

CONNECTIONS THAT ADD UP

SUSTAINABILITY REPORT 2017

10th edition

LAFARGA 
yourcoppersolutions



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LETTER FROM THE CHAIRMAN AND CEO

As Chairman of the Management Centre of La Farga, I am pleased to present the company's annual accounts, together with the yearly sustainability report.

In 2016, the company designed a strategic plan for the years 2016 to 2020, in which the vision of La Farga was divided into three strategic vectors: business excellence, cash flow and strategic future. In the financial year 2017, which we ended with this sustainability report, this strategic map was implemented on three main lines: the implementation of the generational change in the General Management of La Farga by Inka Guixà, an organizational change in order to obtain a much more expedient and efficient structure, which allows us to make use of synergies, and the implementation of a plan to improve industrial efficiency. This strategic project will culminate in the financial year 2018 with reorganization and corporate unification through the creation of a single company named La Farga yourCopperSolutions, SA.

**A STRATEGIC MAP WAS
IMPLEMENTED ON THREE MAIN
LINES: THE IMPLEMENTATION OF
THE GENERATIONAL CHANGE IN
THE GENERAL MANAGEMENT, AN
ORGANIZATIONAL CHANGE AND THE
IMPLEMENTATION OF A PLAN TO
IMPROVE INDUSTRIAL EFFICIENCY.**



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The Board of Directors I have the pleasure of presiding over comprises five proprietary directors and three external directors, all of them with ample experience and recognized prestige in industrial, market, financial and international fields.

This corporate reorganization has led us to concentrate all the companies in a joint venture within the company Corporación Metalúrgica Worldwide, SL (CMW), such that this company is now disconnected from the group and as a direct investment of the business family.

I must thank all La Farga's stakeholders for the support, understanding, innovation and effort they have provided in order to complete this exciting industrial project,

Oriol Guixà

President and CEO of La Farga

**THIS CORPORATE REORGANIZATION
HAS LED US TO CONCENTRATE ALL
THE COMPANIES IN A JOINT VENTURE
WITHIN THE COMPANY CORPORACIÓN
METALÚRGICA WORLDWIDE, SL (CMW).**

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LETTER FROM THE GENERAL MANAGER

As the Company's General Manager, I am responsible for overseeing this company. I have the pleasure of leading the team of experts who comprise it and who ensure, with their tireless work and involvement, that this company continues advancing to meet the challenges that we have marked together. The annual accounts presented, together with the sustainability report, show what the year 2017 represented for the Metalúrgica Catalana Corporation, SL (La Farga).

We are a family business with 209 years of history and one of our values is honesty and transparency. For yet another year, we have renewed our commitment to the United Nations Global Compact. This report proves our commitment to this strategy and shows our willingness to consolidate, develop and implement those good practices that are aligned with our activities and that help us achieve the sustainability of La Farga 2017 has been an intense year, the beginning of an evolution essential when facing both current and future challenges that our environment and the market present and demand. Our strategic plan defines our vision for La Farga 2020, which is «to be a strategic supplier of copper solutions for our clients; to be an exciting company in which to advance, one recognized for its innovative spirit and leadership in the recycling of copper and in the development of its alloys». This is the direction which we have worked in throughout this year.

With respect to the organization, in March 2017 we took another step forward in terms of generational change, with Oriol Guixà taking over the chairmanship of the Board of Directors and myself, the General Management

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of La Farga. This change enhances our policy, as a family company, to diversify the company's leadership, while consolidating its management base, its executive capacity and its business efficiency. This management philosophy has also been effective throughout the organization, with a view to a more agile and efficient structure, but also a sustainable one; a company that is attractive to talent, decisive and proactive in the face of market challenges, maintaining our values and our foundations - of an industrial and family company. Therefore, at the time of writing this report, we have already implemented a new organizational model based on a single General Management body and seven areas of know-how for the entire business group.

La Farga is made up of a team of enthusiastic, prepared, determined, hard-working and innovative experts. This team is the fundamental basis of our company and,

WE HAVE ALREADY IMPLEMENTED A NEW ORGANIZATIONAL MODEL BASED ON A SINGLE GENERAL MANAGEMENT BODY AND SEVEN AREAS OF KNOW-HOW FOR THE ENTIRE BUSINESS GROUP.

therefore, its greatest asset. My main objective is to ensure that all La Farga professionals return safely and happily to their families every day. To this end, this year we have continued strengthening our safety policies and investing in our infrastructure and in the awareness of all

those who enter our facilities. As such, throughout we have conducted different initiatives the year, including the 5th Safety Week, with activities aimed at internal workers and external partners that focus on training, and on safety and health awareness. We have also continued to strengthen our commitment to professional training by creating a specific programme for the detection and development of internal talent, called the Talent Olympics, whose aim is to develop our team members by adapting them to the individual needs of each group.

As defined by our corporate vision, our aim is to act as a strategic supplier of copper solutions for our clients. For us, this aspiration goes well beyond sales volume, as we invest time and resources in order to identify the needs of our clients and develop those improvements required. This is the attitude we adopted when we developed and consolidated our production processes over the last year, offering the quality requested in a robust, competitive and constant manner. We have also improved internal processes to ensure compliance with agreements on time and by implementing a sales policy aimed at consolidating strategic markets. The result of all this is the achievement of 212,949 tons of sales, 8% more than the previous year.

The price of copper, which is listed on the London Metal Exchange (LME), has varied considerably over the year. During the first part of the year it was around € 4390 / t and it gradually increased to € 5970 / t in December. The average value of copper during 2017 was 25% higher than the price of the previous year.

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Increased sales volume and the upturn in the average value of copper have allowed us to attain a consolidated turnover of 1,019 million euros, 332 million of which have been exported to the European Union and 131 million to non-EU countries. This level of sales and exports responds to the efforts of the entire team over the past few years to diversify products and markets, establishing new business relationships and strengthen existing ones. All of this manifests the determination of La Farga to strengthen its position in accessible markets and to act as a company with a global mentality.

As an industrial company that seeks long-term sustainability, we have adopted a hedging policy to ensure that La Farga is not affected by volatile copper prices. For yet another year, this system has proven its effectiveness and robustness, as it allows it to operate regularly, while eliminating the impact of volatility on our income statement. Therefore, despite fluctuations in the price of copper, and thanks to our internal hedging system, the consolidated net cash flow of the group has not been influenced by this variation and has reached 12.87 million euros.

Our commitment to value creation and our concern for development has led us to improve one of the company's strategic lines: technology sales. In 2017 we signed an agreement with Danieli - a leading Italian company in the manufacture of equipment and plants for the ferrous metals industry. This alliance, which has been possible thanks to the long and proven experience of La Farga in the copper sector, has allowed us to strengthen our position as a pioneer in the transfer of



technological knowledge in the world of copper. It also reinforces our desire to offer a comprehensive service in the copper plant market, transferring our know-how, and our technological processes through a highly trained team with international experience and global vision. This is undoubtedly an important step that will open up new opportunities for development.

In this financial year ending 2017, we have renewed our commitment to innovation from a dual perspective: the response to client needs and the continual improvement of our facilities. In the former, investment has allowed us to improve our quality indexes and to access those markets with more demanding production processes, while developing new solutions. During 2017 we also invested a great deal in the consolidation of the previous investments, especially in the Evotub process. This is a unique procedure that was developed internally and

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that allows us to obtain a stem tube from a vertical casting. This investment, which represented a company commitment for the long-term sustainability of the pipe production plant, has led to substantial changes in the factory. The process allows us to access new, higher quality markets that are more competitive. Thanks to these initiatives the company has received the support of public institutions, such as the Centre for Industrial Technological Development (CDTI), which I would like to thank for supporting our industrial development projects.

Finally, I would like to thank our partners and the Board of Directors for their support and guidance, and all those experts who have worked intensely, safely and with enthusiasm, as well as our clients, who have renewed their trust in our team, our suppliers, who have helped us to continue growing, and all those people and institutions that have given us their support. Thanks to all of them, we have continued to advance and develop this business project, one that in 2018 will be celebrating 210 years of history.

We are facing new challenges to achieve the goals we set for ourselves in the LF20202 Strategic Plan. The scenario changes, organisations advance, and together can we build the future we want.

Inka Guixà Fisas

General Manager at La Farga

**WE INVEST TIME AND RESOURCES IN
ORDER TO IDENTIFY THE NEEDS OF
OUR CLIENTS AND DEVELOP THOSE
IMPROVEMENTS REQUIRED.**

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LETTER FROM THE PRESIDENT OF THE FAMILY COUNCIL

The holding companies of the La Farga shares are formed by two family branches - ILYVIVA, SL, with 54.86% and 7 partners, and ARFI Unidad Familiar, with 45.14% and with 17 members, they are operate under a single family protocol and with a single family council, which I have the honour of presiding over.

The Family Assembly is currently formed by 24 members, while the Family Council comprises 7 of these members and 2 lifetime members, who have no voting entitlements. The fundamental mission of this board is to transmit the foundational values to all future members of the family business, and ensure that the company follows these values and complies with the Family Protocol, which provides coherence to the actions of both the family and the company. The Family Council always takes care of the protection of the interests of minorities.

This last year, the La Farga Foundation absorbed the Moncusí Foundation, which was created by our founder, Vicente Fisas. This is due to the fact that both institutions shared values and areas of action in the regions of Osona and El Ripollès.

I would like to thank all our stakeholders for their help in allowing me to carry out my work.

Ana Fisas

President of the Family Council

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WE ARE A SUPPLIER GROUP OF STRATEGIC SOLUTIONS IN COPPER AND ALLOYS

La Farga is a family-run company with a clear philosophy:
constant innovation and investment in order to improve.



www.lafarga.es/es/el-grupo/la-farga

LA FARGA LACAMBRA

La Farga Tertub I AIE

55 % LFL

LA FARGA TUB

20 % LFT

25 % LFR

LA FARGA ROD

LA FARGA TUB FRANCE / LA FARGA LIMITED

METALÚRGICA CATALANA

Transmission 2014, SL – 50 % La Farga

Ausa Futur – 8 % La Farga

HIDROELÈTRICA DEL VOLTEGRÀ

EMPRESAS PARTICIPADAS

SDI La Farga – 45 % La Farga

Vicente Torns Distribution SL – 40 % La Farga

V, Torns Distribution SAS France – 40 % La Farga

Oxolutia – 7,5 % La Farga

LA FARGA FOUNDATION

Grants

Partnerships, donations & sponsorship

THE COPPER MUSEUM

INTERNATIONAL MARKET

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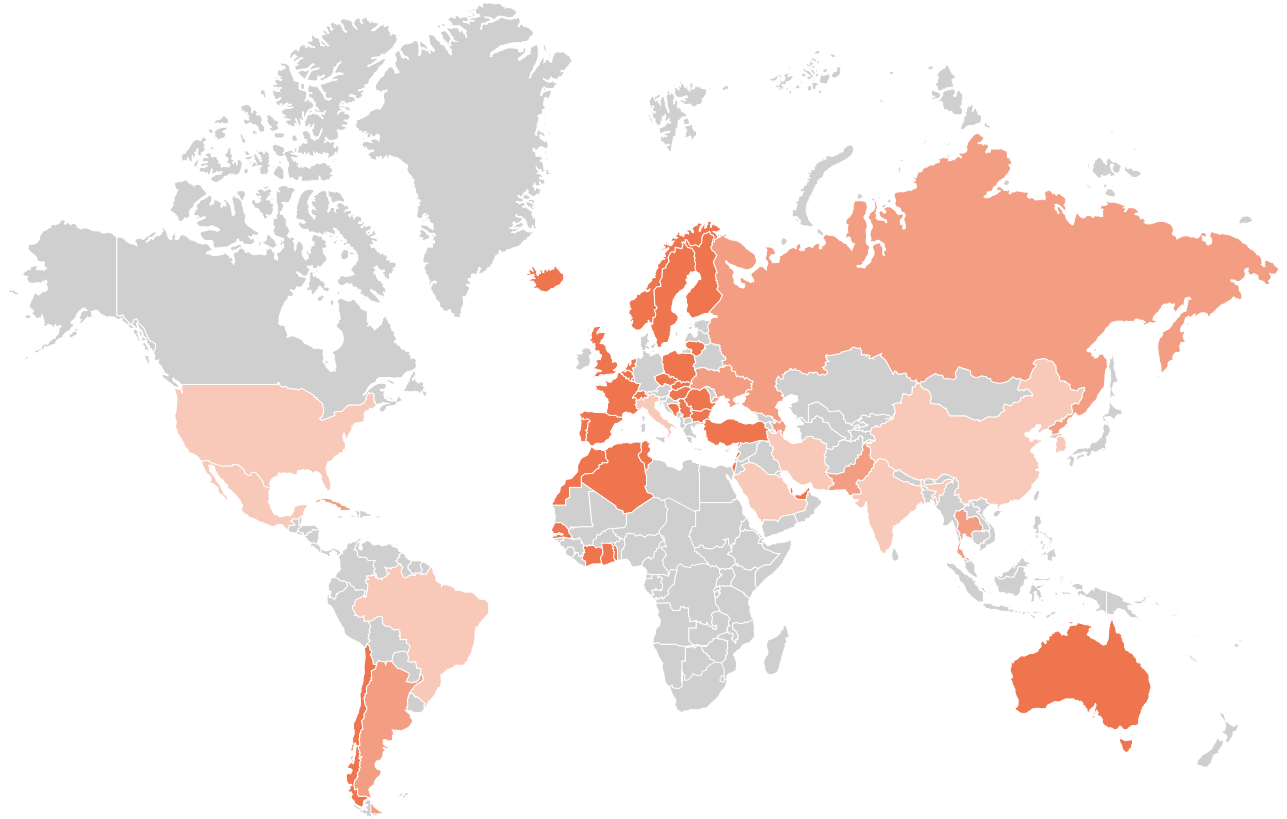
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- Markets
- Production plants where technology developed by La Farga Lacambra has been sold
- Both

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LA FARGA



DIRECT
EXPORTS



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* With respect to tonnes of processed copper

** Thermal and electrical

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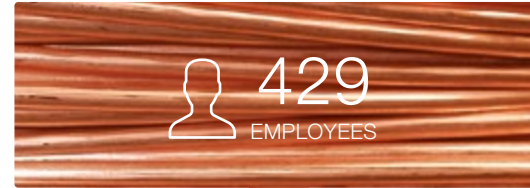
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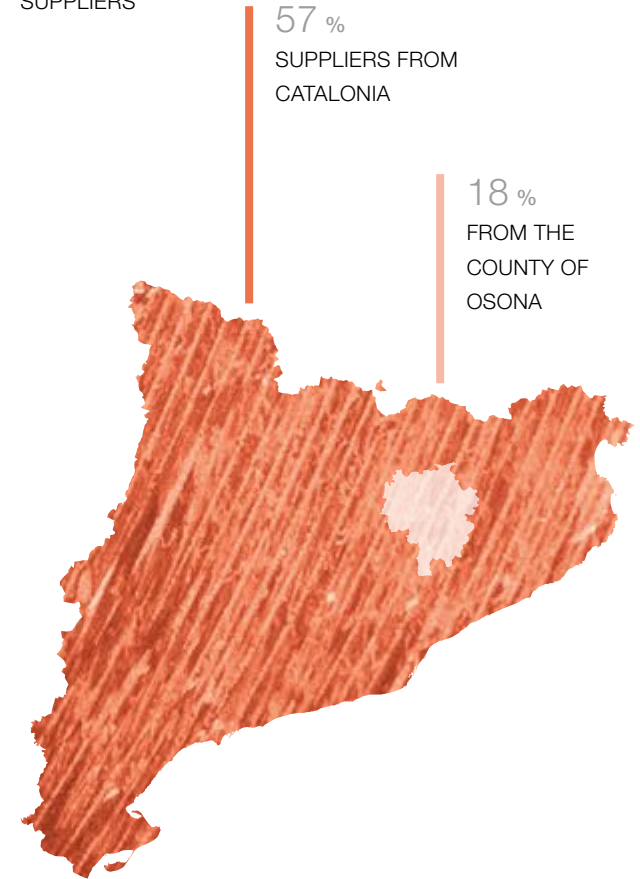
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**NEIGHBOURS, COMMUNITY, PUBLIC
AUTHORITIES AND THE MEDIA**



€ 87,285,70

INVESTMENT IN SCHOLARSHIPS AND
GRANTS FOR STUDY PURPOSES

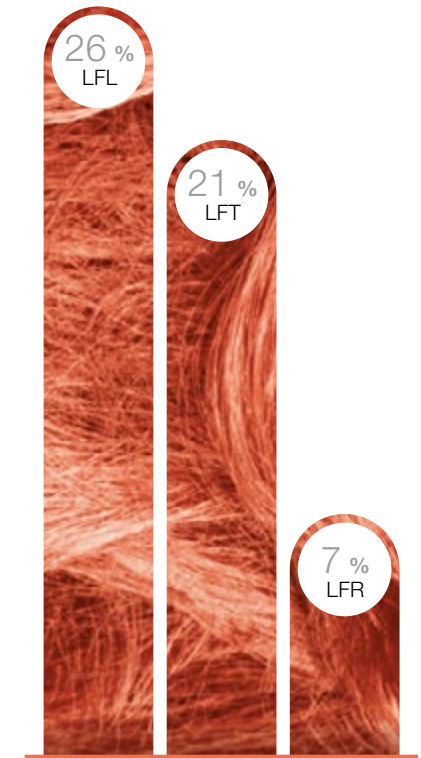
CLIENTS



60%

NET PROFIT (CONSOLIDATED AND
INVESTED) IN R+D+I

NEW CLIENTS



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A FAMILY BUSINESS



€ 61,087,078

OWN RESOURCES



€ 1,019,485,957

TURNOVER



€ 115,666,715

LIABILITIES



€ 12,872,474

CASH FLOW



€ 9,053,442

YEARLY INVESTMENT



€ 15,317,307

EBITDA



212,949_t

TONNES OF COPPER SOLD
(CONSOLIDATED)



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CREATING **VALUE** FROM FOCUS ON SUSTAINABILITY

LA FARGA MUST LAST OVER TIME. TO DO THIS, OUR ECONOMIC, SOCIAL AND ENVIRONMENTAL MANAGEMENT MUST BE SUSTAINABLE.

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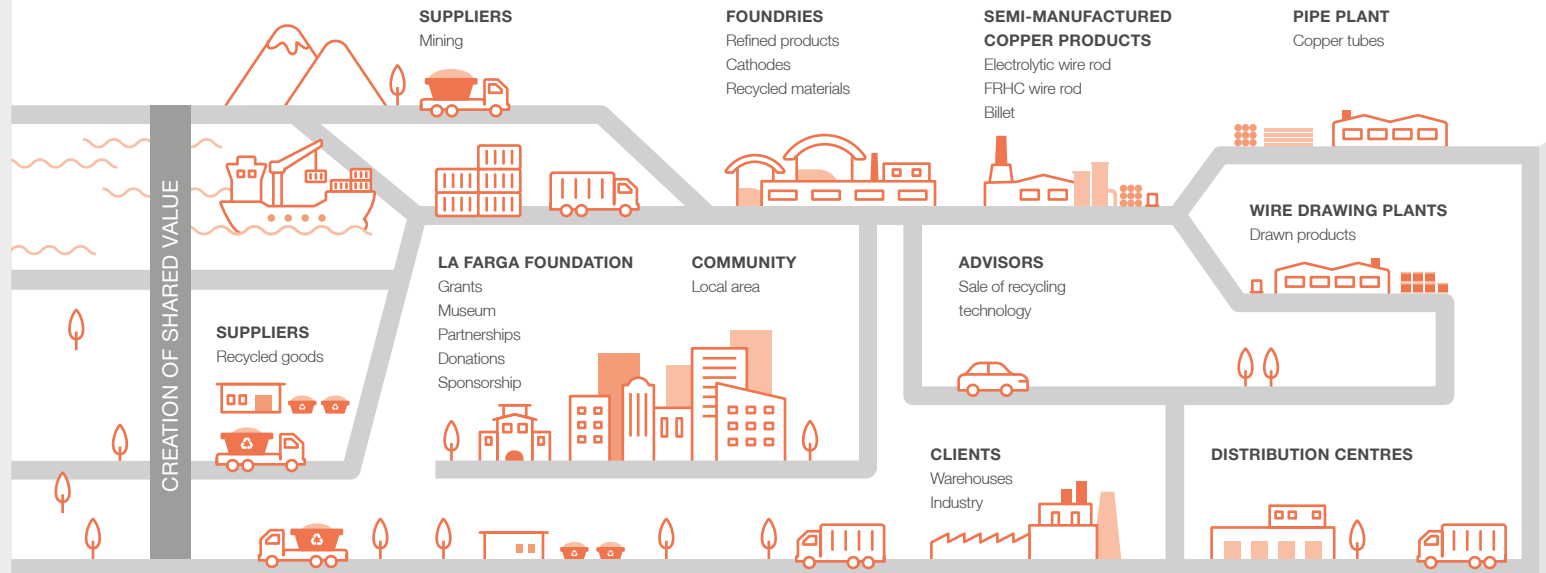
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RESOURCES: NATURAL | HUMAN | SOCIAL | FINANCIAL | OPERATIONAL



FAMILY BUSINESS, Creation of value for the company and the surroundings
Professionalism in management | Pride of belonging | Long-term vocation | Entrepreneurial spirit pro-improvement | Dialogue | Transparency | Profitable growth

STAFF, Providing talent for an objective
Determined leadership and guidance | Discovering and promoting talent | Sense of direction | Commitment culture | Responsibility, participation and acknowledgement | Personal satisfaction | Honest, healthy interpersonal relations | Conciliation | Growing together

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

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Corporate Responsibility

Our goal is to build a sustainable company in all dimensions, with the firm conviction that the results will come from quality and innovation, but also from a management basis that is ethical, responsible and that values excellence. Our aim is the achievement of a long-term, sustainable business model that works to meet the expectations of the area in which we operate, comprehensively managing economic, social and environmental impacts.

Our commitment to the United Nations Global Compact and Sustainable Development Objectives

We have been members of the United Nations Global Compact since 2006. This is an initiative to promote corporate sustainability in the private sector. Membership of the pact also involves working to achieve our sustainable development aims.

The sustainable development objectives we contribute to in our operations are detailed throughout this report.



THE INVOLVEMENT OF THE WORLD COPPER INDUSTRY AT THE 2017 CLIMATE WEEK NYC

The International Copper Association was a major sponsor at 2017 Climate Week NYC, an event on climate change and how to respond to it globally. Climate Week NYC brought together international leaders from companies, governments and society.

This participation is another example of the industry's involvement in achieving sustainable development goals. As such, the International Copper Association has added its presence to the measures being adopted to achieve the objectives of a 10% decrease in global electricity consumption, a reduction in CO₂ emissions, and the improvement of economic development through the reduction of energy costs by 2030.

It should be noted that the European copper sector is developing strategies to reduce its carbon footprint in the services, residential and industrial sectors. These measures are hoped to save 130 million tons of CO₂ per year by 2020.

10 YEARS OF SUSTAINABILITY REPORTS

2006

JOINING THE UNITED NATIONS GLOBAL PACT

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2007

- 1st Sustainability Report according to the GRI G3 Guide
- Creation of the R + D + i Committee
- Obtaining the ISO 14001 certificate for La Farga Tub
- Participation in the preparation of the Corporate Social Responsibility (CSR) guide edited by the Generalitat de Catalunya

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EMPLOYEES

Creation of La Farga Rod

Consolidation of the industrial group

2008

- Sustainability Report according to the GR3 G3 Guide of level A + (with external verification)
- Obtaining the OSHAS 18001 certificate for La Farga Tub
- Obtaining the ISO 9001 certificate for La Farga Rod
- Organization of the 1st Week of the Culture of Security

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EMPLOYEES

Celebration of the 200th anniversary of La Farga Lacambra

Inauguration of the Copper Museum

Start of activity of La Farga Rod

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2009

- First materiality analysis
- Obtaining the ISO 14001 certificate for La Farga Rod
- Obtaining the OSHAS 18001 certificate for La Farga Rod
- Obtaining the ISO 9001 certificate for La Farga Intec
- New smoke treatment plant for La Farga Lacambra
- 1st year of the Juli Garcés Awards
- Environment Award from the Generalitat de Catalunya

2010

- Installation of a pioneering water filtration system at La Farga Rod
- Creation of our own research centre at the Autonomous University of Barcelona to promote R & D

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EMPLOYEES

**Entrance of La Farga
Lacambra in the railway
market**

**La Farga Intec is created,
dedicated to the sale
of technology for the
manufacture of copper
wire starting from recycled
materials**

**Ganzhou Jiangwu- La Farga
High Speed Railway Copper
Materials, is created, dedicated
to the production of railway
products in the Chinese market**

Launch of Joinfil Ecocopper

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EMPLOYEES

**Start of activity of Ganzhou
Jiangwu-La Farga High Speed
Railway Copper Materials**

**SDI-La Farga Foundation, the
result of a partnership with a
US partner**

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2011

- New corporate responsibility policy
- Participation in the qualification validation pilot program «Qualifica't»
- Calculation of CO₂ emissions in the transport chain of La Farga Lacambra wire rod
- Implementation of online systems for quality control
- Action plan to reduce energy consumption in the refining furnace

2012

- La Forja project to develop values of the corporate family
- Definition of the ethical code for suppliers
- Participation in the Eurotapes project

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EMPLOYEES

**Boosting international
expansion with La Farga Tub
France**

**Inauguration of Ganzhou
Jiangwu-La Farga High Speed
Railway Copper Materials**

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**Inauguration of the subsidiary
SDI La Farga in the United
States**

**Creation of the new La Farga
brand**

**Entrance of La Farga Lacambra
as part of CO₂ emissions
trading**

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issues of the report

AIMS for 2017 y 2018

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ECONOMIC INFORMATION

2013

- Preparation of an equal opportunities plan for men and women Lanzamiento del programa «0 accidentes y más allá»
- Launch of the "0 Accidents and Beyond" programme
- Launch of the "Value for the Client" project
- Installation of a more efficient furnace, patented by La Farga

2014

- Redefinition of the Code of Ethics
- Project for the recovery of pallets
- Competitiveness Agreement with employees
- 1st year of the Vicente Fisas Comella Award

296

EMPLOYEES

**Presentation to the rail market
of Dx3 technology (Deep
Defects Detector)**

New corporate website

**European expansion of La
Farga Tub**

**Reinforcement of the export
strategy with the entrance to
Transprime**

320

EMPLOYEES

**International leaders in the
railway sector**

Start of the Evo Tub project

**Intelligent monitoring of the
copper transformation process
in La Farga Rod**

Launch of the new CAC driver

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2015

- Launch of the Transmission programme
- “Talent” project for talent loyalty
- “Neural Networks” project in La Farga Rod
- Commitment to intermodal transport
- Approval of La Farga's purchasing policy
- Improvements in the smoke cleaning systems of La Farga Lacambra
- Plan for the reduction of noise pollution

2016

- Commitment of the World Copper Industry to the Sustainable Development Goals of the United Nations
- TeamEQ: Work Motivation as a Management Tool
- Implementation of La Farga Continuous Improvement System
- Incorporation of a Head of Quality Control and Process Engineering

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EMPLOYEES

**Implementation of the
Enterprise Risk Management
programme**

**Monitoring of La Farga
Tub factory to increase
competitiveness**

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AVERAGE EQUIVALENT STAFF

Consolidation of the Evo Tub

**Authorization to recycle high
quality copper products at La
Farga Rod**

**Approval of a new railway
contact wire production
process for the SNCF**

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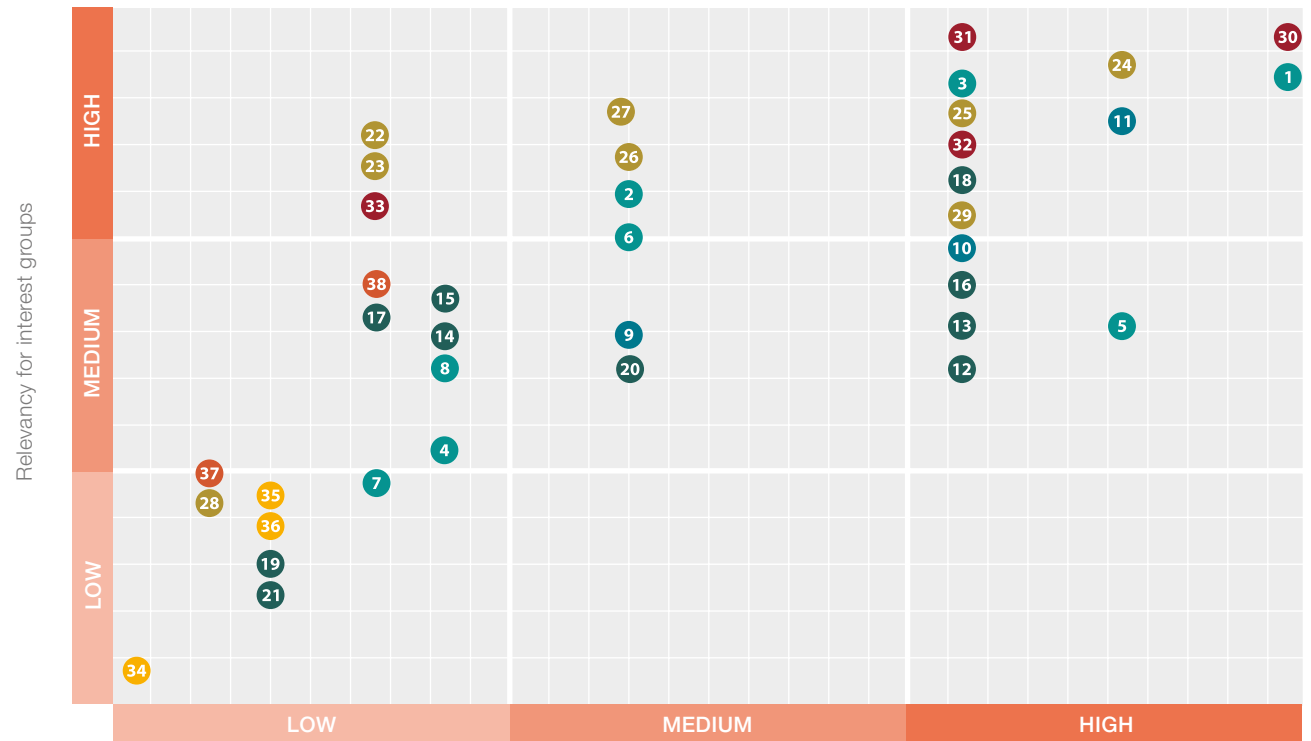
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MATERIALITY, THE KEY SUSTAINABILITY ISSUES OF THE REPORT

The aim of materiality consists of focusing and centring the actions of company management on those sustainability issues that are of crucial importance for stakeholders and the business itself. In the 2015 report, we carried out a materiality study, and given that no significant changes have taken place at La Farga during 2016 and 2017, we consider that the results obtained are still valid and applicable.



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ECONOMIC INFORMATION

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

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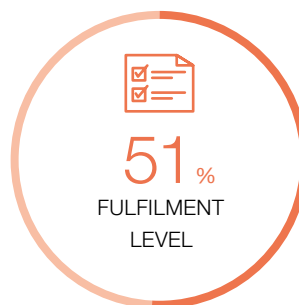
AIMS FOR 2017 AND 2018

2017

- Making current and future investments profitable.
- Promoting independence and responsible decision-making by employees.
- Guaranteeing quality employment and a satisfactory work environment.
- Fostering the talent of the employees and their leadership capacity.
- Promoting the professional development of employees and retaining talent.
- Progress in an innovative 360 ° culture.
- Managing and optimizing the return of know-how.
- Offering copper solutions aligned with the demands of customers.
- Providing value to clients with excellent service and quality solutions.
- Valuing the offer of products and services.
- Ensuring operational excellence and in the provision of services.
- Developing our corporate responsibility model.
- Protecting the long-term sustainability of the business.
- Optimizing the internal value chain.

2018

- Achieving a strategic positioning with our clients and become a reference partner.
- Perfecting the processes and internal methods to respond to clients in an efficient and reliable way.
- Fostering the talent of the employees and their leadership capacity.
- Offering innovative solutions that meet the needs of customers around the world.
- Continuing to generate activities that reflect La Farga's commitment to society through the corporate responsibility project.
- Continuing to develop and strengthen the «0 Accidents and Beyond» project.
- Optimizing the productive value chain.



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CREATING VALUE FOR THE COMPANY AND THE ENVIRONMENT

We manage resources with professionalism and responsibility and with a long-term vision. We offer dialogue and transparent information. Our work is focused on the goal of profitable company growth with a motivated team that targets results; ours is an enterprising spirit that seeks improvement, to generate value in our environment in line with our basic values and with aims that ensure that this family business can take pride in its management.



PROFESSIONALISM AND FAMILY, THE BASIS OF CORPORATE GOVERNANCE

PRESERVING THE DUAL NATURE OF THE FAMILY BUSINESS IS ESSENTIAL FOR THE LONG-TERM SUSTAINABILITY OF THE COMPANY.

AIMING FOR PERMANENCE AND LONG-TERM COMMITMENT

We are a family-owned company with well-established values. These are principles that we firmly believe in: innovation, responsibility and enthusiasm, together with a global mentality. We remain faithful to our origins, thanks to the leadership of a family that keeps its eyes on both the present and the future.

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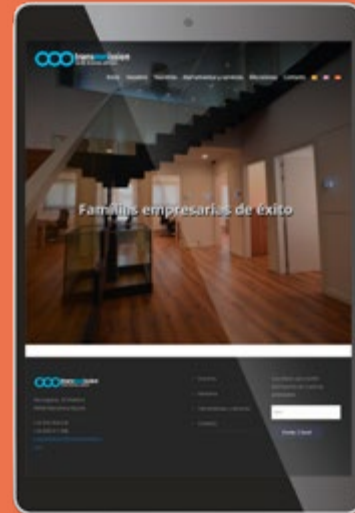
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INKA GUIXÀ, THE NEW GENERAL MANAGER OF LA FARGA

In March 2017, Ms. Inka Guixà Fisas was appointed as the new General Manager of La Farga and became the organization's top executive. Mr. Oriol Guixà continues to hold the position of Chairman and CEO in charge of the interests of the property and of the different interest groups.

In accordance with the maxims of the family business, this appointment diversifies the company's leadership and reinforces La Farga's management base, executive capacity and business efficiency, while preserving the dual nature of the family business in order to achieve the objective of long-term sustainability.



FAMILY BUSINESSES RELY ON TRANSMISSION

The activities carried out by Transmmission during 2017 have confirmed the excellent development of the company in terms of projects both begin and established. A new web page has been created, which acts as the main presentation and development tool of the company.

The loyalty of clients from projects initiated in previous years is worth noting, as is the expansion and consolidation of international projects with renowned family companies. Among the projects related to institutions, is the renewal of our cooperation agreement with the business association Círculo de Economía, as part of their Captains of Industry initiative, and which features the business families that appear in the book of the same title and which is proving successful among readers in both the business world and the public at large.

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La Farga Management Bodies



THE GENERAL SHAREHOLDERS' BOARD



THE BOARD OF DIRECTORS



THE MANAGEMENT COMMITTEE
CEO

The General Management of Strategic Planning and Management

International General Management

The General Management of La Farga

Lacambra and La Farga Rod

The General Management of La Farga Tub

Management of Finances, Administration and Systems

Management of People and Organization



AREAS OF MANAGEMENT



Management Bodies of the Family Business



THE FAMILY ASSEMBLY



THE FAMILY BOARD



THE LA FARGA FOUNDATION

Corporación Metalúrgica Catalana, La Farga Lacambra, La Farga Tub and La Farga Rod all possess their own board of directors.

THE LA FARGA FOUNDATION HAS ABSORBED THE MONCUSÍ FOUNDATION

In 2017 The La Farga Foundation absorbed the Josep Moncusí Foundation, with which it shared foundations in training, cultural and social initiatives. As a result of this merger, some points in the statutory objectives have been modified, and have been expanded to more social issues, while incorporating new territories - such as the districts of El Ripollès and Moianès - within the main scope of action of the La Farga Foundation. There have also been changes made to the board and the management.

The Board of the La Farga Foundation

President: Oriol Guixà

Manager / Secretary: Javier Cabeza

Patrons: Isa Fisas, Carme Álvarez, Carmiña Pérez y Pere Rifà



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CODES OF CONDUCT, ETHICS AND INTEGRITY AS A GUIDE

La Farga and its company group have continually maintained a business commitment with the different actors that interact with both the group and its employees. This commitment is based on the ethical principles that guide our operation and that are part of our corporate culture.

The Code of Ethics summarizes our basic principles and is used as a guide for all employees and managers in their daily professional lives with respect to the resources used and our business environment.

La Farga possesses a series of mechanisms that regulate the decision-making of the governing bodies, and behaviour guidelines for all our employees:



FAMILY
PROTOCOL



INTERNAL
REGULATIONS



CODE OF
ETHICS



RISK MANAGEMENT, AN ESSENTIAL PART OF BUSINESS ORGANIZATION

We consider that risk management is a major part of the governance of business organizations, as such continue to implement measures and actions to minimize the effect of risks. We implement ongoing training courses on those protocols established for those may be affected by risks in the workplace.

Our risk prevention model is part of a continuous process, which we have adopted to tackle company sustainability and the attainment of future goals with the highest levels of safety. One example of these measures is the total risk coverage of our clients.

WE ARE CURRENTLY WORKING ON THE DEVELOPMENT OF CONTINGENCY PLANS FOR IMPLEMENTATION, THE RESULT OF THIS WORK WILL BE A COMPREHENSIVE PLAN, APPLICABLE AT ALL TIMES.

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OUR MOTIVATION: HOPE, INNOVATION AND RESPONSIBILITY



Mission

The mission of La Farga is to create innovative solutions in copper and other metals, creating value and satisfying the expectations of both our clients and society, through a responsible, sustainable model that is committed to our staff.



Vision

The vision of La Farga is to act as a strategic supplier of copper solutions for our clients; to act as a motivated, enthusiastic company in which to grow, one recognised for its innovative spirit and for its leadership in copper recycling and alloy development.



Values

- **Innovation**, a spirit of improvement and creativity in all company areas.
- **Ethically responsible**: an ethical and proactive attitude with respect to the commitments acquired, while taking into consideration the consequences of decisions in the economy, society and the environment at all times.
- **Enthusiasm**: a positive attitude when working efficiently and to achieve a team or individual goal.
- **Global mentality**: an open and comprehensive mentality towards the world and its diversity, establishing relations on empathy, and improving dialogue and active listening as resources for joint growth.

We redefined our mission, vision and values with the LF2020 Strategic Plan; a comprehensive, participatory project that reflects the true nature of the company and which defines our strategic priorities in a coherent and realistic way.

The starting point for the preparation of the plan was the SWOT analysis, which was carried out by members of the family business, the management team and a large number of our staff. The creation of the plan was agreed on with all those participating in the SWOT while it was also developed in a consensual and participatory manner through working groups and workshops.

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INVESTING, DISCOVERING AND ACTING – ACTIONS TO STRENGTHEN

Knowing and adapting to the markets, offering appropriate solutions to clients and investing in the operational process are all essential factors that guarantee the sustainability and competitiveness of the company in the long term.

Main Investments in 2017

LA FARGA LACAMBRA

- New wire drawing equipment.
- New warehouse.

LA FARGA TUB

- Installation of a new line of specialised finishes in large diameter tubes, so increasing the plant's productive capacity.
- Elimination of manual processes - improving productivity with the automation of the finishing saw.
- Air transport to improve productivity by streamlining header production to ensure a constant material flow in the finishing lines.

LA FARGA ROD

- Improvements in facilities to reduce maintenance stoppage times.



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MORE EXPEDIENT AND EFFICIENT DISTRIBUTION IN FRANCE AND ENGLAND

Two important improvements were undertaken by the company in order to continue its role as an established leader in the French market. A new warehouse in Avignon (Provence - Alpes - Cote d'Azur region) now provides a quicker and more dispersed product distribution and facilitates low-volume purchases. The proximity of this warehouse also improves efficiency in terms of delivery meeting client expectations. We have also attained Sanistar tube certification, which is essential for supplying the French health market. This certificate has also meant that product sales have remained stable.

In Leighton Buzzard (Bedfordshire, England) we have a storage space for a more efficient distribution and which is closer to the sales territory.

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FORESEEING THE TRENDS AND ECONOMIC SCENARIOS

It is our responsibility to know and anticipate international trends in the copper market, as well as to adapt our activities to the current and future economic situation.

The Copper Market

- Since May 2017, the price of copper has registered a sustained upward trend, although one accompanied by increasing volatility. In November 2017, the price of copper increase by 28,1% with respect to the same period in 2016. Underlying trends suggest that the price will keep rising in the coming months, a theory supported by arguments that anticipate that the deficit condition in the refined copper market will extend into 2018.
- During 2017, China's overall economic growth defied the expectations of a slowdown at the beginning of the year, as a result of the sustained growth of global demand for its products by Europe and Asia, the strength of increased government spending on infrastructure and the rise in corporate profits, derived from the recovery of industrial prices.
- The higher price of copper has boosted the recovery of the scrap market and as a result it has imposed a limit on the growth of demand for concentrates. Data for the third quarter of 2017 began to show the weakening of its availability, a process that will be consolidated in 2018. Added to this is the imposition of restrictive measures by China on the importation of certain types of copper scrap, which will come into force at the end of 2018, due to environmental considerations.

Source: Report on Copper Market Trends, Cochilco, November 2017,

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Copper Pricing in 2017



5,459,51 €/t

AVERAGE PRICE

5,219,17 €/t

31,12,2016

5,967,15 €/t

29,12,2017

Copper Demand

- 2018 global demands for refined copper are predicted at 24,2 million metric tonnes, with a growth of 1,7% compared to 2017, which slightly above the expected growth rate for 2017 (1,6%). This is due to the upward correction in demand from Europe and Japan, In the case of China, the anticipated annual growth of 2% was maintained.

Source: Report on Copper Market Trends, Cochilco, November 2017.

Copper Supply

- In 2018 copper mine production will reach 20,99 million metric tonnes, which is a growth of 4,3%, led by Chile, mainly due to the normalization of hidden mining production. As for those projects currently underway, the main global contribution will come from the operational launch of the Cobre Panama project (Petaquilla), which could provide 50,000 metric tonnes.

Source: Report on Copper Market Trends, Cochilco, November 2017.

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Economic Outlooks

- The expected GDP growth for Spain will be 2,9% in 2018 and 2,5% in 2019. This improvement of economic recovery will be due to both the positive evolution of goods exports and the solidity that continues to be shown in machinery and equipment investments. The possibility of a more expansive fiscal policy than in the previous biennium could lead the Spanish economy to an even more positive scenario.
- It is expected that the dynamism of the global economy will continue to support growth, and that the contribution of the construction sector to recovery will increase. The upward reviews for the

growth of the U,S, economy and the Economic and Monetary Union of the European Union support the maintenance of a solid advance in terms of goods exports. This, despite the expected appreciation of the euro against the dollar or the recent increase in oil prices, which may negatively affect the competitiveness of Spanish companies in terms of pricing. In all events, it is expected that this will be partly offset by bank financing conditions that will continue to be extremely favourable, and reinforced by the consolidation of the fall in the Spanish risk Premium, which has already been observed in recent months.

- The commercial and monetary policies will be essential in avoiding possible risk scenarios. Although a trade war has not been considered in the central scenario at the moment, threats regarding the imposition of tariffs on imports in the United States - and its focus on China - raise uncertainty and, depending on those actions taken, may end by slowing the growth seen in the exchange of goods and services on a global level. Along the same lines, the progress in negotiating the final conditions for the exit of the United Kingdom from the European Union continues to be slow and the uncertainty could increase.

Source: The Global Situation, Unit of Economic Scenarios, BBVA Research Report, January 2018,

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Constant production improvements

- We have expanded our production range by consolidating a new drafting bench in the tube section and we have automated processes that were previously performed manually.
- We have grown 11% in terms of average daily production, due to the analysis and standardisation of processes and staff training, We have also increased the overall equipment efficiency (OEE).
- La Farga Tub has incorporated process engineers into their team to analyse, improve and standardise and installation engineers, to adapt and improve existing facilities and detect new production requirements.
- We have implemented the preventative maintenance plan: a sequence and a schedule for all those tasks to be performed has been established for our equipment.
- We have significantly increased our productive capacity in wire drawing thanks to those investments made in new equipment, which in 2017 have already improved their performance.
- La Farga Lacambra has improved continuous casting processes, which has increased drawing capacity in our thermal cable process.
- La Farga Rod is working on an internal project in order to improve wire drawing and improve service and reliability indexes.



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Trends of greater scope and strategic priorities

- In 2017 we focused on the international railway market and obtained our first large-scale project in India. We are currently consolidating our activity in the Italian market, where we have obtained our first contract with the government.
- Plans have been made to continue our technological investment in machinery with the aim of optimizing the efficiency of the company and, as a consequence, our productivity and contributions of value with respect to our clients.
- La Farga is a company that has chosen to use 4,0 Industry methods; in a new way of organizing production resources. The aim is to launch smart factories that are capable of adapting to requirements and production processes, and allocating resources efficiently.

IN 2017 WE WERE WORLD LEADERS IN JOINFIL WELDING WIRE AND WE HAVE ATTAINED THE BEST SERVICE FIGURES FOR WIRE ROD AND DRAWING WIRE.

Strengthening our international position

- In 2017 we entered the Indian market with the Alstom train production company and with one of the most important railway electrification projects in the country: the Eastern Dedicated Freight Corridor. This double track railway electrification infrastructure is one of the most important rail corridors in terms of freight transport. La Farga supplied the copper conductors that were installed in the catenary. For La Farga, this project is the gateway to a strategic market, as India is now emerging as one of the most dynamic economies in the world, with an estimated growth of 7,3% in terms of gross domestic product next year.
- We were awarded part of one of the most important railway electrification projects in Israel. The project, which was led by the industrial subsidiary Semi, from the ACS Group, consists of 1,080 km of railway electrification and 14 substations running from Tel Aviv to Jerusalem. La Farga will be supplying the copper conductors, mainly alloys, during the next 5 years. The project, which is part of an electrification programme being promoted by the Israeli Government, will substantially improve the transport of goods in Israel and aims to place the country on the high speed rail map and electrify all rail lines.
- La Farga Tub has increased sales by 8,8% compared to 2016; this growth is due mainly to sales in France, Algeria, the United Kingdom and Spain. La Farga Rod has also increased electrolytic wire sales by 20% compared to 2016, thanks to the high level of service and quality rates obtained.

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TECHNOLOGY SALES AGREEMENT WITH DANIELI

La Farga signed an agreement in May 2017 with Danieli, the leading Italian company in the manufacture of equipment and plants for the ferrous metals industry, in order to strengthen one of the company's strategic lines: technology sales.

The signing of this agreement allows both companies to strengthen their competitiveness and places La Farga as a leading company in the transfer of technological knowledge in the copper sector. La

Farga will therefore be offering a new integral service in the copper plant market and will transfer its know-how, its technological process and its experience with a highly trained team with extensive experience in projects around the world.

This agreement offers global advice on technology and business, from the initial evaluation of the opportunity to the accompaniment at start-up and introduction into the market.



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ECONOMIC MANAGEMENT FOR SOLID GROWTH

LA FARGA LACAMBRA

LA FARGA TUB

	2015	2016	2017	2015	2016	2017
Income (€)	481,498,388	414,347,616	441,566,763	84,874,161	83,701,355	101,606,401
Operating costs (€)	463,045,643	394,108,255	420,834,407	80,799,984	81,377,304	96,000,209
Salaries and social benefits (€)	9,220,738	9,923,935	11,093,697	3,170,573	3,859,468	4,323,233
Payments to funding suppliers (€)	2,088,493	1,104,887	1,501,171	374,187	333,187	432,586
Direct payments to public authorities (€)	5,435,297	3,718,640	7,160,971	2,342,257	1,441,947	3,258,376
Taxation payments to the Corporación Metalúrgica Catalana (€)	13,992,055	9,385,541	10,772,504	8,345,221	5,839,541	9,480,350
Important financial aid received from public administrations (€)	0	0	36,304	27,057	0	0
Turnover (€)	479,894,594	396,487,213	442,702,653	84,857,217	76,050,753	101,198,117
Net cash flow (€)	8,424,061	9,411,357	8,588,040	879,348	-789,836	1,451,023
Direct exports (%)	25 %	26 %	24 %	36 %	38 %	41 %
Expenses (€)	477,161,244	393,815,617	440,704,396	86,414,340	80,924,676	102,970,749
Total investment (€)	7,696,103	9,858,955	4,090,186	4,731,736	3,402,926	3,339,471
Corporate tax (€)	940,808	596,172	569,211	-323,639	-1,071,986	-595,955
Total assets (€)	116,558,803	144,325,595	141,732,101	33,493,872	43,280,698	46,659,963
Own Resources (€)	42,974,312	42,860,693	43,011,398	16,511,144	13,690,433	15,190,789
Reserves (€)	14,097,429	12,500,688	15,188,919	2,360,851	2,360,851	2,360,851
ROE (%)	7 %	9 %	5 %	-4 %	-20 %	-3 %

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LA FARGA ROD

LA FARGA INTEC

	2015	2016	2017	2015	2016	2017
Income (€)	582,203,868	540,639,658	778,059,514	1,257,923	741,759	0
Operating costs (€)	577,631,247	535,902,544	770,652,823	252,806	71,018	0
Salaries and social benefits (€)	814,865	907,063	1,196,946	259,754	184,511	0
Payments to funding suppliers (€)	1,734,088	1,234,217	1,832,674	32,786	11,503	0
Direct payments to public authorities (€)	583,899	370,198	852,884	102,115	95,935	0
Taxation payments to the Corporación Metalúrgica Catalana (€)	-2,821,794	-441,803	-333,783	222,774	153,205	0
Important financial aid received from public administrations (€)	0	0	0	0	0	0
Turnover (€)	582,099,045	539,546,235	776,573,193	1,257,923	741,759	0
Net cash flow (€)	2,575,755	3,038,113	4,557,309	516,089	356,825	0
Direct exports (%)	40 %	40 %	41 %	85 %	75 %	0
Expenses (€)	579,904,072	536,960,658	771,835,313	1,025,948	767,816	0
Total investment (€)	439,524	739,830	418,681	11,610	0	0
Corporate tax (€)	390,416	478,045	1,013,823	196,506	117,902	0
Total assets (€)	35,013,586	43,622,767	65,576,791	2,203,612	1,401,519	0
Own Resources (€)	19,914,641	15,388,884	16,106,272	713,969	558,507	0
Reserves (€)	2,470,538	-116,561	88,884	94,445	94,715	0
ROE (%)	7 %	11 %	20 %	0 %	-28 %	0 %

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METALÚRGICA CATALANA

	2015	2016	2017
Income (€)	103,645	313,387	
Operating costs (€)	76,075	112,694	
Salaries and social benefits (€)	0	0	
Payments to funding suppliers (€)	16,987	8721	
Direct payments to public authorities (€)	7726	4985	27,387
Taxation payments to the Corporación Metalúrgica Catalana (€)	21,749	55,581	-33,202
Important financial aid received from public administrations (€)	0	0	
Turnover (€)	101,194	138,255	
Net cash flow (€)	68,983	208,431	
Direct exports (%)	0 %	0 %	
Expenses (€)	96,499	168,669	
Total investment (€)	0	54,985	
Corporate tax (€)	3,437	47,254	
Total assets (€)	3,204,562	3,042,868	
Own Resources (€)	2,443,379	2,144,397	
Reserves (€)	1,516,720	1,221,674	
ROE (%)	0 %	7 %	

Added value status in 2017

96.13 % OPERATING COSTS
0.53 % FINANCIAL EXPENSES

2.08 % STAFF EXPENSES
0.09 % RESERVES

1.17 % AMORTIZATIONS

THE IMPROVEMENTS INTRODUCED IN THE AREA OF PRODUCTION AND COMMERCIAL STRUCTURE AND MANAGEMENT HAVE PROVIDED RESULTS. WE ARE MORE EFFICIENT, AND THIS IS SHOWN IN OUR RESULTS.

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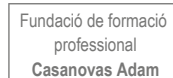
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PARTICIPATION IN LOCAL SECTOR ASSOCIATIONS AND ORGANISATIONS

COMPANY ASSOCIATED TO



ACTIVE MEMBER OF



IS A MEMBER OF THE BOARD OF TRUSTEES



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PROVIDING TALENT FOR AN OBJECTIVE

We work to ensure that every individual can discover and foster his or her talent. By means of an attitude of responsibility, participation and recognition, we create healthy and honest relationships that lead us to greater personal satisfaction. We are committed to equality of opportunity and oppose gender-based discrimination. We accompany our workers during their professional development, and promote a shared professional journey, united leadership and a culture of commitment, we also provide professional and home-work reconciliation policies.



MAKING THE WORKPLACE MORE ATTRACTIVE

Staff and organization management is a strategic part of company development, making the most of our team and their talents.

**UNDERSTANDING STRUCTURES,
PROCEDURES AND SKILLS ALLOWS US
TO WORK CONSTANTLY TO IMPROVE AND
ADAPT TO MARKET DEMANDS.**

- With the changes made to our skills-based model, which was updated in 2016, different groups in the company workforce have been defined in accordance with their workplace: leaders (people responsible for people), technicians (people dedicated to the areas of production, maintenance, engineering, etc.), market experts (people who perform sales or purchasing tasks), management (staff dedicated to the administration of resources and services in operational areas) and specialists (production operators).
- We have enhanced our skills assessment and identification tool in order to continuously improve and increase efficiency and productivity.

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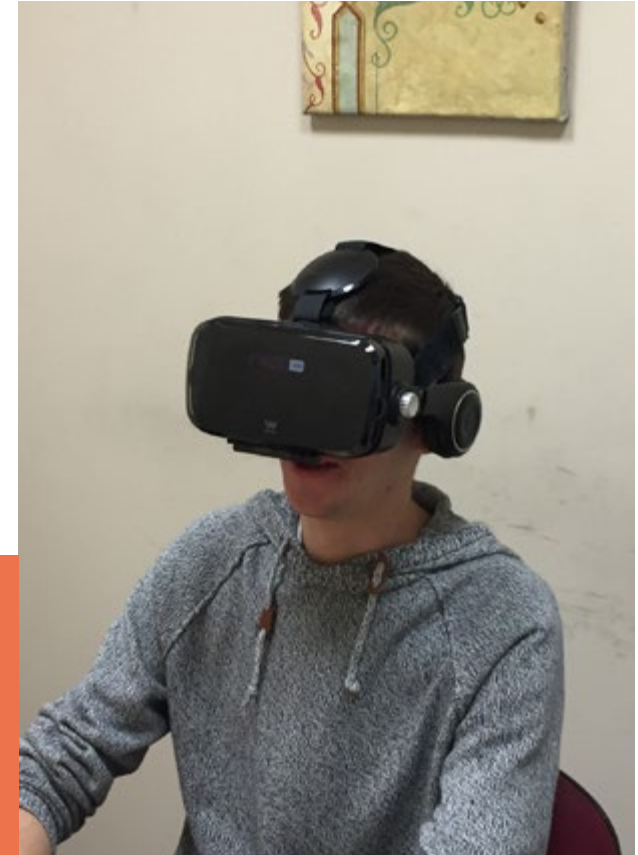
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- La Farga Tub has developed a command structure: the heads of section are focused on the internal management of the plant and staff, while shift managers are responsible for the daily operations and overall efficiency of equipment.
- A mentoring program has been conducted for new managers and area managers in La Farga Tub in order to give them technical and personal assistance for their new positions.

IN ORDER TO FACILITATE THE INCLUSION OF NEW EXPERTS, WE HAVE CREATED THE “360° VIRTUAL WELCOMING TOOL”, WHICH EXPLAINS OUR PRODUCTION PROCESSES USING 3D GLASSES.

One of the tools we use to implement communication actions is our Communication Plan. In 2017 we promoted different actions in line with the company’s strategic objectives, such as loyalty with the Talent Project, to maintain and enhance the talent in La Farga, and the launch of the La Farga Better Workplace project, which takes factors that hold us back and transforms them into



driving forces. Leadership has been addressed through our own leadership model “Pedal with La Farga. Corporate responsibility has focused on bringing together and making visible our aims by launching the campaign of international days, and with respect to safety, in 2017, we held the 5th Cultural Week of Safety, where more than 10 different activities were offered to all the areas in La Farga.

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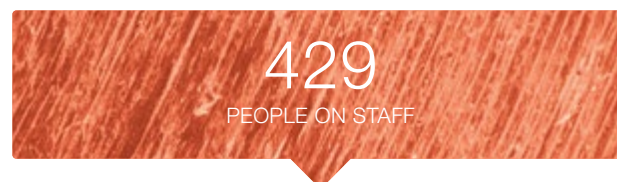
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A TEAM WITH TALENT THAT KEEPS GROWING

In 2017 we created new positions in order to strengthen an expert, talented and committed workforce on the path to excellence in client service .



389	245
OF COMPANY STAFF	La Farga Lacambra
36	121
EXTERNAL EMPLOYEES	La Farga Tub
4	29
IN TRAINING	La Farga Rod
	0
	La Farga Intec
	7
	Corporación Metalúrgica Catalana
	23
	La Farga Tertub, AIE
	4
	Corporación Metalúrgica Worldwide



100%

OF LA FARGA EMPLOYEES
ARE COVERED BY OUR
COLLECTIVE WORKS
AGREEMENT



43

NEW WORK POSITIONS
CREATED



76

NEW CONTRACTS
89 %
from Country of Osona
84 %
are men



61%

OF EXECUTIVE POSITIONS
ARE HELD BY RESIDENTS
OF THE COUNTY OF
OSONA



90%

ARE FROM THE COUNTY
OF OSONA

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La Farga Tub has reduced the outsourcing of certain services, such as maintenance, which requires a profound involvement and detailed knowledge of the company. Our logistics warehouse has also been internalized, allowing us greater control and optimization of resources.

In order to foster talent in the recruitment of resources and their specialization, we have incorporated a new temporary staff provider. We also work with companies of this type in order to discover the main labour market trends in our groups using big data analysis techniques.



THE TALENT OLYMPICS



11

COURSES



248

PARTICIPANTS

The Talent Olympics programme is an expression of La Farga's talent loyalty strategy: team skills are identified and evaluated and specific development programmes are also put forward. Its aim is to retain staff, identify potential talent, improve existing talent and create a model leadership with the ability to make an impression.

The training has been designed to respond to the different staff needs. For the central group, various courses have been held, from languages, to the organizational model of the company, on the management of people and teams, and on the optimization of meetings and the use of e-mail. The production department has received courses in equipment management and interpersonal communication, advanced Excel courses and office automation for operators. The Sales Department has made enhanced market training, and has provided training on the use of high performance equipment for the new additions and junior staff at La Farga.

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MORE WOMEN IN MANAGEMENT POSITIONS

We promote a policy of equal treatment and opportunities for men and women. In 2017 the percentage of women in the workforce increased, as did that of women in management positions and in middle management.

12 %
OF WOMEN
ON STAFF

25 %
of women on
the Board of
Directors

16 %
of women
in executive
positions

29 %
of women in other
positions

56 %
of women in
intermediate
positions



55 %

OF STAFF AGED 26-45



3 %

PEOPLE WITH DISABILITIES
ON STAFF



100 %

WORK REINCORPORATION
LEVELS AND WORK RETEN-
TION AFTER MATERNITY AND
PATERNITY LEAVE



5,500 €

IS THE DIFFERENCE
BETWEEN MINIMUM WAGES
AT LA FARGA (ABOVE
COLLECTIVE BARGAINING
AGREEMENT LEVELS)
AND THE LOCAL ANNUAL
MINIMUM WAGE LEVEL.

A general policy of gender equality is essential when promoting equal pay. Our collective bargaining agreement and pay banding and performance evaluations guarantee non-discrimination between men and women in terms of salaries.

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QUALITY, IN EMPLOYMENT TOO

La Farga has made a firm commitment for quality employment, which means improving staff wellbeing.



BENEFITS BEYOND SALARIES

Our employees are able to benefit from a range of bonuses that go beyond salary, and that contribute to the quality of their jobs. We offer school grants for children and to help mobility, as well as the teleworking jobs. We also carry out policies to improve the work environment.

31,270 €
THE TOTAL AMOUNT OF GRANTS

284
GRANTS PROVIDED

40%
OF STAFF ENJOY FLEXITIME WORKING HOURS AND AN INTENSIVE (NO LUNCH BREAK) WORKING DAY ON FRIDAYS, THROUGHOUT THE YEAR

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OBJECTIVE: BETTER WORKPLACE

A difference exists between a good place to work and the best place to work. In the latter, employees trust the organization, feel proud of it and enjoy their work. In order to create a better workplace, La Farga analyses the elements that different groups in the workforce value, those that have a positive impact on the work environment and which help to create links. We use quick wins; simple, easily applicable improvements to ensure that our staff are more comfortable both in and out of their work environment.

The quick wins applied in 2017 were:

Intensive working schedule before holidays to facilitate work-family life balance.

schedule prior to holidays to facilitate work and family conciliation.

Helmet bags, for improved hygiene when storing it in locker rooms.

Code of good practices in the email management meeting protocols.

A manual and leadership schedule to define those responsibilities and actions that need to be carried out for the benefit of the entire organization
 Intensive

Training of specialists: English, office automation and the comprehensive coordinating operator course.

Participation in a paddle-tennis championship, as part of the policy of support for recreational activities, which seeks to improve the work environment and personal well-being.

Mindfulness relaxation sessions.

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TRAINING IS A COMMITMENT TO DEVELOPMENT

The professional development of staff is a key aspect in reaching the established objectives successfully. Our training programme aims to develop talent and technical skills to help employees in the performance of determined actions and to continue growing.

Since 2016, a joint training committee has existed with members from company management and the legal representatives of the workforce. This group works to ensure the effectiveness of the training and the increase staff qualifications. The annual plan must ensure the provision of training courses that takes into account all company groups and the recognition of the training carried out. We work together to minimize those incidents detected in the different training projects.

As a result of the current skills-based analysis, we have organized the following training courses:

- **Teamwork and Leadership.** Training courses on the management of people and teamwork – interdepartmental teamwork and international certification – specialised course held by a licensed practitioner of NLP.
- **Departmental Technical Skills.** Training courses on market knowledge, negotiating sales conditions, advanced Excel and hydraulics.

The training plans created to respond to the strategic objectives of the company and career plans are:



2

MASTER'S IN BUSINESS
ADMINISTRATION (MBA)



1

MASTER'S IN
INDUSTRIAL DESIGN



1

POSTGRADUATE DEGREE
IN MANAGEMENT AND
QUALITY MANAGEMENT



33

DIGITAL TOOLS COURSE
(EXCEL, WORD GOOGLE
TOOLS) TRAINED
OPERATORS.



12

LANGUAGES
TRAINED OPERATORS

As part of the Better Workplace project, we have established two training courses for production staff:

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During the summer months, La Farga welcomes students who want to benefit from the experience and know-how of the company. The courses have allowed them to obtain an overview of the operation of the company and experience the day to day of the company.

THIS SUMMER 14 STUDENTS PARTICIPATED IN THE TRAINING PROGRAMME, ALL WERE CHILDREN OF LA FARGA EMPLOYEES.



11
 INTERNAL
 PROMOTIONS



100 %
 TRAINED
 EMPLOYEES



71
 TRAINING
 INITIATIVES



17,220
 TOTAL TRAINING HOURS
 (+33 % with respect to 2016)



45
 HOURS OF TRAINING ON
 AVERAGE PER EMPLOYEE
 39 h men
 92 h women



55 %
 PROFICIENCY
 TRAINING
 (aptitude and attitude)



228,996 €
 INVESTMENT IN TRAINING
 (+26 % with respect to 2016)

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THE JULI GARCÉS AWARDS

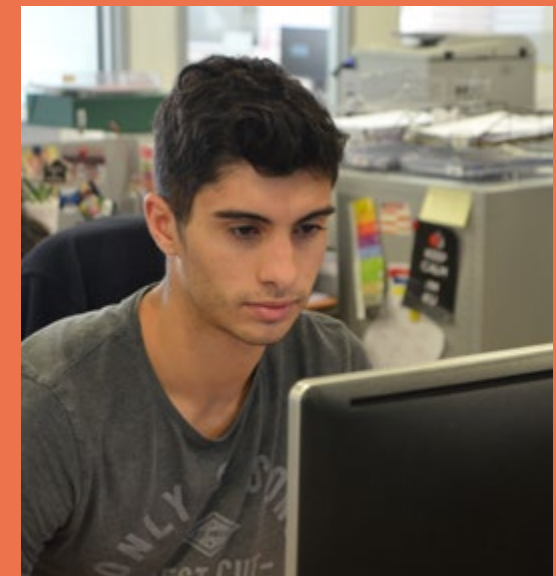
The Juli Garcés Awards are a recognition of those suggestions presented by the employees in order to optimize work. The simplicity of the solution put forward, the efficiency in the result and the investment cost are all aspects that taken into account. In 2017 we received 366 suggestions, demonstrating the high level of involvement of the team in the continuous improvement of the company.

The first prize was awarded to a proposal made on making savings in the cost of additives, with the installation of a disused pH meter in the treatment plant in order to control the discharge of these products. The second award, which focused on the area of safety, was for the proposal of placing a board up to the level of the railings to make the ramp and not jam the rod. The third prize was given to the proposal to minimize ruptures by introducing a timed pressure air tube to clean the rows.

WE REMAIN COMMITTED TO DUAL PROFESSIONAL TRAINING

We currently have three students in the dual vocational training modality - two in mechanics and one in the sales area.-This initiative combines academic training with learning in a company. In this type of training, a business and an educational centre work together closely. In the initial phase, students combine their training in the centre with half a day at the company. At a later stage, hours in the company are extended to a full time schedule and the students no longer attend class.

The aim of dual vocational training is to increase the number of qualified people in businesses, improving the training of students, and making it more useful for the productive system while increasing employability among young people.



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PARTICIPATION IN THE «EMPLOYMENT IN LOCAL INDUSTRY» PROGRAMME

The Copper Museum hosted the presentation of the results of the "Occupation in Local Industry" project in Osona County, which was promoted by the Economic Development Agency of Osona, Creacció and the Provincial Government of Barcelona, and which La Farga has been involved in.

The aim of the programme is to promote projects of public or social interest that foster competitiveness in local industry, from a basis

of a regional economic growth strategy. Actions relevant to skills, development and retaining talent among the unemployed are implemented, as is the professional advancement of those with poor quality jobs.

The project is attaining good participation figures, with approximately 1200 people, as well as good employment results and the entry of participants into industries located in Catalonia (45%).

The strategic and differential aspects of this programme should be highlighted with respect to other initiatives:

- Long-term planning strategy
- Public-private participation
- Regional productive specialisation
- Sectorial and regional agreements
- Combination of theoretical training and the employment environment
- Promoting innovation



WE HAVE EMPLOYED TEN QUALIFIED PEOPLE FROM THIS PROGRAMME.

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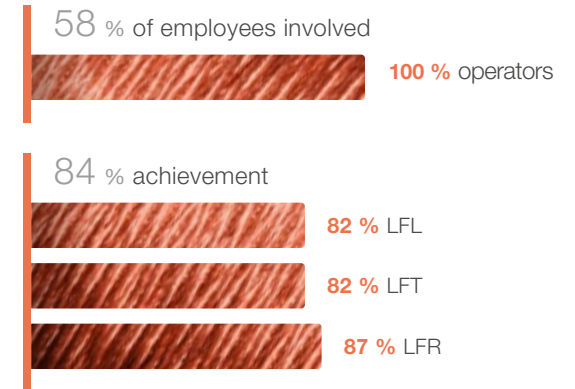
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Managing a team implies strengthening positive aspects, improving the negatives and knowing how to detect and compensate for involvement. We use performance evaluation tools for these purposes, which us to assess and measure the level of efficiency of employees with respect to the requirements of their workplace.

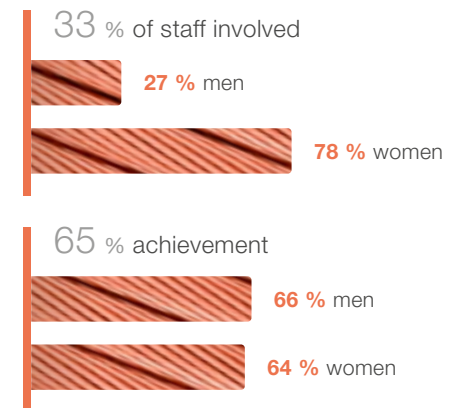
For operators

The Personal Improvement and Evaluation System (MAP)



For staff

The Performance Evaluation System (PES)



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THE CONSOLIDATION OF THE LA FARGA EXCELLENCE MODEL

The La Farga business excellence project continues as planned. One of its foundations is operational excellence, which is the basis of the La Farga Continuous Improvement System (LFCIS) project. This is an advanced management model determined by the following criteria: more independence for team members, delegation of tasks - where attitude is focused on improvement- advisory leadership, guidance and support of activities and the use of continuous improvement techniques.

This model of operational excellence is in its consolidation phase, which means that we are able to discover its strengths:

Awareness-raising of objectives in all areas focuses on the improvement of processes and products, analysing root causes and detecting activities that do not add value.

We possess an efficient communicative chain and a single corporate format, so we all speak the same language. The communication between departments and business units has improved.

The integration of new staff into the organization is much faster and more efficient.

We went from being a top-down organisation to a cross-sector organization with participatory and team interests. We are an expedient organization with a rapid response time.

We have standardised our manner of working and the mechanics used to analyse and improve each of the daily challenges, applying the concept of organizational efficiency.



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SAFETY AT WORK, A LA FARGA VALUE



**THE AIM OF
LA FARGA IS TO
PROMOTE A SAFETY
CULTURE WHERE
EVERYONE WORKS
TOGETHER IN A
COMMITTED WAY
WITH THIS GOAL
IN MIND.**

Health and the prevention of occupational risks is a value at La Farga. In order to improve it, supervisors and the Department of Quality, Safety and the Environment periodically identify possible areas for improvement and propose actions to implement them. This practice is part of our continuous improvement programme «0 Accidents and Beyond».

This year, we have divided the actions into five areas:

- Maintaining safety
- Improving safety
- Signage
- Training

THE OSHAS 18001 MANAGEMENT SYSTEM

Since 2005, La Farga Lacambra, SAU

Since 2008, La Farga Tub, SLU

Since 2009, La Farga Rod, SLU

Continued, joint work between the Quality and Production departments has led to improvements in safety. In 2017, a total of 12 improvement initiatives were implemented in the plants: with 8 actions in La Farga Tub, 3 in La Farga Rod and 1 in La Farga Lacambra. It should be noted that the Spanish Social Security Office has informed us of that we are eligible for its low-accident rate bonus for 2017.

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227,457 €

INVESTMENT IN OCCUPATIONAL
RISK PREVENTION
(+39 % with respect to 2016)



2,467 €

€ SOCIAL SECURITY BONUSES DUE
TO EXCELLENT RATES (bonus for rates
achieved in 2016 and requested in 2017)

603,886

HOURS WORKED

12

PEOPLE INJURED
(12 men)

19,9

FREQUENCY RATE

0,7

SEVERITY INDEX

5,46 %

ABSENTEEISM

LA FARGA ROD HAS BEEN 2 YEARS WITHOUT AN ACCIDENT
LEADING TO TIME OFF. LA FARGA TUB AND LA FARGA
LACAMBRA HAVE REGISTERED AN ACCIDENT RATE BELOW
SECTOR LEVELS IN NATIONAL TERMS.

In 2017 continued improvements in safety at work has been specifically-
focused on the following actions:

- The implementation of new methods in the Engineering and Safety Department to monitor all projects in occupational risk prevention, their implementation is then followed by an environmental and preventative analysis.
- The inclusion of a new safety officer to provide services to our industrial companies and improve all occupational risk prevention activities. We have changed the external risk prevention service and we have redefined the role of the risk prevention officer that we had assigned. We also recognise staff who act proactively with respect to regarding safety.
- Continuity in the project that began in 2016 for workplace improvement, in accordance with Royal Decree 1215/1997 of 18 July, which establishes the minimum health and safety provisions for the use of equipment by workers.
- Significant investment in personal protection equipment at La Farga Tub.
- Improvements in mobility and the evacuation of the premises in case of need.
- Plans in 2018 to expand the industrial site and warehouses to respond to requirements.
- Improved air-conditioning of the plants for improved operator comfort.

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5TH SAFETY CULTURE WEEK

The aim of Safety Culture Week is to perform activities that promote caring for physical integrity and to remind staff of work safety guidelines. A total of 15 training activities and 95 training sessions were conducted, and which included vertical work simulations, training in rescue and lifelines, practical actions with fire extinguishers and hydrants, and talks on criminal procedure. 853 hours of training were carried out. La Farga has positively valued the participation and involvement of those attending.

During Safety Culture Week, recognition was given to workers who have not suffered an accident in 25 years and the suggestions presented for the improvement of safety were rewarded.



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Increased value for clients

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SOLUTIONS AND ANSWERS TO THE HIGHEST DEMANDS

We guarantee the highest quality and the implementation of continuous improvement techniques in all of our products, services and processes. We maintain a relationship of respect and honesty with our customers, and with a continuous, thorough and transparent communication at all times. We are committed to constant innovation, something that satisfies new requirements and allows us to develop products that are more sustainable and that offer a higher added value for our customers.



INNOVATION MARKS THE DIFFERENCE

Providing a differential value to our clients is possible, thanks to innovation. Innovation is always present and is a constant factor at La Farga, not only in the search for new products, formats, processes or cutting-edge technologies, but also in our management, in the way we seek to understand business and providing our clients with quality.

A culture of innovation brings together our experience and knowledge in the copper and alloys sector, which makes it possible to design and provide new solutions for the constant challenges that posed by the market and those that our clients demand.

THE DEVELOPMENT OF INNOVATIVE TECHNOLOGY AND PROCESSES, WHILE TAKING THEIR IMPACT ON SOCIETY AND THE ENVIRONMENT, IS AN INHERENT FACTOR IN OUR PHILOSOPHY.

In 2017 we finalised the Eurotapes project for the development of superconducting tapes, which integrates innovative materials and architecture into profitable processes for energy applications and magnets. The essential aspects behind the market success of these drivers involve robust, low cost processes, as well as high performance, standardised manufacturing methods for long drivers. The project has received funding from the seventh European Union programme for research, technological development and demonstration, in accordance with grant agreement No. 280432.

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Subsidies received from the Centre for Technological- Industrial Development

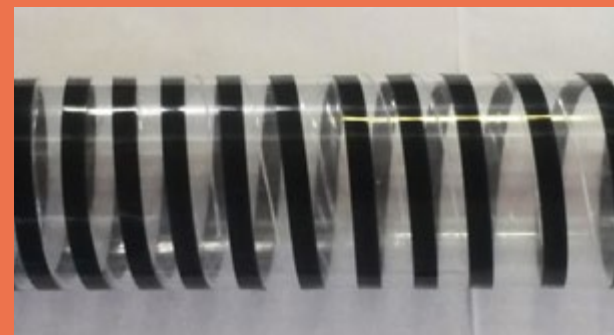
- **La Farga Rod:** Project IDI-201550828 for the development of simulation models to improve the continuous casting model.
- **La Farga Lacambra:** Project IDI-20160725 investigating grain-size reduction in the copper tubing from the up-cast casting procedure.
- **La Farga Tub:** Project IDI-20170815 improving eccentricity control and the quality of tubes from the high ratio extrusion press and up-cast tubes from La Farga Tub»

OXOLUTIA, A TECHNOLOGICAL SPIN OFF

Oxolutia is a technology-based company founded in 2010. It seeks to bring processes and materials to the market that have been developed in the field of applied superconductivity with a nanotechnological focus. Its core technology is based on obtaining thin functional layers for chemical processes.

The company emerged from the UAB Research Park and comprises a research group from the Institute of Material Sciences of Barcelona (ICMAB-CSIC). La Farga has been one of its shareholders since its foundation.

In 2017, Oxolutia continued with the technological development of the scaling of superconducting tapes using inkjet printing, having attained the important breakthrough of a 10-metre length with a current of 100 A / cm wide at 77 K and autocampo. This result reinforces expectations of success, while the company expects to continue increasing material performance and to reduce manufacturing time in the near future before entering the market. Other similar company developments are substantially increasing the sales of advanced ceramics and private research contracts.



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OUR INVESTMENT EFFORTS

As part of our process of continued innovation and improvement, we allocate an important economic sum each year to adapt our products to new trends and client demands, while increasing the production efficiency and achieving operational excellence.



1,879,026 €

INVESTMENT IN R+D

60 % with respect to cash flow investment



36,304 €

SUBSIDIES RECEIVED ON A NON-REFUNDABLE BASIS FOR
THE DEVELOPMENT OF OUR R+D PROGRAMMES



A NEW SYSTEM OF COMBUSTION FOR THE VERTICAL FUSION FURNACE

We have invested in a completely new combustion system of the vertical fusion furnace. The six older burners have been replaced by seven new burners with more power, together with a gas and air control system fitted to each of them.

This modernization initiative will increase melting capacity from 15 to 20 tonnes per hour and improve product quality, while ensuring correct combustion control at all times. Furthermore, a better fusion performance is obtained with the optimum burner combustion, so reducing energy costs.

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INCREASED VALUE FOR CLIENTS

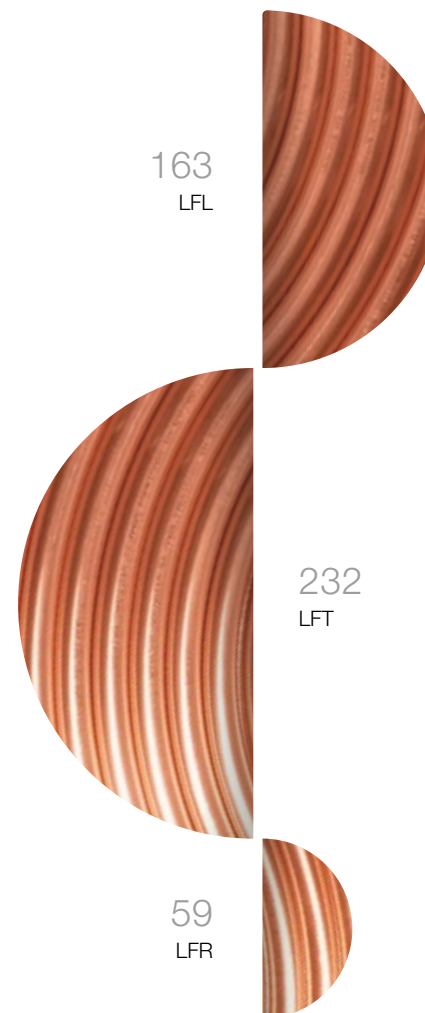
In 2017, a new commercial organization was consolidated in La Farga Tub, with new additions to meet all the needs of the project. Specific, more independent area managers were created to serve the four target markets: France, Britain, Spanish and export.

At La Farga Rod, a single commercial address was set up to allow a comprehensive view of all the markets, and specific roles were enhanced such as the account managers and the client attention service. Decision-making is largely more horizontal and multidisciplinary, which extends responsibility and promotes personal autonomy.

The role of the Accounts and Quality Manager was consolidated in order to manage technical aspects in a more agile and efficient way and to improve client relations. The response time with respect to technical queries and incidents has been reduced.

**OUR QUALITATIVE DIALOGUE
WITH OUR CLIENTS HAS
ALLOWED US TO IDENTIFY
TRENDS AND NEEDS,
ALLOWING US TO SEGMENT
THE MARKET AND OUR
PORTFOLIO.**

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PRODUCT SEGMENTATION, MORE VALUE FOR CLIENTS

In 2013, we initiated the "Value for Clients" project, which was designed to identify the value proposals we can offer our clients. Our detailed knowledge of our clients allows us to identify and respond to their needs, as well as those requirements that must be met in the short and medium term.

In 2017 the project was transformed into a driver of growth for La Farga, as a result of our focus on what contributes value to the client, so that we are more efficient and effective in terms of production. We have worked in a multidisciplinary manner to achieve this global value proposal, which is focused on achieving excellence. With this aim in mind, we have segmented the following products: wire rod, wire drawing, Joinfil, pipe and catenary

products, which allows us to offer the right product for each customer profile.

Product segmentation has been possible thanks to our experience and know-how in copper solutions, with our quality standards, product stability and investment in the development of new alloys. We have looked into cost-efficiency factors for each client.

With the knowledge acquired and in line with the continued monitoring of market changes, we have set ourselves the goal of adapting our service strategies and policies to different customer segments by 2018, when we will continue to reinforce the multidisciplinary nature of the project and analyse our positioning based on customer expectations.



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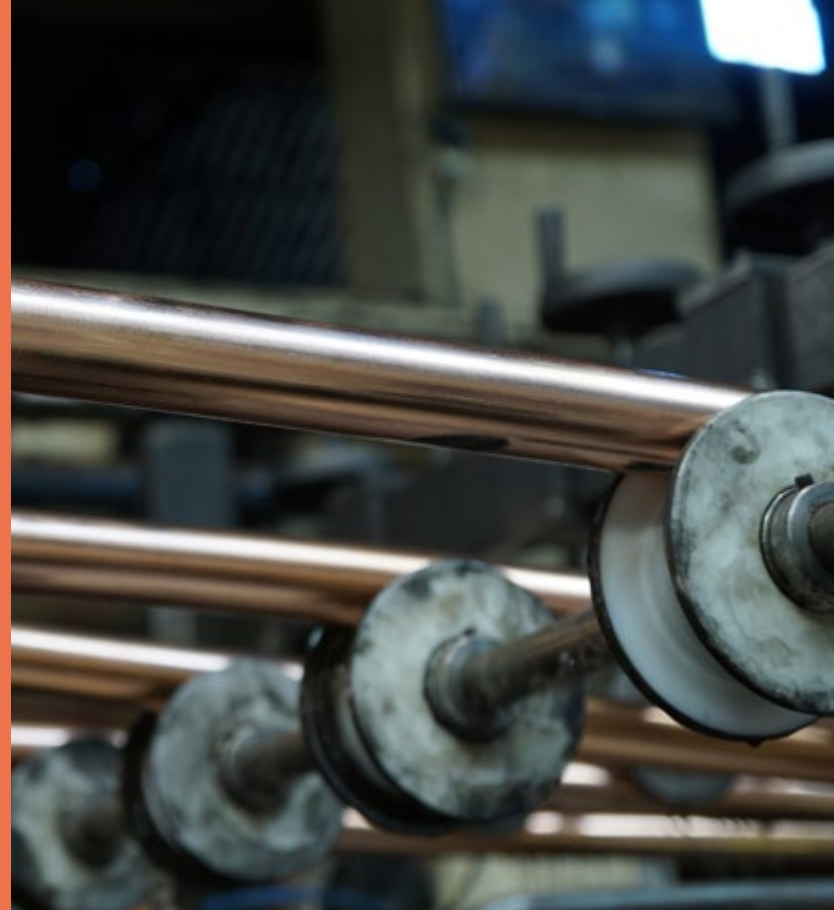
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INTERNAL EFFICIENCY FOR EXTERNAL EXCELLENCE: EVO TUB

The robust implementation of the Evo Tub project has allowed us to increase the range of products produced. We have improved plant efficiency and increased production ratios (OEE) in order to meet more customer demands and speed up delivery times while expanding our market.

Evo Tub allows us, therefore, to improve our services by increasing our stock quantities and facilitating customer service demands. The challenge for 2018 is to achieve a level bound of 300 kg or more, which will allow us to enter new market segments.

In 2017 we produced one third of our products from the Evo Tub process, which has also allowed us to reduce the environmental impact from our production processes.



In 2017 we participated in the ISH, «The Bathroom Experience, Building, Energy, Air-conditioning Technology, Renewable Energies», in Frankfurt (Germany).

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QUALITY: THE BASIS OF TRUST

Our production processes are centred on attaining the highest standards of quality and efficiency, something that our clients note in the final product. In 2017 we successfully adapted our processes to the 2105 version of ISO 9001 standards and we now have new certificates that are valid to 2021 for our three industrial companies.

We have continued with our work to improve quality standards in our processes and products. Among the actions established for 2017, the following were noteworthy:

- The definition, in cooperation with the Department of Process Engineering, for plans of action to reduce the number of client incidents – these have already provided results, especially with respect to industrial tubing and drawn products.
- In the railway field, the successful completion and delivery of the Eastern Dedicated Freight Corridor project to Alstom India and the preparation of new approval processes with Infrabel; in the railway and automotive sectors, renewing client certificates.
- New optical emission spectrometer to improve the reliability of the chemical analyses in our foundries, a new traction machine at La Farga Lacambra to improve the mechanical trials of our products.



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 (actividad de transferencia tecnológica)

OUR CLIENTS HAVE ACKNOWLEDGED IMPROVEMENTS IN THE SURFACE QUALITY AND DRAWING OF OUR WIRE ROD, BOTH CHARACTERISTICS ARE HIGHLY IMPORTANT IN THE PRODUCTION PROCESS.

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- The improvement of the return objectives of Joinfil and fulfilment of the aims of quality and the surface cleaning of the welding wire.
- The creation of a multidisciplinary team to work on the improvement of palletizers and in the management of maintenance tasks, giving priority to personnel with a mechanical specialty.

**WE PARTICIPATE IN
INTERNATIONAL REUNIONS
ON EUROPEAN REGULATIONS
AND HOSTED THE WORKING
GROUP FOR THE EUROPEAN
COMMITTEE ON COPPER
PRODUCT REGULATIONS, WHICH
DRAFTS REGULATIONS ON
TUBING.**



Patents were granted in 2017



4

PATENTS
WERE GRANTED
IN 2017

LA FARGA LACAMBRA

Spanish patent (201730560)
positioning verification device
for metal tubular parts and the
positioning verification method.

LA FARGA TUB

Spanish Patent (201730365)
positioning verification device
for metal tubular parts and the
positioning verification method.

Spanish Patent (201730565) the
system and procedure to control
the recrystallization of metallic
tubular pieces.

Spanish Patent (201730563)
system for detecting cracks in
metal tubular parts in induction
furnaces.

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WINNING SYNERGIES

We establish trade agreements with mutual respect, applying win-win policies. We develop joint innovations and maintain long-term agreements that guarantee security and stability in terms of production and supply.

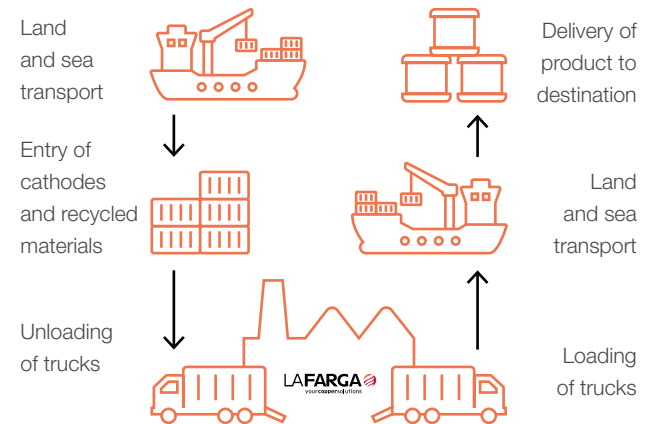


TRUST AND EXPERIENCE

We recognize that by working together, bridges of mutual trust are established, we promote strategic relationships with suppliers. This long-term vision and the integration of suppliers as a key factor in the value chain allow us to continue improving both quality and service.

WE RECOGNIZE THAT BY WORKING TOGETHER, BRIDGES OF MUTUAL TRUST ARE ESTABLISHED.

The supplier chain



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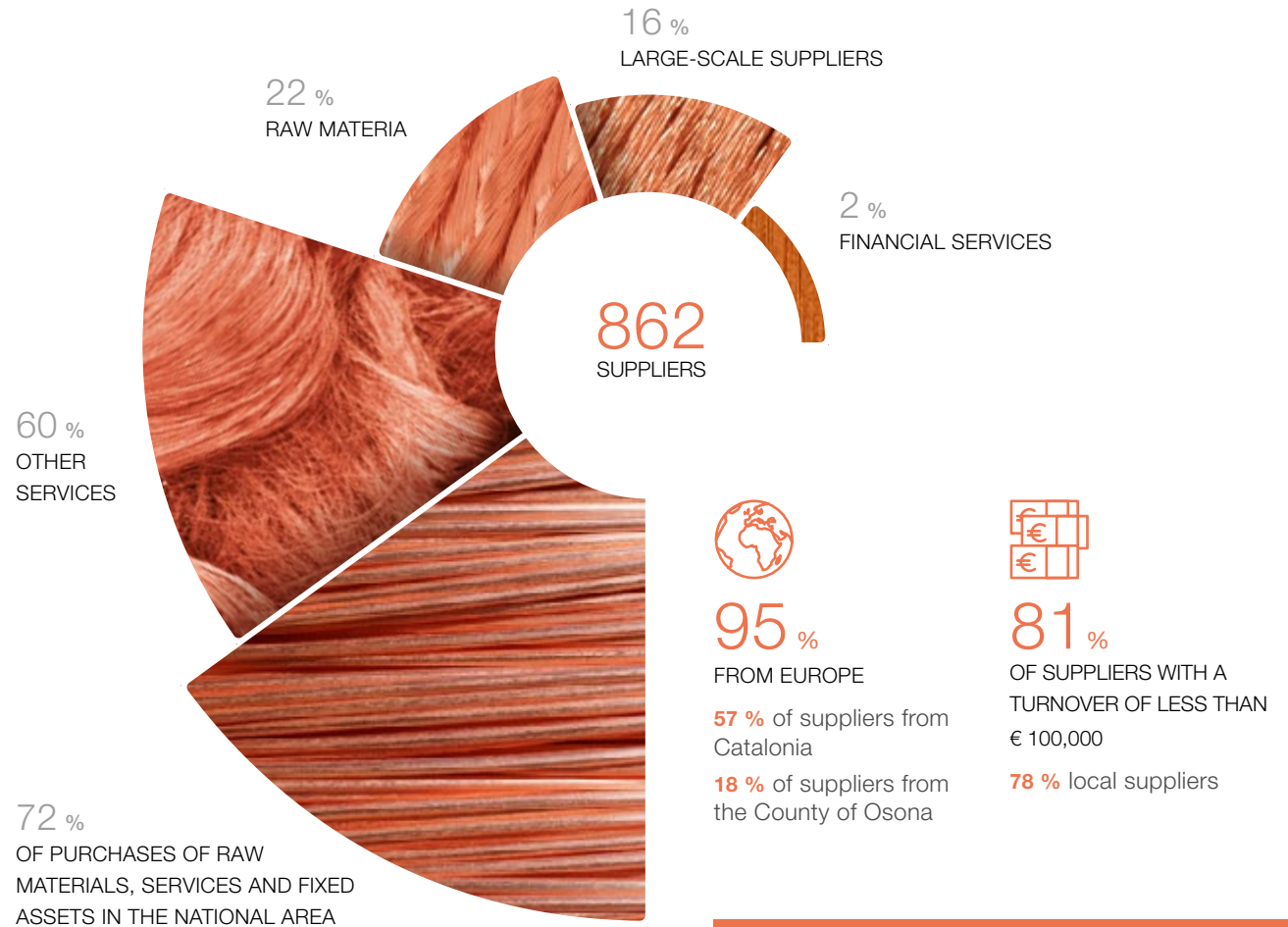
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OUR SUPPLIERS



THE CREATION OF A LOCAL NETWORK OF SUPPLIERS LEADS TO A POSITIVE IMPACT IN THE AREA AND LENDS CONSISTENCY TO OUR PROCESSES.

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COMMITTED SUPPLIERS

Guaranteeing a responsible supply materializes the effort to achieve greater coherence between our purchasing policy and our commitment to corporate responsibility. It also allows us to improve competitiveness and create value in the supply chain.

Our purchasing policy aims to facilitate the achievement of those objectives defined in our strategic plans. It also seeks to promote the commitment of our suppliers to respect and act in accordance with international standards of sustainability; including the principles of the Global Compact, as well as those specific instruments related to conflict minerals. This policy establishes a framework of balanced cooperation between La Farga and its suppliers, by promoting stable commercial relations in line with our values, a policy of corporate responsibility policy and the ethical code of our suppliers.

In 2017 we boosted our work with suppliers by establishing win-win relationships. One of the key points is supplier proximity of the provider, a factor that facilitates frequent meetings to better understand their concerns and offer solutions, while creating a relationship of trust and long term agreements.

**WE METICULOUSLY REVIEW THE ORIGIN OF OUR
RAW MATERIALS, AND PURCHASE ONLY THOSE WITH
GUARANTEED TRACEABILITY (CERTIFICATE OF ORIGIN).**

WE EVALUATE SUPPLIERS

We evaluate the performance of those suppliers that operate in our facilities, and integrate corporate responsibility issues into their procedures. We notify them of the results and indicate aspects for improvement.

Results of technical evaluation



93/100

FOR COPPER
SUPPLIERS



80/100

FOR NON-COPPER
SUPPLIERS

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5S TRAINING FOR SUPPLIERS

The 5S method is a management technique of Japanese origin. It is based on five simple principles that aim to achieve better organized, more orderly and cleaner workplaces on a permanent basis, in order to aid improved productivity and a better environment.

La Farga staff have already been trained in this method, but not our suppliers, who operate in the company's facilities. Our "0 accidents and Beyond" team therefore made this training course compulsory for suppliers as well.

The 5S method fosters the development of a culture of continuous improvement through the application of solutions in five areas, which are referred to by their Japanese names: *seiri* (the organization and elimination of excess elements), *seiton* (order and method), *seiso* (cleaning), *seiketsu* (standardisation) and *shitsuke* (awareness).



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COMMITMENT TO THE AREA

We maintain a policy of good-neighbourliness and take part in and developing social, cultural and training initiatives in our environment. Preserving the environment is a crucial issue for La Farga. We maintain a relationship of respect, dialogue and transparency with local stakeholders.



THE LA FARGA FOUNDATION EXTENDS ITS REACH

In June 2017 the La Farga Foundation absorbed the Josep Moncusí Foundation, which expands its regional scope of action (the regions of El Ripollès and El Moianès have now been added to that of Osona). The integration of the foundations does not affect, but rather reinforces, the tasks of promotion, aid and participation with respect to our initiatives in the social, cultural and educational fields, so contributing to the wellbeing and progress of our local area.

- **Social Area**, donations, sponsorship and cooperation in activities and projects.
- **Cultural Area**, : the creation and management of the Copper Museum, a unique area in Europe.
- **Educational Area**, scholarships and grants for the education of partners, employees and their families.

For more information, consult the Report on the Activities of the La Farga Foundation for 2017, which is available on our website.

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THE DEVELOPMENT OF OUR SCHOLARSHIP PROGRAMME

With the new direction of La Farga Foundation, resulting from its integration into the Josep Moncusí Foundation, a new scholarships award system has been established, one that aims to fulfil three main objectives:

- **Greater regional scope:** Osona and El Ripollès and especially for Les Masies de Voltregà and Sant Joan de les Abadesses.
- **More resources for advanced studies,** while maintaining grants for studies focusing on official and non-official advanced certificates, language grants and scholarships for residents from Les Masies de Voltregà and Sant Joan de les Abadesses.
- **The unification of scholarship** assignments in a single awards process, which permits a faster and more balanced process.



SCHOLARSHIPS AWARDED

112 → 8,285,70 €
2017 TOTAL AMOUNT

689 → 1,032,991 €
SINCE 2006 TOTAL AMOUNT

The number of grants awarded has been reduced due to the organisational change and postponement of certain subsidies due to the pending situation of the single awards process.



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INVOLVEMENT WITH SOCIETY AND TRAINING

La Farga supports different organisations and participates in the development of determined programmes and actions.



LA FARGA TUB IN PROFESSIONAL TRAINING CONTESTS

La Farga Tub is an official participant company in SpainSkills 2017, a professional training competition organized by the Ministry of Education. The event brings together young professionals linked to regulate professional training, winners in their respective regions, and representatives are selected for the European competition, EuroSkills, and the World contest, WorldSkills.

The aim of La Farga Tub's participation is to promote vocational training among young people, as the industrial world needs trained professionals. La Farga has a prominent role in the "Plumbing and Heating" and "Refrigeration and Air Conditioning" categories, and provides economic sponsorship and copper tubes made exclusively for competition purposes.

SpainSkills, which is part of EuroSkills and WorldSkills, is a non-profit association that organizes professional training competitions to disseminate information, share knowledge and promote quality, innovation and cultural exchange.

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Some of the organisations we have worked with in 2017 are:



THE GARRINS METÀL-LICS ROBOTICS TEAMS, FROM THE FACULTY OF SCIENCES AND TECHNOLOGY OF THE UNIVERSITY OF VIC-THE CENTRAL UNIVERSITY OF CATALONIA.



PARTICIPATION ON AN EMPLOYEE-BASED INITIATIVE WITH THE NGO PALLAPUPAS, WHICH BRINGS TOGETHER CLOWNS WHO WORK TO ENTERTAIN CHILDREN WITH SERIOUS ILLNESSES UNDERGOING CARE IN HOSPITALS. THANKS TO OUR HELP PALLAPUPAS VISITED 29 CHILDREN.

In 2017 La Farga once again took part in the Innovacat awards, with the Manlleu City Council and other companies in the area. Innovacat continues to concern itself with business dynamism and innovation in business and social areas, with a view to new networks of participation and cooperation.

THE 4TH AWARDS CEREMONY FOR THE BEST END OF DEGREE COURSE PROJECT

The La Farga Foundation and the University of Vic-Central University of Catalonia hold the Vicente Fisas Comella Award for the best end-of-degree project in any academic field. The award-winning study however must concern one of the values promoted by the foundation: social innovation, creativity as a basis for progress and awareness in environmental care. The prize is €1,000 and students from the University of Vic who have obtained a grading of "Excellent" in their end-of-degree project may take part.

The winner of the 2017 awards was Ariadna Castañeda, a biotechnology student from the Faculty of Science and Technology, with the work Genomic Edition in Neural Precursors for the Generation of the Rett syndrome Cellular Models. Rett syndrome is a progressive neurological postnatal disorder that manifests itself in girls during the early childhood.



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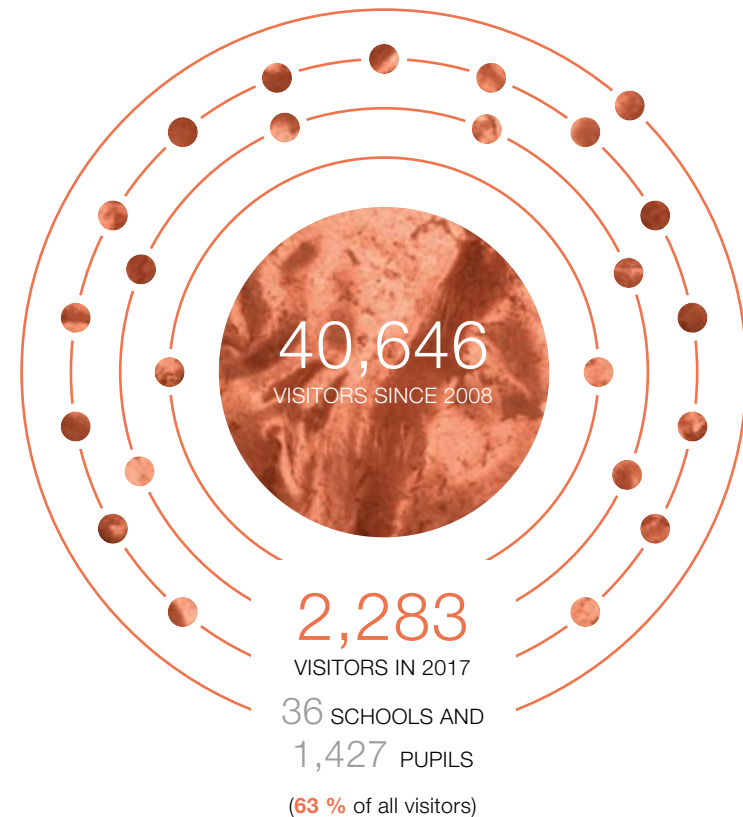
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THE COPPER MUSEUM, OUR CULTURAL SPACE

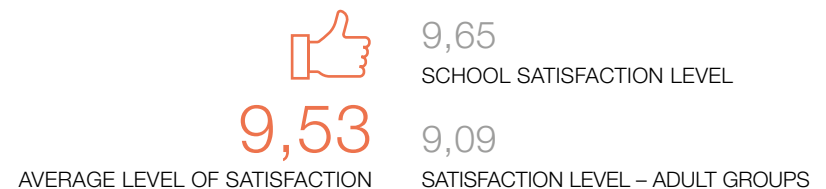
The Copper Museum, which opened in 2008, centres on providing information about the use and applications that La Farga has made of copper over its history in industrial, economic and environmental areas. The museum has educational programmes that combine a guided tour with additional activities that are designed to inform and teach in an amenable and educational manner.

**EDUCATIONAL
PROGRAMMES COMBINE
A GUIDED TOUR WITH
ADDITIONAL ACTIVITIES.**

As an additional feature for school visits and student groups, the museum provides educational materials for classroom use. This material allows students to prepare for their visits to the museum and includes a dossier of exercises adapted to each academic level. Each one includes specific activities about the museum and about copper.



SATISFACTION LEVEL OF VISITORS TO THE COPPER MUSEUM 2017 (OUT OF 10)



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WE SHARE OUR KNOWLEDGE

We participate in projects and experiences, together with other organizations, so as to transfer our know-how to different social groups, from a scientific, educational, informative or business perspective.



17

PRESENTATIONS FROM OUR EMPLOYEES (MANAGEMENT POSITIONS AND OTHERS) IN BUSINESS SCHOOLS, UNIVERSITIES, ECONOMIC DEVELOPMENT AGENCIES AND COMPANIES, ON TOPICS SUCH AS TALENT, BUSINESS EXCELLENCE AND JOB CREATION.

COMMUNICATION AT A LOCAL LEVEL

We place a high value on corporate communication and seek to promote an open, unhindered dialogue with our stakeholders. We draw up an external communications plan with actions aimed at improving our relations with the different groups we are involved with.



91

EXTERNAL COMMUNICATIONS INITIATIVES IN 2017

79 % PLAN FULFILMENT LEVEL

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RESPECT FOR OUR ENVIRONMENT

The La Farga manufacturing process confers special importance on recycling, which allows us to evaluate high percentages of secondary copper, optimising natural resources and minimising those impacts that result from the manufacture of our products. We promote environmental improvement through the innovation of our processes and we apply the best technologies available (MTD) in the control and management of our emissions and wastes.



CONSOLIDATED ENVIRONMENTAL MANAGEMENT

At La Farga, we are coherent with our commitment to environmental protection, we organise the management of environmental aspects through the implementation of environmental management systems based on the ISO 14001 international regulation; we possess established procedures that ensure continued improvement.



ISO 14001 CERTIFICATIONS

Since 2001
La Farga Lacambra, SAU
Since 2007
La Farga Tub, SLU
Since 2009
La Farga Rod, SLU
Since 20011
La Farga (el Grupo)



148,979 €
ENVIRONMENTAL EXPENSES



248,441 t
PROCESSED COPPER

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IMPORTANT ENVIRONMENTAL IMPACTS

Natural resources
Water, electricity,
natural gas, etc.

**Atmospheric
emissions**
CO₂, NO_x,
particles, etc.

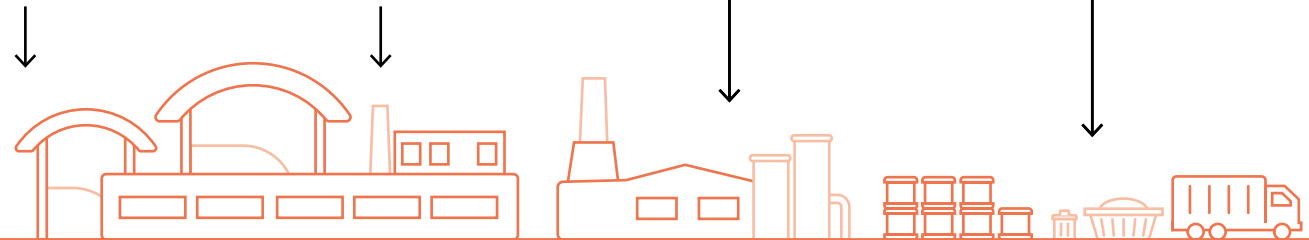
Discharges
Domestic and
refrigeration water

Waste
Ordinary waste,
scrap metal, wood,
cardboard, etc.

Raw materials
Wood, iron, plastic,
cardboard, etc.

**Light and acoustic
contamination**

Ground pollution



**LINES OF
IMPROVEMENT**

The optimisation of the
use of natural resources
and processes

The integrated
management of
wastes and sewage

The prevention and
control of emissions
into the atmosphere

The mitigation and
minimization of
environmental impacts

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THE OPTIMISATION OF RESOURCE CONSUMPTION

ENERGY EFFICIENCY


In 2017 we produced 30% of our products using Evo Tub, a process that consumes less energy. The light fixtures in the drawing plant were renewed, while the renovation of all the La Farga Tub and La Farga Rod lights is being studied, which will lead to an increase in energy efficiency.



 **1,234**
kWh/t processed
ENERGY CONSUMED
(-5 % with respect to 2016)

 78 %
NATURAL GAS


 21 %
ENERGY

 1 %
DIESEL (transport)

**IN 2017 WE PRODUCED 30% OF OUR PRODUCTS
USING EVO TUB, A PROCESS THAT CONSUMES
LESS ENERGY.**

THE OPTIMISATION OF WATER CONSUMPTION

The reduction of water consumption is due to the application of different measures, such as the improvement of the La Farga Tub production process, which has gone from using well water to the use of deionized water, resulting in a reduction in consumption of 70%; to the establishment of consumption monitoring in our equipment and new circuits for the reuse of the water in foundry and physical-chemical purifying processes. We have also established scheduled controls for the metres and those areas where waste or losses may occur (showers and bathrooms) to avoid leakage.

 **0,78**
m³/t processed
WATER CONSUMED
(-17 % with respect to 2016)

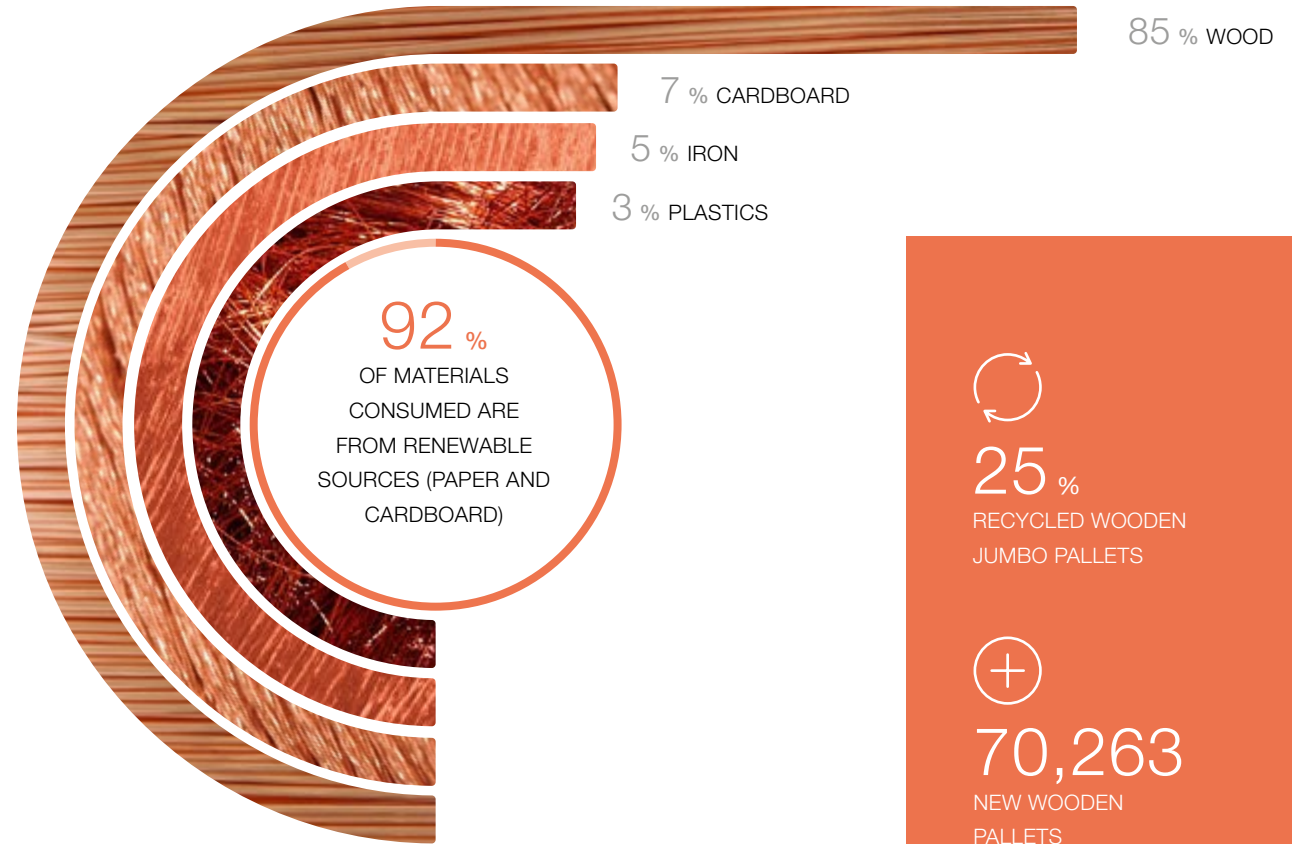
83 %
SURFACE WATER (canal)

17 %
UNDERGROUND WATER (well)

THE RECOVERY AND REUTILISATION OF MATERIALS



13,765 g/t processed
CONSUMED RESOURCES
(-27 % with respect to 2016)



25 %
RECYCLED WOODEN
JUMBO PALLETS



70,263
NEW WOODEN
PALLETS

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SOLUTIONS FOR REDUCING CARBON FOOTPRINTS

Investment for improving the combustion system on the Cosmelt line has minimised natural gas consumption and as a result, those CO₂ emissions it generates.



10,520 t CO₂ FROM TRANSPORT AND
DISTRIBUTION (SCOPE 3 CO₂ EMISSIONS)



280,32 kg/t procesada
CO₂ EMISSIONS (SCOPE 1 AND 2)
(-6 % more with respect to 2016)

62 %	36 %	2 %
NATURAL GAS	ELECTRICITY	DIESEL*



* Transport



**LA FARGA LACAMBRA TAKES
PART IN CO₂ EMISSIONS TRADING,
WHICH MEANS THAT WE HAVE
TO COMMUNICATE AND VERIFY
THESE EMISSIONS.**

In 2017 we purchased 3,800 emission rights and verified 29,241 metric tonnes of CO₂ from natural gas consumption in our factory.

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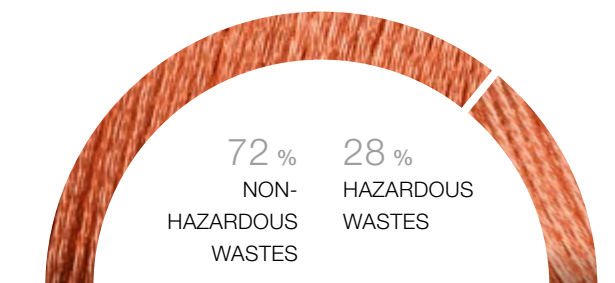
THE COMPREHENSIVE MANAGEMENT OF WASTE, SEWAGE, ACOUSTIC ISSUES

PROPER WASTE MANAGEMENT

The production of some of our products using the optimised Evo Tub process, has allowed us to minimise waste generation.

**IN 2017 WE PRIORITISED MANAGERS IN
CLOSE REGIONAL PROXIMITY, AS A RESULT,
WE AVOID TRANSPORTING OUR PRODUCTS
FURTHER AND SO MINIMISE THE IMPACT
FROM TRANSPORT.**

 **6,95** kg/t processed
WASTES GENERATED
(-11 % less with respect to 2016)



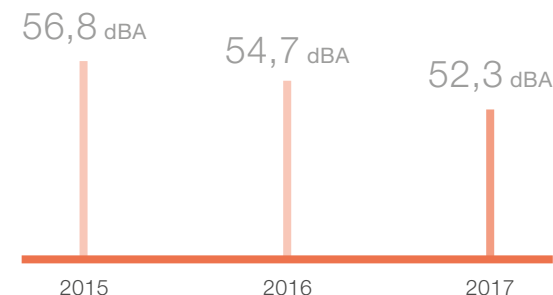
THE CONTROL AND MONITORING OF WASTEWATER QUALITY

In La Farga Tub, waste water tanks have been sealed in order to avoid the spillage of any type of hazardous substances. Furnace smoke pipes have been positioned to face outdoors, which has improved indoor air quality.

IMPROVEMENTS FOR REDUCING ACOUSTIC ISSUES

 **-4 %**
VARIATION 2016-2017

dBA GENERAL 24 H



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BALANCE SHEET (LA FARGA CONSOLIDATED)

ASSETS	2017	EQUITY AND LIABILITIES	2017
Non-current assets	63,462,452	Net worth	43,038,157
Intangible fixed assets	530,943	Equity	43,038,157
Tangible fixed assets	1,975,810	Capital	36,475,650
Long-term investments in the Group's companies and associated companies	60,545,221	Reserve	6,649,660
Deferred tax assets	410,478	Result for the financial year	2,589,673
Current assets	4,221,532	Dividend on account	(2,676,826)
Non-current assets held for sale	309,154	Non-current liabilities	5,041,108
Trade debts and other receivable accounts	788,459	Long-term debts	5,041,108
Short-term investments in Group companies and associates	3,011,284	Current liabilities	19,604,719
Cash and other equivalent liquid assets	102,835	Short-term debts	9,342,799
TOTAL ASSETS	67,683,884	Short-term debts with group companies and associates	9,676,489
		Trade creditors and other accounts payable	585,421
		TOTAL NET AND PASSIVE ASSETS (A+B+C)	67,683,984

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THE PROFIT AND LOSS ACCOUNT (LA FARGA CONSOLIDATED)

A) CONTINUED OPERATIONS	2016
1. Net turnover amount	7,065,178
3. Works undertaken by the group for its asset	48,456
4. Procurements	(706,324)
6. Staff costs	(1,085,657)
7. Other operating expenses	(2,043,126)
8. Amortization of property	(303,257)
A.1) OPERATING RESULTS (1 + 3 + 4 + 6 + 7 + 8)	2,975,270
15. Financial income	41,939
16. Financial expenses	(409,311)
19. Impairment and results from the disposal of financial instruments	(500,000)
A.2) FINANCIAL RESULT (15 + 16 + 19)	(867,372)
A.3) RESULT BEFORE TAXES (A,1 + A,2)	2,107,898
24. Income tax	481,775
A.4) RESULT OF THE YEAR FROM CONTINUED OPERATIONS (A,3 + 24)	2,589,673
A.5) RESULT FOR THE FINANCIAL YEAR	2,589,673

CASH FLOW: € 12,872,474

EBITDA: € 15,317,307

For more information on the content of this report,
contact us at yourcoppersolutions@lafarga.es.

For more information on La Farga and copper, follow us
on the media networks:

 yourcoppersolutions.wordpress.com

 [@FargaInfo](https://twitter.com/FargaInfo)

This report has been undertaken in accordance with
the guidelines of GRI Standards, and following the
most rigorous level of the guide: «In accordance -
Comprehensive».

Comitted to:



LA FARGA 
yourcoppersolutions

Realization: lavola