

Pioneers in sustainable solutions

2021 sustainability report

LAFARGA 
yourcoppersolutions

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Letter from the president and CEO

As President of the Board of Directors of La Farga, I am pleased to be presenting the company's annual accounts together with our Sustainability Report.

The 2021 financial year has been a year of intense challenges, which have highlighted the importance that La Farga has in the copper industry, in our society and in the economy, as a leading company in the sector with a long-term vision which is committed to achieving sustainable development.

The COVID-19 pandemic has continued to provide the context for society and individuals, but it has also highlighted more strongly than ever the need to protect our planet. Institutions and governments are acting as key players in guaranteeing the health of the population and implementing the transition towards more sustainable societies and economies. In my opinion, science, technological development and

innovation in design will also be key to achieving recovery and inclusive, resilient and sustainable development. We must achieve a balanced form of development, to overcome the major difficulties we will face in preventing inequality between people and between countries.

Our country grew by 5.1% at the end of the year and the economy recovered positive rates of growth, but the impact of the increase in energy costs, transport, raw materials, basic food, among other things, as well as the appearance of strong inflation have left their mark on this complex year, and the forecast for 2022 remains uncertain.

Industry in general, and specifically the copper sector, has experienced a year of uncertainty. The price of copper has reached unprecedented levels, exceeding the average recorded in 2020 by more than 50%, due to the fact that the sector is a large



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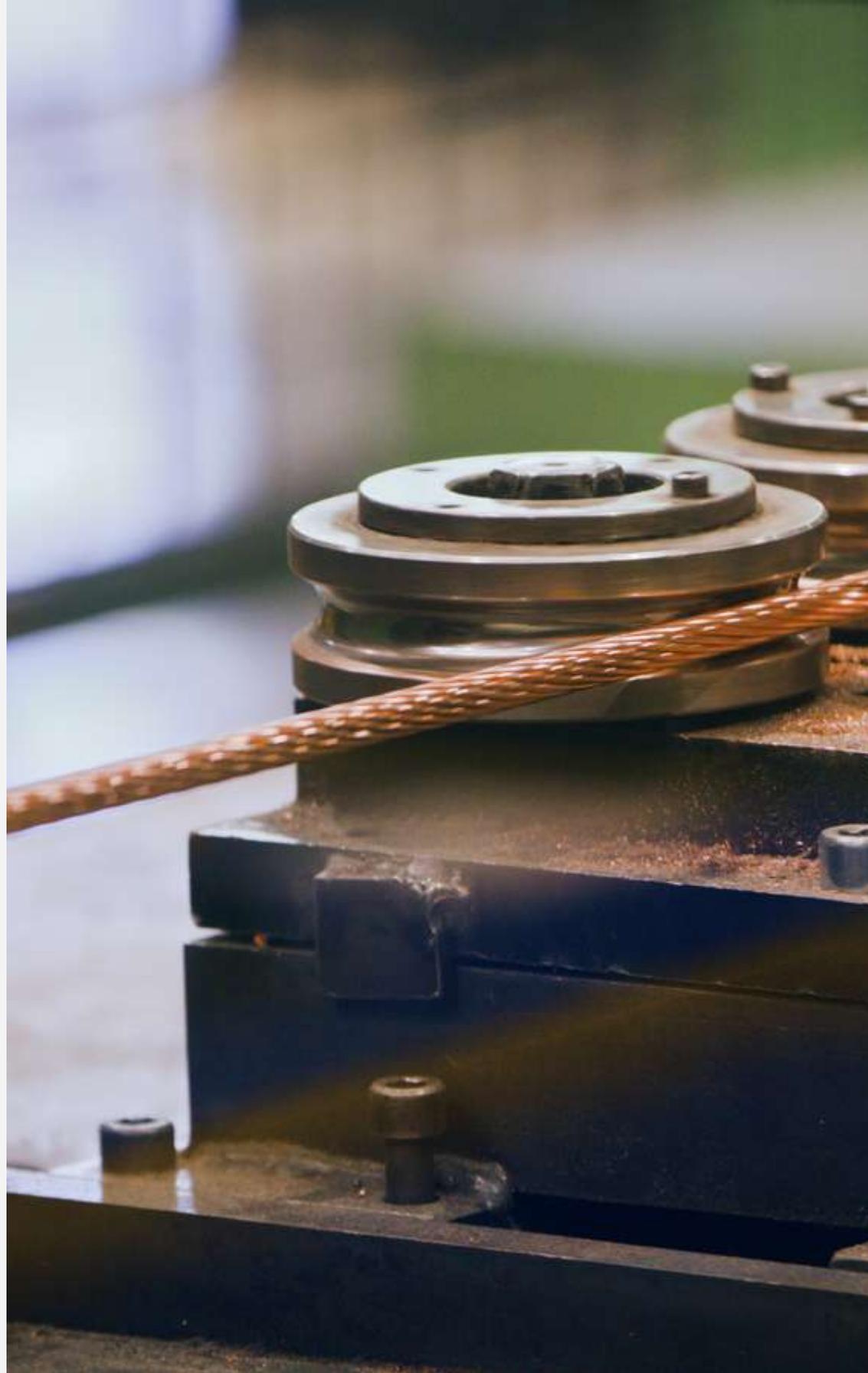
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consumer of energy and requires significant transport of raw materials. Indeed, this rise in associated costs has led to a radical change in patterns of behaviour. With the emergence of different factors putting pressure on the entire value chain, La Farga has prioritized its commitments to both customers and suppliers.

The 2021 financial year for La Farga has undoubtedly been marked by this complex, changing and uncertain environment. However, thanks to the capacity for response and the work of the entire team, we have ended the year with better than expected results.

This year we renewed our strategic plan, which includes our commitment to the European Green Deal, to the SDG criteria and to the implementation of environmental, social and good governance (ESG) policies that allow us to evolve and progress towards excellence. For this we have increased the percentage of recycled copper in our process and we promote the development of the circular industry.

Challenges are part of my way of understanding the evolution of the world, of economies and of industries. At this complex moment, I must confess that I am delighted to see that today one of the most ambitious projects in my career, the commitment to circular copper as a way of obtaining a more sustainable product that is respectful of the environment, is playing a key role in the future of our society.

The Board of Directors, which I have the honour of chairing, once again would like to thank all of La Farga's employees for their dedication and efforts, achieving year after year the common goal of being a pioneering company in ESG, committed to the environment and to society.

Oriol Guixà
President and CEO of La Farga

Letter from the general manager

Dear friends,

Copper is synonymous with sustainability. We have the honour of working with a metal that is key to the new challenges of the future, to the circular economy and to a more sustainable world. La Farga has been working for more than 210 years to transmit this value to society.

I would like to start my cover letter for this sustainability report by sharing our company's mission: **to be pioneers in offering sustainable copper solutions to society**, our raison d'être and our way of executing our long-term project in a committed, responsible and sustainable manner.

The year has been hectic and, for La Farga, it has been very intense and full of uncertainty. For this reason, I want to dedicate the first words of this report to my team, to all the people who make La Farga a better company every day. This team, cohesive, agile, constant and decisive, accepts challenges and works tirelessly to be and continue to be one of the leading companies in the sector and a benchmark in our territory. For them, my sincerest thanks.

2021 provided once again a changing and very dynamic environment, in which everything evolved and happened very quickly, forcing us to act and react quickly, and in which our resilience and ability to cope with difficulties was put to the test.

The pandemic has continued to impact our lives and on top of this we have experienced a sharp rise in the price of metals, followed by a crisis in the supply chain, as well as an energy crisis, with a historic rise in gas and electricity prices. Faced with this complex situation, we have to continue working to achieve a more sustainable world, where companies must not only reduce their CO₂ emissions, but also work together with the sector to promote the efficient use of resources and achieve real change along the entire production chain. We must commit to responsible consumption —which includes a reduction in waste—, a more circular economy, the development of technologies and processes committed to the environment, and more sustainable mobility, all as part of the digital revolution that our society is undergoing. In this global context, copper and its industry play



a leading and transcendental role. The history of humanity ratifies the importance that copper has always had in its development. Today, it continues to be essential to face the challenges of society and is, without a doubt, a key element in guaranteeing constant but sustainable development that is respectful of the environment.

In 2021, La Farga drew up its new 2021-2023 Strategic Plan, which has reviewed the company's *raison d'être* and essence, reformulated its mission and vision as well as the strategic objectives that will mark the way for us to the coming years. The result confirms and reinforces our sincere commitment to innovation and sustainability, assuming the responsibility we have towards society.

We understand sustainability, one of our strategic pillars, in its broadest sense, that of transcendence, positive-sum impact, current and future value for all our stakeholders, with a commitment sustained over time. We are proud to renew our commitment to the United Nations Global Compact for yet another year, and all areas of ESG are covered in our sustainability strategy.

The **good governance** of the company is regulated by a family protocol, internal regulations and a Code of Ethics, all of this to ensure transparency, professionalism and responsibility, in addition to integrating business risk management to protect the business.

As for the **team**, programmes have been developed to improve well-being, health and work-life balance that have had a very satisfactory impact. We have implemented flexible working hours, compressed the working day, celebrated 7th Health and Safety Week, established the Equality Plan, as well as programmes for talent development and continuous improvement.

In relation to the **environment**, we have continued to focus on energy efficiency –we have launched an intense improvement project in this regard– as well as on optimizing water consumption in our facilities.

We work with a cross-cutting approach, developing technology and knowledge to increase and optimize the use of sustainable materials and raw materials. We are committed to the decarbonization of our production processes, offering new sustainable solutions for the markets and promoting the use of recycled material in all areas and sectors.

Another of our strategic pillars is the creation of value and, as defined by our mission – **to be pioneers in offering sustainable copper solutions** to society – our business aims to have a transcendental and positive impact. Operational excellence and customer orientation define how we work and what our priorities are. Our second half of the year was particularly difficult, with the increase in energy prices setting the tone for our business. Therefore, I want to thank our customers and suppliers for the joint work we have done building bridges of collaboration and support. Finally, I wanted to talk about our organizational excellence. I started the letter by thanking my team,

all the people who make up La Farga because without all the work, effort, drive, ideas, innovation in its broadest sense, placed at the service of the sustainability, this year would have been even more difficult to manage.

The forecast for 2022 is much more appealing though I am sure that it will bring us new obstacles and new difficulties, but I would like to end with a reflection. I am inspired by the magic of our business. Using the secondary and primary copper that enters our foundry, the heart of our business, we give life to new products that connect the world, that transport energy and liquids, that move people and materials, that transmit data and signals... They are, in short, products that promote efficient and sustainable connectivity. Today society is starting to become aware of the importance of sustainable development. Long before these concepts were on the agenda, La Farga was already working with this approach. It is a source of pride to see that the work of all those who preceded us, the innovation and perseverance of all these years, today allows us to provide efficient solutions to a problem that affects us all. We do our part and will continue to do so in the future.

Inka Guixà Fisas
General Manager of La Farga

Letter from the president of the Family Board

It is a pleasure for me to address all our stakeholders for yet another year. 2021 was another convulsive and complicated year, but we have overcome it effectively and responsibly. Thanks to our resilience, agility and ability to adapt, we have faced new challenges and our values and responsible leadership have been key to this.

The Family Board ensures that our company advances and consolidates itself as a sustainable, competitive and quality business model. In this edition I would like to share with you two areas that this year have been extremely relevant for our company.

The first is environmental sustainability, which involves promoting a production model that respects the environment, with the minimum possible CO₂ emissions footprint and with responsible and efficient raw materials.

The second is the workforce. For us, leading people means focusing on caring for and developing our human capital, on being loyal and making commitments to long-term relationships.

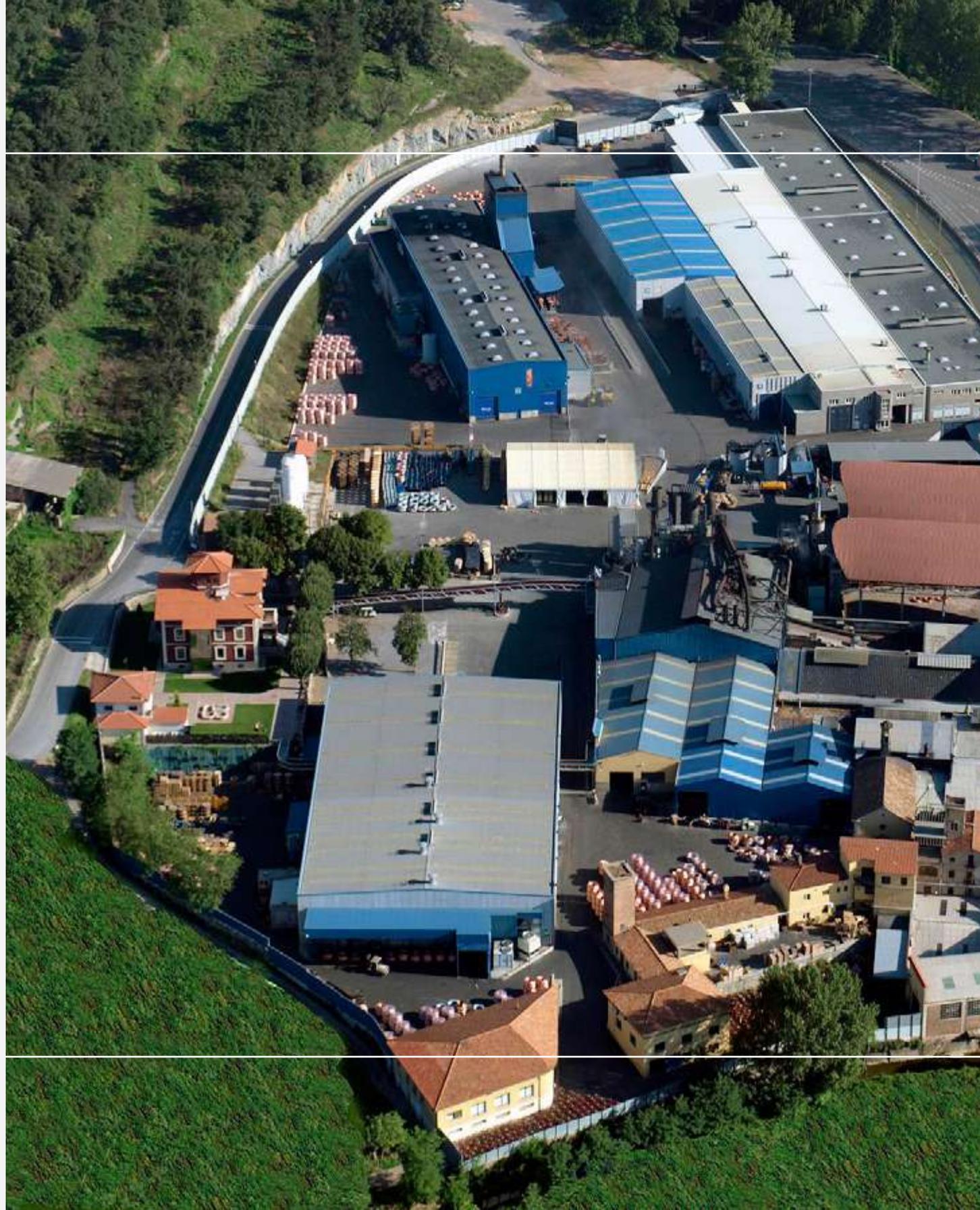
Both areas are essential for our company and very necessary if we want to continue creating value and contributing skills and talent.

The Family Board that I chair will continue to work to protect the environment and our workforce in order to achieve a better world for future generations.

Cristina Fisas
President of the Family Board



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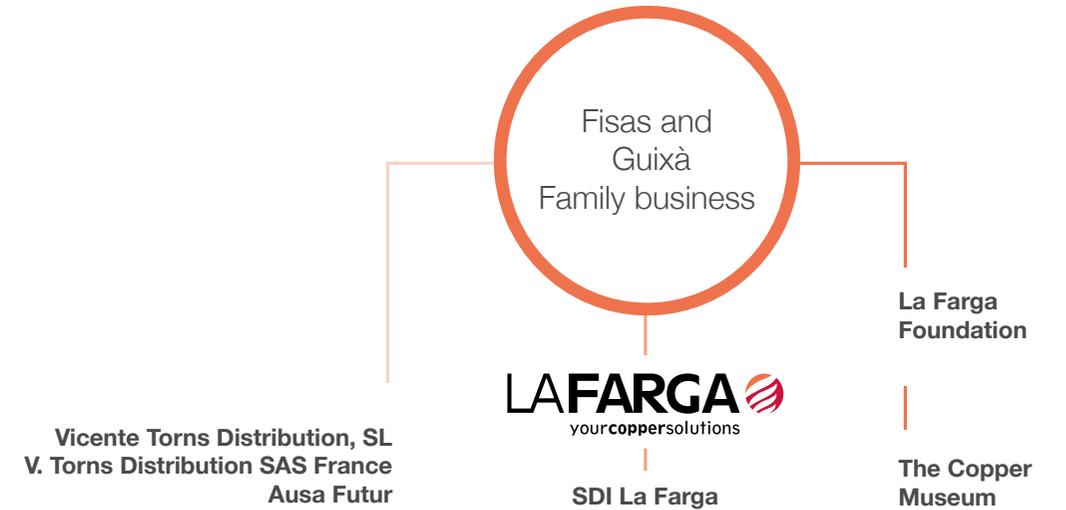
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We are pioneers in offering sustainable solutions for copper and its alloys

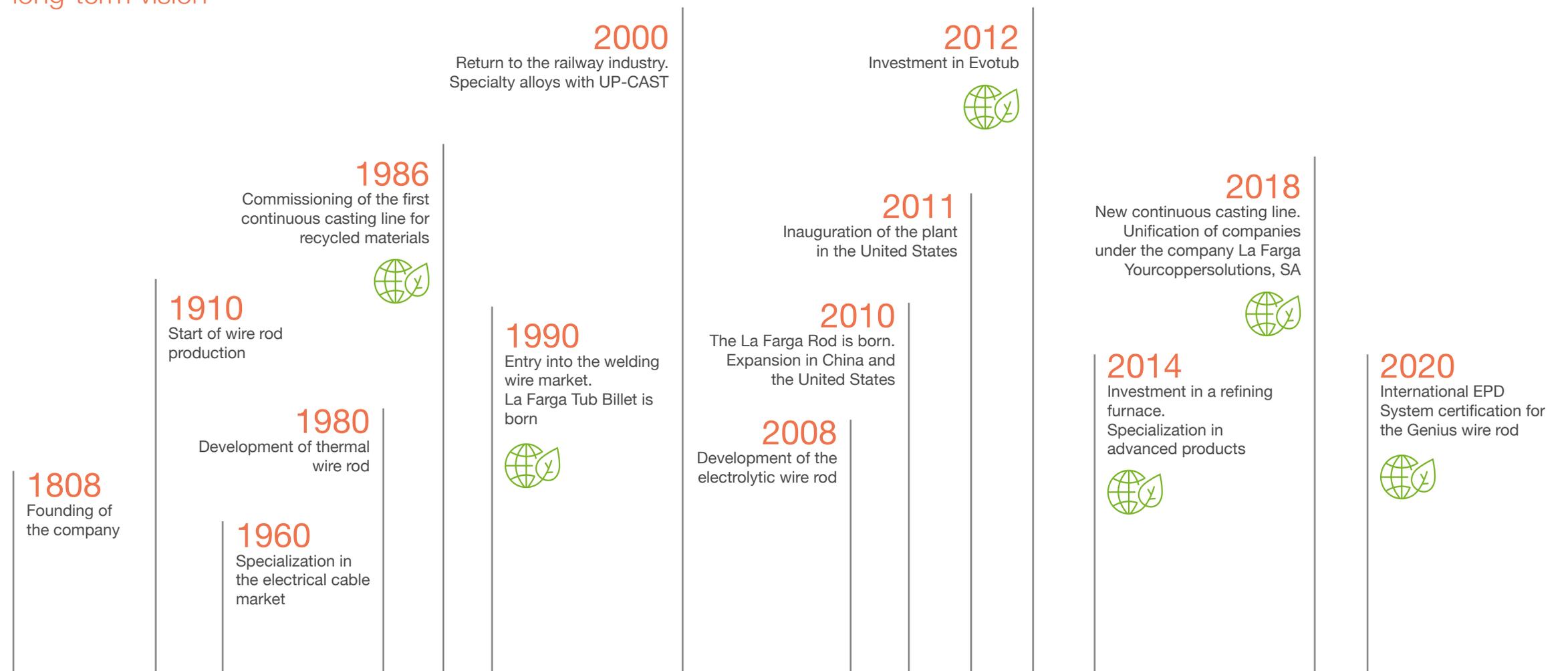
La Farga is a family business with more than 210 years of history that manufactures and sells semi-finished copper and its alloys for the electrical, metal packaging, railway, construction and installation, automotive, billet and special conductor markets.

La Farga's corporate strategy is based on two pillars that are the basis of everything we do: sustainability and innovation. This has made us pioneers and leaders in copper recycling know-how, development and technology. Our solutions anticipate the needs of our customers, respond to the demands of sustainable development and have a positive impact on the decarbonization of our planet.



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A history of innovation and sustainability with a long-term vision

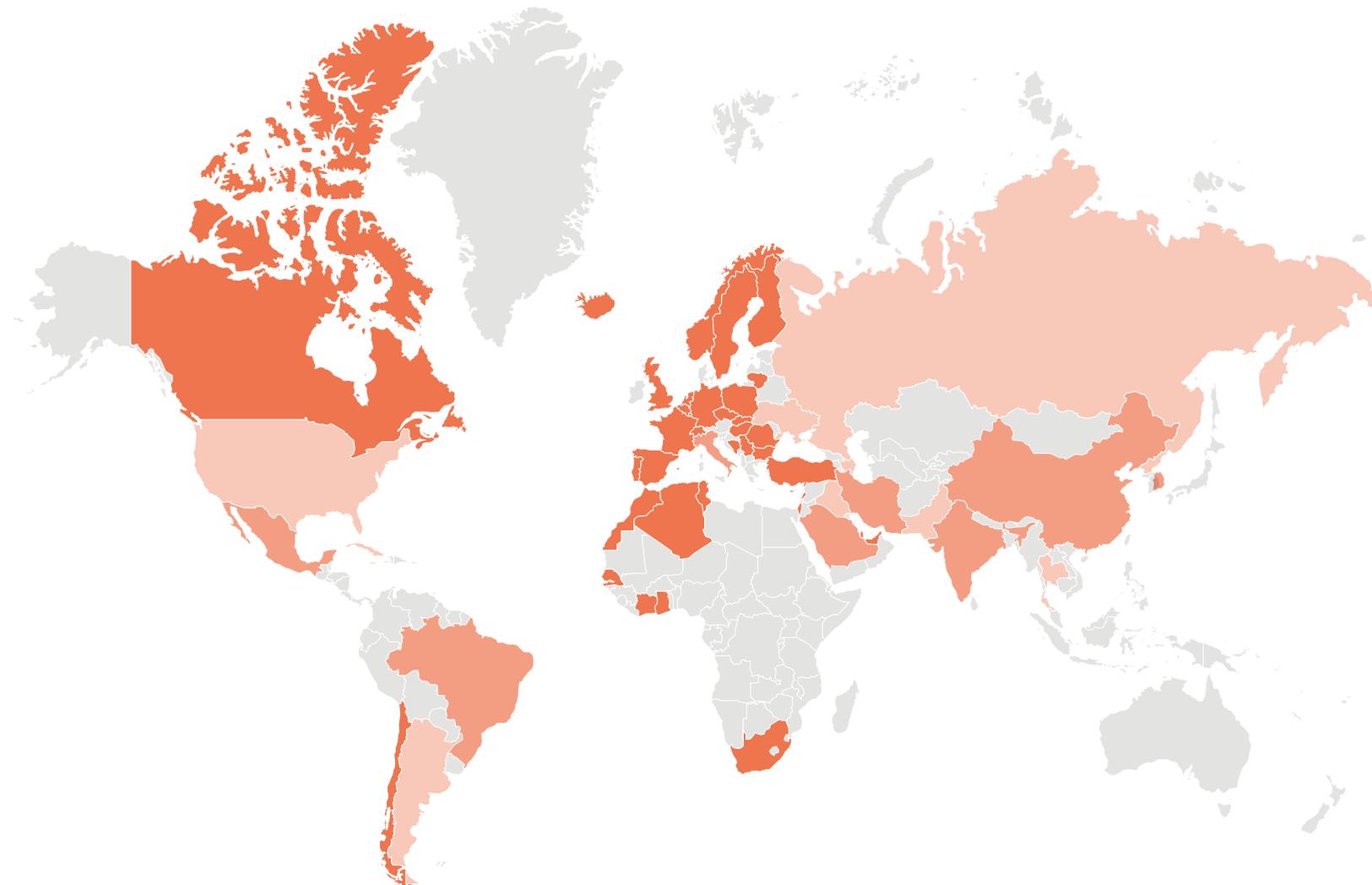


Since 1808 we have been dedicated to copper recycling, which has made La Farga a world leader in technology and recovery. We contribute to sustainability thanks to our firm commitment to the circularity of copper.

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International market

- Markets
- Production plants where technology developed by La Farga is sold
- Both



La Farga operates in markets through the sale of products (wire rod, drawn products, earthing cords, welding wire, railway and other specialized cables, overhead power lines, billets and tubes) and the sale of technology.

In 2021, together with its technological partner Danieli, La Farga delivered a project and equipment for the installation of a recycling plant in the region of Kurdistan region, which will be operational in 2022. The plant's technology will be used to transform copper scrap into a semi-finished product in an efficient and agile way.

In 2021 La Farga established its technology sales portfolio. This is complemented with educational and training programmes at the customer's own facilities.

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La Farga



213,409
tonnes of copper of consolidated sales

Environment



Consumption per tonne of copper processed



0.81 m³
water



999 kWh
energy
(electrical and thermal)



Generation per tonne of copper processed



196.95 kg
CO₂ emissions generated
(scope 1 and 2)

Our people

420

employees
(386 own staff and 34 external staff)

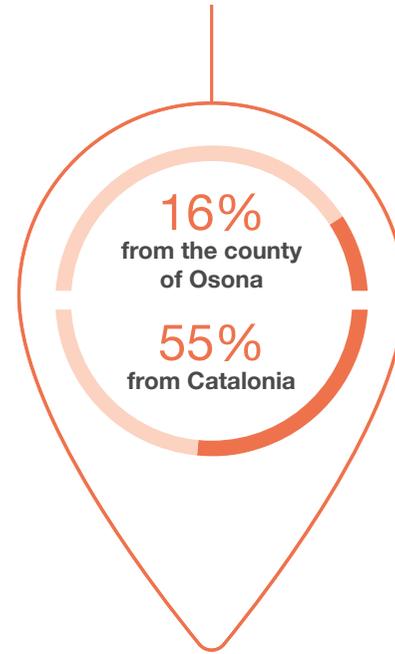


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Suppliers

816
suppliers



Neighbours, the community, public authorities and the media



€32,841
investment in scholarships and study grants

Customers



18%
cash flow invested in R&D&I

Family business



66,772,858 €
own resources



€129,640,140
debt



€3,438,947
investment during the year



€1,498,869,974
turnover



€10,895,087
net cash flow



€15,006,979
EBITDA

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La Farga works with a long-term vision to ensure the viability and sustainability of the company. To do this, it applies a strategic planning model, which details the purpose of the organization in terms of long-term objectives and priorities in the allocation of resources.

The 2021-2023 Strategic Plan represents a turning point for the company, as well as a clear commitment to its identity and its desire to transcend society. Offering a 100% recycled product made through an innovative process with a high differential value, La Farga evolves with the aim of transforming the market and, at the same time, society. The world has to respond quickly to the challenge of climate change. La Farga's know-how, solutions and technology contribute to the solution.

In the development of the Strategic Plan we have identified the lines that we will follow until 2023 and we have defined the levers and cross-departmental strategic projects that will ensure the company's sustainability.



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2021-2023 Strategic plan

As part of our 2021-2023 Strategic Plan, we have redefined our mission, vision and values, which continue to embody the essence of the company: a history of more than 210 years of copper recycling, permanently engaged in continuous improvement and innovation, always committed to sustainable development.

Sustainability and innovation are the focus of La Farga's global strategy. We are constantly trying to reduce our environmental impact and produce sustainable high-tech products, but above all to contribute to a positive impact on the sustainability of our planet.



New mission

Pioneers in offering sustainable solutions for copper and its alloys

Strategic map



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Our values



Commitment

Emotional and intellectual involvement to create value in an environmentally sustainable way over time, through ethical and responsible behaviour, always taking into account how our decisions affect the environment, the economy and society.



Innovation

Transform new products, applications, processes and services into value by effectively adapting and connecting the company to the market, and promoting cooperative development



Open mindset

Act and promote an open, receptive, inclusive and collaborative work ecosystem to take maximum advantage of the potential of our staff and of any opportunities as a resource that allows us to grow together.



Enthusiasm

Dedication to hard work and efficiency to attain an individual or team goal.



Goals for 2021

Objective

Significant actions

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Continue working for the long-term sustainability and viability of the business. | <ul style="list-style-type: none"> Execution of the strategic planning model. Definition, development and implementation of the 2021-2023 Strategic Plan. Definition and execution of the 2021 roadmap, aligned with the Strategic Plan. Definition and development of the 2021 strategic objectives. |
| <ul style="list-style-type: none"> Optimize La Farga's value chain to work efficiently and effectively, and achieve maximum profitability for the company. | <ul style="list-style-type: none"> Design and execution of cross-departmental projects to achieve common objectives. Proposals for improving operating procedures. |
| <ul style="list-style-type: none"> Consolidate the quality and reliability of the service in order to continue being a benchmark supplier for our customers. | <ul style="list-style-type: none"> Optimization of the planning and scheduling process to fulfil the commitments undertaken. Being close to our customers and markets. Commitment to innovation and development together with our customers. |
| <ul style="list-style-type: none"> Maintain and reinforce our total commitment to the safety and health of all the people who work at La Farga. | <ul style="list-style-type: none"> Being aware and prioritizing safety for the execution of any activity in the company. Continue implementing the specific strategic project dedicated to safety. |
| <ul style="list-style-type: none"> Continue working to achieve operational excellence, to respond efficiently and reliably. | <ul style="list-style-type: none"> La Farga 4.0: digital transformation, transformation of physical spaces and teleworking. Reinforcing the management model throughout the organization. |

Major trends and strategic priorities

Market

- It is estimated that the demand for copper will grow by 43% in 2035. Renewable energies, the increase in the demand for electricity, the electric vehicle, sustainable construction and digitalization are driving this significant increase in consumption.
- More and more companies seek the commitment of the entire value chain and the sector to achieve global sustainability objectives: environmental, social commitment and good governance. Copper plays a key role in this sustainable development, as it is a key metal in the transition towards decarbonization and a true circular economy. The use of recycled copper is a necessity and at the same time an opportunity to move forward towards achieving the goals of the future.

Consumption

- According to Wood Mackenzie, the demand for copper derived from solar energy generation will increase from 0.4 million tonnes in 2020 to 0.7 million tonnes per year in 2040.
- In 2040 the demand for electricity will grow by 63%, of which 40% will come from renewable sources. Spain will invest in new electrical infrastructure and in improvements to the distribution network. Undergrounding projects for low, medium and high voltage lines are also in the pipeline.
- In relation to the electric vehicle, a demand of 250,000 annual tonnes of copper is expected in 2030. In 2029, the energy storage of electromobility will imply an increase of 2.3 million tonnes of copper.
- The Spanish Government's Recovery, Transformation and Resilience Plan envisages an investment of 4 billion euros until 2023 to promote connectivity, 5G and cybersecurity. Copper continues to play an essential role in the transmission of electrical signals.
- The global regulatory environment entails policies that promote electrification.

Sustainability

- Recycling materials and reducing the consumption of natural resources is essential to achieve the climate and circular economy objectives established by the European Green Deal and the new Circular Economy Action Plan.
- The global recycled copper market is segmented on the basis of application, copper scrap grade, and region. In terms of application, the global recycled copper market is divided into buildings and construction, transportation, industrial, electrical and electronic machinery and equipment, and others.

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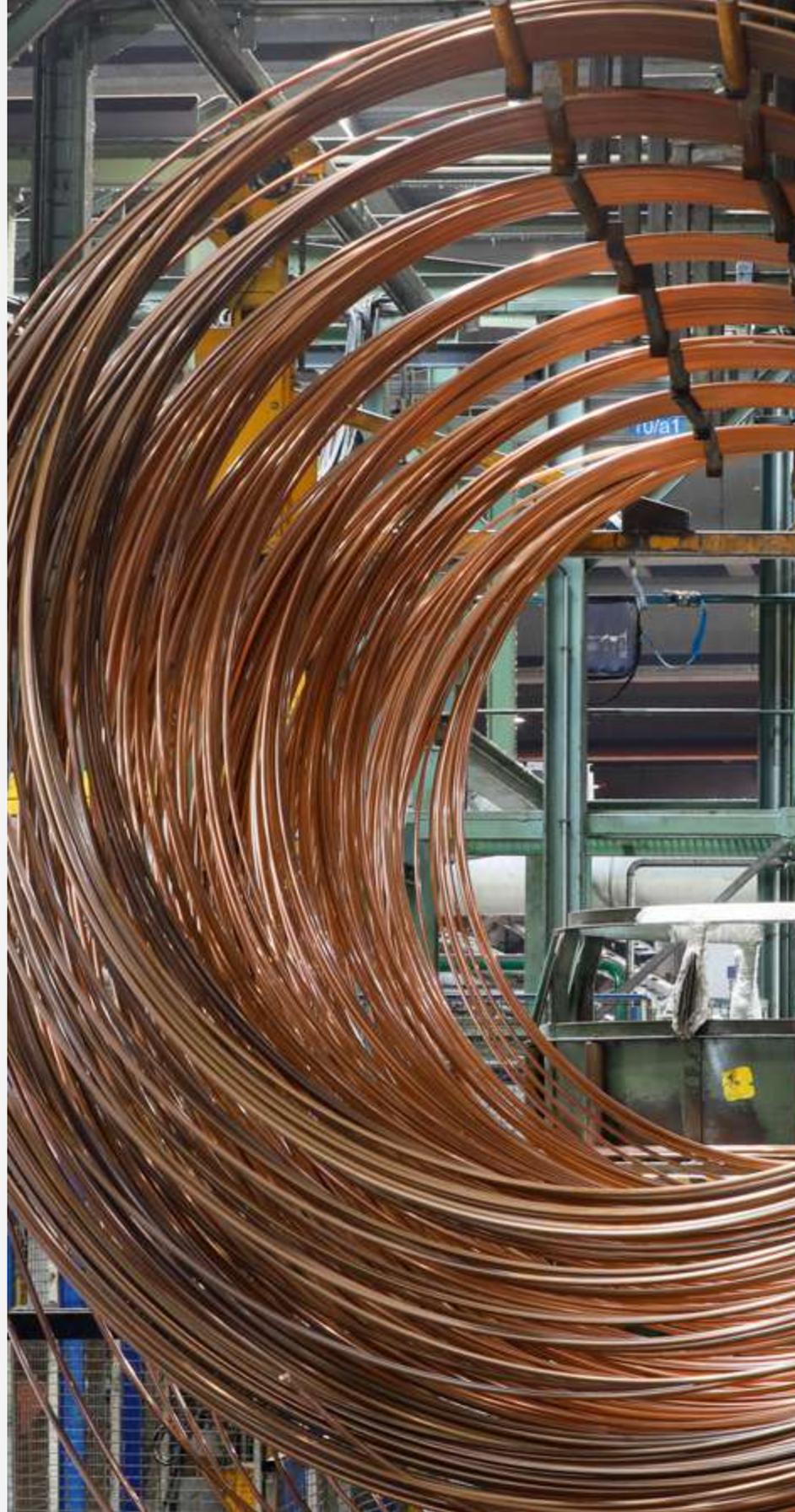
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Focus on sustainability: ESG criteria

"An ESG strategy gives every company the opportunity to demonstrate to all its stakeholders, with facts, that its mission and values guide and give meaning to its business."

Horizonte ESG. Compromiso y consistencia, Philip Muller and Joan Fontrodona.
Notebook 49 of the CaixaBank Chair of Sustainability and Social Impact.

La Farga's sustainability strategy has been redesigned in accordance with ESG criteria. These refer to the factors that make a company sustainable through its commitment in environmental, social and governance aspects that are aligned with business objectives.

Environmental criteria are those activities that have a positive impact on the environment. Social criteria are those related to employees and the management of relationships with customers and the communities where the company operates. The dimension of good governance encompasses issues related to the corporate governance of organizations, their corporate quality, their culture and their management processes.

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We work to help achieve the United Nations Sustainable Development Goals.

Our adherence to the United Nations Global Compact compels us to work to achieve the Sustainable Development Goals. This report details the sustainable development goals we promote with our actions. As members since 2007 of the Global Compact, we adhere to its principles of conduct and action concerning human rights, labour, the environment and the fight against corruption and bribery.



Priority objectives for La Farga



La Farga appearances in the media for its commitment to sustainability and female leadership

As a leading firm in its sector, La Farga accumulates distinctions and appearances in the media that highlight the latest developments and the most relevant aspects of the company, including the role of women in its organizational structure, in a traditionally male-dominated sector, and its strategy based on sustainability.

Featuring on the March cover of *MetalMarket* magazine, Inka Guixà stated in her interview that "La Farga only conceives its future based on a firm commitment to manufacturing processes that respect the environment and on continuous innovation".

La Farga has also appeared in the media as an example of a family business in the metallurgical industry with a model based on sustainability and innovation:

- Report "El doctor Cobre le da el alta a la economía", in the newspaper *El Mundo*.
- Report on the wire rod manufacturing process, within the framework of European projects, in the programme *Els Matins* on TV3.
- Report in the *Popap* programme of Catalunya Ràdio.



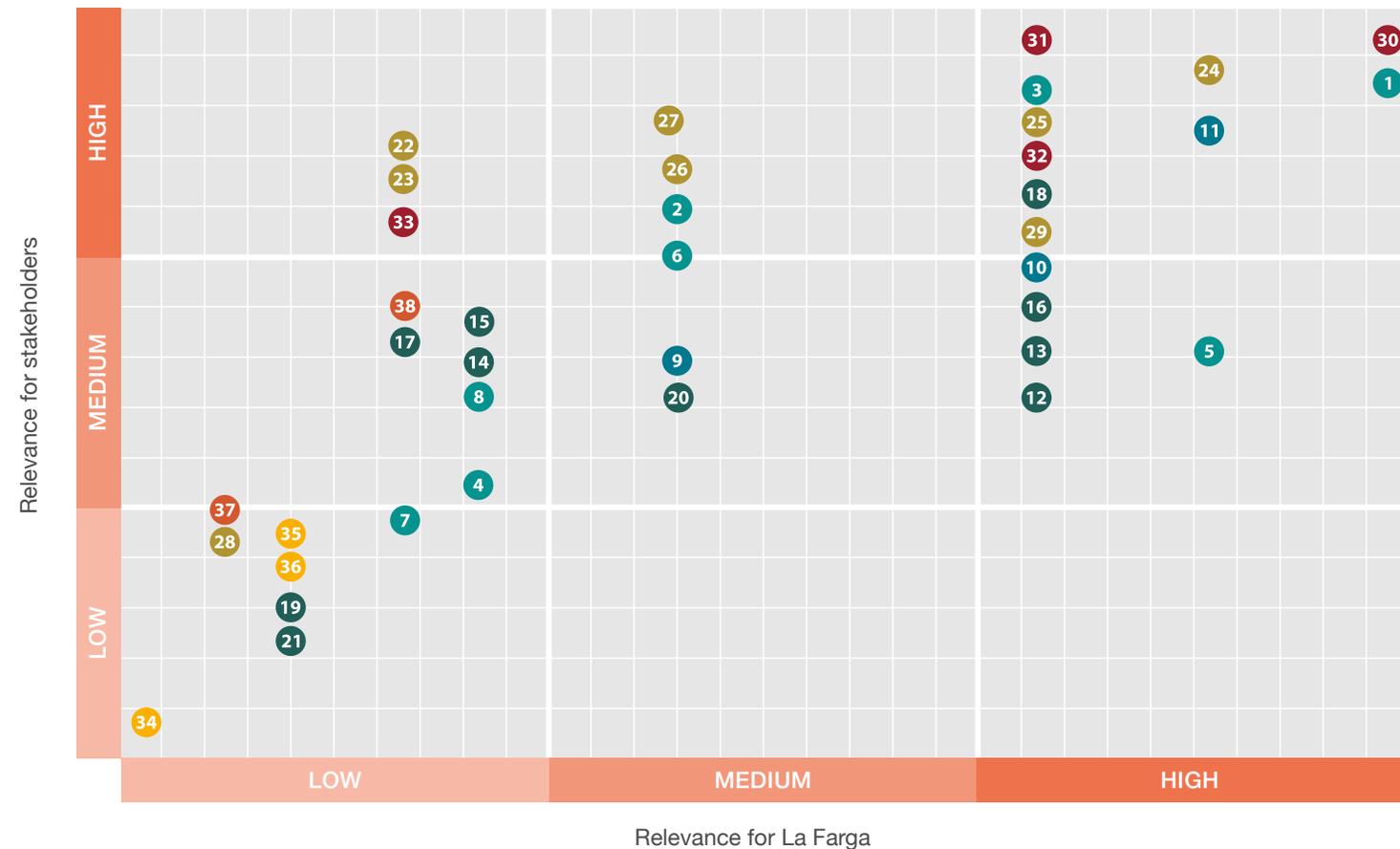
Inka Guixà was also invited to the *Diálogos en La Vanguardia* cycle of talks, in the session dedicated to "Sustainability as a long-term value creation strategy" and participated in the Cercle d'Economia event on "Policies and strategies for sustainable and inclusive growth".

La Farga has also participated in the copper seminars organized by the International Copper Study Group with the presentation "The contribution of the copper industry to a sustainable economy".

Materiality, relevant sustainability issues

A materiality analysis enables the identification of the key areas on which the company needs to focus its sustainability efforts due to their relevance for stakeholders and the business itself. We carried out a materiality study in the 2015 edition of this report.

Materiality matrix



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

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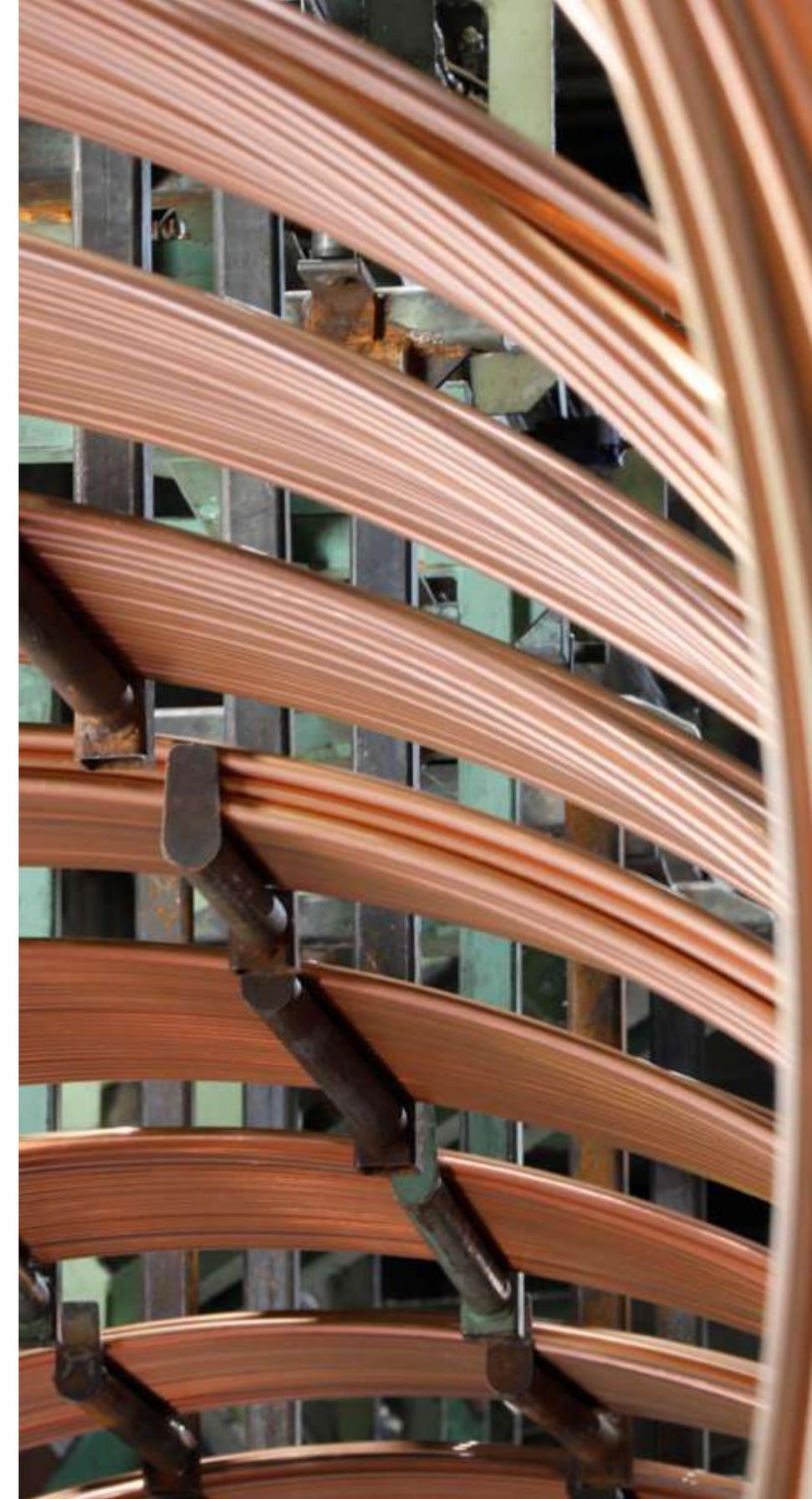
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2. Investment*
3. R&D&I*
4. Expansion and diversification*
5. Risk control and management*
6. **Compliance***
7. Market presence
8. Evaluation
9. Good corporate governance*
10. **Anti-corruption:**
11. **Regulatory compliance**
12. **Materials**
13. **Energy**
14. Water
15. Emissions
16. **Effluents and waste**
17. Products and services
18. **Compliance with environmental regulations**
19. Transport
20. General (investments and environmental expenses)
21. Environmental complaint mechanisms
22. Employment
23. Relationship between employees and Management
24. Occupational health and safety
25. Training and education
26. Diversity and equal opportunities
27. Equal pay for men and women
28. Complaints mechanisms regarding labour practices
29. **Promotion of continuous improvement and sustainable behaviour***
30. **Customer Health and Safety**
31. **Labelling of products and services; quality of service and communication with the customer***
32. **Compliance with product standards**
33. **Responsible materials management**
34. Acquisition practices
35. Responsible supply chain management
36. Supplier evaluation
37. Local communities
38. Responsible relationship with the community*

* Non-GRI aspects
Material aspects



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Environmental commitment



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We believe and act to achieve the goals that will contribute to the sustainable development of our world and our society. All our actions, in every area of the company, are focused on creating long-term value and transferring this value to society. The strategy and culture of sustainability is part of our DNA, it is in our essence as a business, and we have structured it to meet the environmental, social and good governance objectives that sustainable development requires.

Our sustainability strategy in the area of the environment is structured around four main lines of work:



Circular economy and decarbonization



Sustainable solutions



Sustainable production



Raising awareness in our environment

Circular economy and decarbonization

Copper is a key material for sustainable development; one of its main attributes, recyclability, allows this metal to be transformed over and over again without losing its properties. La Farga's goal is to enhance the circularity of copper and offer as many circular copper solutions as possible.

Since 1808 we have been dedicated to copper recycling, thanks to which La Farga has become a world leader in metal recycling technology and processes. The driver of this know-how is innovation; our constant process of development and continuous improvement allow us to close the cycle of copper use and consumption.

The challenge that climate change poses for society as a whole reinforces the need for products and technologies that entail a reduction in carbon emissions and an extension of the life cycle of materials.

Copper, a key material for the circular economy and decarbonization

- It is 100% recyclable and can be infinitely recycled without losing its properties.
- The use of recycled copper reduces environmental impact: the direct processing of secondary copper saves 40 Mt of CO₂ per year, the equivalent of reducing the gases emitted by 16 million cars on the road.

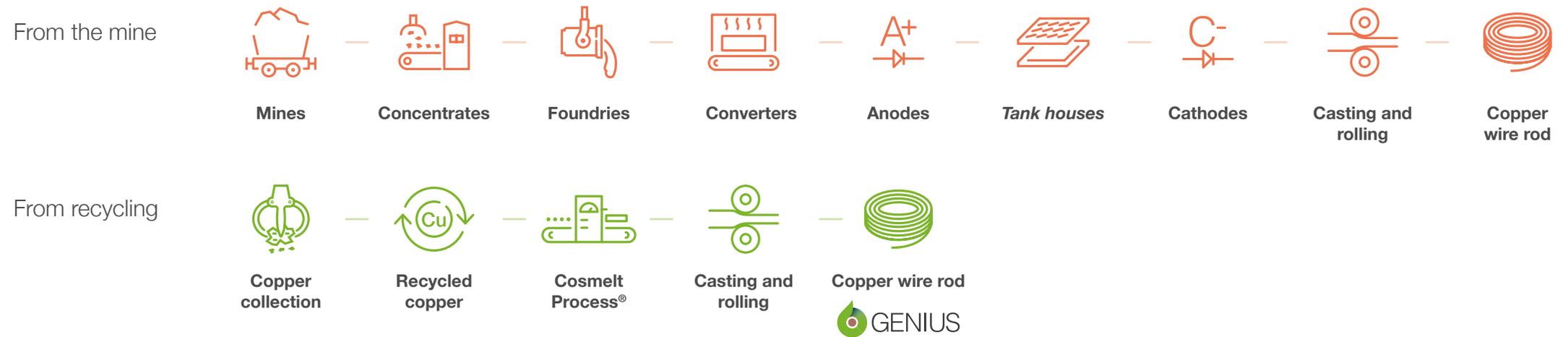


La Farga closes the copper life cycle with a unique and innovative process; more than 50 % of our raw material comes from recycled copper.

La Farga's 100% recycled copper wire rod is the most sustainable on the market and generates the least environmental impact, since its processing minimizes emissions.

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The copper value chain



Copper, a key element for sustainable growth, the central theme of the London Metal Exchange Week

Every year, the metal industry meets in the UK capital to discuss market trends and demand forecasts. This year, the main theme of the meeting was the importance of copper as a key element for sustainable growth.

By participating in the event, La Farga reaffirmed its commitment to environmental sustainability, as well as its leadership in copper recycling, a key element for the circular economy and for the future of the planet.

The growing demand for copper, the availability of the raw material, and the cost of energy and transport were the main topics of the conferences and debates. La Farga and other agents in the sector took part over the course of a week in face-to-face meetings and virtual events.



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€54,330
environmental spending



287,750 t
processed copper

Sustainable production

La Farga's production processes also operate under sustainability criteria. We are constantly working to reduce the environmental impact of our production process, improve energy efficiency and manufacture sustainably throughout the value chain. Training on environmental awareness and good practices is given to the entire company with these goals in mind.

In November 2021, the integrated audit of the quality, environmental, and occupational health and safety management system was successfully passed, in accordance with the UNE-EN-9001:2015, UNE-EN-ISO 14001:2015 and ISO 45001:2018 standards, respectively.

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Significant environmental impacts

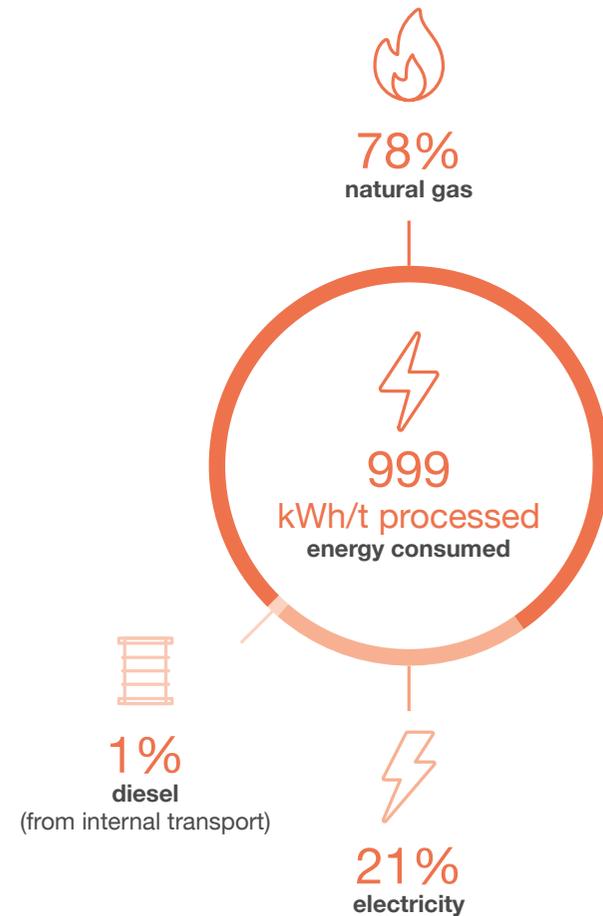
In 2021, environmental aspects were evaluated, including the life cycle perspective, to detect areas of improvement. The following life cycle stages have been identified: design and development, associated with new facilities and equipment; extraction and manufacture of raw materials (cathode and recycling); manufacturing; transportation (to bring in raw materials or ship them), use and maintenance; and final provision of the product.



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Reduction of energy consumption

La Farga works to improve the energy efficiency of its activity. In 2021 we implemented measures to reduce gas consumption in foundry 1: the first step involved obtaining the consumption data of the main elements of the foundry to analyse the areas for improvement. The bulk of the work carried out in 2021 consisted of adjusting and standardizing the power of the elements with the highest consumption throughout the Cosmelt furnace facility.



Main investments in 2021

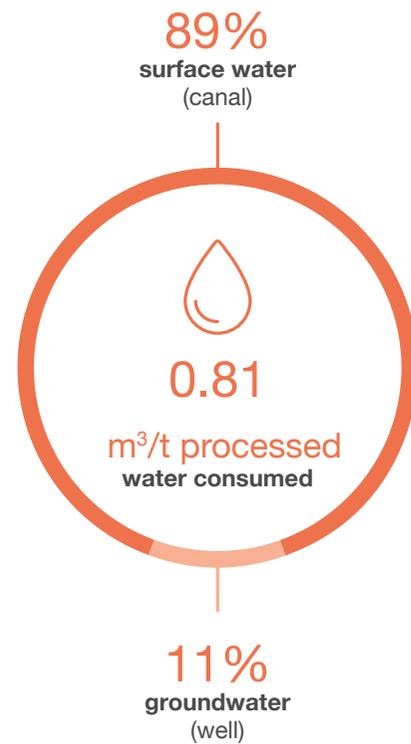
- Further replacement of the air conditioning system in the central offices for a more reliable and energy efficient system. It now incorporates an air purification system.
- Change of lighting to LEDs in an area of the 3rd floor.
- Installation of a new centrifugal compressor to generate compressed air more efficiently.
- Investment in a new refrigerated dryer to remove moisture from the compressed air and improve its efficiency and energy performance.
- New energy meters for more reliable energy consumption readings.
- Installation of a reader to measure the quality of supply from the electricity company.
- In foundry 1 (Cosmelt furnace), installation of control screens to prevent people moving around the area.
- Investments to minimize losses in the tube manufacturing process.

One of the investments planned for 2022 is the creation of an area in the car park for recharging electric vehicles.

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Control of water use

In relation to the consumption and supply of water, La Farga consumes less than its surface and groundwater catchment quota. The La Farga production system continues to be highly efficient in its consumption per processed tonne, Only 0.81 m³/t processed is necessary, less than in other production processes.

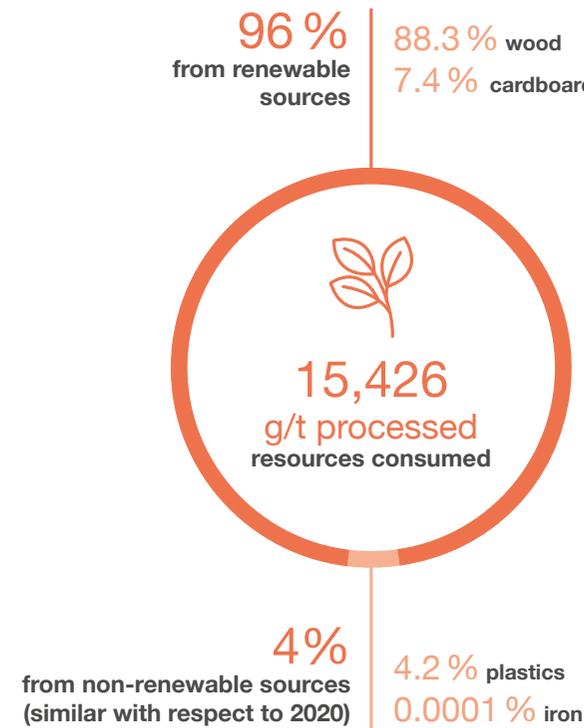


Reuse of materials

The measures taken by La Farga to reduce the consumption of materials focus on the avoidance and minimal use of packaging. One of the most significant actions in 2021 was the optimization of the process to recover wooden pallets stands, a process that had begun the previous year.

	2019	2020	2021
Ratio of new packaging (kg) delivered to the market per tonne produced	11.80	7.2	8.3

Data obtained from the business plan for the prevention of packaging.



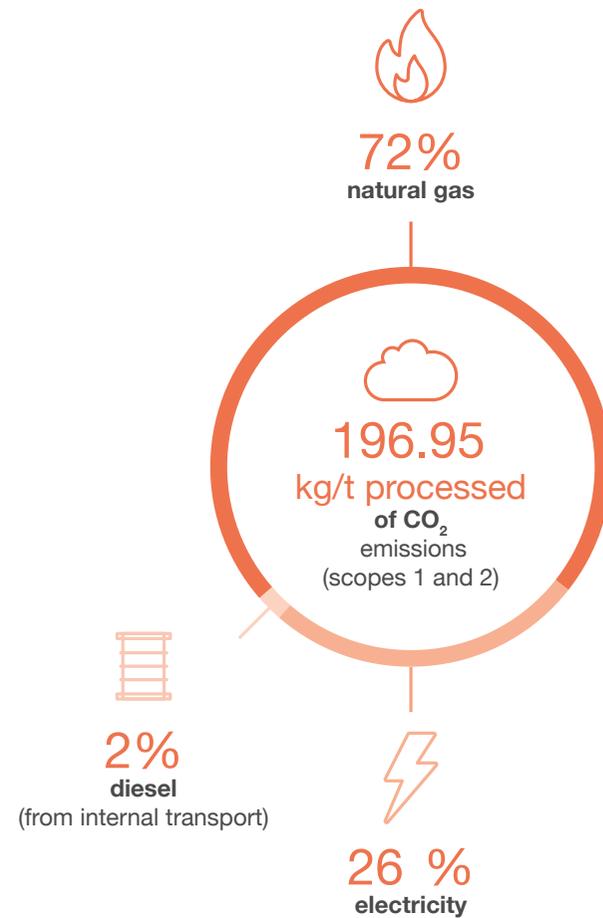
In 2021, the wooden pallet recovery process was optimized resulting in a recovery of 26% of the total (18% in 2020).

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Reduction of our carbon footprint

The company also has a plan in place for monitoring emissions and controlling the capacity allocated to La Farga for the period 2021-2025. We take part in CO₂ emissions trading, which obliges us to communicate and verify our emissions.

In 2021 41,966 metric tonnes of CO₂ were verified, derived from the consumption of natural gas and additives in the factory's facilities.



In 2022 we expect 100% of the electrical energy we consume to be of renewable origin.



Waste reduction and recycling

The La Farga 4.0 project provides for the implementation of measures to reduce and recycle waste in offices:

- Zero paper: reduction of processes on paper and use of printers.
- Elimination of individual waste bins replace by centralized waste separation bins.

kg/t processed of waste generated	2019	2020	2021
Non-hazardous waste	10.31	5.25	5.15
Hazardous waste	10.26	1.74	2.35
Total	11.57	6.99	7.5

Waste generation remains below 2019 pre-pandemic figures. It is also worth noting the increase in waste recovery. In 2021, 93% of our waste was recovered (91% in 2020).



7.5
kg/t processed
waste generated

69%
non-hazardous waste

31%
hazardous waste

Control of noise pollution

In 2021, La Farga continued to work on the 2020-2030 action plan to reduce noise pollution. In order to minimize any possible inconveniences, we adopt measures that go further than basic regulatory compliance:

- Official and long-term monitoring on nearby properties.
- Update of the predictive model
- Update of the monitoring and improvement plan to reduce noise pollution.
- Technical evaluation of the feasibility of improvement initiatives.
- Noise assessment of all new investments and changes to machinery.

general dBA 24 h



* Data from long-term studies.

** Data obtained by taking the average from occasional measurements.

Note: There is no data for 2020 because it is legally required only every 2 years. Also, due to the COVID-19 pandemic, mandatory controls have been staggered over time.

Biodiversity

The La Farga facilities are located next to the River Ter, so each year the evolution of the ecological quality of the water is controlled by sampling the aquatic macroinvertebrate communities. The presence of bioindicator organisms are an indication of optimal water quality sustained over time.

In accordance with the *Protocol for the evaluation of the biological quality of rivers*, of the Catalan Water Agency (April 2006), the result of the sampling indicates that the level of water quality is good according to the BMWP (Biological Monitoring Working Party) index and very good according to the BMWPC (specific to Catalan rivers) index, both upstream and downstream.



The presence of macroinvertebrates in the section of the river next to La Farga allows for the waters to be classified as high quality.



Circular economy and decarbonization

Sustainable production

Sustainable solutions

Raising awareness in our environment

Sustainable solutions

In 2018 we inaugurated a new copper rod continuous casting line, the only one in the world in its category. The new production line is the result of applying La Farga's knowledge to its own patented technology for copper recycling. The experience and technical innovations promoted by the company after 35 years of operation of the previous casting line have made this major technological advance possible.

Using an exclusive process, this production line is an example of our capacity for innovation and our firm commitment to sustainability. It allows us to recover high percentages of copper to optimize the use of natural resources and minimize the impact caused by the manufacturing of our products.

As a result of this innovative technology, La Farga has developed GENIUS, our Fire Refining High Conductivity copper rod produced using our registered Cosmelt Process®. It is an exclusive product that provides the differential value of sustainability and combines extraordinary quality with technical features that more than comply with current regulatory requirements.

We are the first company in the sector to present an environmental product declaration: GENIUS has obtained International EPD System certification, the first copper wire rod to obtain this environmental product declaration, demonstrating that its environmental impact is much lower than that of electrolytic copper. The certification complies with the ISO 14025 international standard.



GENIUS is the only 100 % recycled copper rod and the most sustainable and highly efficient product on the market.

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Reducing the environmental impact of GENIUS:

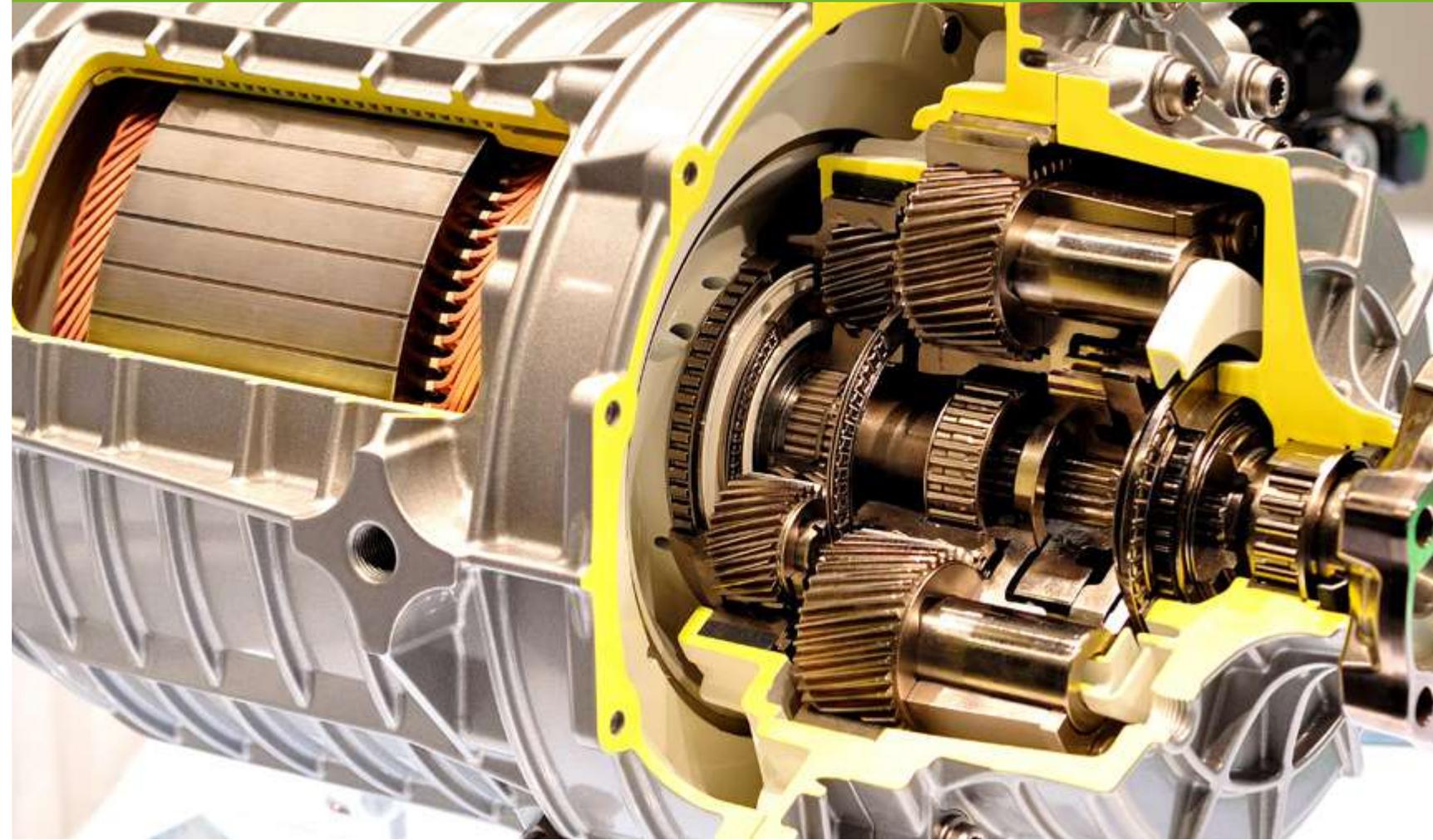
- 91% less SO₂ emissions
- 72% less CO₂ emissions
- 66% less water consumption
- 74% less depletion of fossil fuels

This patented technology transforms the attributes of copper with the aim of creating value for society.

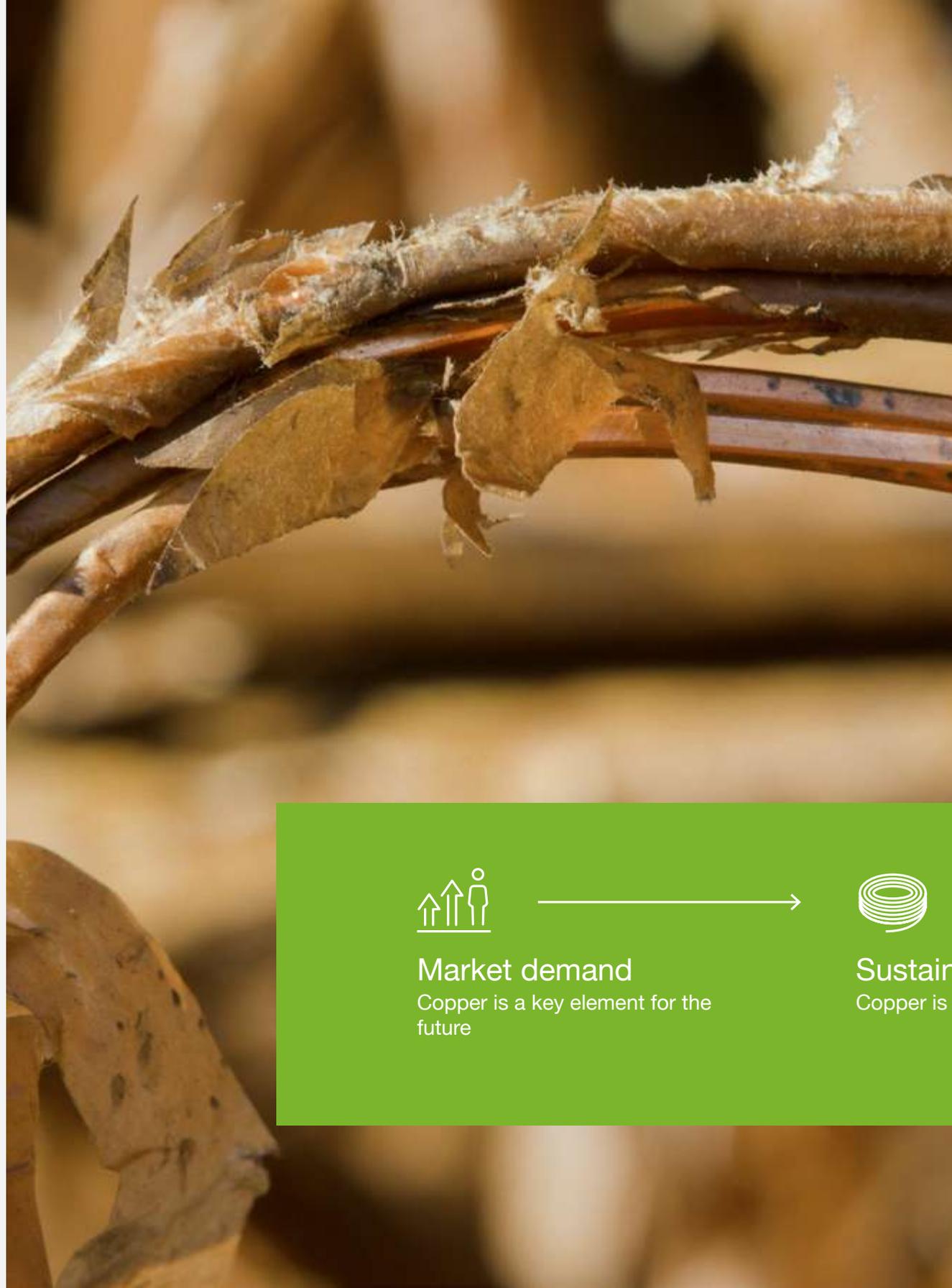
Copper, key to sustainable mobility

Copper rods are used in a variety of sectors: construction, infrastructure, industry, oil and gas, electrical networks and telecommunications. However, the high demand for copper in 2021 comes from new trends, such as those of the automotive industry.

Copper is key to the development of sustainable mobility. This metal and its alloys are immensely versatile materials that adapt to a large number of automotive applications: engines, electrical systems, transport, air conditioning, etc. Additionally, copper is an excellent thermal conductor, highly durable, corrosion resistant, versatile, ductile, and antimicrobial.



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Raising awareness in our environment

We work with a responsible value chain and we want to generate a positive impact with the decisions and activities that we carry out in our environment. Raising awareness in the market involves publicizing and promoting the company's commitment to the circular economy and sustainable copper solutions among customers and other collaborators.

This commitment takes into account the expectations of stakeholders, complies with the applicable laws and regulations, is integrated throughout the organization and forms part of the essence of La Farga.



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Our people



La Farga's social commitment is a reflection of the company's values and essence. Our people management is based on quality employment, training and development of talent, and in particular guaranteeing the health and safety of our workforce. This commitment extends to our relationship with customers, adapting to their needs and offering a high quality service and products. Neighbours, public authorities, the community and the media are part of our commitment to society.

Talent management

La Farga's Department of Culture, Organization and Talent defines, monitors and develops our people management, performance and continuous improvement, and professional and personal development. In 2021 we continued to promote internal communication to recover team bonds, promote the dissemination of corporate values and manage the professional and personal development of staff. The organization continues with its process of transformation to guarantee the autonomy of the employees.

Main actions in 2021:

- Framework agreement on labour relations and comprehensive agreement with the workers' legal representatives, which includes a teleworking agreement, the reduction of working hours for the entire workforce and the incorporation of social benefits. With the aim of systematizing in a single document the working conditions in force at La Farga, beyond what is provided for in the applicable sectoral agreement, the consolidated text of several agreements signed in recent years between the workers' legal representatives and the company's Management was approved.
- Action plans to ensure interaction between teams from different areas.
- First 360° leadership evaluation of the management team.
- Definition of key talent management processes, as well as identification of people who can be leaders and establishing training programmes for them (Zeus II).
- Reduction in the time taken to hire new talent.
- Definition of plant and office job position profiles.
- New hybrid organization that combines teleworking and onsite work (agreed with the Workers' Committee) within the framework of the La Farga 4.0 project. This project includes the redesign of work spaces, making them more flexible and collaborative.
- Definition of the architecture of La Farga Way —using agile methods—, a new way of working focused on achieving objectives.
- New leadership audit model.
- New bonus linked to the La Farga Continuous Improvement System (LFCIS).
- Hiring of talent in key positions maintaining the interest of the labour market in La Farga.

Workplace climate survey addressed to staff members

In June 2021, a workplace climate survey was sent to staff members. The following aspects were evaluated:

- **General mood, job satisfaction and work-life balance.** Our team feels motivated, is a promoter of La Farga as an employer brand and is satisfied with the work-life balance offered by the organization.
- **Recognition and growth.** Staff feel well prepared in terms of the skills needed to carry out their roles.
- **Clarity of objectives and roles.** Improvements have been noted in the communication of the annual objectives.
- **Leadership and team management.** Company leaders build trust and pass on their observations to the teams.
- **Organization and planning.** The hybrid work model is the most highly valued method of working.
- **Communication.** The most highly rated communication channels are Teams and "Hagamos un café".
- **Other aspects** The new design of the offices is highly valued in terms of how it facilitates interaction between people; the COVID-19 management and prevention measures also scored highly.

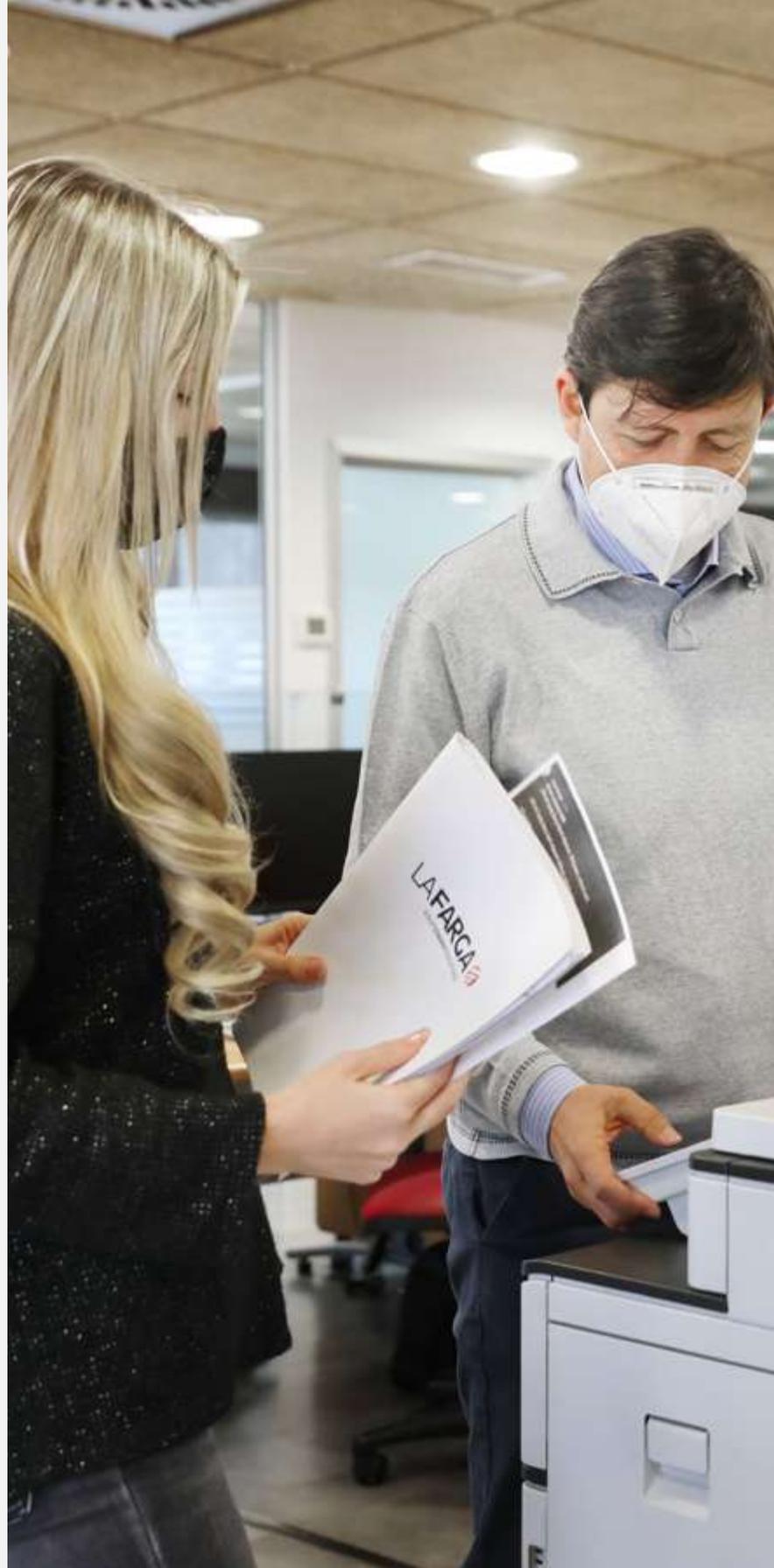
Relationships with colleagues and work-life balance measures stand out as the main drivers of satisfaction.



59 %
staff survey participation

Internal communications at La Farga have sought to be empathetic and cordial, in order to recover the concept of community and team bonds after the crisis caused by the 2020 pandemic. This is demonstrated by the video appearances of the general manager, Inka Guixà, on the occasion of the feast of Sant Jordi, and the Management Committee, to celebrate the Christmas holidays.





Employee-company dialogue

Employees are legally represented by a Workers' Committee, currently made up of 13 members elected by direct election. Dialogue with the Committee is constant and, thanks to this, in 2021 a labour relations agreement was reached. Formal dialogue is held through a regular monthly meeting and three annual meetings, in which the official representatives of the company, the General Management and the Financial Management present the statement of accounts and the monitoring of indicators. Dialogue is also carried out through joint Workers' Committee-Management committees to address specific issues. La Farga also has a Health and Safety Committee, which represents 100% of the workforce.

La Farga 4.0: new hybrid organization

In accordance with its organizational efficiency strategy, and in the context of the pandemic, the company has been restructured through the La Farga 4.0 project, which includes:

- Teleworking policy: hybrid model, which combines onsite work with telework. This model, with an impact on all staff members, was launched in 2021 and establishes which roles can be fulfilled through teleworking.
- Flexible distribution of offices, with common spaces for meetings and collaborative work activities, and more private and quiet spaces which promote concentration. This distribution is implemented in 2 phases.
- Digitalization of processes
- Definition of the La Farga Way project, which is based on the implementation of a system based on empowerment, agility and transversality to promote the achievement of company objectives and cross-departmental participation.

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Employment quality

La Farga's highly qualified workforce enjoys stability and is committed to the company. Low turnover reflects the quality of employment.

In 2021, La Farga maintained a high level of staff stability in key positions and continues to appeal to new talent. The age distribution of the workforce guarantees a generational renewal



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Towards internal digital transformation

One of the strategic pillars of La Farga is to maximize organizational efficiency: eliminate or reduce inefficiencies in internal operations and in the ways of working. The current situation means that companies must ensure the contribution of value, compelling them to change the way they work, the way they interact, etc. We are immersed in a process of cultural change.

To achieve this goal of maximizing efficiency, La Farga is activating a series of levers in different areas, including those related to the company's organizational structure, culture and processes. One of the key levers is digitalization or digital transformation, which aims to apply and integrate technologies to increase the value of our services and products, maximizing efficiency.

In 2020, to lead and manage the process of change that digital transformation entails, a Digital Transformation Committee was created, whose objective is to define the efficiency and digitization strategy, as well as to define and develop all the necessary actions to achieve excellence in our working methods.

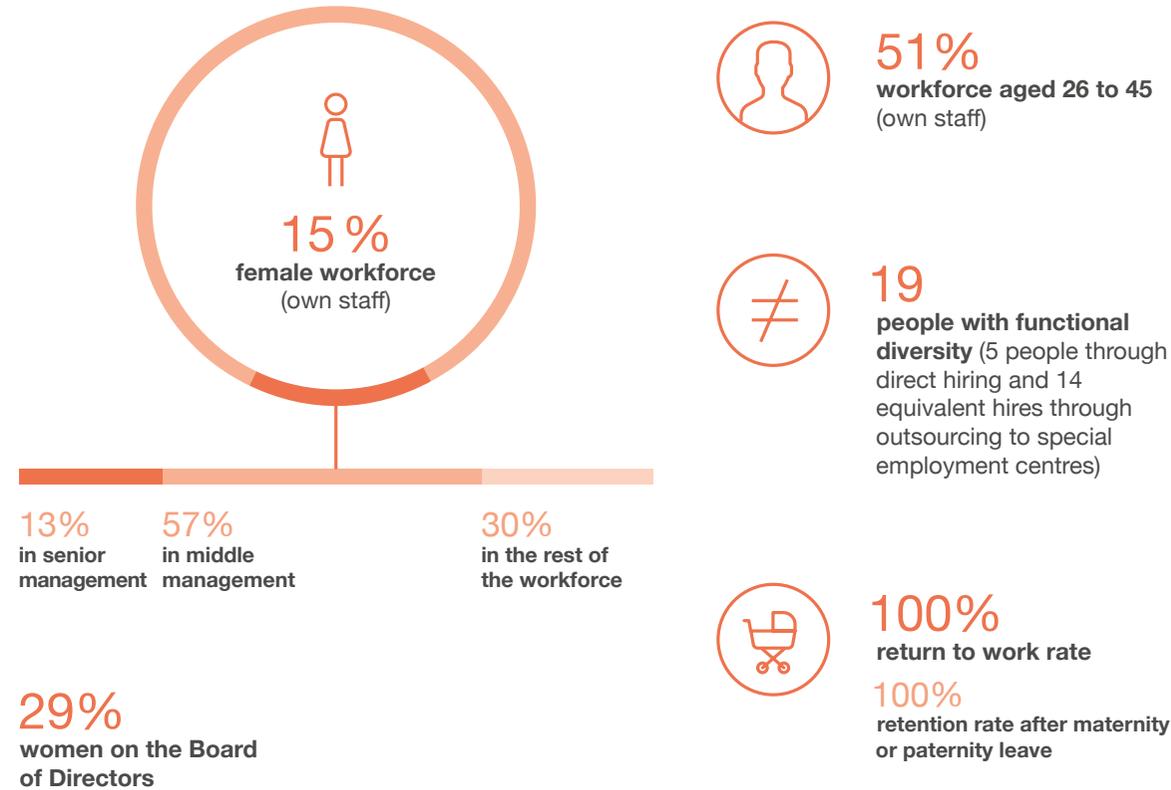
The implementation of Office365 and internal training in key aspects of digitalization —such as cybersecurity— were the focus of our transformation actions in 2021.

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Gender equality

La Farga maintains its commitment to equality between men and women. In 2021, we continued to apply our **2019-2023 Gender Equality Plan** whose slogan is "Personas, ni más ni menos" (Just people). We reviewed the diagnosis and updated the plan.

The company has an **equality agent** and an **Equality Committee**, the latter of which is made up of Management and staff representatives, in order to control the implementation of the Equality Plan and the introduction of the new measures.



La Farga guarantees non-discrimination in remuneration between men and women through the collective agreement tables, pay grades and performance evaluations defined by the company.

The Equality Committee, as well as the workers' legal representatives, have been duly informed of the creation of the remuneration register.

La Farga's standard starting salary is 86.5% higher than the minimum wage (Spain, 2021).

Social benefits and work-life balance measures

The social benefits offered by La Farga are intended to improve professional and personal well-being, and contribute to the quality of employment. The main initiatives carried out in this regard were as follows:

- Offering more flexibility in work schedules for all staff members.
- Short intensive working days on Fridays and the day before weekday public holidays for all staff members.
- Carrying over of holidays (these can be taken the first week of the following year and, in extraordinary cases, until 31 March).
- Three personal days to take at their discretion for line personnel.
- Reduction of working hours for all staff as a work-life balance measure.
- Supplementary pay for sick leave and accidents.
- School subsidies for children.

In 2022, staff will be offered, in the form of flexible pay, the option of taking out health insurance.



40%
of the workforce enjoys a flexible working timetable (flexitime) and short intensive working days on Fridays throughout the year



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Training

La Farga understands training as learning and applying new concepts, skills and competencies in the professional field. Training is a strategic element of the first order to achieve the objectives that the company and all its members require. For this reason, training is considered essential and necessary in all senses, and is implemented according to an annual training plan.

La Farga has a joint training committee, made up of members of the company's Management and the workers' legal representatives. The main objectives of this committee are to ensure the effectiveness of training and improve the qualification of staff, taking into account all groups in the company.

In 2021, two editions of the operator-coordinator training course were held. This comprehensive approved course, recognized with the #FPCat Award in 2021, includes in-depth knowledge of work processes and tools, as well as interpersonal skills. Training courses on digital transformation and leadership were also given.



9
internal promotions



€75,299
investment in training



40
training initiatives



51%
skills training
(aptitude and attitude)



7
work experience students
during the year

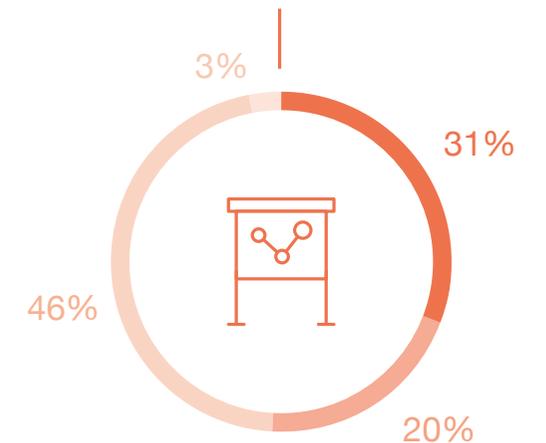


4913
training hours

1281
hours for managers and
staff members

3632
hours for operators

Type of training provided



- Aptitude skills
- Attitude skills
- Corporate Responsibility, quality, safety and the environment
- Languages

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The tools for appraising the performance of La Farga staff include the performance evaluation system and the individual improvement and evaluation system. The managerial skills developed include strategic vision, organization and planning, innovation and teamwork.

100% of the workforce is included in the performance evaluation system: individual improvement and evaluation for operators, and performance evaluation for managers and staff members.

Performance assessment

For operators

Personal improvement and evaluation system

67% of the workforce involved



82% targets achieved



For managers and staff members

Performance evaluation system

34% of the workforce involved



76% targets achieved



La Farga receives the #FPCAT Award for good practices in professional training

La Farga has been distinguished with the #FPCAT Award for its work in the training and growth programme for factory specialists "Operator-coordinator: operations, skills and basic processes of the metallurgical industry in La Farga", promoted by the Management team and designed internally with the collaboration of the Paco Puerto Foundation of the Comisiones Obreras (CCOO) trade union. The award, promoted by the Catalan Public Agency for Professional Training and Qualification, recognizes good practices and the contribution of companies and entities in the field of quality professional training.

After 6 editions of the programme, the company has already trained 93 people out of a total of 230. It currently employs 48 operators-coordinators.



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Prioritizing occupational risk prevention

The Department of Culture, Organization and Talent, together with the Department of Safety, Quality and the Environment ensure the continuous improvement of the “0 accidents and beyond” programme, the purpose of which is to promote a culture of prevention and safety. The objectives of the programme focus on the following topics:

- Policies
- Planning
- Training
- *Bonus-malus*
- Awareness-raising

In 2021, the first audit of the occupational health and safety management system was successfully passed in accordance with the ISO 45001:2018 standard.

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Constant updating of La Farga protocols against COVID-19

Although La Farga updated its action protocol against COVID-19 in June, security measures have been changed in line with the evolution of health indicators, thanks to the joint work of the Health and Safety Committee, the Department of Culture, Organization and Talent, and the external prevention service. As a result, in December a set of immediately applicable measures were launched:

- Intensification of teleworking.
- Maintenance of social distancing criteria.
- Entry of plant personnel in staggered shifts.
- Instructions for staff affected by mobility restrictions, isolation or COVID-19 symptoms.
- Recommendation on the use of masks at all times, making these available to staff.
- Maintenance of cleaning protocols in common spaces and constant replacement of hydroalcoholic gel.
- Updates to the travel policy.
- Updating of ventilation protocols.
- Prioritizing online meetings and limiting of the number of people in face-to-face meetings.
- Self-responsibility questionnaire in the event of visits by external personnel to the facilities.
- Purchase of antigen tests.

The current protocol establishes the measures —including their control and monitoring— that must be applied in different situations:

- Before going to work (in the case of a positive test, positive contact, symptoms or belonging to a vulnerable group).
- During onsite work (obligations, recommendations and good practices).
- During teleworking

It should be noted that there was no outbreak of coronavirus originating in the workplace among La Farga staff.

In 2021, La Farga installed CO₂ detectors and air purifiers in its facilities.



7th Health and Safety Week

In 2021, La Farga celebrated its 7th Health and Safety Week, a biennial activity that demonstrates the company's commitment to organizational excellence. The pandemic situation forced us to look for solutions regarding the scheduling of the seminars, which were essentially carried out online, and also served to highlight the importance of caring for the well-being of people both as individuals and professionals. As a result, the employees of La Farga were able to participate in around twenty activities related to various fields:

- A different perspective of the tube section. Observation of the tasks and conditions of the tube plant to detect aspects that could be improved.
- Use of fire hose cabinets and hydrants. Training in the use of fire extinguishing hoses for scrap yard personnel and machinists.
- Use of harnesses and lifelines. Theoretical-practical session on the correct placement and use of safety harnesses and anchoring in lifelines. Participation of 100% of the tube production line and foundry 2 personnel.
- Use of fire extinguishers and action in case of emergencies. Theoretical and practical training on putting out fires using extinguishers. Mandatory for new hires.
- Round table of the tube section. Meeting with the tube operator-coordinator on the importance of safety in the company.
- First aid. Basic training in first aid for personnel managers.
- Training on occupational risk prevention using virtual reality. Simulation of games to detect and manage risks inside a plant.
- Ergolab. Ergonomic study of a workstation in the tube section.
- Healthy walk. Excursion through the surroundings of La Farga and lunch at the facilities of the Les Masies de Voltregà public park.
- Healthy eating. Online session on eating habits accompanied by the creation of an individual action plan with improvement objectives.
- 20 years without accidents. Recognition for operators who have gone more than 20 years without accidents working in the company.
- "Actívate". Participatory session offering basic advice on how to activate the body to enjoy a healthy lifestyle.
- Online training on the metal collective bargaining agreement.
- Training in the use of an overhead crane for all the operators of the foundry 1 and tube sections.
- Control of PPE equipment by Management.



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In 2021 we invested in adapting our machinery to the new regulations of Royal Decree 12/2015 in order to ensure greater safety for our workforce.



100%
workforce represented by the Health and Safety Committee



€356,597
investment in occupational risk prevention

486,316
hours worked

15
workplace accidents
(14 men and 1 woman)

36,759
absenteeism hours

1.2
severity rate
(1.18 in men and 0.0 in women)

7.79%
absenteeism rate

30.8
frequency rate
(28.8 in men and 2.1 in women)

Accident rate

	2019	2020	2021
Accidents with sick leave (own staff)	14	6	15
Accidents with sick leave (temporary employment agency staff)	10	0	2
Accidents with sick leave (external personnel who provide services at La Farga facilities)	5	10	7
Total	29	16	24

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Customers



Adapting to the market

In 2021, the demand for copper rose exponentially due to the delays caused by the pandemic that began in 2020 and, especially, to growing investments in new infrastructures and technologies (5G, electrification, renewable energies, etc.), for which copper is an essential key material for the present and the future. But La Farga was prepared and able to adapt to the high demand.

In the railway market we have continued to promote internationalization and today La Farga products are present throughout the world.

With regard to *joinfil*, the welding wire for the packaging sector, demand has also increased and consolidated itself as a result of lockdown and teleworking, which has led to greater consumption, especially in the canned food segment.

In tubes, we have consolidated agreements with customers from outside the Iberian market, which guarantee greater business stability. Now we have a customer portfolio that is balanced across both local and foreign markets, with less dependence on the former. The market is starting to become aware that copper tubes can be recycled and that this offers a clear benefit to society and the planet. There is a growing demand for sustainable or recycled products in the construction of homes.

La Farga continues to work to consolidate and introduce its sustainable products into the market. We are also looking to expand the range of applications for our products. Our different types of wire rod for different applications is a good example of this.



359
La Farga customers

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Investments for continuous improvement

With the aim of adapting La Farga products to the requirements of our customers and anticipating their needs, we invest significantly in our production process.

In 2021, it is worth highlighting our investment in a maintenance management system (CMMS) linked to SAP, which allows the entire maintenance process to be managed: prevention, repairs and improvements. Reliability in maintenance management optimizes costs and increases efficiency. The system has been implemented in the foundry and will gradually be extended to the other plants.



La Farga, present at Rail Live!

La Farga attended Rail Live!, the leading event for the global railway sector, to showcase its track record and experience in railway projects around the world and its role in supporting customers towards on their path to business sustainability, providing social, economic and environmental value. The fair took place in Madrid at the end of 2021.

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Trends in the copper market

La Farga is responsible for understanding and anticipating international trends in the copper market so it can adapt its activity to the current and future economic situation.

Market value of copper in 2021 (€)



€7,878.82
per tonne
average market value
in 2021

€6,310.32 per tonne
31-12-2020

€8,557.30 per tonne
31-12-2021

The copper market and future prospects

The forecasts for world copper demand for the year 2022 continue to rise, with an expected growth of 2.6%, although lower than the estimated growth for 2021, which was 5%.

This slowdown in growth in 2022 appears to be due to a lower increase in copper demand in China. A crisis in the construction sector, which accounts for 25% of total consumption in this country, could lead to a reduction in growth from 3% to 1.3%. China will still be the biggest consumer of copper in the world (51%).

The increase in demand in the rest of the world will remain at 4%, as a result of investments in the ecological transition and in the reduction of greenhouse gases.

Growth will be especially significant in the battery and electric vehicle sector and, to a lesser extent, due to investment in renewable energies.

On the supply side, growth continues to be sustained at 2.9% due to increased production from existing mines and the opening of new mines. The sustained prices will contribute to reactivating new mine expansion and opening projects in the coming years. In addition, the fewer number of shutdowns in production at existing facilities has made it possible to increase total production.

The supply of scrap also continues to increase due to the increase in generation in China, which has already exceeded 4 million tonnes in 2022, and is expected to reach 5 million in 2025.

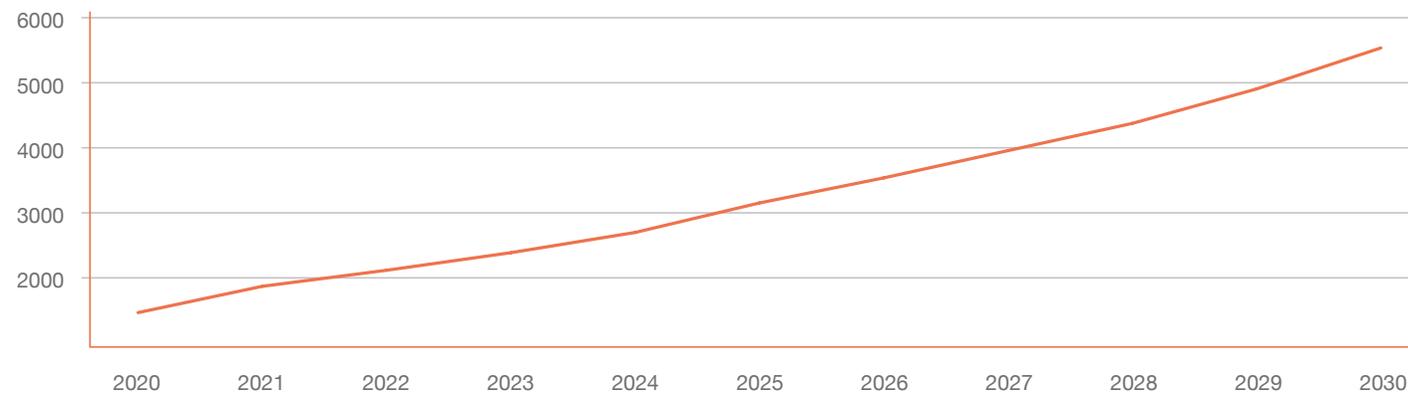
Therefore, the forecast for 2022 is that the global availability of copper will increase, with a positive balance of more than 100,000 tonnes.

This situation should ensure a stabilization of copper prices throughout the first half of 2022 and a reduction in the second part of the year, thanks to the increase in stocks in the warehouses of metal exchanges.

The easing of stresses on the supply chain should also lead to a decline in copper prices.

Source: JPM Base and Precious Metals 2022. Outlook, 29-11-2021.

Copper demand for energy transition (thousand metric tonnes)



Source: Guía de fabricantes de automóviles, IEA, CRU, Wood Mackenzie, Industry and Government Statistics, International Copper Association, US Department of Energy, Bloomberg NEF, and JP Morgan Commodities Research.

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Economic context and future prospects

- Spain's growth forecasts for 2021 and 2022 have been tempered, decreasing to 5.2% and 5.5%, respectively. Several negative factors affect these figures, including interruptions in production chains, the increase in the price of energy and the delay in the execution of the funds from the NGEU programme.
- The global economy will continue its process of recovery, but with less momentum than expected. COVID-19 vaccination and the significant stimulus injected into the economy will continue to support growth, which will, however, be affected by more persistent supply shocks. Global growth will stand at 6.1% in 2021 and 4.6% in 2022, slightly lower than expected.
- In Spain, 2021 growth forecasts has been revised downwards, from 6.5% to 5.2%. Despite the good performance of household consumption, this adjustment is due to the poor performance of investment and a more negative contribution from the foreign sector.
- In 2022, Spain's GDP could increase to 5.5%. The control of the pandemic, the use by families of their savings, the stimulus resulting from the execution of the Next Generation funds of the European Union, the measures of the European Central Bank and a high productive capacity will compensate the negative effects of the recent bottlenecks and the price of energy.
- There is an increased risk in the short term. The Next Generation funds should be implemented as soon as possible. In addition, bottlenecks and an increase in the price of inputs and transportation costs could jeopardize the recovery. In the medium term, the level of risk will depend on the reforms that are implemented in the coming months.

Source: [BBVA Research](#)

Measuring customer service

La Farga is a customer-oriented company, which is why it measures and manages the service it provides. We have the necessary tools for optimal customer management such as medium-term planning. This allows us to increase our management capabilities and offer maximum efficiency in our service.

We measure the service rate weekly, which calculates the difference between the delivery date of a product in the order acceptance confirmation and the actual delivery date. When deviations are detected, this monitoring of the rate enables us to analyse their causes and to implement improvements. In 2021, this rate was 88%.

Quality management

La Farga, which has obtained ISO 9001 certification, meets the highest quality and efficiency standards to ensure the best results for customers and simplify its production processes.

In 2021 we consolidated the technological integration of the quality, environment and safety systems, and we established a new tool for the document management of the integrated system. In accordance with the company's strategy, we continue with our lines of action:

- Continuous improvement in the quality of the products and services that we provide to our customers, in order to satisfy their needs and expectations.
- The prevention of occupational risks among the employees that provides their services in our facilities.
- The protection of the environment in the scope of our industrial activity.
- The creation of shared value for both our company and our stakeholders.

Some of the actions promoted in 2021 in relation to quality are listed below:

- Official approval of all railway products sold to SNCF.
- Official approval from AFER of our railway products in Romania.
- Consolidation of the drawing ability of our wire rods to reduce the rate of breakages per tonne produced.
- Implementation of reception controls for critical materials to avoid problems in later processes.
- Consolidation of our own LFCIS model, with autonomous management areas for individual and intra-area improvement.
- Improvement target (13%) for the ratio of tonnes sold per number of non-conformities. There has been no non-conformity in sales in the railway sector.

We have a procedure and a policy for managing complaints. These are received, registered and analysed together by the quality area and the affected area. Once all the information is available, a response is given within a maximum period of 48 hours. The complaints received, their management system and their resolution is covered by the ISO 9001 standard. We use the following monitoring indicators for complaints:

- Cost of non-quality
- Complaints per tonne sold
- Service quality

La Farga's management model, LFCIS, was implemented in 2021 in the Quality Department.

Continuous improvements in quality, efficiency and productivity

- Upcast system to improve packaging and facilitate access of the product to the customer.
- In the wire drawing and tube areas, the reliability of the programming process has increased, which implies more productive efficiency. In both areas, quality and productivity improvements have been incorporated.
- Screens have been installed in the Cosmelt process for better control.
- In the tube and drawing area, process improvements have been applied that increase productivity and quality.
- We have implemented improvements to minimize damage from possible flooding in the production plants and in the car park.

The health and safety measures for customers are established in the product sheets in accordance with the REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals).

We provide product quality certificates according to the UNE-EN 10024:1995 standard to our customers. Likewise, we have specific quality marks for different markets in tube products. The technical specifications of each product can be consulted on the La Farga website.

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Society



La Farga Foundation: a boost for the local area

Creating value and wealth in the nearby surroundings: this is the mission of the La Farga Foundation, created in 2004. The scope of its actions include the counties of Osona, Ripollès and Moianès and, more specifically, the municipalities of Les Masies de Voltregà and Sant Joan de les Abadesses, as well as workers, the children of workers, the members of the La Farga business family and neighbours.

The La Farga Foundation supports, promotes, helps and participates in initiatives in three areas:

- **Society.** Active participation, through donations, sponsorships and collaborations, in activities held in Les Masies de Voltregà and the county of Osona.

- **Culture.** 2008 saw the inauguration of the Copper Museum, a unique space in Europe which showcases the properties and applications of copper throughout history.
- **Training.** The Foundation allocates part of its funds to scholarships for training the family members of the business, employees and the children of workers in La Farga, as well as the residents of Les Masies de Voltregà and Sant Joan de les Abadesses.

For more detailed information, see the *2021 Report on the Activities of the La Farga Foundation*, available on our website.



The 7th edition of the La Forja de l'Aram award focuses on sustainability

Laura Alba and Mònica Puche, with the sculpture "Copper DNA", won first prize at the 7th edition of the La Forja de l'Aram contest, which is awarded by the La Farga Foundation. The sculpture "The Three Spheres", by Oriol Arumí and Marc Serrano, was awarded second prize. Both works deal with the proposed theme: sustainability.

A new feature for this edition was the fact that the works have been developed in collaboration with participants from different disciplines of the Vic School of Superior Art Design. The students of the Advanced Level Vocational Training Course in Animation for Videogames carried out the programming part, while the students of the Advanced Level Vocational Training Course in Artistic Casting and those of the Intermediate Vocational Training Course in Artistic Forging were responsible for the creation of the metal sculptures. The goal was to create an interactive sculpture made of copper or copper alloys related to sustainability.

The Vic School of Superior Art Design was the setting for the awards ceremony, which are biennial and aim to promote training among students of Sculpture, Ceramics, Ephemeral Architecture, and Artistic Forging and Casting at the school, as well as to raise awareness about copper among the general public.



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Scholarship programme for education

The La Farga Foundation awards scholarships for degrees, master's degrees, postgraduate university degrees, doctoral thesis courses, advanced vocational training and adaptation courses for graduates who want to pursue official university studies. Each category has its own application process, terms and conditions and budget.



Study on the circular business model of La Farga

The Emprèn Research Group of the University of Vic - Central University of Catalonia has carried out a study of the circular business model of La Farga, published under the title *Recycling Technology Innovation as a Source of Competitive Advantage: The Sustainable and Circular Business Model of a Bicentennial Company*.

La Farga has made the study available to students taking the International Marketing course at the University of Vic - Central University of Catalonia. These students had the opportunity to learn first-hand about La Farga's circular business model during a training seminar. Held in the auditorium of the Copper Museum, the seminar included talks by managers from different areas of La Farga, which offered the students an insight into the company's business and its commitment to sustainable development. They were also able to enjoy a tour of the Copper Museum.

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8th edition of the Vicente Fisas Comella Award

Biotechnology student Júlia Piqué was awarded the Vicenç Fisas i Comella prize, awarded by the La Farga Foundation, for her final degree project *Pilot study of a proteomic analysis of the composition of platelet-rich plasma from patients with chronic wounds*.

The award, endowed with 2,000 euros, is open to all students of the University of Vic - Central University of Catalonia who have obtained the highest grade in their final degree project, in whatever their area of study. The award-winning project must address one of the values promoted by the La Farga Foundation: knowledge applied to local development, creativity as a basis for innovation and progress, or awareness

with respect to environmental care and sustainability.

The finalists were *The degree of knowledge and satisfaction of type 2 diabetic patients in Osona with their pharmacological treatment*, by the Nursing student Rut Vilardell, and *Comprehensive analysis of the renewable energy sector*, by the Business Administration and Management student Paula Colomer.

The Vicente Fisas Comella Awards are held annually and are the result of the partnership between the La Farga Foundation and the University of Vic-Central University of Catalonia, in whose rectory the award ceremony took place.



44,568
visitors to the Copper Museum
(since 2008)

The Copper Museum

The Copper Museum is a cultural space which employs different means to disseminate La Farga's knowledge, use and applications of copper throughout history in the industrial, economic and environmental spheres. Inaugurated in 2008, the Copper Museum offers educational programmes and guided tours adapted to primary school, Compulsory Secondary Education, baccalaureate, vocational training and university students.

Since March 2020, the Copper Museum has been closed due to the coronavirus pandemic.

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Corporate communications

In a changing world and one in which there is the need for continuous information, communication is as a key tool and service for all our stakeholders. Social media, personalized communication with customers and suppliers, updated information for banks and public authorities, and participation in different events, both in our sector and in industry in general, have enabled us to give visibility to our strategic pillars of transparency and close relationships with stakeholders.

The information, always updated, on the price of copper and its evolution on our website ensures our customers are always informed about a market which this year has been constantly fluctuating. The support and personalized care of our Sales Department and our Hedging Department have provided security and trust.

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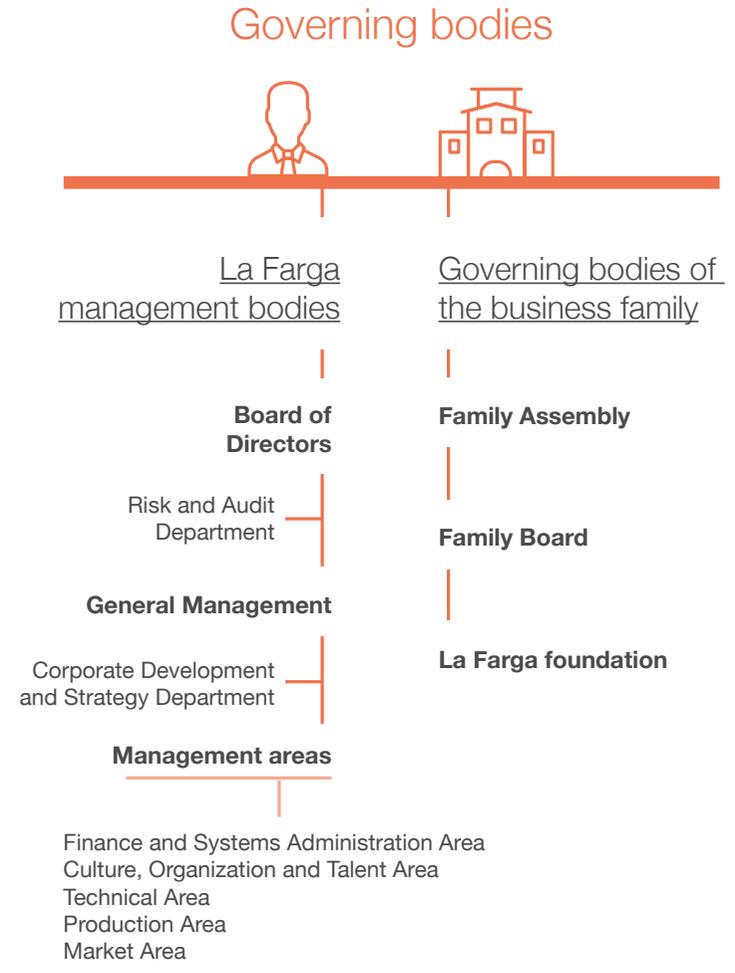
Governance



Business family and professional management

La Farga is a family-owned company subject to a protocol in which ethics, transparency and responsibility, as pillars of good governance, guarantee both professional management and succession in the company. As a family-owned company, it has a formal corporate and family governance structure in place that ensures a balance of power, and at the same time divides the functions between the business family and the management bodies.

The business family implements solid corporate governance that ensures the preservation of the business/family relationship and long-term growth.



Board of Trustees of the La Farga Foundation

President: Oriol Guixà Arderiu
 Director and secretary: Javier Cabeza Loriente
 Trustees: Isa Fisas Armengol, Carmiña Pérez Bermúdez, Meri Rovira Puig, Joaquim Pla Brunet, Tristany Fisas Ibáñez

Inka Guixà, included in the Forbes list of the best female CEOs in Spain

In 2021, Inka Guixà, CEO of La Farga, was included in "The 35 best female CEOs in Spain (beyond the Ibex 35)", drawn up by the prestigious magazine *Forbes*. This recognition of the general manager and vice president of the company is a reward for her fantastic work and for the track record of La Farga.

The ranking recognizes the leadership and business management of the different female CEOs of successful companies in a variety of sectors. Inka Guixà came in sixteenth place in the list.

For La Farga, having a female leader over our project is a source of pride. This milestone is even more noteworthy considering the industry and the sector in which we operate.

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Principles of ethics and integrity

La Farga's relations with all its stakeholders are based on the basic principles detailed in the Code of Ethics: compliance with the law, respect, development and equality, loyalty and commitment, rigour, care for people, cooperation, responsibility and fair relationships.

La Farga uses different mechanisms to regulate decision-making:

- Code of Ethics, which establishes the guidelines for behaviour within the company and governs the relationships and interactions with shareholders, employees, customers, suppliers and external collaborators, public and private institutions, and society in general.
- Internal regulations of La Farga and the Ethics Committee to implement and communicate said regulations to the entire organization.
- Risk Prevention Model to ensure the effectiveness of the rules and certify that due control is being exercised through internal audits. La Farga carries out internal audits to ensure the proper functioning of the system and the application of the Code of Ethics and especially the regulations regarding the fight against corruption, bribery and money laundering. In the productive areas –market, culture, organization and talent, production, quality and environment, etc.– the application of the protocols reduces the possibility of risk.

To guarantee business ethics and the correct behaviour of the governing bodies and the business family, La Farga has a Compliance Committee made up of an external advisor, three corporate representatives from different areas (Safety and Environment; Quality; Culture, Organization and Talent, and Marketing) and an employee representative, responsible for communication and the disciplinary system. To ensure the dissemination of the criminal risk prevention model, the people who work in La Farga receive specific training in the matter.

We have a complaints channel, which in 2021 did not register any complaints. The Compliance Committee is in charge of managing the complaints received.

La Farga was not involved in any judicial proceedings, nor was it sanctioned or fined for corruption or tax fraud.

Managing the main business risks

In relation to business risk management, La Farga has promoted different measures to safeguard its activity at all times:

- Supplier delivery policy. Opening of alternative delivery routes so as not to focus everything on a single route (road and maritime transport) in order to mitigate the impact of a strike in the transport of goods.
- Hedging policy for metals and financial derivatives. Implementation of mechanisms for hedging financial derivatives, energy and metals that do not affect the income statement.
- Alternative supplies Option of purchasing from alternative suppliers for any product and increasing the range of suppliers in each country.
- Commercial risk policy. Policy to cover any business relationship, either through insurance or financial instruments.

La Farga's risk map, drawn up in 2018 but continuously updated, identifies the main criminal risks and situations that La Farga could incur during the performance of its activity. To draw up the map, we have assessed the situations in which an offence described in the Criminal Code could be committed during the production and support processes typical of the industrial sector in which the company operates. Those risks where the probability of occurrence and impact is high as well as other risks related to different areas of sustainability are listed below.

In order to ensure compliance and adaptation to legal and regulatory changes, we have implemented an Enterprise Risk Management programme (business risk management). Based on our internal audit at La Farga and on the communication of the internal regulations and of the definition of the risk map, it allows us to identify and assess the risks inherent in the different areas of our business.



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Type of risk	Description	Management and control measures
Money laundering and terrorist financing	Receiving funds from criminal activities while aware their origin to improve sales and the business. In cases where the group carries out activities related to the purchase and sale of scrap metal, the risk is high.	<ul style="list-style-type: none"> • Specific control of payments.
Offences against natural resources and the environment	Emissions and discharges into the atmosphere. Situations could arise in which the production processes entail emissions or discharges into the atmosphere, soil or water without the corresponding control measures being exercised.	<ul style="list-style-type: none"> • Integrated prevention and environmental system and policy, as well as action plans and training on the matter. • Controls related to emissions and discharges into the air, soil and water.
	Hazardous waste management. To cut costs, the company may establish deposits or landfills for receiving solid or liquid waste or waste that may be hazardous.	
Influence peddling	Influencing a public official using a family or hierarchical relationship.	<ul style="list-style-type: none"> • Anti-corruption policy. • Declaration of independence when contracting employees who have a personal relationship with a public official. • Conflict of interest policy.
Corruption of foreign officials	Bribing foreign officials to perform an act in violation of the duties inherent in their position, or an act intrinsic to said position to not perform or delay action that they should have taken. Where we engage in international activity, there is a risk of offering gifts to public officials in order to obtain business benefits or promote our activity in certain countries.	<ul style="list-style-type: none"> • Anti-corruption policy. • Control over the activities in which collaborators and agents take part, especially in the international area.
Employees	Difficulties in finding a sufficient number of qualified personnel in various areas of responsibility.	<ul style="list-style-type: none"> • Cooperation with educational institutions (centres that offer vocational training) and applying new forms of recruitment in order to find the necessary talent to meet its needs. • Intensification of internal training actions, depending on the needs of each job position.

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Type of risk	Description	Management and control measures
Climate change	The need to invest in infrastructure and facilities to reduce energy consumption, since La Farga is part of the emissions trading system, an instrument which offers an economic incentive or disincentive in order to achieve an environmental benefit.	<ul style="list-style-type: none"> • Environmental management system certified according to the ISO 14001 standard in our plants. • Active policy to reduce energy consumption.
Technology and information	The protection and security of information, difficulty in integrating information, disparity of systems, reporting model and information management.	<ul style="list-style-type: none"> • Training in cybersecurity and proper use of technological tools. • Intensification in the securitization of knowledge. • Extension of contracts with confidentiality and non-competition clauses. • Implementation of policies and processes to ensure compliance with applicable regulations.
Health situation	Impact of the health crisis caused by COVID-19.	<ul style="list-style-type: none"> • Detailed monitoring of the evolution of the COVID-19 pandemic and its impact on staff. Because the company's activity is considered essential, the epidemic has not affected its productive capacity. • Containment and prevention plans.

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Participation in sector and local area associations and organizations



Oriol Guixà received the Mordica award, granted by the Wire Association International

During the 91st annual convention of the Wire Association International (WAI), held on October 26 and 27, the association awarded the Mordica Memorial Award to Oriol Guixà, president and CEO of La Farga.

Presented as a tribute to the WAI's founding president, John Mordica, this award honours and recognizes the contribution of an individual to the copper and electrical cable industry through research, development and innovation.

In his acceptance speech, Oriol Guixà expressed his satisfaction at having contributed to the transition of company that went from almost closing down in the 1980s to becoming an international benchmark. He described his work at La Farga using four words: copper, adaptation, commitment and resilience. His career has spanned many years in a company that has always been committed to talent, innovation, the long term and sustainability.

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Reinforced cybersecurity

The COVID-19 pandemic has represented a challenge not only in health and economic terms, but also in terms of an aggravated threat to the IT security of companies. The new forms of work —remote working and hybrid models (combination of onsite and teleworking)— pose a new challenge to cybersecurity strategies, since the limits of organizations have been extended to the homes of employees. This increases the risk of a breach of the security and protection policies on devices outside the perimeter of the corporate network. Organizations are now significantly exposed to attacks on information security to add to the usual risks they have always had to face up to now.

La Farga has reinforced the protection of information and business processes against malicious attacks of all kinds, increasing all the security measures of its information systems to safeguard the integrity of the information.

In 2021, we implemented additional enhancements to ensure the highest level of security across all company devices, regardless of where they are located. In 2022 the plan is to continue implementing new security measures in accordance with the systems plan established by the company.

We have also increased the existing controls and ensured strict compliance with these. We have reviewed all the protocols applied in the company's transactions with third parties (banks, customers, suppliers, etc.).

La Farga collaborates with several specialized external providers to ensure that our information systems have the appropriate security mechanisms in place. External consultants carry out annual audits to review and confirm that all the measures implemented guarantee the proper functioning of the company's information systems.



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Supply chain



Relationship with suppliers

Our purchasing policy establishes the guidelines that ensure that the relationship with our suppliers is sustainable over time and is undertaken in accordance with the values of La Farga and its Code of Ethics. This obliges our suppliers to respect and act according to international sustainability standards, including the principles of the Global Compact and the Conflict Minerals initiative. Our purchasing policy establishes selection criteria, such as competition, objectivity, professionalism, transparency and equal opportunities.

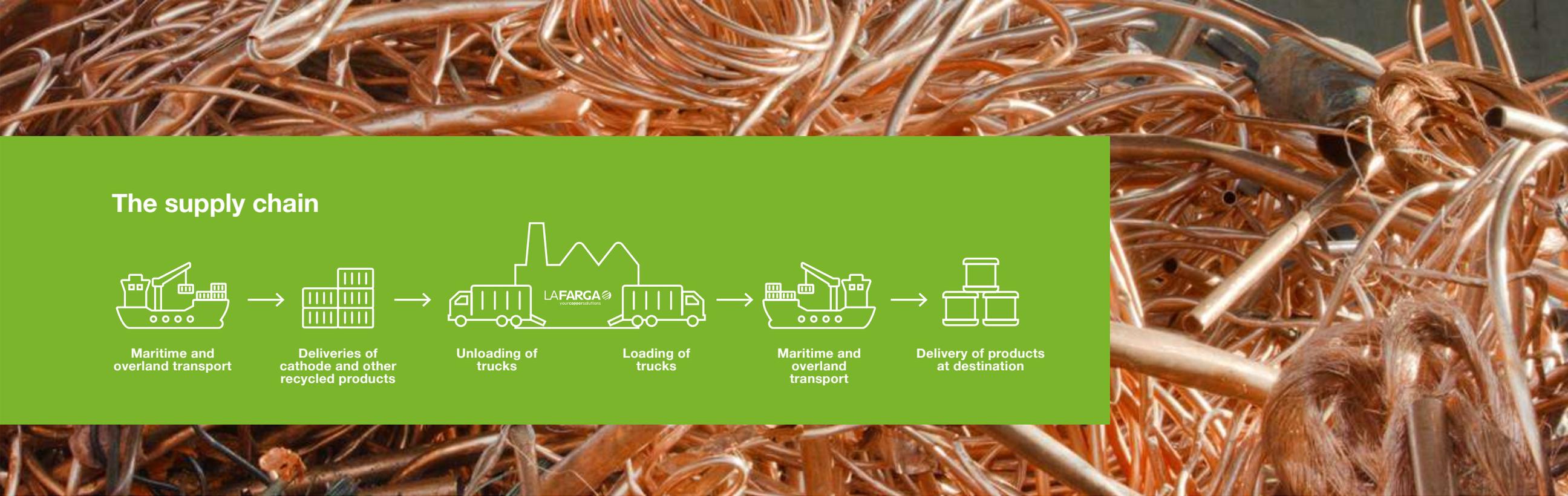
We have consolidated our relations with suppliers of copper cathodes thanks to, among other things, the response given

by the company in 2020. Regarding scrap purchases, we have activated and recovered our market diversification prior to 2020, when it was restricted due to transportation issues. We have continued to respond and fulfil our commitments to suppliers. In non-copper purchases, especially with service providers, we have agreed contracts that cover more parameters than before.

In 2021, we drew up a new purchasing contract for non-copper suppliers, which includes social aspects such as compliance with labour legislation.



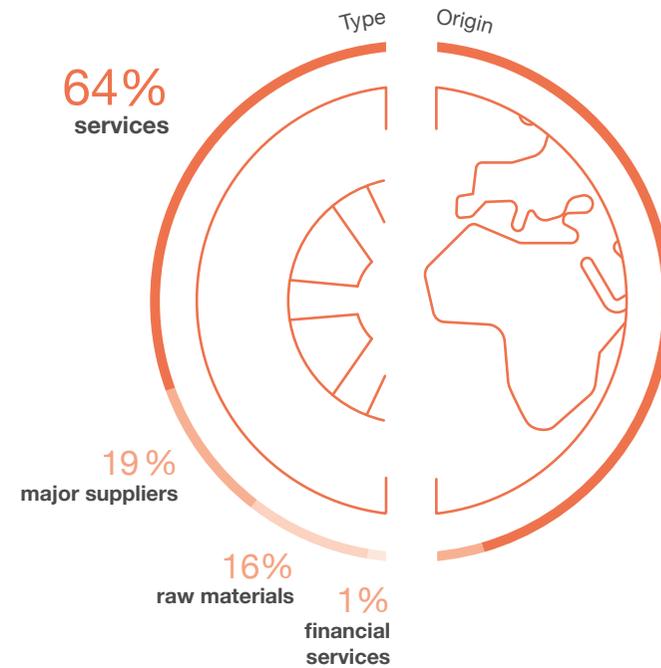
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The supply chain



Our suppliers



816
suppliers



74%
of suppliers invoice less than
€100,000

83%
local suppliers

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Traceability of raw materials

La Farga guarantees the traceability of raw materials by acquiring only those that have a certificate of origin. We adopt the necessary measures to ensure that the metals used in our industrial processes do not come from conflict zones, in accordance with the Conflict Minerals Policy that La Farga is governed by. Compliance with this policy is part of our responsible management and the creation of value in the supply chain.

In 2021, we implemented material control improvements in terms of quality and content. We also launched a project to improve the traceability of materials in the company itself, from their entry to their use. The integration of reception control and quality control data into a single system has allowed us to improve our supplier evaluation process. Better product knowledge and traceability means more efficient use of raw materials in the medium term, as well as better knowledge of materials and suppliers.



Supplier evaluation

Supplier evaluation is carried out annually in order to detect areas for improvement. There are two types of evaluations:

- Technical evaluation of suppliers that operate in our facilities, which includes aspects related to corporate responsibility and the Code of Ethics.
- Evaluation, by the sourcing department, of non-copper suppliers.

Results of the technical evaluation

Score out of 100 points



Economic performance

The distribution of the economic value we generate allows us to grow hand in hand with society and contribute to the development of our surroundings in a responsible and sustainable manner. Our income is allocated mainly to employees, suppliers and society as a whole, as well as to contributing to public spending, associated with our tax contribution.

2021 value added statement



€1,510,365,774
economic value generated

1.23%
personnel expenses

97.73%
operating costs

0.24%
financial expenses

0.26%
reserves

	2019	2020	2021
Income (€)	1,019,985,835	906,013,831	1,503,896,649
Operating costs (€)	997,004,631	878,254,481	1,476,022,785
Salaries and social security contributions (€)	17,479,240	16,849,524	18,597,553
Payments to providers of funds (€)	2,878,818	2,908,565	3,639,055
Direct payments to public administrations (€)	23,582,730	21,650,003	28,212,533
Significant financial aid received from public administrations (€)	362,498	237,344	776,623
Turnover (€)	1,011,207,902	921,075,974	1,498,869,974
Net profit (Spain) (€)	-2,896,087	1,361,095	3,887,839
Net cash flow (€)	4,348,453	8,589,958	10,895,087
Direct export (%)	44%	51%	49%
Export to the European Union (%)	31%	34%	33%
Expenses (€)	1,015,288,930	918,453,059	1,501,627,586
Total investment (€)	4,545,356	3,893,271	3,438,947
Corporation Tax (€)	1,115,393	-344,942	-1,211,294
Total assets (€)	207,098,039	208,901,545	241,770,728
Shareholder equity (€)	59,851,355	64,108,537	66,772,858
Reserves (€)	35,184,942	35,184,942	35,322,519
ROE (%)	-5%	2%	6%

Balance Sheet

Assets

	2020	2021
NON-CURRENT ASSETS	79,260,501	93,021,474
Intangible fixed assets	6,299,709	4,141,056
Tangible fixed assets	70,050,539	66,904,114
Long-term financial investments in group companies and associates	-	20,000,000
Long-term financial investments	70,530	76,569
Deferred tax assets	2,839,903	1,899,735
CURRENT ASSETS	129,641,044	148,749,256
Inventories	98,970,624	109,430,965
Trade Debtors and Other Receivables	19,594,405	31,773,690
Short-term investments in group companies and associates	300,000	-
Short-term financial investments	9,033,425	6,693,256
Short-term accruals	770,572	795,204
Cash and cash equivalents	972,018	56,139
TOTAL ASSETS	208,901,545	241,770,730

Net equity and liabilities

	2020	2021
NET EQUITY	61,624,830	65,311,905
Capital	27,562,500	27,562,500
Reserves	35,184,942	35,322,519
Profit (loss) from previous financial years	(1,361,095)	(2,013,105)
Subsidies, donations and bequests received.	412,380	552,152
NON-CURRENT LIABILITIES	69,920,980	114,658,795
Long-term debts	69,593,810	114,530,725
Deferred tax liabilities	327,170	128,070
CURRENT LIABILITIES	77,355,735	61,800,028
Short-term debts	42,077,083	20,420,427
Short-term debts with group and associated companies	800,105	1,814,280
Trade creditors and other payables	34,478,547	39,565,321
Short-term accruals	-	-
TOTAL NET EQUITY AND LIABILITIES	208,901,545	241,770,728

Profit and loss account

	2020	2021
CONTINUING OPERATIONS		
Net turnover	921,075,974	1,498,869,974
Changes in inventories of finished goods and work in progress	(16,490,191)	2,053,824
Work undertaken by the group for its assets.	576,422	715,711
Supplies	(851,256,981)	(1,436,075,427)
Other operating income	787,211	2,217,490
Personnel expenses	(16,489,524)	(18,597,553)
Other operating expenses	(26,997,500)	(39,947,358)
Amortisation of fixed assets	(7,228,863)	(7,007,248)
Allocation of subsidies for non-financial fixed assets and others	54,415	39,650
Impairment and profit/loss from disposal of fixed assets	-	3,361,712
Other profits/losses	-	2,368,956

	2020	2021
OPERATING PROFIT/LOSS		
Financial income	573,639	718,566
Financial expenses	(2,812,831)	(3,639,055)
Exchange differences	(95,734)	19,891
Impairment and profit/loss on disposal of financial instruments	-	-
FINANCIAL PROFIT/LOSS	(2,334,926)	(2,900,598)
PRE-TAX PROFIT/LOSS	1,706,037	5,099,133
Tax on profits	(344,942)	(1,211,294)
PROFIT/LOSS FOR THE FINANCIAL YEAR FROM ONGOING OPERATIONS	1,361,095	3,887,839
PROFIT (LOSS) FOR THE YEAR	1,361,095	3,887,839



10,895,087 €
net cash flow



€15,006,979
EBITDA

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Scope and coverage

In December 2018, the Spanish Official State Gazette published Act 11/2018, of 28 December 2018, amending the Code of Commerce, the consolidated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and Accounts Auditing Act 22/2015, of 20 July 2015, with regard to non-financial and diversity reporting (hereinafter, Act 11/2018), replacing Royal Decree-Act 18/2017, of 24 November 2017, transposing into Spanish law Directive 2014/95/EU, of the European Parliament and of the Council, as regards disclosure of non-financial and diversity information.

In this context, LA FARGA YOURCOPPERSOLUTIONS S.A., and its subsidiaries include the consolidated non-financial information statement in the company's 2021 sustainability report, as indicated in the table "Table of contents of the Law on the subject of non-financial information and diversity".

The key non-financial results indicators included in this consolidated non-financial reporting statement were prepared in accordance with the content covered by the corporate regulations in force, following the standards for the preparation of sustainability reports produced by Global Reporting Initiative (the GRI standards), the international reporting framework indicated in the new Article 49.6(e) of the Code of Commerce introduced by

Act 11/2018. The information included in the non-financial reporting statement, which forms part of the consolidated management report and will accompany the consolidated annual accounts corresponding to the 2021 year, is verified by Deloitte in its capacity as independent verification service provider, in accordance with the new text given to Article 49 of the Code of Commerce, by Act 11/2018.

Furthermore, the rest of the non-financial information contained in this Sustainability Report, for the financial year closed on 31 December 2021, has been prepared, in all significant aspects, in line with GRI standards, in the core option, according to the details of point 102-54 of section "GRI Table of Contents" of this report.

The annual corporate responsibility report and independent review report are available at the following link:
<https://www.lafarga.es/en/responsibility-corporate-responsibility/sustainability-report>

This corporate responsibility report covers 100 % of the turnover corresponding to the activities of LA FARGA YOURCOPPERSOLUTIONS, SA.

For any issues related to the content of this report, you can contact us at yourcoppersolutions@lafarga.es.

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

For more information about La Farga and copper, you can follow us on social media: www.lafarga.es

 [LinkedIn La Farga Group](#)

This report has been prepared in accordance with the guidelines of the GRI Sustainability Reporting Standards, according to the most demanding level of: "Degree of compliance - Comprehensive".

Committed to:

