

EVOLUTION

360°

SUSTAINABILITY REPORT 2015



A LETTER FROM THE PRESIDENT AND THE C.E.O



As the C.E.O. of La Farga, I am happy to present the company's annual accounts together with the sustainability report enclosed. Our Group comprises the holding company Corporación Metalúrgica Catalana S.L. and its subsidiaries in Les Masies de Voltregà, France and the United Kingdom, in addition to our holdings in the American SDI La Farga LLC plant.

Last October I replaced Vicente Fisas Comella as the President of the Board of Directors, who for health reasons, left the position after 35 years, and was appointed as the Honorary President. Sadly, on the 10th of April this year, he passed on, comforted by his deeply-held spiritual convictions and by his family. The loss of his knowledge and advice will undoubtedly entail an additional effort by all of us.

I hope to be able to undertake this new position with the intelligence and responsibility that it deserves, providing the best of my abilities and concentrating all of my efforts into it. I understand that a change of this kind in a position of high responsibility includes the possibility of providing different management criteria that will be able to enrich the organisation. I would like to point out the importance of the values that we have introduced over the years; values that have marked our growth and which we should all represent and consolidate in the culture of our company.

For yet another year, we are renewing the commitment acquired ten years ago with the World Agreement in order to introduce those principles upheld by this international initiative in our business group. This Sustainability Report is proof of our desire to extend the professional practices aligned with our activity, which contribute to the sustainability of the Group.

Our greatest asset comes from the people who work in La Farga. Our commitment to all of them is "to ensure that they return home safe and happy every day". As such, in 2015, we have continued to develop initiatives in order to become a safe, exemplary company in this aspect, with a Loss Time Accident rate of 2.93 with respect to 6.65 in the metal manufacturing industry. Furthermore, we are aware of the reality of our business, of the impact that the crisis years and daily operations have on the rhythm of the organization and the effect these factors have on the employment situation. We are promoting new initiatives to tackle these issues, a fact reflected in our goals for 2016, which will allow us to take a step forward on the way to business excellence. We are pursuing the aim of being a company that is much safer, more efficient and more focused on people, and on the development of each person's individual talents.

This financial year, which is now coming to an end, has been characterized by the internal efforts made to adapt to new challenges, in both the market and from our clients, in addition to improving the competitiveness of our plants. To do this we have strengthened our sales team and we have modified its

structure in order to focus it even more on our clients and on the identification and subsequent resolution of their needs.

As such, we have worked on consolidating our investment in the new refinery furnace, which has been developed with our own technology and in the development process of the Cosmelt furnace. We have also approved an ambitious investment plan, which is mainly centred on a challenging and innovative concept in the pipe plant, with a well-defined long-term strategy in this business sector. This investment is centred on the production of a main tube from the vertical casting machine, using refined, secondary materials, which is called an Evo-tub. This process will not only reduce pipe production costs, it will also improve their quality, and open up opportunities for new sales markets. In this

2015 has been characterized by the internal efforts made to adapt to new challenges from both the market and our clients

We have increased our presence in foreign markets, which has allowed us to attain a sufficient level of sales

respect, the company has received the support of public bodies, such as the CDTI.

During 2015 we have continued to strengthen our innovation and development policy, a fact demonstrated by the investments made in La Farga Tub. This policy has a dual aim; the continued development of new copper products and high-performance alloys that help our clients and the markets to advance; and the improvement of our productive processes in order to make our already-existing production lines even more competitive.

On listening to our clients, in order to implement policies of investment, research, development and innovation, we have increased our presence in foreign markets, which has allowed us to attain a sufficient level of sales. This policy has been focused on the consolidation of the strategic markets, internationalization and the direct amortization of those investments made in 2014, which have allowed us to simultaneously manage large rai-

lway electrification projects, so strengthening our placement in this market. With this strategy La Farga has attained a consolidated turnover of 888 million euros, of which 278 million have been from exports to the European Union and 126 million to non-EU countries. This turnover represents a consolidated sales volume of 191,894 tonnes.

We should also take note of another year of our robust coverage policy and the systems used, where all raw materials sales and purchasing operations are completely covered with respect to the volatile price of copper, through the London Metal Exchange, which results in a null effect on our accounting results. This explains how we have been able to operate in a regular manner throughout 2015, regardless of the problems arising from this volatile market, while demonstrating the efficiency and the solidity of our coverage system. With respect to risks from the exchange rates, in order to minimize problems, the company has continued its policy of acquiring financial instruments that reduce those differences that derive from transactions undertaken in foreign currencies.

The average value of copper during 2015 was € 4,951 per tonne, less than the 2014 price, when its average value was € 5,165 per tonne. On concluding this report, metal prices continue to drop, reaching values below 4,000 euros per tonne in 2016. This lowering in the price of copper, is widespread and affects all raw materials, hindering the acquirement of the secondary materials needed to supply our foundries. Difficulties arise due to material scarcity and coherent prices with respect to the materials received.

The global situation with respect to raw materials, the geostrategic convulsions, the descent of China's GDP, the refugee crisis in Europe, the fall of developing economies and political instability in Spain all mean that we are viewing the future with some concern.

All of these factors indicate a slowdown for the

world economy, which will undoubtedly affect us, as we are a company that operates in the international arena. In this respect, we have to mention the diversity of those sectors that use our products, which gives us a certain amount of stability.

Evo-tub, a crucial project for the company, in order to reduce the manufacturing costs of our copper pipes

Over the last few months we have focused our aims on two highly interesting goals: on the one hand, the marked development of our markets, mainly the energy, electrification, rail and fluid conduction sectors, which are centred on the opening of markets, the extension of our product range and the consolidation of relations with new clients, which has allowed us to establish an encouraging budget for 2016. And on the other hand, the total dedication of the entire La Farga team in the successful introduction of the new Evo-tub project. This has been a crucial project for the company in reducing the manufacturing costs of our copper pipes, while extending our product range, which is highly important for us.

We have to mention the involvement by the American SDI La Farga plant, which we can now state is fully-operational in all senses; market, organization and costs.

With all of these actions outlines, I can announce, for the closure of the 2015 financial year, a generation of post-taxation cash flow in our profit and loss account that amounts to 11 million euros.

On behalf of the Board of Directors, over which I preside, I would like to thank the entire La Farga team for the efforts made. The international situation and that of our sector especially, demands more teamwork and togetherness. I would also like to mention the excellent relations between our Group and the all our clients, in addition to the support of our suppliers and financial entities.

Thanks to all of you for the dedication shown in this great project, in La Farga.

Oriol Guixà Arderiu,
President and C.E.O.

TRANSCENDENCE

Going beyond the limits of time, may well have been his obsession

We are talking about 'the old man'; father, dad, grandfather, Vicenç, Mister Vicenç, Mister Fisas and even Don Vicente. Each of these terms used were significant enough to characterize a mission, a vision, a distinct mark and even a distinct register. They were many men in a single body and all of them revealed their importance, he was able to go beyond the limits of time.

As a father he filled this role twice, as he left a different memory with each child. He was a different father to each one of his twelve children and in each of them he left a distinct mark and a distinct story.

As a businessman he was a man who took on risks, as befits one who takes on ventures and who challenges himself. He was self-taught in almost everything, he knew how to exceed the expectations of others and, as a non-conformist, he never exceeded his own. As an intellectual he always maintained an ability for critical analysis without losing his capacity for tolerance. He was able to adapt himself to new times, with doses of stamina, it is true, but always with a high level of tolerance, which often confused others.

He was obsessed with the creation and the retention of jobs. And this obsession was his inner force, which allowed him to fight in times of crisis without being swayed. He interpreted these moments as a necessary change of scenery and an opportunity in which to improve processes and develop his ingenuity.

In fact, his early days at La Farga were the result of such a crisis and his way of facing them, his obsession for 'saving everything' was in fact what lay behind the effort to attain what we now know as La Farga. He dedicated over 35 years to fulfilling his dream with the aim of passing on his legacy, which was summarized to perfection in 2008, when he stated, "La Farga is celebrating its first bicentennial"

Serving society, serving in order to create wealth for others and not just for oneself. Companies, he said, are the channel, the platform for the creation of wealth, countries are constructed with companies, fulfilling the dreams of those who work in them; designing, manufacturing and selling the products made in them. Detecting and improving the talent of those who work for them, making us better.



Returning to society what it has given and doing this generously and discreetly. Another of his dogmas, which has become evident through the La Farga and Josep Moncusí Castells Foundations, both of which he founded, which are an example of human quality and his vocation, and of his social responsibility.

My father belonged to a generation that no longer exists, men who suffered the miseries of an absurd, cruel war, without a childhood, testimony to emotions now forgotten, made from hunger, pain, of death close at hand, of exiles, rifles and orders without reason. A generation that began with nothing and which took upon itself the task of rebuilding a whole country. He managed to do it, and he was always aware of this challenge, assuming the responsibility of one who constructs for the benefit of all.

For us, the twelve children, the thirty-two grandchildren and twenty-one great-grandchildren, he was the leader, the guide, the teacher and now, we can see that, like a tutor, he has given us all pass marks. Each one of us has obtained his own diploma: of son or daughter, grandchild or great-grandchild, signed by him and with a good score. This is why, after his death, we have felt calm, collected, without drama, because he has left us with the confidence of a man who leaves his work well done and finished.

My father was the boss of his own life right until the last minute. He died aware of his time and he had the courage to decide at all times, without anyone taking the initiative for him. His departure has been, for all of us, another lesson in leadership.

He dedicated his final moments to my mother, his faithful companion, his spouse for over sixty-five years, who was an extension of

his body during the last years of his life, his arms and his legs. With all of us as witnesses, he declared his love and admiration for her, he asked her for kisses and he gave her smiles, unconditionally, with that characteristic humour of his, with that roguish smile that distinguished him. He gave us all another lesson, he showed us how to die in peace.

However, of all his teachings, I would like to mention one, the need to project oneself transcendently, insisting on the life question that we all should ask ourselves; "What kind of legacy do you want to leave behind, after your death?".

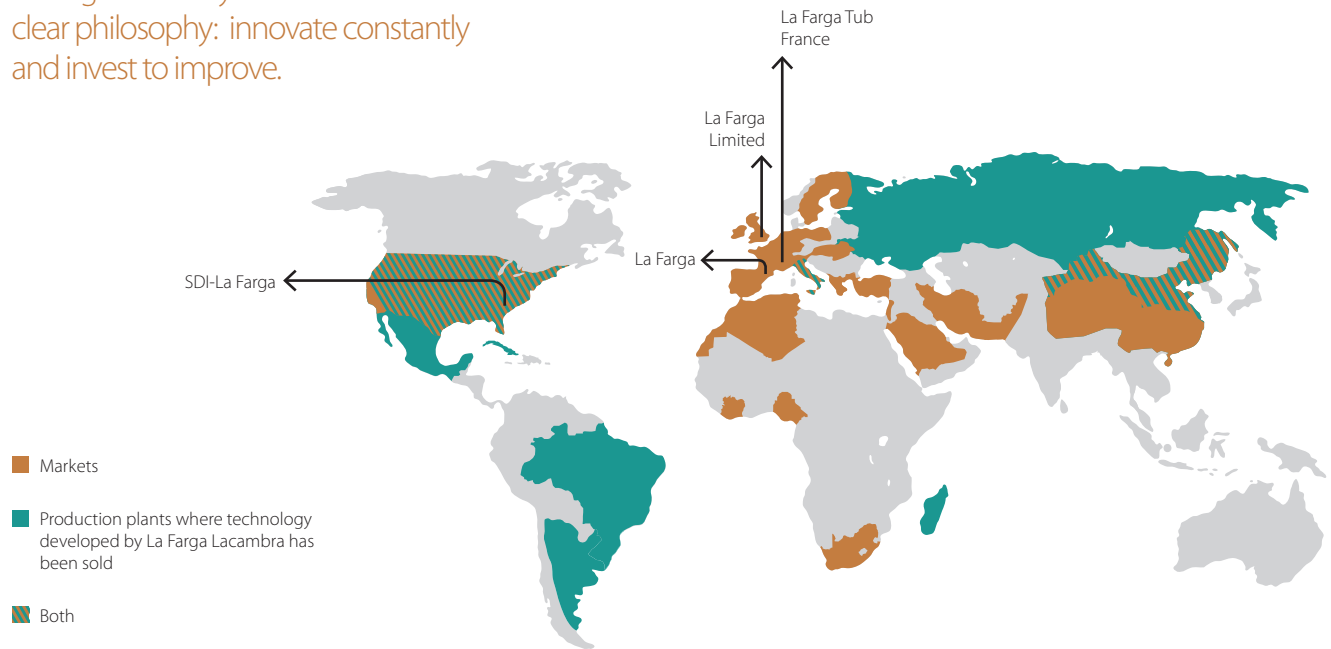
And I am stating this now because it is time to look at the answer. Today, dearest father, your sons, your grandchildren, you great-grandchildren, your partners, your co-workers, your employees, your friends, we are all wiser, fairer, nobler, more loved, stronger, fuller. This is your legacy, this is your transcendental mark.

Everyone whoever knew him recognized something distinct within him; Vicente Fisas, the polyhedral man, who knew how to move beyond the limits of time. My father, dad, grandfather, Vicenç, Mister Vicenç, Mister Fisas and even Don Vicente.

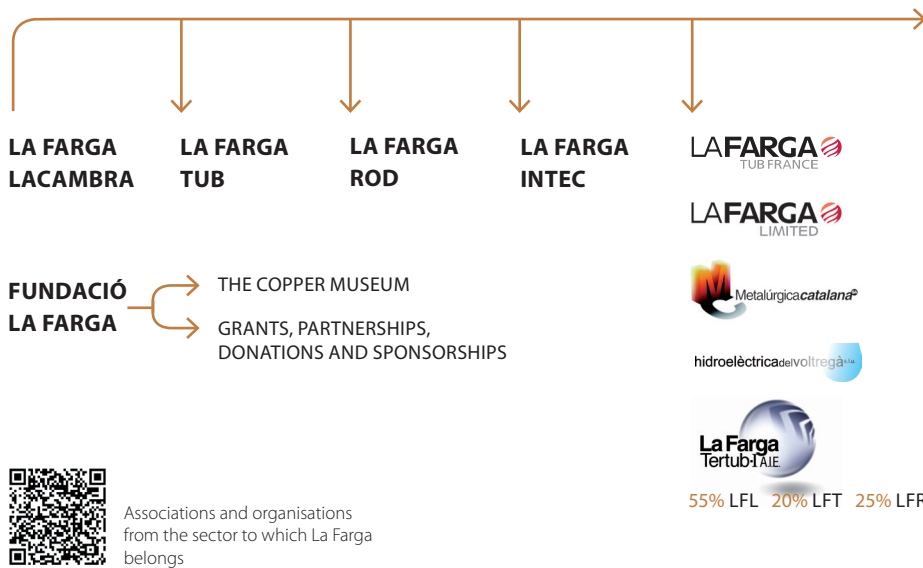
Ferran Fisas
Entrepreneur. Partner of La Farga
The Seventh Son of Vicenç Fisas

LA FARGA AT A GLANCE

La Farga is a family business with a clear philosophy: innovate constantly and invest to improve.



LA FARGA yourcoppersolutions



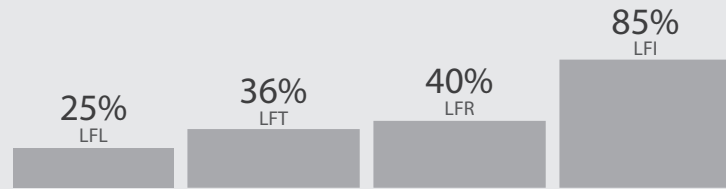
PARTICIPATING COMPANIES

	SDI La Farga, LLC.	19% LA FARGA
	DISTRIBUTION S.L.	40% LA FARGA
	DISTRIBUTION S.L.	40% LA FARGA
	DISTRIBUTION S.L.	40% LA FARGA
	OXOLUTIA	10% LA FARGA
	ausa futur	10% LA FARGA

LA FARGA

46%

Direct exports



A FAMILY BUSINESS



€ 75.941.528

Own resources



€ 13.176.807

Yearly investment



€ 65.678.513

Liabilities



€ 887.994.775

Turnover



€ 11.010.976

Cash Flow



€ 13.961.023

EBITDA



191.894 t

Tonnes of copper sold (consolidated)

STAFF

347

Employees



12%

Women Employees



88%

Employees in the County of Osona



84%

Employees with Long-term Contracts

CLIENTS



207%

Net Profit (consolidated and invested) in R+D+i

12%

LFL

New Clients

9%

LFT

11%

LFR



SUPPLIERS

926

Suppliers



54%

Suppliers from Catalonia



17%

Suppliers from the County of Osona

NEIGHBOURS, COMMUNITY, PUBLIC AUTHORITIES AND THE MEDIA



€ 101.478

Investment in scholarships and grants for study purposes

THE ENVIRONMENT



1.209 kWh

Energy consumption (thermal and electrical) with respect to tonnes of processed copper



0,81 m³

Water consumption with respect to tonnes of processed copper



255,03 Kg

CO₂ emissions with respect to tonnes of processed copper

OUR FOCUS ON CREATING VALUE

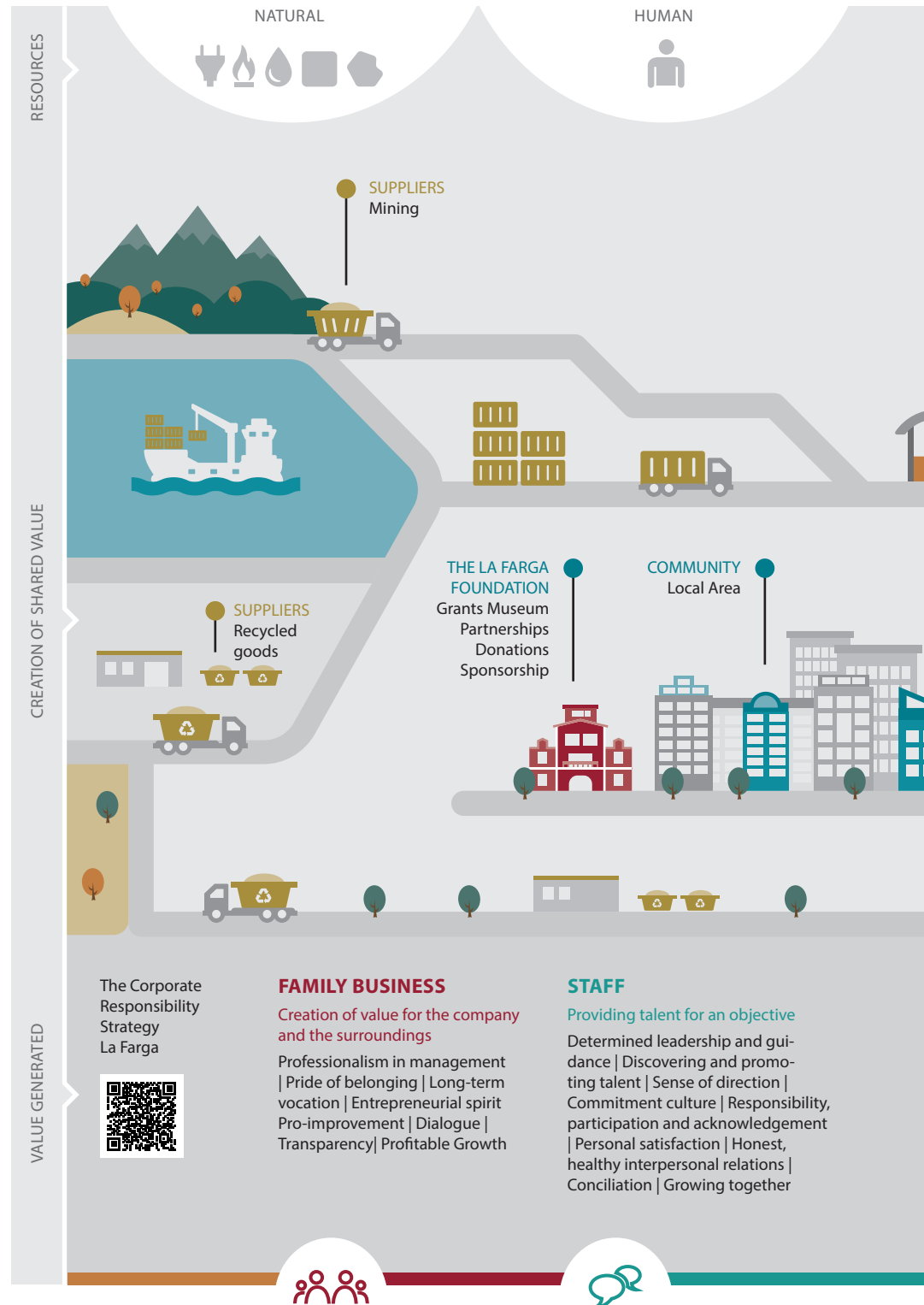
La Farga must last over time. To do this, our management must be sustainable, and this sustainability needs to be understood in social, economic and environmental terms

THE LA FARGA POLICY OF CORPORATE RESPONSIBILITY

With a long-term view, at La Farga we manage our activities and the business within the framework of our corporate responsibility framework, seeking **sustainable growth as the strategic axis for the creation of value.**



WORLD AGREEMENT
We have been members of the United Nations World Agreement since 2006.



SOCIAL



FINANCIAL



OPERATIONAL



FOUNDRIES
Refined products
Cathodes Recycled materials

SEMI-MANUFACTURED COPPER PRODUCTS
Electrolytic wire rod
FRHC wire rod
Billet

PIPE PLANT
Copper tubes

WIRE DRAWING PLANTS
Drawn products

ASSESSORS
Sale of recycling technology

CLIENTS
Warehouses
Industry

DISTRIBUTION CENTRES

CLIENTS

Solutions and answers to major demands

Guarantee of service and product quality | Respect and honesty | Satisfaction of needs | Rigorous and transparent information | Continued product, service and process improvement | Design and development of safer and more sustainable products | Constant innovation

SUPPLIERS

Winning synergies

Respect for trade agreements and mutual respect | Guarantee of stability and safety | Long-term agreements | Integration | Joint innovation | Win-win

NEIGHBOURS, COMMUNITY, PUBLIC AUTHORITIES, THE MEDIA

Commitment to the area

Good neighbourly relations | Cooperation and cultural and social development | Regional protection | Transparency | Respect | Dialogue

ENVIRONMENT

Respect for the natural world

Restoration and re-utilisation of raw materials: copper | Optimisation of the use of natural resources and energy | Mitigation and minimization of impacts | Greening of projects and processes | Environmental protection and control of emissions



EXTERNAL EVALUATION IN THE CORPORATE RESPONSIBILITY OF LA FARGA

One of our clients in the rail sector subjected us, as a supplier, to an external evaluation process with respect to our involvement in corporate responsibility (in environmental, social and ethical areas in responsible operations and purchases) using the EcoVadis solution. EcoVadis is a cooperative platform that allows large-scale businesses to evaluate the environmental and social performance of its suppliers.

Gold in the 2015 Ecovadis CSR Rating:

82

points out of 100

ANALYSIS OF RELEVANCY AND RESULTS (G4-18)

The aim of the sustainability report is to offer a comprehensive vision of the economic, social, environmental and corporate management performance of La Farga.

1 IDENTIFICATION
of the most relevant issues for the sector in which we operate, which considers impact throughout our value chain and interest groups.

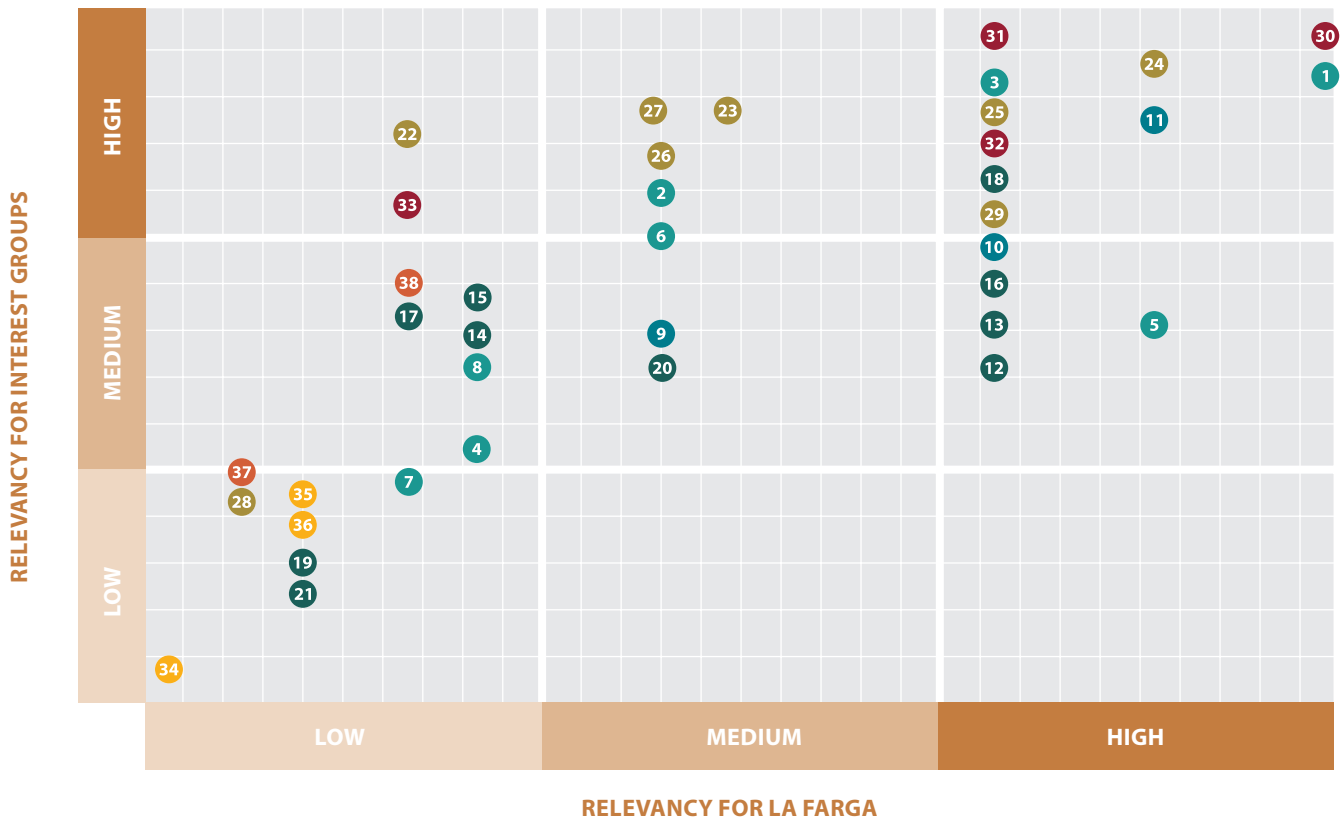
2 PRIORITISATION
A process that takes place through the previously-identified themes through a survey with the participation of all the company interest groups, in addition to the people who occupy management positions and who have decision-making power.

3 VALIDATION
Confirmation of results obtained in the internal area with the participation of those departments and areas more directly linked with strategic matters pertaining to corporate responsibility.



RELEVANCY MATRIX (G4-19)

The report takes into account those material aspects with the specific information on management approaches and indicators. Information is also published that relates to non-tangible issues with respect to GRI G4, given that they allow an explanation of the performance of La Farga in all areas of sustainability in a more comprehensive manner.



- **1/8**
ECONOMIC MANAGEMENT AND BUSINESS STRATEGY
- **9/11**
BUSINESS ETHICS AND GOOD CORPORATE GOVERNANCE
- **12/21**
ENVIRONMENTAL MANAGEMENT
- **22/29**
RELATIONS WITH EMPLOYEES AND LABOUR PRACTICES
- **30/33**
RELATIONS WITH CLIENTS AND PRODUCT RESPONSIBILITY
- **34/36**
RELATIONS WITH LOS SUPPLIERS
- **37/38**
RELATIONS WITH SOCIETY

- 1 • **Economic performance**
- 2 • **Investment***
- 3 • **R+D+i***
- 4 • Expansion and diversification *
- 5 • **Risk control and management ***
- 6 • **Compliance***
- 7 • Market presence
- 8 • Evaluation
- 9 • Good corporate governance *
- 10 • **Fight against corruption**
- 11 • **Regulatory fulfilment**
- 12 • **Materials**
- 13 • **Energy**
- 14 • Water
- 15 • Emissions
- 16 • **Effluents and wastes**
- 17 • Products and services

- 18 • **Regulatory fulfilment**
- 19 • Transport
- 20 • General (investments and environmental expenses)
- 21 • Environmental demand mechanisms
- 22 • **Employment**
- 23 • **Relations between employees and management**
- 24 • **Health and safety at work**
- 25 • **Training and education**
- 26 • **Diversity and equal opportunities**
- 27 • **Equal gender pay rates**
- 28 • Demand mechanisms regarding labour practices
- 29 • **Promotion of continued improvement and sustainable performance ***

- 30 • **Client health and safety**
- 31 • **Labelling of products and services. Service quality and client communication ***
- 32 • **Regulatory fulfilment**
- 33 • **Responsible material management**
- 34 • **Acquirement practices**
- 35 • **Responsible management of the supply chain**
- 36 • **Supplier evaluation**
- 37 • **Local communities**
- 38 • **Responsible relations with the community ***

(*) Non G4-GRI aspects
Tangible aspects

GOALS FOR 2015 AND 2016

2015

ECONOMIC GOALS

FULFILMENT LEVEL

Optimizing the financial structure of the group and the tools that we use.	100%
Improving the process project to ensure that the organization works in accordance with the processes and that the necessary tools are provided.	91%
Lowering payment days with respect to 2014.	100%

GOALS: PEOPLE AND ORGANISATION

Leading the process project to ensure that the organization works in accordance with processes.	65%
Identifying protect and capture company talent.	75%
Improving the work climate.	87%

GOALS IN THE PREVENTION OF OCCUPATIONAL HAZARDS

Maintaining rates of frequency and seriousness below the established goals.	20%
Maintaining the registries of the OSHAS 18001 regulation for all Group companies.	100%

R+D+I GOALS

Managing the technical know-how and administration of La Farga.	25%
Promoting projects focused on making changes in the production process in order to reduce costs.	75%
Promoting projects focused on developing new manufacturing processes.	50%

GOALS WITH RESPECT TO CLIENTS

Implementing the 'Value for the Client' project in order to improve delivery times; the resolution of incidents and flexibility for clients who represent 80% of sales volume.	98%
Developing the rail market for 2016.	98%
Identifying new opportunities in order to offer a more complete range.	90%
Supervising and monitoring national and international regulations for the proper fulfilment of requirements.	100%
Organising and creating a new quality control system that adapts to new copper pipe clients.	30%

GOALS WITH RESPECT TO SUPPLIERS

Optimising costs through projects developed in cooperation with our suppliers.	73%
Creating policies on conflict-free minerals.	100%

GOALS AIMED AT THE COMMUNITY

Contributing to local development, maintaining or increasing the number of training grants provided.	100%
Maintaining policies of transparency through the publication of the sustainability report.	100%

ENVIRONMENTAL GOALS

Maintaining noise levels at ± 2 dB(A) with respect to 2014.	100%
Maintaining waste levels managed abroad at $\pm 2\%$ with respect to 2014.	100%
Maintaining water consumption at $\pm 2\%$ with respect to 2014.	100%
Maintaining energy consumption at $\pm 2\%$ with respect to 2014.	100%

2016

ECONOMIC GOALS

Optimising the financial structure of the group and the tools that we use.

Improving the process project to ensure that the organization works in accordance with the processes and that the necessary tools are provided.

Controlling and reducing the industrial and general expenses of the Group.

GOALS OF PEOPLE AND ORGANISATION

Defining a new process for the identification and development of talent.

Extending and qualifying the figure of the coordinating operator.

Promoting loyalty in new teams.

Improving the working atmosphere.

GOALS IN THE PREVENTION OF OCCUPATIONAL HAZARDS

Maintaining rates of frequency and seriousness below the established goals.

Maintaining the OSHAS 18001 regulation registries for all Group companies.

R+D+I GOALS

Managing the technical know-how and administration of La Farga.

Promoting projects focused on making changes in the production process in order to reduce costs.

Promoting projects focused on developing new manufacturing processes.

Applying innovation and development in order to obtain new products and extend the product range.

GOALS WITH RESPECT TO CLIENTS

Increasing our presence in the international rail sector.

Consolidating the 'Value for the Client' project.

Consolidating Group branches within the framework of the internationalization strategy.

Consolidating sales in those markets with greater added value

GOALS DIRECTED AT SUPPLIERS

Promoting the project for improving the administrative flow of non-copper purchases.

Continuing the search for new suppliers and types of raw materials.

GOALS AIMED AT THE COMMUNITY

Contributing to local development, maintaining or increasing the number of training grants provided.

Maintaining policies of transparency through the publication of the sustainability report.

ENVIRONMENTAL GOALS

Maintaining noise levels at ± 2 dB(A) with respect to 2015.

Maintaining levels of wastes managed abroad at $\pm 2\%$ with respect to 2015.

Maintaining water consumption at $\pm 2\%$ with respect to 2015.

Maintaining energy consumption at $\pm 2\%$ with respect to 2015.

FAMILY BUSINESS



VALUE CREATION FOR THE **COMPANY** AND THE **LOCAL** **AREA**

We offer dialogue and clear information.

We are working towards the profitable growth of the company through a motivated team, one focused on results, with an **entrepreneurial spirit**, directed at improvement. We seek to **create value** in our local area in line with our foundational values and with the aim of ensuring that our family business is proud of our actions.

We manage resources with **professionalism** and **responsibility**, and with a **view to the long term**.

PROFESSIONALISM IN MANAGEMENT

What characterizes business families is their force and their feelings, which is what makes them organisations with enormous possibilities when it comes to success.

THE FAMILY BUSINESS CULTURE

Our long-term vision is supported by **a structure of corporate governance that promotes speed and efficiency in decision-making processes** and which reflects the commitment of shareholders with sustainable development and innovation.

The composition and the mission of **the governing bodies of the family business act to preserve the main values of our family company.**

The President of La Farga, Vicente Fisas Comella, retired after 35 years leading the family company, after having re-founded the business in 1980. Oriol Guixà Arderiu is the current President and C.E.O.

THE INTRODUCTION OF ENTERPRISE RISK MANAGEMENT

In order to guarantee the fulfilment and the adaptation to laws and regulations, we have recently introduced the Enterprise Risk Management Programme, which uses the internal auditors of La Farga, the communication of internal regulations and the definition of the risk map to identify and evaluate these hazards in different areas of our business.

Those risks inherent to company activity have been identified by means of a risk map, distinguishing between operational, technological, legal and financial or economical risks. This identification process will allow us to adopt those means necessary to minimize and mitigate the impact of risks over the next year, in the event that they arise.



TRANSMISSION, HOW TO PASS ON THE VALUES OF A FAMILY BUSINESS

Transmission is a programme created by Ferran Fisas, a member of the La Farga family business, which has been designed to create a reserve team for the future shareholders and board members of this family business. A business-orientated family focuses on a long-term future; it seeks to transmit its legacy to future generations.

The programme lays the foundations that transmit the values of this family business through the generations, and seeks to ensure that the survival of the organisation is as harmonious as possible. According to Fisas, "it is much more than a training programme for future shareholding partners of the family business. It is a way to understand the continuity and the permanence of our foundational values within the family business, which requires the involvement of its members across the board and over the generations".

19

Conferences on
Transmission in 2015

BUSINESS PHILOSOPHY

In 2015 we committed ourselves to a revolutionary project in the production of copper tubes in order to provide the market with improved efficiency, while opening up new markets for La Farga Tub

At La Farga we base our long-term development strategy on the excellence of our operations and on the optimization of production processes in order to reduce overall costs. We are committed to innovation, we aim to provide innovative products, while promoting high-quality services and improving our production capacity and its efficacy – strengthening the company with expansion into new markets.

NOTEWORTHY INVESTMENTS IN 2015

LA FARGA LACAMBRA

- The Evo-tub Project
- Increasing capacity and efficiency in drawing processes

LA FARGA TUB

- The Evo-tub Project
- Improving lighting and as a result, energy efficiency

LA FARGA ROD

- Improvements in the production process focused on energy savings



OUR COMMITMENT TO THE DEVELOPMENT OF LA FARGA TUB

In 2014 La Farga Tub found itself at a standstill, it needed a major relaunch in order to guarantee viability and duration. We therefore designed a new process that facilitates production costs – mainly in energy savings – the extension of our product range and improvements in quality. At the same time, in order to deal with this increased product volume and diversification, we are also working on improving our Sales Department.

In 2015 we initiated our investment and created action plans in La Farga Lacambra and La Farga Tub. This investment covers the production of the main tube in the La Farga Lacambra foundry to the finished product in La Farga Tub.

In order to guarantee the success of this new project, in addition to economic investment, we involved the Company Committee in the establishment of a competitive agreement, which enabled us to attain the commitment of our entire staff. In order to further promote this investment, we will be introducing a fourth shift in the production sector in 2016.

As this is an innovative investment, we have the cooperation and support of the Centre of Industrial Technological Development (the CDTI) and both national and international engineering sectors. Leadership in this investment has taken place in engineering and has produced tangible results in machinery and infrastructures; e.g. the storage area has been increased in order to offer improved client services. The project has resulted in an increased number of suppliers, the majority of whom are from the local area.

STRATEGIC PLANNING BASED ON THE COPPER AND THE ECONOMY

THE COPPER MARKET

- The refined copper market ended 2015 with a surplus. The global provision of mined copper grew by 3.1% in 2015, with respect to a descent in worldwide demand of 0.5%, which created a surplus of refined copper of 127 thousand tonnes. The consumption of copper in China grew by 0.3% in 2015 with respect to the previous year's figures of 15%, which reveals the size of this deceleration in terms of copper demand, causing prices to fall. In 2015 the average price of copper registered a 20% fall with respect to the previous year.
- With respect to 2016 and 2017, the refined copper market will remain at surplus levels of 199 and 168 thousand tonnes respectively, with a forecast growth in mining production of 4.6% and 2.2% for the same years. This important increase in 2016 production capacity is due to increased competence and new projects in Peru, which is due to become the second-largest producer of copper in the world, surpassing China, while an increase in offers from Indonesia, Mexico and Zambia is also influential.

Source: Cochilco. Market Trend Report: Copper Market January 2016.

COPPER DEMAND

- With respect to refined copper demand, a growth of 2.3% is forecast in 2016 and 2.6% in 2017, with China reaching expansion rates of around 3% - a figure that is below the average of the last five years - of 1.5% in the USA and 6.5% in the case of India.

Source: Cochilco. Market Trend Report: Copper Market January

OFERTA DE COBRE

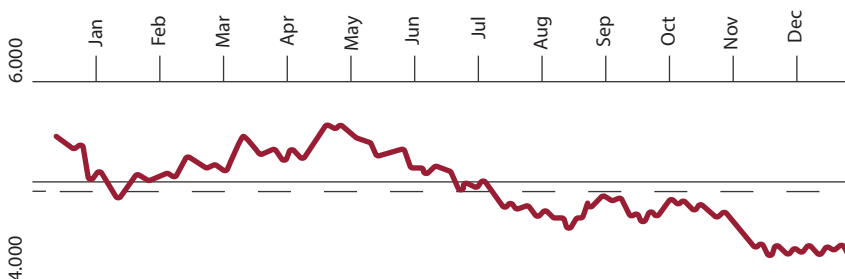
- In 2017, world mined copper production should reach 20.4 million tonnes, with a growth of 2.2% with respect to 2016 and a higher production volume of 443 thousand tonnes. On a national level, the main increases should come from Chile, Peru, Zambia and the recuperation of production from the Democratic Republic of Congo.

Source: Cochilco. Market Trend Report: Copper Market January

A surplus in the copper market, falling consumption in China and reduced global demand are some of the main aspects in the situation of the metal market in 2015

2015 marks a turning point in terms of global copper growth figures.

COPPER PRICES DURING 2015 (€/t)



4.951'78

€/t Average share price

31.12.2014: 5.238 €/t

31.12.2015: 4.319 €/t

ECONOMIC PERSPECTIVES

- In 2016 the world economy is facing a year of reduced growth and high risks that do not even reach those values initially forecast.

China will continue to influence financial flows and the price of raw materials. Business debt in developing countries will be more vulnerable and constitutes a focus of instability. Geopolitical tensions and the risk of stagnation in developed countries completes the panorama.

- Changes in anticipated growth rates are not predicted in the Eurozone and a marked revision is forecast, with respect to a lowering of the anticipated inflation rates. The Central European Bank is still willing to back monetary stimuli.
- Predictions regarding world growth stand at 3.2% for 2016 (the same figure given for 2015) and at 3.5% for 2017. The current scenario of global growth, which is anaemic with respect to levels and perspectives, is also especially vulnerable to any type of shock that may alter the confidence of its consumers and investors and therefore, its decisions regarding expense and investment.
- The improvement of developed economies, with growth in the USA that could probably remain at around 2.5% and that of the Eurozone, which will remain at 1.8% at the lowest, will not be enough to compensate for the deceleration of the developing economies and in development, which account for almost 60% of world GDP.
- The key to the global scenario is the final result of China's transition towards lower and more sustainable growth rates, while it rebalances its economy, giving greater significance to services and the market in the assignment of resources, restructuring public companies and managing the difficult opening of share accounts at the same time.
- The uncertain global economic situation, in addition to the ambiguous legal and political situation of the country are the main factors holding it back.

Source: The Global Situation Report. 1st Quarter of 2016. The Unit of Economic Scenario, BBVA Research

TRENDS OF GREATER SCOPE AND STRATEGIC PRIORITIES FOR LA FARGA

- Falling copper consumption in China, which has caused a drop in copper prices, has improved our cathode purchasing capacity, however it does affect us negatively in terms of access and prices with respect to scrap.
- In general terms, the entire European metal manufacturing sector will be affected in the long term by the fall of the Yen and by the increased competitiveness of Chinese producers in the global marketplace, i.e. devaluation favours Chinese exporters and will cause prices to drop in the European Union.
- Improved production of copper tubing allows us to manufacture lighter products and to adapt ourselves to the maximum weight limits of some countries, which will allow us to enter new international markets.
- Strategic decisions have been taken at the supplier chain level in order to improve client services.
- Large-scale investments have been made in 2015, accompanied by notable efforts and projects in innovation and development.



INTERNATIONAL ACTIVITIES AND POSITIONING OF LA FARGA

- We have become a name of reference in the rail sector, supplying our products to major European and global projects, such as: Haramain High Speed Meca-Medina (Saudi Arabia), La Ligne Grand Vitesse Tours-Bordeaux (France), the route linking the two Alsatian cities of Metz and Strasbourg and the line planned to connect Halkali and Gebze (Turkey).
- La Farga Rod has continued to evolve in line with its capabilities, without having reached its maximum levels. The company has been prepared to deal with new growth and sales have been maintained, despite marked restructuring in the cable sector.
- La Farga Lacambra and La Farga Rod have re-defined internal processes in order to improve quality, and have invested in structures in order to focus the systematic improvement of processes. On the international market, both have focused their growth perspectives on their natural market, which is mainly Europe, where relations have improved.
- La Farga has increased its potential thanks to its decision of La Farga Tub to produce the Evo-tub, which has required significant investments in structure, process engineering, trade, and quality, among other factors.

2015 has been a year of changes, when decisions have been taken to create a highly different organizational structures and a different kind of factory

THE MONITORING OF THE LA FARGA TUB FACTORY TO INCREASE COMPETITIVENESS, EFFICIENCY AND EFFICACY

In its decision to implement the digitalization of its smart factory, La Farga Tub has increased its monitoring and control system, which began with MICO24, to two additional machines, which are essential in the current production process.

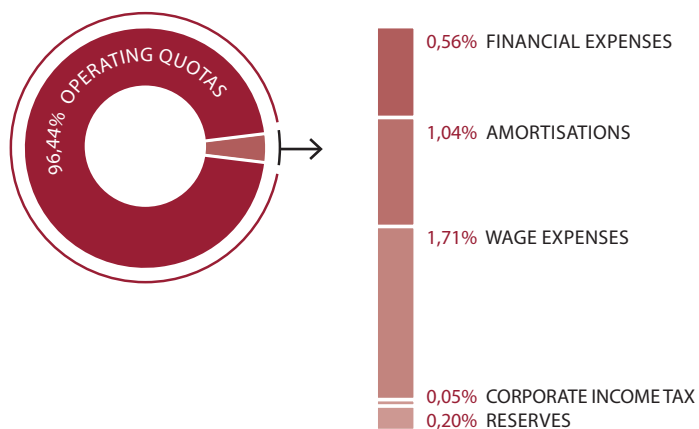
This extension has meant a qualitative leap in the organization and management of the plant, making it more efficient, effective and sustainable. The system constantly supervises the key parameters of various machine components, such as tension, intensity, temperature and vibrations, so providing an intelligent preview that facilitates and improves the decision-making process and the undertaking of appropriate actions, as it is capable of forecasting and providing warnings with respect to errors and breakdowns before these occur. The system reduces the need for unforeseen stoppages that paralyse the production system. It also increases profitability, reduces occupational hazards and lowers expenses, while increasing energy efficiency. The entire installation has been created using an EtherCAT communications network



ECONOMIC MANAGEMENT FOR SOLID AND SUSTAINED GROWTH

in €	LA FARGA LACAMBRA		LA FARGA TUB		LA FARGA ROD		LA FARGA INTEC		CATALAN METAL INDUSTRY CORPORATION	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Income	517.751.121	481.498.233	94.373.788	84.874.161	571.813.401	582.203.868	1.676.374	1.257.923	1.381.872	103.645
Operating costs	500.874.127	463.145.643	89.208.229	80.799.984	567.498.432	577.631.247	182.181	253.806	1.356.961	76.075
Salaries and social benefits	8.387.963	9.220.738	3.208.036	3.170.573	761.665	814.865	231.616	259.754	0	0
Payments to financial backers	3.964.821	2.088.493	602.836	374.187	2.678.411	1.734.088	118.463	32.786	23.780	16.987
Direct payments to public authorities	3.668.243	5.435.297	1.462.850	2.342.257	336.303	1.734.088	102.913	102.115	4.456	7.726
Payment CMC taxes	1.757.930	13.992.055	11.045.230	8.345.221	-1.215.240	-2.821.794	453.368	222.774	39.216	21.749
Significative financial aid received from public administrations	0	0	28.732	27.057	17.632	0	0	0	0	0
Turnover	515.385.400	479.894.594	94.792.711	84.857.217	572.725.963	582.099.045	1.676.374	1.257.923	1.366.537	101.194
Net cash flow	7.505.316	8.424.061	1.570.850	879.348	2.229.343	2.575.755	259.262	616.089	61.821	69.903
% of direct exports	27%	25%	36%	36%	36%	40%	46%	85%	0%	0%
Expenses	514.777.060	477.161.244	95.028.713	86.414.340	570.596.228	579.904.072	927.500	1.026.948	1.356.961	95.579
Total investment	8.400.592	7.696.103	1.072.909	4.731.736	761.497	439.524	0	11.610	0	0
Company tax	322.557	940.808	-266.230	-323.639	314.850	390.416	-830.516	196.506	1.148	2.517
Total assets	125.589.325	116.558.803	37.556.067	33.493.872	35.543.164	35.013.586	3.312.210	2.203.612	3.374.781	3.205.482
Own resources Reserves	42.565.554	43.323.641	17.156.157	16.511.144	19.560.470	19.914.641	711.268	713.969	2.436.233	2.444.299
Reserves	13.944.583	14.097.429	2.360.851	2.380.851	2.366.101	2.470.538	94.445	94.445	1.516.719,69	1.516.720
ROE	5%	7%	-1%	-4%	5%	7%	-36%	0%	0%	0%

ADDED VALUE STATUS



OUR TEAM



PROVIDING TALENT FOR AN OBJECTIVE

We create honest, healthy, interpersonal relations through a **responsible attitude** of **participation** and **acknowledgement**, which give us even greater **personal satisfaction**.

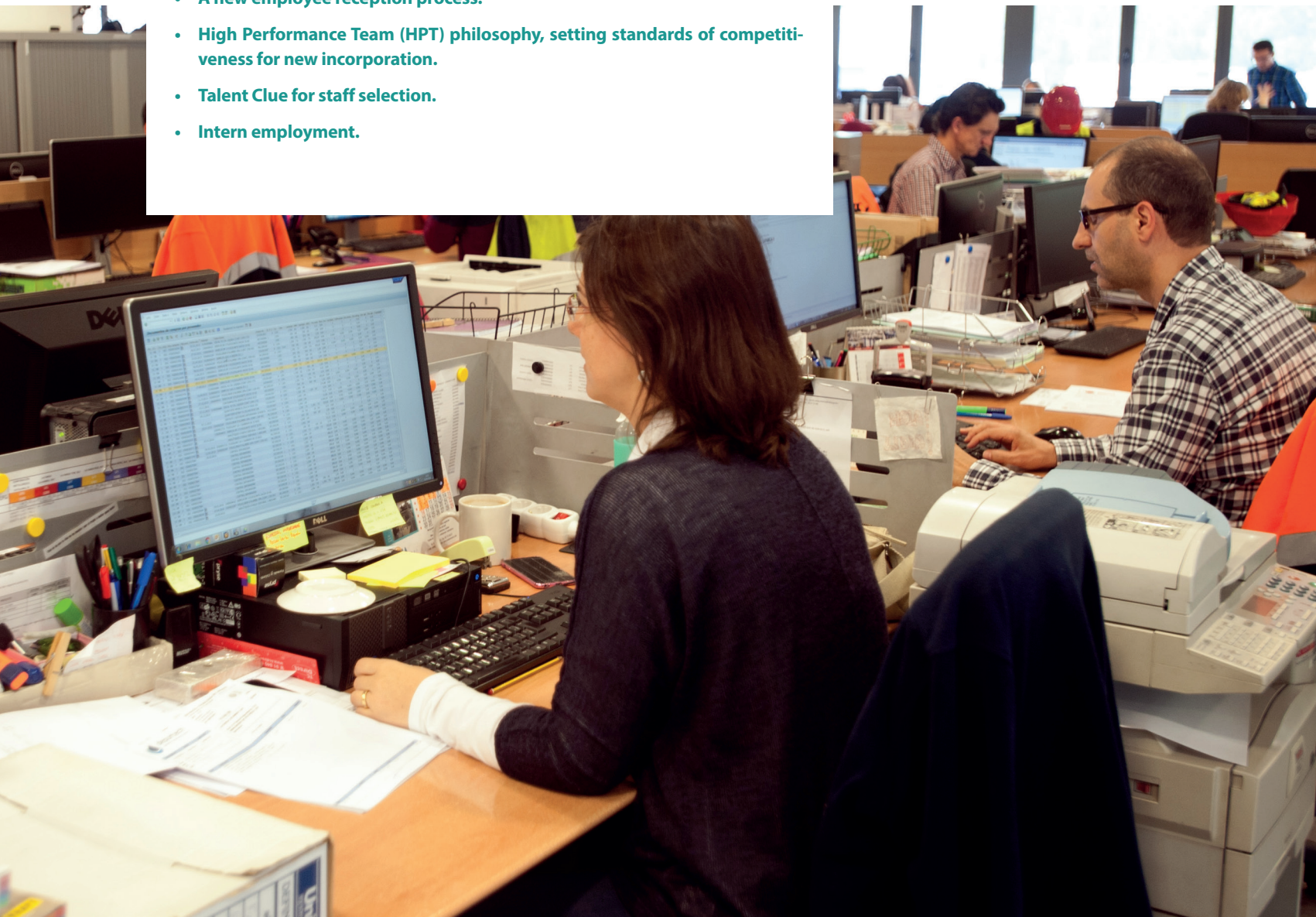
We are committed to equal opportunities and **non-gender discrimination**. **We accompany** our workers during **their professional development**, and promote a shared professional journey, united leadership and a culture of commitment, we also facilitate reconciliation policies.

We work to ensure that each and **every employee discovers their talents** and improves them.

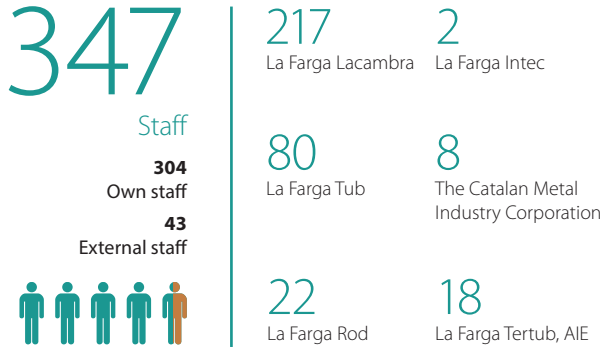
A TEAM AT THE SERVICE OF OUR CLIENTS

We are aware of the importance that people have, as a fundamental part in corporate strategies and in achieving our aims. To ensure progress in the efficient management of company development at La Farga, the following actions were promoted in 2015:

- **Strategic support for improved client relations.**
- **A new structure in maintaining La Farga Lacambra and La Farga Rod.**
- **A fourth shift at La Farga Tub and La Farga Rod.**
- **A new employee reception process.**
- **High Performance Team (HPT) philosophy, setting standards of competitiveness for new incorporation.**
- **Talent Clue for staff selection.**
- **Intern employment.**



A PROFESSIONAL AND DIVERSE TEAM



In 2015, the La Farga plant has continued to grow, in order to respond to market and business challenges, and to aid the development of group companies.



100%
La Farga staff covered by our collective employment agreement



67%
Management positions from the County of Osona

27
New work positions created

88%
Staff from the County of Osona

25
New contracts

- 75% From the County of Osona
- 86% Men

WE VALUE LOYALTY

We value quality employment and promote long-term staff contracts in order to facilitate professional progress in the company.

95%
Full-time staff

8%
Staff rotation

96% Men
87% Women

25% Staff reduction
48% Voluntary resignation

10,71
Average years of tenure

84%
Staff with long-terms contracts

85% Men
76% Women

41%
Staff between 36-45 years of age

COMMITTED TO EQUALITY AND DIVERSITY

12%
Women employed

25%
Women in management positions

30%
Women on the board of directors

CONCILIATION AND SOCIAL BENEFITS AVAILABLE TO EMPLOYEES

Our support for quality employment also shows that we offer our employees, who are seeking to improve their professional careers, the motivation and involvement of all our staff, especially with measures made to harmonise personal and professional life.



of our staff enjoy flexi-work hours and Friday continuous working day schedules during the year

Our employees can benefit from **school grants for their children.**



WE HAVE IMPROVED AN EXCELLENT WORKING ATMOSPHERE AND INVOLVEMENT IN THE COMPANY PROJECT

Our aim is to obtain better communication, both two-way communication in our teams and cross-communication in internal corporate channels. **The main initiatives adopted to promote relations between the Management and our employees are our Mid-year Celebration, Christmas Breakfast, our Inter-team Lunches and our Monthly Lunches.**

THE 5 DYSFUNCTIONS OF TEAMS

This project involves the management committees, who identify behaviour patterns that need to be halted, with reference to Patrick Lencioni's theory on The 5 Dysfunctions of Teams.

	<i>Not paying attention to results</i>	<i>Avoiding responsibility</i>	<i>Lack of commitment</i>
BEHAVIOUR FOR IMPROVEMENT	Encouraging the team to take the initiative and resolve problems	Responding proactively	Reaching common agreements and fulfilling them
BEHAVIOUR TO STOP	Not being realistic enough	Not meeting deadlines	Creating ambiguities regarding direction and priorities

COMMITTED TO FUTURE PROFESSIONALS

La Farga Lacambra and La Farga Tub have taken part in dual vocational training on electro-mechanical maintenance and the control of automatic production lines.

Dual training is a vocational training concept in which students become apprentices and combine their training in an educational centre with productive activity in a company

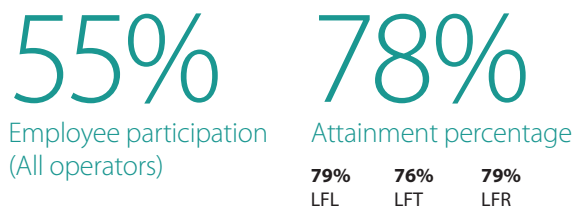
We have implemented a new Individual Training Plan format, where the employment position follows a funnel pattern and the person responsible for progress is both the immediate superior and the newly-employed person

WE OFFER TRAINING AND OPPORTUNITIES IN PROFESSIONAL CAREERS

The evaluation of performance is a well-established process at La Farga. We use SER and MAP tools to systematically and periodically evaluate and measure the performance and efficiency levels of employees with respect to the requirements of their workplace, and which affect their payment.

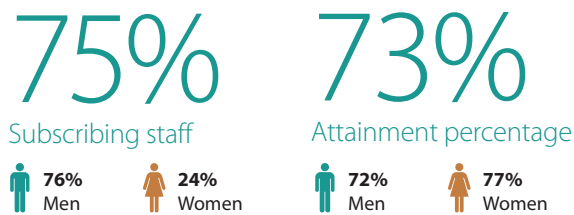
FOR THE OPERATORS' GROUP

Our Individual Improvement and Evaluation Plan (MAP)



FOR THE STAFF GROUP

Our Evaluation and Performance System (SER)



In a complementary manner to training, **in order to guide continual improvement and efficiency in the operational field, we have established an Operational Management Model (OMM)**. The Continued Improvement Department is responsible for introducing procedural techniques and tools aimed at improving client services, efficiency and productivity, quality and safety.



12

Internal promotions

90%

Trained employees



9.288

Total training hours
(+32% with respect to 2014)



30h

Hours of training per employee on average



58

Training actions
(+53% with respect to 2014)

60%

Skills training

RISK PREVENTION AS PART OF CONTINUAL IMPROVEMENT

We promote initiatives to increase levels of awareness for all employees in the prevention of risks at work



€181.948

Investment in risk prevention



THE TALENT PROJECT

The aim of this project is to identify talent within the company using objective numerical information provided by skills evaluation and an analysis of goal attainment. The idea is to secure the loyalty of talented individuals and to achieve better people and better employees.

To this end we have established individual progress routes that are planned as part of the talent pathways defined by La Farga. This process involves the search for commitment and co-responsibility in this area of development, with signed plans of several years' duration, interspersed with review procedures. During this professional process, we facilitate, accompany, guide and evaluate participants with tutors, mentors and coaches.

THE '0 ACCIDENTS AND BEYOND' PROGRAMME

Launched in 2013, the programme continues to develop over the years with the introduction of initiatives in different areas of risk prevention, in 2015, the most important were: the placement of posters in the factory, the definition of a new skill, the establishment of responsibility in management positions and the showing of awareness-related videos.





THE 4TH HEALTH AND SAFETY WEEK

From 13 to 17 April, the Health and Safety Week was held, where different initiatives took place to promote the prevention of accidents at work and to promote a culture of risk prevention in the company. This year's event went beyond prevention at work and included awareness about aspects that affect employees in personal terms.

12
Initiatives

230
Participants
In the Healthy
Habits Circuit

50
Training hours

75
Participants in
the Emotional
Intelligence
Workshop

275
Persons trained

We continue improving accident rates with values that place us below the average for the metal manufacturing industry

2015 LOSS TIME ACCIDENT RATE

Note: Rate = (nº of accidents / nº of employees) * 100

2,93
La Farga

6,65
Metal manufacturing
sector

2015 LOSS TIME ACCIDENT RATE

Note: Rate = (nº of accidents / nº of employees) * 100

158,99
2012

59,71
2015

CONSECUTIVE DAYS WITHOUT LOSS TIME ACCIDENTS

276
LFL

265
LFT

339
LFR



8
Accidents
at work

7 Men 1 Women

7
External staff and from
employment agencies

19,2
Frequency
Rate

0,54
Severity
Rate

3,57%
Absenteeism

416.448
Hours worked

CLIENTS



SOLUTIONS AND RESPONSES TO MAJOR DEMANDS

We maintain a relationship of **respect** and **honesty** with all our **clients**, while ensuring that our **communication** is always **continued, rigorous** and **clear**. We are committed to constant **innovation** to meet new **demands**, this allows us to develop more sustainable products with a **greater added value** for our **clients**.

We guarantee the **highest levels** of **quality** in all **our products, services** and **processes**, with the application of **continued improvement techniques**.

WE SUPPORT OPEN INNOVATION

- Cooperation agreement with the University of Girona for research into the use of furnace heat in foundries.
- Cooperation in the dossier published by the Spanish Rail Technology Platform (PTFE) "Research and Innovation in Materials for Super-applications in the Rail Sector".

OUR MAIN R+D+I PROJECTS IN 2015

- **Dx3 (Deep Defects Detector).**
- **The installation and launch of a vertical casting machine for the manufacture of CuDHP in our La Farga Lacambra plant.**
- **CAC installation in four overhead power lines (Spain and Chile).**

CONTINUED INVESTMENT IN INNOVATION AND INVESTIGATION

We make important investments, which allows us to achieve **continued technological progress in our production processes, so improving our products and enabling us to satisfy each client's specific needs.** In 2015 we continued with projects from previous years and initiated new projects, most of which are financed by public institutions.



€13.176.807

Total investment

€3.655.393

Investment in R+D+i
(+84% with respect to 2014)

€549.385

Non-refundable subsidies received
for the development of R+D+i pro-
grammes

0,41%

Investment in R+D+i with respect
to turnover



CAC DEVELOPMENT

In 2015 we undertook 5 installations using CAC technology for overhead electrical cables. Our conductor material has been specially designed to respond in extreme conditions, and has been installed in areas in both Spain and Chile with highly-corrosive atmospheres, snowfall and strong winds.

THE 'VALUE FOR THE CLIENT' PROJECT, A PARADIGM CHANGE AT **LA FARGA**

460

La Farga clients
(+7% with respect to 2014)

164	241	55
LFL	LFT	LFR

THE 'NEURAL NETWORKS' PROJECT

The aim of this project is to analyse all process and quality data pertaining to La Farga Rod in order to identify the critical variables that affect the quality of our processes and products in order to achieve greater stability.

We previously had a large amount of information, however data management was not based on statistical criteria or neural networks, which did not allow us to detect the relationship between the different variables and their influence.

ADAPTED TO NEW CLIENT AND MARKET DEMANDS



La Farga Lacambra and La Farga Rod consolidate the customer service structures of their Sales Department



The separation of Sales Management into two main divisions: Wire & Rod and Rail & OHL

QUALITY IS PART OF OUR VALUE PROPOSAL

Quality is an integral part of the company at all levels, through management systems and efficient tools that guarantee its attainment and the continued improvement of our procedures.

ISO CERTIFICATION: ISO 9001



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 activities)

PATENTS AWARDED IN 2015

3

Patents
awarded

2

Patents
requested

Our products have been approved in several different countries

LA FARGA LACAMBRA

European Patent
(EP2669900):

"An electrical conductor for the transmission of electrical power and corresponding manufacturing process", validated in the UK (JL80358P.GBP.)

LA FARGA TUB

Spanish Patent
(ES2478718):

"An eccentricity measuring device for non-ferromagnetic metal tubes and the corresponding method for use"

Spanish Patent
(ES2528171):

"Cable for overhead lines and manufacturing procedure"

La Farga Lacambra and La Farga Rod redefine internal processes and invest in structures in order to improve quality

In 2015 La Farga Tub attended the ISH Trade Fair in Frankfurt



SUPPLIERS



WINNING SYNERGIES

With them, **we develop joint innovations, upholding** long-term **agreements** that **guarantee safety** and **stability** in **production** and in our **supply**.

We establish mutually-
beneficial commercial
agreements by applying
win-win policies.

A DIVERSE AND EFFICIENT SUPPLIER NETWORK

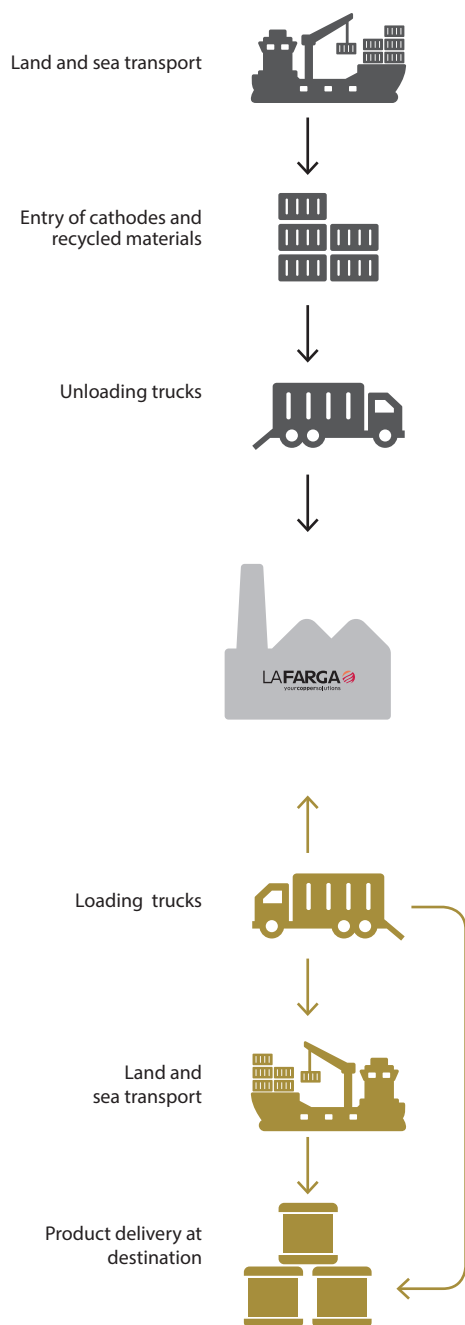
Suppliers are a key element in our value chain and we work with them to increase the overall efficiency of the company and consolidate relations founded on fluid communication and openness.

We use **raw materials suppliers from around the world**. With respect to copper, we safeguard stock levels, even in the commodities market, so as to maintain our regular professional activities.

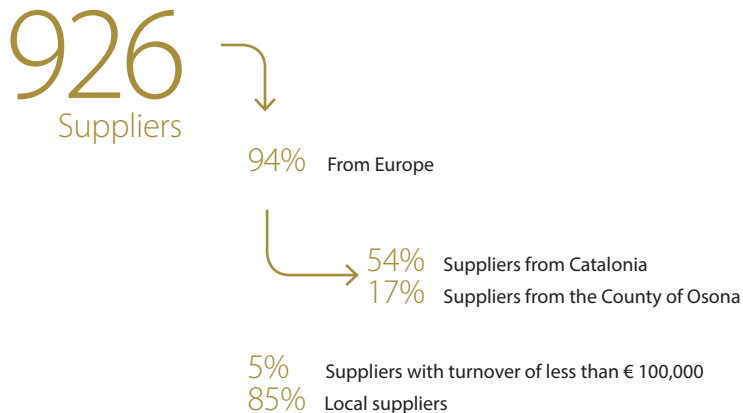
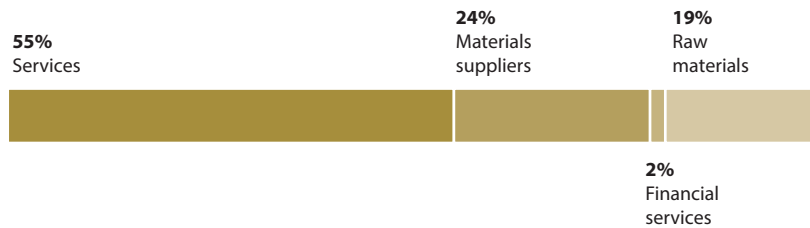
We promote copper purchases to local suppliers in order to help vitalise the economy and create value at a local level



LA FARGA SUPPLIER VALUE CHAIN CIRCUIT



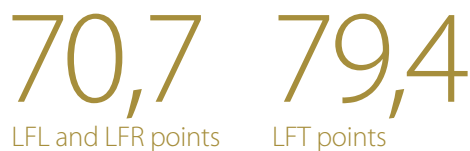
SUPPLIERS ACCORDING TO TYPE



WE EVALUATE ALL SUPPLIERS OPERATING IN LA FARGA

Our technical supplier evaluation system analyses aspects such as estimates in response and presentation time, product quality and meeting deadlines, the aspects of the service provided, such as flexibility, technical capacity, availability, response capacity and order-organisation-cleanliness and other aspects, such as technical assurance, attention and attention to safety and involvement.

TECHNICAL EVALUATION RESULTS (OUT OF 100)



INTERMODAL TRANSPORT, MORE ENVIRONMENTALLY FRIENDLY

We are committed to the distribution of our products by means of intermodal lorry and train transport, this system allows us to reduce our carbon imprint throughout our value chain.

EXTENDING OUR COMMITMENT TO SUSTAINABILITY

At La Farga we inform on those aspects of health and safety that are of the highest importance for the companies we work with. We also hold regular training sessions on this topic.

The dialogue and trust created with our suppliers are essential in reducing any potential negative impact that may arise in our work together, with this in mind, **in 2015 we made a dedicated effort to establish more formal communications procedures**, such as the PCAE supplier communications platform (Business Activity Coordination Programme).

We trace the origin of our raw materials. With respect to copper, we request certificates of origin from our suppliers.

THE LA FARGA PURCHASING POLICY

In 2015 we approved a new purchasing policy, which establishes basic procedural guidelines to ensure that relations with our suppliers are undertaken in accordance with the values of La Farga, while respecting our policy of corporate responsibility and the suppliers' code of ethics.

LOCAL GROUPS, PUBLIC AUTHORITIES,
COMMUNITY AND THE MEDIA



INVOLVEMENT WITH THE REGION

We value and uphold the preservation of our regional area and maintain a relation of respect, dialogue and informational transparency with all local representatives.

We maintain a **policy of good neighbourliness**, by cooperating with and **developing social, cultural and training initiatives** in **our region**.



17

Students on vocational training courses

THE LA FARGA FOUNDATION, OUR OWN SOCIAL INITIATIVE

At La Farga we have a **social commitment to fulfil with the area in which we operate**. The result of this commitment was the creation of the La Farga Foundation over ten years ago, which serves to focus the company's social initiatives.

WE INVEST IN TRAINING FOR YOUTH

Since 2006 we have offered a **programme of grants for higher-level studies, language studies abroad and recreation centres in summer and at Christmas time**.

2015

121

Grants awarded
(+50% with respect to 2014)

€101.477,6

Total amount

SINCE 2006

412

Grants awarded

€742.657

Total amount

COOPERATION AND DONATIONS

Our involvement in the social arena is also based on cooperation initiatives and donations to local bodies for the development of unique projects, such as the Vicente Fisas Comella and La Forja de l'Aram awards.



€1.030

Amount provided for cooperation work and donations

We also work with several universities (the UPC, UAB and UVic) and secondary schools (IES Vic, IES Voltregà and La Salle Manlleu), offering their students the opportunity to carry out vocational training at La Farga.



THE COPPER MUSEUM, THE ICON OF LA FARGA

For yet another year we have renewed our SICTED certification for commitment to tourism quality. We also work with European Heritage Conferences



2015

3.370

Visitors to the Copper Museum
(+40% with respect to 2014)

40

Schools

1.626

Pupils
(52% of all visitors)

SINCE 2008

35.324

Visitors to the Copper Museum

Museum visitor satisfaction continues to be excellent, with an average score of 9.47 out of 10

SATISFACTION RATE OF VISITORS TO THE COPPER MUSEUM 2015 (OUT OF 10)

9

Satisfaction:
adult groups

9,68

Satisfaction
travel agencies

9,47

Average
satisfaction level

9,74

Satisfaction:
schools

THE 3rd VICENTE FISAS COMELLA AWARD

This is an award presented by the La Farga Foundation for the best final degree project in any academic field undertaken in the University of Vic, with a donation of € 1,000 to the winning project.

One of the requirements for the competition is that the work reflects the values promoted by the La Farga Foundation: with knowledge applied to social development, creativity as a basis for innovation and progress and awareness with regard to environmental respect and sustainability.

In 2015 the winning project was entitled Positive Behavioural Support. The Prevention and Detection of Behavioural Disorders at School, which analysed behavioural issues among students in schools, focusing on prevention and detection in order to reduce such conditions in class.



THE 5th LA FORJA DE L'ARAM AWARD, 'THE BACTERICIDAL PROPERTIES OF COPPER'

This award is the result of a cooperation agreement between the Vic Art School and the La Farga Foundation, through which the school carries out a concept competition for the creation of copper and copper alloy sculptures, which is aimed at the students from the Department of Ceramics and Metalworking.



KNOWLEDGE TRANSFER

At La Farga we are aware of the importance of experience and sharing our know-how with other companies in the sector, as well as with national and international initiatives that are of interest to us.

30

Conferences in specialized *workshops*, business schools and other organisations



RESPONSIBLE RELATIONS WITH OUR LOCAL AREA

We use distinct communications channels in order to foster close relations with our local area.

EXTERNAL COMMUNICATIONS PLAN

We define a communications plan each year with initiatives aimed at improving relations with our interest groups.

152

Communication initiatives made

96%

Plan attainment level

ENVIRONMENT



RESPECT FOR THE ENVIRONMENT

Our **manufacturing process optimises** the use of **natural resources** and **energy**, we **recover** and **re-use** our **raw materials** (copper) and are constantly striving to **mitigate** and **minimize environmental impact**.

We promote environmental improvement in our processes and projects, while **controlling** our **emissions** in order to reduce them.

CONSOLIDATED ENVIRONMENTAL MANAGEMENT

€110.115

Environmental expenses

218.053 t

Metric tonnes of processed copper

ISO 14001 CERTIFICATION

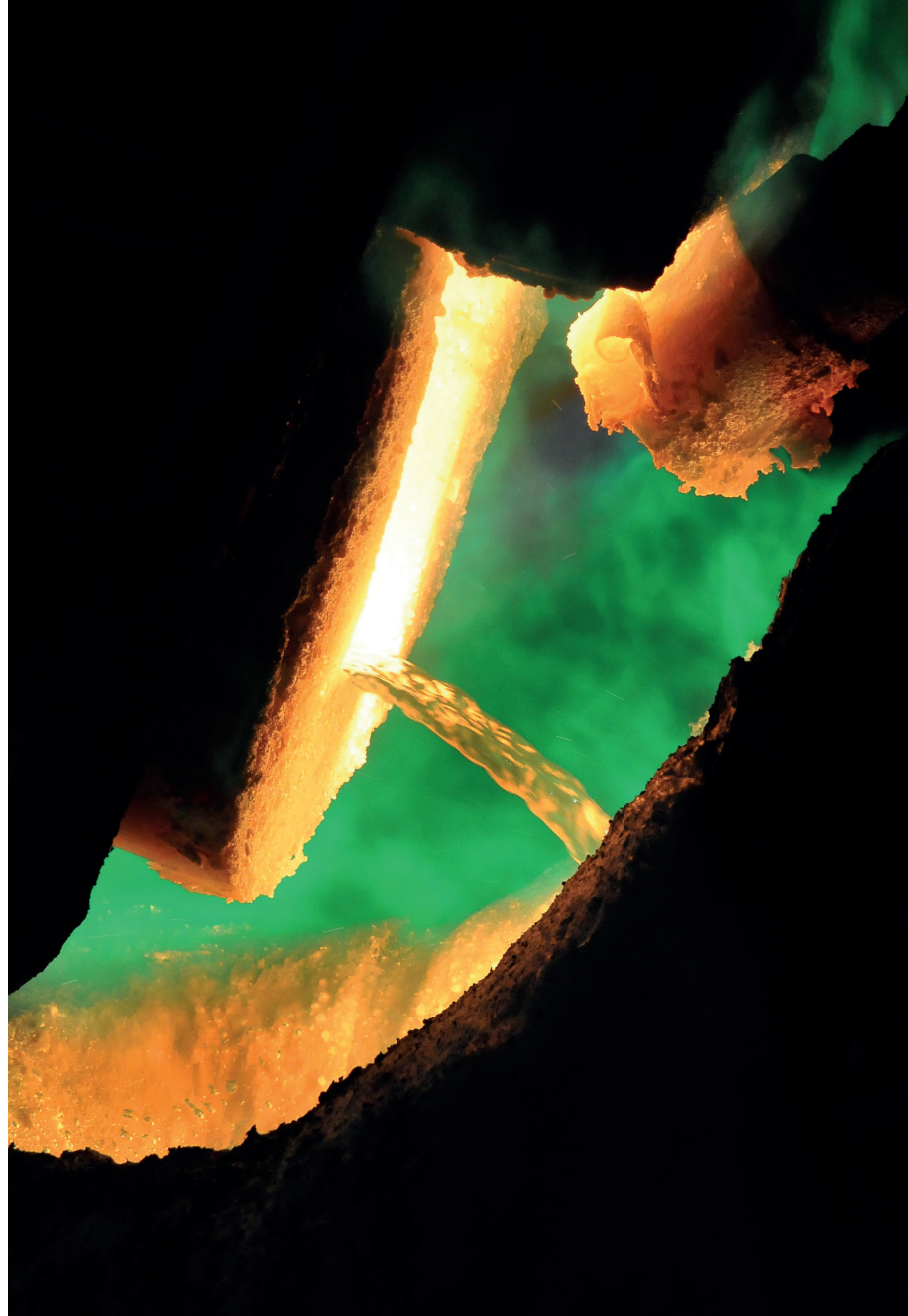


Since 2001, La Farga Lacambra, SAU

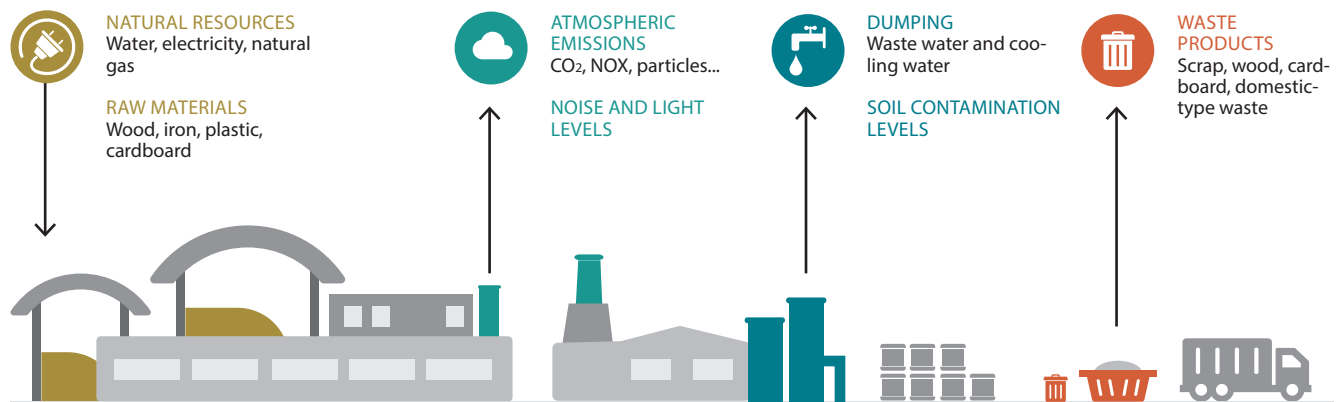
Since 2007, La Farga Tub, SLU

Since 2009, La Farga Rod, SLU

Since 2011, La Farga (el Grupo)



IMPORTANT AREAS OF ENVIRONMENTAL IMPACT



IMPROVEMENT PROJECTS

The optimization of natural resource use and processes.

The comprehensive management of waste and sewage.

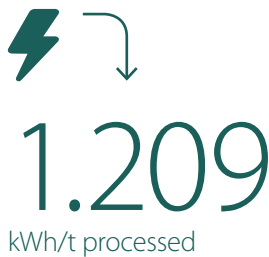
The prevention and control of atmospheric emissions.

The mitigation and minimization of environmental impact.

CONTINUED IMPROVEMENT: EFFICIENT RESOURCE MANAGEMENT

ENERGY: PROCESS IMPROVEMENTS FOR SAVINGS AND EFFICIENCY

Although energy consumption has risen slightly with respect to 2014, **we have continued to implement improvements in terms of energy savings.** We have acquired a new variable flow compressor that, in addition to providing energy savings of around 384,000 kWh/year, also facilitates the continuity of production in the event of an incident with any other compressor.



+5%
Energy used
(with respect to 2014)

75% Natural gas
23% Electricity
2% Diesel (transport)

WATER: IMPROVEMENTS FOR SAVINGS AND THE RE-UTILISATION OF WATER

In 2015 we installed a new cooling system for the roof of the refinery furnace. Increased refrigeration facilities directly lead to greater water consumption. At present La Farga has 16 cooling circuits, with an overall consumption of some 155,000 m³/year.



+16%
Water used
(with respect to 2014)

87% Surface water (canal)
13% Underground water (well)

IMPROVEMENTS IN SMOKE PURIFICATION SYSTEMS AT LA FARGA LACAMBRA

Some of the improvements that have been implemented during the final quarter of 2015, and which will end during the final quarter of 2016 will be a change of additives in order to eliminate acids and VOCs and the removal of the CMG2 reactor (dry flue gas cleaning). The quench has also been modified in the same installation, which has allowed us to increase the efficiency of the smoke purification system. These improvements are budgeted to the amount of 180 thousand euros.

LIGHTING REPLACEMENT AT LA FARGA TUB

The 357 250W mercury vapour lights at de La Farga Tub have been replaced by 95W LED lights with a light intensity of 10,000 lumens. Estimated consumption savings with this initiative amount to 70%, in addition to savings in maintenance costs, as these new lights require fewer component changes than their predecessors. This measure has also improved working conditions for factory employees.

OTHER RESOURCES:

RECOVERY AND RE-UTILISATION TO REDUCE CONSUMPTION

The **efforts of La Farga Tub to rationalize packagings**, with initiatives like the elimination of octabins, has led to reductions in wood and cardboard use.

We have implemented a system for the recovery of packaging and other materials, which allows us to recover one out of three wooden reels that are sent to clients (except in the case of shipping transport). We also limit the consumption of internal packaging materials, such as re-using metal reels and cages recovering excess Joifil for later re-utilisation.



15.000

g/t processed

-18%

Resources used
(with respect to 2014)

- 90,8% Wood
- 6,2% Cardboard
- 2,8% Plastic
- 0,2% Iron

56%

Jumbo wooden pallets
recovered

53.166

New wooden pallets

5.841

Continued use metal
reels



THE MINIMISATION OF WASTE, NOISE AND SOIL CONDITIONS AND WASTEWATER QUALITY

WASTES:

CONSTANT IMPROVEMENT OF MANAGEMENT

In order to improve waste management, **in 2015 we have increased our self-management percentage for high-content copper concentrations.**

WASTE WATER:

REUTILIZATION IN THE PRODUCTIVE PROCESS

All the control parameters for purified waste water are below the levels permitted for dumping

SOLUTIONS TO REDUCE OUR CARBON FOOTPRINT

La Farga Lacambra forms part of trade in CO₂ emissions, which requires us to communicate and verify these emissions. In 2015 we bought 1,100 emission rights. In 2015 25,434 MT of CO₂ have been verified from the consumption of natural gas at our installations in La Farga Lacambra, SAU.



48,89

kg/t processed

10.659,56

CO₂ emissions (Scope 3)
t CO₂ derived from transport and distribution

ACOUSTIC CONDITIONS: NOISE EVALUATIONS

In 2015 we have maintained the noise levels attained during the previous year.

SOIL CONDITIONS: SOLUTIONS FOR PREVENTION

In 2015 we have carried out a foundational study of soils in the industrial area of La Farga Lacambra.

NOISE POLLUTION REDUCTION PLAN FOR OUR LOCAL AREA

Some of the improvements implemented to date are: the installation of static ventilation systems in the warehouse and furnace at La Farga Rod, the modification of doors, the establishment of operational timetables for the crusher and the trammel, the replacement of two vertical casting towers for new models with a frequency converter, the improvement of enclosures in the compressor room and the modification of the orientation of the vertical outlet, among others.



ECONOMIC INFORMATION

BALANCE SHEET (LA FARGA: CONSOLIDATED)

ASSET	
NON-CURRENT ASSETS	85.166.074
Intangible assets	10.784.510
Tangible assets	66.440.388
Long-term investments in group companies and associates	5.921.279
Long-term financial investment	
Deferred tax assets	1.778.759
CURRENT ASSETS	116.148.461
Non-current assets held for sale	
Stocks	52.905.591
Trade debts and other accounts receivable	51.708.360
Short-term investments in Group companies and associates	1.497.912
Short-term financial investments	2.703.458
Short-term accruals	1.038.873
Cash and other equivalent liquid assets	1.293.603
TOTAL ASSETS	201.314.535
EQUITY AND LIABILITIES	
NET EQUITY	76.419.673
<i>Own funds</i>	75.941.528
Capital	44.482.500
Reserves	29.711.964
Result for the year attributed to the dominant company	1.762.638
<i>Adjustments for changes in value</i>	(15.574)
Conversion difference	(15.574)
<i>Subsidies, donations and legacies received</i>	478.145
NON-CURRENT LIABILITIES	29.648.489
Long-term debt	29.117.910
Deferred tax liabilities	530.579
CURRENT LIABILITIES	95.246.373
Short-term debts	59.266.040
Trade creditors and other accounts payable	20.436.736
Short-term accruals	27.162
TOTAL NET EQUITY AND LIABILITIES (A+B+C)	201.314.535

PROFIT AND LOSS ACCOUNT (LA FARGA: CONSOLIDATED)

A) CONTINUING OPERATIONS	
1. Net turnover	887.994.775
2. Variation in stocks of finished products and those being made	(1.485.951)
3. Projects made by the group for its assets	2.210.194
4. Procurements	(835.519.386)
5. Other operating income	(27.057)
6. Staff expenses	(15.232.937)
7. Other operational expenses	(24.697.867)
8. Amortisation of fixed assets	(9.248.338)
9. Allocation of subsidies for non-financial fixed assets and others	258.700
11. Impairment and results from fixed asset disposal	325.936
14. Other results	134.617
A.1) OPERATING PROFIT (1+2+3+4+5+6+7+8+9+11+14)	4.712.685
15. Financial income	2.373.704
16. Financial expenses	(4.565.843)
18. Exchange differences	(450.304)
19. Impairment and results from disposal financial instruments	156.988
A.2) FINANCIAL RESULT (15+16+17+18)	(2.485.455)
A.3) PROFIT BEFORE TAX (A.1+A.2+22)	2.227.230
24. Income tax	(464.592)
A.4) YEARLY RESULT FROM CONTINUING OPERATIONS (A.3+24)	1.762.638
A.5) CONSOLIDATED YEARLY INCOME	1.762.638
CASH FLOW	11.010.976 €
EBITDA	13.961.023 €



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