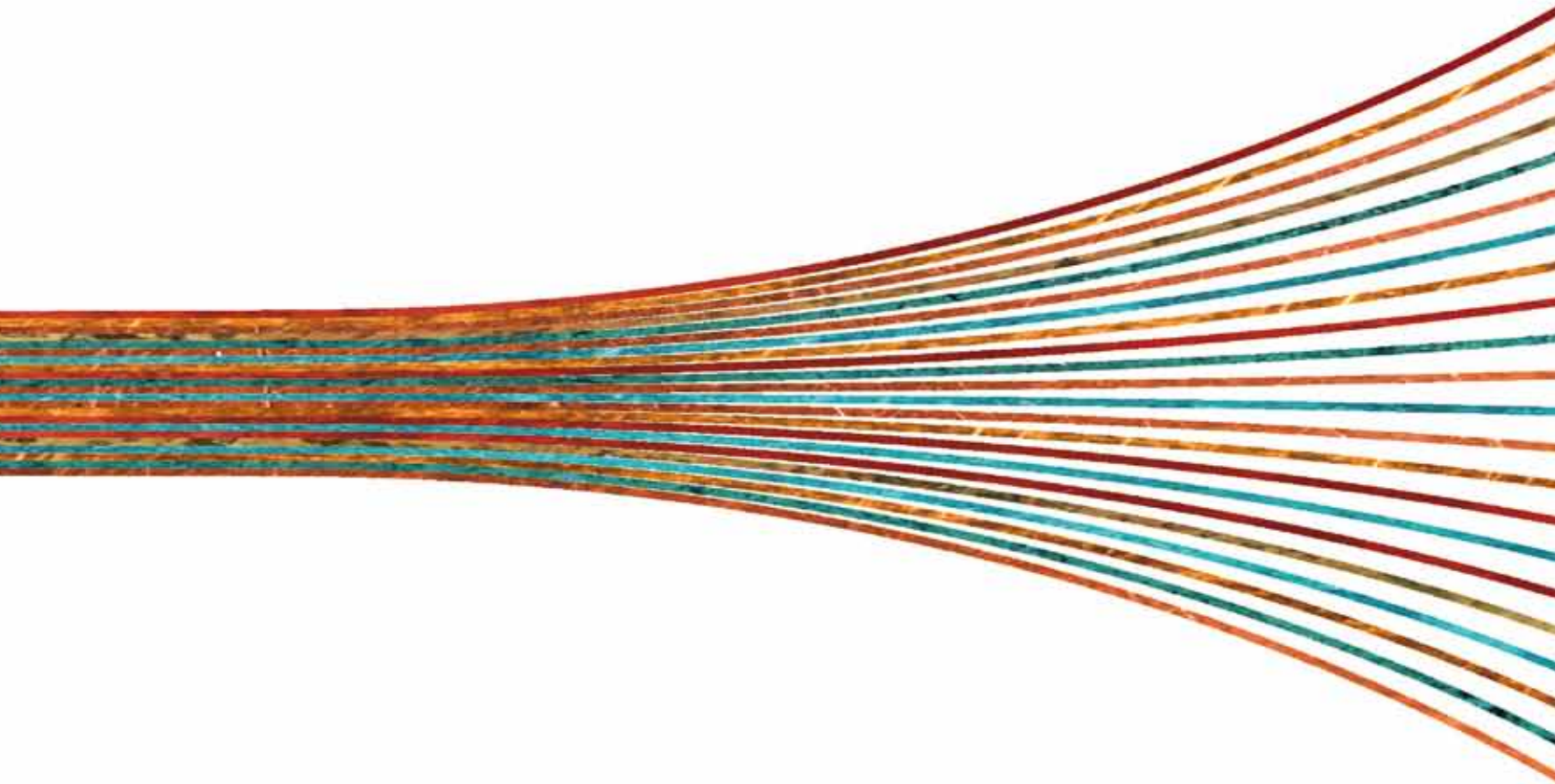


STAYING ON COURSE

2012 SUSTAINABILITY REPORT



1 THE CHAIRMAN'S MESSAGE



After years submerged in an environment of general crisis that is oppressing Spain, but that spreads through all the states in southern Europe and is now starting to affect the northern countries, our Group has managed to ride out the storm with some scratches but without any damages to our fundamental structure. In fact, always looking for a reduction in expenses that compensates for the weakness of the national market, the 2012 financial year served to introduce a new information system (SAP) which will facilitate faster, more efficient management. On ending the year, we managed to do without all the staff who were contracted for setting up the new system.

Another of the company's milestones was the inauguration, in July, of the new continuous casting plant in the state of Indiana (USA) for manufacturing copper rod from secondary material, using La Farga's own technology. The size of the plant and the difference in composition of the raw materials, in comparison with those used in our plants in Les Masies de Voltrega, represented a much more difficult start up than we imagined, which delayed our launch onto the market and affected the envisaged performance.

The greater internationalisation of our activity led us to put into practice an internal reorganisation with the creation of three corporate areas, business and international, as well as the creation of a new General Directorate of Planning and Strategic Management, which the Board of Directors appointed Inka Guixa Fisas in charge of, who, until then had directed the Department of Expansion, the functions of which now belong to the new General Directorate of International Matters.

After 25 years of close cooperation with the Italian machinery construction company Continuus Properzi, both companies mutually adopted the agreement to terminate the collaboration agreement and, in the future, to act independently to the requirements of the market.

Below, we will examine the evolution of the main companies in the Group, but we still need to look at two important considerations of a general nature. On the one hand, during the 2012 financial year, the value of copper underwent a notable increase, going from €5,886.74 per tonne at the beginning of the year to €6,450.12 at its highest point during



the year. This meant an increase in the financial needs of the Group during some periods of the year, which were covered by the first-class banking institutions with which we usually work; at the same time, it was demonstrated that the system of covering that we use is solid and effective, avoiding problems derived from the great volatility that existed during the financial year in the value of copper on the London Metal Exchange.

On the other hand, the Spanish industry had to endure an unsupportable increase in energy costs - which were extremely significant in our case, the financing of which had a much higher cost than that of our German competitors for example, which resulted in an added difficulty for exporting our products. We are aware that these problems can only be resolved in the European area and that the suitable financing of our companies requires the frequently announced creation of the European Banking Union and an agreement on common taxation on European states. However, unfortunately, the great pro-European desires seem to have come up against national electoral interests.

It is also true that there are some hopeful signs at the time of writing this report. Our exports and commercial balance are

favourable, the risk premium has been greatly reduced and foreign investments are returning to Spain. However, for the effective reduction of the level of unemployment, it is essential that companies can offer employment and, for this to happen, they need to be provided with sufficient financing.

As always, La Farga takes on its corporate social responsibility commitment in all its internal management, with its suppliers and customers, through its Foundation, all of which will be accounted for in this report.

We hope to renew the commitment acquired in 2006 with the Global Compact and to thus contribute to activities aimed at introducing each of the principles that are found in this international initiative.

The Group's consolidated amount of sales at the end of the financial year came to €1,054,158,441, with a cash-flow generated of €10,621,693 and a net benefit after tax of €3,059,346. This final result is negatively affected by the loss of accounting from the foreign subsidiaries which are not yet performing in full; nevertheless, it is expected that this will be overcome in forthcoming financial years.

LA FARGA LACAMBRA SAU

Despite the tightness of the national market and a perceptible weakness in the rest of the European countries we supply - more noticeable in the final quarter, the financial year closed with sales of 103,000 tonnes, the biggest record we have achieved to date. This was possible thanks to the policy to diversify products and markets; an example of this being the exportation of billets to be used in the electrical-mechanical market.

As every year, the company carried out a general survey on its most important customers; as far as the results are concerned, we should point out that the 20 principles increased their overall valuation of the company by 5%.

Despite the fact that the purchasing pressure for raw materials exercised by China during 2012 was relatively moderate, the average price of copper on the London Metal Exchange remained at a high level. We continued being supplied with raw material through the international markets.

We also maintained the policy of innovating new products and processes that is characteristic of this company. A result of this was the application for - and granting of - 10 new patents by the company. Worthy of a mention is the new technology for the ongoing detection of internal defects found in copper articles, which enables us to ensure the quality of railway products 100%.

There were no substantial changes in the workforce during the year, apart from those related to the seasonal nature of the market. For the second year running, it improved its frequency rate of work safety, at 12.9.

LA FARGA ROD SLU

Despite the difficult conditions of the market, sales reached 90,605 tonnes, a slightly higher value than that of the previous year. The increase in sales was possible thanks to exports, which accounted for 45.7% of all this activity.

Customers valued us with a satisfaction rate of 7.87, a slightly lower score than that of the previous year. One reason for this could be the fact that the difficult economic-financial situation obliged us to be very proactive about receiving payment for our invoices on the deadlines agreed. Nevertheless, this control meant that we were able to finish the year without a single unpaid invoice.

The efficiency level of the plant remained 81%, the same as the previous year.

We continued investing in training, focusing this year on the intermediate positions (people in charge and maintenance technicians), who were trained in several techniques of continuous improvement and of plant management.

LA FARGA TUB SLU

The fall of the national market continued for the fourth year running. In the overall set of the different products, the fall was around 25%.

Nevertheless, we continue to be leaders in the sale of sanitary tubes, with 45-50% of the market share. In all, our setback was 3.4% compared to the previous year. Our exports represented 34% of our sales volume.

The share of industrial tube and of exports increased, which has allowed us to draw up a commercial plan with the objective of maintaining a greater international share, consolidating the French, Irish and Algerian markets. The demand for commercial risk control also increased.

The investments that had been started in 2011 and finished in 2012 managed to improve the productivity and lower the cost per tonne of manufactured product. In R&D, the setting up of the eccentricity measurer (designed and constructed in LFT using the Group's expertise) allowed us to act on the different variables and obtain more concentric tubes.

LA FARGA INTEC SLU

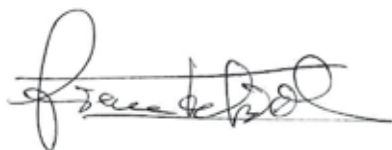
SDI LA FARGA

The opening of the plant in Fort Wayne (Indiana) in the US, which I attended in person, took place on 10 July 2012 and was attended by the Managing Director and the General Manager for Expansion, who was accompanied by her second child, of just one month old. This meant that, as a unique circumstance, the ceremony was presided over by representatives of four generations of the Fisas-Guixa family, who own our Group. The event was also attended by the Senator for the state of Indiana, the Secretary of Trade of the government of the state of Indiana, other county and municipal authorities, the Board of Directors of the new company and numerous

potential suppliers and customers from different places in the US, from other American countries and even from Europe, all of whom had the opportunity to take a look at the new industrial facilities.

GANZHOU JIANGWU LAFARGA

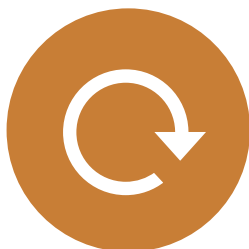
During 2012, the General Manager of the company retired and his position was taken over by Mr Duan, a person with great experience and knowledge of the sector and of the public administrations related to it. We are in a position to obtain the certificate from the Ministry of Railways for the manufacturing and sale of railway material for high-speed lines and, while waiting for the process to be reactivated, we focused our effort on opening new alternative markets.



Vicente Fisas Comella, Chairman



2 2012 SUMMARY



The La Farga adapts to the new international situation and to the sector with **a new brand** and **a leaner organisation, aimed at the customers** and ready to respond to an increasingly individual demand. At the same time, we maintain the Group's industrial potential with important investments in the productive and research, development and innovation areas.



In July **we opened the SDI La Farga subsidiary company in the United States**, a huge challenge that secures our international commitment. After the starting up and stabilising of the production and quality parameters, we worked to improve knowledge about our product on the North American market.



The Ganzhou Jiangwu La Farga high-speed Railway Copper Materials continues strongly with the introduction of **technologically advanced and innovative processes**, which enable the certification of railway products up to 160 km/h and the opening up of the market for other products.

LA FARGA

La Farga technology throughout the world



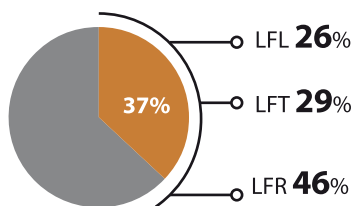
30 plants
17 countries



La Farga average productivity
610 t per worker on the payroll

LFL alloys with high mechanical performance and high conductivity

Exportations



■ Exported production

SUPPLIERS



Local suppliers
21% of the companies

NEIGHBOURS, COMMUNITY, PUBLIC ADMINISTRATIONS AND MASS MEDIA



Grants and aid for studies
€116.534

Visits to the Copper Museum
4.030 people



THE ENVIRONMENT

Consumption with regard to tonnes of copper produced:



271 kWh of electricity



1.006 kWh of thermal energy



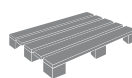
1,08 m³ of water

Emissions of CO₂ with regard to tonnes of copper produced



288 kg

Packaging material recovered at the end of its useful life



52% wooden pallets



4% other materials



We achieved **significant results in research**, development and innovation: the development of a new light product for high-voltage lines, the development of highly efficient refining processes in the foundry, the creation of systems to control the quality of the railway products in their assembly and a new system for controlling the eccentricity of the tube.



Despite the current economic and financial situation, the Group as a whole **has managed to improve on the results** of the previous year thanks to the great effort carried out by the entire organisation. Although La Farga Rod increased to a lesser degree than the previous year, La Farga Lacambra and La Farga Tub grew notably.



By not being able to obtain advantageous credit conditions for customers, the difficulties of the European financial context clearly affected commercial operations. During 2013, a significant effort will be made to **obtain alternative forms of financing** that are more suited to the nature of our activity.

PROFESSIONAL TEAM

Average equivalent staff
344 workers



12% women



88% from the region



89% with long-term contract



97% employed full-time

Age groups most represented

41% aged 36 to 45 **33%** aged 46 to 55



Average time in the company
10,43 years

CUSTOMERS



Improvement plants
8 projects

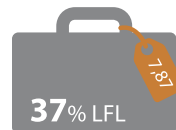


Product quality
1 certificate obtained



Investment in R+D+i
57,9% of the net benefit

Percentage of new customers and level of satisfaction



FAMILY BUSINESS



Own resources
70.587.865 €



Debt
142.543.927 €



Investment during the financial year
4.396.256 €



Invoicing
1.054.158.441 €



Result
3.059.346 €



Cash flow
10.621.693 €



211.910 t
Tonnes produced

NOTABLE ASPECTS OF THE 2012 FINANCIAL YEAR

LA FARGA LACAMBRA

- Despite such an unfavourable economic situation during 2012, **the company once again increased its tonnes of sale for the third year running**, thanks to the desire to internationalise sales and, simultaneously, increase our range of products.
- At La Farga Lacambra, we continue to be committed to R&D and innovation. In 2012, we launched **the new rod** onto the market and we developed a technology (patent in progress) that enables ongoing internal defects to be detected in 100% of the production, meaning that we can prevent the incident from occurring again with complete security.
- We achieved **the best frequency rate of work safety in the company's history**, a value of 12.9, the result of the efforts of the entire company.

Miquel Garcia, General Director La Farga Lacambra

LA FARGA TUB

- As a result of the economic situation in Spain and of the fall in the construction sector, there were changes on the market that involved **an increase in direct supply** to small customers and the reduction of sales units.
- We managed to guarantee internationalisation with more than **30% of sales exports**, 10% of the market share of sanitary tubes in France and 50% in Algeria. We entered Ireland, Italy, Croatia, Serbia and Ukraine, among other countries.
- This year we drew up an external plan for the 2013-2016 period, **Extreme Challenge**, the objectives of which are to increase exports and be able to face the challenges of the market.
- Significant investments we made - **such as a new draw bench with a greater stretching speed and the fitting and setting up of a continuous annealing furnace** - allow greater production and more productivity.
- We carried out a strategic project to adapt the eccentricities of copper tube, taking into account the technical regulations and the market demands at all times.

Jordi Magnet, General Director La Farga Tub

LA FARGA ROD

- Despite the current economic situation, **we managed to maintain our sales volumes**, thanks to the increase in exports and the consolidation of customers from previous years.
- **We introduced SAP.**
- The upward trend of the price of energy means that we need to look for alternatives to reduce our energy costs. Our current basic priority is **energy and environmental efficiency** in all the areas of the organisation.

Carles Camprubí, General Director La Farga Rod

LA FARGA INTEC

- We coordinated the Group's **international and technological projects**, paying special **emphasis to the plant in the United States**, which uses La Farga technology. We also completed the sales of the plants in Pakistan and Italy.
- We signed a consultancy contract with **a Russian plant** to define and manage their industrial project.
- There were changes in the activity of the sale of technology as a result of **the termination of the contract with Continuus Properzi**, brought about by both companies' interest in continuing with the sale of technology independently.

Inka Guixà, General Director La Farga Intec

INTERNATIONALISATION : CHINA, the UNITED STATES and FRANCE



IN CHINA

- We **redeployed the production of the plant in China towards alternative markets, such as the underground**, with a simpler process of authorisation of the materials.
- A Managing Director of Chinese origin with European experience has joined the Ganzhou Jiangwu La Farga highspeed **Railway Copper** Materials plant.



IN THE UNITED STATES

- In July 2003, we **opened the SDI La Farga plant**, we started production work and, in particular, the commercial activities with the aim of introducing the new products on the American market.



IN FRANCE

- La Farga Tub France distributes copper tubes manufactured by La farga Tub.
- The company reinforces La Farga Tub's internationalisation strategy, to be able to access European markets more easily.
- We met our sales objectives for 2012, **with a 10% market share of sanitary tubes in France**, thanks to the company's important distribution network.



3 OUR FOCUS ON CREATING VALUE

LA FARGA MUST LAST OVER TIME. IN ORDER TO DO THIS, OUR MANAGEMENT MUST BE SUSTAINABLE AND THIS SUSTAINABILITY IS UNDERSTOOD IN THE SOCIAL, ECONOMIC AND ENVIRONMENTAL AREA.

LA FARGA CORPORATE RESPONSIBILITY POLICY

Our Corporate Responsibility policy establishes La Farga's main commitments and gives coherence to the various mechanisms for managing the company. This policy is applied by means of a strategy concentrated on our interest groups and on our mission, vision and values. The final purpose of our strategy is to create shared value.

La Farga's Corporate Responsibility policy can be consulted at: www.lafarga.es

GLOBAL COMPACT

We have been members of the United Nations Global Compact since 2006.

CORPORATE RESPONSIBILITY POLICY

Environmental aspect

Social aspect

Economic aspect



4 Family business

CREATING VALUE FOR THE COMPANY AND THE ENVIRONMENT

The family business, beyond economic objectives, hopes to create value for the company and its environment through professional management and long-term vocation.



1.054,16
million euros.
Business figure



Setting up
SDI La Farga
(USA)



Creation
of the
La Farga
brand

IN TODAY'S CONTEXT, WE AIM TO GIVE THE COMPANY AN INTERNATIONAL PROJECTION. TO ABLE TO MANTAIN AND REINFORCE OUR POSITION AS A LEADING COMPANY IN THE SECTOR, SINCE THE END OF 2012, WE HAVE BEEN WORKING ON A NEW SIMPLER, MORE TRANSVERSAL ORGANISATION.

The unification of La Farga Lacambra and La Farga Rod, as well as the creation of the La Farga brand, will be the most visible external result of this process. These steps aim to reinforce the overall image as a group and to make the very most of the synergies of all the companies, both the industrial as well as the commercial ones.

GOOD GOVERNANCE PRACTICE

La Farga is an industrial group that is organised into two aspects: family and corporate.

LA FORJA, A PROJECT FOR FUTURE PARTNERS

The La Forja project was created with the aim of developing the values and principles of the company in a non-shareholder family business, to prepare the future generations for the leadership of the company.

Mission: to give the family group continuity and to make the business group grow while maintaining the founders' original values.

Vision: to use La Forja as a programme of personal development for future partners and board members of La Farga.

Objective for 2014: to have a group of partners sufficiently prepared to be members of the Board of Directors of the companies that make up La Farga to preserve the founders' original values.

Through a methodology developed by a member of the family, La Forja is a process of learning abilities, skills and values. Structured into phases of "discovery", "acquisition" and "return", it provides tools for future partners, from their discovery of La Farga to their contribution as board members.

ECONOMIC MANAGEMENT FOR SOLID, SUSTAINED GROWTH

(in €)	La Farga Lacambra		La Farga Tub		La Farga Rod		La Farga Intec	
	2011	2012	2011	2012	2011	2012	2011	2012
Revenue	560.417.101	560.662.162	111.018.489	106.415.743	605.833.084	599.543.903	1.118.639	1.230.339
Operating costs	539.287.967	538.952.893	102.238.603	100.319.291	601.593.426	595.458.064	127.359	176.331
Salaries and social benefits	8.618.911	8.870.654	3.756.605	3.645.535	1.346.380	1.327.354	274.869	337.409
Payments to financial backers	3.808.178	3.973.316	497.203	546.789	4.425.637	3.854.250	103.925	74.258
Direct payments to the government	3.973.784	4.325.015	1.573.851	1.705.108	564.884	639.847	91.433	105.547
Payment CMC taxes	6.000.238	2.272.035	13.553.064	13.545.103	1.275.687	424.615	102.897	112.865
Significant financial aid received from government bodies	217.463	60.148	13.727	49.206	0	6.600	0	0
Turnover	555.973.806	555.876.113	110.431.938	101.873.716	604.518.590	596.855.297	1.118.639	1.230.339
Net profit	6.071.828	6.235.736	102.725	187.556	707.798	441.599	57.353	14.405
Cash flow	9.812.921	10.269.698	1.880.318	1.996.472	1.696.554	1.408.189	564.346	528.513
% of exportation	25%	26%	29%	32%	44%	46%	100%	100%
Expenditure	551.647.971	551.857.648	110.462.256	102.055.479	603.927.879	595.881.223	909.222	1.027.848
Total investment	5.230.934	5.683.998	2.456.555	1.567.431	311.440	839.212	38.129	0
Corporate income tax	1.624.578	1.659.335	-34.891	-76.141	259.005	-255.560	48.140	113.572
Total assets	94.142.566	124.224.465	29.847.509	42.541.307	35.527.591	54.496.788	4.541.170	4.015.187
Shareholders' equity	40.195.303	42.110.549	16.337.475	16.525.032	18.367.953	18.154.805	1.144.622	1.107.409
ROE	15%	15%	1%	1%	4%	2%	5%	1%

RELIABLE INFORMATION FOR GREATER EFFICIENCY

During 2012, **the Knowledge Portal was created to disseminate information about the market and technological surveillance internally.** Thanks to this channel, 60 people in the Group have access to expert knowledge related to their work areas.

In addition, despite the complex nature of the project, **the process to introduce SAP was completed in June** and we started to operate exclusively using this new system.



CAPACITY FOR PLANNING

FUTURE PERSPECTIVES

LA FARGA LACAMBRA AND LA FARGA ROD

- To integrate the management structures of La Farga Lacambra and La Farga Rod in full, making the very most of each company's resources.
- To continue with the export trend, which comes to 70% of direct and indirect sales in the case of rod.
- To consolidate the railway product due to the drop in classic wire drawing.

LA FARGA TUB

- To successfully introduce the Strategic plan for the internationalisation of La Farga Tub with the aim of consolidating the European and North Africa markets.
- To adapt the facilities to the needs of diversification and market distribution.
- To continue with the introduction process of the 5S in La Farga Tub and to gradually reduce the need for packaging, in coordination with the customers.

TRENDS WITH THE GREATEST IMPACT ON LA FARGA

- The creation of the La Farga brand and the introduction of the new Group organisation which started at the end of 2012, to position the company internationally with greater worldwide impact.
- The financial situation in Spain and in Europe as a whole, that makes it difficult to find financing for customers' operations and increases the financial cost in comparison with other countries such as Germany.
- The significant innovations of product achieved thanks to La Farga's commitment to research, development and innovation, with the launch of a new product to replace aluminium cables for high-voltage lines.
- The increase in energy costs and the need to continue reducing energy consumption in industrial processes.



5 Professional team

INVESTING TALENT IN AN OBJECTIVE

We are learning to face and deal with changes and to encourage empowerment so that our employees can be the genuine protagonists of La Farga's corporate project.



214
school grants
to workers'
children



> 300
development
interviews among
those responsible
and collaborators



Record low
accident rates
at La Farga

WE DECIDED ON THE BASES FOR DETERMINING TALENT FOCUSED ON THE COMPANY'S OBJECTIVES

Notable aspects of the 2012 financial year

The company defined the bases for an organisational change during 2013 that will improve its **overall efficiency** and its **orientation to customers**. We created the Industrial Corporate Area, **which concentrates and boosts the development of the industrial knowledge** of the entire Group, both in the Les Masies de Voltrega centres as well as outside Catalonia. We continued to consolidate the commercial and operational quality structure of each plant as well as their logistics, and we should also highlight the support given to the plants in the USA and China.



WE INCORPORATE THE BEST PROFILES

- **26 new hirings**, during this year we started to use the 2.0 selection tools
- **73% of the new employees** in the Group's companies come from the Osona region.
- In the participated companies **Ganzhou Jiangwu La Farga high-speed Railway Copper Materials** (China) and SDI La Farga (USA), 100% of the employees and top management come from the local community.
- **100% of the La Farga workforce** is covered by the collective agreement.
- In 2012, **our turnover rate** of the workforce was 8%.
- **9 Internal promotions** in 2012

DISTRIBUTION OF THE WORKFORCE ACCORDING TO THE TYPE OF CONTRACT:

	2010	2011	2012
Permanent	240	264	275
Temporary	72	42	34

DISTRIBUTION OF THE WORKFORCE ACCORDING TO THE TYPE OF WORKING DAY:

	2010	2011	2012
Full-time	270	293	303
Part-time	5	13	6

WE ENCOURAGE EQUALITY AND DIVERSITY TO ENRICH THE TEAM

In 2012, we started to draw up **the Equality Plan** in La Farga Lacambra. One of the actions carried out was a questionnaire given to the staff on their perception of equal opportunities in the company.

Women represent 12.5% of the workforce and occupy 20% of the managerial posts.

The highest salary in La Farga is **eight times greater** than the company's minimum salary.

The **rates of returning to work** and retention after maternity or paternity leave continued at 100% in the case of men and women.



La Farga complies with legislation regarding **the integration of people** with disabilities through the direct contracting of staff with disabilities (currently 3 people at La Farga Lacambra and 2 at La Farga Tub), as well as through hiring services from special work centres, such as the case of TAC Osona. Since 2012, La Farga has been participating in the Network of Committed Companies (XE@C) promoted by the Generalitat of Catalonia through the SOC (Catalan Employment Service) with **the aim of improving the employability of unemployed people and helping their integration into the labour market.** Among other activities, the companies that belong to this network inform, assess and offer practical work experience to unemployed people.

WE ENCOURAGE A GOOD WORK ATMOSPHERE

Biyearly, we carry out **a questionnaire on the work atmosphere** to get to know the staff's level of satisfaction. As we indicated in last year's sustainability report, the overall valuation was 7.60 out of 10.

La Farga

- Definition of training subjects for staff
- Book of replacements
- Talent discovery programme in La Farga
- Constant communication between those responsible and operators by means of weekly or fortnightly 10-minute sessions during which aspects relating to the everyday running and overall matters of the company are dealt with, as well as themes of personal recognition and value for the customers

La Farga Lacambra

- Optimisation of the production orders in the drawing plant
- Definition of safety manuals in the plant
- Communication about the new investments carried out in the plant with regard to machinery or products with the people involved
- Bringing quality closer to the operators

La Farga Tub

- Training operators/heads of maintenance (At the machine)
- Improving the plant with regard to order and processes
- Safety in the plant
- Familiarising operators with customers' incidents to apply continuous improvement techniques in processes and finally to maximise their satisfaction

La Farga Rod

- Training those responsible in quality (About quality)
- Communication in the plant about continuous improvement projects
- Improving the communication system on the change of maintenance elements in the machines



WE CREATE OPPORTUNITIES FOR PERSONAL GROWTH

One of a company's main values is its workforce, therefore, at La Farga we are committed **to training as a tool to improve and guarantee the talent of our workforce.**

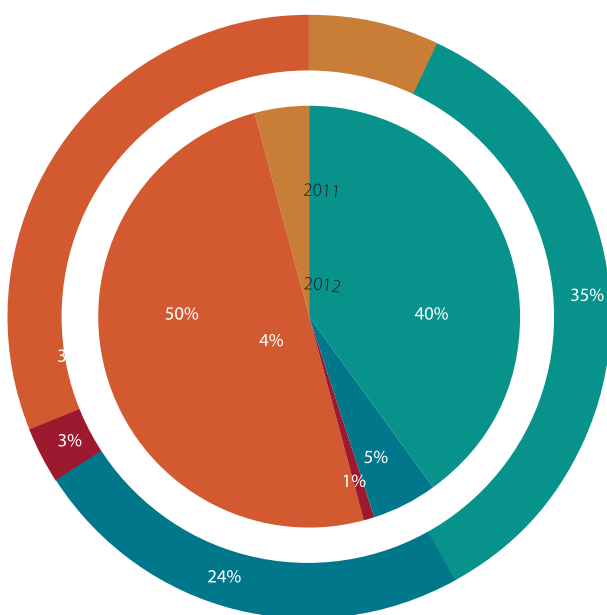
100% of the workforce is subject to the SER or the MAP

Of all the training sessions carried out in 2012 in the technical areas, we would highlight the following: combustion in natural gas given at La Farga Rod, software PLS - CADD at La Farga Lacambra and hydraulic press at La Farga Tub. We would also mention, in the general area, training in change management.

6,000 hours of training

A 61% increase of training in languages with the aim of enabling our staff to be able to offer a response to the internationalisation process in which the company is emerged.

BREAKDOWN OF TRAINING ACTIONS CARRIED OUT (LA FARGA)



WE APPLY CONTINUOUS IMPROVEMENT TECHNIQUES FOR GREATER EFFICIENCY

Continuous improvement and innovation enable us to increase the efficiency of our productive processes and of the management and therefore, the motivation and involvement of the staff is necessary.



Most notable actions carried out in 2012:

- Introduction of the first two phases (organisation and order) of the **5S at La Farga Tub.**
- **Drawing plant kanban.** We carried out the redefinition of the intermediate kanbans and of the end product for eight customers (groups of products), in which we achieved great results in the services to customers and the reduction of stocks.
- TPM Minifactory C's. **The maintenance of the machines** and installations is carried out by the operators of the cabling plant C. This meant a reduction in maintenance costs and greater knowledge about the machinery and involvement with its maintenance by the operators, and good functioning of the machinery, with fewer breakdowns.

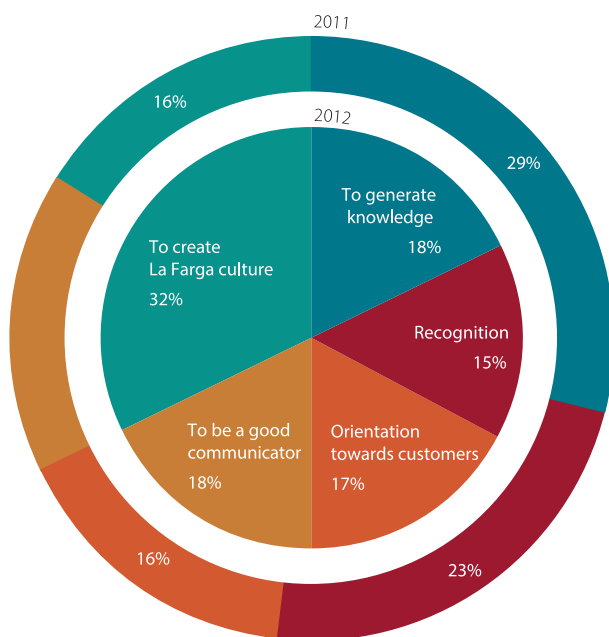
WE MAKE IT EASIER TO RECONCILE HOME AND WORK AND OFFER OTHER BENEFITS

At La Farga, we encourage several measures that make it easier to **reconcile one's personal, home and work life** and we also offer our workers various social benefits, with the double objective of improving their quality of life and making them feel integrated and motivated towards the company.

WE COMMUNICATE TO ENCOURAGE COHESION

At La Farga, we have an **Annual Internal Communication Plan** (PCIA) which includes the activities to be carried out to offer a response to the communication needs with the staff. In 2012, the level of compliance with the PCIA was 83%.

PCIA ACTIONS, ACCORDING TO TYPE



WE PROVIDE A SAFE WORK ENVIRONMENT

The prevention of work risks and the health of our workers are basic features of our policy.

18001 Management System

- Since 2005, La Farga Lacambra, SAU
- Since 2008, La Farga Tub, SLU
- Since 2009, La Farga Rod, SLU



We are doing well; 2012 was a year of records in terms of health and safety.

La Farga Frequency rate: 28

Notable actions taken to minimise risks

- Preparation of safety manuals for each machine and specific training for the operators.
- Introduction of continuous controls on the correct state of the safety elements by the operators.
- Monthly communication of the accident rate to the Management.
- Monthly control of the execution of the actions carried out (ROM).
- For each lost-time accident, an investigation meeting is held about the accident which is attended by all the command hierarchy.

LA FARGA SAFETY INDICATORS



Number of accidents



Absenteeism

6 Customers

SOLUTIONS AND RESPONSES TO GREATEST DEMANDS

For La Farga, meeting the expectations and the needs of our customers is a key objective. The customer is the centre of our decisions.



7,79

Customer satisfaction level



18%

Increase in the number of customers



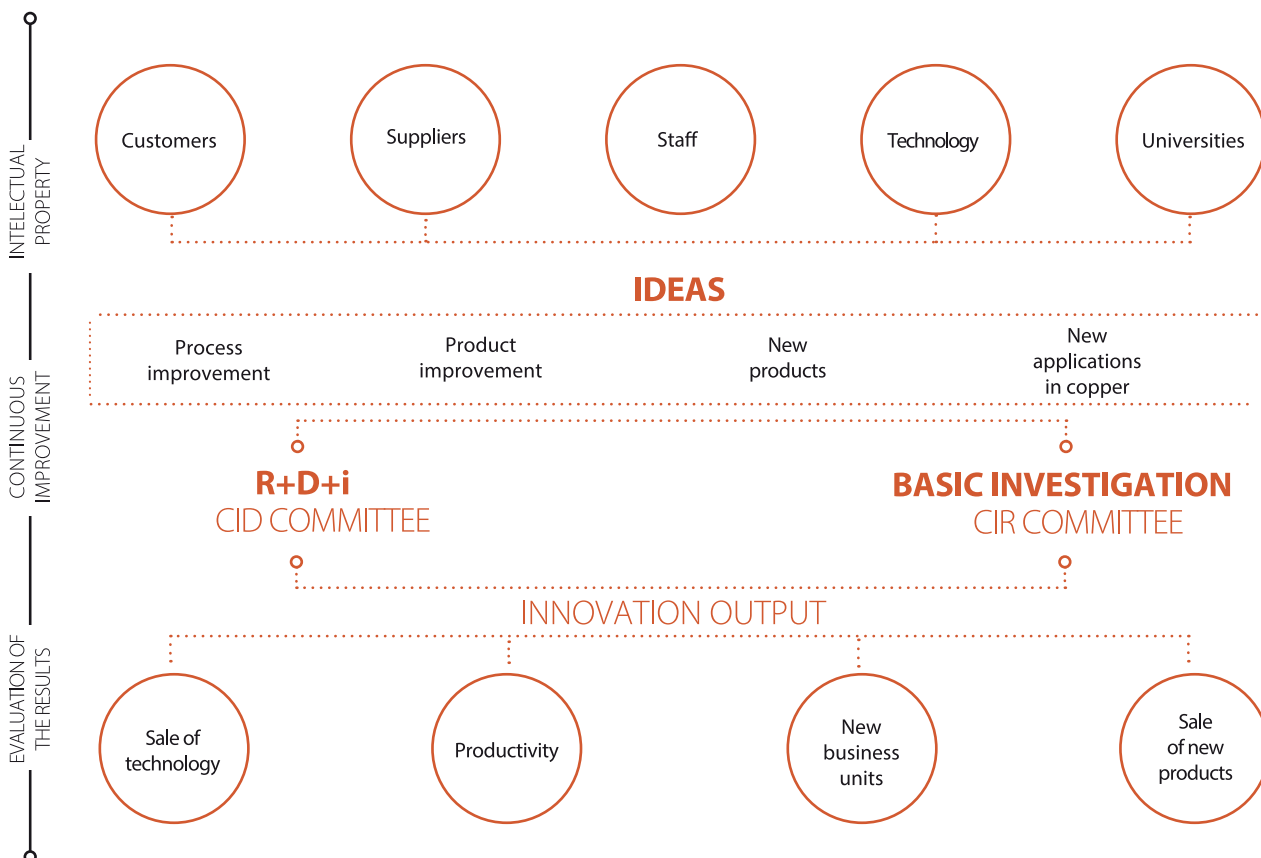
57,9%

Result invested in R+D+i

WE ESTABLISH PROCESSES OF INNOVATION AND CONTINUOUS IMPROVEMENT FOR OUR PRODUCT AND SERVICE TO MAINTAIN OUR CUSTOMER'S CONFIDENCE.

Innovation is integrated into La Farga's strategy. Aware that it is a value that is necessary for the competitiveness of our company, we work on the continuous improvement of products and processes, as well as the technology that we apply.

2012 was a year of **great dedication to introducing R+D+i products in the industrial area and their launching on the market**. Close collaboration between research, development and the market is increasingly important to develop products that respond to the needs of the sector and of the customers.






We would like to highlight two unprecedented innovation projects in new sectors of activity for La Farga that were developed over the financial year. Both are related to sustainability.

The automobile sector is trying to reduce the carbon footprint of vehicles by replacing current copper cables with others using lighter material. Therefore, **at La Farga, we are studying how to reduce the weight that copper represents in the frame of the vehicle**, in other words, to reduce the weight per section of cable, which involves a new design with a more resistant copper alloy.

La Farga also participates in the Eurotapes project promoted by the European Union and coordinated by the Barcelona Institute of Material Sciences (ICMAB). The objective of this project, which is participated in by 20 partners and 9 states, is the development of superconductors and their applications, in order to gain efficiency and thus reduce the consumption of electricity.

R+D+i TRENDS AT LA FARGA

	 Energy efficiency	 Product life cycle	 Sustainable mobility
Design of new materials	✓	✓	✓
Design of new products	✓	✓	✗
New processes	✓	✓	✗

✓ The project complies with criteria
 ✗ The project does not comply with criteria

LA FARGA ROD

Continuous improvement for the excellence of the product.

LA FARGA LACAMBRA

Manufacturing of alloys, improvement and introduction of new processes.

LA FARGA TUB

Continuous improvement for the excellence of the product.

R+D+i RESULTS FOR 2012

In 2012, 4 patents were submitted:

- High-performance copper alloy
- Method and system for detecting ferromagnetic particles embedded in non-ferromagnetic materials by variation of the magnetic field
- System for measuring the eccentricity for non-ferromagnetic metal tubes and corresponding method
- Vertical casting furnace for metal

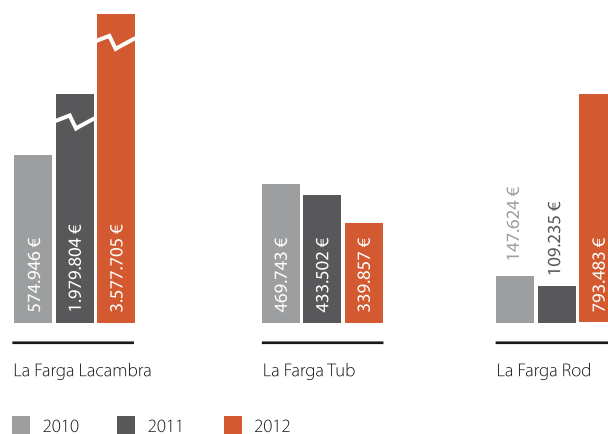
WE INVEST IN INNOVATION AND RESEARCH

In 2012, further investment in innovation was carried out, thanks to which **La Farga has a microscope room fitted with state-of-the-art equipment able to analyse material with a precision and quality that are unique in the sector.**

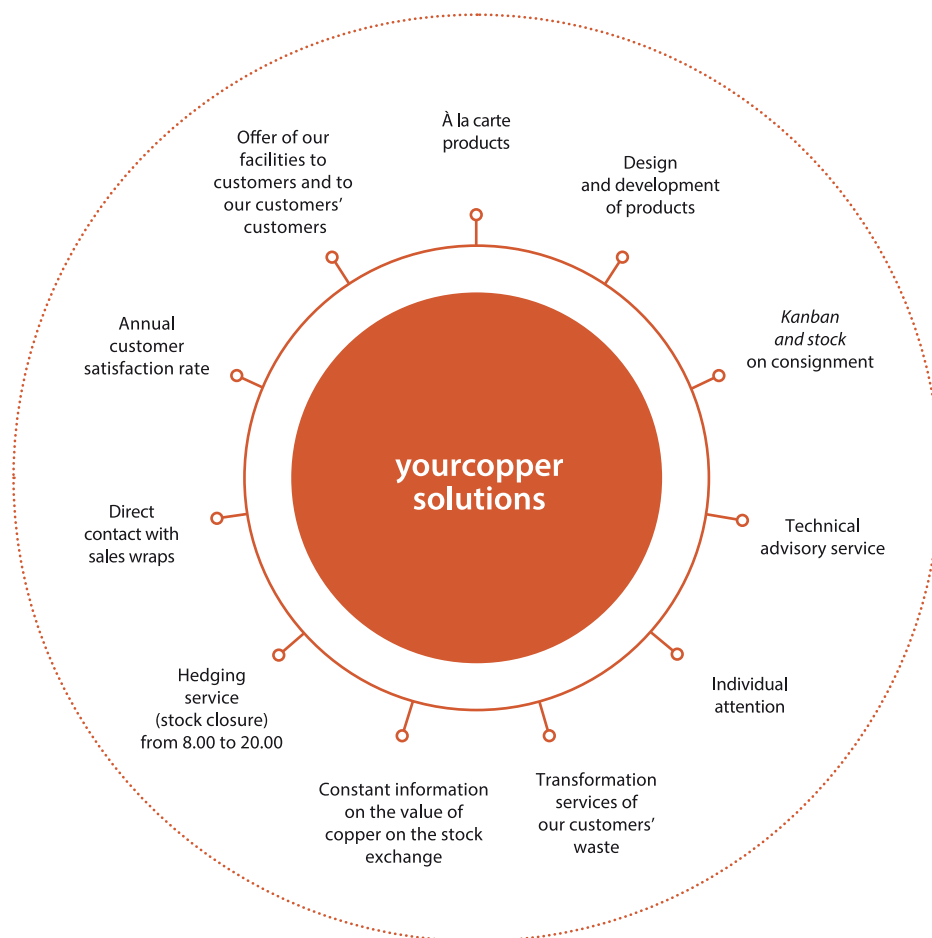
We also make this service available to be used by all our customers, suppliers and collaborators. The investment came to total of €105,000.

La Farga's industrial companies invested 1% of the invoicing in R&D and innovation, representing 57.9% of the results.

INVESTMENT IN R+D+i



PRODUCTS AND SERVICES AIMED AT CUSTOMER SATISFACTION



Customer care tools

TECHNICAL ASSESSMENT SERVICE

At La Farga, we offer an assessment service by means of which, if customers require, our technical team will **make a visit to their premises with the aim of ensuring the correct use of the products we supply to them and to collaborate in improving procedures.** This assessment also includes the necessary support to solve problems and the application of improvements in processes.

USE OF RESEARCH EQUIPMENT

As part of our comprehensive service, we offer our customers and suppliers **the possibility of using La Farga's new research equipment:** a microscope room and a differential scanning calorimetry. The use of this equipment allows our customers to improve the design, development and quality of their products.

COMPLAINT MANAGEMENT

Through our quality management system, we handled complaints received from our customers, with the aim of reducing them and offering fast, efficient solutions.



CUSTOMER SATISFACTION LEVEL

In 2012, the average score obtained in La Farga Lacambra, La Farga Rod and La Farga Tub was 7.79.

WE MANAGE QUALITY IN A TRANSVERSAL WAY

The quality of our products is essential for La Farga and we manage it through our quality management system in keeping with the ISO 9001 standard.

At La Farga Rod, we would emphasise the low level of returns of material: of 93,000 t manufactured during the year only 14 were returned.

ISO 9001 CERTIFICATIONS

- Since 1993, La Farga Lacambra, SAU
- Since 1998, La Farga Tub, SLU
- Since 2009, La Farga Rod, SLU
- Since 2009, La Farga Intec, SLU (technology transfer activity)



NOTABLE ASPECTS CONCERNING QUALITY MANAGEMENT

La Farga Lacambra

- Development of a new technology, based on END (Dx3), for the continuous detection of internal defects in contact wire

La Farga Tub

- Beginning of an improvement plan for the reduction and control of eccentricity in press
- Consolidation of self-monitoring in the plant
- Beginning of a project to control the eccentricity in tubes

La Farga Rod

- Change of the emulsions in the smoother and the rolling mill, which has generated an increase in the durability of the derricks and an improvement in the surface quality of the rod

QUALITY OBJECTIVES FOLLOWED IN 2012

La Farga Lacambra

- Improve the drawing ability of the rod and reduce incidents with customers.

La Farga Tub

- To reduce the number of incidents with clients and improve the containers and packaging

La Farga Rod

- To improve the drawing ability of our product

Objectives achieved: 61%

Objectives achieved: 75%

Objectives achieved: 68%

NOTABLE QUALITY IMPROVEMENT ACTIONS

At La Farga Tub, we improved the quality of the internal surface of tubes destined to industrial applications.

We modified and optimised the special attention process for creating new products in SAP, which has enabled us to noticeably reduce the percentage of errors at La Farga Lacambra and La Farga Tub.

At La Farga Rod, we started a weekly follow-up on the drawing ability objectives, with the purpose of carrying out of a more exhaustive control and follow-up on these objectives.

As a notable part of our quality management, during 2012, we successfully passed 24 external quality audits, both from customers as well as certifying bodies.

WE OFFER A RESPONSE TO COMMUNICATION NEEDS

Throughout the year we developed various actions aimed at solving the temporary needs of each of our customers and of the sectors in which we are present, in particular:

- Favouring direct communication with customers.
- Increasing communications (mailings or special notifications) with regard to product novelties and services or referring to the holding.
- Specific campaigns for certain products for different interest groups, such as the promotional campaign for sanitary tube with 50 years guarantee.

We carried out 79% of the actions defined in the External communication plan.

7 Suppliers

WINNING SYNERGIES

At La Farga, we consider that the strategic relation with the supplier companies is a key factor that enables us to continue our activity in a stable, efficient and comprehensive way.



14,15%

Increase in the number of key suppliers



8,63

Supplier satisfaction level (scale of 0 to 10)



12,8%

of key local suppliers

A GOOD RELATIONSHIP WITH SUPPLIERS IS FUNDAMENTAL TO OBTAIN QUALITY, INNOVATIVE PRODUCTS AND TO ADVANCE JOINTLY TOWARDS INCREASINGLY MORE SUSTAINABLE PRACTICES

WIN WIN

We maintain communication channels with suppliers that enable a mutually beneficial relationship, thanks to adopting continuous improvement plans on the quality of products and processes. In 2012, we encouraged the growth of strategic suppliers with the aim of guaranteeing the supply of materials within the deadlines and with the quality and price agreed. **The number of key local suppliers increased by 20% original values.**

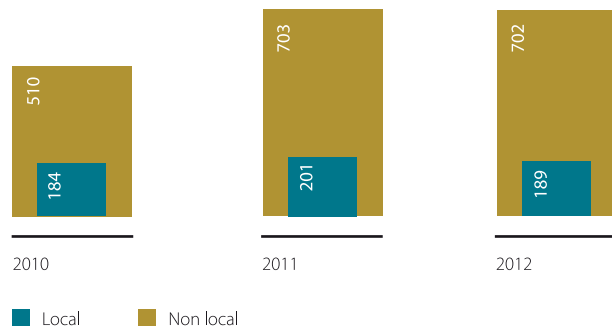
TECHNICAL EVALUATION OF THE SUPPLIERS THAT WORK ON OUR PREMISES

The result of the technical evaluation carried out in 2012 is 79 out of 100 points, 3 more than in the scores obtained in 2011 (76). The supplier **satisfaction level** is maintained in line with that obtained in 2009 (8.63 and 8.65 respectively, on a scale of 0 to 10).

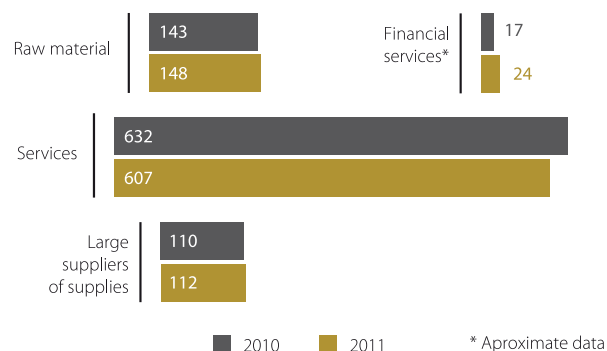
COMMITMENT TO LOCAL SUPPLIERS OF RAW MATERIAL AND SERVICES

In 2012, we carried out an annual meeting with local workshops and suppliers to improve our communication with them. Almost **60 people** attended it, which enabled us to transmit directly to them the assessment of the 2012 financial year and La Farga's objectives and expectations for 2013. In turn, we received their suggestions and valuation.

LOCATION OF THE SUPPLIERS



SUPPLIERS PER KIND OF PRODUCT



8 Neighbours, community, resident's associations and mass media

INVOLVEMENT WITH THE TERRITORY

At La Farga, we are committed to the social, environmental and economic development and progress of our setting and of society in general. To do this, we maintain a close cooperative and collaborative relationship with various collectives



4.030
visits to the
Copper Museum



116.534
euros in individual
grants and to
organisations



15
institutions and
organisations in which
we participate

COMMITMENT TO OUR ENVIRONMENT IS PART OF OUR ACTION. THE ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR ACTIVITY ARE MANAGED TO ENSURE THAT THEY HAVE A POSITIVE REPERCUSSION ON THE COMMUNITY

INVOLVED WITH FUTURE GENERATIONS

As in previous years, we continued our collaboration with the University of Vic. The project developed in 2012 corresponds to the **University of Vic Awards** to the best research works in the area of experimental sciences among sixth form students. In the 15th edition, **76 pieces of work** were submitted in the La Farga category, 7 of which were winners.

We also cooperated with the UAB-CRECIM in the **Prat de La Riba Project** aimed at encouraging secondary school students to choose the technological or scientific branch as a profession for their future and we continued our collaboration with the UPC.

CONTRACTING STUDENTS DOING PRACTICAL WORK EXPERIENCE

More than 25 students carried out their **practical work experience** at the La Farga Lacambra, La Farga Tub and La Farga Rod centres during 2012, as a result of the collaboration agreements for professional training with the UPC, UAB and UVic universities and with the IES Vic, IES Voltrega and La Salle de Manlleu secondary schools.

WE SHARE OUR EXPERIENCE

Participation and collaboration on conference papers allows us to publicise and share our experience and knowledge. We have participated in **8 conference papers** at international level.

PRESENCE AT THE MILAN MOSTRA CONVEGNO EXPO-COMFORT AND AT THE INNOTRANS TRADE FAIR IN BERLIN.

La Farga Tub displayed its Ecopperclean tubes at the **Mostra Convegno Expocomfort trade fair in Milan**. They are 100% recyclable copper tubes with antibacterial properties.

La Farga Lacambra presented its new copper products and its alloys with high technological features at the Innotrans Trade Fair in Berlin. We would highlight EVELEC, a material which, based on micro alloys, improves resistance to wear and tear by between 30 and 50% in comparison with conventional contact wire.



COLLABORATIONS IS THE ESSENCE OF OUR MODEL OF OPEN INNOVATION

During 2012, we continued collaborating with universities and technical centres to develop research projects into copper. We worked with a management model open to innovation that provides value to the territory through collaboration.

WE MANAGE THE LA FARGA FOUNDATION FOR CREATING VALUE

HIGHLIGHTED PROJECTS OF THE YEAR

• La Farga-EARTVic Awards

The La Farga Innovation Award in Copper Sculptures - EARTVIC recognised the work designed in copper by three students, who managed to transmit the slogan of this year's competition, the Group's expansion, through their small format sculptures.

• Sponsoring the fourth edition of the Innovacat Awards

SATISFACTION LEVEL OF VISITORS TO THE COPPER MUSEUM

We carried out questionnaires on people who visited the museum that enabled us to get to know more about their level of satisfaction with the exhibitions and the content. **The results of these questionnaires were slightly higher than those of the previous year.** Schools assessed the Museum with an average score of 9.64; travel agencies with 9.56 and groups of adults with 9.36 (out of 10).

In 2012, the Museum received 4,030 visitors making a total of 26,042 people who have visited our exhibitions since they were opened in 2008.

VICENÇ FISAS AWARD

The objective of the first Vicenç Fisas awards was to express the Cu3 philosophy in schools. The winning project was developed by the secondary school, Instituto La Plana, in which it created the "Game of the goosematerials" which was based on the well known Game of the Goose board game, but using materials, which included copper. **This game is a complementary tool for technology classes and increases motivation, favours learning and allows skills and knowledge to be shared among students.**



AWARDS OBTAINED IN 2012

In December 2012, La Farga was granted **the Antoni Caparros Award of the University of Barcelona and the Fundacio Bosch i Gimpera** for the best knowledge and technology transfer business project.

EVOLUTION OF GRANTS



COMMUNICATING IS THE BASIS FOR A GOOD RELATIONSHIP WITH OUR SETTING

At La Farga, we have an **External communication plan**, by means of which we maintain close, constant dialogue with our nearest interest groups. We would also highlight the actions of a worldwide scope that were carried out in 2012 mainly through the mass media derived from the international vision acquired by the company.

The External communication plan included **80 actions to be developed during 2012, of which 79% were completed.**

These are some of the main activities carried out:

- Participation in European trade fairs.
- Opening ceremony of the new SDI La Farga production plant in the United States.
- Continuing the preparation of contents, design and structure of the new corporate website.
- Adaptation to the social networks and audiovisual formats of communication with the media and interested public.

9 The environment

RESPECT FOR OUR ENVIRONMENT

At La Farga, we work to promote an ecological production process, responsibly managing the natural resources and ensuring that we minimise contamination.



444 homes: reduction of energy consumption equivalent to their yearly expense



12% decrease in emissions of CO²



3.321 m³ saving of groundwater

AT LA FARGA, WE ARE COMMITTED TO DEVELOPING OUR ACTIVITY WITH THE GREATEST RESPECT FOR THE ENVIRONMENT, CARRYING OUR RESPONSIBLE CONSUMPTION OF RESOURCES AND MINIMISING THE ENVIRONMENTAL IMPACTS DERIVED FROM OUR PRODUCTION PROCESS

APPLICATION OF THE BEST AVAILABLE TECHNOLOGIES (BAT)

Encouraging the use and application of the best available technologies (BAT) with the aim of reducing the environmental impact derived from our production system is integrated into the environmental management system we introduced.



MAIN ENVIRONMENTAL ACTIONS

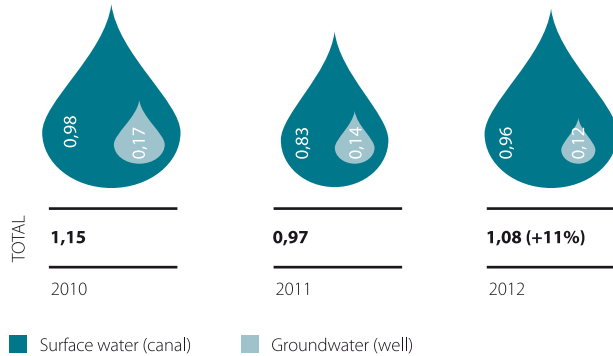
Action	Result	Environmental effects
Various actions to increase the efficiency of electricity consumption (La Farga Lacambra and La Farga Rod)	5% reduction in electricity consumption at La Farga Lacambra (kWh)	Saving natural resources and decreasing emissions
Various actions to increase the efficiency of natural gas consumption (La Farga Lacambra)	2% reduction in the consumption of natural gas at La Farga Lacambra (kWh)	Saving natural resources and decreasing emissions
Installing a filter to filter the water from the casting wheel (La Farga Lacambra)	Greater use of purified water and decrease in the amount consumed	Reduction in the consumption of purified water

CONTINUOUS IMPROVEMENT

WATER AND ENERGY

The overall consumption of water in absolute values increased by 13% and with regard to the production units, it increased by 12% on 2011, mainly due to the cooling requirements of the new machinery installed. To control this consumption, we carry out a periodical follow-up on it and introduce improvement actions.

ANNUAL CONSUMPTION OF WATER OVERALL AND BY SOURCE (m³/t of production)



IMPROVEMENT ACTIONS FOR SAVING AND REUSING WATER

- Monthly control of water consumption to detect incidents.
- Carrying out preventative actions to ensure that there are no water leaks.
- Control by conductivity of the purges in the foundry circuit.
- Installation of a pH control system to prevent incrustations in the cooling system of the La Farga Rod line.

ENERGY

The overall consumption of energy per production unit was reduced by 3% on 2011. This decrease was due to numerous actions carried out in 2012, thanks to the existence of various work groups on energy efficiency.

The total saving of energy achieved is equivalent to the consumption of 444 homes during one year*.

*Average consumption of 8,000 kWh per 4-person home and 90 m², according to data from the Energy Balance of Catalonia (2009).

- 9 activities for the efficiency of electricity consumption
- 7 activities for the efficiency of gas consumption

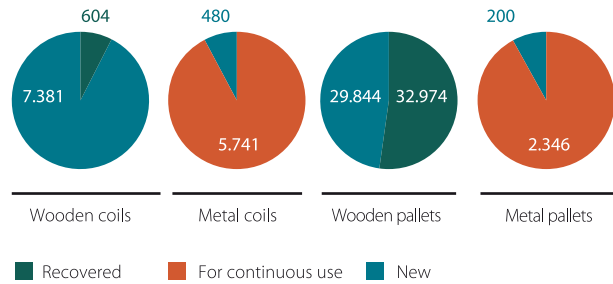
OTHER RESOURCES USED

In 2012, there was a 46% increase in the packaging that La Farga placed on the market, despite the measures taken to reduce it.

Reasons for the increase of the consumption of containers:

- Preparing products that require more packaging to be transported.
- The exportation markets require more packaging that cannot be recovered.
- The ratio of kilos of packaging per kilos of manufactured product was increased by the minimisation of the unitary quantities requested by customers.

PACKAGING MATERIAL CONSUMED ACCORDING TO SOURCE



Throughout 2012, we introduced various actions with the aim of decreasing the consumption of materials used for packaging:

- **Reduction in the consumption of iron hoops** for packaging jumbos (La Farga Lacambra).
- **Placing separators** in boxes of rolls to prevent the deterioration of the packaging and to thus lengthen its useful life (La Farga Tub).
- Delivery of annealed tubes and shrink-wrapped tubes **only with hoops** to the distribution centre in France, without any other kind of packaging (La Farga Tub).
- Agreement with one customer **to increase the volume of delivery of rod** in 5 t jumbos instead of 4 t jumbos in two of its plants, thereby reducing the packaging associated to the production of rods for this customer by 20% (La Farga Rod).



WASTE MANAGEMENT FOR ITS MINIMISATION

Aware of the impact that the waste derived from our activity generates, at La Farga we have defined a system for managing different kinds of waste we generate and we carried out different improvement actions which we successfully introduced.

WE CONTROL AND PREVENT CONTAMINATION OF THE EARTH

The possible contamination of the earth is the result of the sedimentation of general emissions. To reduce this impact, we applied, among other things, different control and prevention measures, in particular the network for collecting rainwater separated from wastewater.

WE USE THE WASTEWATER FROM THE PROCESS

In the production process at La Farga, **we reuse 81% of the water consumed**. The volume of water that is poured into the municipal collector represents 19% of the total volume of water collected and 60% of this is sanitary water.

SOLUTIONS TO REDUCE THE CARBON FOOTPRINT

Reducing the carbon footprint of our activity and thus minimising La Farga's contribution to the climate change is a commitment that is integrated into the company strategy. In 2012, the La Farga Lacambra plant became a carbon trader. The rights of emission awarded to La Farga Lacambra are 25,237 t of CO₂ for the 2013-2020 period. In order to control these emissions exhaustively, we designed a specific procedure.

The Cosmelt Process at La Farga Lacambra is a pyrometallurgical process that does not generate any solid waste, eliminates all the impurities of copper and minimises the environmental impact, as it reduces the number of stages in the recycling process.

35.14% of tonnes of copper purchased are secondary copper



This report has been revised by the Global Reporting Initiative, and its conclusions is that it complies with the criteria for an A+ level of applications.



Statement GRI Application Level Check

GRI hereby states that **LA FARGA (CORPORACIÓN METALÚRGICA CATALANA, SL)** has presented its report "Staying on Course" (2013) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 July 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because LA FARGA (CORPORACIÓN METALÚRGICA CATALANA, SL) has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

For more information you can consult our full Sustainability Report on our website, www.lafarga.es

Ecocert Ibérica, SL, a company of the ECOCERT Group, with tax number B62209044, and registered offices in Manlleu, has been the company that has undertaken the verification of the 2011 Sustainability Report of La Farga. This company is totally independent from La Farga and, prior to this certification, has had no type of commercial link or any other kind of connection with the organization.

This report is available in PDF and video format on the website of La Farga: www.lafarga.es

For more information about its contents you can write to yourcoppersolutions@lafarga.es



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