



CREATING LINKS

SUSTAINABILITY REPORT 2008



La Farga Group
yourCoppersolutions



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LETTERS FROM THE GOVERNING BODIES

PRESIDENT OF LA FARGA GROUP'S BOARD OF DIRECTORS

You are reading the La Farga Group's social corporate responsibility report for 2008, a document that outlines our commitments to shareholders, clients, suppliers, our workforce, our environment and the community, in line with the guidelines of the Global Reporting Initiative (GRI). This is also an extraordinary report given that 2008 marked the company's bicentenary, which we have celebrated through various events. For over 150 years, the company was owned by the Lacambra family and was run by family members, with predecessors appointing their heirs. The company has always maintained its family-run environment, and its successive owners have invested their fortune, their efforts and their personal ingenuity.

Francisco Lacambra Pont was still very young when he started up this business dynasty. He set up a modest industry producing copper pans and nails in the maritime district of Barceloneta, which he expanded with an iron foundry. He combined these with metal trading, and not without a struggle against the exclusivist privileges of the corresponding guild. His business thrived and he started purchasing plots and putting up buildings in the Barceloneta district to better the facilities of his business, also becoming a supplier to the Barcelona Royal Mint.

Having accumulated enough funds, he purchased a small mill with an adjoining waterfall in La Farga d'Ordeig, a village in Les Masies de Voltregà in 1852. With the help and full dedication of his son Juan, he built a copper foundry there to roll the copper sheets that he sold in Barceloneta to coat sailing boats in the port. Although he kept his businesses in Barcelona running throughout (with the help of his son Fernando), the production in La Farga d'Ordeig gradually increased until it became the hub of his business activity. Next to the foundry, he also built a textile mill to be leased out.

Upon the death of Francisco Lacambra, his sons Fernando and Juan Lacambra Pujadas inherited his businesses, which they kept going through the partnership "Hijos de Francisco Lacambra" or "Sons of Francisco Lacambra". This second generation continued the industrial and trade activities that the lineage's founder began, and extended

the La Farga d'Ordeig facilities. When sailing began to decline, they shifted the production of thick sheets to fixed or mobile steam boilers and the furnaces of railway machinery, the rail network having spread throughout Spain by then. Fernando Lacambra purchased the textile mill that his brother and sisters José, Esperanza and Cristina had inherited, and thus reintegrated the estate to the family's core branch of business.

The third generation was represented by José Lacambra Saborit, the son of Fernando Lacambra Pujadas and who, upon marrying his first cousin Esperanza Lacambra Rosell, the daughter of his uncle Juan, managed to pull together the family's entire industrial and property assets. José Lacambra Saborit, the director in this third generation, converted the still relatively modest foundry of La Farga d'Ordeig into a modern and important metallurgic industry. He expanded the facilities, imported new machinery, increased the hydraulic power capacity with more powerful engines, and, with a clear vision of the future, he started to manufacture copper wires as electrical conductors. He was also a key founder of the Fomento del Trabajo Nacional (National Work Initiative) and gave an important presentation on "The copper industry in Spain", in the First National Congress of Metallurgic Industries held in Barcelona in April, 1913. His business drive and intelligent management turned the company into the foundation of what has finally become La Farga Lacambra, SAU (a single shareholder corporation).

Upon his death in January 1921, his only son Francisco Lacambra Lacambra inherited his father's and his mother Esperanza's estate, and as the sole owner of the company he continued to run the company under his own name. The representative of the fourth generation of the family's business married Teresa Estany in 1916, with whom he had five children. He continued in the task of expanding and modernising the company that his father had started, and organised the company into three sections: the foundry, the rolling facilities and the wire drawing and finishing departments. All this occupied the land at La Farga d'Ordeig and the former textile mill buildings that had been purchased in stages, and that were now fully devoted to the metallurgic industry. Francisco Lacambra Lacambra was also renowned for his political and financial activities. He was a member of Barcelona City Council and he was on the board of directors of the Bank of Catalonia and the Local

Credit Bank. He purchased and expanded an electrical conductor factory in Barcelona and had involvement in other companies. King Alfonso XIII, who visited the factory in Les Masies de Voltregà, awarded him the Medal for Merit in Work and granted him the title of Count of Lacambra. He died young, in November 1933.

The fifth generation was comprised of his sons and daughters Esperanza, Francisco, María Teresa, María Josefa and María Luisa, who were all minors at the time of their father's death. However, he had appointed his wife Teresa Estany as the usufructuary of all his assets and she in turn appointed her brother Ramón Estany Gimena to run the company. But his management was soon interrupted in 1936 by the Spanish Civil War, which forced the Lacambra family to flee from Catalonia. The industry was collectivised and governed by workers' committees until it was seized by the Republican government in 1937, who requisitioned it for military ends.

In 1939, the Lacambra family was able to return to Barcelona and they took over the company again. As the inheritance had not been divided up, it continued operating under the company name "Francisco Lacambra Lacambra". The post-war period was not easy: there was a lack of raw materials, power failures and problems with the fuel supply, and official intervention in the market, etc. All this did not help industrial renewal, which would not be resumed until the 50s to the 60s, including the construction of a hydroelectric plant next to the river Ter and building a new and important housing estate for workers in Vinyoles, at the foot of the Vic-Ripoll road.

The period from 1959-1975 marked the greatest era of development and profit for the "Francisco Lacambra Lacambra" company, which at the time was run by the sole male heir, Francisco Lacambra Estany, an industrial engineer who increased the production of wire rods for Spain's leading electrical conductor manufacturers. After 1976, the situation gradually worsened due to a loss of market share, an excessive increase in debts without a correlative productive investment, and a price rise in direct costs. Furthermore, Francisco Lacambra Estany was suffering from a serious illness and left the company's management in 1980, forcing Teresa Estany and her daughter María Josefa (who, together with her brother Fernando, had become the firm's sole owners) to order a report

from the law firm Castejón y Asociados on the company's financial situation and the possible legal-commercial solutions.

After the necessary meetings with managers, clients and creditors, it was ascertained that the company was technically bankrupt and that they had also lost the trust of their clients and suppliers. Competitors in the trade who may have been interested in taking over the company were contacted, but the result of top-level negotiations was negative. Nevertheless, it was concluded that there really was a niche in the market for Lacambra, as long as it could overcome the logical distrust of its major clients, who were also owed large sums of money. In order to achieve this target, La Farga Lacambra, SA was established in 1980 as an independent company that would take over the management of "Francisco Lacambra Lacambra". The Board of Directors responsible for this mission was chaired by Agustín Castejón Roy, with Alberto Tarifa Punyed as secretary and Vicente Fisas Comella and José Oriol Guixà Arderiu as board members. From the very first day, the first of these two members took on the legal-commercial strategic management of the company, making the process viable, and the second took charge of the industrial restructuring that would ensure the company's continuity. In this way, and by means of specific agreements with its major clients, the board was able to keep the industry running, concentrating on processing, with clients providing their own raw materials in order to reduce credit per contributed tonnage.

After some long and difficult procedures, the Restructuring Plan gained ministerial approval in 1984, which involved reducing the workforce, being granted a bank guarantee to fund new investments and a subsidy to scrap obsolete machinery. All these grants, in addition to the deferment or instalment plan of debts incurred with the Public Administration, were conditioned to La Farga Lacambra, SA purchasing the industrial assets of "Francisco Lacambra Lacambra" and its corresponding debts. After reaching an agreement with the Lacambra family (Teresa Estany and María Josefa Lacambra), a deed was made to transfer the property in January 1985. At that moment, the long history of the founding family came to an end, making way for a new professional team that took on the colossal task of getting the company, founded in 1808 by Francisco Lacambra Pont, back on its feet.

These paragraphs serve to celebrate the company's bicentenary, paying tribute to the five generations of the Lacambra family who

ran it and expanded it for over 150 years. And also because when the situation surpassed their financial and physical capabilities, they knew how to give way to people who were willing to take on the risks of a complete overhaul, allowing an almost 200 year-old, but obsolete industry to start afresh and become what it is today - the most important, modern company in its sector in Spain, and an international reference point in terms of its technology, now used by copper processing industries on four continents.

It is also a tribute to all the men and women who, through their work, have made these 200 years of business possible. The entire restructuring of La Farga Lacambra, SA was carried out under the management and responsibility of the Board of Directors set up in 1980, chaired by Agustín Castejón Roy, with the sole addition of Amadeo Fisas Armengol. The general management of the company was entrusted to José Oriol Guixà Arderiu in 1985, who formally became the managing and technical director and who had previously worked as manager in the former company. In December 2001, when its role had been accomplished, the founding board of La Farga Lacambra, SA was relieved from its duties and a new board was established for the expansion phase under my presidency, with José Oriol Guixà Arderiu as vice-president and members Pedro Rifà Ferrer and Fernando Espiell Álvarez together with Amadeo Fisas Armengol. In December 2006, the board was reduced to three members when the non-family board members passed to the board of the parent company Corporación Metalúrgica Catalana, SL, which owns all of La Farga Lacambra's share capital and all the other companies that make up the La Farga Group.

As the years passed, some of the partners have left the company, creating a shift in the concentration of capital. Which is how a new business family, comprising the founders Vicente Fisas and José Oriol Guixà and their spouses and children, have turned the new La Farga Lacambra, SA into a family company. By means of a protocol that has been endorsed by all its partners, it guarantees that the company will continue to be family-run, through future generations who have to accept this commitment in order to become partners of Corporación Metalúrgica Catalana, SL, the head of the Group.

With this spirit of respecting the past, of constant renewal in the present and the legitimate ambition of sustainable growth in the future, we present you with the La Farga Group report, showing you once again that we are committed to the integration

of financial profitability and social and environmental measures in our day-to-day processes, in our projects and in our way of understanding the company and life in general.

Vicente Fisas Comella
President

CHIEF EXECUTIVE OF LA FARGA GROUP

Over recent years, social corporate responsibility has been an emblem of La Farga Group (LFG). It is an industrial holding group that has consolidated itself in the world of copper thanks to its policy of reinvestment, growth, research, innovation, talent scouting and constant excellence. This report aims to provide information about the company's key actions in terms of the eight points of social responsibility over the course of 2008. The report has been prepared following the standards laid out in the Global Reporting Initiative guide, complying with our firm belief that transparency and open dialogue with all our stakeholders forms part of our being.

For La Farga Group, 2008 has been a year of consolidating the Group, with the launch of two new companies: La Farga Rod, SLU, a manufacturing company of electrolytic copper rods and La Farga Intec, SLU, a company that develops expansion projects and covers technology sales. La Farga Tub, SL, another of the Group's companies, has gained a leading position in the market and lastly, La Farga Lacambra, SAU, has celebrated 200 years of history with great success.

In this sense, La Farga Group has managed to offer its clients all "the solutions in copper", covering all needs, whether they are product, quality, or service-related. Our goal is to permanently improve our client relationships, provide professional and personal development for our staff, offer business excellence to our shareholders and ensure improved social and economic progress in our environment. All this is possible by always applying the highest ethical principles and principles of a good corporate governance.

In 2008, La Farga Group has ended the year with a global turnover of 671 million Euros, directly employing 270 people and using our technology in over 21 plants over the globe. These figures help us to look at a future of growth and progress.

Through the Fundació La Farga foundation, we have opened the Copper Museum, a cul-

tural centre that provides information about copper as a driving force throughout history. We have given over 15 grants to students and we have joined the Global Compact.

As the Chief Executive, I feel confident in taking on new challenges thanks to our talented team of professionals who will help us to consolidate our client portfolio, work in collaboration with our suppliers, research and develop new ideas with development centres and universities, and establish firm relationships with financial institutions and many others who have allowed us to face the future with enthusiasm, expansive strength and the implementation of new ideas.

Oriol Guixà Arderiu
Chief Executive

GENERAL DIRECTOR OF LA FARGA LACAMBRA, SAU

In 2008, La Farga Lacambra, SAU celebrated its 200th anniversary. It was a very special year for us and one that we feel very proud of. Many factors have played a role in reaching this goal, but I would like to highlight one in particular: innovation.

Throughout 2008, the company has focused its efforts on improving pre-existing mature products (rods and billets) and in obtaining new alloys with high mechanical and electrical performance, to be used in market niches with high technological demands. This constant technological innovation has been possible thanks to the interaction between three key parties: our R&D&i department, our production staff and universities and technology centres.

Thanks to our company's proprietary technology, the new products that we design can be recycled in their entirety, thus upholding the company's commitment to environmental sustainability.

To conclude, I feel that it is this same innovation that has enabled us to reach our 200th anniversary, which will get us through the present economic crisis. The creation of new, high-performance material constitutes the cornerstone of our future growth.

Miquel Garcia Zamora
General director of La Farga Lacambra

GENERAL DIRECTOR OF LA FARGA TUB, SL

La Farga Tub, like the rest of the companies in the Group, carries out different activities in its different fields of action such as client satisfaction, productivity, R&D&i, etc. However, given the business need demanded by the market niche in which it is positioned, its key activity is client satisfaction.

As such, La Farga Tub understands that the quality in customer service and customer care lies in two kinds of skills: skills related to the communication that we establish through our customer service and that are set within the culture of the company, and those related to our daily work, encompassed within our technical skills.

By applying the first, we comply with our customers' expectations and by applying the second, we comply with our customers' needs, both in terms of the product and the service. We can then summarise that all our clients have service needs that we cover by supplying them with a mixture of product requested in the agreed period, and that they have customer service needs that we also cover with personalised communication, providing support and advice through all the decision-making steps of the service. This allows us to ensure honest and long-lasting relationships.

By developing this process, we have been able to consolidate our client portfolio and achieve client loyalty, and in doing so, we have ensured substantial growth in our market share, both in Spain and internationally, as well as the recognition of our brand and the prestige of our company in this market.

Ramon Bernal Pizarro
General Director of La Farga Tub

GENERAL DIRECTOR OF LA FARGA ROD, SLU

La Farga Rod began its production activity last year on the 2 January, a year after the decision was made to invest. The start-up of a new industrial activity designed with environmentally-friendly criteria is always good news, but in this case it is probably that bit better.

Investing in an industrial activity at a time when industrial investment in Catalonia has been reduced for the third year running, and when activity is growing less than inflation (or in other words decreasing), it strengthens

the region's economy by diversifying it. Amongst all the economic sectors, the industrial sector probably provides the greatest value to its social environmental, as together with economic progress, it provides the chance to develop technological knowledge and management. In turn, it creates work opportunities for people with all levels of qualification and training.

It is also good news as it creates new jobs, both direct and indirect, in a region where unemployment levels have increased by 63% in the same year.

This is La Farga Rod's main contribution in 2008: having started up its activity, committing to highly productive and internationally innovative technologies, gearing itself towards the production of high-quality products and committing to continuance both in time and in the area.

Carles Camprubí Anglada
General Director of La Farga Rod

DIRECTOR OF LA FARGA INTEC, SLU

La Farga Intec, SLU was born from the need to provide the Group with a legal entity to sell technology, and for research, development, innovation and expansion; activities that La Farga Lacambra, SAU have been undertaking internally since the early 80s.

Over recent years, and through a collaboration with Continuus Properzi Spa, we have sold 21 plants all over the world with our processing and refining technology. The sale of these plants has grown exponentially over recent years due to society's growing awareness of the importance of recycling copper.

Both La Farga Group's constant interest in researching new opportunities and its expansion policy were in need of a business framework, thus resulting in the creation of La Farga Intec, SLU.

The mission of La Farga Intec, SLU is to look at the Group's fields of activity and analyse ways to innovate, new opportunities in the market and business, the application of cutting-edge technology and the creation of new products with the aim of providing the rest of the companies in the Group with ways of expanding.

Oriol Guixà Arderiu
Director of La Farga Intec

1 SCOPE

2008

This sustainability report is the third annual document published by La Farga Group, corresponding to the period between 1 January and 31 December 2008, and providing information about the Group's commitments to social responsibility.

LA FARGA GROUP

This report covers the activities of La Farga Group as a holding group made up of La Farga Lacambra, SAU (LFL), La Farga Tub, SL (LFT), La Farga Rod, SLU (LFR), La Farga Intec, SLU (LFI) and the Hidroeléctrica del Voltregà, SLU, as well as the activities of the Fundació La Farga foundation.

Whenever there are limitations in the scope of the information provided, they will be reflected in the corresponding section of the report.

INTERNATIONAL STANDARDS

As in previous years, this report has been prepared in accordance with the international principles laid out in the GRI G3 Sustainability Reporting Guidelines of the Global Reporting Initiative, and its supplement regarding the mining and metal sector. Similarly, the recommendations and principles of the Global Compact have also been taken into account.

The aim of this report is to provide information about both La Farga Group's strategy in terms of social responsibility and the group's evolution throughout 2008, through its economic, environmental and social performance.

THE PROCESS OF CREATING THE REPORT

The contents of the report have been defined considering the principles of materiality, stakeholder inclusiveness, sustainability context and completeness, as established in the G3.

To offer a broad vision of sustainability within La Farga Group's activity, we have taken into account our contribution, both in the present and the past, to the improvement or the deterioration of social, environmental and economic conditions arising through the Group's activities.

2 KEY DATA

LA FARGA LACAMBRA IS CELEBRATING **200 YEARS** IN BUSINESS.

FUNDACIÓ LA FARGA FOUNDATION IS OPENING THE FIRST **COPPER MUSEUM** IN SPAIN.

THE CORPORATE ORGANISATION, THE SALE OF TECHNOLOGY AND THE EXPANSION OF LA FARGA GROUP HAS BEEN CONSOLIDATED WITH THE CREATION OF LA **FARGA INTEC**.

LA FARGA TUB IS LEADER IN SPAIN'S COPPER MARKET.

LA FARGA LACAMBRA MOVED FROM THE **BARCELONETA** DISTRICT TO **LES MASIES DE VOLTREGÀ** IN 1852 TO MAKE USE OF HYDRAULIC ENERGY FROM THE RIVER TER. THE HIDROELÉCTRICA DEL VOLTREGÀ PLANT DEVELOPED THIS ORIGINAL IDEA IN THE BUSINESS FIELD.

LA FARGA ROD STARTED OPERATING IN JANUARY 2008 WITH A CLEAR VOCATION IN CUSTOMER SERVICE.

PROFILE

LFR's annual PRODUCTIVITY: 7,500 T/EMPLOYEE.
HIGH PERFORMANCE alloys by LFL: COPPER is 94% to 99.9% PURE.
LFL's TECHNOLOGY throughout the world: 21 PLANTS in 12 COUNTRIES.

SUPPLIERS

Percentage of LOCAL SUPPLIERS: 19%.

COMMUNITY

Investment in GRANTS and financial help for studies, granted to the community and staff: 69,842 €.
Number of visits to the COPPER MUSEUM: 4,074 PEOPLE.

ENVIRONMENT

Consumption of ELECTRIC POWER in relation to tonnes of copper produced: 325 kWh.
Consumption of THERMAL ENERGY in relation to tonnes of copper produced: 1136 kWh.
Consumption of WATER in relation to tonnes of copper produced: 1.39 m³.
Amount of WASTE created in relation to tonnes of copper produced: 5.41 kg.

HUMAN RESOURCES

Average WORKFORCE: 261 EMPLOYEES.
Age groups with the greatest representation in the workforce: 89 MEN aged between 36 and 45 years old and 13 WOMEN aged between 26 and 35 years old.

Origin of the workforce: 86% FROM THE REGION (225 employees).
Percentage of the workforce with an INDEFINITE CONTRACT: 85%.
Percentage of the workforce employed FULL-TIME: 99%.
Average SENIORITY in the company: 8 YEARS.
Percentage of WOMEN in the workforce: 7%.

CLIENTS

NEW LFL clients: 37%.
NEW LFT clients: 26%.
SATISFACTION rate of LFT clients: 7.98.
SATISFACTION rate of LFR clients: 8.01.
SATISFACTION rate of LFL clients: 8.05.

QUALITY

IMPROVEMENT PLANS: 6 projects.
QUALITY CERTIFICATES gained for products: 6.

RESEARCH AND IMPROVEMENT

INVESTMENT in R&D&I: 5% of net PROFITS.

ECONOMY

SHAREHOLDERS' EQUITY: 52,779,392 €.
DEBT: 50,535,056 €.
INVESTMENT for the year: 22,933,031 €.
TURNOVER: 670,823,475 €.
RESULT: 5,866,083 €.
CASH FLOW: 13,985,041 €.
TONNES produced: 152,704.

3 PROFILE

LA FARGA GROUP IS A FAMILY-RUN COMPANY WITH A CLEAR VISION: TO INNOVATE CONSTANTLY AND INVEST TO IMPROVE.

3.1 LA FARGA GROUP

La Farga Group holding (Corporación Metalúrgica Catalana, SL) was founded as a family-run company whose purpose is to manage and lend advisory services to the rest of the companies in the Group and to manage its shareholding.

Companies that comprise La Farga Group:

LA FARGA GROUP (LFG)

SOCIAL PERSPECTIVE

FUNDACIÓ LA FARGA FOUNDATION
COPPER MUSEUM

TECHNOLOGICAL AND EXPANSION PERSPECTIVE

LA FARGA INTEC, SL (LFI)

INDUSTRIAL PERSPECTIVE

LA FARGA LACAMBRA, SAU (LFL)
LA FARGA TUB, SL (LFT)
LA FARGA ROD, SLU (LFR)
HIDROELÉCTRICA DEL VOLTREGÀ, SLU

3.1.1 LA FARGA LACAMBRA

La Farga Lacambra (LFL) manufactures and sells semi-finished copper, employing recycled materials and cathode copper. Its recycling technology is based on a system of recovering materials through thermal refining and not the traditional hydrometallurgical process, in a way that allows copper to be recovered in a closed and environmentally-friendly cycle with the least environmental impact.

At LFL we offer a range of products (integrated solutions) that cover all markets with the aim of satisfying the needs of our existing and potential clients. In this sense, WE ARE COMMITTED TO DIVERSIFICATION and SPECIALISATION to produce products with greater ADDED VALUE for our clients and we invest constantly in RESEARCH, DEVELOPMENT AND INNOVATION (R&D&I).

Excellence in recycling and high-performance alloys

In terms of the industrial process, excellence lies in the methods and technology used

in the recycling process, which allows 94% pure copper to be manufactured as 99.9% pure semi-finished copper. The method and technology applied in LFL's production process also allows high-performance alloys to be created.

Products

- Rods
- Billets
- Copper wire drawing (wires and threads)

3.1.2 LA FARGA TUB

La Farga Tub's main activity (LFT) is the manufacture, sale and distribution of copper pipes for the distribution of materials in the sanitation and heating, air conditioning and refrigeration markets, and in the industrial market.

At LFT, we have gone from having a concentrated client portfolio and a small amount of exportation to almost DOUBLING OUR OPERATIONS by branching out and OPENING UP TO NEW BUYERS. We have consolidated our position as national market LEADER in sanitary piping. Our TARGET for 2009 is to EXPAND IN INTERNATIONAL MARKETS, exporting over 15%.

Excellence in flexibility and service

In terms of the industrial process, excellence lies in a highly flexible structure, which is synonymous with efficiency.

Products

- Pipes for water, gas, heating, air conditioning and medicinal gases
- Pipes for industrial use

3.1.3 LA FARGA ROD

La Farga Rod started up its business of manufacturing and selling electrolytic copper rods in January 2008. The combination of latest-generation technology and La Farga Group's vast experience makes it possible to produce high performance rods, guaranteeing maximum quality and productivity levels for our clients.

Since the beginning of our operations, our

main objective is the STANDARDISATION OF QUALITY and CONSOLIDATION IN THE MARKET.

Excellence in production and quality

In terms of the industrial process, excellence lies in the significant technological component and product quality.

With just 24 PEOPLE on our workforce, the company has a production capacity of 180,000 TONNES OF electrolytic copper RODS PER YEAR.

Products

- Electrolytic rods

3.1.4 LA FARGA INTEC

La Farga Intec was born from the need to channel global research, development and innovation projects (R&D&I) for La Farga Group. Since LFL created the world's first copper rod manufacturing plant in 1986, using recycled copper with a continuous casting process, we have been able to create several patents for our processes and our product.

The sale of internationally-renowned technology created to manufacture copper rods has been a phenomenon in terms of expansion and has led us to have access to plants using our process all over the world.

3.2 SCOPE OF OPERATION AND MARKETS

La Farga Group's international scope of operation is not only based on the development of technology, but also in the sale of products in the following markets:

Industrial markets (semi-finished product)

- Wire industry (electric, telecommunications, etc)
- Metal packaging industry
- Copper accessories industry
- Railway industry
- Enamelled wire and copper bar industry

Distribution markets (finished product)

- Plumbing and heating wholesalers
- Refrigeration specialists
- Electrical equipment wholesalers

Technology market

- Sale of know-how (technological knowledge used in LFG products) to companies outside our competitive area

In 1986, an agreement was signed between LFL and Continuous Properzi which brought together the Catalan group’s technological knowledge and the Italian company’s production machinery to make copper rods from 100% RECYCLED MATERIAL. During these 20 YEARS OF COLLABORATION, the two companies have equipped 21 PLANTS with their technology in countries ALL OVER THE WORLD, such as Italy, Mexico, Russia, Saudi Arabia, India, South Korea, Iran, the United States, Cuba and China.

Production plants where technology designed by LFL and promoted by La Farga Intec has been sold:

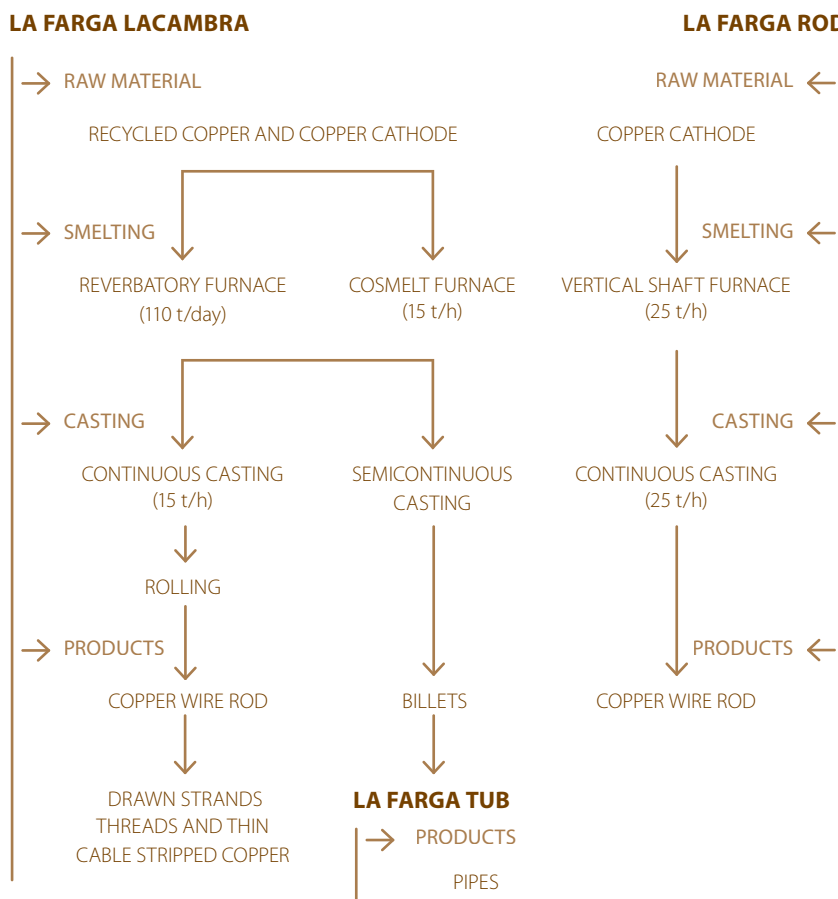
- Eleka. CUBA
- Industrias Unidas, SA (IUSA). USA
- Cupro San Luis, SA. MEXICO
- Conductores Eléctricos Romahe, SA. MEXICO
- Iusa, SA de CV. MEXICO
- La Farga Lacambra, SAU. SPAIN
- Cavirinvest, SPA. ITALY
- Oisc Azotmsm Nizhtegorodskaya Mednaya, CO. Gal-icat, Ltd. UKRAINE
- Jeddah Cable Company, Ltd. SAUDI ARABIA
- Sterlite Industries, Ltd. INDIA
- Koomrang Rod Copper Co. IRAN
- Kashan Copper World Co. IRAN
- Jiangxi (JXTC). CHINA
- Temax (TPCO). CHINA
- Yeonhab Electric Cable CO, Ltd. SOUTH KOREA
- Kukje Electric Wire CO, Ltd. SOUTH KOREA
- Sun Jin Metals CO, Ltd. SOUTH KOREA
- Zao Camenskaya Katanka. RUSSIA
- Kamkat. RUSSIA
- Russkat, Ltd. RUSSIA
- Nalkat. RUSSIA
- Esnard Group. AZERBAIJAN

3.3 PRODUCTION PROCESSES

La Farga Group (LFG) centres its productive processes on the use of recycled copper as its raw material. Secondary copper is taken to the furnaces to be smelted and refined through fire-refining processes.

In 2008, LFG has produced 210.263 tonnes of COPPER.

Diagram of LFG’s production process:



3.3.1 COPPER

Copper (Cu) is the third most-consumed metal in the world after iron and aluminium due to its physical properties, which make it suitable for industrial use in many applications.

Properties of copper:

Cu

- Easy to machine.
- It can be recycled an indefinite number of times without losing quality and without losing practically any of its original quantity. 34% of copper used in the world is recyclable. 41% of copper used in Europe is recycled
- It is resistant to corrosion and rusting.
- After silver, it is the element with the best electrical and thermal conductivity.
- Very thin, fine sheets can be produced thanks to its ductility and malleability.

3.4 LA FARGA LACAMBRA CELEBRATES ITS BICENTENARY

In 2008, La Farga Lacambra has celebrated its 200th anniversary, meaning that it is the first Catalan industrial company to reach the two-century mark. During 2008, various events have been carried out to raise awareness of both the anniversary and the Group’s activity.

3.4.1 PRESS CONFERENCE

A press conference was held on 29 February 2008 in Casa Llotja de Mar, the Barcelona Chamber of Commerce, presented by Mr. Miquel Valls (Chair of the Barcelona Chamber of Commerce), and attended by representatives of the Spanish press, in which the Mr. Valls related all the events and actions of the bicentenary.

3.4.2 OFFICIAL OPENING OF THE FUNDACIÓ LA FARGA FOUNDATION COPPER MUSEUM

In April, we opened the first Copper Museum in Spain, involving an investment of 3.5 million Euros. This museum, whose content and layout design was created by the University of Vic, aims to provide information about the company's history and about copper and its applications throughout history in an attractive and pleasant way. It is located in an old tower that dates back to the early 20th century and stands next to the La Farga Lacambra's industrial facilities. The building was restored to adapt it to the requirements of the museum space. As an addition to the museum visits, we also opened a walkway that allows visitors to walk around the facilities and observe La Farga Group's production process.

3.4.3 TECHNOLOGICAL SYMPOSIUM TO CELEBRATE THE 20TH ANNIVERSARY OF THE JOINT VENTURE BETWEEN LA FARGA LACAMBRA AND CONTINUUS PROPERZI

In this symposium, a meeting was held between several companies in the copper metallurgical sector in which technological aspects were dealt with such as major innovations in the treatment and recycling of copper and the future trading price of this metal.

3.4.4 PUBLICATION OF BOOKS

La Farga Lacambra. Solucions en coure des de 1808.

Historians Emili Bayón and Rosa Serra are the authors of this book, which relates the centuries that La Farga Group has been in operation and draws from the main source of Jordi Nadal and Pere Pasqual's studies on the industrial process in Catalonia.

El coure. Volum I: Producció i consum a l'era industrial.

El coure. Volum II: La Farga Lacambra (1808-2007): un estudi socioeconòmic.

Written by Jordi Nadal and Pere Pasqual, these two volumes firstly present the characteristics and evolution of production and consumption in the industrial era worldwide, in Spain and in Catalonia; and they secondly show the socioeconomic study that analyses the evolution of La Farga Lacambra from 1808 until 2007.

3.4.5 PRESENTATION OF THE BOOK ENTITLED EL COURE

The presentation of the book entitled El Coure took place on 14 May, in Casa Llotja de Mar, the Barcelona Chamber of Commerce. Both volumes were written by Jordi Nadal and Pere Pasqual, and the book was presented by Jordi Pujol.

3.4.6 BICENTENARY BLACK-TIE DINNER

The official celebration of the Group's bicentenary took place on the 5 June in Les Masies de Voltregà, with an official visit to the LFG facilities and a black-tie dinner with the Prince and Princess of Asturias and Girona.

3.4.7 OPEN DAY

On 21 September, La Farga Group organised an open day for employees, suppliers and everyone in the region, which concluded with a group lunch.

3.4.8 MEETING FOR FAMILY-RUN BUSINESSES AND ROUND TABLE WITH BICENTENNIAL COMPANIES

As part of the events organised for the bicentenary, Joan Roure from IESE coordinated a round table with family-run businesses to share experiences and to commemorate the tenth anniversary of the Associació Catalana de l'Empresa Familiar (Catalan Association of Family-Run Businesses).

3.5 INVOLVEMENT IN THE SECTOR AND LOCAL ENVIRONMENT

La Farga Group (LFG) holds relationships with local, business, social and sectoral agents, whether in collaboration, participation or support.

LA FARGA GROUP

IS ASSOCIATED WITH

CENTRO ESPAÑOL DE INFORMACIÓN DEL COBRE (CEDIC)

Professional association that incorporates nearly all the basic copper industry companies in Spain (foundries-refineries and semi-processors for copper and its alloys).

EUROPEAN COPPER INSTITUTE (ECI)

Association promoted by the International Copper Association, Ltd. (ICA) and the European industry of copper manufacturers. Its mission is to expand and support secondary processing of copper in European markets.

UNIÓN NACIONAL DE INDUSTRIAS DEL COBRE - UNICOBRE

Spanish association that encompasses copper companies.

ASSOCIACIÓ CATALANA DE L'EMPRESA FAMILIAR (ASCEF)

Institution founded by a group of Catalan businesspeople to face the challenges of family-run businesses.

CONFEDERACIÓN ESPAÑOLA DE ORGANIZACIONES EMPRESARIALES DEL METAL - CONFEMETAL

Employer's organisation for the metal sector in Spain made up of associations that represent the regional sector and national associations that represent different branches of the metal sector (regional and sectoral associations).

BUREAU OF INTERNATIONAL RECYCLING (BIR)

International trade federation that represents the world of the recycling industry, particularly iron and metal, paper and textiles. Plastics, cork and tyres are also studied and traded by some BIR members.

AENOR

CTN-131 Standardisation Technical Committee.

Committee to create national standards in the copper and copper alloys sector.

SINCE 1993

CTC-004 Certification Technical Committee Committee to control the certification process of copper pipes in Spain, in line with national standards that are applicable in each case.

SPANISH ASSOCIATION OF MANUFACTURERS AND EXPORTERS OF EQUIPMENT AND SERVICES FOR THE RAILWAY INDUSTRY (MAFEX)

Non-profit association, whose main goal is to serve the Spanish railway sector by helping the sector's companies through promotional activities abroad, and by defending the general interests of its associated companies.

BARCELONA CHAMBER OF COMMERCE

Advisory body that collaborates with the public administration bodies and is a legal entity that is independent both in terms of actions and finance. It represents, promotes and defends the general interests of commerce, industry and shipping, and has public administration competences and duties.

AUSA FUTUR

A company founded with the aim of improving and boosting technological and industrial development in Osona.

IS AN ACTIVE MEMBER OF

THE ROD COMMITTEE AND THE TUBE COMMITTEE, ORGANISED BY THE INTERNATIONAL WROUGHT COPPER COUNCIL (IWCC)

A committee that meets periodically to analyse the evolution of the copper rod market.

FORMS PART OF THE BOARD OF

CENTRE DE FORMACIÓ EN TECNOLOGIES DE MANLLEU (CEFOTEM)

The Delaris-Sanglas Foundation of the Manlleu Technology Training Centre (CEFOTEM) has the aim of promoting professional training in the Osona region and promoting training and refresher courses for the employed, so that they attain the cultural and professional levels that guarantee stable employment.

IT CHAIRS

ASOCIACIÓN EMPRESARIAL INNOVADORA EN TECNOLOGÍAS MUY AVANZADAS DE LA PRODUCCIÓN (AEI-TECMA P)

Information campaign about the use and

benefits of copper, with the aim of providing information on the most relevant aspects of production, installation and characteristics of pipes and copper accessories throughout Europe.

COLLABORATES WITH

EUROPEAN COPPER PLUMBING PROMOTION CAMPAIGN (ECPPC) POLYTECHNIC UNIVERSITY OF MADRID UNIVERSITY OF VIC UNIVERSITY OF BARCELONA

*CTC-004 AENOR Certification Technical Committee

3.6 PRIZES AND AWARDS

Award for recognition of 200 years' work

An award that recognises LFL's 200-year history, granted during the Chamber Day in Casa Llotja de Mar, the headquarters of Barcelona Chamber of Commerce on 14 October.

Metallurgic Company Award

LFG received the metallurgic company award, granted by the Unión Patronal Metalúrgica (Metallurgic Employers' Union), in the first Metal Gala on 9 October, that welcomed 800 guests from the sector in the Sant Cugat theatre.

4 GOVERNANCE STRUCTURE

LA FARGA GROUP IS SUBJECT TO A FAMILY-RUN PROTOCOL AS AGREED BY THE GENERAL BOARD OF SHAREHOLDERS IN 2001, GUARANTEEING THE PROFESSIONALISED MANAGEMENT AND THE SUCCESSION OF THE COMPANY.

At La Farga Group (LFG), we manage our activity by applying the rules of good corporate governance in terms of transparency, information quality and the balance of powers between the family that owns the company and the governance bodies with a board of directors and two external board members.

There is a clear separation of duties within the Group

- Chair of the Board of Directors
- Chief Executive
- General director of La Farga Lacambra (LFL)
- General director of La Farga Tub (LFT)
- General director of La Farga Rod (LFR)
- Director of La Farga Intec

Governance bodies

General Board of Shareholders, boards of directors and general directors. 16.7% of the members of the LFG Board of Directors ARE WOMEN.

Satisfaction level of shareholders

In order to find out how satisfied LFG shareholders are, we carried out a survey to collect their opinions and suggestions. The SCORE achieved in 2008 was 6.83 from a scale of 0 to 10.

Satisfaction level of the Board of Directors

A survey was also carried out to ascertain the Board of Director's level of satisfaction. The SCORE achieved in 2008 was 8.20 from a scale of 0 to 10.

4.1. ORGANISATION CHART

FAMILY BOARD

Composition: Adelaida Fisas, Amadeu Fisas, Anna Fisas, Cristina Fisas, Eva Fisas, Ferran Fisas, Imma Fisas, Xavier Fisas, Marta Fisas, Rosa Fisas, Vicenç Fisas, Papik Fisas and Oriol Guixà

Chair: Mara Rosa Armengol

Secretary: Isa Fisas

External board member: Ferran Sánchez

Chair and secretary of the Junior Board:

Pol Pérez and Judith Carreté

Duties: acting as a link between the company and the business family without having powers of decision but acting as an advisory body. Taking care of and ensuring the correct application of the family protocol principles and regulations.

FUNDACIÓ LA FARGA FOUNDATION

Board

Founding members: Vicenç Fisas and Oriol Guixà

Board members: Adelaida Fisas, Eva Fisas and Xavier Fisas

Composition

Chair: Vicenç Fisas

Secretary: Adelaida Fisas

Member: Oriol Guixà, Eva Fisas and Xavier Fisas

Duties: represent the Foundation in all kinds of events and agreements, as well as scheduling activities and allocating funds.

LA FARGA GROUP

GENERAL BOARD OF SHAREHOLDERS

Composition: Mara Rosa Armengol, Adelaida Fisas, Amadeu Fisas, Anna Fisas, Cristina Fisas, Eva Fisas, Ferran Fisas, Imma Fisas, Isa Fisas, Xavier Fisas, Maria Rosa Fisas, Marta Fisas, Papik Fisas, Vicenç Fisas, Anna Guixà, Carles Guixà, Edgar Guixà, Eva Guixà, Inka Guixà and Oriol Guixà

BOARD OF DIRECTORS

Chair: Vicenç Fisas

Chief Executive: Oriol Guixà

Board members: Antoni Crous, Anna Fisas, Papik Fisas and Pere Rifà

Non-board member secretary: Ignasi Castejón

LA FARGA LACAMBRA

BOARD OF DIRECTORS

Chair: Vicenç Fisas

Chief Executive: Oriol Guixà

Board member: Amadeu Fisas

Non-board member secretary: Ignasi Castejón

General Director: Miquel García

Chief Operating Officer: Gabriel Font

LA FARGA TUB

BOARD OF DIRECTORS

Chair: Vicenç Fisas

Chief Executive: Oriol Guixà

Non-board member secretary: Ignasi Castejón

General Director: Ramón Bernal

Chief Operating Officer: Benito Velasco

LA FARGA ROD

BOARD OF DIRECTORS

Chair: Pere Rifà

Chief Executive: Oriol Guixà

Board member: Inka Guixà

Non-board member secretary: Ignasi Castejón

General Director: Carles Camprubí

Chief Operating Officer: Quim Mayoral

LA FARGA INTEC

SOLE ADMINISTRATOR

Administrator: Oriol Guixà

HIDROELÉCTRICA

SOLE ADMINISTRATOR

Administrator: Oriol Guixà

EXECUTIVE COMMITTEE OF THE INDUSTRIAL GROUP

Composition: chief executive, general director of Ifl, general director of Ift and general director of Ifr.

Duties: define corporate strategy and operational control, establish corrective actions and define the information presented to the board of directors.

MANAGEMENT COMMITTEE

Composition: general director of Ifl, general director of Ift, general director of Ifr, general director of Ifi and all the departmental directors of Ifl, Ift and Ifr.

Duties: put strategic decisions into action; define policy and the resources used to put strategy into practise.

ETHICS COMMITTEE

Duties: reply to possible doubts or queries that may arise whilst applying the code of ethics, and receive and manage the non-compliance or infringement of behaviour outlined in the code. The committee has an e-mail address to deal with queries, requests and suggestions.

COMMUNICATION COMMITTEE

Duties: decide on the communication strategy that the company has to employ, both internally and externally.

HEALTH AND SAFETY COMMITTEE

Duties: participate in the creation, implementation and evaluation of the health and safety plans and programmes within the company. Promote initiatives on methods and procedures for effective health and safety in the workplace, informing the company of ways to improve conditions or correct existing deficiencies. This committee represents the entire workforce.

MINISTRY OF INDUSTRY AND COMMERCE COMMITTEE

Duties: define the research activities that the corporate development department should develop, so that these are extended

to the rest of the company and provide information on research work carried out in new products and markets.

INNOVATION COMMITTEE (CIDI)

Duties: develop new products; establish the guidelines for innovation and the resources available for r&d&i.

Collect suggestions, both in terms of the product and process, from employees, clients and suppliers and monitor projects. This is a goal-oriented committee.

9CIP COMMITTEE (NEW CLIENTS AND PRODUCTS)

Duties: collect client requests and create the technical specifications of the product and put its production into practise through the quality and r&d&i departments. Manage, coordinate and control the monitoring of new clients.

INFORMATION LUNCH

Duties: conveying group information from all levels (accounts, presenting ideas, new strategies, etc.) By means of monthly lunches with 60 people.

5 SUSTAINABLE DEVELOPMENT

LA FARGA GROUP HAS TO HAVE A SUSTAINABLE FUTURE. AND TO DO SO, OUR MANAGEMENT HAS TO BE SUSTAINABLE IN ALL FIELDS.

Social responsibility is a key element in La Farga Group's corporate culture (LFG). That is why we work towards continually improving the responsible management of financial, social and environmental resources.

The 8 axis of LFG's corporate responsibility

1. Value creation
 2. Respect for our environment
 3. Professional development
 4. Health and safety
 5. Customer satisfaction
 6. Innovation and improvement
 7. Quality
 8. Sustainable development
- Mission, Vision and Corporate Values
CR policy

At the end of December 2006, LFG joined the UNITED NATIONS GLOBAL COMPACT to promote our company's SOCIAL RESPONSIBILITY, by adopting the ten principles that it encompasses. It is another commitment towards an ethical, fair and committed relationship.

5.1 OUR COMMITMENTS

5.1.1 TO OUR CLIENTS

- We guarantee the continual improvement of the quality of our products and services, satisfying our customers' needs.
- We convey thorough and transparent information about our products and services and our operations.

5.1.2 TO OUR SUPPLIERS AND SUBCONTRACTORS

- We prioritise collaboration with local suppliers.
- We satisfy their needs, treating them as a strategic partner for our business.
- We promote relationships with suppliers and subcontractors that incorporate sustainability criteria into their management.

5.1.3 TO OUR WORKFORCE

- We work towards equal opportunities and non-discrimination.
- We guarantee respect for human rights, ensuring the freedom of association and the right to collective bargaining.
- We apply the necessary measures to guarantee health and safety in all work stations.
- We share La Farga Group's ethical values with our employees.
- We promote the stability of our workforce.
- We provide employees with the necessary training to ensure optimum professional development.
- We offer measures that encourage balance between work and family life, and social activities that contribute towards personal development.

5.1.4 TO OUR SHAREHOLDERS

- We efficiently manage our financial resources using profitability and value creation criteria.
- We offer transparent information.

5.1.5 TO THE ENVIRONMENT

- We apply efficiency and saving systems to the consumption of resources (energy and water).
- We promote environmental damage protection and monitoring practices.

5.1.6 TO THE COMMUNITY

- We uphold a policy of good-neighbourly relations and dialogue with people, companies, public administration bodies and associations within our local environment.
- We are involved in the social fabric and collaborate in developing it.

5.2 MISSION, VISION AND VALUES

MISSION

The mission of La Farga Group (LFG) consists in the innovative production of quality copper products, creating value for our clients and for the society that surrounds us, by means of a responsible management of processes and satisfying clients' expectations, so that our company continues to be sustainable in the future.

VISION

LFG's vision is to be the leading company in copper recycling and in the development of high-performance copper.

VALUES

- Modesty, respect and honesty in relationships with clients, suppliers and the people who work for LFG.
- A spirit of improvement and innovation in all the company's fields.
- Responsibility in decision-making, taking into account how decisions affect others.
- Enthusiasm about working in a team and attaining a common goal.

5.3 RELATIONSHIP WITH STAKEHOLDERS

In order to establish and maintain relationships with our stakeholders, LFG works towards promoting and improving communication and dialogue channels with each one of them.

EMPLOYEES

- Website
- Information Lunch
- Speech (annual summary meetings)
- Survey on working environment
- Corporate magazine

BUSINESS FAMILY

- Family Meeting
- Satisfaction level of shareholders

- Website
- Shareholders portal

SUPPLIERS

- Satisfaction level of suppliers
- Website
- Attendance at mining and recycling-related events
- Speech (annual summary meetings)
- Visits to LFG
- Telephone
- E-mail
- Conventions

CLIENTS

- Quality Management System
- Satisfaction level of clients
- Business report
- Website
- Technical advisory service
- Visits to the facilities

NEIGHBOURS AND ADMINISTRATIONS

- Visits to the facilities and the Copper Museum
- Website
- Open days with specific neighbours
- Direct contact telephone number

THE PLANET

- Integral Management System for the Environment and Health and Safety

5.4 ETHICS AND HUMAN RIGHTS

Here at La Farga Group (LFG), we understand that good business practices are an essential and integral part of our activity. Our foundation is ethical management, which implicitly involves respecting human rights.

At La Farga Lacambra (LFL), we take HUMAN RIGHTS into account when analysing investments to GUARANTEE that everything is REGULATED and that we act WITH CLARITY.

5.4.1 CODE OF ETHICS

LFG's code of Ethics, based on its mission, vision and values, aims to establish the guidelines for ethical behaviour within the company's daily tasks.

At LFG, we consider that the relationship that the company and its employees have with the groups they interact with, and vice versa, is based on integrity (ethical behaviour, honesty and good faith) and professional responsibility (proactive, efficient behaviour geared towards excellence, quality and willingness to serve).

ALL THOSE WHO OCCUPY MANAGERIAL POSTS WITHIN OUR COMPANY, whether general directors or area directors (4.6% of our employees), have signed an ANTI-CORRUPTION LETTER in which they commit to behave ethically and responsibly and to ACT WITH TRANSPARENCY.

LINKS WITH THE REGION

6 VALUE CREATION

VALUE CREATION IS LA FARGA GROUP'S ULTIMATE GOAL. TO REACH THIS AIM, WE MANAGE OUR RESOURCES USING VALUE CREATION CRITERIA FOR CLIENTS, SUPPLIERS, SHAREHOLDERS AND SOCIETY IN GENERAL.

6.1 SUPPLIERS AS STRATEGIC PARTNERS

At LFG, we consider our suppliers as strategic partners in our business and we work largely with national and local companies, meaning that we vitalise economic activity in our region and surrounding areas.

See SPANISH VERSION table page 36

Number of suppliers (LFG):
2006: 791 - 2007*: 985 - 2008: 797

* Greater number of companies due to the construction of LFR and the Copper Museum.

Suppliers by level of invoicing (2008):

Invoicing over 100,000 € (type-A suppliers)
Invoicing less than 100,000 €

See SPANISH VERSION table page 37

Suppliers by product type

Raw Material
Services
Financial services
Large suppliers

Type-A NATIONAL SUPPLIERS represent 26.3) of the company's total number of suppliers.

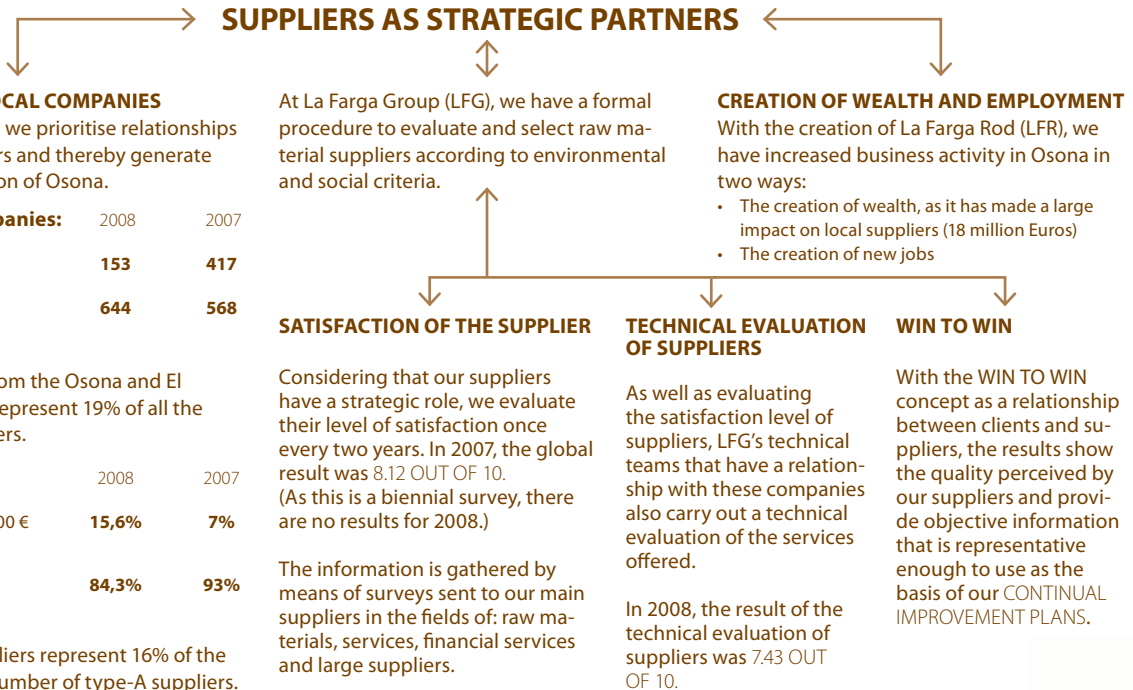
Type-A suppliers according to country (2008):

GERMANY	9
ALGERIA	1
AUSTRIA	1
BELGIUM	1
CHILE	8
IVORY COAST	1
SLOVENIA	1
FRANCE	12
GREECE	1
ITALY	13
MADAGASCAR	1
MOROCCO	1
PAKISTAN	1
POLAND	1
PORTUGAL	5
UNITED KINGDOM	13
SPAIN	129
SWITZERLAND	1
TUNISIA	2
USA	6
CHINA	2

Type-A NATIONAL SUPPLIERS represent 45.94) of the total volume of turnover of all the company's suppliers.

Volume provided by type-A suppliers according to country (2008):

GERMANY	1.09)
ALGERIA	0.04)
AUSTRIA	0.03)
BELGIUM	0.05)
CHILE	22.75)
IVORY COAST	0.05)
SLOVENIA	0.29)
FRANCE	11.62)
GREECE	0.07)
ITALY	2.39)
MADAGASCAR	0.02)
MOROCCO	0.03)
PAKISTAN	0.11)
POLAND	0.22)
PORTUGAL	0.77)
UNITED KINGDOM	7.59)
SPAIN	45.94)
SWITZERLAND	0.90)
TUNISIA	1.80)
USA	4.08)
CHINA	0.16)



6.2 SOCIAL ENVIRONMENT

Our company is deeply-rooted in Catalonia, the area where it operates, and more specifically, in the region of Osona. To continue this, we work towards establishing cooperation and collaboration partnerships with different agents in the region.

6.2.1 COLLABORATION AGREEMENTS

Agreements with academic centres in Catalonia for student work experience placements

During 2008, LFG has received 5 students for work experience placements from the Autonomous University of Bellaterra, the University of Vic and the Polytechnic University of Catalonia, who have been placed in different departments within the company.

Agreements with foundations and educational centres to develop cultural programmes and activities

In 2008, we have given a major boost to La Farga's activity. We collaborate with different organisations with the aim of contributing to and supporting the development of social and cultural projects.

Number of agreements for projects:
2006: 6 - 2007: 5 - 2008: 5

6.2.2 PRESENTATIONS AND SEMINARS

LFG collaborates in and attends presentations and seminars to inform about its experience and knowledge.

DAY	PLACE	SUBJECT	SPEAKER
14/02/2008	<i>Unió Patronal Metal·lúrgica</i>	Internationalisation	Carme Sáez
23/05/2008	<i>Casa Llotja de Mar de Barcelona</i>	Presentation: "The need for the ongoing development of equipment"	Dani Pérez
11/06/2008	<i>Torre Agbar</i>	Round table: "Is Catalonia competitive?"	Carles Camprubí
28/10/2008	El Sucre Building in Vic	Presentation: "Staff selection in the industrial sector of Osona"	Dani Pérez

6.3. FUNDACIÓ LA FARGA FOUNDATION

The mission of the Fundació La Farga foundation is to create value and wealth in its surrounding environment. That is why its area of operations is focused in the region of Osona, and more specifically in Les Masies de Voltregà, and the business group's employees and shareholders. Through the Fundació La Farga foundation, we carry out initiatives in the social, cultural and educational fields, thus meeting the needs of stakeholders that are closest to the company: the town of Les Masies de Voltregà, the employees and the shareholders of the business group.

The Foundation's Initiatives in different fields:

CULTURAL: Creation of the Copper Museum

SOCIAL: Grants in Les Masies de Voltregà

TRAINING: Training for La Farga Group's shareholders, their children, employees and the children of the Group's employees

6.3.1 COPPER MUSEUM

The creation of the Copper Museum has involved an INVESTMENT OF 3.5 MILLION EUROS and has arisen from the opportunities that a company like La Farga Group offers from the historical, environmental, economic and industrial viewpoints.

LFG Opportunities:

COPPER MUSEUM

ENVIRONMENT
Its production processes are based on recycling and gas cleaning systems, rainwater collection, etc., which shows how the industrial sector can minimise its impact on the environment.

HISTORY
This is a unique metallurgical industry cluster and a bicentennial company.

INDUSTRY
La Farga Group's facilities in Les Masies de Voltregà allow visitors to see our production process first-hand.

FOUNDATIONS AND CENTRES WE COLLABORATE WITH (2008)	PROJECTS	MONTH
The Escola d'Art i Oficis (School of Arts and Trades) in Vic	Two grants to carry out educational modules for the Copper Museum: one to show the process of lost-wax casting and the other to show copper alloys.	January
The Incorpora programme of La Caixa's Social Project Fund	Define specific collaboration activities between the company and the Sant Tomàs Association, with the aim of assisting the integration of groups with difficulties into working life.	September
Escola d'Art Llotja art school in Barcelona	Two students on work placements were given copper to create artistic pieces with the metal that the company uses in the industrial sphere.	September
"La Caixa" Foundation	Collaboration to create an exhibition on recycling.	From the month of April 2008

ECONOMY

La Farga Group is one of the most important companies in the region and one of Spain's leading companies in the copper sector.

The Museum's Structure

The Copper Museum is structured into five large areas:

- La Farga Lacambra: history of a company
- Copper and the origins of metallurgy
- Copper as a chemical element
- Technologies and uses for copper
- The production process used to transform copper (route along a walkway through LFG's founding plant, casting plant and copper wire drawing plant)

Visits

The profile of the Museum's most regular visitors are people that come on their own as well as groups of OAPs and students and visits by educational institutions and associations. These external visits can be added to the internal visits carried out by LFG's clients, suppliers and employees.

Since the opening of the COPPER MUSEUM in April, a total of 4074 PEOPLE HAVE VISITED THE MUSEUM.

6.3.2 GRANTS FOR THE 2008-2009 ACADEMIC YEAR

The Fundació La Farga foundation has a clear vocation towards our environment. For this reason, we hold a grant program year after year that is geared towards the business family, our employees, their children and the inhabitants of Les Masies de Voltregà.

In the first cycle (Oct.-Nov. 2008), 23 grants were awarded for postgraduate education and language studies to a total amount of 42,632€.

The second cycle will finish on the 30 March 2009, meaning that we do not yet have the total investment figure for grants in the 2008-2009 academic year.

During the 2007-2008 academic year, 68,025€, were invested in grants for inhabitants of Les Masies de Voltregà and the company's employees, their children and shareholders.

Grants awarded (first cycle for the 2008-2009 academic year and two cycles in the 2007-2008 academic year):

	2008-09	2007-08
A inhabitants of Les Masies de Voltregà	12	14
A Company employees and their children	3	9
A Company shareholders	8	21
TOTAL	23	44

6.3.3 COLLABORATIONS, DONATIONS AND SPONSORSHIPS

The cultural initiatives of the Fundació La Farga foundation are defined as collaborations, donations and other actions with different kinds of entities.

Collaborations

- Collaboration with the MULTIPLE SCLEROSIS FOUNDATION to provide information to company employees about the theatre productions that this foundation has sponsored throughout the year.
- Collaboration in the "JARDINS A LES COLÒNIES INDUSTRIALS" PROJECT (GARDENS IN INDUSTRY CLUSTERS) organised by the Ter Industrial Museum, offering a visit around the company's facilities and which displays old photos of the company with the aim of creating an inventory of gardens in industrial clusters.
- DISTRIBUTION OF BOOKS PRINTED TO MARK THE BICENTENARY through two contacts with bookshops and a publishing house. In total, 13 copies of the book entitled La Farga Lacambra. Solucions en coure des de 1808 (Solutions in copper since 1808) were distributed; 6 copies of El coure, un conductor de la història (Copper, a driving force throughout history), and 400 copies of the two volume-book written by Dr. Pere Pascual and Dr. Jordi Nadal.
- Joining the PAISATGES DEL TER TOURISM CONSORTIUM in April to make up part of the region's cultural heritage. Afterwards, we became part of Osona Tourism, which encompasses the region of Osona.
- Collaboration in the EUROPEAN HERITAGE DAYS during the 26 and 27 September, opening the doors of the Copper Museum to visitors who have signed up for these days.
- Joining the XARXA DE TURISME INDUSTRIAL (INDUSTRIAL TOURISM NETWORK) AND THE AMCTAIC (ASSOCIATION OF

THE SCIENCE AND TECHNICAL MUSEUM OF CATALONIA) to promote tourism in companies that can be visited and to keep Catalonia's industrial past alive and intact.

- Participation in the 2nd INDUSTRIAL TOURISM CONFERENCE held in Toledo in November to deal with industrial tourism, which was attended by representatives from tourist attractions, travel agents and several personalities from the world of tourism, both Spanish and French.

Donations

- TO ADFO (Osona Association for the Handicapped) so that it can carry out activities that contribute towards the association's goals (1000 €).

Sponsorship

- SOCIAL Sponsorship of the 2008 "Three Kings" parade in Les Masies de Voltregà Vinyoles Festival Sponsorship of the Lacemakers Meeting in Les Masies de Voltregà
- CULTURAL Open day on the International Museum Day Open day during the Vinyoles Festival

LEVEL OF ACHIEVEMENT OF OBJECTIVES

Objectives geared to suppliers for 2008

- Improving the service provided by type-A suppliers (reducing deadlines, complying with deadlines, consigned stock, etc.) **100%**
- Implementing a globalisation process for all the Group's suppliers (suppliers originally from one single business unit) **100%**

Objectives geared to suppliers for 2009

- Diversify suppliers: have at least 3 approved suppliers for the supply-purchase family of products

Objectives geared to the community for 2008

- Stimulate collaboration agreements with educational centres. **100%**
- Social involvement in the region. **100%**
- Promote the Copper Museum as an educational tool for secondary schools and for professional training. **100%**
- Bring senior citizens closer to the industrial processes of copper. **100%**
- Promote university education in the local area. **100%**
- Sponsor the publication that deals with the historic heritage of the Group and the Osona region. **100%**

CONNECTING WITH OUR ENVIRONMENT

7 RESPECT FOR OUR ENVIRONMENT

RESPECT FOR OUR NATURAL ENVIRONMENT IS ONE OF LA FARGA GROUP'S ESSENTIAL VALUES THAT IS WHY WE ARE WORKING TOWARDS AN ECOLOGICAL PRODUCTION PROCESS WITH A RESPONSIBLE MANAGEMENT OF RAW MATERIALS AND NATURAL RESOURCES. IT IS ALSO WHY WE ENDEAVOUR TO MINIMISE POLLUTION. TO ENSURE THIS, WE SET OURSELVES IMPROVEMENT TARGETS EVERY YEAR.

7.1 ENVIRONMENTAL MANAGEMENT SYSTEM

La Farga Lacambra (since 2001) and La Farga Tub (since 2007) have an environmental management system (SGMA) that is certified according to the UNE standard ISO 14001, allowing us to identify our main impacts on the environment and to undertake the best measures to minimise them. During 2009, this system will also be implemented in La Farga Rod.

7.1.1 IDENTIFICATION OF ENVIRONMENTAL ASPECTS

As the SGMA establishes, the environmental aspects identified are those that arise from the company's activities, amongst which are:

- Consumption of natural resources
- Generation of waste
- Noise and light pollution
- Effects on land
- Water runoff
- Atmospheric emissions

7.1.2 ACTIONS AND INVESTMENTS IN THE ENVIRONMENT

Key actions to minimise impacts on the environment:

ACTIONS FOR 2008	RESULT	EFFECTS ON THE ENVIRONMENT
Installation of a biological sewage treatment plant (SBR)	Reduction of the pollution load and connection to the sewer system	Lowering the risk of accidental pollution in the environment
Replacing the scrubber system with a postcombustion and bag filter system	Reduction of the pollution load of emissions by 50-90%, according to the type of component	Pre-empting legal requirements on gas emissions
Integrated management of water collection and runoff	Reduction in consumption and in the effluent load	Minimising the impact on the water system

See SPANISH VERSION table page 44

Environmental expenditure and investments:

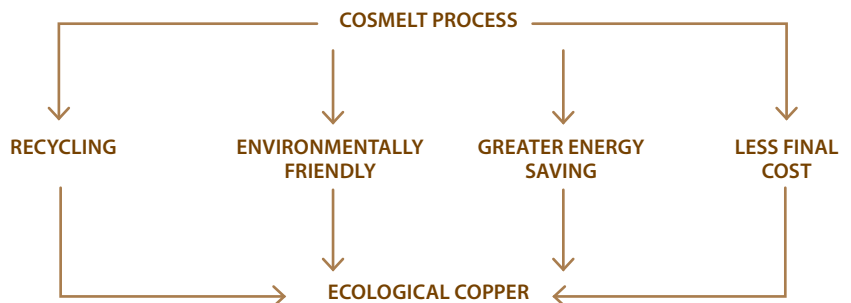
Environmental expenditure
Environmental investments

* From amongst these investments, the most significant is the investment of nearly 1.5 million Euros for LFL's gas cleaner.

7.2 HIGH EFFICIENCY IN COPPER RECYCLING

The Cosmelt Process is a material recovery system based on thermal refinement instead of the traditional hydrometallurgical process. By using this system, La Farga Lacambra's production process is much more efficient and results in a smaller environmental impact, given that copper can be recycled an indefinite number of times without losing quality, and practically without losing its original quantity.

100% OF OUR PRODUCTS can be RECOVERED at the end of their useful life.



7.3 CONSUMPTION OF NATURAL RESOURCES

7.3.1 WATER AND ENERGY

See SPANISH VERSION table page 45

Evolution of global water consumption and water consumption by source: (m³/t of production)

Total water
Underground water
Surface water

100% of the WATER used in the production process is reused

See SPANISH VERSION table page 45

Evolution of global energy consumption: (kWh/t of production)

Electric power
Natural gas
Diesel (for transport)

Water and energy consumption have risen due to various factors:

- The inclusion of a new line of production (La Farga Rod)
- The installation of the new postcombustor, which reduces emissions in the atmosphere but increases energy consumption
- The increase in the number of employees (30 new jobs created)

Actions to save energy and water

- Installation of variable compressors
- Installation of light detectors
- Definition and implementation of actions as the result of an audit on energy efficiency (LFL and LFT, 2007)
- LFR'S new furnaces, designed to achieve high energy efficiency
- Changes to the lighting
- Optimising water consumption by applying integral management throughout the whole Group

7.3.2 OTHER RESOURCES

See SPANISH VERSION table page 45

Evolution of the consumption of other resources: (g/t of production)

Cardboard
Wood
Plastic
Iron

The consumption of these resources has risen due to

- Increase in production and the incorporation of LFR
- The sale of products that use reels and iron pallets for packaging

In La Farga Group, 59.5% of the material we use for packaging and packing our products is recovered material.

See SPANISH VERSION table page 46

Packaging material recovered at the end of its useful life:

Recovered
New
Wooden reels
Wooden pallets
Metal reels
Metal pallets

7.4 WASTE MANAGEMENT

Actions to improve the management of generated waste

- More comprehensive waste separation, increasing the number of collection points (batteries, fluorescent tubes, etc.)
- Use of recycled wooden packages
- Recovery of packages and packaging with the aim of doubling the useful life of the package
- Study to minimise hazardous waste (2005-2009)
- Waste prevention business plan (2006-2009), including the recovery of oil and therefore avoiding the generation of waste and water emulsions in oil
- Specific plan for preventing packaging waste at LFT (2007-2009)
- Biological treatment unit (waste that can be assimilated by a septic tank is no longer generated)

See SPANISH VERSION table page 47

Waste generated per ton of production:

Wood scraps (kg)
Oil (g)
Empty packages (units)
Scrap metal (kg)
Cardboard (g)
Water emulsions in oil (g)
Assimilated by a septic tank (g)
Everyday waste (g)
Toners (mg)
Aerosols (mg)
Glass (g)
IT materials (mg)
Plastic (g)
Oil-soaked absorbent materials (g)
Batteries (mg)
Fluorescent tubes (mg)

The main types of waste are treated in accordance with the guidelines of the Catalan Waste Agency. The majority is recycled or recovered.

7.5 NOISE AND LIGHT POLLUTION

LFG carries out periodical checks to determine the noise level, both inside and outside the facilities.

During 2008, the company has carried out a study on the impact of noise on the environment, which determined that the main source of noise was the scrubber. This pollution has been resolved in 2008 with the installation of a new postcombustor.

Actions to minimise noise and light pollution

Noise levels outside the LFG facilities are below the required limits. Nevertheless, improvement measures are being implemented:

- Action plan to improve noise emissions (PAMES)
- Maintenance of the scrubber facilities
- Installation of a new gas cleaner, postcombustor to replace the scrubber
- Replacement of the outdoor traditional lighting for efficient lighting

7.6 EFFECTS ON LAND

Since 1997, the company has been carrying out actions aimed at reducing the effects on the land by diffuse pollution arising from the deposition of gases. Through these actions, we have managed to reduce the affected land by one third and we have ensured that it does not create more diffuse pollution.

Actions to minimise impact on the land

- Applying the best technologies to clean gases
- Installation of spill control tanks
- Channelling rainwater
- Installation of covers (in 27.83% of the 127,801 m² occupied by La Farga Group) to protect the raw materials yard from rainwater and therefore avoid the pollution of superficial and ground water, caused by leachate.
- Applying the 5S's methodology in production areas to avoid effects on the land.

7.7 SEWAGE MANAGEMENT

Actions to improve sewage treatment

- Installation of a new, biological sewage treatment plant = treating all the Group's sanitary sewage = connection to the municipal sewer
- Treatment of cooling tower bleeding in a physicochemical purifier

See SPANISH VERSION table page 49

LFL's treated sewage:

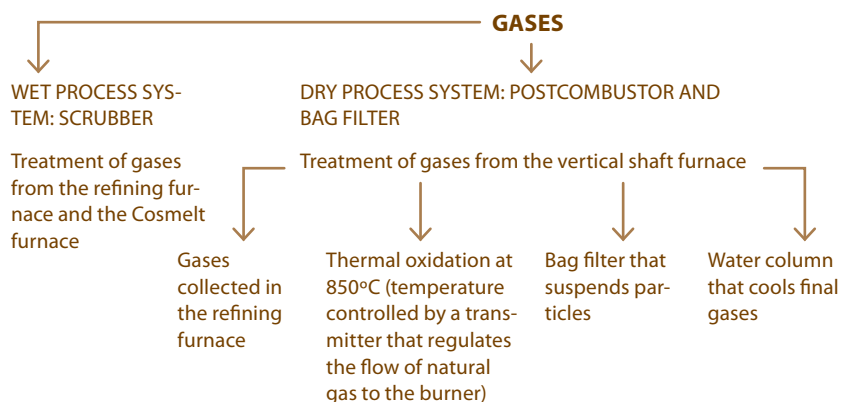
(g produced by LFL/t of production by LFG/year)

(Source: European Pollutant Emission Register)

7.8 ATMOSPHERIC EMISSIONS

Our gas cleaning system has two facilities included on the list of available technological improvements (BAT).

Diagram of the gas treatment system:



This investment equates to a REDUCTION OF BETWEEN 50% AND 90% OF EMISSIONS in the atmosphere.

See SPANISH VERSION table page 50

Indirect emissions made by LFL according to the EPER statement:

(kg/t of production/year)

Evolution of LFG's CO₂ emissions:

(g/t of production/year)

CO₂ emissions have increased due to several factors

- The inclusion of a new line of production (La Farga Rod)
- The installation of new machinery
- The creation of products with greater added value

Actions to minimise atmospheric emissions

- Adapting the wet process treatment system by carrying out changes, repairs and by installing a new chamber to check that diffuse emissions are not released into the atmosphere
- Participation of La Farga Group in two of the Spanish Ministry of the Environment's campaigns to determine the copper sector's contribution to emissions
- Use of multimodal transport, which includes railway transport and can bring about a saving of up to 60% in the impact on the environment

LEVEL OF ACHIEVEMENT OF OBJECTIVES

LFL's objectives for 2008

Detect and eliminate diffuse emissions from foundry gases. **40%**

Emptying 100% of sewage to the Osona Regional sewer system. **100%**

In comparison with 2007, reducing:

- empty packaging waste by 2%. **50%**
- noise pollution by 2 dB(A). **50%**
- water consumption by 2% (drinking and industrial water)/t used for production. **30%**
- the number of hazardous points for effects on the land by 3%. **100%**
- the creation of packs and packaging by 2%. **100%**
- energy consumption by a minimum of 2%. **30%**

LFT's objectives for 2008

Detect and eliminate diffuse emissions from the OCN and the SPINNER. **60%**

Emptying 100% of sewage to LFL's treatment plant and then the Osona Regional sewer system. **100%**

In comparison with 2007, reducing:

- the creation of packs and packaging by 2%. **50%**
- oil waste by 2%. **60%**
- noise pollution by 2 dB(A). **100%**
- water consumption by a minimum of 2% (drinking and industrial water) per ton used for production. **75%**
- consumption of diacetone alcohol by 2% per ton used for production. **100%**
- the number of hazardous points for effects on the land by 3%. **100%**

PEOPLE WHO UNITE

8 PROFESSIONAL DEVELOPMENT

AT LA FARGA GROUP WE BELIEVE IN THE PERSONAL AND PROFESSIONAL ENRICHMENT OF OUR STAFF AND THEIR SATISFACTION. THE AXIS OF OUR HUMAN RESOURCES POLICY ARE THE EVOLUTION OF TALENT REFLECTED IN SKILLS, THE ABILITY TO OVERCOME WEAKNESSES, THE CARE WE TAKE WHEN DEALING WITH OTHERS AND THE WAY WE MOTIVATE OURSELVES. THIS IS ACCOMPANIED BY FAIRLY AND COMPETITIVELY COMPENSATING PERFORMANCE AND PROMOTING A WORK LIFE BALANCE.

The three basic pillars of strategic planning in human resources are:

- A Communication Plan
- A Training Plan
- The Performance Appraisal System (SER) and Improvement and Personal Appraisal (IPA)

The MISSION of our HUMAN RESOURCE management is to ATTRACT, RETAIN and MOTIVATE.

8.1 STAFF PROFILE

La Farga Group's employees have access to legal representatives and their rights of association are fully guaranteed. Complying with the laws and the regulations of the collective agreement are a sufficient guarantee of freedom of association.

La Farga Group's workforce continues to grow, with a marked increase in 2008 due to the CREATION OF LA FARGA ROD ÉLFRÀ 100% of our staff is covered under the COLLECTIVE AGREEMENT.

See SPANISH VERSION table page 54

Average staff (including permanent and temporary staff, who are classed according to their contractual working day):

NET JOB CREATION in 2008 stands at 11.5% É0 EMPLOYEES, six points ABOVE the year before.

See SPANISH VERSION table page 54

Distribution of staff according to age groups:

- ≤25 years old
- 26-35 years old
- 36-45 years old
- 46-55 years old
- 56-65 years old

69% of La Farga Group's workforce are between 26 and 45 years old (33% are between 26 and 35 years old and 36% are between 36 and 45 years old), giving an AVERAGE AGE OF 40 YEARS OLD.

At LFG, we BELIEVE in having a MULTIDISCIPLINARY, QUALIFIED TEAM.

See SPANISH VERSION table page 55

Distribution of staff according to level of education:

- (primary and secondary school education)
- Degree
- Diploma (equivalent to A-levels)
- Advanced vocational training or FP2 (higher level professional training)
- Intermediate vocational training or FP1 (intermediate professional training)

At La Farga Group, we have started a process of continuous improvement to bring about a change in the culture and the operational efficiency of the production processes, which will motivate employees to be multi-skilled. The aim is to reduce costs by improving industrial operational efficiency.

Our WORKFORCE is able to ADAPT to changes in a DYNAMIC AND FLEXIBLE WAY, taking on different roles according to the business reality.

See SPANISH VERSION table page 55

Distribution of staff according to origin (LFG)

- Region
- Outside the region
- Managers
- Rest of staff

As a consequence of our PRIORITISING the recruitment of staff that live NEAR THE COMPANY and in line with our principle of creating value for the region, 86% OF OUR STAFF COME FROM THE REGION OF OSONA.

8.2 STABILITY AND INTERNAL PROMOTION

8.2.1 STABILITY

At La Farga Group (LFG), we promote the use of permanent contracts and we offer clear perspectives of stability and professional development within the company.

OVER 85% of employees' CONTRACTS are PERMANENT

See SPANISH VERSION table page 55

Distribution of staff according to the type of contract (LFG):

- Permanent
- Temporary
- Others

99% of our staff works FULL TIME.

See SPANISH VERSION table page 56

Distribution of staff according to type of contractual working day:

- Full time
- Part time
- Others

The AVERAGE SENIORITY of employees in the company is 8 YEARS.

See SPANISH VERSION tables page 56

Distribution of staff according to seniority:

- 0-9 years
- 10-30 years
- 31-45 years

Average seniority (LFG)
(years of seniority)

2006: 9 - 2007: 8 - 2008: 8

Approximately 70% of our staff has been working in the company for LESS THAN 10 YEARS.

See SPANISH VERSION table page 56

Registered terminations in the company:

- No. retirements
- No. contracts expired
- No. of dismissals
- No. of voluntary resignation

ONLY 18% of the total registered terminations in the workforce are VOLUNTARY RESIGNATIONS.

See SPANISH VERSION table page 56

Staff rotation:
(in %)

In 2008, LFG'S staff ROTATION stood at 14%.

8.2.2 INTERNAL PROMOTION

We understand internal promotion as a key factor in a stable, highly-motivated workforce with a high level of self-esteem and a spirit of constant improvement.

The EXPANSION process that we have undergone has given rise to the creation of numerous tasks that have been incorporated into the Group's activity, providing OPPORTUNITIES FOR THE INTERNAL PROMOTION OF STAFF and the creation of NEW JOBS: basically for technical, management and executive roles.

See SPANISH VERSION table page 57

Internal promotion:
(number of changes of professional category in LFG)

2006: 17 - 2007: 21 - 2008: 23

8.3 EQUAL OPPORTUNITIES AND INTEGRATION OF DISABLED STAFF

At La Farga Group (LFG), our human resources policies allow us to guarantee non-discrimination in the workplace due to gender, race, age or any other reason. This principle is a fundamental aspect in the selection and recruitment process, so during these processes, we only consider criteria that contemplate the training, experience and the merits of each person.

Another of the instruments set up by La Farga Group that guarantees equality and integration with fellow employees is the Code of Conduct, which regulates the relationship between the company, its employees and groups that interact in terms of integrity and professional responsibility.

The percentage of WOMEN in LFG has stood at 7% for the last three years due to the fact that this SECTOR is CHIEFLY OCCUPIED BY MEN. OVER 50% of the ADMINISTRATIVE STAFF ARE WOMEN.

See SPANISH VERSION table page 57

Women on our staff according to professional category (2008):

Category 2 technicians
Category 3 Technicians/Employees/Operators
Category 4 Employees/Operators
Category 5 Employees/Operators
Category 6 Employees/Operators:

THERE IS NO DIFFERENCE between the base salary for MEN and for WOMEN, according to their professional category.

LFG's MINIMUM WAGE is 6000 EUROS HIGHER than the local minimum wage.

See SPANISH VERSION table page 58

Difference between the company's minimum wage (higher than wage in agreement) and the local minimum wage:

2006: 4.750 € - 2007: 5.000 € - 2008: 6.000 €

The HIGHEST WAGE in our workforce is 7 TIMES HIGHER THAN LFG's MINIMUM WAGE.

At La Farga Group (LFG), we are aware of the need to integrate people with mental or physical disabilities into the labour market. To ensure this, we have a staff recruitment program for the disabled that contemplates both direct employment (4 people with disabilities are employed in LFL and LFT) and contracting goods and services from special work centres like EINA (mentally-disabled), ADFO (physically-disabled) and TAC OSONA (subcontracting services from the disabled).

8.4 SATISFACTION OF OUR STAFF

At La Farga Group, we carry out a survey every two years to assess the working environment, the satisfaction level and the opinion of our employees.

WORKING ENVIRONMENT SURVEY:

- CLIENT ORIENTATION
- COMMUNICATION AND PARTICIPATION
- SALARY POLICY
- ORDER AND CLEANLINESS
- TRAINING
- SAFETY
- INTERPERSONAL RELATIONSHIPS
- COMPANY IMAGE
- QUALITY AND THE ENVIRONMENT
- INNOVATION AND IMPROVEMENT
- WELLBEING AND SATISFACTION
- OPERATION AND ORGANISATION
- TEAMWORK

See SPANISH VERSION tables page 59

Number of employees participating in survey:

2004: 84% - 2006: 61% - 2008: Survey planned for 2009

Results of the survey (from 0 to 10):

In 2004, LFL was the only company to participate and in 2006, 78% of LFL's employees participated in the survey.

2004: 6.95 - 2006: 6.94 - 2008: Survey planned for 2009

Measures adopted to improve the working environment

- Creation of the Board of Communication
- Strengthen the brand (actions for the bicentenary)
- Communicate the Group's values, mission and vision (triptych, Christmas lunch, recruitment, etc.)
- Start a suggestions box
- Study to improve the internal communication circuit by TV (change the location and contents)
- Redefine notice boards
- Methodology of meetings (2009 agenda)
- Creation of the People Development department (ADP)
- Code of Conduct
- New design of LFG's employee handbook
- Triptych on "flexifeina" and "flexivacances" (work life balance)

8.5 PROFESSIONAL DEVELOPMENT AND TRAINING

The company's expansion process and its increasing size bring us new challenges that demand a dynamic training policy. Training staff is basic for professional development.

8.5.1 PERFORMANCE APPRAISAL SYSTEM (SER)

Characteristics of LFG's performance appraisal system

- Establish the skills needed for the job, which are negotiated between the people in the job and their direct superiors, allowing employees to participate in the definition of their role and in their constant evolution.
- Describe objectives for the administrative staff and production managers, in line with the strategy outlined by the General Director.

EVALUATION OF RESULTS - MANAGEMENT BY OBJECTIVES - PROFESSIONAL DEVELOPMENT

Everyone in the initial phase of this process creates their own set of objectives for the coming year and hand them in to their immediate superiors to negotiate and agree a formal table. Objectives include an indicator to measure achievement and even in some cases to grade the achievement.

The percentage of LFG's STAFF that is SUBJECT TO THE SER SYSTEM has INCREASED BY 5% compared to 2007.

See SPANISH VERSION table page 60

Staff subject to the SER system (LFG):
2006: 22% - 2007: 20% - 2008: 25%

Percentage of achievement of the SER system:
2006: 81% - 2007: 74% - 2008: 73%

8.5.2 TRAINING PLANS

Through training, our staff reinforces the skills and knowledge that are necessary to carry out their daily tasks within the company. Continuous improvement together with motivation and the whole team's skills are the greatest guarantee to attain the proposed objectives.

Plan according to the quality system

- Training plan for every new employee
- Annual training plan (ATP) for the whole organisation

Compliance with the ATP is the responsibility of the Human Resources Department and the heads of department will decide on training needs. There is a system to assess the good use of the training provided.

Over the last three years, 100% of our staff HAS RECEIVED TRAINING.

90% of training is carried out WITHIN THE WORKING DAY.

In a company like La Farga Group, with such a wide-ranging international market of suppliers and clients, it is essential for our staff to learn languages. To illustrate this point, at LFG we hold trading relations in Catalan, Spanish, English, French and German.

At LFG, 48 PEOPLE on the administrative staff STUDY LANGUAGES, amongst which 27% have a good command of 4 LANGUAGES and 6% have a good command of 5 LANGUAGES.

8.6 SOCIAL BENEFITS AND WORK LIFE BALANCE MEASURES

The creation of quality jobs and the satisfaction of professionals are key elements within human resource management. Accordingly, La Farga Group (LFG) offers a broad range of social benefits and is committed to the implementation of work life balance measures.

8.6.1 SOCIAL BENEFITS

In addition to the grants offered by Fundació La Farga foundation, we help to pay the tuition costs of our employees' children. In the 2007-2008 academic year 158 GRANTS WERE AWARDED amounting to 27.210€.

Other social benefits provided to our workforce include:

Bonuses

- Up to 100% for temporary incapacity due to an accident (even if not hospitalised)
- Up to 100% of salary bonuses for temporary incapacity
- Up to 100% for maternity

Leave

- Accumulation of maternity leave

Organisation

- Fourth shift schedule planned over a year in advance
- Possibility of changing shifts upon request

Economic compensation

- Educational assistance
- Medical insurance for employees on long-term leave

Training

- Subsidisation of training courses beyond the scope of the grants offered by Fundació La Farga foundation
- Compensation of training hours outside of working hours
- Language classes in small groups (maximum five people)

8.6.2 WORK LIFE BALANCE MEASURES

The measures that enable an improved balance between the personal and professional spheres of our employees include:

FLEXIFEINA

Flexible working hours, with certain limitations depending on the department

FLEXIVACANCES

Possibility of having the afternoon off on Fridays for eight weeks in the summer

HOLIDAY CHOICE FLEXIBILITY

REDUCED WORKING DAY

To enable employees to look after their children

LEAVE

Training indicators (LFG):		2006	2007	2008
Investment in training (€)		181.446	78.540	145.755
Investment in training per employee (€/employee)		829	340	558
Average number of hours training per employee		45	46	34
Total hours of training		9.854	10.585	8.849
Hours of training according to category	Category	h/employee	h/employee	h/employee
	Administrative staff	142	105	219
	Operators	19	11	41
No. of training activities		158	184	78

During 2008, a total of 8849 HOURS OF TRAINING HAVE BEEN GIVEN, spread over 150 TRAINING ACTIVITIES.

See SPANISH VERSION table page 61

Breakdown of the training activities carried out:

- Capability skills
- Languages
- Behavioural skills
- Projects
- SCR-CSMA

See SPANISH VERSION table page 62

Grants (LFG):

- Pre-school
- Primary and secondary
- University and further education

Total
 For employees' children

8.7 COMMUNICATION AND DIALOGUE

The relationship between La Farga Group (LFG) and its employees is based on mutual trust and making communication and dialogue key elements.

See SPANISH VERSION table page 63

LFG's scheduled communication actions:
2006: 44 - 2007: 27 - 2008: 50

The Annual Internal Communication Plan (PCIA) is the tool we apply to integrate our communication needs. In 2008, 78% of the PCIA was completed.

We employ both transversal and ascending and descending communications systems:

COMMUNICATION SYSTEM

INFORMATIVE MONITORS
COMPANY COMMITTEE
CHRISTMAS DINNER
TELEPHONE
COMMUNIQUEÉS
COMMITTEES (INCLUDING THE COMPANY COMMITTEE)
E-MAIL
SUGGESTIONS SYSTEM
INFORMATION LUNCH
PERMANENT IMPROVEMENT GROUPS
AD HOC IMPROVEMENT GROUPS
PERIODIC INFORMATIVE MEETINGS
SUGGESTIONS BOX
SPEECH
NOTICEBOARDS AND POSTERS
"CHRISTMAS CARD" AWARDS
CORPORATE MAGAZINE
INDIVIDUAL MAILBOX

With the aim of fostering ascending communication within the company, we are currently implementing a suggestions system for each business unit. The objective for 2009 is to implement this system in all departments.

LEVEL OF COMPLIANCE WITH THE OBJECTIVES

2008 Objectives

Rationalise and optimise internal communication processes, maintaining the positioning of the LFG Brand and increasing efficiency. **90%**

Establish and implement an appropriate multi-role system in the different plants. **85%**

Establish our own team work methodology to tackle improvable situations and objectives. **70%**

Foster good customer service for both external and internal customers, by means of a process-led organisation. **60%**

2009 Objectives

Rationalise the annual training plans by making the procedures operational in order to carry out the appropriate actions.

Establish and implement a new PAS that enables dynamic feedback and compliance with the established deadlines. Establish a global ATP with respect to the competences required by the Group.

Integrate the company's own teamwork mechanisms into the whole organisation.

Make the Lean Office programmes more dynamic without losing the methodology in order to improve the continuous improvement processes.

Implement a salary expectation communication and promotion system, in accordance with the professional groupings.

9 OCCUPATIONAL HEALTH AND SAFETY

AT LA FARGA GROUP WE APPLY THE MEANS NECESSARY TO GUARANTEE HEALTH AND SAFETY IN THE WORKPLACE. SAFETY IS ESSENTIAL IN AN ACTIVITY LIKE OURS. ACCORDINGLY, WE PROVIDE TRAINING AND COMPREHENSIVE INFORMATION TO OUR WORKERS IN ORDER TO GUARANTEE HEALTH AND SAFETY IN THE WORKPLACE.

9.1 OCCUPATIONAL HEALTH AND SAFETY SYSTEM

We have adopted occupational health and safety for staff working within our facilities as one of the company's basic strategies.

LFG's commitments in this area include:

- Fostering the continuous improvement of occupational health and safety practices.
- Adopting the relevant prevention and control measures in the development of company activities that may generate intolerable risks for the health and safety of people.
- Fostering, in each case, the use of the best techniques available, provided they are economically viable.

At LFG, we have five external health and safety services (four at ASEPEYO Servicio de Prevención and one at UNIPRESALUD), which band together the occupational health and safety practices of all the companies within the Group.

LA FARGA LACAMBRA (LFL). An occupational health and safety system certified in accordance with OSHAS 18001 (2005).

LA FARGA TUB (LFT). An occupational health and safety system certified in accordance with OSHAS 18001 (2008).

LA FARGA ROD (LFR). Objective of implementing and certifying an occupational health and safety system in accordance with OSHAS 18001 in 2009.

See SPANISH VERSION table page 65

Occupational health and safety expenditure (LFG)*:

Personal Protection Kits (PPK)
Fire extinction
External health and safety services

* Expenses related to the verification system and the adaptation of the machinery must be added to this expenditure.

ABSENTEEISM at LFG continued its DECREASING TREND, with a rate of just 4.8% in 2008.

The NUMBER OF ACCIDENTS resulting in leave at LFL has been REDUCED BY 70% with respect to 2007. LFL's objective is to minimise the accident rate.

See SPANISH VERSION tables page 66

Safety indicators at LFG:

Number of accidents
Hours worked
Frequency rate
Days lost
Seriousness rate
Absenteeism rate

Health and safety indicators:

Number of accidents
Absenteeism

Actions to improve health and safety:

Scheduled actions
Actions in progress
Actions being verified
Completed actions

We carry out THREE RISK ASSESSMENTS on an annual basis with the aim of adopting improvements.

LEVEL OF COMPLIANCE WITH THE OBJECTIVES

2008 Objectives

Reduce, with respect to 2007:

- the score in the cleanliness and tidiness audits by 5%. LFL 100% LFT 0%
- ergonomic and psychosocial risks by 5%. LFL 100% LFT 60%
- the accident frequency rates in each production section, in external workshops and globally throughout the company. LFL 100% LFT 0%

Increase, with respect to 2007:

- the frequency of maintenance carried out on the floors by 5%. LFL 100%
- the risk operations/situations documented in each production section by 5%. LFL 100% LFT 100%
- the average training hours per employee at LFL/LFT by 5%. LFL 100% LFT 100%

Implement actions to improve by 100% work areas:

- with acoustic risk (noise level higher than 87 dB(A)). LFL 10% LFT 10%
- with light risk (measured lux < required lux). LFL 70% LFT 30%
- 100% verify and adapt machinery. LFL 80% LFT 30%

Objectives have not been defined for LFR as it was created in 2008.

COMBINING EFFORTS

10 CUSTOMER SATISFACTION

FOR LA FARGA GROUP (LFG), SATISFYING THE EXPECTATIONS AND NEEDS OF OUR CUSTOMERS IS A KEY OBJECTIVE. ACCORDINGLY, WE CONSIDER CUSTOMERS TO BE AT THE CENTRE OF ALL OUR DECISIONS. AT LFG WE THINK THAT ALL ACTIONS AND DECISIONS HAVE AN EFFECT ON OUR CUSTOMERS AND THEY ARE PRESENT IN EVERYTHING THAT WE DO.

10.1 ASSESSMENT

See SPANISH VERSION table page 70

Development of the number of customers:

Number of LFL customers
Number of LFT customers
Number of LFR customers

Percentage of customers with over 3 years of loyalty:

LFL 76% - LFT 63%

10.2 EXTERNAL COMMUNICATION PLAN

The external communication plan establishes communication strategies between the company and our stakeholders, including our customers, who receive the greatest number of communication actions in order to improve both satisfaction and the products and services we offer.

Over 84% of the planned external communication activities were carried out.

External communication actions executed

- Communication of the mission, vision and values
- Sending of couREvista
- Visits to LFG facilities
- Participation and attendance at bicentennial events
- Personalised activity reports
- Sales synopses
- Communication of the Code of Conduct
- Communication of the 2007 Corporate Social Responsibility Report
- New catalogues
- Press appearances



CUSTOMER TECHNICAL SERVICES

Our technicians travel to the production units of our customers in order to help them improve their processes. Meetings are also held between the technicians of both companies in order to improve processes and resolve problems. Customers take a proactive role in the development of products thanks to good technical relations.

COMPLAINT MANAGEMENT

In accordance with our quality management systems, certified in accordance with ISO 9001, at LFG we have implemented a system to manage customer complaints. 49% of complaints are answered within a maximum of 3 days.

ACTIVITY REPORT

This report is sent to customers in order to inform them of their activity with the Group throughout the year in all aspects considered to be of importance.

See SPANISH VERSION tables page 71

Number of activity reports sent:

2006: 84 - 2007: 89 - 2008: 113

Complaint indicators:

Number of complaints
Percentage of complaints regarding the services provided by the company

ASSESSMENT OF CUSTOMER SATISFACTION

At LFG we have implemented a system to evaluate our level of customer satisfaction. It is stratified according to the type of customer (A, B and C, determined by volume) and according to the product type.

Assessment of customer satisfaction:

Every year at LFG, we carry out a customer satisfaction survey in order to analyse our general service and the technical quality of our products (Serviquel method) and to establish improvements plans. Our objective is to annually increase the satisfaction level of our customers by 3%.

IMPROVEMENT PLANS

Objectives

- Improve products and services
- Optimise the quality systems and processes
- Disseminate the information that we obtain from customers within the organisation

In 2008, 6 improvement plans were established in the following areas: the market (1), service/customers (3) and products (2).

LEVEL OF ACHIEVEMENT OF THE OBJECTIVES

2008 Objectives

- Improve products and services by means of specific improvement plans. **100%**
- Optimise the quality system and associated processes. **100%**
- Disseminate the information that we obtain from customers within the organisation. **100%**

2009 Objectives

- Improve the perceived quality of our products and services
- Improve the technical quality of products that may cause problems for customers
- Define who is responsible for customer satisfaction
- Optimise customer satisfaction processes

11 QUALITY

THE WHOLE ORGANISATION IS GEARED TOWARDS QUALITY, WHICH WE GUARANTEE BY ENSURING COMPLIANCE WITH ALL THE REQUIREMENTS DEMANDED BY OUR CUSTOMERS AND CONTROLLING ALL THE PROCESSES IN ORDER TO REACH OUR ULTIMATE GOAL: TOTAL CUSTOMER SATISFACTION BOTH WITH THE PRODUCTS WE OFFER AND WITH OUR SERVICE.

11.1 QUALITY MANAGEMENT SYSTEM

La Farga Lacambra, La Farga Tub and La Farga Rod all have quality management systems in accordance with ISO 9001 (LFL since 1993, LFT since 1998 and LFR's was implemented this year).

Continuous Improvement

Our quality objectives are set in tandem with improvement plans, which are established using the data obtained from our customers and from their satisfaction levels.

Products

- Analysis of returns
- Analysis of complaints
- Customer satisfaction
- Internal audits
- Technical visits

Internal and/or external services

Improvements to the quality of our EXTERNAL SERVICE (measured by means of the customer satisfaction survey) are always originated by an internal improvement. Our employees treat each other as "internal customers", which means that they offer their colleagues impeccable service.

In order to establish our level of internal service, we annually measure the satisfaction level of our "internal clients" and the quality of our interdepartmental service. With regard to the latter, in 2007 work began to implement an ERP system to redefine its processes and responsibilities. Until this is completed the quality of our interdepartmental service cannot be assessed. The different suggestion collection systems that La Farga Group applies externally with customers and suppliers and internally with staff help us to incorporate elements that improve the quality of our service and the quality of our products.

Example

A member of staff used the internal communications system to inform us that the input and the internal pipes of the 8mm copper wire rod welding machine were freezing, which meant that the welds were not fusing correctly and this was causing breakages in the wire drawing machine.

IMPROVEMENT

A heater has been installed in order to maintain the interior temperature constant, preventing any further breakages and, therefore, improving productivity, worker availability and quality.

Quality Manual

Our Quality Handbook constitutes the company's general guidelines for operation and the different procedures and regulations for carrying out the different processes.

Clear and Transparent Information

All LFG products are subjected to technical specifications that define the requirements determined by the Group for the purchase of products and the characteristics of the products supplied by the Group to its customers.

Other specifications/STANDARDS may be AGREED WITH CUSTOMERS.

11.2 PRODUCT CERTIFICATES

LFL

- ADAF (Asociación de Acción Ferroviaria) Certification for Railfil: slotted wire for contact air line and bare copper cables for railway electrification.

- CETREN certification for catenary hanger rod and Railfil: slotted wire for contact air line, in accordance with ASTM standard.

LFT

- Sanitub AENOR certification and Sanitub AFNOR certification for copper pipes for conducting water and gas in heating and water supply applications.
- Technitub AENOR certification for round copper pipes, without welding, for air conditioning and cooling.
- Cromatub AENOR certification for copper pipes for conducting water and gas in heating and water supply applications.
- Meditub AENOR certification for round copper pipes, without welding, for medicinal gases or vacuum.

11.3 CONTINUOUS PROCESS IMPROVEMENT PROJECTS

Based on the assessments undertaken in different spheres, we have implemented a number of different continuous improvement projects at our production plants.

LEVEL OF ACHIEVEMENT OF THE OBJECTIVES
26 achieved. **72%**
10 not achieved. **28%**

PROJECT	DESCRIPTION	IMPLEMENTED AT
The 5 S's	Japanese method comprising five phases: sorting, straighten, sweeping, standardising and sustaining. This method enables the management of spaces to be improved and consequent improvements in all aspects of quality, fostering the aforementioned five phases.	wire drawing, smelting and casting, logistics department and start-up at La Farga Rod
KANBAN methodology	A Japanese visual management system for warehouse stocks.	wire drawing, logistics and continuous casting
Lean Office	Continuous improvement system for offices, based on a productivity calculation and the optimisation of costs, analysing the different flows of information and documentation. This system enables the detection, identification and elimination of inefficiencies in the information flow processes.	the sales process (implementation has commenced) and its application to other processes is being studied
OEE	This identifies and classifies machinery effectiveness losses. The techniques that can be used are SCRA (solution of serious or trivial problems), CEDAC (solution of chronic problems) and CONCOR.	smelting, casting and wire drawing at La Farga Rod and in the pre-insulation section at La Farga Tub
Mizu's	Through this system a production plant can communicate more efficiently with the logistics department, mainly using visual management systems.	wire drawing (in 2007) and the Logistics Department, where it is currently being implemented
Suggestions system	This is a method that provides a procedure for collecting and assessing improvement ideas proposed on an individual basis by company employees.	wire drawing, casting, La Farga Rod and the pressing section at La Farga Tub

LINKS FOR THE FUTURE

12 INNOVATION AND IMPROVEMENT

AT LFG WE ARE CONTINUOUSLY IMPROVING AND INNOVATING IN ALL SPHERES OF THE COMPANY. WE ARE DEVELOPING NEW PRODUCTS AND SERVICES AND EVEN PRODUCTION PROCESSES. INNOVATION IS ESSENTIAL FOR PROGRESS IN AN INCREASINGLY COMPETITIVE ENVIRONMENT.

Some of the key factors for La Farga Group are improvements to products and processes, innovating our products and the development of new materials in addition to our objective of entering new markets. La Farga Intec, SL is an example of this desire to innovate and continuously develop new products.

In order to achieve these objectives the R&D&I Department (Research and Development and Innovation), made up of four people distributed throughout the different companies, collaborates with universities and technological centres in order to provide a scientific and technical vision of the research carried out by the company.

Universities and technological centres:

NETWORKING

MANRESA TECHNOLOGICAL CENTRE

UVIC

UNIVERSITY OF BARCELONA (THERE IS AN ANNUAL WORK PLACEMENT CONTRACT)

UNIVERSITIES COLLABORATING WITH CONTINUOUS PROPERZI SPA

- UNIVERSITÀ DEGLI STUDI DI MILANO
- UNIVERSITÀ DEGLI STUDI DI MILANO-BICOCCA
- UNIVERSITÀ CATTOLICA DEL SACRO CUORE
- UNIVERSITÀ IULM
- UNIVERSITÀ BOCCONI
- UNIVERSITÀ VITA-SALUTE SAN RAFFAELE
- POLITECNICO DI MILANO

INASMET

BOSCH I GIMPERA FOUNDATION

MADRID TECHNICAL UNIVERSITY (ETSI)

For the development of R&D&I projects we have a laboratory and a specific room in addition to a highly qualified team with varied academic and professional backgrounds. To execute these projects a schedule is agreed with Production (ratio of achievement between R&D and production). The operation and development of innovative, alternative and emerging technology, evaluated taking into account its impact on society and on the environment, represent factors that are inherent to the company's philosophy.

Innovation is directed towards organisational progress that is respectful to society and the environment and that stimulates the creative talent of stakeholders (staff, customers, suppliers, universities and technological centres).

The company apportions 5% of its net profits to R&D&I.

As an example of our continuous innovation, in 2008 we presented one of our latest products at *Mater in Progress. Nuevos materiales, nueva industria*, a travelling exhibition organised by FAD (Fomento de las Artes y el Diseño) for the Ministry of Industry, Tourism and Commerce.

See SPANISH VERSION table page 77

R&D&I Expenditure:

Non-refundable subsidies for the development of R&D&I programmes:

12.1 R&D&I IN CONJUNCTION WITH CUSTOMERS

We actively develop collaborative relationships with customers for the analysis of product issues. To this end, the company participates in the optimisation and improvement of customers' processes (R&D&I in conjunction with customers) with the aim of achieving maximum performance for the products.

LEVEL OF ACHIEVEMENT OF THE OBJECTIVES

2008 Objectives

Start the management of 3 patents. **100%**

2009 Objectives

Consolidate the 3 patents.

13 ECONOMY

THE INCORPORATION OF SUSTAINABILITY CRITERIA INTO LA FARGA GROUP'S ECONOMIC MANAGEMENT STRUCTURE HAS ENABLED US TO IMPROVE THE GLOBAL MANAGEMENT OF THE COMPANY AND MAKE IT MORE TRANSPARENT, THUS ENSURING PROFITABILITY AND VIABILITY.

The Group undertakes annual budgetary management in such a way that there is an annual budget approved by the highest governing bodies of the organisation.

In 2008 La Farga Group holding company invested 7 million Euros in companies in the Group in order to improve work processes, create new products and consolidate a new gas cleaning plant. This investment comes in addition to the 22 million Euros invested in 2007, which was mainly earmarked for the establishment of the new company, LFR.

13.1 ECONOMIC ENVIRONMENT

Overall international and domestic situation

The main cause of the weakening of our economic activity was the international financial crisis and its duration and scope will depend on the fulfilment of the forecasts published by the OECD (Organisation for Economic Co-operation and Development).

The economic forecasts for 2008 and 2009 showed decreased growth worldwide.

The area most affected

Industrialised nations: the United States, Japan and the European Union will see their economic growth rates fall considerably.

Best results

Developing countries: slight moderation in countries like China and India.

Generalised DECLINE in ECONOMIC ACTIVITY in the main industrialised countries in Asia. The OECD PREDICTS a FALL in activity in 2009 and a recovery in 2010.

In Spain all the indicators and forecasts predict that the economic crisis will be intense. Our economy only grew by 0.9% in annual terms in 2008. The Spanish economy registered its lowest growth in 10 years.

The metal industry situation

The Compound Metal Indicator, which is prepared by Confemetal based on industrial

production rates, shows that the production activity of the metal industry suffered a considerable decline at the end of 2008.

Foreign trading of metal products in the period from January to November

Exports, taking into account the accumulated value in the first 11 months of the year, slightly increased by 0.1%, compared to the figure of 7.1% recorded in the same period in 2007.

Imports showed a reduction of 8.9% in this period.

Production activity in the metal industry CONTINUED TO DECLINE and 2008 closed with a drop in activity of 6.7% compared to the increase of 4.9% recorded as the average for 2007.

Copper demand

The demand for copper would have grown in 2007, mainly due to the dynamism shown by China. This dynamism would have included remarkable stock accumulation.

The current trend of refined copper consumption for the period from 2008 to 2010 takes into consideration the rapid worsening of the industrial production situation. If we combine the three years, copper consumption growth would be 349,000 tons, which would be generated mainly in 2008.

In 2008, demand growth dropped to 1.3% due to the moderation expected in developed countries, whereas in 2009 demand will grow, albeit marginally, by 0.1% and further so in 2010 by 0.5%. The policies to be implemented to tackle this financial crisis will be essential for the copper market.

Copper production

Updated mining production in 2007 suffered a marginal adjustment, remaining at 15,464,000 TMF while in 2008 the increase in world production was reduced to 201,000 TMF due to greater losses in the production of concentrates and in 2009 growth is expected to substantially reduce from 1.1

million TMF to 197,000 TMF.

The estimation for 2010 indicates more significant growth, 575,000 TMF.

Copper supply

In 2007, the world supply of refined copper increased by 552,000 tons which was similar to the rising trend of 557,000 tons in 2006, while in 2008 a lower increase was forecast, some 153,000 million tons of refined copper, which is very similar to what is predicted for 2009 (172,000 tons) and for 2010 a growth rate of 2.7% is expected, which is equivalent to an additional 482,000 tons.

Price perspectives

There is a high level of uncertainty with regard to forecasts, as they are being carried out in the middle of an economic crisis. The trading value of copper fell considerably in 2008; its value almost being halved by the end of the year.

See SPANISH VERSION table page 79

Trading value of copper in 2008: (\$/t)

JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER

Average value

LEVEL OF ACHIEVEMENT OF OBJECTIVES

Objectives for 2009

- Deliver the monthly Management report within a period of 6 working days from the close of the tax year.
- Ensure that the ratio of overdue client balances is less than 3% in relation to the total client balance.

13.2 ECONOMIC INDICATORS

(in €)	LFL			LFT			LFR
	2006	2007	2008	2006	2007	2008	2008
Revenue	415.558.500	413.241.693	395.438.814	99.204.757	98.978.145	88.893.115	365.975.431
Operating costs	393.138.010	369.428.542	347.568.842	92.514.021	92.152.291	79.600.096	357.413.303
Salaries and social benefits	6.533.484	6.736.519	7.411.821	2.564.117	3.025.438	3.230.386	900.663
Payments to financial backers	2.217.904	4.130.514	4.696.273	368.267	300.860	400.401	5.281.106
Payments to the government	4.824.975	4.034.571	9.927.089	16.518.175	16.167.478	13.680.910	9.390.440
Significant financial aid received from governmental bodies	175.370	239.847	124.288	12.823	34.570	63.604	44.704
Turnover	388.516.094	409.674.821	393.013.568	98.266.939	97.308.689	88.523.804	360.362.329
Net profit	6.890.504	7.326.467	7.883.289	1.280.191	847.273	83.162	44.907
Cash flow	9.742.242	10.871.264	12.595.842	3.055.666	2.785.051	2.262.952	1.120.263
% of exportation	17%	15%	19%	1%	1%	7%	16%
Expenditure	408.667.997	405.915.225	390.503.310	97.924.566	98.130.873	88.589.729	65.757.476
Total investment	1.700.879	3.478.437	7.414.110	1.936.423	4.212.802	2.051.885	16.796.223
Corporate income tax	3.459.661	3.096.145	2.173.897	509.302	271.162	-18.775	-32.852
Total assets	88.496.940	70.829.891	66.198.888	26.088.080	27.977.819	25.784.658	41.344.725
Shareholders' equity	35.778.165	34.215.679	33.705.209	17.521.583	18.368.856	18.452.018	16.796.223
ROE	24%	21%	23%	8%	5%	4%	3%

	LFG		
	2006	2007	2008
% of purchases made in the country (raw materials, services and fixed assets) / total purchases	49%	50%	51%

Sanctions imposed on LFG (€)	LFL	LFR	LFG
Customs and imports	1.697,80	1.851,83	3.549,63
Corporate tax	-	-	195.911,90
Income tax	-	-	1.851,33

Fundació La Farga foundation		€
Expenditure	Totals	1.002.37,58
	Wages and salaries	24.283,57
	Others (activities for the bicentenary)	978.089,01
Donations received	Individuals	200.000,00
	Financial entities	40.938,37

13.3 BALANCE SHEET

13.3.1 LA FARGA GROUP

ASSETS		NOTE	31/12/2008
A)	NON-CURRENT ASSETS		61.256.648,28
I.	Intangible fixed assets	5	83.751,09
II.	Tangible assets	6	1.868.846,18
III.	Property investments		0,00
IV.	Long-term investments made in Group companies and associates	7	59.304.051,01
V.	Long-term financial investments		0,00
VI.	Deferred tax assets		0,00
VII.	Non-current trade debtors		0,00
B)	CURRENT ASSETS		6.129.113,67
I.	Non-current assets kept for sale		0,00
II.	Stock	8	0,00
III.	Trade debtors and other accounts due		5.506.821,75
IV.	Short-term investments made in Group companies and associates	7	496.969,64
V.	Short-term financial investments	7	0,00
VI.	Short term accruals		5.807,46
VII.	Cash		119.514,82
TOTAL ASSETS (A+B)			67.385.761,95

EQUITY AND LIABILITIES		NOTE	31/12/2008
A)	EQUITY		43.268.327,51
A-1)	Shareholders' Equity 9	9	43.268.327,51
I.	Capital		23.130.900,00
II.	Capital surplus		0,00
III.	Capital reserves		9.130.185,14
IV.	Company-owned stocks and shares		0,00
V.	Results for previous tax years		0,00
VI.	Other investments by partners		0,00
VII.	Result of the tax year		11.007.242,37
VIII.	Interim dividend		0,00
IX.	Other equity instruments		0,00
A-2)	Adjustments for value change		0,00
I.	Financial assets available for sale		0,00
II.	Hedging		0,00
III.	Others		0,00
A-3)	Subsidies, donations and legacies		0,00
B)	NON-CURRENT LIABILITIES		9.740.106,19
I.	Long-term provisions		0,00
II.	Long-term debts	11	9.552.013,77
III.	Long-term debts with the Group's companies and associates		0,00
IV.	Liabilities from deferred tax		188.092,42
V.	Long-term accruals		0,00
C)	CURRENT LIABILITIES		14.377.328,25
I.	Liabilities linked to non-current assets kept for sale		0,00
II.	Short term provisions		0,00
III.	Short term debts	11	4.892.904,40
IV.	Short term debts with the Group's companies and associates		6.934.892,84
V.	Trade debtors and other due accounts		2.549.531,01
VI.	Short term accruals		0,00
TOTAL EQUITY AND LIABILITIES (A+B+C)			67.385.761,95

13.3.2 LA FARGA LACAMBRA

ASSETS		NOTE	31/12/2008
A)	NON-CURRENT ASSETS		25.035.907,68
I.	Intangible fixed assets	5	444.761,71
II.	Tangible assets	6	24.585.135,80
III.	Property investments		0,00
IV.	Long-term investments made in Group companies and associates	7	6.010,17
V.	Long-term financial investments		0,00
VI.	Deferred tax assets		0,00
VII.	Non-current trade debtors		0,00
B)	CURRENT ASSETS		41.162.980,62
I.	Non-current assets kept for sale		0,00
II.	Stock	8	6.281.222,79
III.	Trade debtors and other accounts due		12.868.775,81
IV.	Short-term investments made in Group companies and associates	7	6.030.722,88
V.	Short-term financial investments	7	10.945.014,35
VI.	Short term accruals		4.009.051,72
VII.	Cash		1.028.193,07
TOTAL ASSETS (A+B)			66.198.88830

EQUITY AND LIABILITIES		NOTE	31/12/2008
A)	EQUITY		33.705.209,29
A-1)	Shareholders' Equity 9	9	33.705.209,29
I.	Capital		27.562.500,00
II.	Capital surplus		0,00
III.	Capital reserves		4.059.358,00
IV.	Company-owned stocks and shares		0,00
V.	Results for previous tax years		0,00
VI.	Other investments by partners		0,00
VII.	Result of the tax year		7.883.288,79
VIII.	Interim dividend		-5.799.937,50
IX.	Other equity instruments		0,00
A-2)	Adjustments for value change		0,00
I.	Financial assets available for sale		0,00
II.	Hedging		0,00
III.	Others		0,00
A-3)	Subsidies, donations and legacies		0,00
B)	NON-CURRENT LIABILITIES		3.462.968,89
I.	Long-term provisions		58.419,62
II.	Long-term debts	11	3.395.712,54
III.	Long-term debts with the Group's companies and associates		0,00
IV.	Liabilities from deferred tax		8.836,73
V.	Long-term accruals		0,00
C)	CURRENT LIABILITIES		29.030.710,12
I.	Liabilities linked to non-current assets kept for sale		0,00
II.	Short term provisions		0,00
III.	Short term debts	11	18.127.704,80
IV.	Short term debts with the Group's companies and associates		0,00
V.	Trade debtors and other due accounts		10.903.005,32
VI.	Short term accruals		0,00
TOTAL EQUITY AND LIABILITIES (A+B+C)			66.198.888,30

13.3.3 LA FARGA TUB

ASSETS		NOTE	31/12/2008
A)	NON-CURRENT ASSETS		12.410.241,11
I.	Intangible fixed assets	5	79.837,92
II.	Tangible assets	6	12.327.999,14
III.	Property investments		0,00
IV.	Long-term investments made in Group companies and associates	7	2.404,05
V.	Long-term financial investments		0,00
VI.	Deferred tax assets		0,00
VII.	Non-current trade debtors		0,00
B)	CURRENT ASSETS		13.374.416,44
I.	Non-current assets kept for sale		0,00
II.	Stock	8	2.927.185,99
III.	Trade debtors and other accounts due		9.422.467,33
IV.	Short-term investments made in Group companies and associates	7	73.584,49
V.	Short-term financial investments	7	0,00
VI.	Short term accruals		699.709,16
VII.	Cash		251.469,47
TOTAL ASSETS (A+B)			25.784.657,55

EQUITY AND LIABILITIES		NOTE	31/12/2008
A)	EQUITY		18.452.018,17
A-1)	Shareholders' Equity 9	9	18.452.018,17
I.	Capital		13.846.000,00
II.	Capital surplus		0,00
III.	Capital reserves		4.522.855,91
IV.	Company-owned stocks and shares		0,00
V.	Results for previous tax years		0,00
VI.	Other investments by partners		0,00
VII.	Result of the tax year		83.162,26
VIII.	Interim dividend		0,00
IX.	Other equity instruments		0,00
A-2)	Adjustments for value change		0,00
I.	Financial assets available for sale		0,00
II.	Hedging		0,00
III.	Others		0,00
A-3)	Subsidies, donations and legacies		0,00
B)	NON-CURRENT LIABILITIES		0,00
I.	Long-term provisions		0,00
II.	Long-term debts	11	0,00
III.	Long-term debts with the Group's companies and associates		0,00
IV.	Liabilities from deferred tax		0,00
V.	Long-term accruals		0,00
C)	CURRENT LIABILITIES		7.332.639,38
I.	Liabilities linked to non-current assets kept for sale		0,00
II.	Short term provisions		0,00
III.	Short term debts	11	5.136.235,75
IV.	Short term debts with the Group's companies and associates		0,00
V.	Trade debtors and other due accounts		2.196.403,63
VI.	Short term accruals		0,00
TOTAL EQUITY AND LIABILITIES (A+B+C)			25.784.657,55

13.3.4 LA FARGA ROD

ASSETS		NOTE	31/12/2008
A)	NON-CURRENT ASSETS		16.108.260,27
I.	Intangible fixed assets	5	399.217,31
II.	Tangible assets	6	15.706.037,96
III.	Property investments		0,00
IV.	Long-term investments made in Group companies and associates	7	3.005,00
V.	Long-term financial investments		0,00
VI.	Deferred tax assets		0,00
VII.	Non-current trade debtors		0,00
B)	CURRENT ASSETS		25.236.464,98
I.	Non-current assets kept for sale		0,00
II.	Stock	8	4.281.629,95
III.	Trade debtors and other accounts due		14.511.515,83
IV.	Short-term investments made in Group companies and associates	7	120.498,32
V.	Short-term financial investments	7	0,00
VI.	Short term accruals		4.713.044,32
VII.	Cash		1.609.776,56
TOTAL ASSETS (A+B)			41.344.725,25

EQUITY AND LIABILITIES		NOTE	31/12/2008
A)	EQUITY		16.796.223,44
A-1)	Shareholders' Equity 9	9	16.796.223,44
I.	Capital		17.000.000,00
II.	Capital surplus		0,00
III.	Capital reserves		-197.391,84
IV.	Company-owned stocks and shares		0,00
V.	Results for previous tax years		-51.292,01
VI.	Other investments by partners		0,00
VII.	Result of the tax year		44.907,29
VIII.	Interim dividend		0,00
IX.	Other equity instruments		0,00
A-2)	Adjustments for value change		0,00
I.	Financial assets available for sale		0,00
II.	Hedging		4.946.864,32
III.	Others		0,00
A-3)	Subsidies, donations and legacies		4.946.864,32
B)	NON-CURRENT LIABILITIES		0,00
I.	Long-term provisions		0,00
II.	Long-term debts	11	0,00
III.	Long-term debts with the Group's companies and associates		19.601.637,49
IV.	Liabilities from deferred tax		
V.	Long-term accruals		0,00
C)	CURRENT LIABILITIES		16.513.977,49
I.	Liabilities linked to non-current assets kept for sale		0,00
II.	Short term provisions		3.087.660,00
III.	Short term debts	11	0,00
IV.	Short term debts with the Group's companies and associates		0,00
V.	Trade debtors and other due accounts		2.196.403,63
VI.	Short term accruals		0,00
TOTAL EQUITY AND LIABILITIES (A+B+C)			41.344.725,25

13.3.5 FUNDACIÓ LA FARGA FOUNDATION

ASSETS	
NON-CURRENT ASSETS	1.593.762,92
Intangible fixed assets	672.000,00
Cultural heritage assets	921.762,92
CURRENT ASSETS	259.104,87
Other debtors	1.011,00
Public administration	0,00
Temporary financial investments	250.000,00
Cash	8.093,87
TOTAL ASSETS	1.852.867,79
LIABILITIES	
SHAREHOLDERS' EQUITY	1.261.707,93
LONG-TERM DEBT	504.000,00
SHORT-TERM LOANS	87.159,86
Trade debtors	2.978,44
Public administration	1.301,42
Other non-commercial debts	82.880,00
TOTAL LIABILITIES	1.852.867,79

13.3.6 HIDROELÉCTRICA DEL VOLTREGÀ

ASSETS	
NON-CURRENT ASSETS	5,576.01
Intangible fixed assets	5,576.01
CURRENT ASSETS	7,352.37
Other debtors	6,765.36
Public administration	6,727.88
Temporary financial investments	37.48
Cash	587.01
TOTAL ASSETS	12,928.38
LIABILITIES	
SHAREHOLDERS' EQUITY	7.999,80
SHORT-TERM LOANS	4.928,58
Suppliers	3.474,58
Group Company Creditors	1.429,12
Public Administrations	24,88
TOTAL LIABILITIES	12,928.38

13.4 PROFIT AND LOSS ACCOUNT

13.4.1 LA FARGA GROUP

A)	CONTINUING OPERATIONS		
1.	Net turnover		6.775.729,41
2.	Variation in stock of finished products and work-in-progress		0,00
3.	Work carried out by the company for its assets		0,00
4.	Procurements	13	-79.850,24
5.	Other operating revenue		0,00
6.	Staff expenses	13	-1.421.727,33
7.	Other operating expenses		-1.205.024,09
8.	Amortisation of fixed assets		-146.649,79
9.	Allocation of subsidies for non-financial fixed assets and others		0,00
10.	Excess of provisions		0,00
11.	Deterioration and result of transfer of fixed assets		0,00
A.1)	NET OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11)		3.922.477,96
12.	Financial revenue		8.420.438,66
13.	Financial expenses		-2.430.605,10
14.	Reasonable value change in financial instruments		0,00
15.	Exchange differences		0,00
16.	Deterioration and result of transfer of fixed assets		47.379,66
A.2)	FINANCIAL RESULT (12+13+14+15+16)		6.037.213,22
A.3)	RESULT BEFORE TAX (A.1+A.2)		9.959.691,18
17.	Corporate Income Tax	12	1.047.551,19
A.4)	RESULTS FOR THE TAX YEAR FROM CONTINUING OPERATIONS (A.3+17)		11.007.242,37
B)	DISCONTINUED OPERATIONS		
18.	Net result for the tax year, from suspended operations		0,00
A.5)	RESULT FOR THE YEAR (A.4+18)		11.007.242,37

13.4.2 LA FARGA LACAMBRA

A)	OPERACIONES CONTINUADAS		
1.	Net turnover		393.013.567,85
2.	Variation in stock of finished products and work-in-progress		-3.783.456,14
3.	Work carried out by the company for its assets		2.274.172,18
4.	Procurements	13	-359.518.364,79
5.	Other operating revenue		64.993,74
6.	Staff expenses	13	-7.573.088,71
7.	Other operating expenses		-8.139.300,71
8.	Amortisation of fixed assets		-4.712.553,70
9.	Allocation of subsidies for non-financial fixed assets and others		0,00
10.	Excess of provisions		0,00
11.	Deterioration and result of transfer of fixed assets		28.616,64
A.1)	NET OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11)		11.654.586,36
12.	Financial revenue		3.098.858,74
13.	Financial expenses		-4.653.085,54
14.	Reasonable value change in financial instruments		0,00
15.	Exchange differences		-43.174,15
16.	Deterioration and result of transfer of fixed assets		0,00
A.2)	FINANCIAL RESULT (12+13+14+15+16)		-1.597.400,95
A.3)	RESULT BEFORE TAX (A.1+A.2)		10.057.185,41
17.	Corporate Income Tax	12	-2.173.896,62
A.4)	RESULTS FOR THE TAX YEAR FROM CONTINUING OPERATIONS (A.3+17)		7.883.288,79
B)	DISCONTINUED OPERATIONS		
18.	Net result for the tax year, from suspended operations		0,00
A.5)	RESULT FOR THE YEAR (A.4+18)		7.883.288,79

13.4.3 LA FARGA TUB

A) CONTINUING OPERATIONS		
1.	Net turnover	88.523.803,95
2.	Variation in stock of finished products and work-in-progress	-3.796.572,81
3.	Work carried out by the company for its assets	898.358,20
4.	Procurements	13 -76.247.960,25
5.	Other operating revenue	1.819,46
6.	Staff expenses	13 -3.321.512,51
7.	Other operating expenses	-3.479.284,18
8.	Amortisation of fixed assets	-2.179.789,33
9.	Allocation of subsidies for non-financial fixed assets and others	0,00
10.	Excess of provisions	0,00
11.	Deterioration and result of transfer of fixed assets	0,00
A.1)	NET OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11)	398.862,53
12.	Financial revenue	65.924,85
13.	Financial expenses	-399.881,42
14.	Reasonable value change in financial instruments	0,00
15.	Exchange differences	-519,13
16.	Deterioration and result of transfer of fixed assets	0,00
A.2)	FINANCIAL RESULT (12+13+14+15+16)	-334.475,70
A.3)	RESULT BEFORE TAX (A.1+A.2)	64.386,83
17.	Corporate Income Tax	12 18.775,43
A.4)	RESULTS FOR THE TAX YEAR FROM CONTINUING OPERATIONS (A.3+17)	83.162,26
B) DISCONTINUED OPERATIONS		
18.	Net result for the tax year, from suspended operations	0,00
A.5)	RESULT FOR THE YEAR (A.4+18)	83.162,26

13.4.4 LA FARGA ROD

A) OPERACIONES CONTINUADAS		
1.	Net turnover	360.362.328,94
2.	Variation in stock of finished products and work-in-progress	0,00
3.	Work carried out by the company for its assets	1.081.576,91
4.	Procurements	13 -355.902.177,82
5.	Other operating revenue	0,00
6.	Staff expenses	13 -945.372,71
7.	Other operating expenses	-2.565.419,02
8.	Amortisation of fixed assets	-1.075.355,70
9.	Allocation of subsidies for non-financial fixed assets and others	0,00
10.	Excess of provisions	0,00
11.	Deterioration and result of transfer of fixed assets	-20.897,41
A.1)	NET OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11)	934.683,19
12.	Financial revenue	4.358.477,88
13.	Financial expenses	-5.280.426,44
14.	Reasonable value change in financial instruments	0,00
15.	Exchange differences	-679,67
16.	Deterioration and result of transfer of fixed assets	0,00
A.2)	FINANCIAL RESULT (12+13+14+15+16)	-922.628,23
A.3)	RESULT BEFORE TAX (A.1+A.2)	12.054,96
17.	Corporate Income Tax	12 32.852,33
A.4)	RESULTS FOR THE TAX YEAR FROM CONTINUING OPERATIONS (A.3+17)	44.907,29
B) DISCONTINUED OPERATIONS		
18.	Net result for the tax year, from suspended operations	0,00
A.5)	RESULT FOR THE YEAR (A.4+18)	44.907,29

13.4.5 FUNDACIÓ LA FARGA FOUNDATION

DEBIT		
A.	EXPENSES	1.011.965,44
1.	Grants awarded and other expenses	71.317,57
2.	Operating expenses	139.824,21
3.	Staff expenses	24.283,57
4.	Provisions for amortization of fixed assets	0,00
5.	Other expenses	776.540,09
6.	Variation in provision for activities	
I.	OPERATING INCOME	-805.511,14
II.	FINANCIAL INCOME	
III.	ORDINARY INCOME	-764.572,77
IV.	EXTRAORDINARY INCOME	
V.	INCOME BEFORE TAX	-764.572,77
VI.	SURPLUS FROM TAX YEAR (SAVING)	-764.572,77

CREDIT		
B.	REVENUE	247.392,67
1.	The foundation's revenue from activities	206.454,30
2.	Other revenue	
I.	OPERATING LOSSES	
3.	Finance revenue	40.938,37
4.	Exchange gains	
II.	FINANCIAL LOSSES	
III.	LOSSES FROM ORDINARY ACTIVITIES	
IV.	EXTRAORDINARY LOSSES	0,00
V.	LOSSES BEFORE TAX	
VI.	NEGATIVE SURPLUS FROM TAX YEAR (SAVING)	

13.4.6 HIDROELÉCTRICA DEL VOLTREGÀ

DEBIT		
A.	EXPENSES	37.508,61
1.	Work carried out by third parties	6.035,76
2.	Provisions for amortization of fixed assets	0,00
3.	Other operating expenses	31.472,85
I.	OPERATING INCOME	2.471,84
4.	Financial and similar expenses	0,00
II.	FINANCIAL INCOME	0,29
III.	ORDINARY INCOME	2.472,13
5.	Extraordinary expenses	0,00
IV.	EXTRAORDINARY INCOME	
V.	INCOME BEFORE TAX	2.472,13
14.	Corporate income tax	
15.	Other taxes	
VI.	SURPLUS FROM TAX YEAR (SAVING)	2.472,13

CREDIT		
B.	REVENUE	39.980,74
I.	OPERATING LOSSES	
1.	Finance revenue	0,29
II.	FINANCIAL LOSSES	
III.	LOSSES FROM ORDINARY ACTIVITIES	
2.	Extraordinary revenue	0,00
IV.	EXTRAORDINARY LOSSES	
V.	LOSSES BEFORE TAX	
VI.	NEGATIVE SURPLUS FROM TAX YEAR (SAVING)	

14 TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE

Indicators from the G3 Global Reporting Initiative (GRI)		
CONCEPT	INDICATOR NUMBER	PAGE
Strategy and analysis	1.1, 1.2	Letters from the governing bodies 4-6, 13, 28
Organizational profile	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10	8, 9, 11, 12, 21, 29, 30
Organizational profile		7, 43
Reporting period for information provided in the report.	3.1	7
Date of most recent previous report.	3.2	7
Reporting cycle.	3.3	7
Contact point for questions regarding the report or its contents.	3.4	43
Process for defining report content, including: - Determining materiality - Prioritising topics within the report - Identifying stakeholders that are expected to use this report	3.5	7
Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	3.6	7
Limitations on the scope or boundary of the report.	3.7	The limitations in the scope of the information provided, if there are any, and the description of the measurement of techniques and effects of revising information are reflected in the corresponding section of the report.
Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly effect comparability from period to period and/or between organisations.	3.8	7
Data measurement techniques and the bases of calculations including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	3.9	Specify, wherever necessary, in the corresponding section of the report.
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers and acquisitions, change of base years/periods, nature of business and measurement methods).	3.10	Specify, wherever necessary, in the corresponding section of the report.
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	3.11	7
Basic contents in the report	3.12	39-42
External assurance of the report	3.13	43
Governance, Commitments, and Engagement		
Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	4.1	11, 12
Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	4.2	11, 12
For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	4.3	11, 12
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	4.4	11, 24

Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	4.5	11, 12
Processes in place for the highest governance body to ensure conflicts of interest are avoided.	4.6	11, 12
Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	4.7	12
Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	4.8	13, 14
Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	4.9	12, 14
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	4.10	12, 13
Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	4.11	18, 28
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	4.12	10, 11, 13, 16, 17
Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organisation has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic.	4.13	10
List of stakeholder groups engaged by the organisation.	4.14	13, 14
Basis for identification and selection of stakeholders with whom to engage.	4.15	13, 14
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	4.16	13, 14
Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	4.17	Available long-term.
ECONOMIC PERFORMANCE INDICATORS		
Management approach		29
Economy	EC1	30
	EC2	18
	EC3	23
	EC4	30
Market presence	EC5	22
	EC6	15, 16, 30
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ENVIRONMENTAL PERFORMANCE INDICATORS		
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Energy	EN3	19
	EN4	19
	EN6	18, 19
	EN7	19
Water	EN8	19
	EN10	20
Biodiversity	EN11	Operations are not carried out in protected natural areas or in areas of high biodiversity value outside protected areas.
	EN12	
Emissions, effluents and waste	EN16	20
	EN17	20
	EN18	18, 20
	EN19	There are no emissions of ozone-depleting substances.
	EN20	20
	EN21	20
	EN22	19
	EN23	No accidental spills have occurred.
Products and services	EN26	19, 20
	EN27	19
Fines and sanctions	EN28	No non-monetary or monetary fines have been received for non-compliance with environmental laws and regulations.
Environmental expenditures and investments	EN30	18
ENVIRONMENTAL PERFORMANCE INDICATORS		
Management approach		12, 21, 23
WORK		
Employment	LA1	21, 22
	LA2	21
	LA3	23
Work practices	LA4	21
	LA5	22
Health and safety	LA6	12
	LA7	25
	LA8	25
Training	LA10	23
	LA11	22, 23
	LA12	22, 23
Diversity and equal opportunity	LA13	11, 12, 22
	LA14	22
HUMAN RIGHTS		
Management approach		
Investment and procurement practices	HR1	This is not applicable as all of LFG's operations are carried out in Spain, where human rights are guaranteed.
	HR2	14
Non-discrimination	HR4	No discrimination incidents have occurred.

Freedom of Association and Collective Bargaining	HR5	There are no operations in which the freedom of association and collective bargaining are put at risk.
Child labour	HR6	There are no activities that carry a potential risk of incidents of child labour.
Forced and Compulsory Labour	HR7	There are no operations that entail risks of creating situations of forced or compulsory labour.
SOCIETY		
Management approach		
Community	SO1	13, 14
Corruption	SO2	14
	SO3	14
	SO4	No incidents of corruption have taken place.
Public policies	SO5	The company does not have a position on public policies nor does it participate in the development of them, nor in lobbying activities.
	SO6	There are no financial payments or contributions in kind to political parties.
Anti-competitive behaviour	SO7	There are no actions for causes related to monopolising practices nor against free competition.
Sanctions and fines	SO8	No significant monetary sanctions or fines have been received arising from in compliance with the laws and regulations.
PRODUCT RESPONSIBILITY		
Management approach		26
Customer health and safety	PR1	71
Product and service labelling	PR3	71, 73
	PR5	70, 71
Marketing communications	PR6	There are no compliance programmes for laws, standards or voluntary codes.
Respect for customer privacy	PR8	Over the last three years, LFG has not received any complaints of this nature.
Sanctions and fines	PR9	Significant fines have not been registered as the result of in compliance with regulations regarding the supply or use of the organisation's products and services.

* The graphics and visual data missing in this publication are available within the Spanish version. References to the pages related with can be found along this report, with the necessary translations for a comprehensive understanding of the data.

15 TABLE OF CONTENTS OF THE UNITED NATIONS GLOBAL COMPACT

Businesses should...		Pages	GRI Indicators
1	support and respect the protection of internationally proclaimed human rights, within their sphere of influence.	34	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9
2	make sure they are not complicit in human rights abuses.	34	HR1, HR2, HR8
3	uphold the freedom of association and the effective recognition of the right to collective bargaining.	54, 60	LA4, LA5, HR5
4	uphold the elimination of all forms of forced and compulsory labour.	34	HR7
5	uphold the effective abolition of child labour.	34	HR6
6	uphold the elimination of discrimination in respect of employment and occupation.	34	LA2, LA10, LA13, LA14, HR4
7	support a precautionary approach to environmental challenges.	44	4.11
8	undertake initiatives to promote greater environmental responsibility.	44-51	EN2, EN5, EN6, EN7, EN10, EN13, EN14, EN18, EN21, EN22, EN26, EN27, EN30
9	encourage the development and diffusion of environmentally friendly technologies.	44-51	EN2, EN5, EN6, EN7, EN10, EN18, EN26, EN27
10	work against corruption in all its forms, including extortion and bribery.	34	SO2, SO3, SO4

16 VERIFICATION REPORT

Ambicert, SL, a company within the ECOCERT group, with Spanish Tax ID No. B62209044, with registered offices in Manlleu, was the company that undertook the verification of La Farga Group's Sustainability Report for 2008. This company is completely independent from La Farga Group and before this certification, did not have any kind of commercial link or any kind of connection with the organisation.

This report is available in PDF version in the La Farga Group website: www.lfg.es.

For further information about the contents of this report, please contact etica@lfg.es.

This report has been checked by the Global Reporting Initiative, and their conclusion was that it meets the criteria for a level A+ application.

