were received in October and November, respectively, allowing definitive construction work to begin on 26 November. The plant is scheduled to become operational in mid-2017.

It will have capacity to manufacture up to 110 complete towers per year of maximum size, along with a further 15 with no surface treatment. There will also be additional space available for future expansions.

The planned investment amounts to 37.4 million euros, and more than 400 direct jobs should be created. The GRI Towers Sevilla project will revitalise an industrial area which is at present depressed, but which in the past was a landmark of the Spanish city of Seville.



GRI Towers India II

In 2016, GRI Renewable Industries acquired land to build a second tower factory in India. The new plant will be located in Anthavaram, in the Nellore district of Andhra Pradesh, and will provide support for the current GRI Towers India I plant.

GRI Towers India II will occupy an area of 263,136 m², and is scheduled to have a production capacity of 300 towers per year.

The planned investment in the factory amounts to 20 million euros, and some 300 direct jobs should be created.

The facility is scheduled to begin operations in the final quarter of 2017.

GRI Flanges China IV

GRI Flanges China IV, located in the province of Shandong in the east of the country, is currently under construction.

It will manufacture 16-metre diameter flanges from a wide range of materials: High-strength and stainless steel, copper alloys and aluminium.

Output is intended for the offshore market, nuclear, aerospace, pressure equipment production, etc.

50% of the factory is scheduled to become operational in late 2017, rising to 100% by mid-2018.



► Balance sheet

G4-EC1 and G4-EC4

The GRI Renewable Industries Strategic Plan aims to maintain a leading position in the marketplace, by increasing the firm's international presence, and creating value for all its stakeholders. This is made possible by a positive bottom line to the balance sheet, with investment 136% higher than the previous year, along with appropriate financing.

The company's key economic figures are summarised below:

Economic Value Generated (EVG), with a total of 409,228 thousand euros, distributed as follows:

Economic Value Generated (thousand €)	2015	2016
Turnover	318,289	401,319
Financial revenue	4,617	4,207
Other revenue	3,362	3,702
Total EVG	326,268	409,228

Economic Value Distributed (EVD) amounting to a total of 434,919 thousand euros, distributed as follows:

Economic Value Distributed (thousand €)	2015	2016
Operational costs (purchasing materials + auxiliary services and other general expenses)	227,478	269,480
CAPEX	30,474	72,634
Payment to capital providers	7,188	7,069
Taxes	14,600	28,236
Personnel	41,233	57,300
Investments in the community	304	200
Total EVD	321,277	434,919

The Economic Value Retained (EVR), with a total of -25,691 thousand euros.

The Economic Value Retained (thousand €)	2015	2016
Total	4,991	-25,691

The company's **Net Worth** is 330,989 thousand euros.

Net Worth (thousand €)	2015	2016
Total	242,532	330,989

Meanwhile, the company received 7,502 euros (G4-EC4) by way of tax benefits from public authorities, as may be seen below:

Tax Benefits (thousand €)	2015	2016
Tax reliefs and tax credits	16,253	1,914
Subvention	4,630	111
RGD	4	320
Financial Benefits	4,657	5,157
Total	25,244	7,502

The locations where GRI Renewable Industries has a presence received a total of 28,236 thousand euros in the form of business rates, taxes and levies, helping to improve the quality of life and services available to the local population. The distribution by country is summarised below:

Taxes by country	Thousands of euros
Brazil	11,638
Spain	8,877
India	599
Turkey	2,151
USA	187
South Africa	1,061
China	3,723
Total	28,236

As for other accounting obligations, individual GRI Renewable Industries Group companies 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 their average workforce, contain no exceptions in their respective reports.

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



Customer satisfaction management

DMA

For GRI Renewable Industries, customers are a key asset within the value chain, and it therefore tries to satisfy them by fulfilling their requirements, demands and expectations.



The customers of GRI Renewable Industries are major corporations engaged in the design, development and manufacture of wind turbines and wind energy installations. For our customers, quality is an essential element in the production process, as are service and fulfilment of delivery deadlines. In order to comply with these conditions, indicators are defined jointly with the customer, for the proper monitoring and measurement of the whole process.

Meanwhile, the customers themselves perform periodic audits and visits to the factories so as to verify that the stipulated requirements are being fulfilled. Meanwhile, the established partnerships are reviewed, together with a progressive adjustment of working methods, times, quality specifications, etc.

In order to underpin its presence in the sector, GRI Renewable Industries takes part at trade fairs. Of particular significance are those staged in China, where the company currently has three factories in production and one under construction.

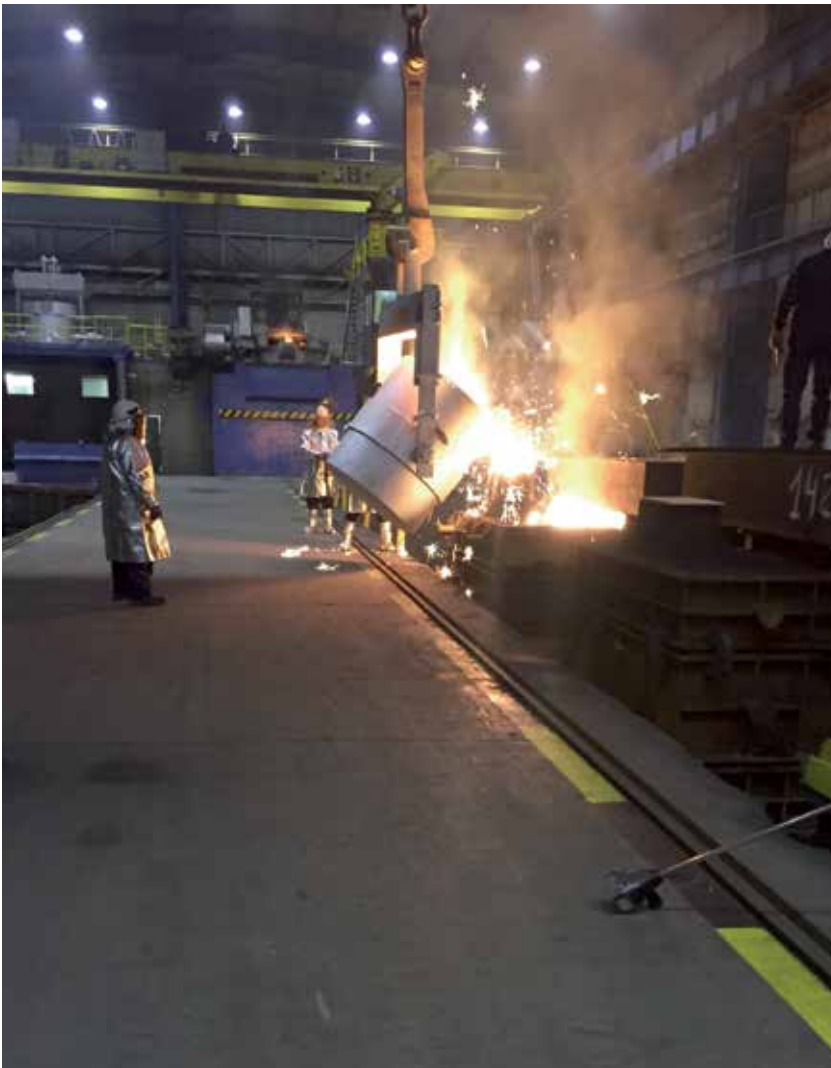
The GRI Flanges division attends the Tube Trade Fair Düsseldorf

In early April, the GRI Flanges division was present at the Tube Trade Fair, the largest commercial event in the tubes and flanges sector, staged in Düsseldorf.

The trade fair is the most influential gathering in the sector, featuring professional appointments and suppliers from all round the world in the business of tubes, flanges and equipment.

This is the second time that GRI Flanges has attended the event, although on this occasion it had a larger stand and a better location than last time around.





GRI CASTINGS ZESTOA

In the specific case of GRI Castings Zestoa, as it is a relatively new factory it proved possible to perform the standardisation process for the product intended for the automotive, wind and machinery sectors with 5 of the customers involved in 2016, while also conducting the relevant audits for each of them.

Periodic meetings are staged with all of them so as to monitor work, including an annual meeting at the close of the year to consider the results and plan for the coming year. Audits are conducted with all customers, covering products and processes.

The production volume achieved in 2016 totalled 1,340 tonnes. The target for next year is to reach 8,000 tonnes, more than 70% higher than the output achieved in 2016.

▶ Customer satisfaction

G4-PR5

Through the quality supervisors at its plants, GRI Renewable Industries conducts monthly monitoring of the satisfaction of each customer. This is performed by measuring key performance indicators (KPIs), such as:

- Budgetary **compliance**
- Fulfilment of stipulated **delivery deadlines**
- Handling and reduction of **claims received**
- Fulfilment of **response time** to non-conformities arising in audits
- Work towards **continuous improvement**

Given the company's product diversity, two different reports are drawn up, setting out the customer satisfaction KPIs in accordance with the product delivered: wind towers, and flanges.

These reports reflect aspects to be strengthened and improvement targets, along with the goals specified for each customer and indicator. The ultimate aim is to achieve an overall increase in satisfaction.

In 2016, a Customer Satisfaction Index of 80% was achieved for towers and flanges, and 85% for castings. Calculation of the Satisfaction Index did not take into account the GRI Towers USA plant, as this was its first year in operation, and it is still at the start-up and adaptation phase. (G4-PR5).

Our product and quality

G4-PR1, G4-PR2, G4-PR3, G4-PR4, G4-PR6, G4-PR7, G4-PR9 and G4-EN28.

For GRI Renewable Industries, offering good service and a quality product is a vital aspect. Hence the establishment of the mechanisms required in order to fulfil the various quality standards. Meanwhile, the company has in place an expert team with considerable professional experience in the field, guaranteeing the process of designing the manufacture of towers and flanges, thereby fulfilling the expectations and objectives set by the customer.

GRI Renewable Industries has a Quality Policy in place at all its factories in operation, together with an integrated management system. Over the course of the year, quality certification was issued for the GRI Castings Zestoa and GRI Towers USA plants, which means that all plants in operation are now certified. Meanwhile, all the factories except for GRI Towers Brazil likewise hold certification under standard EN1090.

To adapt to the new ISO 9001 standard (ISO 9001:2015), an adaptation plan has been designed, beginning in 2016 for implementation in 2017, with the aim of certifying the plants within the context of this new framework.

In any event, given their characteristics the products do not entail any chemical or environmental risk (G4-PR3). Meanwhile, no incidents regarding health and safety involving products and services were registered (G4-PR2), nor were any prohibited products nor any subject to litigation sold (G4-PR6), nor are there any breaches regarding marketing regulations (G4-PR7), nor any breaches connected with the supply and use of products (G4-PR9).

Our product (towers and flanges) does not have any packaging as such, since it is transported as is when the production process is completed (G4-EN28).

Product information and labelling

100% of the towers and flanges delivered to GRI Renewable Industries customers have the corresponding CE conformity declaration, certifying compliance with the technical and legal requirements established by the European Union in terms of safety. (G4-PR3).

In this regard, the company has received no complaints based on a breach of information and product labelling regulations. (G4-PR4)

GRI Towers Brazil is the second-ranked wind tower supplier in the world, according to GE

In late August, General Electric announced that GRI Towers Brazil claimed second place in its World Ranking of wind tower suppliers, on the basis of Product Quality.



GRI Towers India claims First Gamesa QIT Award

GRI Towers India claimed the first Gamesa QIT Project Award for the "Paint Low Gloss" project. The project was selected in late 2015, when the GRI India team was invited to take part at a QIT training event.

Before the award was made, Gamesa and the GRI QIT team had to perform three tests, which began in February.



The winning team analysed the problems connected with paint low gloss, and produced a database for internal processes. The findings were obtained with tools that were internally reviewed by members of Gamesa QIT.

Research, development and innovation

GRI Renewable Industries develops its competitiveness through innovation applied to its processes and products. The R&D+i department is responsible for managing and coordinating projects, which are developed and executed jointly by the corporate department and the plants. Particular mention should also be made of the GRI Hybrid Towers division as another significant company development line in the field of hybrid towers.



The company plays a lead role in both national and international projects. It is likewise directly involved in the Spanish Wind Energy Sector Technology Platform (REOLTEC), which coordinates various research, development and innovation initiatives in accordance with the needs of the sector.

2016 saw the successful conclusion of a number of innovation and production improvement projects, although the main lines of innovation and development (WINDFIT and FLANGERROUTE) remain open as long-term projects.

We should likewise emphasise the commencement of 2 new R&D+i projects, "Protos" and "Roll 4.0", that aim to improve the efficiency of the welding process for towers and flanges, respectively, for the latest generation of towers, and adaptation to new trends in the wind energy industry.

First Hybrid Tower Installed



During 2016, GRI Hybrid Tower performed the design, manufacture and installation of its first hybrid tower. This first tower was installed at the Rondavino Wind Farm in the municipality of Bercerril de Campos, in the Spanish province of Palencia, owned by Gestamp Wind.

The total height of the tower installed was 110 metres, of which 30.8 metres corresponds to the concrete part, and the remainder to 3 metal sections. A modern VESTAS V110 2.0 MW turbine was installed on the tower, with a hub height 20 m higher than the turbines previously installed at the park. The tower is fitted with a monitoring system that will permanently record technical data from the structure for implementation in future designs.

The project began in late 2015 with the dimensional scaling, calculation and certification of the tower. The whole design was produced by the GRI engineering department on the basis of the design requirements provided by VESTAS. The development was derived from the RGD+i effort that GRI Hybrid Tower has undertaken since it was founded.

Manufacturing of the steel sections was performed by GWGA, while the prefabricated sections that make up the concrete part were produced at Prefabricados Zenet in Escalonilla, Toledo.

Both the design, and the manufacturing, logistics and installation process, proved a success in terms of quality and deadline, fulfilling all the objectives that had initially been set. This prototype constituted the validation of the GRI Hybrid Tower patented solution, and will serve as a showcase to demonstrate viability and efficiency to customers.

► Ongoing projects

Brief mention is made below of the projects in progress and their evolution:

GRI Renewable Industries WINDFIT

The aim of the WINDFIT project is to develop a new generation of wind energy stems, from the initial product design stage using new calculation models, optimising individual elements and welded joints, and progressing up to the development of specific manufacturing processes to minimise the distortion and tension forces generated in the stem. This new design will serve to reduce the thickness and weight of the turbine towers, so as to address the new demands being raised in the sector.

WINDFIT is one of the major GRI Renewable Industries development lines, with the first project milestone having been successfully completed in 2016. The aim of the second milestone will be to optimise this calculation tool and design the first WINDFIT prototype. Completion is planned for 2017. The project was funded by the CDTI, following R&D classification.

GRI Flanges Iraeta FLANGEROUTE

The aim of the project is to research and develop new manufacturing and validation technologies, serving to integrate know-how and needs in the wind sector in terms of tower flanges (offshore and onshore), through the study and characterisation of new materials in the selection and welding process.

The aim of all the above is to produce large-dimension wind energy flanges that can fulfil the quality and competitiveness conditions demanded by the wind sector.

This project is planned for conclusion in 2018.

► New projects

The new projects being undertaken at the R&D+i area including particular the following:

PROTOS- GRI Towers Galicia

Focused on developing new high-productivity welding strategies for the manufacture of offshore wind towers. This project is headed by GRI Renewable Industries, although it also involves GRI Towers Galicia and the ALMEN technology centre.

The main aim of the PROTOS project is to develop welding and inspection strategies serving to achieve the productivity ratios required so as to be able to compete in the global market for the manufacture of wind towers, taking into account current trends as regards the increased size and weight of turbines, in particular in the offshore market, where the welding phase is of considerable impact. This is a three-year project focused on two major lines of research:

- **Integrated welding system** for wind turbine towers, that will integrate optimised welding processes.
- **Integrated welded** joint quality control software.

This project was approved as part of the Ministry of Economy and Competitiveness funding round entitled Challenges-Collaboration of the State Research, Development and Innovation Programme Focused on Social Challenges, within the context of the 2013-2016 State Scientific and Technical Research and Innovation Plan.

Energy efficiency

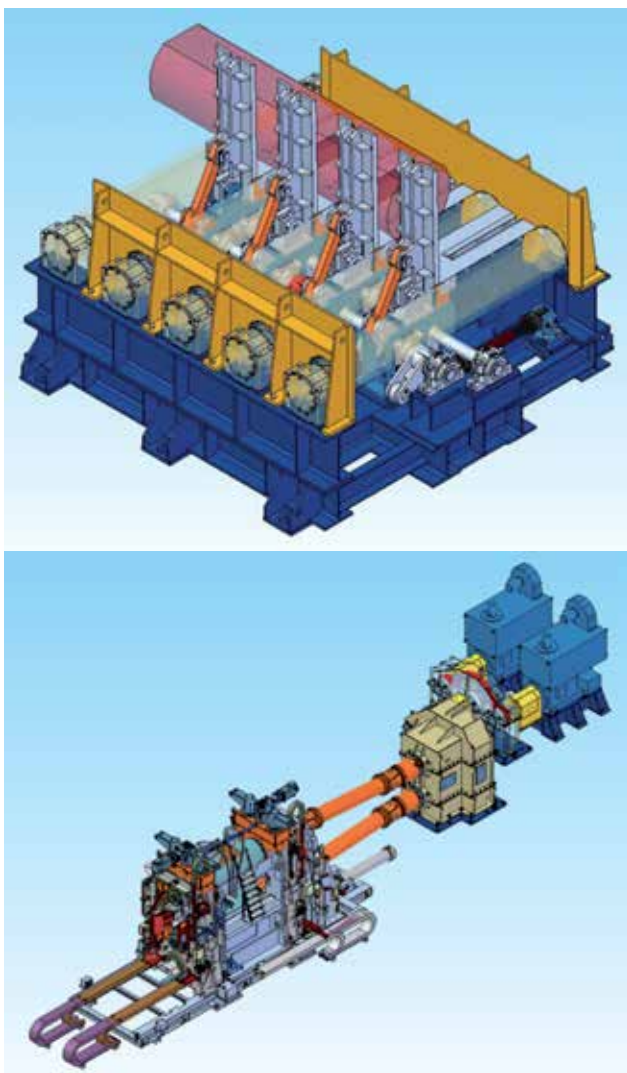
GRI Towers Galicia also stands out for its innovation in terms of energy efficiency. As a result, one of the development lines has been funded by the public authority, as a result of its innovative nature as a project: "New systems for the recovery of heat issued by compressors for metallisation booths", financed as part of the INEGA "Energy Efficiency and Savings in Industry and Services Project".



ROLL 4.0-GRI Flanges Iraeta

Focused on the development of a new, efficient and sustainable rolling mill configuration for the production of advanced steels. The main aim of this rolling mill is to respond to the need to produce higher quality steels, making the producer stand out from other conventional producers, and allowing optimal adjustment to manufacture the new generation of wind energy flanges. This increase in quality is pursued by combining innovations in the rolling process and the use of micro-alloys that give the product highly specific mechanical characteristics.

The main drawback that they suffer, however, is their high cost. This therefore represents a quantum shift in quality in the field of special steels at a lower cost.



The project is being developed in partnership with the company Industrias Lagun Artea S.L. and is approved as an R&D+i project within the Basque Government's HAZITEK 2016 funding programme. It also involves collaboration by a number of centres belonging to the Basque Science, Technology and Innovation Network. The project is planned for completion in 2017.

The GRI Flanges Iraeta FLANGEROUTE project

The GRI Flanges Iraeta FLANGEROUTE project is based on the research and development of new manufacturing and validation technologies for large-sized (onshore & offshore) wind energy flanges, and is supported by the Spanish Ministry of Economy and Competitiveness.

As part of the "2015 Challenges-Collaboration" funding round under the 2013-2016 State Scientific and Technical Research and Innovation Plan, co-financed with European Union ERDF funds, the consortium headed by GRI Flanges Iraeta and comprising the Lortek and Azterlán technology centres, agreed government support for the development of the FLANGEROUTE project over the next 3 years.

The main objective of the FLANGEROUTE project is to develop new manufacturing technologies to optimise costs and cycle times of products manufactured at the GRI Flanges Iraeta plant in Zestoa, using advanced welding technologies such as flashwelding, along with research into new raw materials.

Responsible supply chain

G4-12

For GRI Renewable Industries, suppliers are a hugely important asset within the value chain, as project planning is dependent on them, while they likewise represent a considerable volume of the cost involved.

Supply Chain is the corporate division that handles this aspect of the business, comprising the following areas:

Procurement and warehouse management

This is the first link in the supplier area process, verifying compliance with the specified deadlines, monitoring alignment between cost and budget, and employing new technologies to generate synergies so as to optimise the supply chain. They are likewise responsible for optimising warehouse management and stock levels.

Purchases

There are two purchasing teams, those responsible for “direct purchases” and another for “indirect purchases”.

The former handle the purchasing of raw materials, such as steel. To this end, they select suppliers in accordance with prior completion of the SIA (Supplier Initial Assessment) approval questionnaire. The SIA includes aspects such as quality, the environment, safety, ethics and human rights. In those cases where this is applicable, it also includes the provenance of the materials, since they cannot be sourced from foundries that use conflict minerals that help to fund unrest in the Democratic Republic of Congo.

The latter, “indirect purchases”, are connected with investments, supplies, services, etc. The selection of suppliers and subcontractors is based on service quality criteria, market positioning and risk prevention. In this case, completion of the SIA is voluntary, although there is a mandatory Code of Ethics and Conduct acceptance clause and undertaking.

Supplier quality

Quality management is conducted from a twofold perspective. Firstly, the corporate department manages and consolidates the results from all the factories, and furthermore each factory is responsible for control and supervision of the products sold, serving to increase customer proximity.

In 2016, procedures and monitoring indicators were drawn up to allow us to measure and fulfil objectives focused essentially on reducing complaints and the associated costs.

Logistics

The external processes logistics area is responsible for internationalising these processes, reducing transportation costs, improving service and generating a competitive advantage.

For further information, turn to Part I: General Standard Disclosures.



Ethics, integrity, regulatory compliance and anti-corruption

DMA and G4-S04

GRI Renewable Industries is an established and responsible company that acts sustainably in those countries where it has a presence, while continuing its expansion wherever conditions for growth are appropriate.

All of which is performed in accordance with values and principles that form a part of our corporate culture, and are adapted to the local requirements in each country, market conditions and the different stakeholders. These values are Honesty, Humility, Perseverance and Hard Work, the principles being Customers, People, Leadership and Sustainability.

In accordance with this approach, in December 2015 the Board of Directors approved the Sustainability Policy, with the aim of underpinning the commitments established in those countries where GRI Renewable Industries is located.

All the above within the context of a Code of Ethics and Conduct that guides the company in its actions with stakeholders, and which has no place whatsoever for wrong doing as regards customers, employees, suppliers or the community at large.

To complement and round out all these aspects, the "Harassment Prevention Guide and Operational Protocol" was approved, with the aim of minimising this problem, along with the "Behavioural Guide in Response to the Offering of Incentives, Gifts or Invites", so as to guide employees as to possible conflicts that can arise in their professional activities. The company has also signed up to the 10 principles of the United Nations Global Compact.

As regards training and familiarity among the governing bodies as to policies and procedures in the sphere of ethics, anti-corruption and sustainability, they are responsible for formally approving the Code of Ethics and Conduct, which sets out anti-corruption practices, and also the Sustainability Policy and those guides affecting the organisation in this sphere. (G4-S04)

For more detailed information about the handling of ethics, regulatory compliance and anti-corruption, turn to Part I: General Standard Disclosures.



► Risk management

DMA, G4-EN29, G4-EN34, G4-LA16, G4-HR12, G4-SO3, G4-SO5, G4-SO7, G4-SO8 and G4-PR8

GRI Renewable Industries faces various risks inherent to its activities in the different countries where it operates. It has since 2015 had in place a “General Internal Supervisory Framework”, which includes:

- Internal Control Committee and Policy
- Set of Entity Levels Controls
- Risk matrix and controls for each key business process

Tests were conducted to detect existing supervisory shortcomings in the different processes, with the aim of defining whether the control system fulfils the fundamental requirements: efficacy and efficiency of processes; guarantee of financial information, and compliance with the applicable legislation and standards.

An analysis was first conducted of the scope of the testing processes, along with a study into the material impact that each group subsidiary could have in the Group’s income statement and balance sheet. In accordance with the materiality detected, 8 companies were defined, accounting for 53% of GRI Renewable Industries, where the testing was conducted and the processes affected. (G4-SO3).

All the risks analysed, which might or might not be connected with fraud/corruption, are associated with a control to mitigate the risks in question.

During the testing process, certain control deficiencies were detected, with an action plan being defined and executed so as to correct these deficiencies by 31 December 2016. It should be pointed out that despite the shortcomings detected, no fraudulent activity/case of corruption was uncovered in the operations analysed (G4-SO5).

Lastly, as regards fraud and corruption, mitigation talks were staged as a part of the Entity Level Controls. These are internal controls, of a global nature, applied to the whole company, defining some at the top of the corporate culture of the organisation and establishing guidelines for the fulfilment of aspects of good governance, regulations and finance, among others, helping to achieve the organisation’s goals.

The aim for next year is to extend the analysis, including other plants and with training delivered in this regard for the first time (G4-SO4).

All these activities conducted by the company are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology to guide corporate actions in the sphere of risks and internal control.

Anti-corruption policies and guides are furthermore available:

- The “Harassment Prevention Guide and Operational Protocol” was drawn up to inform workers as to the company’s position regarding such matters, and the operational framework to deal with them.
- United Nations Global Compact, with a renewal of the commitment for a further year, expressing an interest in promoting and implementing the 10 universally accepted principles.

In 2016, no significant fines or claims were received with regard to social, working practice and/or human rights aspects in excess of €100,000, nor any that given their nature would have a particular impact on the company. Likewise, no grievances or penalties were received with regard to aspects connected with unfair competition practices, monopolistic practices or leakage of customer data (G4-LA16, G4-HR12, G4-SO7 and G4-PR8).

The number of penalties, and fines resulting from a breach of legislation and regulations in 2016, was considering significant above of €100,000 (G4-SO8).

As for environmental matters, no significant fines in excess of €100,000 were received (G4-EN29), although an environmental grievance was presented by the authorities in India in the process of renewal of the environmental licence, but this was not harmful to the environment itself (G4-EN34).

Social Dimension

People

Materials aspects	Content
Attraction, development and retention of talent. Training	<ul style="list-style-type: none">» Management focus» Training and professional development» Performance evaluation
Human Rights	<ul style="list-style-type: none">» Labour conditions and human rights
Diversity, equality and non discrimination	<ul style="list-style-type: none">» Diversity and equality

Management focus

DMA

GRI Renewable Industries has highly qualified professionals, committed to the corporate culture, values and principles of the company. The workforce is very diverse and international, with shared values that help promote sustainable growth.

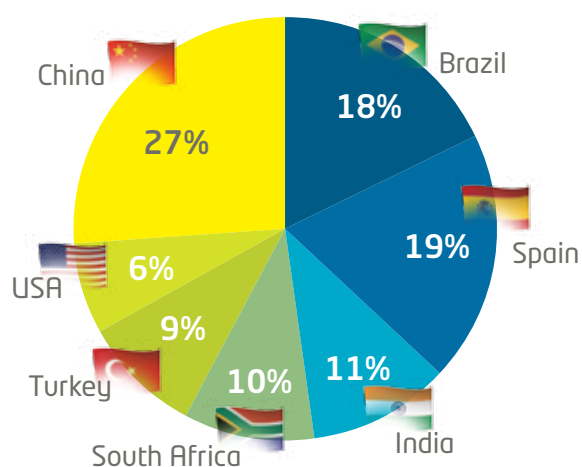


Human resource management is an essential task at the company, serving a function of change management, as the driver of transformational processes. The activities undertaken at Human Resources include hiring, development, skills, training, along with comprehensive administration of salaries, performance evaluations, social benefits, and above all staff motivation.

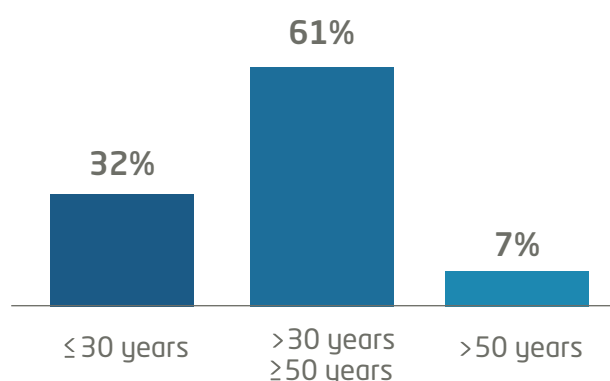
GRI Renewable Industries takes care to guarantee stable and quality employment, with opportunities for growth promotion for all its professionals.

In 2016, the team that makes up GRI Renewable Industries comprised 3,357 professionals, distributed as shown below (G4-LA12).

Personnel by country



Personnel by age



Country	MEN			WOMEN			Total
	≤30 years	>30 ≤50 years	>50 years	≤30 years	>30 ≤50 years	>50 years	
Brazil	171	327	27	20	61	1	607
Spain	93	404	62	18	61	7	645
India	84	287	10	1	0	0	382
South Africa	101	206	15	14	12	3	351
Turkey	170	117	2	4	6	0	299
USA	77	71	16	3	9	2	178
China	262	362	88	68	108	7	895
TOTAL	958	1,774	220	128	257	20	3,357

Particular mention should be made of the increase in the workforce through the inclusion of China within the scope of the Report, accounting for 27% of all employees, followed by Spain and Brazil.

As for the distribution of employees by age, there is a particularly notable percentage of workers aged between 30 and 50 years, accounting for 61%, followed by those aged under 30, at 32%, while workers over 50 represent 7%.

As for executive staff, 50% are aged over 50, and the remaining 50% are between 30 and 50 years old. Meanwhile, 67% are of local nationality, and all are men. (G4-LA12) (G4-EC6).

Attraction, development and retention of talent

DMA

In order to continue its plan for expansion and market consolidation, GRI Renewable Industries is aware that it needs a stable, motivated and qualified team. Aside from these requirements, it needs to create a pleasant working atmosphere, since this is a key aspect for a competitive and sustainable company. The tasks of attracting and retaining staff are therefore fundamental in guaranteeing the commitment of employees, and minimising churn in the workforce.

► Hiring and internal training

Internal promotion

Internal promotion is a resource to achieve employee satisfaction through the development of and commitment to professional careers and the recognition of talent.

When a vacancy is to be filled, the job offer is published internally via the intranet in the "GRI Renewable Industries Job Posting" group. This group is accessible to the whole company, and if after a reasonable time period the position has not been filled, it is then advertised externally.

As an international and expanding company, the firm needs to fill vacancies in different countries and factories, and as a result therefore sometimes offers positions to posted workers. On other occasions, short-term deployments are made available, such as the "start-up teams". These teams assist in the commissioning of new factories, by passing on the know-how and experience they have acquired and integrated within corporate culture.

With the aim of detecting current and future needs and improving promotion through the development of individual short- and medium-term plans, the design and development of a "Talent Map" was approved in 2015.

This management and planning tool will serve to adapt the available talent to the company's needs. 2016 saw the identification of firstly the critical posts, and secondly the abilities, skills and capacities at the executive level, while this analysis will be extended to the rest of the company in 2017.

Hiring

As mentioned earlier, as soon as the need to fill a job vacancy arises, the search begins for a professional with an appropriate profile. This process employs digital tools, such as job exchanges, as well as attendance at job fairs and collaboration with specific recruitment agencies.

Bursary programmes for young professionals represent another of the company's job creation approaches.

First Human Resources meeting

GRI Renewable Industries organized one training week for the human resources responsible in the corporate office as well as plants worldwide.

The aim of this first HR convention was to establish guidelines to incorporate standards process in order to simplify the company policies and promote communication and cooperation between the department teams.

Also, thanks to the diversity of the company, it took special interest to share the best practices or the initiatives of performance of all plants with the idea of being able to replicate them.

► Performance evaluation

G4-LA11

GRI Renewable Industries has had its performance evaluation system in place since 2015.

This evaluation currently applies to the corporate site in Madrid (102 workers), and the managers of each plant (77 managerial positions).

Performance evaluation is intended periodically to assess employees in qualitative and quantitative terms as to the level of effectiveness in the activities they perform, the results achieved through their work, and the employee's own satisfaction.

For those employees working within the operations division, a multi-functionality analysis is conducted, evaluating the skills and know-how that would allow them to perform different functions at the factory.

► Training and professional development

DMA, G4-LA9, G4-LA10, G4-HR2 and G4-HR7

Training is a fundamental aspect at GRI Renewable Industries, since having a committed workforce is a key aspect allowing the company to grow, be sustainable, and improve day by day. The company therefore provides employees with a range of tools in this sphere to help develop their capacities and contribute to their motivation, thereby fostering the company's competitiveness.

Each year, the factories analyse the training needs of their own employees and draw up a "Training Plan" for the integration of new employees, along with the improvement of existing capabilities, and risk prevention. To supplement this initiative, mandatory global courses are launched from time to time, such as those addressing the Code of Ethics, use of equipment, and guidelines for the use of the Internet.

During 2016, the level of English of employees at head office in Madrid was assessed, to ascertain their skills. Thanks to this study, more customised classes are now being delivered to achieve development and then certification in accordance with international standards. In Turkey, courses have been delivered in the field of improving welding work and performing work at height, thereby increasing the employability of the workers in question (G4-LA10).

A total of 147,067 hours of training were delivered in 2016. This represents an average of 43.81 hours per employee (47.86 for men and 14.10 for women) (G4-LA9).

Their distribution by category and gender is set out below:

Country	Managers		Middle Managers		Plant & Office personnel	
	M	W	M	W	M	W
Brazil	4.0	48	1,578.0	267.0	16,787.0	928.0
Spain	100.0	0.0	837.0	221.0	443	255.0
India	81.5	0.0	700.5	0.0	153.5	0.0
South Africa	32.0	120.0	904.0	272.0	112,780.0	2,956.0
Turkey	15.0	0.0	37.5	75.0	5,427.0	45.0
USA	45.0	0.0	720.0	120.0	400.0	35.0
China	96.0	96.0	100.0	100.0	144.0	144.0
TOTAL	373.5	264.0	4,877.0	1,055.0	136,134.5	4,363.0

It should be borne in mind that training increased considerably this year because of all the courses delivered by the start-up teams supporting the launch of the factories in the USA, South Africa and Spain. 23% of training hours were dedicated to the field of Health and Safety.

As regards human rights, 311 hours of training were delivered, in South Africa, Brazil, Turkey and India. (G4-HR2). Meanwhile, since staff safety is dependent on the subcontracted safety companies, no information in this regard is available. (G4-HR7).

Brazil improves productivity and safety through risk index training

The factories in Brazil registered greater productivity and safety thanks to specific training undertaken to cover the "IPRL" Occupational Risk Prevention Index in the various working areas.

The aim of IPRL training is to publicise the safety requirements for each factor, and to generate a culture of safety and continuous improvement, based on strong teamwork.

The training was delivered internally by workers themselves. To this end, a group of specialists was established to study all of the factors in depth, creating educational materials to provide the simplest possible

communication of the content of each factor. These specialists were given the task of delivering weekly training, using photos, illustrative videos and practical examples to capture the attention of the workers and improve the learning process. At the end of each training session a short theory test was conducted, and the most important concepts to take into account in daily operations were reviewed.

The results obtained so far are highly positive, making a direct contribution to the improvement of working conditions, fulfilment of the established internal standards and the launch of improvement ideas and increased productivity.



Turnover

G4-LA1

The workforce has expanded considerably in comparison with the previous year, mainly through the inclusion of the new factories in Spain and the USA.

We likewise included the three factories in China within the scope of the Report.

As for the other factories and offices, hirings were slightly higher this year (3.2%) compared with 2015, and the churn rate was 14.86%.



Hires	Men			Women			Total
Country	≤30 years	>30 ≤50 years	>50 years	≤30 years	>30 ≤50 years	>50 years	
Brazil	21	22	0	7	1	0	51
Spain	26	56	10	7	9	0	108
India	7	1	0	0	0	0	8
South Africa	72	96	7	16	9	0	200
Turkey	12	7	0	2	0	0	21
USA	83	62	19	3	9	2	178
China	0	70	5	6	14	0	95
TOTAL	221	314	41	41	42	2	661

Turnover	Men			Women			Total
Country	≤30 years	>30 ≤50 years	>50 years	≤30 years	>30 ≤50 years	>50 years	
Brazil	57	98	2	9	7	2	175
Spain	32	48	5	6	18	0	109
India	4	4	0	1	0	0	9
South Africa	17	40	4	3	0	0	64
Turkey	28	10	2	0	0	0	40
USA	5	15	5	0	1	0	26
China	36	24	3	7	4	2	76
TOTAL	179	239	21	26	30	4	499

Employment conditions and human rights

DMA

In order to remain a leading company in the sector, we need a competitive and committed team, and the company is therefore aware that it must generate an appropriate working climate, and, as mentioned earlier, retain motivated and qualified workers.



▶ Work-life balance

G4-LA2

Flexible working is one of the most highly valued aspects, hence the commitment to flexibility in terms of working hours, above all in office departments. The process begins from the point at which employees first join the company, selecting the band of working hours that best suits them.

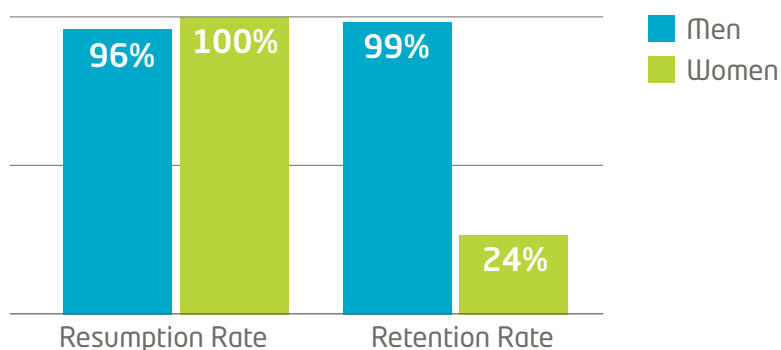
In the case of factory personnel, as the work is dependent on customer needs and orders, different shifts will operate, and flexibility in adjustments to working hours will be applied individually.



▶ Maternity/paternity

G4-LA3

In 2016, 93 men took this leave option, of whom 96% resumed their job, while of the 9 women, 100% have now rejoined. Meanwhile, 99% and 24% of men and women, respectively, who took paternity/maternity leave in 2015 remain at the company.



Diversity and Equality

G4-LA12

GRI Renewable Industries is committed to the diversity of the people who make up the company, giving it an unquestionable competitive advantage.

The inclusion of staff with different perspectives and origins helps to achieve positive changes at the organisation, in the way of working, and in the ability to innovate.

The distribution by gender and category breaks down as follows:

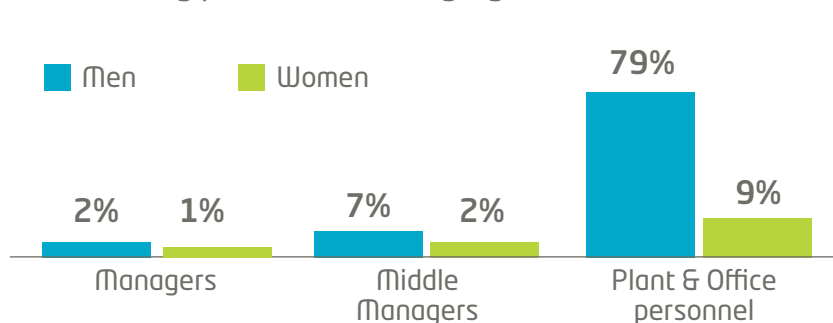
88% of the workforce are men, although over recent years there has been a focus on hiring women, bringing the number up to 12%. In fact, there are now 16 female managers: 13 in China, 2 in South Africa and 1 in Spain.

Personnel by gender



As for the distribution of staff by professional category, "plant and office personnel" represent the most significant group for both genders, as may be seen below:

Personnel by professional category



The following table shows the distribution of staff by gender, category and country:

Country	Men			Woman			Total
	≤30 years	>30 ≤50 years	>50 years	≤30 years	>30 ≤50 years	>50 years	
Brazil	171	327	27	20	61	1	607
Spain	93	404	62	18	61	7	645
India	84	287	10	1	0	0	382
South Africa	101	206	15	14	12	3	351
Turkey	170	117	2	4	6	0	299
USA	77	71	16	3	9	2	178
China	262	362	88	68	108	7	895
TOTAL	958	1,774	220	128	257	20	3,357

► Social benefits

G4-EC3 and G4-LA2

Social benefits at GRI Renewable Industries are not uniform, given the specific aspects of standard practice in each country. Information is summarised below for each country in terms of medical benefits, life assurance, disability insurance and the canteen service.

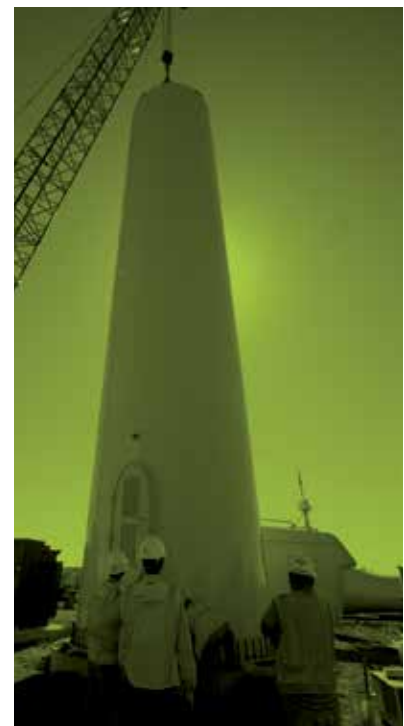
Social Benefits	Brazil	Spain	India	South Africa	Turkey	USA
Medical insurance	100%	0%	100%	0%	100%	100%
Life insurance	100%	100%	100%	0%	0%	100%
Disability insurance	100%	100%	100%	0%	0%	100%
Canteen-tickets	100%	0%	100%	0%	100%	0%

Meanwhile, factories such as those in Brazil, Turkey, India, China and South Africa have a special bus service for employees, while the canteen service is offered only in Brazil, India and Turkey.

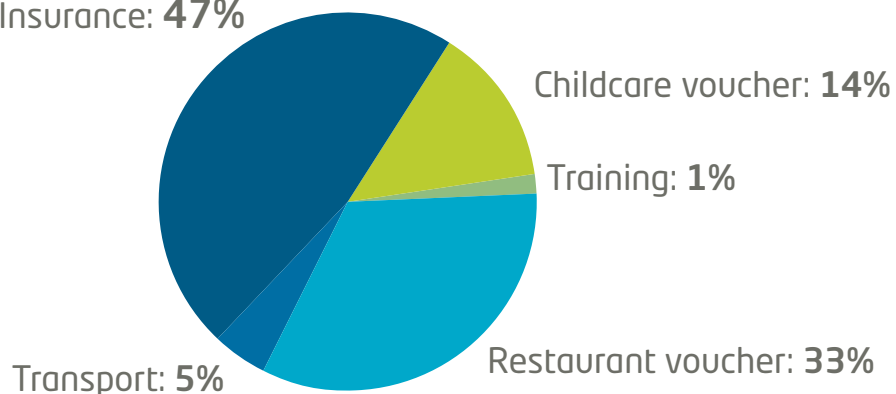
"Pension Plans" are available at the GRI Castings Zestoa and GRI Flanges Iraeta plants, as a mandatory requirement of the Metals Sector Collective Agreement for Guipuzkoa Province, while India and South Africa also offer this benefit, although in the case of South Africa, it is available only to certain employees depending on their contract.

Lastly, India offers workers a retirement scheme under a system whereby the employees contribute 12% and the company a similar percentage, with those who complete 5 years of service at the company receiving an additional contribution. As for further benefits, Brazil has agreements in place for pharmacies, schools, leisure services, etc.

In Spain, the "PRF" Flexible Remuneration Plan offers the chance to include a range of products within the remuneration package, such as meal and childcare vouchers, transport season tickets, etc. allowing the benefits to be adapted to each individual's needs, while also benefiting from the corresponding tax breaks. In 2016, the PRF scheme covered the following demands:



Medical Insurance: **47%**



Job stability

G4-10

As indicated, GRI Renewable Industries is committed to stable employment. 83% of employees are on a permanent contract, while 17% have a temporary contract. Nearly 100% of employees work full-time, except for the 8 people in Spain working part-time. This demonstrates the company's firm commitment to the consolidation of a reliable workforce of employees, with experience and a sense of belonging.

The distribution of figures by gender and country is as follows:

Country	Contract				Employment			
	Permanent		Temporary		Permanent		Part time	
	m	w	m	w	m	w	m	w
Brazil	525	82	0	0	525	82	0	0
Spain	380	73	179	13	557	80	2	6
India	355	1	26	0	381	1	0	0
South Africa	202	22	120	7	322	29	0	0
Turkey	289	10	0	0	289	10	0	0
USA	14	8	150	6	164	14	0	0
China	673	170	39	13	712	183	0	0
TOTAL	2,438	366	514	39	2,950	399	2	6

Remuneration

DMA and G4-EC5

GRI Renewable Industries is aware that remuneration is an important factor in terms of talent attraction and retention. The company therefore aims to improve on the minimum salary established by local legislation.

Below is set out the ratio between the annual starting salary at the company for the lowest professional category and the minimum salary established by local law:

Remunerations	Brazil	Spain	India	South Africa	Turkey
Men ratio	1.10	1.12	1.23	3.40	1
Women ratio	1.10	1.12	2.40	3.40	1
General ratio	1.10	1.12	1.81	3.40	1

China and USA data are not available.

Social Dimension

Health and Safety

Material aspects	Content
Culture of management in health and safety	<ul style="list-style-type: none">» Management focus» Training and awareness» Communication and organization» Risk assessment» Tracking indicators

Management Focus

DMA

For GRI Renewable Industries, the health and safety at work of its employees is a strategic aspect, and its significance at the company is therefore integrated within the Code of Ethics and Conduct, as well as the Health and Safety Policy itself.



The most important aspect for GRI Renewable Industries is to have a healthy and safe working climate at all its sites, and to integrate health and safety as standard practice among workers in their daily operations.

Health and safety management is therefore essentially organised through the development and implementation of management systems based on standard OHSAS 18001, and through the IPRL excellence index, which goes beyond the legal provisions applicable in each of the countries where the firm operates.

At present, OHSAS 18001 certification is held by the GRI Towers Brazil, GRI Towers Turkey and GRI Towers Galicia factories, while the IPRL excellence index is gradually being implemented at all the plants, with the aim of achieving excellence in health and safety. The model is developed on over the course of the chapter.

► IPRL as a model of excellence

The IPRL index establishes a safety standard for GRI Renewable Industries factories, defining common health and safety criteria applicable to all the company's facilities, combining all the specific aspects of the different technologies and production processes.

The IPRL standard includes and surpasses the legal provisions applicable to each of the countries where GRI Renewable Industries operates, as well as all the OHSAS 18001 requirements. It likewise includes best practices and solutions developed internally, in pursuit of continuous improvement.

The index is based on 90 factors, which are the technical and management aspects with an impact on the safety conditions of each factory. For each of these factors, the IPRL defines a series of criteria and performance levels. Through the implementation of all the IPRL criteria, the factories attain excellence in safety.

Meanwhile, the IPRL likewise serves as a precise safety performance indicator. At each of the company's factories, all the IPRL factors are evaluated specifically in accordance with standard criteria, defining a level of performance for each of them.

The index is divided into three groups: "Indices", "Working Conditions", and "H & S Management". For each of these, the IPRL has a number of performance factors with a maximum percentage to be attained. By combining these three groups, the IPRL index establishes an average value for all the factors. This serves to represent the overall level of safety performance at the plant in question.

The graph below shows the three groups that make up this index, in addition to the weightings given to each factor evaluated.

IPRL Index

Rates 30%	Working conditions 35%	H&S Management 35%
3 Factors	59 Factors	28 Factors
Frequency Rate 27% Severity Rate 27% Severe Accidents 45%	Routes of traffic (3 factors) Stores (5 factors) Lifting tools (4 factors) Fine protecton (3 factors) Productive machines (31 factors) Auxilliary machines (6 factors) Environmental conditions (5 factors) Ergonomic conditions (2 factors)	Accidente investigations 5% Training 4% Special Works 5% Risk assessment 7% External companies 4% Health surveillance 4% Safety Inspections 5% Audits 3%

The objectives pursued through this index are a reduction in accidents, alignment of the entire organisation to improve safety, the integration of productivity and safety within continuous improvement, as well as decision-making based on greater information, the development of a working safety culture and the achievement of excellence in occupational health and safety.

With the aim of overseeing the evolution of each GRI Renewable Industries factory, the results of the IPRL are continuously monitored and evaluated quarterly by the team responsible for Health and Safety. The results obtained by each plant are available to the whole organisation over the corporate intranet, in more general or detailed form, depending on individual specific needs.

Another of the aspects to highlight is that this is an effective vehicle for continuous improvement, and a catalyst for change at most factories. The improvements are palpable in each individual part of the unit, and the general output of the factories.

The most obvious conclusion about IPRL is that good results are, among other aspects, down to the fact that the index is not a vertical system, with strict rules to be followed, but instead encourages independent initiatives. In truth, it is a desirable standard, while also serving as a precise measurement system to detect any deviation from this.

The success achieved at those factories with the highest points scores has taken the form of spreading responsibility for implementation of the index across all workers at the factory and the departments. This serves to create a virtuous circle that aligns different people and departments with shared safety objectives, filling them with pride and dedication when they see such positive scores awarded to their work, as well as satisfaction with regard to the other factories and colleagues at different sites.

As mentioned, the IPRL is a continuous improvement tool not only for the factories, but also for GRI Renewable Industries as a whole. By including IPRL criteria in the design of new factories, the company channels past experiences at the safest factories from the outset, thereby avoiding possible problems that can easily be resolved.

Lastly, another notable aspect of the IPRL is the generation of an appropriate framework for collaboration between companies and factories. As the factories are at the heart of IPRL, they are encouraged to manage and have in place their own safety strategy. Meanwhile, at the corporate level only minimal resources are required to provide support, share experiences and provide objective supervision.

After a full year preparing and fine-tuning the IPRL, the index was implemented in the first quarter of 2016 at seven GRI Renewable Industries sites. By the end of the year it became clear that the occupational safety practice had been a success, since most of the factories registered significant improvements. Specifically, two of them (GRI Towers Brazil and GRI Flanges Brazil) managed to attain the "green" performance level (IPRL excellence), as may be seen in the following graphic

	Work conditions		Prevention management	
	4QT 2016	% Improvement ¹	4QT 2016	% Improvement ¹
GRI Flanges Brazil	35	29%	26	7%
GRI Towers Brazil	30	56%	31	16%
GRI Towers Turkey	57	30%	48	27%
GRI Towers India	86	10%	68	14%
GRI Towers South Africa	86	-4%	85	-13%
GRI Towers Galicia	66	7%	60	0%
GRI Flanges Iraeta	86	0%	80	19%
GRI Renewable Industries		17%		10%

¹ The percentage improvements were calculated by taking into account the results for Q1 in 2016. *GRI Towers USA and GRI Castings Zestoa will be incorporated within the IPRL indicator over the course of 2017.

GRI Flanges Brazil achieves excellence in IPRL indicator level

GRI Flanges Brazil managed to achieve the level of “excellence” in the IPRL (Occupational Risk Prevention Indicator) in the sphere of Health and Safety in the third quarter of 2016.

This made GRI Flanges Brazil the first plant to achieve this excellence target, following months of hard work and dedication by all its workers.

The task began in late 2015 with the overall presentation of the indicator to all management teams, by the local Safety team. The benefits associated with implementation were swiftly identified, establishing goals and the pathway to be followed so as to achieve the aim of excellent performance.

Training and awareness-raising

The two most important principles drawn from the Health and Safety Policy are to create a health and safety working environment, and to incorporate health and safety as standard practice in workers’ daily operations.

In accordance, those workers joining the company for the first time, or those switching to a new job, are given specific training for their category and the functionalities they are to perform. The same applies to subcontractor staff beginning work at the plants, thereby guaranteeing that risks are minimised, and quality standards are fulfilled.

For workers handling specific machinery, aside from the general health and safety training given to everyone, they receive more specific instruction in the use of the tool. Meanwhile, some workers receive additional training compared with their colleagues, and are responsible for reaction in cases of emergency.

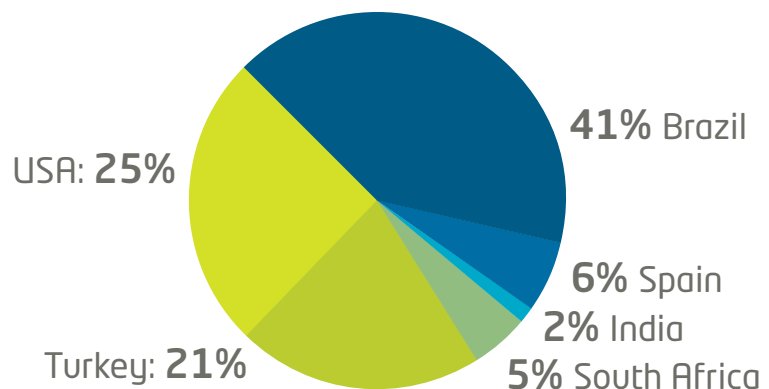
All the training delivered is reviewed and refreshed by the supervisors of each area on a periodic basis. The company is also responsible for launching other awareness-raising actions to reinforce all the lessons learned in this field.

One of the most notable training initiatives is the Be Safe! programme launched for the first time in 2015, comprising an awareness-raising campaign to make employees more sensitive to Health and Safety issues.

Other initiatives include the international celebration of “World Health and Safety Day”, involving a range of initiatives addressing the importance of the involvement of workers in improving health and safety.

Below we set out the total number of hours of health and safety training delivered by country:

Training	Brazil	Spain	India	South Africa	Turkey	USA
Hours	14,760	2,184	503	1,746	7,538	8,992



World Health and Safety at Work Day

To mark World Health and Safety at Work Day, on 28 April all GRI Renewable Industries plants staged a range of awareness-raising events for workers.

Continuing the Be Safe! campaign, over the course of the day a number of activities were undertaken as regards the importance of personal attitudes and the

involvement of all workers in improving health and safety. Meetings were staged at the various plants, along with information talks, theatre performances, educational safety tours of the plant, and small-scale festive events. The new health and safety standard was also presented: IPRL.



Communication and Organisation

G4-LA5

Communication

As seen in the stakeholder participation section, there are various channels to engage in direct and two-way communication with the various audiences. In the specific case of the safety area, two-way communication is conducted at the plants, the figures responsible being the manager and/or safety coordinator each site. These two individuals are responsible for reviewing the issues proposed and for prioritising those deemed of greatest relevance for the factory.

The Health and Safety Committee, which includes a workers' representative, meets quarterly to discuss relevant issues regarding plant safety, the approach to risk mitigation, the selection of protective equipment,

accident rates, the investigation of accidents and incidents, and the planning of preventive and corrective actions (G4-LA8).

Employee representation on the health and safety committees is detailed in the following table:

Employees representation at Health and Safety Committees	
Country	% representation
Brazil	95%
Spain	75%
India	100%
Turkey	100%
USA	100%
Total	91%

China and South Africa data are not available

Other internal communication channels aside from the committees include:

- Suggestions boxes, such as the Be Safe! box located at each plant
- Information boards
- Daily, weekly and monthly meetings to monitor relevant issues such as risk prevention planning.
- Leading the Change intranet

External notifications of serious and very serious accidents and employee deaths are conducted in accordance with the terms of local legislation, in compliance with ILO recommendations.

Organisation of safety

Health and safety management at GRI Renewable Industries is conducted at the plant level, coordinated and supported by the corporate Occupational Health and Safety department.

All GRI Renewable Industries plants have a health and safety coordinator in place, and depending on the scale of the factory, this figure will be supported by one or more risk prevention technicians. The coordinators and technicians are responsible for including risk prevention tasks within production processes. In the case of the factories in Brazil and Turkey, there are also medical teams who help ensure that this culture of risk prevention is constantly applied.

However, the efforts made by the company to mitigate risks does not stop there, since aside from the IPRL, the awareness-raising campaigns, the committees, training processes, etc. there are certain Health and Safety principles that serve as guidelines governing the implementation of such topics:

1. Provide a healthy and safe working environment at all our operational sites.
2. Integrate Occupational Health & Safety within all our management processes.
3. Involve all employees in Occupational Health & Safety Management in accordance with the functions and responsibilities of each.
4. Foster a genuine risk prevention culture at every level of the organisation.
5. Achieve the highest standards in the field of Occupational Health & Safety, fully complying with the applicable legal requirements and local regulations, in addition to all corporate policies and procedures.
6. Permanently evaluate the risks applicable to each job.
7. Plan, coordinate and implement risk prevention actions to minimise the risks detected at each operational site. Review risk prevention planning by Management at each site.
8. Learn from experience and continuously improve Occupational Health & Safety Management.
9. Permanently train, raise awareness and develop the skills of employees, in accordance with the functions and risks of their jobs.
10. Monitor the state of health of workers in accordance with the risks of their jobs.
11. Evaluate Occupational Health & Safety Management through internal and external audits to verify the fulfilment and effectiveness of this policy.
12. Demand that partner companies and suppliers take responsibility for occupational health and safety, and comply with the requirements of GRI Renewable Industries in this regard.



Risk analysis

G4- LA7

Each factory conducts a risk assessment that is periodically reviewed by both the plant and corporate coordinators. In accordance with the results obtained, the defined risk mitigation protocols are deployed.

In the case of jobs that are classified as involving exposure to risk, all protective measures are implemented, using appropriate PPE in accordance with need.

During 2016, 6 risk-exposed jobs were identified, affecting a total of 24 workers, distributed as follows:

	Positions at the company	N° employees affected
GRI Castings Zestoa	6	24

Tracking indicators

G4-LA6

GRI Renewable Industries performs continuous monitoring of the indicators connected with both internal and external employee accidents. Incidents are also followed up so as to be able to establish preventive measures that will improve employee safety, and hence the working climate.

Accidents

During 2016, there were no fatal accidents at GRI Renewable Industries.

The different accident rates are detailed below:

Accidents with leave rate	Own Personnel		External personnel		
	Country	Men	Women	Men	Women
Brazil	5.3	0.0	2.0	0.0	
Spain	28.2	50.0	150.2	0.0	
India	4.7	0.0	13.7	0.0	
South Africa	0.0	33.4	14.0	0.0	
Turkey	8.9	0.0	0.0	0.0	
USA	0.0	0.0	0.0	96.7	
Total	9.97	18.42	16.97	66.67	

Rate of accidents with leave: Calculated in basis of the following formula: $\frac{\text{N}^\circ \text{ accidents with medical leave 2016}}{\text{n}^\circ \text{ hours worked}} * 1,000,000$.

Accidents without leave rate	Own Personnel		External personnel		
	Country	Men	Women	Men	Women
Brazil	14.4	0.0	0.0	0.0	
Spain	102.1	71.4	0.0	0.0	
India	22.4	0.0	3.4	0.0	
South Africa	0.0	0.0	14.0	0.0	
Turkey	3.8	0.0	0.0	0.0	
USA	48.7	87.7	10.7	0.0	
TOTAL	32.0	25.3	12.7	0.0	

Rate of accidents without leave: Calculated in basis of the following formula: $\frac{\text{N}^\circ \text{ accidents with medical leave 2016}}{\text{n}^\circ \text{ hours worked}} * 1,000,000$.

Days lost

Rate of professional illnesses G4-LA7

Country	Own personnel	
	Men	Women
Brazil	2.3	0.0
Spain	1.0	0.0
TOTAL	0.87	0.00

Rate of the professional illness: calculated on the basis the following formula ($\frac{\text{n}^\circ \text{ of occupational diseases}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$)

In all other countries, the rate of professional illnesses is 0.0 for both genders.

Rate of days lost through accident

Country	Own personnel	
	Men	Women
Brazil	323.0	4.5
Spain	569.6	1,200.0
India	62.6	0.0
South Africa	113.4	167.1
Turkey	122.1	0.0
USA	0.0	0.0
TOTAL	261.3	400.6

Rate of days lost through accident: calculated on the basis the following formula ($\frac{\text{n}^\circ \text{ of days lost due to occupational accidents}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$)

Rate of days lost through absence

Country	Own personnel	
	Men	Women
Brazil	1,922.3	4,294.9
Spain	2,054.8	3,001.3
India	115.8	0.0
South Africa	2,838.7	2,673.2
Turkey	1,129.4	104.2
USA	0.0	0.0
TOTAL	1,576.26	3,366.20

Rate of days lost through absence: calculated on the basis the following formula ($\frac{\text{n}^\circ \text{ of absence days}}{\text{n}^\circ \text{ of hours worked}} * 1,000,000$)

GRI Towers India stages its Safety Week with a range of activities and the “Example to Follow” award

As every year, GRI Towers India staged its Health and Safety at Work week. The campaign is an event staged at the national level. To mark the occasion, as well as the safety posters that were put up, employees were called on to perform numerous activities such as safety drills at the plant, theatre performances, creative competitions, and also participation in the “Example to Follow” award handed out this year.

Various competitions were also staged with the aim of motivating employees and underpinning safety awareness, with two drills being conducted to prepare workers to deal with emergencies such as fires.

Lastly, the “Example to Follow” Safety Awareness Award was presented. The award involves following all the safety rules and making proper use of PPE.



Social Dimension

Local community

Material aspects	Content
Impact, dialogue and investment in the local community	<ul style="list-style-type: none">» Management focus» Social Action

Management focus

DMA

GRI Renewable Industries contributes to the creation of value in the local economy through various focuses that aim to strengthen and consolidate the business fabric in the region.



Details are set out below of how the company makes its contribution of value to society, and the form that this takes.

- Employment created and maintained, with a figure of 661 for new hirings and a total workforce of 3,357 employees, 86% of whom are of local nationality, while 83% have a permanent contract. Further information is given in this regard in the People section.
- Economic value distributed (EVD), with a total of 434,919 thousand euros. Meanwhile, purchases from local suppliers, which corresponded to 78% of overall purchases, and an expenditure of 400,108 million euros, while the payment of taxes and social security contributions totalled 28,236 thousand euros.

Furthermore, GRI Renewable Industries uses value creation within society as an obligation to the contexts within which it operates, and aims through its products and services to respond to the social challenges faced globally.

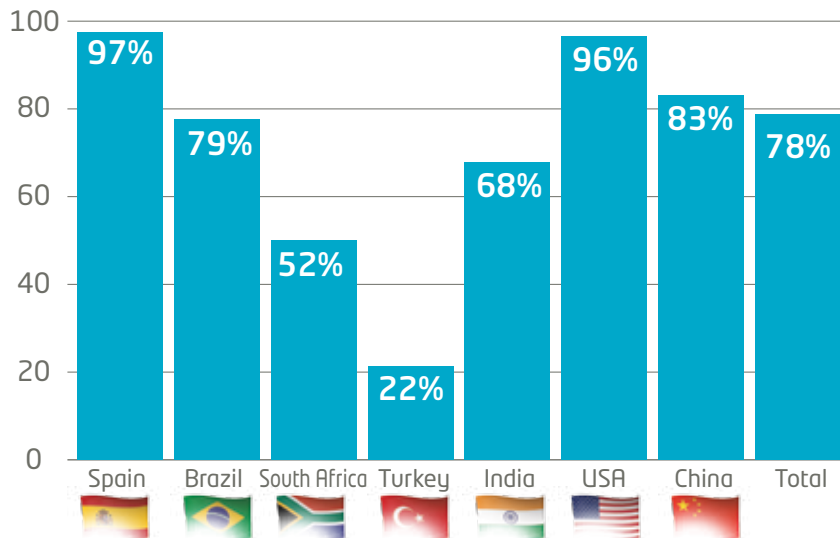
To achieve this objective, the aim is to align social collaboration with business activities and the Sustainable Development Goals (SDGs), through direct engagement with the communities where the company has a presence, among other aspects by means of social initiatives and partnership with a range of associations, membership of local industrial associations, and the relationship with public authorities.



► Local suppliers

DMA and G4-EC9

In 2016, the expenditure on suppliers amounted to 400,108,238 euros, of which 78.46% corresponds to local suppliers. The table below sets out the percentage distribution by country:



► Contribution to local development

DMA

GRI Renewable Industries is aware that in order to be able fully to develop in those countries and communities where it has presence, it must make a contribution to their constituent societies. So as to achieve this aim, it establishes a direct and fluent dialogue with its audiences.

In dialogue with third parties (local authorities, public bodies, local administrations) it follows the guidelines set out in the company's Code of Ethics and Conduct.

Meanwhile, involvement with associations (G4-16) and local bodies considerably enriches the company's development, by keeping it abreast of the queries, studies and working parties in the sector, allowing a reference framework to be built up.

Although it was not possible to conduct a study as to the company's impact on the environment or on society, GRI Renewable Industries did not identify any real or potential significant negative impact on the local community as a result of its facilities (G4-SO2), nor did it present or receive any grievances regarding social impacts during the year (G4-SO11).

► Payment of levies and taxes

The regions where GRI Renewable Industries has its sites receive revenue through business rates, levies and taxes, that help improve the services and life of the local population. The amount transferred during 2016 was 28,236 thousand euros, with the countries receiving the greatest amount being Brazil and Spain. The breakdown by country is shown in Part I: General Standard Disclosures.



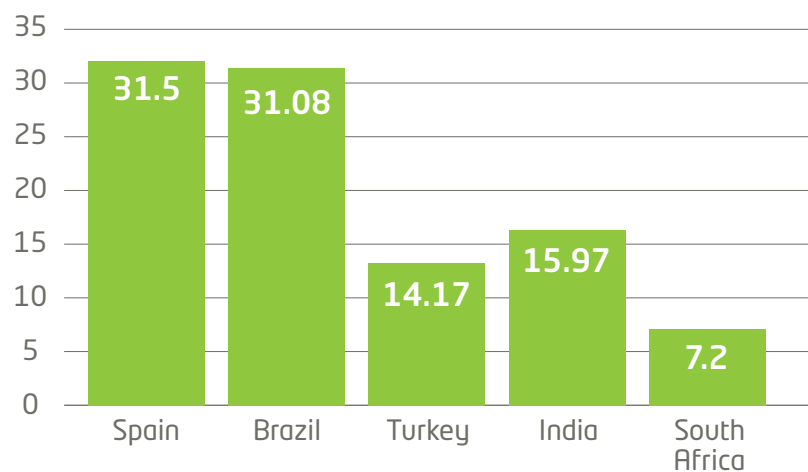
► Support for development

The output of GRI Renewable Industries is based on raw materials such as steel, the component most heavily used by the company, which thanks to its properties is entirely recyclable. This therefore serves to reduce usage and consumption of natural resources, while also facilitating energy savings by turning waste into a raw material.

Consideration must likewise be given to the fact that the construction of the towers and flanges themselves facilitates the use of clean and renewable energy sources. This thus promotes the use of new energies, with annual output serving to avoid 468,219 tonnes of CO₂.

During 2016, 1,277 towers were manufactured at the various factories of GRI Renewable Industries, as may be seen below:

Towers sold by country



As for the output of flanges, the cumulative volume over the course of the period was 109,526 tonnes.

All this is made possible by the close relationship the company enjoys with its customers, seeking ways to achieve efficient and innovative production, reducing environmental impacts and generating sustainable development.

Social Action

DMA and G4-S01

So as to support local development in the regions where GRI Renewable Industries has a presence, various agreements are being put in place with non-profit organisations, with which corporate activities are staged.

Local initiatives are undertaken at operational sites in an attempt to improve the quality of life and daily reality of the local population. These initiatives focused this year on care for the environment, sports activities, and economic donations to local educational and health projects.

As for development programmes and actions with the local community, these are staged mainly at 6 of our factories and at head office (40%).

To improve the participation in and communication of these initiatives, the corporate intranet includes a group entitled "Charitable Initiatives", allowing all employees to interact and find out about different charitable causes and projects, while also explaining the social tasks performed by the various NGOs and Foundations. The group on the Internet so far has 213 subscribers.

A number of the initiatives undertaken by the various GRI Renewable Industries sites are detailed below:

CORPORATE INITIATIVES

EDUCATION

GRI Renewable Industries organised a volunteering day with the John XXIII Roncalli Foundation, delivering classes that address various issues, such as "how to access the job market", "how to set about job interviews", and "how to search for an employment using social media".

These classes were given by employees from the human resources and IT systems area, for 80 students of the Foundation.

In addition to these activities, the children of employees were given the chance to attend an urban summer camp to foster their integration with students of the Foundation. The camp involves such activities as "how to care for an allotment", "treasure hunts" and "handicraft workshops".

GRI Renewable Industries supported the LQDVI Foundation in staging a number of congresses



addressing ethical, human and cultural values, delivered in various Spanish cities and intended for pre-university students.

In partnership with the Foundation, an online course in the values of "Effort and Entrepreneurship" was launched among GRI employees in late 2016. The course was built on the basis of the company's values, and led by speakers such as Toni Nadal and Jorge Font, who through their experiences provided examples of how to put these values into practice.

Lastly, to mark the 10th Anniversary of the LQDVI Foundation, children's stories were purchased, using brief narratives to convey a range of values.



LOCAL INITIATIVES

ENVIRONMENT

GRI Renewable Industries strives to preserve the environment and to combat climate change, while also supporting sporting and healthcare initiatives. As a result, various plants in Turkey, Spain and South Africa staged the following social action initiatives:

GRI Towers Galicia and head office in Madrid staged environmental activities comprising the planting of 1,250 trees, to match the number of towers produced the previous year. The chosen locations, close to the hinterland of the company, were the municipality of Carballiño and the area around Ávila. A total of 130 people attended the events, planting 800 and 450 indigenous plants, respectively, including such species as silver birch, maple, holm oak, cork oak, conifers, pines and mountain ash.



GRI Towers Turkey, meanwhile, donated the cost of 50 young trees to an association for the reforestation of green-belt land close to the factory site. The trees were properly planted thanks to support from the Association.

HEALTH AND SPORT

GRI Renewable Industries believes that **positive habits** are vital for the health of employees and the community, and so has staged numerous initiatives connected with the promotion of sport.

These ventures in many cases have a twofold objective, as an important tool in raising funds for social projects.

A number of examples are summarised below:

GRI Towers Galicia supports sport and healthy lifestyles among its employees, and as a result sponsors the cycling team made up of a number of workers at the plant. The scheme has benefited 15 users. It has also sponsored the football Academy and youth five-a-side football team in O Carballiño, the Piñor car rally and the Arenteiro charity race.

GRI Flanges Iraeta supported the local five-a-side football team by sponsoring the players' kit. These projects amount to a sum total of 10,434 euros, benefiting nearly 500 people.

GRI Towers Turkey staged a blood donor day for plant employees. This involved hiring a Turkish Red Crescent bus to attend the factory during all the shifts, giving employees the chance to give blood once the health staff had conducted a suitability test.

Another activity undertaken by GRI Towers Turkey was involvement at the local fair, raising funds that were donated to an association dealing with child cancer. Numerous employees purchased articles produced by the patients' families.



GRI Flanges China conducted campaigns in the villages round the factories with the aim of fulfilling the basic needs of underprivileged elderly people. These campaigns were staged prior to the spring break and on workers' day.

EDUCATION

GRI Renewable Industries views training as an important and beneficial aspect for the development of the regions where it has a presence. As a result, through a range of corporate and local initiatives it implemented various educational projects during 2016.



Of particular note is the extensive activity of **GRI Towers South Africa** in the field of education in the Cape region.

- Over the course of the year, partnerships were established with the two main educational institutions in the city of Atlantis, to support primary level education.
- A relationship was likewise established with the technical school and all its campuses in the region, including Cape Town University. This allows GRI Towers South Africa to support the education of the local population, from the earliest stages at school up to university attendance and vocational training. All of which benefits socio-economic development in the region, and fulfils the schooling needs of 5,000 students.
- Meanwhile, the development of skills and knowledge on the part of the underprivileged populations of Atlantis, where GRI has its factory, is also promoted.
- Support has been given in this area to the technical training of professionals who in the future will be company employees. All the above was conducted together with the technical campuses of West Coast College and Cape Town University.
- The possibility of including engineering roles as apprentices and tradesmen in the various production processes at the company is currently being considered. 20 apprentices were taken on in 2016, 50% of whom have some degree of disability.



GRI Flanges China has through bursaries and study materials helped students at the schools nearby the factories. This makes a contribution to the development of the local population.

ECONOMIC DONATIONS

In addition to conducting social initiatives, GRI Renewable Industries also undertakes sponsorship programmes in the communities where it has a presence.

GRI Towers Turkey made an economic contribution to a local school so as to refurbish the building, thereby benefiting 400 children.

GRI Flanges Iraeta made a contribution to Zestoa town council to stage the local festivities.

Local collaboration with public authorities

DMA and G4-S06

GRI Renewable Industries collaborates with public authorities on an altruistic basis, establishing relationships with local authorities with complete transparency, in accordance with the guidelines set out in the Code of Ethics. Meanwhile, the company does not make any economic or in-kind contributions to political parties (G4-S06).

Intergune Seminar for the internationalisation of Basque companies

GRI Renewable Industries was involved at the Intergune Seminar staged at the Barakaldo BEC by SPRI, the Basque Government's business development agency.

The gathering focused on the internationalisation of Basque companies and the risks and opportunities provided by political and economic changes in the various countries. The CEO of GRI Renewable Industries, Javier Imaz, was accompanied by the President of Ingeteam, and the President of Mondragón Internacional.

Analysis with the authorities in Seville: arrival of GRI Towers Sevilla in the region

The President of Gonvarri Steel Industries, Jon Riberas, and the CEO of GRI Renewable Industries, Javier Imaz, met with the Mayor of Seville, the President of the Port Authority and the Regional Economy Minister

to advance details as to the company's establishment in the Andalusian capital.

In May, GRI Towers Sevilla was awarded the 50-year concession to occupy 159,700 square metres at the Port of Seville. The budget allocated to the venture is 54 million euros, to supply 110 towers a year, with 400 jobs expected to be created. GRI Towers Sevilla will manufacture and dispatch from Seville the offshore metal structures and wind towers used to install wind turbines at sea.

The Basque Regional President visits the GRI Flanges Iraeta and GRI Castings Zestoa plants

Basque Regional President Iñigo Urkullu visited the GRI Flanges Iraeta and GRI Castings Zestoa plants, accompanied by other organisations. Company President Jon Riberas was present at the head of the executive team, alongside Javier Imaz, CEO of GRI Renewable Industries.

The managers of GRI Flanges Iraeta, and GRI Castings Zestoa also showed the Regional President and representatives of the Basque Government around the facilities they run, detailing certain characteristics of the rolling mill processes, in the case of GRI Flanges, and how the steel is cast, at GRI Castings.

A Basque Government delegation visits GRI Towers South Africa

A delegation of the Basque Government visited the facilities of GRI Towers South Africa in Cape Town. The aim was to witness the potential of Basque companies and explore the opportunities in South Africa for the Basque economy.

GRI South Africa represents the largest production investment in the renewable energies market in the country.

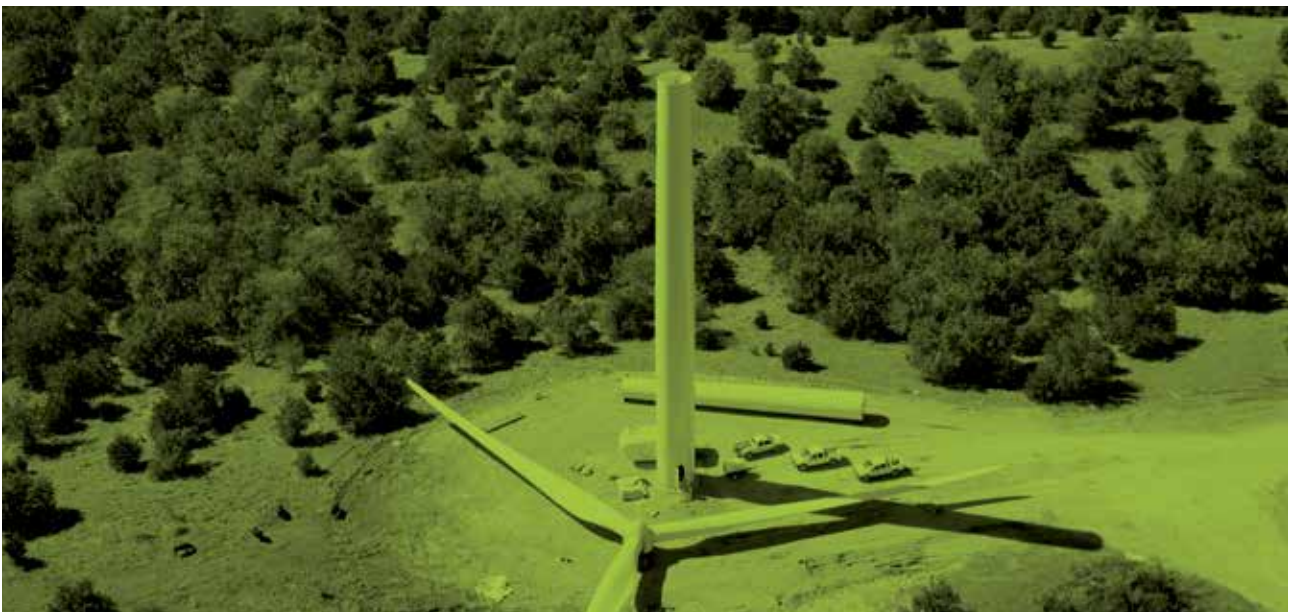
Environmental Dimension

Material aspect	Content
Environmental performance	» Management and environmental impact
Energy and efficiency	» Energy consumption » Energy efficiency
Climate change and CO ₂	» Emissions and climate change

Environmental performance

DMA

GRI Renewable Industries, through its Quality, Environment and Health and Safety Policy, alongside the Integrated Management System, emphasises its respect for the environment, and activates appropriate mechanisms so as to operate efficiently and responsibly, thereby offering quality, competitive and profitable products.



GRI Renewable Industries measures and monitors its levels of consumption, emissions, waste, discharges, etc., along with further environmental parameters, so as to analyse its efficiency, and thereby establish periodic improvement objectives helping to minimise its environmental impact, without affecting the quality of its products.

Meanwhile, training and environmental awareness raising is a fundamental practice in order to promote responsible behaviour. During 2016, such training focused on good practices and aspects such as energy efficiency, waste management and the environmental management indicators.

At present the GRI Towers Galicia, GRI Towers Turkey, GRI Towers India, GRI Towers South Africa, GRI Towers Brazil, GRI Flanges China I, II and III plants hold ISO 14001:2008 certification, representing 67% of the plants in operation.

No significant finds in excess of €100,000 have been imposed against the company for environmental matters (G4-EN29).

Only one environmental complaint was received from the authorities in India in the process of renewing the environmental licence, but this did not cause any harm to the environment itself (G4-EN34).



KPI's	2015	2016
Steel consumption (tons)	262,023	390,933
Energy consumption (Gj)	144,238	271,345
Other energy consumption (Gj)	105,020	133,355
Water consumption (m ³)	49,160.69 78% supply 22% Superficial water bodies	42,879 75% supply 25% Superficial water bodies
Non-hazardous Waste: scrap (tons)	28,775	25,530
Non-hazardous Waste: Others (tons)	2,555	1,831
Hazardous waste (tons)	2,565	2,081
Environmental investment (€)	20,599	122,306
Environmental expenses (€) (G4-EN31)	532,548	184,000

Steel and the Circular Economy

On 2 December 2015, the European Commission (EC) adopted a new package to promote Europe’s transition to a “circular economy”, to promote global competitiveness, foster sustainable economic growth and generate new jobs. The aim is to achieve a transition towards a more solidly based circular economy, closing the circle so as to make more sustainable use of resources.

The proposals cover the whole life-cycle, from production and consumption to waste management (reuse, recycling and recovery), with the market including secondary raw materials in a closed cycle, rather than the former “produce, use and discard” model.

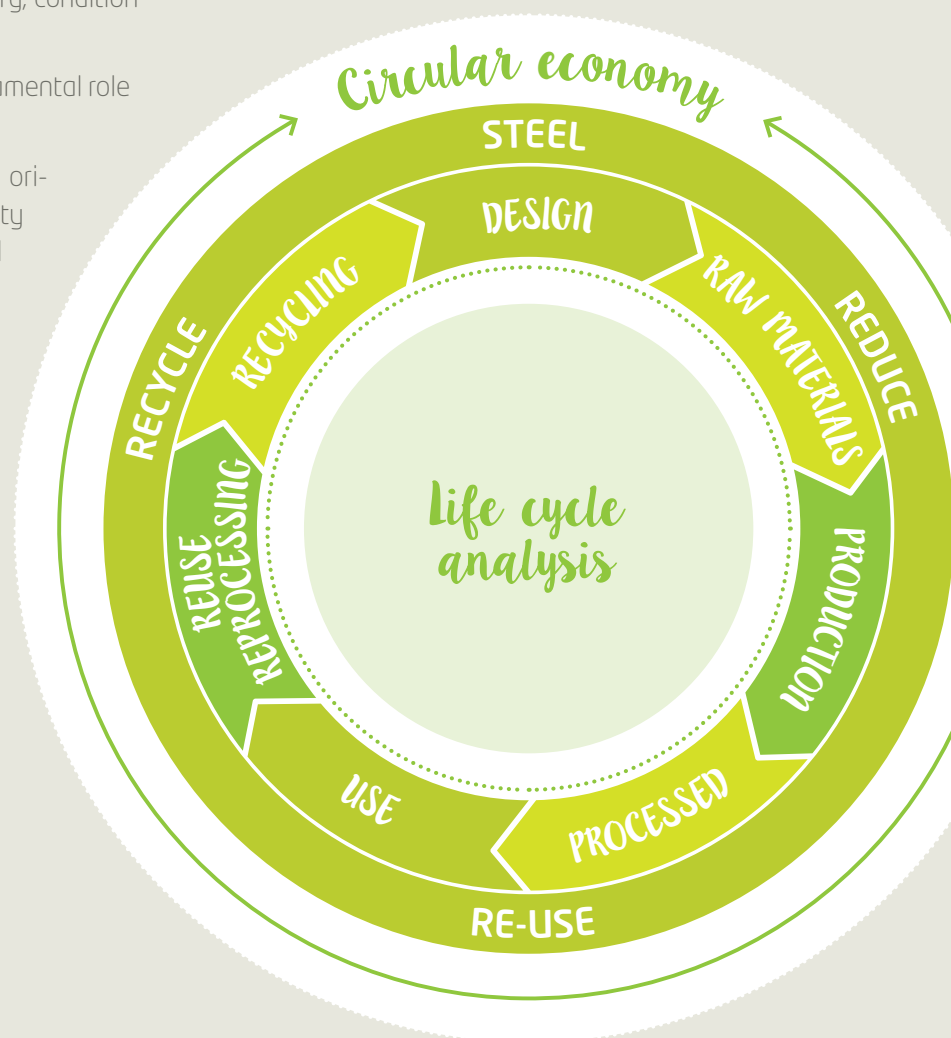
Among the objectives that have been set, the build-up of recycled materials at landfill sites is forbidden. This means that waste must be “traceable”, guaranteeing the infrastructure required to collect, classify, condition and recycle under optimal conditions.

Given its characteristics, steel plays a fundamental role in this framework.

Steel, thanks to its capacity to recover its original properties without any loss of quality after smelting, is the most recycled material in the world. Recycling generates savings of up to 85% of water, 80% of energy and 95% of carbon, avoiding the omission of almost 2 tonnes of greenhouse gases per tonne of steel. In fact, there are steels that remain within today’s production process that were originally produced in the 19th century. (Source: UNESID).

As a result, practically 100% of the products manufactured at GRI Renewable Industries are fully recyclable, significantly reducing their environmental impact at the end of their useful life, and helping to close the circle.

Aware of the need to preserve this resource, it has optimised processes to ensure that both the machinery and cutting designs make the best possible use of the steel sheeting, achieve efficient consumption, reducing waste generation and minimising environmental impact, while maintaining high product quality standards at all times.





STEEL RECYCLING

Extraction of
raw materials



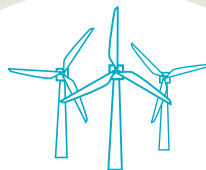
Steel production

GRI Renewable Industries has commercial agreements in place with steel suppliers who provide the raw material in all the countries where it operates. The composition of the steel contains a variable percentage of recycled steel, depending on the type.



Manufacture

GRI Renewable Industries enjoys a leading position in all the main steel markets through its 12 production centres, its 3 plants under construction and its product portfolio (onshore & offshore towers, flanges, etc.).



Usage

Steel has outstanding properties: high performance, strength, durability, versatility... allowing us to develop very high quality products, following and fulfilling the specifications of our customers.



Recycling

Steel can be infinitely recycled while maintaining its properties. Our product, the towers and flanges are destined for wind farms and there are 100% recycled.



Raw materials and hazardous products

DMA, G4-EN1 and G4-EN2

Production processes at GRI Renewable Industries make intensive use of steel (390,933 tonnes), since this is the main component of all its products, followed by welding wire and flux. As for hazardous products used at our facilities, there are very few, and they are hand-

led in accordance with the procedures and instructions in place, complying with the applicable regulations, and avoiding manual contact as far as possible.

The main volumes of consumption during the year are summarised below:

Consumptions (tons)	GRI Spain	GRI Brazil	GRI Turkey	GRI India	GRI South Africa	GRI USA	GRI China
Steel	87,984	99,878	31,876	28,331	11,457	88.34	131,319
Flux	504	286	150	102	130.49	28	-
Painting	460	1,439	179	254	81	12	-
Grit	81	140	26	65	19	140	-
Welding wire	516	303	150	158	31	26	-

With regard to the use of recycled materials, the steel used in our processes is partially made up of recycled steel.

This composition varies depending on the supplier and the product. The results by product type are set out below:

Product	Tons consumed	% recycled	Steel recycled tons (G4-EN2)
Towers	226,713	18%	40,157
Flanges	164,222	18%	29,088
Castings	1,075.6	58%	624

Conflict Minerals

Since 2010, following the approval of the Dodd-Frank Wall Street Reform and Consumer Protection Act, governments, companies and consumers are increasingly demanding information on the source of so-called "conflict minerals" in the manufacturing of the products they sell, and this has therefore become a significant aspect of the supply chain.

As a result, for purchases of raw materials, where applicable, the SIA serves to request information as to provenance, the requirement being that the purchases must

not be derived from foundries using "conflict minerals", this term applying to columbite-tantalite (coltan), cassiterite, wolframite and gold, and any other mineral or derivatives that would contribute the funding of conflicts in the Democratic Republic of the Congo or any neighbouring country, serving to continue the perpetration of human rights atrocities.

We likewise inform our customers, where required, as to the absence of such minerals from our products.

Energy

DMA

The production process at GRI Renewable Industries makes intensive use of energy as a result of the tower and flange manufacturing operation. The company is therefore incorporating measures to increase energy efficiency in its processes, to reduce its carbon footprint and environmental impact.

Meanwhile, recent climate change agreements are fostering the development of energy policies in various countries which will give momentum to the sector of industrial components associated with renewable energy over the coming years.

► Internal energy consumption

G4-EN3 and G4-EN4

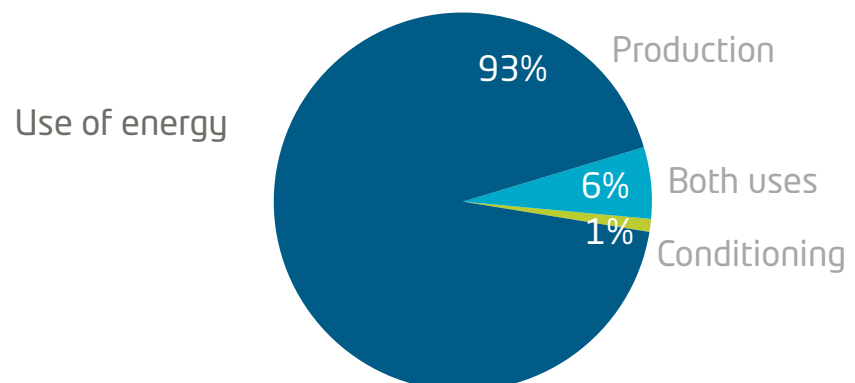
Over the course of 2016, GRI Renewable Industries consumed a total of 404,700 GJ, of which 67% corresponded to electrical consumption, and the remaining 33% to fuel consumption (LPG, natural gas, propane and diesel).

The distribution by country is summarised below:

Internal consumption (GJ)	Electricity	GLP	Gas Natural	Propane	Diesel
GRI Spain	52,641	0	62,575	2,028	4,419
GRI Brazil	41,858	838	14,061	0	1,637
GRI Turkey	15,175	0	5,216	819	0
GRI India	14,251	1,168	0	0	1,211
GRI South Africa	13,313	351	0	0	0
GRI USA	2,529	0	2	0	1,090
GRI China	131,578	0	37,940	0	0
Total	271,345	2,357	119,794	2,847	8,357

Calculation of the conversion factors employed such acknowledged sources as DEFRA (Department for Environment, Food and Rural Affairs) and IDAE (Instituto para la Diversificación y Ahorro de la Energía).

As regards consumption of electrical energy, most is used in the production process, as summarised below:



As for external energy consumption, as mentioned in the 2015 sustainability report, no information is available regarding this indicator. Information is expected to be available by 2030 (G4-EN4).

► Energy intensity

G4-EN5

GRI Renewable Industries believes that measurement of energy intensity is a good way of measuring the efficiency and impact of its processes.

The calculation takes into consideration both electricity and fuel (LPG, natural gas, propane and diesel), corresponding solely to internal energy consumption. The resulting annual ratio is calculated by dividing the internal energy consumption by the total weight of the products sold in each country.

Given the considerable difference between tower and flange manufacturing processes, we have presented the information separately for the two processes.

The following tables detail the results obtained:

Energy intensity "Flanges"	
	GJ consumed/ tons of sold product
GRI Flanges Iraeta	3.38
GRI Flanges Brazil	7.32
GRI Flanges China	2.20
TOTAL	2.56

Energy intensity "Towers"	
	GJ consumed/tons of sold product
GRI Towers Brazil	0.69
GRI Towers Galicia	0.77
GRI Towers India	0.62
GRI Towers South Africa	1.25
GRI Towers Turkey	0.7
Total	0.74

Emissions and Climate Change

DMA, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EC2 and G4-EN27

Climate change is of increasing significance, and is one of the main challenges we face, the great environmental hill to be climbed by humanity in the 21st century. Hence the growing need to establish strategies and objectives that will help arrest global warming. Following the staging in Paris of the 21st United Nations Climate Change Summit (COP 21), a global commitment was established to "keep the temperature rise below 2 degrees compared with pre-industrial levels, and pursue efforts to limit the increase to 1.5 degrees". So as to achieve this goal, global CO₂ emissions will need to be reduced by 2025 at the latest, and halved by 2050.

This is now particularly significant, since in 2016 terrestrial atmospheric carbon dioxide levels were consistently already in excess of the symbolic level of 400 ppm of CO₂. Although this limit had already been surpassed in some specific places around the globe for a period of a few months, it had never been maintained on average and worldwide for a whole year.

GRI Renewable Industries believes that the main options in addressing climate change focus on the use of modern and efficient technology for renewable energy generation, the development and implementation of energy efficiency measures in its processes, and training and awareness-raising staff.



Goal 7

Guarantee access to affordable, safe, sustainable and modern energy for all, and in particular work by 2030 towards a doubling of the global energy efficiency improvement rate.



Goal 13

Adopt urgent measures to combat climate change and its effects, particular through the incorporation of national plans, policies and strategies that will help minimise the impact.

Benefits of renewable energies

Renewable energies, and specifically wind, provide a guarantee of sustainability given their non-polluting properties. They are inexhaustible and globally accessible sources of energy. Meanwhile, they reduce the consumption of fossil fuels by helping to combat climate change and avoid the production of greenhouse gases and pollutant emissions.

Per kWh generated, it has an environmental impact that is 21 times lower than that produced by oil, 10 times lower than nuclear energy and 5 times less than gas, according to the AEE.

Wind energy generation does not entail any risk to the population in the locations where it is installed. Meanwhile, the costs of generating renewable energy cannot be compared with fossil fuels.

As a result, investment in renewable energies is a commitment that also allows for development in depressed and rural areas, improving the habitat, generating jobs, encouraging the establishment of local suppliers, and acting as a spearhead for the service industry and economy in the region.

That is why GRI Renewable Industries is working to open new factories in strategic locations, for the onshore and offshore market. Production of hybrid towers is another way of contributing new solutions to the current landscape, with unceasing efforts being made to arrest climate change and reduce the generation of CO₂ emissions as far as possible.

► Reduction in energy consumption

G4-EN6

As for the obligations to conduct "Energy Audits", in accordance with the provisions of Royal Decree 56/2016, of 12 February 2016, GRI Renewable Industries has satisfactorily audited 100% of its factories in Spain: GRI Castings Zestoa, GRI Towers Galicia and GRI Flanges Iraeta, providing a detailed analysis of distribution of electricity and natural gas consumption by plant, industrial process, equipment and main production line.

As a result of the audits, a number of performance improvement and savings options (MAEs) were detected, and following implementation they will allow us to reduce consumption at factories, without dropping performance levels.

Our aim in 2017 is to analyse the audits in depth and improve the results of the measurements conducted, mainly at GRI Towers Galicia and GRI Flanges Iraeta, to provide more complete and detailed information prior to approval of the Investment Plan.

GRI Towers India celebrates "Woodland Week"



Woodland Week has been staged since July 1947, when national leaders dedicated their efforts to this course. Following Indian independence, the movement began in 1950 when the Minister of Agriculture and Food and the Minister of Health at the time announced the launch of a National Tree Planting Week.

To mark the event, the GRI Towers India factory planted 300 trees in the area around the plant, mostly local species suited to regional conditions (Ficus, Indian gooseberry, Neem, Janglee tree and Karanj tree). The process was monitored via satellite by "Latitude and Longitude waves & rays".

► Emissions avoided

The main activity of GRI Renewable Industries is the manufacture of components for wind turbines (towers and flanges) intended for the generation of wind energy. This renewable and sustainable energy does not emit greenhouse gases into the atmosphere, thereby contributing to the mitigation of climate change.

We are likewise committed to the achievement of the Sustainable Development Goals (SDGs), in particular those helping to combat climate change (SDG 7.3 and SDG 13.2).

Below we highlight our contribution in this context during 2016:

Reforestation

G4-EN27

Trees and woodlands have a direct relationship with climate change. On the one hand, climate changes affect woodlands by raising average annual temperatures and modifying rainfall patterns, while also increasing extre-

me climatic phenomena. Meanwhile, woodlands help to arrest climate change, by acting as sinks that trap and store CO₂.

GRI Renewable Industries therefore committed in 2015 to minimise these impacts through forest repopulation (planting new trees) and/or reforestation (replanting deforested areas). The aim is, as far as possible, to match the number of trees planted to the number of towers manufactured.

In 2016, we conducted a reforestation scheme in Galicia and repopulation in Avila, involving mainly staff and their families from the GRI Towers Galicia factory and head office in Madrid, respectively, planting a total of 1,250 shrubs, 800 of them in Galicia, and 450 in Avila.

As a result of these plantations, and in accordance with the species planted, the estimate is that 1,520 tonnes of CO₂ will be absorbed over the next 40 years, corresponding to 38 tonnes per year.

There are plans for reforestation/repopulation schemes in 2017 in Madrid, Galicia and the Basque Country.



Tower production

G4-EN19

In 2016, the company manufactured a total of 1,277 wind towers, the final destination of which is shown below:

Europe	26%
America	36%
Asia	31%
Africa	7%

The proportional weighting represented by the cost of the wind tower manufactured by GRI Renewable Industries out of the total structure is held to be 16.4%. If one estimates the net hours per year of turbine operation in those countries where they are present, the installed power rating, the conversion factor applicable to each country and the percentage of the cost of the towers out of the total structure, we estimate that we contribute to combating climate change with a total of 468,219 tonnes of CO₂ avoided in 2016.



► Greenhouse gas emissions

By measuring its carbon dioxide (CO₂) emissions, GRI Renewable Industries helps to improve the communication of its impacts and gathers specific data with a view to establishing possible improvement targets.

Calculation of CO₂ emissions took into account the following standards: Green House Gas Protocol (GHG Protocol), Emissions Factors from Cross-Sectors Tools (GHG Protocol – 2014) to calculate fuel emissions factors, IPCC Fourth Assessment Report: Climate Change 2007 to calculate R-22, and for electricity consumption, the average emissions factors of the national electricity mix of each country for the period 2009-2011 according to the IEA (International Energy Agency).



Direct emissions (Scope 1)

G4-EN15

Emissions are derived mainly from the burning of fuel in the production process (natural gas, propane, LPG and diesel). In 2016, 7,709 tonnes of CO₂ were produced, around 26.4% more than in 2015, mainly as a result of inclusion within the scope of the Report of the three factories in China, the factory in Texas, USA, and the Zestoa factory in Spain.

The distribution is set out below:

Direct emissions	
Country	Emissions (tCO ₂)
Brazil	1,005
Spain	3,966
India	163
Turkey	344
South Africa	22
USA	81
China	2,128
Total	7,709

*Emissions calculated on the basis of operational control.

It should be mentioned that during the year R-22 recharging took place only in Brazil, corresponding to 27.20 kg. The other plants did not report any recharging of their equipment. (G4-EN20).

Indirect emissions (Scope 2)

G4-EN16

These emissions correspond to those generated at electricity power plants for consumption at our factories and offices. The total in 2016 was 36,809 tonnes of CO₂.

This increase is mainly because of the inclusion of the new factories within scope of the Report, as they account for 88% of the total. China is particularly significant, with 48.5% of emissions, along with the Zestoa factory in Spain, with 18% of emissions, and lastly the factory in Texas, USA, accounting for less than 1% of total emissions.

The distribution is set out below:

Indirect emissions	
Country	Emissions (tCO ₂)
Brazil	849
Spain	4,021
India	3,578
Turkey	2,007
South Africa	3,332
USA	361
China	22,661
Total	36,809

Other emissions

G4-EN17 and G4-EN30

This scope includes emissions from corporate travel by plane and train, and this year we also included emissions from rental cars. Likewise included is an estimate of emissions derived from travel by employees to their workplace, including information as to travel in China.

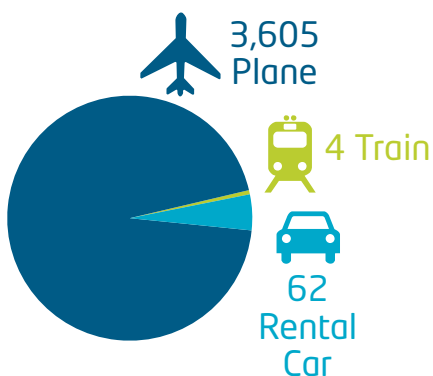
Next year we will incorporate information on GRI Towers USA and GRI Castings Zestoa, as well as new factories entering operation.

Below are summarised emissions derived from Scope 3:



Other emissions	
Kind	Emissions (tCO ₂)
Corporate trips	3,671
Employee transportation	4,307
Corporate Buses	84
Total Scope 3	8,062

Corporate Trips



Intensity of emissions

G4-EN18

GRI Renewable Industries likewise takes into account the intensity of emissions in order to measure the efficiency and impact of its processes.

The resulting annual ratio is calculated by dividing consumption as the sum of the direct and indirect emissions, by the total weight of products sold in each country.

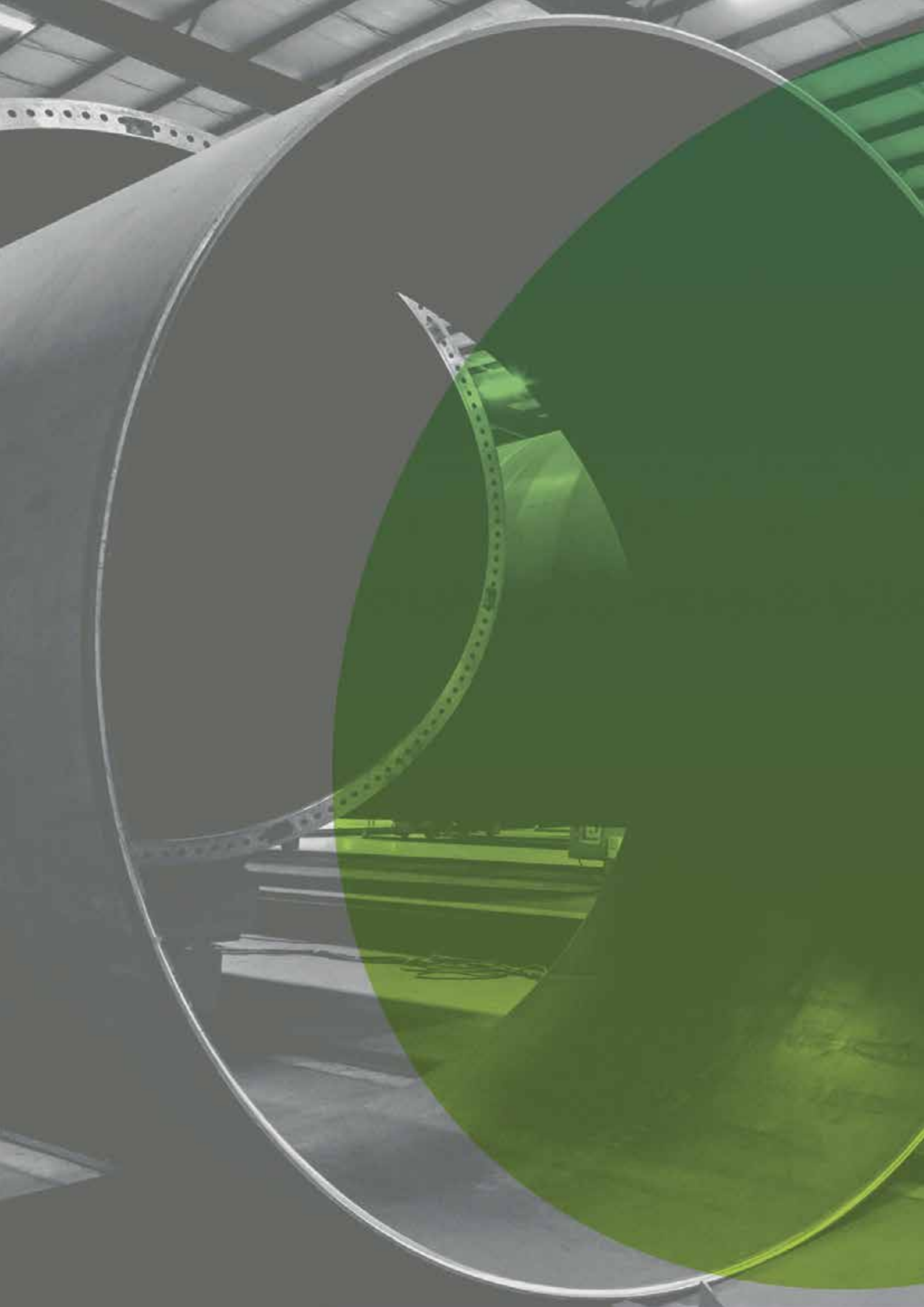
Given the considerable difference between tower and flange manufacturing processes, we have presented the information separately for the two processes.

The following tables detail the results obtained:

Emissions intensity "Towers"	
	Tons consumed/tons of sold product
GRI Towers Brazil	0.01
GRI Towers Galicia	0.01
GRI Towers India	0.14
GRI Towers South Africa	0.31
GRI Towers Turkey	0.08
TOTAL	0.01

Emissions intensity "Flanges"	
	Tons consumed/tons of sold product
GRI Flanges Iraeta	0.35
GRI Flanges Brazil	1.00
GRI Flanges China	0.35
TOTAL	0.37

USA is not included, in 2016, production tests were mainly carried out



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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 appendix "GRI G4 Content Index" of the 2016 Sustainability Report (hereinafter "CSR Indicators") of GRI Renewable Industries S.L. and its corporate group (hereinafter "GRI Renewable Industries") for the year ended 31 December 2016, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Report of the Global Reporting Initiative (GRI) version G4 (hereinafter GRI G4 Guidelines).

Responsibility of the Management

Management of GRI Renewable Industries is responsible for the preparation, content and presentation of the Sustainability Report in accordance with the Comprehensive option of the GRI G4 Guidelines. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

Management of 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 Sustainability Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

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Inscrita en el R.O.A.C. con el número 50042 - CIF: B-79 031290



- Analysis of the GRI Renewable Industries' CSR indicators adaptation to the requirements established by the GRI G4 Guidelines for the preparation of reports.
- Verification, through random sampling tests revisions and substantive tests on the quantitative and qualitative 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 2016, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines.

Use and Distribution

Our report is only issued to the Management of 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
7 July 2017

GRI G4 de Gestión de riesgos GRI G4

Los contenidos de este índice de verbos de verificación y de verificación por parte, independiente de los estándares GRI, no se proporcionan para fines de certificación. El contenido de este índice de verbos de verificación y de verificación por parte no se proporciona para fines de certificación. El contenido de este índice de verbos de verificación y de verificación por parte no se proporciona para fines de certificación. El contenido de este índice de verbos de verificación y de verificación por parte no se proporciona para fines de certificación.

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	G4-S06	91	
Anti-competitive Behavior	DMA	65	
	G4-S07	65	
Compliance	DMA	65	
	G4-S08	65	
Supplier Assessment for Impacts on Society	DMA	23,24	
	G4-S09	23	
	G4-S010	23,24	
Grievance Mechanisms for Impacts on Society	DMA	86	
	G4-S011	86	

6. Dimensión Social: Productos

Basic specific performance	Information about management approach and indicators	Page	Omissions
Customer Health and Safety	DMA	56-59	
	G4-PR1	58	
	G4-PR2	58	
Product and Service Labeling	DMA	56-59	
	G4-PR3	58	
	G4-PR4	58	
	G4-PR5	57	
Marketing Communications	DMA	56-59	
	G4-PR6	58	
	G4-PR7	58	
Customer Privacy	DMA	65	
	G4-PR8	65	
Compliance	DMA	56-59	
	G4-PR9	58	

Nota A: These is provided information related to the percentage of employees participating in pension funds or funds of pens (G4-EC3) and de jubilación (G4-EC3).

Nota B: Not applicable. The products follow customer specifications, so we have little influence capacity (G4-EN7).

Nota B: No aplica. Los productos siguen las especificaciones de los clientes, por lo que tenemos poca capacidad de influencia (G4-EN7).

Nota C: Information related to this indicator is not reported because it is not considered a material aspect by the entity (G4-EN21).

Nota C: No se reporta información relacionada con este indicador al no ser considerado un aspecto material por la entidad (G4-EN21).

Nota D: Packaging information is not considered relevant in our activity (G4-EN28).

Nota D: La información relativa a embalajes no se considera relevante en nuestra actividad (G4-EN28).

Nota E: Human rights security personnel are not trained internally (G4-HR7).

Nota E: No se forma internamente al personal de seguridad en materia de Derechos Humanos (G4-HR7).



Contenido de la Declaración de los Principios Globales de las Industrias Renovables

The following table shows the chapters of this report that provide the most relevant information in relation to the 30 principles of the United Nations Global Compact. The table also indicates the corresponding disclosures of the GRI department responsible for the development of the GRI Report in the industries' progress towards the goals of the GRI Report in relation to the 30 principles.

Aspect	UN Global Compact Principles	Progress included in chapter
Derechos Humanos Human Rights	Principio 1: Las empresas deben apoyar y respetar la protección de los derechos humanos fundamentales, reconocidos internacionalmente, dentro de su ámbito de influencia. Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Parte I. Contenidos básicos Standard Disclosures
	Principio 2: Las empresas deben asegurar que no se impliquen en las violaciones de los derechos humanos. Principle 2: Companies should ensure they do not become complicit in human rights abuses.	Parte I. Contenidos básicos Standard Disclosures
Normas Laborales Labor Standards	Principio 3: Las empresas deben promover la libertad de asociación y el derecho de negociación colectiva. Principle 3: Basic enterprises should promote and defend the right to association and collective bargaining.	Parte I. Dimensión social Social Dimension
	Principio 4: Las empresas deben oponerse a la contratación de toda forma de trabajo forzoso o realizado bajo coacción. Principle 4: The enterprises should oppose the recruitment of all forms of forced or compulsory labour.	Parte I. Contenidos básicos Standard Disclosures
	Principio 5: Las empresas deben apoyar la erradicación del trabajo infantil. Principle 5: The effective abolition of child labor	Parte I. Contenidos básicos Standard Disclosures
	Principio 6: Las empresas deben apoyar a los trabajadores en el empleo y la ocupación. Principle 6: The enterprises should support and promote the principles of decent work and employment.	Parte I. Contenidos básicos Standard Disclosures
Medio Ambiente Environment	Principio 7: Las empresas deben apoyar y promover la prevención de los riesgos ambientales. Principle 7: Basic enterprises should support and promote the prevention of environmental risks.	Parte III. Dimensión ambiental Environmental Dimension
	Principio 8: Las empresas deben promover la responsabilidad ambiental. Principle 8: Enterprises should promote environmental responsibility.	Parte III. Dimensión ambiental Environmental Dimension
	Principio 9: Las empresas deben promover el desarrollo y la división de los recursos naturales y el medio ambiente. Principle 9: Enterprises should promote development and the division of natural resources and the environment.	Parte III. Dimensión ambiental Environmental Dimension
Anticorrupción	Principio 10: Las empresas deben trabajar conjuntamente para la erradicación de la corrupción y el soborno. Principle 10: Basic enterprises should work jointly to combat corruption and bribery.	Parte I. Dimensión económica Economic Dimension

Perímetro consolidado de GRI Renewable Industries S.L. y empresas subsidiarias

Perímetro consolidado. The Group is composed by the following enterprises as of the end of 2016.

Subsidiary/ Associated company	Country
GESTAMP WIND STEEL PERNAMBUCO S/A	Brazil
IRAETA BRASIL S/A	Brazil
GGB WIND SERVICES S/A	Brazil
GWS CORTE E BISELADO S/A	Brazil
SHANDONG IRAETA HEAVY INDUSTRY STOCK CO, LTD	China
SHANDONG GOLDEN LUYANG HEAVY INDUSTRY CO LTD	China
GRI RENEWABLE INDUSTRIES, S.L.	Spain
GONVAEOLIC, S.L.	España
GESTAMP WIND STEEL GALICIA, SL	Spain
GESBERG INVESTMENT HOLDING, S.L.	España
FORJAS IRAETA HEAVY INDUSTRY SL	Spain
GRI CASTINGS, S.L.	España
GESTAMP HYBRID TOWERS SL	Spain
GESTAMP POWERGEAR WIND STEEL, PVT. LTD.	India
SHRENIK INDUSTRIES PRIVATE LIMITED	India
GESBEY ENERJİ TURBİNİ KULE ÜRETİM SANAYİ VE TİKARET AŞ	Türkiye
GESTAMP WIND STEEL US, INC	USA
GRI WIND STEEL SOUTH AFRICA, LTD.	Sudáfrica
HAMI IRAETA HEAVY INDUSTRY CO, LTD	China
JINAN SIEMAT CNC MACHINE CO, LTD	China
GRI TOWERS SEVILLA, S.L.	Spain

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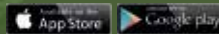


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