elawan energy

Sustainability Report 2017

elawan.com

Sustainability Report 2017

Letter from the President

102-14

It is with pleasure that I present Elawan´s 2017 Sustainability Report, which shows the most relevant data and figures related to our performance, in line with the directives defined by the new Global Reporting Initiative (GRI) standards and the results of our materiality study. In addition, we have renewed our commitment to the United Nations Global Compact.

This year, there has been a significant global growth in renewable energy projects. A total of 167 GW in new capacity was installed, amounting to a cumulative capacity of 2,179 GW worldwide, which represents an annual growth rate of around 8.3%.

This progress is boosted by falling costs for the installation and management of renewable energy facilities, primarily for wind and solar energy facilities, and by technological improvements, an increasingly favorable political environment and the big social demand for renewable energies over conventional energies.

In this context, Elawan shows another year of sustainable growth, as is reflected by our economic results. Reaching a turnover of €171 million enables us to face new challenges and invest in new locations, with the aim of diversifying our investments in different countries applying different technologies.

Regarding our growth, there have been many changes this year. The sale of the Noblesfontaine wind farm in South Africa stands out as one of these changes, as does the sale of the majority of our wind farms in Brazil.

On the other hand, we have expanded our business with the construction of three new wind farms: Persimon Creek in Oklahoma (USA), Hannut in Belgium and Copperton in South Africa, with a combined total capacity of 324 MW. In addition, we have a total of 3,820 MW in the advanced promotion stage, which includes the upcoming construction of our first photovoltaic farm in Torrijos (Toledo).

This year we have conducted an extensive revision of our management system concerning quality, environment and health and safety, adjusting it to the new corporate structure, in addition to switching to the new version (2015) of the ISO 9001 and ISO 14001 standards. This has allowed us to design, implement and certify a new Policy and a more flexible Integrated Management System, with its scope being the "International promotion, development, operation and sale of renewable energy production facilities". This helps us to improve the integration of the system into our strategic processes, adjusting to the new regulatory requirements.

Regarding the health and safety of our employees, we are proud to not have had any work-related accidents in 2017.

Due the nature of our activity, the fight against climate change is a key feature in our business. Therefore, we actively work towards achieving the Sustainable Development Goals (SDG), primarily objective 7 (Affordable and clean energy) and objective 13 (Climate action), and we avoided the emission of 606,459 tons of CO_2. In the environmental chapter we elaborate on our performance on this matter.

Nevertheless, we have been affected by two important events this year. First of all, Hurricane Maria passed through Puerto Rico in September 2017, which, in addition to the devastating consequences throughout the country, caused severe damage to our Punta Lima Wind Farm, which has been inoperative since then. The earthquake that struck Mexico in February should also be mentioned, and whilst it did not affect our facilities directly, it did cause major damage to the region and to the connections of the country´s electrical system.

Finally, I would like to congratulate Elawan´s great team of professionals for their commitment and dedication, and who allow us to keep growing and moving forward sustainably.

Jon Riberas
President

Letter from the CEO

102-14

As every year, we present our Sustainability Report. This is the fifth report, corresponding to the year 2017. This document reflects our economic, social and environmental results. The report has been drawn up under the guidelines of the Global Reporting Initiative Standard (GRI), and has been audited by an independent entity.

As was mentioned last year, the decarbonization of electrical energy production is in constant progress. It is now not only the pressure from public opinion, the social demand and the problem of climate change - costs are now another reason. Today, there is no competition in costs for energies like solar and wind energy. No other current technology can compete with our costs, nor with the long-term that we can guarantee them. We are only limited by the lack of the "manageability" in production, and the solution to this problem is moving at a good pace. Batteries, their different applications and technologies, the reduction of their costs, their massification, for which the electric vehicle is its main example, and intelligent distribution networks will bring us the solution to this problem in a relatively short period.

With this in mind, renewable energies represent the majority of the new electrical generation installed worldwide.

I´m not going to go into the figures of added capacity, the coverage of the demand, etc. You have them in the report, and in the annual reports from the main associations and specialized companies that produce these in great detail.

It is important to note that fast progress continues to be made regarding energy storage technologies. The remarkable evolution of batteries and storage systems, together with their very significant cost reductions, is going to cause a revolution, not only for renewable energies, but throughout the whole energy sector. Through these systems, renewable energies will not need the support of conventional energies to cover production gaps, the energy will be distributed on a mass scale, it will be more efficient and more affordable and we will see the traditional systems of the electricity sector change.

All of this puts Elawan in an excellent position to continue developing projects that will provide us with energy in the near future.

In 2017, we have rebalanced our operational project portfolio, to follow a strategy of having one third of our income in dollars, another third in euros and the remaining third in other currencies. With this strategy in mind, we have sold part of our operational project portfolio in Brazil and South Africa. The income obtained has enabled us to reduce our company debt and manage the construction of new projects in Belgium, the USA and South Africa.

Regarding our economic results, we have surpassed our target budget, with a turnover of around €171 million, an EBITDA of €100 million and a pre-tax profit of €12 million.

This year, we started production at 6 wind farms in Brazil (Pedra Rajada, Pedra Rajada II, Cabeco Vermelho, Cabeco Vermelho II, Boa Esperanca I and Pedra do Reino IV) totaling 130 MW, and at a mini-hydraulic plant in Tacotan, Mexico, with a total power output of 6.9 MW.

324 MW are under construction, of which 200 MW will be put into operation in Oklahoma in August 2018, 24 MW will start production in December 2018 in Belgium and the remaining 100 MW, in South Africa, will begin production in 2020.

Over the years, Elawan has put 1,032 MW into operation and we aim to continue growing, with over 3,800 MW in projects spread over 12 markets/countries, in different stages of development.

In 2018, we start the construction of a 30 MW photovoltaic farm in the town of Torrijos, in Toledo, Spain, as well as two additional wind farms in Turkey, with a total output of 57 MW.

The approval of Europe´s objective to reach 32% renewable energy production will lead to a major opportunity for our development in the European Community, especially in Spain, where we have over 600 MW in the advanced promotion stage, in both photovoltaic and in wind farms. France, Belgium and Poland are also countries that should be an opportunity in 2018.

Another important challenge for the company is the reconstruction of the Wind Farm in Punta Lima, Puerto Rico, which was devastated by Hurricane Maria in September 2017. We are working on this project, which Puerto Rico and its inhabitants need to be operational, and we count on the help of the insurance company and the wind farm´s financing entities to rebuild the installations and start producing energy again in 2019.

To meet these challenges, we will continue to be a highly-efficient company, with an exhaustive cost control and an exceptionally professional number of staff, who have a broad range of experience and excellent skills. In addition, our management model is solid and sustainable, which will allow us to confront the future successfully.

I cannot let the opportunity pass to thank our entire team for their effort and dedication, and for the trust placed in Elawan by our customers, suppliers and funders.

Dionisio Fernández Auray
CEO

elawan energy

Sustainability Report 2017

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General standard disclosures

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Our company

Elawan Energy, S.L.

102-2

The company was founded in 2007, and it operated under the brand "Gestamp Wind" until October 28th 2017, when the company name was changed to "ELAWAN ENERGY, S.L."

ELAWAN ENERGY, S.L. is dedicated to investing in assets and projects aimed at the generation of energy through renewable sources and their management. The company operates internationally under the brand "Elawan" (102-1).

Its headquarters are located at (102-3):

C/ Ombú 3, floor 10
28045 Madrid. Spain

Business Model

The main activity of the company is the promotion, construction and operation of renewable energy production facilities and the sale of renewable electrical energy in the countries we are present.

Our strategy is based on developing projects from zero, and on seizing opportunities to acquire more advanced projects, primarily in 12 countries that stand out for their attractive renewable energy markets, having the capacity to build and operate the projects without discarding the sale of some operational assets.

Elawan is positioned throughout the value chain, from the initial design to its daily management, through a global and coordinated vision of the whole business, which enables us to maximize value through three key levers:

- Experience in the management of key contracts;
- In-depth knowledge of location selection for assets with a high resource availability;
- Selection of "Tier 1" suppliers for the provision of the equipment that guarantees the highest return on assets.
- M&A team with experience in acquisitions.

Culture

Elawan has a global corporate culture that has maintained the same values since its foundation, but which is adjusted to the local necessities of each country, the current market conditions and the stakeholder demands (102-16).

Our mission is to satisfy our customers' needs globally, considering their activity, the safety of our employees and respect for the environment.

VALUES

Honestity Humility
Tenacity Work

Growth

Elawan has experienced significant growth since our beginning, diversifying to different international markets. In 2017, 6 new wind farms began operating in Brazil (Pedra Rajada, Pedra Rajada II, Cabeco Vermelho, Cabeco Vermelho II, Boa Esperanca I and Pedra do Reino IV) totaling 130 MW, and a mini-hydraulic power plant in Tacotan, Mexico totaling 6.9 MW.

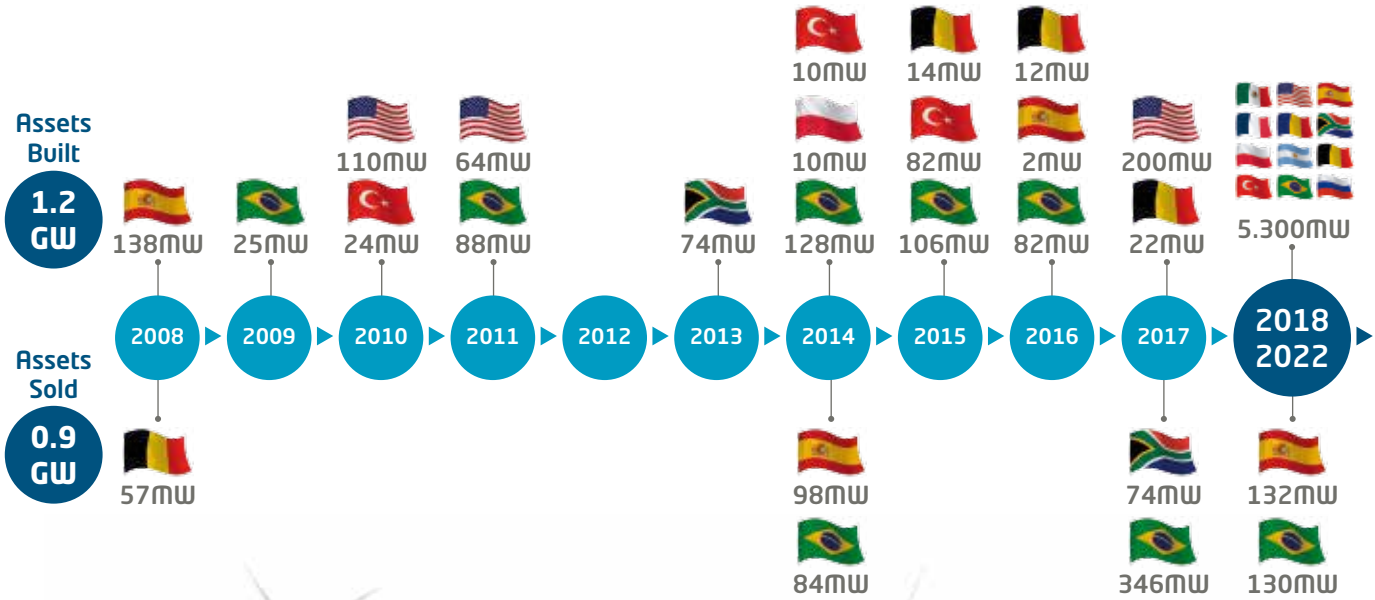
This growth has given us a current presence in 12 countries, operating a total of 43 wind farms and 2 mini-hydraulic power plants, through which we reach a total capacity of 1,023 MW. Similarly, we have started the construction of 3 new farms in the USA, South Africa and Belgium which amount to 324 MW.

In addition, we have an advanced promotion portfolio of around 3,820 MW. 2017 has been a year of changes, and we have sold 15 farms in Brazil and the Noblesfontaine wind farm in South Africa, totaling 372 MW, which will enable us to reinvest in new assets (102-6).

Our maintenance activities include the evacuation infrastructures, as well as the high voltage lines (underground or overhead) and the substations (transformer or connection).

The management of all our assets is conducted by the Control Center of Renewable Energies (CCER). This provides real-time information on the functioning, performance and production at the wind farms, which allows us to act immediately in the event of any incident, minimizing response and action time.

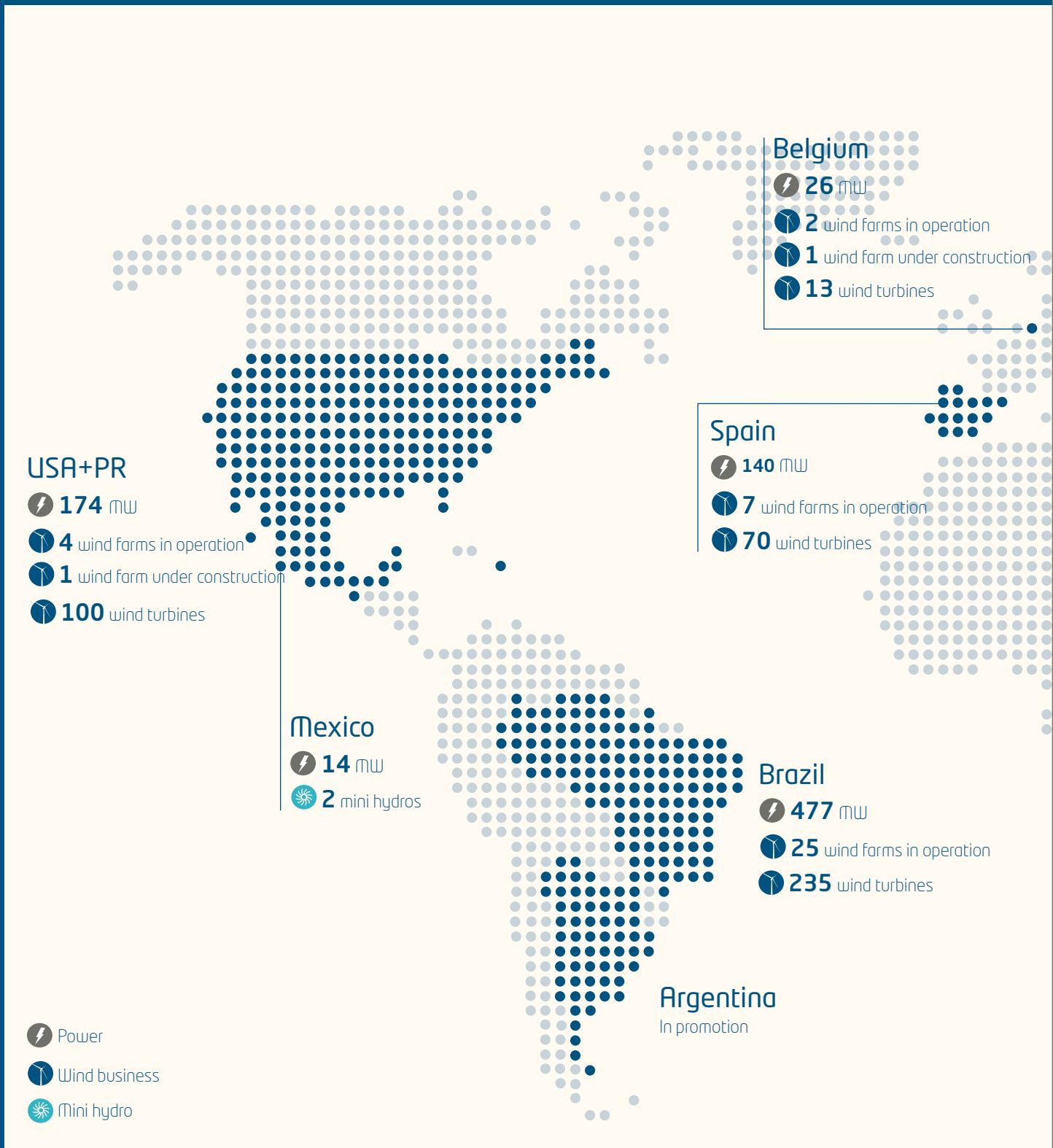
In addition, a quality system under the UNE-EN ISO 9001:2008 standard is available for the exploitation and maintenance activities at the wind farms.



Global Presence

102-4 and 102-6

The map shows the most relevant information regarding our 43 wind farms and 2 mini-hydraulic power plants that have been operating in 2017, as well as for the 3 farms that are under construction and the countries where we have business in the advanced promotion stage.



Main figures

102-7

12 Countries

1,032 MW in operation

324 MW under construction

3,820 MW in advanced promotion

43 Operating wind farms

2 Mini Hydros

68 Professionals

171 million euros Revenues

498 million euros Capitalization (debts + equity)

Main effects, risks and opportunities

102-15, 103-1, 103-2 and 103-2

In developing its activity, the company is subject to different risks inherent to the different countries it operates in and to the wind energy sector.

Therefore, prior to developing any project, a comprehensive analysis is done and various mechanisms are established to minimize these risks as far as possible.

If any unforeseen circumstances arise, the regional managers and/or the area directors immediately inform the CEO, these risks are analyzed and the appropriate measures are taken. The CEO is responsible for informing the Board of Directors. The main risks identified are outlined below:

Operational risks

Reputational risks

Reputational risks are those derived from potential conduct in violation of the guidelines established in the policiesReputational risks and codes regarding human rights, ethics and anti-corruption. To minimize these risks, Elawan develops its objectives through an array of policies and initiatives such as the Code of Ethics and Conduct, the Behavioral Guide in Response to the Offering of Incentives, Gifts and Invitations, the Harassment Prevention Guide and the Integrated Environment, Quality and Health and Safety Policy.

Similarly, there are communication mechanisms in place to deal with any complaints and conflicts that might arise in this field.

In 2017, given the nature of their services, there are no risks connected with child labor, threats to freedom of association or forced labor were detected at our production centers and significant subcontracted suppliers. In the coming year, compliance to the clauses regarding Human Rights and the Ecuador Principles will be revised at the parks under construction.

Risks derived from the activity

Risks inherent to the activity may be through competition in the use of technology, supply failures and outages, inappropriate management, etc.

In response to such risks, technological progress in new turbines and the increase in their individual power output allow us to generate more energy with fewer towers and, as a result, with less impact. This, combined with a lower installation cost compared with other energy sources, makes wind energy more competitive.

Another of the risks associated with the activity derives from the performance of the wind farms. They depend on climate conditions in the area, as well as wind quality, aspects that cannot be influenced.

In order to minimize these risks, project feasibility studies are first conducted, and the optimal orientation of the wind farms is defined, in order to make them an attractive investment, both for the environment and for the company.

Likewise, given its capacity for installation in remote regions, wind energy is an attractive investment to comply with the United Nations Sustainable Development Goal (SDG) 7, regarding energy and its contribution to sustainable development by 2030.

Business risks

Risks derived from investments in new projects

In order to analyze viability and development in the various countries where the company operates or intends to operate, the business model establishes the methodology to be followed in order to provide the required information concerning the potential development and investment risks.

This process analyses the environment and the risks derived from each site, such as, for example: political stability in the country, energy policies, climate and wind conditions, availability of land and proximity of output power lines, among others.

Meanwhile, in order to obtain investment through favorable financing in areas where Elawan wishes to develop, contributions are made by all company areas (financial, legal, business development, environmental, etc.). This serves to establish a comprehensive overview of the situation.

Once all the potential risks have been registered, along with actions to mitigate them, this information is brought to the Board by the CEO which takes the decisions regarding the viability of the project.

Regulatory risks

Other risks faced by companies include those associated with regulatory changes, such as, for example: the remuneration of regulated activities, the required supply conditions, environmental and taxation regulations, etc. Elawan therefore prioritizes those regions where there is strong energy demand combined with regulatory certainty so that it can perform its activities with long-term financing.

To this effect, a series of procedures and controls have been established allowing the identification, measuring and management of the risks derived from the activity with financial instruments.

Financing and human rights

In 2017, two new financing were closed for the parks.

- Macambiras in Brazil, the construction of which will start in 2018. The agreement includes obligations with regards to the enforcement of Human Rights (for example: early termination in the case of child labor or slavery)
- Persimmon Creek (USA), without any conditions regarding Human Rights.

Regarding the parks under construction in 2017: Hannut (Belgium) and Copperton (South Africa), although the financing will be closed in 2018, both require compliance to the Ecuador Principles and the submission of an independent report validating this compliance (412-3).

Likewise, Elawan has signed the Global Compact and complies with the 10 established Principles.

Financial risks

Elawan aims to control and minimize such risks through mechanisms which are integrated within the organization. The main financial risks identified are summarized below:

Market risks

Risks associated with exposure of results and assets to a possible loss caused by variations in the fair value or future cash flows of financial instruments, resulting from changes in market prices, interest rates or exchange rates.

Elawan takes the following action in order to minimize these risks:

- Price risk: mitigated through long-term energy sale price agreements at fixed prices and with agreed price adjustments.
- Interest rate and exchange rate risk: reduced by arranging hedging derivatives associated with debt and with financing in foreign currency where this is deemed appropriate.

Credit risks

These risks stem from of the possibility of not being able to recover financial assets in conformity with the established amount and term.

In this regard, the company aims to operate in those markets offering a stable and secure regulatory framework.

Liquidity risks

Liquidity risks arise when liquid funds are not available or accessible in a sufficient amount and at appropriate cost in order to meet payment obligations at all times.

The company manages the risk by analyzing the cash flows generated by its projects and possible asset purchase transactions.

In addition, it has its liquidity needs guaranteed at all times through loans and credit lines maintained with the parent company.

Environmental risks

Environmental risks are minimized through various mechanisms.

- The innovation and availability of turbines with higher output allow for the reduction of the number of towers and, as a result, their impact.
- Environmental impact and birdlife protection studies serve to control and manage potential environmental risks.
- The Environmental Management System helps to establish objectives for improvement, to minimize impacts derived from our activity, and to include the principle of precaution (102-11).

Finally, our product: renewable energy, helps to mitigate the effects of climate change.

Health and safety risks

Health and safety is a primary objective for the company.

We have an Integrated Management System and Policy in place, certified under the OHSAS 18001 standard, which allows us to manage the possible risks that derive from our activity.

Through awareness and training and the thorough monitoring of the indicators related to accidents and incidents, preventive and corrective measures necessary for their minimization or elimination are defined and implemented.

Confidentiality and privacy risks

Information Security

At Elawan we are convinced that information has become a strategic asset for businesses and people. As a result, we establish the mechanisms required to safeguard privacy of information and to protect client and supplier data, to manage and process documentation properly in accordance with its level of relevance, and to reinforce IT security. The IT security procedures are periodically reviewed, and the system is continuously tested to guarantee robustness.

In 2017, the following actions were taken, among others, in order 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 its risks, based on standard ISO 27000.
- Preparations regarding the implementation of the new GDPR regulation coming into effect May 2018.

To reinforce awareness and training among group employees, training initiatives and campaigns were staged, such as the "Anti-Phishing" campaign, which was conducted with the aim of identifying the degree of vulnerability, and raising employee awareness about these types of attacks.

Business Process Support

Systems are a crucial point in executing business processes. To this end, the IT Department keeps the Group's infrastructure and communications services centralized, 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, which are selected through an impartial process, starting with the publication of the specifications dossier, followed by the receiving and evaluation of bids, which finally leads to their selection based on quality criteria for business support and IT system efficiency.

Situation in 2017

In 2017, Elawan came up against various risks in the countries it operates in. However, on a global level, these have not had a significant impact on the results for the financial year, due to our diversification across the different markets.

The most significant risks identified are summarized below:

- Regulatory changes in the energy market in each of the countries, as well as their tax regulations.
- The evolution of the euro exchange rate against the respective currencies in each of the countries.
- Evolution of the interest and financing rates of the projects.

Governance

Ownership structure and legal form

102-5

The parent company structure of Elawan comprises:

- 75% Acek Energías Renovables, S.L.
- 25% Clear Wind Eólica, S.L.

The company changed its name to "ELAWAN ENERGY, S.L." through a deed authorized by the Madrid Notary, Don Federico Garayalda Niño, on 28 October 2017, under protocol number 2.236, registered in the Madrid Mercantile Registry, in volume 24.930, Sheet 209, section 8, Page M-440.202, Registration nº 20.

The subscribed capital stock at 31 December 2017 amounts to €80,880,000.00, represented by 1,617,600 shares of a par value of €50 each, all of them subscribed and paid up. The company is not listed on the Stock Market.

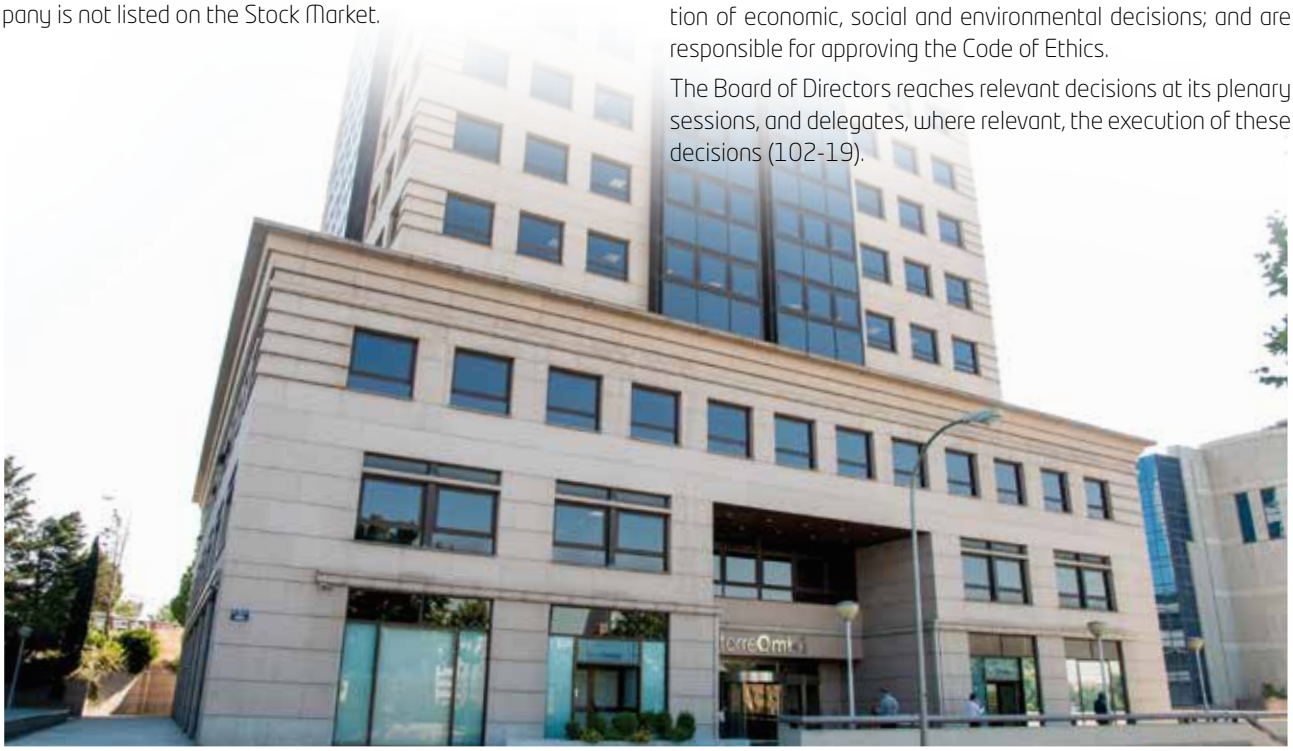
Structure of governance. Composition and committees

102-18

The governing bodies of the company are the General Shareholders' Meeting and the Board of Directors, the most senior body of governance, supervision, decision-making and control at Elawan, subject to no substantive limits other than those established in the legal regulations and the Articles of Association, and in particular the corporate purpose. The President at Elawan does not hold an executive position (102-23).

One of the missions of the Board of Directors is to promote corporate interests, representing the entity and its partners in the administration of assets, management of businesses and in setting the course for business administration. The members of the Board of Directors participate in the discussion and adoption of economic, social and environmental decisions; and are responsible for approving the Code of Ethics.

The Board of Directors reaches relevant decisions at its plenary sessions, and delegates, where relevant, the execution of these decisions (102-19).



> Ombú Tower. Headquarters. Madrid

In addition, the Board of Directors may agree special powers of attorney to be vested in company employees to address specific aspects of operations previously approved by this body.

Elawan is and non-listed company, the members of the Board of Directors represent the total of shareholders (2 alternative options):

a) and it has no representatives of other stakeholders.

b) and, therefore, there is no legal requirement to have representatives of other stakeholders in place.

The Board of Directors comprises four members and is, at 31 December 2017, made up of:

No changes were made to the Board of Directors compared with the previous year.

The Board of Directors does not have a Delegated Executive Committee with general decision-making powers, all decisions being adopted by the Board itself.

Economic, environmental and social responsibilities

102-20

Elawan integrates its economic, social and environmental responsibilities in the Technical Department and the Financial and Control Department, the most senior managers of which refer any decisions to be taken to the Board of Directors, as is summarized below:

- Environmental and social issues are coordinated and executed by the Technical Department, with the Chief Technical Officer (CTO) holding responsibility and accountability before the Board of Directors.
- Economic issues are managed through the Financial and Control Department, with the Chief Financial Officer (CFO) being responsible for accountability before the Board of Directors.

In addition to the above, the most senior managers at these two departments appear before the Board of Directors whenever it requires them to.

Among other issues, the Board of Directors holds the final decision for the approval of the Business Plan, the annual budgets and targets, the Investment and Financing Policy, the risk analysis and, in general, all policies affecting the company.

Processes for consultation and communications between stakeholders and the senior body of governance

102-21

The managers of the different departments maintain a permanent and smooth communication with the CEO of the company. Any important concern is immediately conveyed by the managers of the different areas to the CEO, who forms part of the Board of Directors (102-33).

The Technical Department, the Financial and Control Department and the Human Resources Department at the central level, and the Business Managers of the various countries where the company has a presence, exchange information with stakeholders (suppliers, governments, employees, society, etc.). The different departments are responsible for taking especially relevant matters to the Board of Directors.

Meetings are periodically held in which all the staff of Elawan and the CEO participate. These meeting are bidirectional, with on one side the CEO, who informs all the staff on matters relevant to the company´s management and state of affairs, while also receiving, from the staff, feedback on these issues and on other matters of interest.

Processes of appointment and selection to the senior body of governance. Conflict of interests

Powers for the appointment of Directors lie solely with the General Shareholders' Meeting, which represents the interests of all the company's shareholders.

The Articles of Association of Elawan set out the functioning of the Board of Directors, the requirements and deadlines established for the General Meeting to be called, and the functions of the Chairman. They likewise set out the grounds for incompatibility among members, subject at all times to the relevant legislation governing companies. The delegation of executive powers by the Board of Directors is performed by means of resolutions passed by the Board itself (102-24).

Elawan is a non-listed company at which the members of the Board of Directors are the shareholders and owners of the company, and so no consideration is given to other aspects regarding diversity, minorities, etc (102-22).

Shareholders may not exercise the voting rights corresponding to their shares 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 (102-25).

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).

Functions and knowledge of the body of governance regarding sustainability. Revision and approval of the Sustainability Report

102-22 and 102-26

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, which include the Principles governing the company, covering economic, environmental and social matters.

The members of the Board are permanently informed regarding economic, social and environmental aspects, through the various internal communication mechanisms, such as: the periodic meetings with the directors of the different areas, the generation and approval of the Sustainability Report and the various actions and initiatives by Elawan, the Leading the Change corporate Intranet and the other communications.

Sustainability organization is coordinated by the sustainability team, which is part of the Corporate Communication, Marketing and Sustainability Department (102-32).

The Report and the Materiality Analysis are drawn up annually by this team, in collaboration with the various areas and departments involved at Elawan. After its development, it undergoes a supervision and review process on the part of the Communication Department, before ultimately being approved by the CEO (102-27).

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

Functions of the senior body of governance in risk management

102-29, 102-30 and 102-31

At Elawan, in order to develop and execute new projects, a detailed study is performed, evaluating and analyzing the potential risks in each project, this study is conducted by the different company departments, prior to the adoption of any decision.

At the initial project analysis and definition stage, information is compiled regarding the energy policies in the company, its expected profitability, regulatory stability and local government. Meanwhile, research and analysis are conducted into climate conditions (wind), environmental, landscaping, urban planning and archaeological restrictions, and property administration.

Once these aspects have been analyzed, a decision is taken whether to suspend the project or move on to the next stage.

The process continues with all aspects prior to the implementation and financing of the projects. A review is first done of aspects connected with the leasing of the space required for its implementation, along with the processing for the issuing of all permits, licenses and authorizations that will allow for the construction and commissioning of the wind farm and its power output infrastructure.

At this stage the Environmental Impact Study is performed in order to receive the approval of local authorities and communities, and to comply with the environmental requirements established in said statements. The Feasibility Plan and the approval of investment and financing are likewise included.

Subsequently, the company hired to construct the facility, which includes civil and electrical engineering, electromechanical assembly, and the commissioning, is selected and assigned.

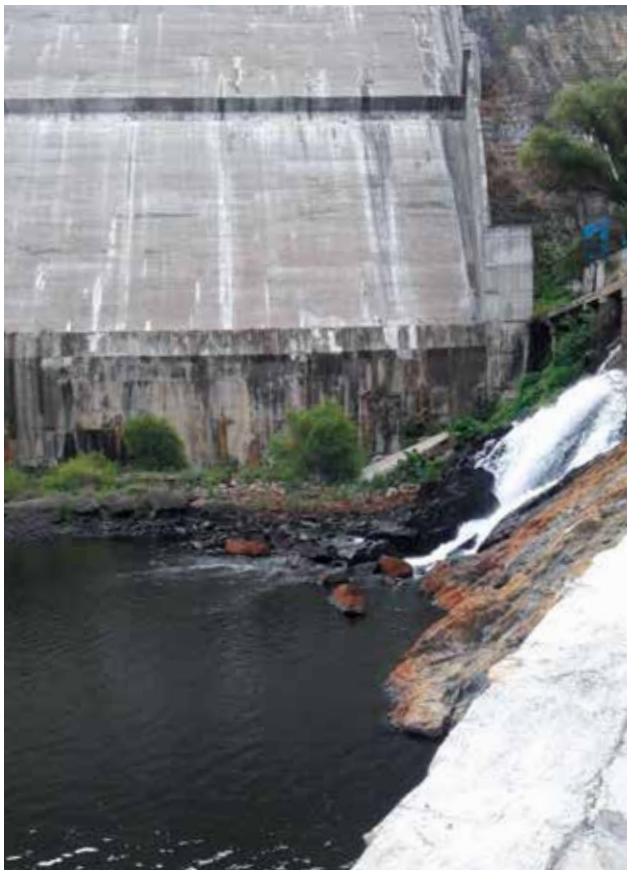
Construction is performed by means of EPC (Engineering, Procurement and Construction) contracts, using specialist firms that comply with the established requirements and the applicable legal standards, up to commissioning of the facility.

Lastly, during the useful life of the wind farm, the relevant operation and maintenance tasks are performed. The facilities are monitored in real time, which signifies that any incident is detected and managed immediately.

Similarly, in order to improve the performance of the wind farms, predictive and preventive maintenance are conducted, with corrective maintenance being applied only where necessary.

All these actions and the possible risks that may emerge are continuously analyzed by Elawan's management and teams, serving to detect risks and to implement the required corrective measures in a swift and agile manner.

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



> Mini hydro. Mexico

Performance. Nature and number of issues raised at the Board of Directors

The performance of the Board of Directors is not evaluated, as the members are, through their shares, the owners the company, and represent all the shareholders (102-28).

At the General Shareholders' Meeting, corporate resolutions are passed by a majority of the votes validly cast, provided that they represent at least a third of the votes corresponding to the shares into which the capital stock is divided, with blank ballots being excluded from the calculation. There have been no changes to the members or organizational practices.

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

In addition to this meeting, the body meets in accordance with operational, business and project approval needs. In specific terms, during 2017 it met on 42 occasions, addressing more than 35 different subjects connected with the projects that Elawan endorses, constructs and operates in various countries around the world through its direct and indirect stake in local companies.

The main types of subjects dealt with are shown in the enclosed table (102-34).

2	26	8	6
Annual Accounts	Investments and financing	Corporate operations and aspects	General management

Remuneration of the Board of Directors

102-35, 102-36 and 102-37

The members of the Board of Directors do not receive any remuneration for their work as Members, and so indicators 102-38 and 102-39 do not apply.

Relevant aspects: Materiality Analysis

Our stakeholders: Identification and communication

102-42 and 102-43

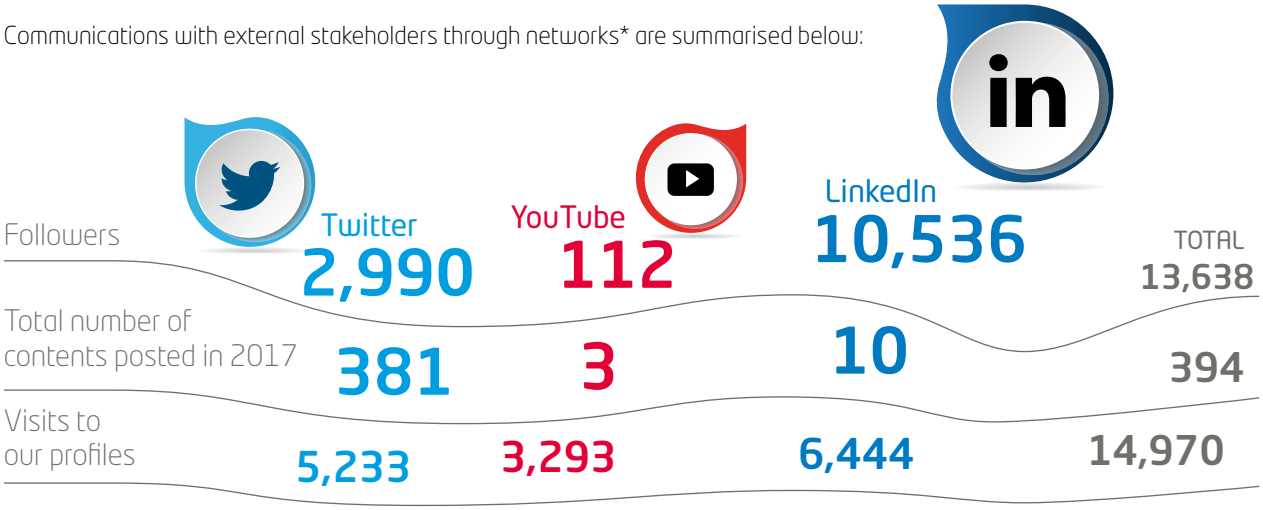
The relation with our stakeholders is a primary matter for Elawan. In this context, we consider any collective that may hold a substantial influence, and that is or could be affected by our activity.

Thus, since the publishing of the first Sustainability Report in 2013 we analyze and update our stakeholders, to improve communication and feedback channels true to their expectations and to orientate the content of the Report in the relevant economic, social and environmental areas.

Various specific communication channels are in place for each of the identified stakeholders. This allows us to have an active dialogue, allowing for a faster and more efficient response to trends and stakeholders´ needs, as summarized below:

Stakeholders 102-40	Dialogue mechanisms
Shareholders	• Periodic meetings of the Board of Directors • Communications with the CEO
Employees	• Corporate intranet: Leading the Change • Breakfasts (meetings with the CEO) • Interdepartmental meetings, meetings with wind farm supervisors • Grievance reporting channels • Sustainability report • Email • Social media and website
Suppliers	• Subcontractor selection criteria: - Regular wind farm supervisor oversight - Monitoring and measurement
Banks and financial entities	• Meetings • Financing contracts • Periodic reports
Local communities and tenants	• Consultation periods in the Environmental Impact Assessments of the facilities • Environmental and social diagnoses • Involvement of Elawan in social action • Agreements and partnerships with local authorities
Electric companies	• Regulations in each country • Reporting and communication requirements
Media	• Press room (available on the website) • Issuance of press releases • Announcements via social media
Local authorities and regulatory bodies	• Periodic meetings • Licences, permits and authorisations

Communications with external stakeholders through networks* are summarised below:



*Information about Elawan and ACEK Renewables is included.

Materiality study

102-44

For the "Identification of the material matters", a benchmarking was conducted on the companies in the sector, and appearances in communication media, reports of analysists regarding topics relevant to our sector, as well as implementation and development in the company (policies, plans, etc.) were analyzed and assessed. This served us to group the relevant information in 19 matters.

Next, we weighed these 19 matters to identify those most relevant to our stakeholders and to the company, from the internal and external perspective.

For this identification, a survey and its subsequent data and information analysis were conducted, counting with the direct participation of management and employees, through the assessment of the importance and perception of the matters identified. The process is shown in the following graph.

The average participation of the surveyed stakeholders was approximately 73% for management and 43% for employees.

After this analysis, weighing and revision, a total of 10 global material matters were defined, taking into account the answers of all stakeholders in all countries, as is summarized in the enclosed table (102-47):

	Material matters at Elawan	Reference information
1	Growth and development in different countries	General information and Economic dimension
2	Risk control	General information and Economic dimension
3	Ethical and anticorruption framework	Economic dimension
4	Attraction and retention of talent	Social dimension
5	Performance assessment	Social dimension
6	Health and Safety	Social dimension
7	Social action and local community	Social dimension
8	Environmental management	Environmental dimension
9	Waste management and circular economy	Environmental dimension
10	Biodiversity	Environmental dimension

Report profile

Contents

102-46 and 102-49

The report is drawn up under the Global Reporting Initiative GRI-standards and presents the information relative to the year 2017, from 1 January to 31 December.

If any reference is made to information outside this period, it will be clearly indicated in the corresponding section. Similarly, for those indicators in which no information is available this will be expressed with "not available".

No restatements of information given in the previous year have been made (102-48).

Presentation cycle

102-50, 102-51 and 102-52

The annual report comprises the period between 1 January 2017 to 31 December 2017, the 2016 report being the last report drawn up.

Report contact

102-53

Any general questions about the report, may be addressed to:

Elawan
C/ Ombu, 3. Floor 10
28045 Madrid - Spain
rsc@elawan.com

This complete document is digitally available in English and Spanish, on the website: http://www.elawan.com/en/sustainability.

Significant Changes

102-10 and 102-49

In 2017 the scope of the report has been modified due to the sale of some assets with a total of 372 MW distributed over:

- Brazil, where 15 wind farms were sold over the year: C. Vermelho I - II, P. Rajada I – II, Cabeco Preto I - IV, Lanchina, Pelado, P. do Reino I - IV, Serra de Santana I, II - III y Boa Esperanca I.
- South Africa, the Noblesfontaine wind farm.

The wind farms under construction of Copperton (South Africa), Persimon Creek (Oklahoma) and Hannut (Belgium) have been incorporated.

In addition, we have a portfolio of 3,820 MW at the advanced promotional stage.

There have not been any changes to the supply chain, except for those resulting from the new installations.

Conformity with GRI and external verification

102-54

The Report is drawn up "in conformity with" the GRI Standards - comprehensive option, of which the Index of GRI Contents is enclosed to this report, together with the independent external verification report with the company EY.

elawan energy

Sustainability Report 2017

02

Specific Standard Disclosures

26 Economic dimension
36 Social dimension
46 Environmental dimensión

Economic dimension

Material matters	Contents
Growth and development in different countries	• The renewable energy sector • Balance sheet • Our growth • Our product
Risk control	• Main effects, risks and opportunities (part 1) • Governance (part 1)
Ethical and anticorruption framework	• Sustainability, ethics and integrity

103-1, 103-2 and 103-3

The renewable energy sector

In 2017, the global renewable energy capacity increased by 167 GW, reaching a cumulative capacity of 2,179 GW, which represents an annual growth of around 8.3%.

In the renewable sector, photovoltaic solar energy experienced the most substantial growth at 32%, followed by wind energy at 10%. The decrease of prices, technological progress and an increasingly favorable political environment, among others, consolidate this growth. (Source: IRENA).

Within this framework, 64% of the new capacity was installed in Asia, compared with 58% last year, China continues having the highest installed energy capacity accounting for almost half of the total, Europe increased its capacity by 24 GW and North America by 16 GW.

The general situation of the main sources of renewable energy is summarized below:

Wind energy

Terrestrial (on-shore) wind energy, in 2017, global wind energy capacity increased by over 52 GW, amounting to a cumulative capacity of 539 GW. It is estimated that 2019 will bring significant growth and that the 60 GW milestone will be passed by 2020, reaching a cumulative capacity of 840 GW by 2022.

Wind energy accounted for 11.6% of the energy in the EU, with the highest contributors being Denmark, Portugal and Ireland, accounting for 24%, followed by Spain and Germany at almost 20%. Denmark obtained 44% of their electricity from wind energy and Uruguay over 30%. In the US, there were four states where more than 30% of energy originated from wind, similarly so in the state of South Australia and several states in Germany. (Source: Global Wind Report: Annual Market Update. GWEC).

Marine (off-shore) wind energy, although this type of renewable energy currently only represents 3.5% of the total installed wind energy, its growth in recent years has been very significant and predictions show that this trend will continue.

The world currently already has almost 20,000 MW installed and in 2017, 4,334 new MW were connected. Additionally, its development and presence are increasingly diverse (Finland, Vietnam, USA, Belgium, Korea....).

The United Kingdom and Germany have been the two most dynamic European nations increasing their capacity by 1,680 MW and 1,247 MW respectively. (Source: Global Wind Energy Council (GWEC)).

Finally, wind energy is positioned as the most competitive technology in many markets. Innovation, improved grid management, storage, environmental and social benefits and the increasingly lower costs (which have reduced by almost a quarter between 2010 and 2017), signal a very positive future development of the sector.

Photovoltaic energy

Photovoltaic solar energy maintains its exponential growth, increasing by 32% in 2017. This growth is primarily due to the significant reduction of costs, estimated to be around 73%.

Asia continues to have the highest increase in capacity with a hike of 72 GW, primarily in: China with 53 GW (+68%), India with 9.6 GW (+100%) and Japan with 7 GW (+17%). Other noteworthy new installations are: the US (8.2 GW); Turkey (2.6 GW); Germany (1.7 GW); Australia (1.2 GW); South Korea (1.1 GW); and Brazil (1 GW).

The off-grid renewable energy capacity also experienced an unprecedented growth, with an estimated increase of 6.6 GW. This represents a 10% growth compared with the previous year. Around 146 million people are now using renewable energies without a connection to the grid (Source: IRENA).

Hydroelectric energy

This type of energy shows a slight incrementation, Brazil and China stand out and continue to account for most of this growth (12.4 GW or 60% of the total new capacity). The hydraulic capacity in Angola and India also increased by over 1 GW. (Source: IRENA).

Bioenergy

Asia accounted for most of the upturn in bioenergy capacity, with gains of 2.1 GW in China, 510 MW in India and 430 MW in Thailand. In Europe, bioenergy capacity increased by 1.0 GW and in South America by 0.5 GW. (Source: IRENA).

Geothermal energy

Geothermal energy capacity increased by 644 MW. Its growth in Indonesia stands out because of the new installation of 306 MW, coming close to a total capacity of 2GW and Turkey which, with an increment of 243 MW, will exceed a cumulative capacity of 1 GW at the end of the year. (Source: IRENA).

Balance sheet

201-1 and 201-4

Elawan works to continue our international expansion by creating value in the communities where we are present. This is possible thanks to our positive balance sheet and correct financing.

2017 has been, again, a very significant year for Elawan´s growth, reaching 1,032 MW of operating wind energy capacity (895 MW in 2016) at 31 December.

This milestone has been achieved due to the commissioning of 6 new wind farms in Brazil (Pedra Rajada, Pedra Rajada II, Cabeco Vermelho, Cabeco Vermelho II, Boa Esperanca I and Pedra do Reino IV) totaling 130 MW and a mini-hydraulic power plant in Tacotan, Mexico with 6.9 MW.

In addition, we are building 324 MW in new capacity, 200 MW will be put into operation in Oklahoma in August 2018, 24 MW will start production in December 2018 in Belgium and the remaining 100 MW, in South Africa, will start operating in 2020.

In 2018, we start the construction of a 30 MW photovoltaic farm in the town of Torrijos, in Toledo, Spain, as well as two additional wind farms in Turkey with a power output of 57 MW.

Regarding economic results, we have surpassed our target budget, with a turnover of around €171MM, an EBITDA of €100MM and pre-tax profit of €12MM.

The main figures are summarized below:

Economic Value Created (Thousands of Euros)		
	2016	**2017**
Revenues	132,120	171,013
Financial Incomes	1,745	2,332
Economic Value Created	**134,865**	**173,345**

Economic Value Distributed (Thousands of Euros)		
	2016	**2017**
CAPEX	560,676	493,564
Staff retribution	5,786	5,439
Payment to providers of capital	51,031	64,707
Operational Cost	25,627	30,089
Payment to Public Administration	15,902	16,884
Investment in benefit of the community	172	ND
Economic Value Distributed	**659,193**	**610,683**

The Economic Value Retained (VER) in 2017 has been €37,721K, 12% higher than the previous financial year.

Likewise, at the closing of the year, the profit before tax was 12,364 thousand euro, with a net financial debt of 403,035 thousand euro and equity of 94,982 thousand euro.

Our capitalization is 24%. Elawan has received financial support corresponding to capital grants totaling €88MM (US$105MM).

These grants correspond to the construction of wind farms in the USA. In 2017 no additional grants were received.

The locations where Elawan is present received a total of €16,884 through taxes, levies and duties, which contribute to the improvement of the living conditions and services of the inhabitants of the region. Their distribution is detailed next:

Taxes, rates and levies	2016	2017
Spain	2.145	10.646
Brazil	6.426	4.039
USA and Puerto Rico	6.482	1.531
Poland	45	479
Mexico	2	7
Romania	4	4
Belgium	12	18
South Africa	785	160
Total	**15.902**	**16.884**

Regarding the remaining accounting obligations, the companies that comprise the Elawan Group are, in large part, obligated to produce annual audit reports on their individual annual accounts due to the total volume of their assets, turnover and average number of employees.

There are no exceptions in said reports. After their approval by the corresponding body, these reports are submitted in due time and manner to the Mercantile Registry for each of their accounting periods, the legalization of the official Books and the deposits of the Annual Accounts. In addition, the companies of the Group are up to date with their payments to the Social Security Treasury Office and with their tax obligations.

Our growth

Wind farms under construction (323MW)

Copperton wind farm (South Africa)

Elawan Energy signed a 20-year Power Purchase Agreement (PPA) for the construction and operation of the Copperton wind farm in the south African province of Northern Cape, originating from the tender of the 4th round of the South African Energy Plan.

For its development, Elawan Energy is established as the majority shareholder along with our local partners. The wind farm will have a power output of 102 MW, with an investment of over €145 million and an estimated annual production of 360 GWh per year.

The construction works are expected to start in the second semester of 2018 and the operational start-up of the wind farm is scheduled for 2020.

Wind farm Persimmon Creek (Oklahoma)

The Persimmon Creek Project is located in the state of Oklahoma (US), close to Woodward county.

With a power output of 200MW, it comprises 80 GE and 73 GE116 2.5 turbines as well as 7 GE116 2.5 turbines with a hub height of 90 meters.

The project is currently under construction and its launch is scheduled for September 2018. The produced energy will be sold through a 13-year Hedge.

The project has a total cost of around 300 million dollars and will be operated by the company Scout, who bought 75% of the shares, whilst Elawan bought the remaining 25%.

Wind farm Hannut (Belgium)

Elawan Energy is building a new wind farm in Liege, Hannut (Belgium).

The wind farm will have a power output of 22MW, divided over 9 aero generators. The investment is estimated to be around 32 million euros.

The power purchase agreement (PPA) has been closed for the next 15 years and the sale of the "green certificates" for the next 10 years.

The farm is expected to start operations in March 2019.

Wind farms in advanced promotion (3,820MW)

Countries	MW in promotion
Argentina	301
Belgium	254
Brazil	468
France	183
Mexico	244
Poland	142
Romania	130
Rusia	290
South Africa	308
Spain	650
Turkey	685
USA	165
TOTAL	**3,820**

Wind farm Chicxulub (Mexico)

The search for locations to develop wind projects was started in the State of Yucatán, because of the good wind farm conditions and the energy demand throughout the peninsula. The current projects, which are now in different phases of development, amount to about 300 MW.

In addition to meeting the company criteria, all environmental, historic and social patrimony regulations are being met. Special care is taken for social regulations because of the presence of the indigenous Mayan population in the state. The goal is to integrate the projects with the least environmental impact possible, to avoid impacts on the cultural heritage and to bring social benefit to the project´s area of influence.

Within this framework, the 64 MW Chicxulub wind farm is the most advanced project in our portfolio. We are currently processing the necessary licenses and permits in order to start construction in 2019, for which we have the interconnection contract signed with the CFE (Federal Electricity Commission) and the wind farm will start operating in 2020. The second phase of the project, known as Chicxulub II, with an output of 80 MW, is expected to start operating one year after.

Looking from a sustainability perspective, Chicxulub will not only provide renewable energy to high-demand areas like Yucatán and Quintana Roo, but it could also be the first project in Mexico to provide its electricity production directly to the Wholesale Electricity Market under the new Electrical Industry Law, for which the project is financed by the Bank with the highest solvency of the country.

Photovoltaic park in Torrijos (Toledo)

Photovoltaic Plant Torrijos project is located in the towns of Novés and Torrijos (Toledo), the power output of which was awarded through the auction of Ministerial Order ETU/615/2017, by the Resolution published in the BOE of 13 October 2017.

The estimated output is 35 MWp, and the predicted investment totals €25 Million. The park is expected to start operations in the second semester of 2019.

This plant will be the first solar plant built by Elawan, and new projects will follow in years to come.

In Mayan, Chicxulub literally means "flea of the devil" or "place of the burning horn". It is located in the crater of Chicxulub in the Yucatán peninsula. This is an old crater caused by a meteorite with a diameter of at least 10km. This impact left a crater of more than 180 km wide, creating one of the biggest impact zones in the world.

The hypothesis that this impact was responsible for the mass extinction in the Cretaceous-Tertiary period has recently been reaffirmed. This led, among other consequences, to the extinction of different species, such as the dinosaurs.

Our product

Maintenance and management

In our business, the aero generators are in movement most of the time. The objective is to ensure these operate efficiently in order to produce and sell energy.

However, there are pauses at certain times. These may be scheduled on non-scheduled.

Scheduled stops are established to perform preventive and predictive maintenance at the wind farms. The goal is to extend the generator´s useful life and to avoid non-programmed stops/incidents. For this reason, two types of maintenance are carried out:

- Preventive maintenance: These are activities planned according to the intervals defined by the manufacturer of the turbine. This type of maintenance is programmed annually and aims to have the least impact possible. For this reason, preventive maintenance is done at times when there is less wind and when there is as little impact on production as possible.
- Predictive maintenance: This is the most complex type of maintenance. Its objective is the early diagnosis of possible failures or breakdowns, and so increase the uptime of the aero generators.

Corrective maintenance is done for non-scheduled stops. These occur when a malfunction is detected, their duration depends on the severity of the malfunction.

Quality is a key element, and for this reason, all our wind farms have an Integrated Management System implemented, which includes the quality system certified under the ISO 9001 norm.

Due to the specific characteristics of our product, energy, there aren´t any chemical or environmental risks (417-1). Similarly, there have been no registered incidents concerning Health & Safety because of impacts from our products and services (416-2), nor any resulting from the sale or trade of prohibited or disputed products (102-2), nor for legal violations related to the supply and use of the products (419-1).

Control Center for Renewable Energies (CCER)

For the monitoring and measuring of the energy production, as well as the incidences and stops that may arise in all our wind farms, the company has a Control Center for Renewable Energies (CCER) in place, the purpose of which is to optimize the operation of the wind farms.

Information about the production of the aero generators, electrical lines and substations is available in real-time via the CCER. This allows for the constant supervision and control of each element. It also serves to analyze their performance continuously, and to act immediately in case of any incident.

Aero generator efficiency is a key element for the generation of energy and the profitability of the company, which is why it is made sure that stoppage time is reduced as much as possible. For this reason, each time an incident occurs, it is measured and registered, and the mechanisms necessary for its solution and closing are activated.

This allows for the comprehensive monitoring of all aero generators and provides information regarding their performance, in order to be able to take immediate action if necessary.

In these cases, the operation is handled locally by the O&M supervision team and remotely through an automatic remote system (CCER). If through these measures it is not possible to put the aero generator back into operation, the maintenance team is informed so that they can intervene "in situ" at the wind farm for its revision and start up.

The response time varies in these cases. A "checkpoint" is activated and, if the stop occurs outside working hours, the travel costs for the maintenance team are analyzed as well as the costs that result from the plant's production losses for the duration of the stop, to finally choose the most cost-effective solution.

The correct incident management at the farms is part of the annual objectives of the CCER experts at Elawan and their variable remuneration.

According to the information and data compiled in 2017, average stoppage time was 8 minutes, which illustrates the high efficiency of its management.

> Control Center for Renewable Energies (CCER). Madrid. Spain

Supply chain

102-9

As a part of our Integrated Management System, Elawan has the PS-02 procedure "Purchases and evaluation of suppliers", through which the correct management of the supply chain is guaranteed in collaboration with all the departments of the company. The requirements for standardization, evaluation and re-evaluation of company suppliers are established in this procedure. In addition, a conformity and compliance clause concerning the Elawan Code of Ethics and Conduct is included in the supplier contracts.

Purchasing needs are covered through suppliers which are already included as "long-standing suppliers" (those which have already been registered in SAP). Within this group we find: exclusive suppliers, which include suppliers defined by the limitations/requirements of each project or suppliers defined by equipment manufacturers/maintenance engineers, long-standing suppliers and not formally approved suppliers.

In case a not formally approved supplier is required, the suppliers are assessed through internal and/or external references and at least 3 budgets are requested. Whether the supplier meets the applicable obligations (technical specifications, terms, price, etc.) is verified through the budgets, and the supplier that best fits the stipulated specifications is selected.

Evaluation of suppliers

Regarding the evaluation of suppliers, there are two levels established:

Critical suppliers:

These are suppliers that are responsible for the supply of machinery (aero generators), maintenance and operation of the installations, construction of the farms and any supplier exceeding €30,000 in annual invoices. The invoices table is revised yearly, in order to include the possible variations of suppliers in the "Control sheet for critical suppliers".

For their tracking and control, compliance to the KPIs and the contract conditions are verified.

Non-critical suppliers:

These include the remaining suppliers. Their associated controls are coordinated by each Department manager through the Non-Conformities (NC) originating from deviations in the product characteristics or defaults in the services. In case these occur, RCMASST is informed for their registry, and the procedure established is followed.

At the end of the year, these NC are submitted to the managers of the affected departments where these are analyzed and their continuity is assessed. In the event there are no NC registered, the supplier is automatically confirmed as approved.

Suppliers whose situation is deemed "critical" or those whose services are terminated, are informed by Elawan via an email to the business contact of that account.

Due to the nature of services and subcontracted companies, there were no risks identified in 2017 regarding child labor, threats to the freedom of association nor forced labor (401-1, 408-1 and 409-1).

Local purchases

Elawan encourages hiring and purchasing from local suppliers, in order to create value in the places we operate in. This is reinforced in countries where the local government fosters this behavior through incentives. Most of the budget for outsourcing and suppliers for 2017 corresponds to local companies, that is to say, companies from the same country as where the installations are located.

In 2017 the expenditure for local suppliers totaled €30,599 thousand. Its distribution by country is summarized in the following table (in thousand euro). (204-1)

Expenditure on local suppliers	
Country	Thousands of euros
Brazil	12,965
Spain	3,648
Poland	336
Mexico	387
Romania	31
Belgium	785
Turkey	42
South Africa	2,708
USA - Puerto Rico	9,697
Total	**30,599**

Sustainability, ethics and integrity

102-16, 102-17 and 205-1

Elawan, via our parent company, features a global corporate culture that has kept the same values since our beginning, but which have been adapted to the local necessities of each country, the current market conditions and our stakeholder demands. In addition, we have as our objective:

- Protecting results and assets over the long-term through sustainable and stable growth, always with ethics and transparency towards customers, employees, suppliers, authorities and the society in general.
- Complying with the laws, regulations and contracts in all the countries we operate in.
- Providing employees with an optimal work environment and reducing the environmental impact of our activity.

Sustainability has become another key element, given that sustainable growth is considered to be the best way to meet our Objectives and stakeholders´ expectations.

Code of Ethics and Conduct

Since 2014, the Code of Ethics and Conduct, which is approved by the Board of Directors, has been a reference at Elawan for all the decisions made by our employees.

In addition, we have the following reference guides, which expand on the content of the Code, concerning anticorruption and harassment:

- Harassment prevention guide and action protocol: This guide incorporates the prevention and reporting measures for possible harassment situations, including the minimum facets that must be respected in order to be able to act honestly and responsibly in all the countries we operate in.
- Behavioral Guide in Response to the Offering of Incentives, Gifts and Invitations: The goal of this guide is to abide by all the laws and rules regulating bribes and corruption in the countries we operate in, deeming these as illegal worldwide.

The Code of Ethics summarizes the guidelines to be followed in the event that any employee or collaborator wishes to make any query or complaint via the available reporting channels: by email, telephone or in writing (complaint form). All issues are analyzed, managed and settled by the Ethics Committee.

The Ethics Committee is an internal consulting body, responsible for advocating the company´s values and conduct, as well as for the monitoring, communication, disclosure and oversight of the Code of Ethics, for the processing and support regarding the settlement of doubts and the response to possible incidents or complaints that may arise, through the reporting channels.

During 2017, the Ethics Committee received a complaint for "illegitimate use of office or inappropriate conduct" (406-1), which had already been resolved. It received no complaints on anti-corruption (205-2 and 205-3) or human rights (102-34).

Regarding other procedures, ongoing litigations and sanctions initiated against the company, there have not been any significant cases that have had a relevant economic impact on the Company regarding unfair competition, monopolistic practices and against free competition (206-1), complaints based on breaches of customer privacy and losses of customer data (418-1), violations related to marketing communications (417-3) nor violations of the laws and regulation in the social, environmental and economic areas (307-1 and 419-1).

United Nations Global Compact

Since 2014, Elawan has signed and participated with the Global Compact through our parent company. However, after changing our company name and after the Global Compact´s change in strategy concerning its partners and signatories, Elawan becomes a direct partner in 2018, renewing our commitment to promote and implement the 10 universally accepted principles for another year.

Sustainable development goals

At Elawan, and from our commitment to sustainability and climate change, we want to contribute to the mitigation of these effects and to the realization of the Sustainable Development Goals (ODS), primarily through the following objectives:

GOAL 7
Ensure access to affordable, reliable, sustainable and modern energy for all

GOAL 13
Take urgent action to combat climate change and its impacts

New Integrated Management Policy

In 2017, Elawan carried out an exhaustive revision of our management systems, with the aim of adapting them to the new international standards and customizing their scope to the current necessities of the company, certifying the activities and processes for the "International promotion, development, operation and sale of renewable energy production facilities".

In this framework we developed, approved and implemented a new "Integrated Management Policy", which is binding and represents the base document of the system. This new policy has been disclosed to internal staff as well as to stakeholders.

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Política De Gestión Integrada

ELAWAN ENERGY promociona, construye y explota instalaciones de energía renovable en los principales mercados energéticos del mundo, con el objetivo de asentar y mejorar su posición como un referente del sector. ELAWAN ENERGY trabaja para crecer como una compañía sólida y responsable, que cumpliendo los objetivos y expectativas de todos los que participan en la Empresa, actúe de manera comprometida con el medio ambiente, la sociedad y el desarrollo sostenible.

La misión de ELAWAN ENERGY es mantener los más altos niveles de calidad en la prestación del servicio, teniendo en cuenta su actividad y necesidades de las partes interesadas, así como el respeto por el medio ambiente y la seguridad tanto de nuestros empleados como de aquellos que puedan verse afectados por nuestra actividad. Esta misión de ELAWAN ENERGY, que integra las vertientes económica, social y medioambiental, se sustenta en seis valores que representan sus firmes compromisos:

- *Ética y responsabilidad corporativa*: La transparencia, la integridad, el respeto y la honestidad son pilares básicos fundamentales en todos los ámbitos de actuación de ELAWAN ENERGY, sin olvidar el riguroso cumplimiento de los requisitos legales aplicables y otros requisitos que ELAWAN ENERGY ha suscrito.
- *Resultados económicos*: Cumplir los objetivos de crecimiento y rentabilidad establecidos es necesario para asegurar la continuidad y viabilidad de la Organización. Para ello ELAWAN ENERGY trabaja en la reducción de costes de No-calidad, evitando actividades defectuosas y procesos innecesarios.
- *Respeto por el medio ambiente*: ELAWAN ENERGY mantiene la firme convicción de que la conservación de la naturaleza y el respeto por el medio ambiente son esenciales para el desarrollo económico sostenible. Por ello ELAWAN ENERGY se compromete a prevenir la contaminación minimizando el impacto sobre el medio ambiente.
- *Compromiso y confianza*: ELAWAN ENERGY es una empresa comprometida y que genera confianza a todos los que participan en ella, satisfaciendo las necesidades de su equipo humano, fomentando la motivación y formación del personal y dotándole de las herramientas necesarias para el desempeño de sus cometidos profesionales y facilitando el aprendizaje
- *Innovación y calidad*: ELAWAN ENERGY se encuentra a la vanguardia en la aplicación de las tecnologías disponibles en el sector de la energía renovable, enfocado a la mejora continua de la totalidad de los procesos de la Organización incrementando la eficacia del Sistema Integrado de gestión implantado, involucrando en ello a nuestros proveedores estableciendo relaciones mutuamente beneficiosas con ellos.
- *Seguridad*: La prevención de los daños y del deterioro de la salud de los empleados de ELAWAN ENERGY y de todas aquellas personas que puedan verse afectados por su actividad es un prioridad fundamental para la Organización.

Estos compromisos se encuentran plenamente integrados en nuestro trabajo diario y se someten permanentemente a revisión y mejora por parte de la Dirección de ELAWAN ENERGY y de cuantos participamos en su aplicación.

CEO ELAWAN ENERGY
Fecha

17 ENE. 2018

elawan energy

Integrated Management Policy

ELAWAN ENERGY is focused in the promotion, development, construction and operation of Renewable Energy installations in the main Energy markets around the world. Company mission is to increase its current position as a main figure in the energy sector. In ELAWAN ENERGY we work to grow as solid and responsible Company which, ensuring the fulfillment of the goals and expectations of everyone involved, maintain the highest quality standards and commitment with environment, society and sustainability.

The mission of ELAWAN ENERGY is to maintain the highest levels of quality in the provision of the service, taking into account its activity and needs of the interested stakeholders, as well as respect for the environment and the safety of both our employees and those who may be affected by our activity. This mission of ELAWAN ENERGY, which integrates the economic, social and environmental aspects, is based on six values that represent its firm commitments:

- *Ethics and corporate responsibility*: Transparency, integrity, respect and honesty are fundamental basic pillars in all fields of action of ELAWAN ENERGY, without forgetting the strict compliance with the applicable legal requirements and other requirements that ELAWAN ENERGY has subscribed to.
- *Economic results*: Meeting the established growth and profitability objectives is necessary to ensure the continuity and viability of the Organization. For this purpose, ELAWAN ENERGY works on the reduction of non-quality costs, avoiding defective activities and redundant processes.
- *Respect for the environment*: ELAWAN ENERGY maintains the firm conviction that the conservation of nature and respect for the environment are essential for sustainable economic development. That is why ELAWAN ENERGY is committed to preventing pollution by minimizing the impact on the environment.
- *Commitment and trust*: ELAWAN ENERGY is a committed company that generates trust to all those who participate in it, satisfying the needs of its human team, encouraging the motivation and training of the staff and equipping them with the necessary tools to carry out their duties, professionals and facilitating learning.
- *Innovation and quality*: ELAWAN ENERGY is at the forefront in the application of technologies available in the renewable energy sector, focused on the continuous improvement of all the processes of the Organization, increasing the effectiveness of the Integrated Management System implemented, involving our suppliers in this by establishing mutually beneficial relationships with them.
- *Security*: The health and safety of the employees of ELAWAN ENERGY and of all those people who may be affected by its activity is a fundamental priority for the Organization.

These commitments are fully integrated into our daily work and are subject to constant review and improvement by ELAWAN ENERGY Management and everyone who participate in its application.

CEO ELAWAN ENERGY
Date

17 ENE. 2018

Social Dimension **People**

Material matters	Contents
Attraction and retention of talent	• Management focus • Attraction, development and talent • Employment conditions and human rights • Social benefits and communication
Performance assessment	• Attraction, development and talent

103-1, 103-2 and 103-3

Management focus

102-8

The Elawan workforce is formed of highly qualified and diverse professionals, who are international in nature, with common values that contribute to fostering sustainable growth.

The Human Resources department works as a change manager and is responsible for managing quality job positions, in a positive work environment, with opportunities for growth and promotion for all professionals that make up Elawan.

The Elawan team: Internationalization and diversity

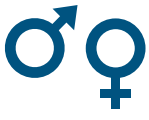
Elawan is formed of a total of 68 employees, 28% less than the year before. This is mainly due to the sale of Noblesfontaine in South Africa and the sale of most of the wind farms in Brazil, where the workforce has significantly been reduced. Of the total number of employees, 72% are male and 28% are female. The largest age range being between 30 and 50 years old, accounting for 65%, followed by under-30s, at 23%.

The breakdown of the workforce by gender, age and country is detailed below:

	Men			Woman			
Country	<30	>30 <50	>50	<30	>30 <50	>50	Total
Spain	6	23	1	4	5	3	42
Brazil	0	1	0	2	1	0	4
USA	2	6	2	0	1	1	12
Mexico	1	1	0	0	0	0	2
Belgium	1	1	0	0	1	0	3
Poland	0	2	1	0	1	0	4
Romania	0	1	0	0	0	0	1
Total	**10**	**35**	**4**	**6**	**9**	**4**	**68**

In regard to the members of the governing body, they all are men; 80% are over 50 years old and 20% are between 30 and 50 years old. 100% of them are local nationals (405-1).

Main figures



Gender

MEN **72%** WOMEN **28%**

Age

30~50 YEARS **65%**

Contract

PERMANENT **91%** TEMPORARY **9%**

Employment

FULL-TIME **100%** PART-TIME **0%**

Turnover

AVERAGE **11.8%**

Training

HOURS **1,728**

Attraction, development and talent

404-2 and 404-3

In order to continue its expansion plan, Elawan is aware of the need for a skilled, motivated and committed team. For this reason, Elawan conducts a range of initiatives in the interests of employee promotion and retention.

Hiring and internal promotion

Elawan is aware that its employees need to grow and evolve professionally. We therefore believe that internal promotion is crucial in order to retain talent.

In order to fill any specific job vacancy internally, the CEO and the head of the department/area conduct an analysis of the requirements applicable to the post, establish the appropriate group for the vacancy, and follow the established processes until final approval.

In the event that the offer is for a very specific profile, or has not been filled in time, the process is outsourced via the various communication channels that the company has in place for such cases, such as: digital tools, employment listings, job fairs or headhunters.

Due to our presence in different countries and to the implementation of new projects, employees may request a transfer and, therefore, opt for greater professional development in other countries.

In 2017, 14 new professionals joined the company, primarily in Spain (46%), followed by the US, Mexico and Belgium.

Job stability

Elawan is aware that in order to promote job stability, it needs to show trust in its team. As a result, 91% of the staff have a permanent contract, whilst the remaining 9% are holding temporary contracts in Spain. Furthermore, all Elawan contracts are full-time.

Job stability

	Type of contract				Type of workingday			
	Permanent		Temporary		Complete		Parcial	
Country	M	W	M	W	M	W	M	W
Spain	25	11	5	1	30	12	0	0
Brazil	1	3	0	0	1	3	0	0
USA	10	2	0	0	10	2	0	0
Mexico	2	0	0	0	2	0	0	0
Belgium	2	1	0	0	2	1	0	0
Poland	3	1	0	0	3	1	0	0
Romania	1	0	0	0	1	0	0	0
Total	**44**	**18**	**5**	**1**	**49**	**19**	**0**	**0**

Turnover 401-1

The average turnover rate (considering the total number of employees leaving the company) at Elawan in 2017 was 11.8%.

Over the course of 2017, 14 new professionals joined the company: 10 were men and 4 were women. By comparison, 8 employees left the company: 5 were male and 3 were female. The employees in Brazil (14) and South Africa (3) are not taken into consideration, as, after the sale, they became part of the staff of the new company who took over the wind farms.

The following table shows the distribution by gender, age and country:

		Man			Woman		
	Country	<30	>30 <50	>50	<30	>30 <50	>50
Leaving	Spain	-	4	-	2	1	-
	USA + Puerto Rico	-	-	1	-	-	-
	Mexico	-	-	-	-	-	-
	Belgium	-	-	-	-	-	-
Hires	Spain	3	2	-	2	-	-
	USA + Puerto Rico	1	1	-	-	-	1
	Mexico	1	1	-	-	-	-
	Belgium	1	-	-	-	1	-

Training 404-1

Elawan develops and implements an Annual Training Plan. This plan sets out the training to be delivered on the basis of employee needs, along with opportunities for improvement detected among the various departments. The methodology is set out in the Integrated Management System.

The training also aims to offer the employees possibilities of promotion and adaptation to job postings within the company, both locally and internationally.

Newly recruited employees undertake an induction course in which they are introduced to the company, informed of the applicable standards and codes, such as the Code of Ethics and Conduct. In addition, this year we have reinforced training courses concerning IT security and data protection, with different on-site sessions.

In 2017, a total of 1,728 training hours were taught, 28% to women and 72% to men. The average training time received per employee was 25 hours, without differences by gender.

Most of these courses took place in Spain (73%), followed by the US (22%), Brazil (3%) and Mexico (2%). It might be concluded that the training offered over the year has been 100% satisfactory and efficient as planned.

Workshop: Security in Wi-Fi Networks

These days, it is almost unheard of to not have a mobile device in our hands, searching for an available Wi-Fi network to freely access data. It is not unusual for users to connect to those networks, without being aware of some important security risks.

For this reason, workshops focused on providing guidelines for the safe use of electronic devices have been carried out, both in work and in personal environments.

Performance assessment

The objective of the performance assessment is to evaluate employees periodically, qualitatively and quantitatively, with regard to their efficiency in the activities they carry out, the results obtained through their work, and likewise, measuring their individual contribution to the corporate objectives.

Due to its dimensions, and considering that most of the staff is located at the headquarters, a formal or structured procedure for the performance assessment is not applicable. The directors of the various departments meet annually with the CEO and the performance of all professionals (100%) is evaluated, assessing the objectives and achievements reached, by both employees and the company.

Remuneration

202-1

Elawan is aware that remuneration is an important factor for our professionals. As a result, given the typical profile of its employees, the minimum wage is always higher than the figure established in local legislation.

The most representative countries by number of employees are Spain, where 57% of the staff are located, followed by the US at 16%.

- In Spain, the ratio in 2017 is 1.82, taking into consideration the minimum wage of the country and the lowest salary at Elawan.
- In the US, this ratio is not available as many states establish minimum wages per day which complicates this calculation.

> Wind Farm Piraua. Brazil

Employment conditions and human rights

The company is aware that in order to retain our professionals, a series of positive provisions and conditions must be offered in order for them to develop within an appropriate environment.

In addition, we act under a model of ethics, sustainability and respect for human rights, as is reflected in the renewal of our commitment to the United Nations Global Compact.

Elawan has not identified at any facility or office, nor at any suppliers, any form of risk related to child and/or forced labor, or breaches of human rights, nor were our facilities examined or evaluated with regard to human rights, except for those facilities to which the Equator Principles apply (408-1, 409-1, 412-1 and 412-3)

In 2017, the Ethics Committee received one complaint for "illegitimate use of position or inadequate conduct" (406-1), which is already settled.

Professional and personal life

The balance between the professional and personal life of employees is important for their health and well-being. For several years, flexible working hours have been implemented, allowing arrival and departure times to be adjusted in accordance with the personal circumstances of all employees in Spain. In the remaining countries, this is done individually depending on the requirements of each wind farm, local legislation and the customs of each country.

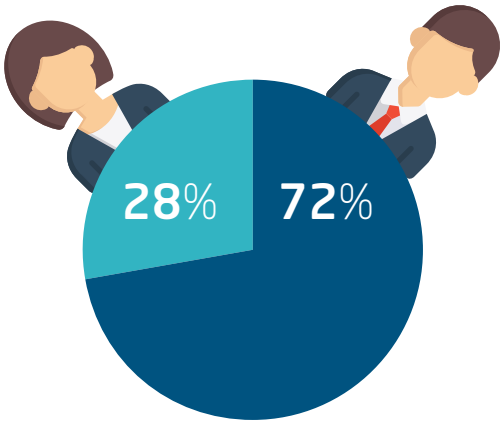
Maternity / Paternity 401-3

In 2017 only one maternity leave was registered in Spain, which is currently reincorporated and continues in the company (100%). With regard to the two maternity leaves in 2016, one has already re-entered the company (50%) and the other resulted in a voluntary leave due to personal reasons (50%).

Diversity

Elawan believes that the way of thinking of professionals from different origins helps us to achieve positive changes at the organization regarding our working methods, and increases our capacity for innovation, giving response to the current market.

2017 Employees



The company considers that by promoting local employment, we help to enhance the dialogue with the local communities, thereby allowing us more precisely to understand their culture, and so improve integration. 97% of the employees are therefore of local origin (405-1).

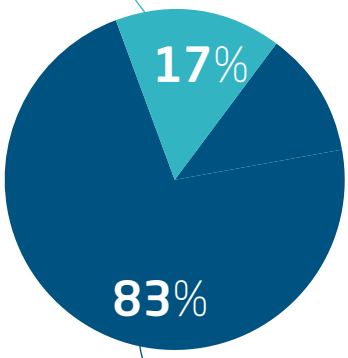
> Wind Farm Szerzawy. Poland

Collective labor agreements

102-41

The rights and obligations of all employees are covered by collective agreements or similar structures, depending on the country they are working in, and on the local regulations and requirements. The situation in 2017 is summarized below:

- **Handbook**: Used in the United States and Puerto Rico, this is the guide where employment conditions, behavioral standards and employee duties are specified. This represents 17% of employees.



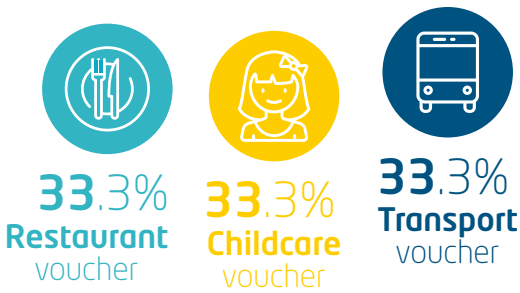
- **Collective agreements**: Used in Spain, Belgium, Poland, Rumania, Mexico and Brazil, where 100% of the workers are covered under these statutory provisions. This accounts for 83% of employees.

Social benefits

Social benefits at Elawan vary depending on the country where the company operates (401-2).

In Spain, all employees have medical, life and disability insurance. Furthermore, measures are adapted to the Flexible Remuneration Plan, in which employees can include a range of services offering tax benefits within their remuneration package.

The distribution of the Flexible Remuneration Plan is summarized below:



As for the US, workers have an insurance policy in accordance with the legal requirements, which includes, among others, both dental and life insurance. In Mexico and Brazil workers have a private medical insurance.

Communication

Internal communication

Internal communication focuses on an international team, for employees located in different countries, with periodic displacements. The most versatile channel is the Leading the Change corporate Intranet.

In addition, the CEO periodically meets with all employees to discuss areas of interest to the company and to respond to their concerns directly. During 2017, two meetings were held,; the first of them halfway through the year and the second one at the end of the year, concurring with the Christmas period.

For notifications of operational changes or relevant news, employees are informed via email.

External communication

External communication with the other company stakeholders is conducted by means of publications on the website, press releases, meetings, etc.

For a more agile communication, social media channels, such as Twitter, LinkedIn and YouTube are used in order to provide a more direct insight into significant events at the company on a day-to-day basis. This information is summarized in the Part 1 of this Report.

> Head offices. Madrid

Social Dimension **Health and Safety**

Material matters	Contents
Health and Safety	• Management focus • Training and communication • Tracking indicators

Management focus

103-1, 103-2 and 103-3

Health and Safety represents a key factor to Elawan, playing a part in its mission and strategic objectives. It has therefore an integrated Management System duly implemented in accordance with international standards ISO 14001:2015, ISO 9001 and OHSAS 18001 for the promotion, development, operation and sale of installations for renewable energy worldwide, which will be recertified in 2018.

The management model is based on the integration, on the process map of the company, on the Safety issues and requirements established; and it is underpinned by the principles defined in the new Integrated Management Policy of the company, of compulsory compliance and which serves as the baseline document for the system. This new policy has been disseminated both to internal staff as well as to the stakeholders.

Within the master action lines that structure the management system the following should be noted:

- Culture of Health and Safety based on the lessons learned and the "0" accidents goal.
- Quality awareness raising and training, adjusted and periodic.
- Internal and external communication through defined and clear channels.
- Proactive control and analysis of tracking indicators and control points (KPIs).

New preventive management procedures

As part of the reformulation and adjustment of the Management System to the new approach of the company, new preventive management procedures that are integrated in the strategic processes of Elawan have been defined.

Hazard identification and risk assessment

The process and flowchart for the hazard identification and risk assessment have been updated at all company centers, encompassing the construction and operation phases and aiming to standardize criteria from a global perspective. Similarly, the tracking and control of identified risks is guaranteed through the following mechanisms.

- Evaluation of legal requirements and other requirements.
- Internal audits.
- Safety inspections.
- Tracking of indicators.
- Checklists in order to verify compliance to the procedures defined by the Organization.

Supplementary to the updating of preventive procedures, the document base of formats and registries associated to the management system have been widened and adjusted, with the primary aim to improve understanding and their applicability. Within the updated documents the following should be highlighted:

- New Job Safety Analysis format for US centers.
- Revision of periodic inspection reports for PCI equipment, site revision list and H&S check list for equipment and turbines.

Emergency preparedness and response

Within the control and preparation for emergencies, new action procedures have been defined encompassing all phases of the process; from the identification and definition of emergency situations within the different plans; to their communication and analysis, with the updating of the incident investigation sheet.

Responsibilities and functions

403-1

At Elawan there is no legal obligation for Health and Safety committees to be formed, although the QSHE area does receive all questions and suggestions from employees worldwide. As a result, there is no union representation, nor unitary representation, nor any safety agreements are carried out.

Even so, the Health and Safety department is entrenched globally in all the centers of the company; they have formal procedures in place which compile the responsibilities and functions concerning prevention, and which are integrated in the Management System. Moreover, in some countries centers rely on local advisory services with regards to Health and Safety to guarantee control and compliance to the specific requirements of each location.

Within the new integrated management system, the procedures and channels for Consultation and worker participation are defined and updated; aiming for the final objective of transparency and clarity in vertical and horizontal communications, both internally and externally.

> Persimmon Creek Wind Farm Substation. Oklahoma USA

Training and communication

Training

Information and training of the Elawan workers is a basic priority for the company and one of the lynchpins supporting the Management System. It is for this reason that the Training Plan is defined yearly based on the identification of internal needs, as well as on technical criteria and demands from the sector; and always searching periodical training adjusted to each position.

During 2017, a total of 458 training hours regarding health and safety were taught, which accounts for an average of 6 hours per employee.

Among the courses conducted throughout 2017, we highlight the following:

Training of Emergency Brigades in Mexican Plants

Resulting from the updating of the Civil Protection Plan of the hydraulic plants of Tacotán and Trigomil, and with the aim of guaranteeing its correct implementation in the facilities, in 2017 a complete schedule for the training of the designated emergency brigades was made, including the staff and outsourced companies. During the training cycle courses on Fire Extinguishing, First Aid and Evacuation and Communication were included, always based on the requirements of the Mexican legislation.

Training on the handling of the forklift truck: Roth Rock WF

The training of the staff of the Roth Rock wind farm (USA) was expanded to include training on the handling of the forklift truck; obtaining the credentials for its handling in accordance with the applicable legislation and guaranteeing alignment between training received and functions carried out by the workers.

Protective Equipment and training

Being aware of the importance of the health and safety of its workers, Elawan shows its concern in ensuring that they have the proper and required tools in order to perform their activities. As a result, and in connection with the change in the company name, corporate outfits were renewed aiming for their improvement and adjustability always bearing in mind safety and the legally established specifications for each country.

Communication and Awareness-raising

Internal communication

For the internal communication of accidents, the channels established for this purpose are used and included in the Management System. A two-way communication is conducted, following the guidelines defined by both Health & Safety supervisors and the rest of the staff.

It is mandatory to follow the communication guidelines established in order to be able to conduct a comprehensive analysis of each accident and to be able to propose the required improvement measures that avoid the repetition of similar incidents.

For 6 years, Elawan has been receiving incentives granted by the Ministry of Employment for companies contributing to the reduction and prevention of occupational accidents, under the terms of "Royal Decree Law 404/2010, from 31 March 2010, regulating the establishment of a system for the reduction of professional contingency contributions on the part of companies, making a particular contribution to the reduction and prevention of occupational accidents".

External communication

For all accidents (minor, major or fatal) occurring at the company's facilities, the communication channels established for this purpose will be followed, along with the obligations and deadlines imposed by the competent authority of each country.

Awareness-raising

To raise the awareness of employees regarding Health & Safety issues, periodic campaigns and/or relevant information are disseminated, typically coinciding with significant dates such as, for example: World Health & Safety Day.

In the same way, and with the objective of fostering employee´s knowledge and information concerning prevention, a common directory has been created which serves as a data base for the Integrated Management System and in which all informational and relevant documentation is kept up to date.

Supplementary to the defined communication and awareness channels, a renewal of the company´s Health & Safety related signage has been carried out, aiming to improve dissemination and information of all safety requirements in the facilities for external personnel.

Tracking indicators

403-2

In 2017, the staff of Elawan has not suffered any labor accidents nor incidents concerning Health & Safety. This fact indicates compliance to the Health & Safety protocols established, such as the preventive measures and the good performance and awareness of our employees. This data puts the company´s absenteeism levels far below those of the same industry.

There was no occupational illness in 2017 (ratio 0.0).

Accident rates of external personnel

Concerning subcontractors, in 2017 there were 3 accidents in Brazil which did not result in a medical leave, one of them being "in itinere" and 2 accidents with leave, also in Brazil.

For all accidents and incidents, the relevant investigations were opened and measures were taken to prevent recurrence.

Absenteeism

The absenteeism at Elawan is "0", as there have been no accidents, and as a result there was no absenteeism among our employees

Regarding absenteeism for "other reasons", this is also "0" in all countries, except Spain, the result of which is 0,64, which mainly corresponds to women. (Rate: number of days in the year x 100 / Σ days per month x workers)

> Mini hydro. Mexico

Social Dimension **Society**

Material matters	Contents
Social action and local community	• Contribution to local development • External initiatives

103-1, 103-2 and 103-3

Contribution to local development

Elawan contributes to local economic development in the countries it has a presence in by creating value through its products and services.

The regions where Elawan is located receive incomes through taxes, levies and duties that contribute to the improvement of services and life of the inhabitants of the region. The amount paid in these concepts in 2017 was €16,884 thousand.

In addition, new business opportunities are generated for local suppliers and services, while creating employment in the region, contributing to the improvement of the local economy. In 2017 the expenses in local suppliers amounted to €30,599 thousand.

No negative impacts on the local community have been identified (413-2).

Social action

413-1

Elawan aligns its business strategy with the SDG (Sustainable Development Goals) through social action, work with different associations, and local authorities, through constant and transparent dialogue.

We collaborate with non-profit organizations to develop corporate and local activities.

By doing so, a greater and better development in rural or isolated areas is made possible through the generation of clean energy, as it is adapted to regions where power lines do not reach or their implementation is very costly and complex. Meanwhile, its average useful life is over 30 years and its technological costs have decreased significantly.

In addition to the benefits that stem from its activity, Elawan deems that local initiatives contribute to reinforcing bonds with the community.

It should be noted that information on local action has been reduced due to the sale of most of the wind farms in Brazil and the wind farm in South Africa.

The wind farm in Punta Lima was also affected this year, which was badly damaged after hurricane Maria. As a result of this, our activity was focused on providing supplies to our employees and their families, in addition to maintaining their jobs.

Corporate (Madrid)

Each year, since 2013, Elawan supports the Foundation "What Really Matters"(LQDVI) in the dissemination of universal humane, ethical and moral values through staging motivational conventions. In 2017, in addition to helping the conventions and spreading them among employees, the new book of LQDVI, characterized by its special focus on the environment, was distributed to employees, customers and providers.

Elawan in Poland

This year Elawan Poland provided local help through three local donations, which were distributed as follows:

- **Golczewo Project:** this project helped to subsidize the catering for a summer event in Golczewo.
- **Werbkowice Project:** Two grants were given to provide support for the event "Days of Werbkowice" and the summer event "Harvest Days in Community" in the Treszczany municipality.

Elawan in Mexico

In 2017, after the earthquake of September, action lines were changed due to the urgent necessities that resulted. Elawan in Mexico and its team collaborated selflessly with the families affected by the earthquake, through donations and voluntary work.

For the coming year, with the start of the works for the new Yucatán wind farm, a social and integration action plan will be developed for the Mayan village, which will be elaborated on in the next Report.

Elawan in USA-Puerto Rico

PE Petersburg

In Petersburg there is a Voluntary Firefighters Department. This small local department is maintained through donations and grants, with which firefighting equipment is bought. For its financing, shows are held and funds are collected from companies and individuals through donations.

The wind wind farm of Petersburg donated and auctioned a modern lawnmower during a dance and car show, to contribute to the upkeep of the fire station.

PE Punta Lima

This year has been complicated for our facilities in Punta Lima, which was left inoperative after Hurricane Maria due to the severe damage it suffered.

Elawan proceeded to donate edibles to help our workers and their families at this difficult time; in addition to maintaining their employment in spite of the wind farm not being operational.

Similarly, we contributed for the third consecutive year to the realization of the community activity celebrating "Wind Day" and financed 19 scholarships in the community, to a total of 16 young students and 3 students of the graduate school in Naguabo.

External initiatives supported by Elawan

102-12

Elawan contributes to cultural, social and educational integration by encouraging progress and equality in the society. Social action projects are aligned with the United Nations Sustainable Development Goals.

WHAT REALLY MATTERS

What Really Matters (WRM). Elawan has supported the Foundation LQDVI since 2013 through its parent Company.

LQDVI is dedicated to promoting dissemination of universal humane, ethical and moral values, mainly to young people through staging conventions in which personal stories of triumph over adversity and hope for the future are recounted.

United Nations Global Compact

The company´s objective is to promote and implement the 10 universal principles on human rights, employment standards, environment and company business strategies, in addition to the Sustainable Development Goals.

On this basis, Elawan subscribed to the United Nations Global Compact (Global Compact), and has met the necessary requirements for the commitment´s renewal in 2017.

Associations and organizations

102-13

Elawan participates in different industry associations in the countries it has a presence in, with the aim to contribute and help development, investment and the integration of renewable energy in the energy mix of each country, as well as other activities concerning the promotion of the industry.

The most relevant are summarized next:

- Spain: Spanish Wind Energy Association (AEE)
- Poland: Polish Wind Energy Association (PWEA)
- Poland: Wind Energy Association (SEO)
- Belgium: Edora
- France: France Energie Eolienne (FEE)
- Rumania: Asociatia Romana pentru Energie Eoliana (RWEA)
- South Africa: South African Wind Energy Association (SAWEA)
- Turkey: Turkish Wind Energy Association (TWEA)

As indicated in the Code of Ethics and Conduct, Elawan does not provide financial assistance to governments (415-1).

Environmental Dimension

Material matters	Contents
Environmental management	• Management focus • Environmental performance • Energy • Emissions and climate change
Waste management and circular economy	• Management focus • Environmental performance
Biodiversity	• Management focus • Environmental performance

Management focus

103-1, 103-2 and 103-3

The environment is a key point for Elawan throughout the entire business cycle. For this reason, we have implemented a Management System certified under the ISO 14001 norm for the international promotion, development, operation and sales of installations for renewable energy.

In 2017, the Management System was modified and adjusted to the new corporate structure, in addition to changing to the new version (2015) of the ISO 9001 and ISO 14001 standards. Through this change, the system integration in strategic processes was improved, adjusting its scope to the new normative requirements.

In line with this strategy and in accordance with the commitment made with the management system, our lines of action regarding the environment have been oriented towards:

- Adjusting the system to the new 2015 version of the reference norms.
- Reformulating the support and business processes with the collaboration of the departments involved.
- Continue working to reduce losses in production and recover produced waste.
- Continue reducing our environmental footprint (optimization of work displacements, consumption reduction depending on people or the energy produced, awareness and sensitization campaigns, etc.).

New process map

With the help of the departments involved, a new process map was designed which is better adapted to Elawan´s new mission. Based on this map, new operational and support processes have been established which are adjusted to the new guidelines and the company´s operability.

New procedure of Environmental Conduct

Con el fin de optimizar los flujos de trabajo y la gestión del With the goal of optimizing our work and environmental management flows, all environmental processes have been included in one strategic procedure which defines the guidelines to identify and evaluate environmental matters, to prepare and respond in case of environmental emergencies and incidents, as well as to identify and analyze applicable legal requirements.

> Wind Farm Szerzawy. Poland.

Environmental matters

The identification and evaluation of environmental matters occurs on an annual basis, covering all organizational processes. By doing so, uniform groups are established, differentiated by the classification of centers, offices and production areas (installation), and in the case of the latter, according to their current phase (construction, maintenance or operation).

During the decommissioning of an installation, a new identification and evaluation of factors specific to this center will emerge, the associated controls are performed and comply with legal requirements, as well as the obligations derived from licenses, the Environmental Impact Statement and/or each country´s own environmental reports.

Emergency preparedness and response

A global Environmental Emergency Plan has been implemented for all the operating centers of the company. This plan includes the identification of the different emergency situations, as well as their analysis and action procedures through schematic sheets, which aim to increase their disclosure and understanding by all staff involved, both internal and external.

Similarly, a new environmental Incident Investigation Sheet has been drawn up for the correct management of emergency situations in company centers.

In 2017, 3 environmental emergency situations were detected which have been managed and analyzed in accordance with the applicable procedure:

- 0.17 m^3 oil spill coming from the transformer in Flat Water (USA), which was reported to the competent authority complying with the applicable regulation.
- 0.008 m^3 oil spill coming from the crane during works in Punta Lima (Puerto Rico).
- 0.006 m^3 oil spill due to a technical turbine problem in Punta Lima (Puerto Rico).

It should be noted that this situation happened after the passing of Hurricane Maria through the Punta Lima wind farm (Puerto Rico), causing numerous structural and environmental damage.

In 2017, there were no environmental complaints or disputes (307-1).

Communication, sensitization and stakeholders

As part of the new management system change, an analysis has been conducted of each of the stakeholders in each phase and action area of the company; defining, for each of these, the communication channels, the impact on the organization, as well as the requirements for the periodical analysis of the obtained results. The SWOT matrix for the risk and opportunity analysis has been defined in line with the identified internal and external factors.

On a supplementary basis, the "communication control" has been updated through the development of a monitoring matrix, both internally and externally, detailing the channels and people responsible for communication in each instance. No environmental complaints nor queries were collected in the period of the analysis.

Amongst the internal communications and disclosures, the ones conducted on specific dates related to the environment should be noted, such as: World Water Day, Earth Hour, World Energy Efficiency Day and World Migratory Bird Day, etc., as well as the documented updates of the management system.

New environmental signage

In 2017, and in parallel with the change of the corporate image, the environmental signage was renewed. Among the newly defined formats, the international posters for waste management should be noted, as well as the new informative posters on poisonous animals and insects for the centers in Mexico.

> Mini hydro. Mexico

Environmental performance

301-1

Elawan is aware of the importance of respect and care for the environment, and therefore optimizes natural resources and minimizes the impact of its activities through the profound monitoring of certain indicators, as well as other relevant environmental vectors.

Information regarding energy consumption and production is available in the wind farms through CCER. Nevertheless, maintenance work is often outsourced and no information is available in this regard.

Waste

The main indicators on hazardous and non-hazardous waste are controlled through the management system, separating waste produced in offices and waste produced on wind farms, which originates from maintenance work. It should be noted that although this is a material matter, our activity generates very little waste and is managed in accordance with the legislation in each corresponding country.

For monitoring purposes, we take into consideration the relative values based on the energy production in the wind farms and the number of employees in the offices in Madrid, with the goal of comparing the data from different installations. The information is summarized in the following table:

WASTE* (301-1)	Process-origin			Destination
Common Waste to Madrid Office		Employees 2017	Employees 2016	
Paper consumption (packs of 500 sheets)	Proposals and presentations	0.58	0.75	Recycling
Consumption of batteries or accumulators (kg)	Mouse, Keyboards and Controls	0.05	0.05	Recycling
Fluorescent (kg)	Illumination	0.60	1.20	Recycling
Farm waste (maintenance and operation)		MW 2017	MW 2016	
Consumption of batteries or accumulators (kg)	Batteries, walkies, etc.	0.00	0.09	Recycling. Authorized manager per country
Generation of contaminated absorbents (kg)	All the facilities.	0.24	0.19	Recycling. Authorized manager per country
Generation of contaminated metal containers (kg)	Maintenance of wind turbines	0.03	0.02	Recycling. Authorized manager per country
Generation of contaminated plastic containers (kg)	Maintenance of wind turbines	0.06	0.04	Recycling. Authorized manager per country
Oil filter generation	Maintenance of wind turbines	0.07	0.03	Recycling. Authorized manager per country
Generation of used oil (kg)	Maintenance of wind turbines	0.05	0.37	Re-use. Authorized manager per country
Generation of non-hazardous waste (kg)	Metallic elements, wood, etc.	0.05	6.96	Recycling. Authorized manager per country

*Includes: Madrid Office, Farms of Spain, USA, South Africa. In the other centres, they are managed directly by the technologist (Poland, Belgium) or the data is not available (Turkey). In Mexico, no waste was generated during 2017

Concerning the transportation of waste (306-4), 100% is transported by the authorized national operators. Due to its characteristics, no hazardous waste material is subject to the Basel Convention.

This waste is linked to corrective and preventive maintenance required by the turbines and equipment that make up the installation, and its generation is therefore directly conditioned by the maintenance cycles and ranges.

Similarly, there are other aspects to be controlled in accordance with specific legislation of the region or country. Among those, the following should be noted:

- Noise emissions: all emissions are within the limits established by the applicable legislation and/or EIS.
- Water analysis: BOD_5, COD, pH and suspended solids. All values are within the legally established limits.

Important milestones of the year

The degree of completion of the determined environmental objectives is summarized next:

- Energy: The objectives regarding the reduction of energy consumption in the branches were achieved (302-4).
- Communication and training: The environmental contingency plan for Brazil has been implemented and disseminated.
- Water: The objective to reduce water consumption in the branches, despite not being a significant matter, minimized its consumption.

Biodiversity

Environmental impacts

304-1 and 304-2

As part of the integrated management system implemented in the company, the identification and evaluation of environmental matters and their associated impacts is a key factor throughout the development, construction and operation of a project. It is for this reason that said listing is performed annually, covering all productive processes of the company and identifying direct and indirect issues, in the normal operational phase as well as in emergencies. By doing so, uniform groups are established, differentiated by the classification of centers against production areas (installation), and, in the case of the latter, according to their phase (construction, maintenance or operation). During the decommissioning of an installation, an environmental assessment specific to said center will take place. Associated checks are carried out whilst meeting the applicable legal requirements and obligations that are indicated, in, for example, the Environmental Impact Statement or its derivatives in the different countries where these may occur.

The significance of a matter, or lack thereof, is determined based on the comparative calculations of the year before, if it is included in legal compliance, if there are measurements for its control and its importance to stakeholders.

On direct matters, their generation is established through their relation to production or to the number of people in our organization, depending on the type of issue, for the estimate of their yearly figure. The means for control, frequency of use and stakeholders are considered for the assessment of indirect matters.

We work on significant matters, which are based on our actions and performance, with the objective of improving ratios and of reducing the impact we generate as much as possible. Similarly, these are taken into account in the definition of the company´s strategic management objectives.

> Damage caused by Hurricane "Maria" in Puerto Rico

On a supplementary basis, all projects are executed guaranteeing compliance to the requirements defined in the legislation and associated environmental permits for the country in question, ranging from the initial promotion and development phases by obtaining permits and licenses and the pursuit of environmental impact studies, to the measures associated with the future decommissioning of the centers.

The most frequent negative impacts are summarized next:

Land use and degradation

This occurs with the lifting and moving of earth mainly in the construction phase. Corrective measures are established in order to mitigate these impacts such as avoiding work in areas with high sensitivity to erosion, limiting the weight of transported loads, and natural water flows.

Impacts on flora and fauna

Mainly affecting birds and bats due to collisions with the blades of the wind turbines and/or the electrical output lines. Moreover, during the construction phase, special care is taken to limit stress generated by noise, vibrations and movement.

Examples of mitigating actions are the installation of anti-collision elements in areas with high levels of bird-migration and the tracking of birds, and regarding the preservation of vegetation, plague control, control of invasive species and replanting.

Impact on landscape

The implementation of wind farms tends to take place in natural mountainous or coastal areas, where the strength of the wind is best harnessed, but which increases their visual impact. This is one of the most complicated problems to mitigate; a common response is to paint the wind turbines white matt so that no reflections are created, and to paint the auxiliary structures in color tones consistent with the colors of the area to better integrate them into the landscape.

Noise and dust impact

Noise is produced by components of the wind turbine, mechanically as well as aerodynamically.

Wind farms are installed in areas sufficiently far away from population centers to avoid disturbances resulting from the noise.

Additionally, the measures established in environmental monitoring programmes are also followed.

Flora and fauna protection

304-3 and 304-4

The monitoring and measuring of biodiversity in conducted based on contractual obligations and on the requirements of the competent environmental authorities, in accordance with the methodologies and technical guidelines outlined for each case.

These flora and fauna monitoring studies are especially thorough in areas with protected species. These species and their classification are outlined next: (EN: Endangered, NT: Near Threatened VU: Vulnerable and IE: Special Interest).

Country 304-4	Spain		Brazil		USA-PR	
	IUCN	CNEA	IUCN	CNEA	IUCN	CNEA
Birds		NT:3 VU:2 IE:1	VU:1	EN:1		
Mammals	NT:4	VU:6	VU:1	EN:1	VU:2	VU:1

-IUCN: International Union for Conservation of Nature
-CNEA: Catalogo Nacionales de Especies Amenazadas; Lista brasileira de animais ameaçado de extinçao

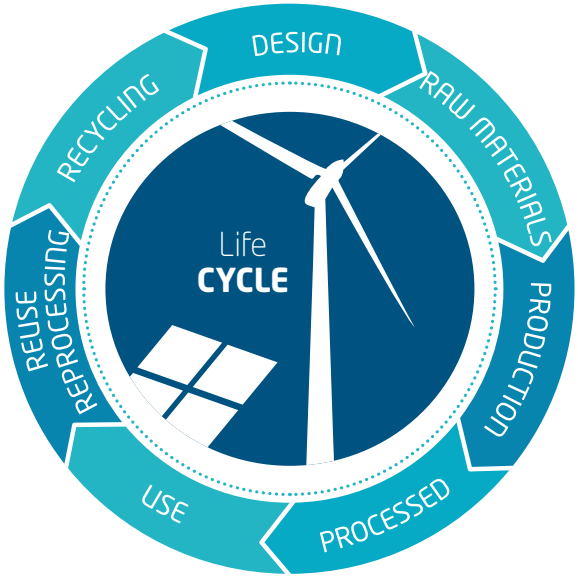
> Wind Farm Flat Water. USA

Circular economy

Elawan, in line with the Europe 2020 strategy which aims to generate intelligent, sustainable and integrative growth, promotes the concepts and features of a circular economy with the goal of contributing to the change to a low-carbon economy that uses resources efficiently.

For this reason, and within the integrated management system, it provides the following instruments:

- Eco-conception based on the analysis of the life cycle of the company´s activities and processes, identifying the associated environmental factors and impacts, control criteria and evaluation, and monitoring and measuring stakeholders for each stage of the cycle (purchase/design, transport, use, end of useful life).
- Economy of "functionality", associated with the very concept of renewable energy and prioritizing the generation of clean energy over the consumption of our plants.
- Correct waste management prioritizing the circular flow of materials:
  - Reutilization of used oil.
  - Reparation: Corrective and preventive maintenance based on the manufacturer´s range and prioritizing on-site reparations.
  - Recycling and recovery of waste created (fluorescent tubes, metal waste, paper, toner, etc.)



Energy

Elawan has a very low energy consumption level, mainly resulting from maintenance works at wind farms and from the company's offices.

Internal energy consumption

302-1

In 2017, Elawan consumed a total of 7,509 GJ of energy in its Spanish wind farms which did not derive from renewable sources.

Country	Energy consumption (GJ)
Belgium	326
Brazil*	185
Spain	2,124
USA - Puerto Rico	2,024
Mexico	0
Poland	0
Turkey	1,660
South Africa*	1,190
TOTAL	**7,509**

*Information available up to the date of sale of the farms

Energy intensity

302-3

Elawan considers that the measurement of our energy intensity is a good way to ascertain the efficiency and impact of its activity. For this reason, an annual ratio is calculated by dividing the internal energy consumption by the total weight of energy sold in each country. The following table summarizes the results:

Country	Energy intensity (GJ consumed/GD produced)
Belgium	0.0014
Brazil	0.0000
Spain	0.0038
USA - Puerto Rico	0.0010
Mexico	0.0000
Poland	0.0000
Turkey	0.0027
South Africa	0.0047
TOTAL	**0.0008**

As for external consumption, no information is available regarding this indicator. Information is expected to be available by 2030 (203-2).

> Wind Farm Yahyali. Turkey

Renewable energy production

At Elawan, we are aware that climate change is one of the main environmental issues facing the planet, as well as a key point for its stakeholders. Therefore, our activity, the generation of renewable energy, contributes to this fight.

In 2017, a total of 9,409,832 GJ of energy was generated from renewable sources, the distribution by country being summarized below:

Country	Energy production (GJ)
Belgium	234,536
Brazil*	5,645,659
Spain	563,169
USA - Puerto Rico	1,947,264
Mexico	55,417
Poland	97,220
Turkey	614,088
South Africa*	252,479
TOTAL	**9,409,832**

*Information available up to the date of sale of the farms

7 AFFORDABLE AND CLEAN ENERGY

GOAL 7
Ensure access to affordable, reliable, sustainable and modern energy for all

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

13 CLIMATE ACTION

GOAL 13
Take urgent action to combat climate change and its impacts

Climate change affects all countries on all continents. It has a negative impact on the economy and on the lives of people, communities and countries. In the future its consequences will be even worse.
People are feeling the consequences of climate change first-hand, which include changes in weather patterns, increasing sea levels and more extreme weather events. Greenhouse gas emissions caused by human activity increase this threat. In fact, emissions never have been this high.

SUSTAINABLE DEVELOPMENT GOALS

Emissions and climate change

201-2

Because of our activity, the fight against climate change is a key feature in our business. Therefore, we actively work on reaching the sustainable development goals; primarily goal 7 (Affordable and clean energy) and goal 13 (Climate Action).

Benefits of renewable energies

Renewable energies, specifically wind power, guarantee sustainability due to their non-polluting properties. They are inexhaustible sources, they reduce the use of fossil fuels, they are an indigenous energy and, therefore, are accessible globally.

Renewable energies do not produce greenhouse gases or pollutant emissions, helping to combat climate change and generate local wealth and employment.

In addition, it generates practically no waste, nor does it require water for the operation, thus contributing to the maintenance of water resources.

For every kWh produced, wind energy has 21 times less environmental impact than energy produced by oil, 10 times less than nuclear energy and 5 times less than gas (Source: AEE).

The costs of generating energy from renewable energy sources such as wind and solar have reached historic levels, and are equal to or even lower than the costs of fossil fuel generation. Regarding the costs related to onshore wind energy, these have decreased by around a quarter since 2010 (Source: IRENA), making them increasingly competitive.

As a result, investment in renewable energies is a commitment that allows for the development in deprived and rural areas, improving habitats, creating employment, encouraging the implementation of local suppliers, and acting as a spearhead for the service industry and economy in the region.

Greenhouse gas emissions

By measuring our carbon dioxide (CO_2) emissions, Elawan helps to improve the communication of our impacts and to the collection of specific data with the aim of establishing possible improvement objectives.

For the calculation of CO_2 emissions, the following standards have been considered: Green House Gas Protocol (GHG Protocol), Emissions Factors from Cross-Sectors Tools (GHG Protocol – 2014) to calculate fuel emission factors; the IPCC Fourth Assessment Report: Climate Change 2007 to calculate R-22; and for electricity consumption, the average emission factors of each country´s national electricity mix for the period 2009-2011 according to the IEA (International Energy Agency).

Direct Emissions - Scope 1

305-1

The company's production process begins with wind, the main raw material for Elawan. It must, therefore, be kept in mind that the company does not generate direct emissions from the consumption of other fossil fuels. Meanwhile, no refrigerant gas refills were performed during the period (305-6).

Indirect Emissions - Scope 2

305-2

These emissions correspond to those generated at electricity power plants for consumption at our facilities and offices. In 2017, the total amounted to 981 tons of CO_2.

Country	tons CO_2 produced
Belgium	18
Brazil	3
Spain	172
USA - Puerto Rico	283
Mexico	0
Poland	0
Turkey	218
South Africa	287
TOTAL	**981**

Other Emissions - Scope 3

305-3

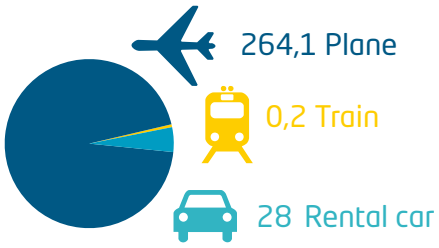
Other emissions include emissions from corporate trips by air and rail, and this year the emissions resulting from rental cars were also included.

OTHER EMISSIONS

Type	Emissions tons CO_2
Corporate trips	292
Employees transport	121
TOTAL	**413**

Corporate travel

tons of CO_2



CO_2 emissions avoided through the production of electrical energy

305-5

Given Elawan´s activities, we barely generate any atmospheric emissions. This represents a way of helping to reduce greenhouse gas emissions and combat climate change. In 2017, the emission of 606,459 tons of CO_2 was avoided.

Below is a breakdown of the tons of CO_2 avoided per country throughout the year:

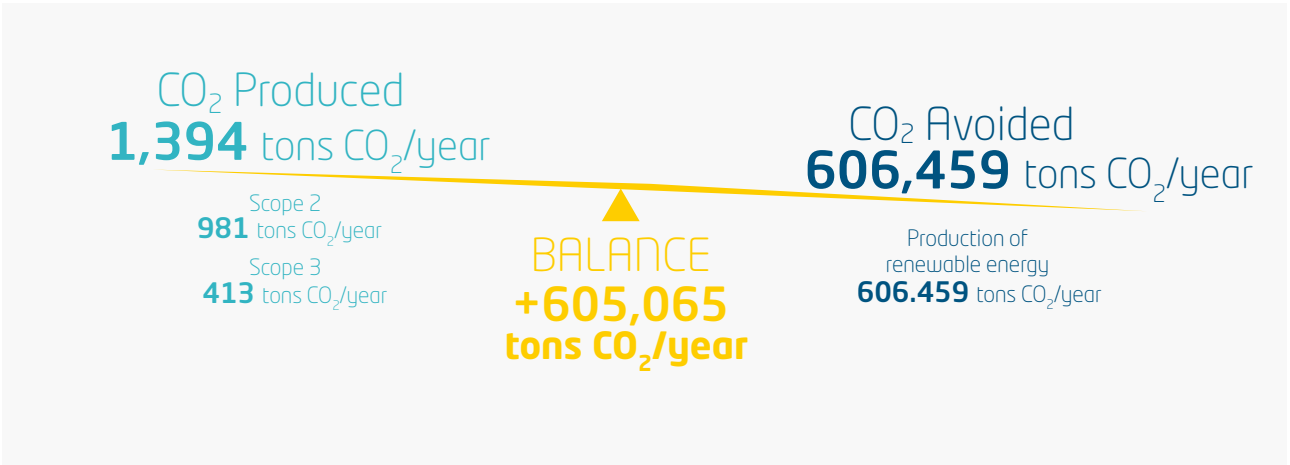
Country	Emissions avoided (tonnes of CO_2)
Belgium	12,769
Brazil	106,640
Spain	45,523
USA - Puerto Rico	272,076
Mexico	6,927
Poland	21,064
Turkey	80,514
South Africa	60,946
TOTAL	**606,459**

Energy and emission intensity

305-4

Elawan likewise takes the intensity of emissions into account in order to measure the efficiency and impact of its processes. The resulting annual ratio is calculated by dividing the sum of direct and indirect emissions by the total weight of the production sold in each country. The following tables detail the obtained results:

Country	Emissions intensity (tonnes of CO_2 emitted / GJ produced)
Belgium	0.054
Brazil	0.019
Spain	0.081
USA - Puerto Rico	0.140
Mexico	0.000
Poland	0.000
Turkey	0.131
South Africa	0.241
TOTAL	**0.666**



elawan energy

Sustainability Report 2017

03

Annexes

60 Independent Review Report

61 GRI Content Index

67 Contents based on the Principles United of the Nations Global Compact

68 List of consolidated subsidiaries companies

Independent Review Report

Building a better working world

INDEPENDENT REVIEW REPORT ON ELAWAN ENERGY 2017 SUSTAINABILITY REPORT

To the Management of Elawan Energy, S.L.:

Scope

We have reviewed the contents of Elawan Energy, S.L. (hereinafter called Elawan or "Society") 2017 Sustainability Report and in the "GRI Content Index" included as an Annex.

The scope determined by Elawan for the preparation of this report is defined in Annex, inside Section "List of consolidated subsidiaries compaies" of the 2017 Sustainability Report (hereinafter, the Report).

The Report was prepared based on GRI Sustainability Reporting Standards (GRI Standards).

The preparation of the Report, as well as the information contained therein, is the responsibility of the management of the Company, who is also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Official Register of Auditors of Accounts (ICJCE).
- Standard ISAE 3000 *(Revised)*, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited level of assurance.

Applied Procedures

Our review consisted in requesting information from Elawan´s corporate managers and the various managers of business units involved in preparing the Report, and applying certain analytical procedures and sampling review tests, including:

- Interviews with the staff in charge of the preparation of the sustainability information, in order to gain an understanding of how the objectives and Sustainability policies are considered and put into practice and integrated in Elawan group strategy.
- Reviewing the processes for the compilation and validation of the sustainability information included in the attached Report.
- Checking the processes held by Elawan in order to define the material aspects and stakeholder participation.
- Reviewing the adaptation of the structure and content of the sustainability information as indicated in the GRI Sustainability Reporting Standards (GRI Standards), in accordance with comprehensive option.
- Checking, through review tests based on a selection of both qualitative and quantitative information samples of the indicators included in the "GRI Content Index" in the Annex, and its adequate compilation from the data provided from different information sources. The review tests have been defined to provide assurance levels in line with the criteria described in this report
- Verification on the fact that the financial information included in the Report has been audited by independent third parties.

These procedures were performed on information published in Elawan´s 2017 Sustainability Report and in the "GRI Content Index" in Appendices, with the above mentioned perimeter and scope.

The scope of this review is considerably lower than in a reasonable assurance report. Therefore, the degree of assurance is also less extensive.

This report in no case should be considered an audit report.

Independence & QA

We have met the independence requirements and other ethical requirements of the Code of Ethics for Accounting Practitioners issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Quality Control Standard 1 (NICC 1) and maintains, therefore, a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Conclusions

As a result of our review of Elawan's 2017 Sustainability Report, within the previously described scope, we conclude that no matter came to our attention that would lead us to believe that the Report was not prepared, in all its significant aspects, according to GRI Sustainability Reporting Standards (GRI Standards), as it is stated in the Report, having reviewed the GRI Content Index included as an Annex.

This report has been prepared solely for the Management of Elawan, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated July 24th, 2018. In case of any discrepancy, the Spanish version always prevails.)

GRI Content Index

102-55

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

GRI Content Index

GRI Standards	Content	Page/ Omission	Review
GRI 101: Foundation			
GRI 102: General Content			
Organizational profile	102-1 Name of the organization	10	√
	102-2 Activities, brands, products, and services	10	√
	102-3 Location of headquarters	10	√
	102-4 Location of operations	12	√
	102-5 Ownership and legal form	17	√
	102-6 Markets served	11, 12	√
	102-7 Scale of the organization	13	√
	102-8 Information on employees and other workers	13, 36 - 38	√
	102-9 Supply chain	33	√
	102-10 Significant changes to the organization and its supply chain	23	√
	102-11 Precautionary Principle or approach	16	√
	102-12 External initiatives	47	√
	102-13 Membership of associations	47	√
Strategy	102-14 Statement from senior decision-maker	4 - 7	√
	102-15 Key impacts, risks, and opportunities	14 - 16	√
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	10, 34	√
	102-17 Mechanisms for advice and concerns about ethics	34-35	√

GRI Standards	Content	Page/ Omission	Review
Governance	102-18 Governance structure	17	√
	102-19 Delegating authority	17	√
	102-20 Executive-level responsibility for economic, environmental, and social topics	18	√
	102-21 Consulting stakeholders on economic, environmental, and social topics	18	√
	102-22 Composition of the highest governance body and its committees	19	√
	102-23 Chair of the highest governance body	17	√
	102-24 Nominating and selecting the highest governance body	19	√
	102-25 Conflicts of interest	19	√
	102-26 Role of highest governance body in setting purpose, values, and strategy	19	√
	102-27 Collective knowledge of highest governance body	19	√
	102-28 Evaluating the highest governance body's performance	20	√
	102-29 Identifying and managing economic, environmental, and social impacts	19	√
	102-30 Effectiveness of risk management processes	19	√
	102-31 Review of economic, environmental, and social topics	19	√
	102-32 Highest governance body's role in sustainability reporting	19	√
	102-33 Communicating critical concerns	18	√
	102-34 Nature and total number of critical concerns	20	√
	102-35 Remuneration policies	20	√
	102-36 Process for determining remuneration	20	√
	102-37 Stakeholders' involvement in remuneration	20	√
	102-38 Annual total compensation ratio	20	√
	102-39 Percentage increase in annual total compensation ratio	20	√
Stakeholder engagement	102-40 List of stakeholder groups	21	√
	102-41 Collective bargaining agreements	41	√
	102-42 Identifying and selecting stakeholders	21	√
	102-43 Approach to stakeholder engagement	21	√
	102-44 Key topics and concerns raised	22	√
Reporting practice	102-45 Entities included in the consolidated financial statements	68	√
	102-46 Defining report content and topic Boundaries	23	√
	102-47 List of material topics	22	√
	102-48 Restatements of information	23	√
	102-49 Changes in reporting	23	√
	102-50 Reporting period	23	√
	102-51 Date of most recent report	23	√
	102-52 Reporting cycle	23	√
	102-53 Contact point for questions regarding the report	23	√
	102-54 Claims of reporting in accordance with the GRI Standards	23	√
	102-55 GRI content index	61	√
	102-56 External assurance	60	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
ECONOMIC PERFORMANCE			
Management Approach			
GRI 103:Management Approach. It is applicable to all indicators reported in this section Economic Dimension.	103-1 Explanation of the material topic and its Boundary	26	√
	103-2 The management approach and its components	26	√
	103-3 Evaluation of the management approach	26	√
Economic Performance			√
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	28	√
	201-2 Financial implications and other risk and opportunities due to climate change	55-56	√
	201-3 Defined benefit plan obligations and other retirement plans	NA	√
	201-4 Financial assitance received from government	28	√
Market presence			
GRI 202: Market presence	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	39	√
Procurement Practices			
GRI 204: Procurement Practices	204-1: Proportion of spending on local suppliers	33	√
Anticorruption			
GRI 205: Anti corruption	205-1: Operations assessed for risks related to corruption	34	√
	205-2: Communication and training about anti-corruption policies and procedures	34	√
	205-3: Confirmed incidents of corruption and actions taken	34	√
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	34	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
ENVIRONMENTAL PERFORMANCE			
Management Approach			
GRI 103:Management Approach. It is applicable to all indicators reported in this section Environmental Dimension.	103-1 Explanation of the material topic and its Boundary	48	√
	103-2 The management approach and its components	48	√
	103-3 Evaluation of the management approach	48	√
Energy (no material)			
GRI 302: Energy	302-1: Energy consumption within the organization	54	√
	302-2: Energy consumption outside of the organization	54	√
	302-3: Energy intensity	54	√
	302-4: Reduction of energy consumption	51	√
	302-5: Reduction in energy requirements of products and services	Note A	√
Emissions			
GRI 305: Emissions	305-1: Direct (Scope 1) GHG emissions	56	√
	305-2: Energy indirect (Scope 2) GHG emissions	56	√
	305-3: Other indirect (Scope 3) GHG emissions	57	√
	305-4: GHG emissions intensity	57	√
Effluents and Waste			
GRI 306: Effluents and Waste	306-1: Water discharge by quality and destination	Note B	√
	306-2: Waste by type and disposal method	51	√
	306-3: Significant spills	49	√
	306-4: Transport of hazardous waste	51	√
	306-5: Water bodies affected by water discharges and/or runoff	Note B	√
Biodiversity			
GRI 304: Biodiversity	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	52	√
	304-2: Significant impacts of activities, products, and services on biodiversity	52	√
	304-3: Habitats protected or restored	53	√
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations.	53	√
Environmental Compliance			
GRI 307: Environmental Compliance	307-1: Non-compliance with environmental laws and regulations	34	√

NOTE A: Not applicable. Our activity is the production of renewable energy..

NOTE B: With respect to water collection and discharge, this is minimal as it only affects offices and is therefore not considered relevant.

GRI Standards	Content	Page/ Omission	Review
Materility topics			
SOCIAL PERFOMANCE			
Management Approach			
GRI 103:Management Approach. It is applicable to all indicators reported in this section Social Dimension.	103-1 Explanation of the material topic and its Boundary	36, 42, 46	√
	103-2 The management approach and its components	36, 42, 46	√
	103-3 Evaluation of the management approach	36, 42, 46	√
Employment			
GRI 401: Employment	401-1: New employee hires and employee turnover	38	√
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	41	√
	401-3: Parental leave	40	√
Occupational Health and Safety			
GRI 403: Occupational Health and Safety	403-1: Workers representation in formal joint management–worker health and safety committees	43	√
	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45	√
	403-3: Workers with high incidence or high risk of diseases related to their occupation	45	√
	403-4: Health and safety topics covered in formal agreements with trade unions	NA	√
Training and Education			
GRI 404: Training and Education	404-1: Average hours of training per year per employee	38	√
	404-2: Programs for upgrading employee skills and transition assistance programs	37-39	√
	404-3: Percentage of employees receiving regular performance and career development reviews	39	√
Diversity and Equal Opportunity (not material)			
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	36, 40	√

GRI Standards	Content	Page/ Omission	Review
Materility topics			
SOCIAL PERFOMANCE			
Freedom of Association			
GRI 407: Freedom of Association	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	33	√
Child Labor			
GRI 408: Child Labor	408-1: Operations and suppliers at significant risk for incidents of child labor	33	√
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	33	√
Human Rights Assessment			
GRI 412: Human Rights Assessment	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	15	√
Local Communities			
GRI 413: Local Communities	413-1: Operations with local community engagement, impact assessments, and development programs	46 - 47	√
	413-2: Operations with significant actual and potential negative impacts on local communities	46	√
Public Policy			
GRI 415: Public Policy	415-1: Political contributions	47	√
Customer Health and Safety			
GRI 416: Customer Health and Safety	416-1: Assessment of the health and safety impacts of product and service categories	Note C	√
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	31	√
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance	419-1: Non-compliance with laws and regulations in the social and economic area	31	√

NOTE C: Not applicable due to the type of product of our company.

Contents in relation to the Global Compact Principles

The following table shows the chapters of this report that provide the most relevant information regarding the 10 principles of the Global Compact, in addition to the one included on the management approaches of every GRI aspect. Each stakeholder can evaluate Elawan's progress concerning these principles by the following this table:

Aspect	UN Global Compact Principles	Progress included in chapter
Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.	Part I. General Standard Disclosures
	Principle 2: Make sure that they are not complicit in human rights abuses.	Part I. General Standard Disclosures
Labour Rights	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Part II. Social Dimension
	Principle 4: The elimination of all forms of forced and compulsory labour.	Part II. Social Dimension
	Principle 5: The effective abolition of child labour.	Part I. General Standard Disclosures
	Principle 6: The elimination of discrimination in respect of employment and occupation.	Part I. General Standard Disclosures
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges.	Part II. Environmental Dimension
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	Part II. Environmental Dimension
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Part II. Environmental Dimension
Anti corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	Part II. Economic Dimension

Scope considered of Elawan and subsidiaries

Scope consolidation.The group was composed by the following companies at the end of 2017

Subsidary/ Associated company	Country
Elawan Energy, S.L.	Spain
ELINCASIOL, S.L.	Spain
Parques Eólicos Gestinver, S.L.	Spain
Parque Eólico Becerril, S.L.	Spain
Gestamp Eólica Promociones, S.L.	Spain
Gestamp Eólica Promociones 2, S.L.	Spain
Gestamp Eólica Promociones 3, S.L.	Spain
Gestamp Eólica Promociones 4, S.L.	Spain
Gestinver Gestión, S.L.	Spain
KONESTICIAL, S.L.	Spain
ERGE Occidente, S.L.	Spain
Gestamp HC Eólica, S.L.	Spain
Gestamp Eólica Castilla La Mancha, S.L.	Spain
ERGE Aragón, S.L.	Spain
Fotovoltaica Torrijos, S.L. (antes Alternativas Eólicas, S.L.)	Spain
ERGE Levante, S.L.	Spain
Desarrollos Eólicos del Norte, S.L.	Spain
P.E. Rondavino, S.L.	Spain
P.E. Salguero, S.L.	Spain
Gestamp Wind Energy North America, INC.	USA
Spring Creek Power Partners, L.L.C.	USA
Nebraska Wind, I, LLC.	USA
Flat Water Holdings, L.L.C.	USA
Flat Water Wind Farm, L.L.C.	USA
Flat Water Development Services, L.L.C.	USA
Roth Rock Holdings, L.L.C.	USA
Roth Rock Wind Farm, L.L.C.	USA
Roth Rock Development Services, L.L.C.	USA

Subsidary/ Associated company	Country
Gestamp Wind Puerto Rico, INC.	USA
Gestamp Wind San Juan, Inc.	USA
Punta Lima Holding Co., L.L.C.	USA
Punta Lima Wind Farm, L.L.C.	USA
Punta Lima Development Services, LLC.	USA
TPW Petersburg, LLC	USA
Gestamp Wind North America, INC.	USA
North Buffalo Wind, L.L.C.	USA
Pawnee Wind Farm	USA
Gestamp Wind Indiana	USA
GSQ, LLC	USA
GSQ 2, LLC	USA
Gestamp Eólica Brasil, S.A.	Brazil
Serras Holding, S.A. (*)	Brazil
Gestamp Eólica Baixa Verde , S.A. (*)	Brazil
Gestamp Eólica Moxotó, S.A. (*)	Brazil
Eólica Pedra do Reino, S.A. (*)	Brazil
Gestamp Eólica Sobradinho, S.A. (*)	Brazil
Eólica Gravatá-Geradora de Energía, S.A.	Brazil
Eólica Pirauá-Geradora de Energía, S.A.	Brazil
Gestamp Eólica Lanchinha, S.A. (*)	Brazil
Gestamp Eólica Paraiso, S.A. (*)	Brazil
Gestamp Eólica Lagoa Nova, S.A. (*)	Brazil
Gestamp Eólica Serra _Santana, S.A. (*)	Brazil
Gestamp Eólica Seridó, S.A. (*)	Brazil
Gestamp Eólica Jardins, S.A.	Brazil
Gestamp Eólica Alvorada, S.A.	Brazil
Gestamp Eólica Agreste S.A.	Brazil
Macambiras Holdings, S.A.	Brazil

Subsidary/ Associated company	Country
Gestamp Eólica Macambira I, S.A.	Brazil
Gestamp Eólica Macambira II, S.A.	Brazil
Gestamp Eólica Pedra do Reino IV, S.A. (*)	Brazil
Cabeço Vermelho I, S.A. (*)	Brazil
Cabeço Vermelho II, S.A. (*)	Brazil
Pedra Rajada I, S.A. (*)	Brazil
Pedra Rajada II, S.A. (*)	Brazil
Boa Esperança, S.A. (*)	Brazil
Lagoa dos Ventos Geradora de Energía, S.A.	Brazil
Coria (PKF) Investments 28 P. Ltd.	South Africa
Nobelsfontein Maintenance services (Pty) Ltd.	South Africa
Deltrade 67 Propiertary Limited	South Africa
Gestamp Wind Africa (Pty) 2td	South Africa
Modderfontein Wind Energy Project (Pty) Ltd	South Africa
Copperton Wind Farm (Pty) Ltd	South Africa
FC Enerji Elektrik Uretim Tikaret ve Sanayi, A.S.	Turkey
Sabas Elektrik Uretim, A.S.	Turkey
Sabas Elektrik Uretim, A.S.	Turkey
BAK Enerji Üretimi A.Ş.	Turkey
BAK Enerji Üretimi A.Ş.	Turkey
YGT Elektrik Üretim SAN. VE TİC. LTD. ŞTİ.	Turkey
YGT Elektrik Üretim SAN. VE TİC. LTD. ŞTİ.	Turkey
Gestamp Ruzgar Enerjisi, Ltd.	Turkey
Gestamp Wallonie, S.A.	Belgium
Gestamp Wind Feluy, S.A.	Belgium
Gestamp Wind Beaumont, S.A.	Belgium
Gestamp Wind Hannut, S.A.	Belgium
Gestamp Eólica Polska sp z.o.o.	Poland

Subsidary/ Associated company	Country
Farma Wiatrowa Kleby Sp. zoo	Poland
Farma Wiatrowa Bukówiec Górny Sp. zoo	Poland
Gestamp Wind 13 sp zoo	Poland
Gestamp Wind 14 sp zoo	Poland
Hidroeléctrica de Tacotan, S.A. de C.V.	Mexico
Hidroeléctrica de Trigomil, S.A. de C.V.	Mexico
Tacotán Trigomil Servicios SA de CV	Mexico
Gestamp Eólica México, S.A. de C.V.	Mexico
Gestamp Eólica Dacia, S.R.L.	Romania
Gestamp Eólica Costesti S.R.L.	Romania
Gestamp Eólica Costesti S.R.L.	Romania
Gestamp Eólica Berezeni S.R.L.	Romania
Gestamp Eólica Berezeni S.R.L.	Romania
Gestamp Eólica Raducaneni S.R.L.	Romania
Gestamp Eólica Raducaneni S.R.L.	Romania
Vientos S.R.L.	Romania
Gestamp Eólica Promociones .S.L.	Spain
Gestamp Eólica Baixa Verde , S.A.	Brazil
Gestamp Eólica Moxotó, S.A.	Brazil
Eólica Pedra do Reino, S.A.	Brazil
Gestamp Eólica Sobradinho, S.A.	Brazil
Eolica Gravatá-Geradora de Energia, S.A.	Brazil
Eolica Pirauá-Geradora de Energia, S.A.	Brazil
Gestamp Eólica Lanchinha, S.A.	Brazil
Gestamp Eólica Paraiso, S.A.	Brazil
Gestamp Eólica Lagoa Nova, S.A.	Brazil
Gestamp Eólica Serra _Santana, S.A.	Brazil
Gestamp Eólica Seridó, S.A.	Brazil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