

THE TEAM, OUR VALUE

SUSTAINABILITY REPORT 2013



1 THE CHAIRMAN'S LETTER



It is a source of pride once again this year for me to present our La Farga Group, formed by its holding company CORPORACIÓN METALÚRGICA CATALANA, SL and its subsidiaries in Les Masies de Voltregà and our associate companies in China, the United States and France, as well as the distribution companies in Spain and the United Kingdom. The La Farga Group presents its annual accounts together with the accompanying Sustainability report.

We seek to renew the commitment acquired in 2006 with the Global Compact and, therefore, help in promoting actions aimed at implementing each of the principles included in this international initiative. As can be seen from the 2013 Sustainability report, we have continued to work on extending good practice that, in line with our business, contribute towards the sustainability of the Group.

I find it fitting to briefly refer to the economic-social circumstances that have been developing over the past five years. As an essential material for country development, copper is influenced by the global situation. As a small reference along these lines, a developed country uses ten kilos of copper per inhabitant each year, whereas a developing country has a consumption per capita of less than one kilo. This characteristic of our base material means that our business is influenced by the major geo-strategic movements worldwide. During this year ending, the world economy has grown quite considerably and world growth for 2014 is set at 3.8%, centred primarily in China with 7.5%, the developing countries with 5.1%, the United States with 2.8% and Europe with a shy 1%.

Certain weariness is seen in the Chinese economy at the end of the year and a possible property bubble and certain non-solvent credit supply are speculated. The Chinese markets have used copper as credit guarantee and these considerations are affecting world copper consumption. It must be noted that China consumes 35% of this material. At 2012 end, copper was listed on the London Metal Exchange at €5,998 per ton, which dropped to €5,361 per ton at 2013 end. An important factor of the European economy is the Dollar – Euro parity, which has risen from 1,319 at 2012 end to 1,379 at 2013 end.

The situation of the European markets has strengthened, with minor growth in their respective gross domestic products, despite this not being the case in Spain. When the world crisis began in 2007, great speculations were made as to whether the evolution of our growth would be V, W or the feared L. It can now be confirmed that our country has witnessed a W-shaped recession, due to the dip in 2012. Following the measures adopted, a better future of growth is foreseen that all analysts place between 0.6% and 1% for 2014, suggesting a brighter future.

Over recent years, all industry has required remodelling and the expanding of its exporting capacities due to the property collapse and the lack of investment in infrastructures. This industrial redefinition has been very costly to society, as it has meant a significant reduction in employment that has impoverished the economy as a whole. Our La Farga Group has been able to offset the drops in sales in the Spanish market with increases in sales in international markets. This has been possible thanks to the austerity policies implemented during times of prosperity, with the reinvesting of most profits. This has enabled us to develop new production lines to implement the results of our research, development and innovation teams in order to expand our catalogue of products that may be of use to our clients and open new markets, the fruits of which have been reaped over recent years.

In terms of our Spanish business as a whole, total sales stood at Tn 211,025, which represent 0.2% in relation to the previous year. Hence, sales have led to a turnover of €905,101,511, 9% down on 2012. It must be noted that this turnover has been obtained with a 10% drop in the price of copper. Our volume of exports was 32%. The efforts made regarding the internationalisation of our sales in copper piping must be noted, as the Spanish market dropped by 15% once again this year in terms of this product.

During this year ending, our international associates recorded a turnover of \$93,889,047, ¥163,279,334, €14,760,160 and £99,194, corresponding to SDI La Farga LLC, Ganzhou Jiangwu La Farga High Speed Railway Copper Materials Co., Ltd, La Farga

Tub France SAS and La Farga Limited, respectively.

One of the most noteworthy events of the year, which has had most impact on the profit and loss accounts, involved the existing tension in the recycled copper market, which is characterised by a scarcity of materials worldwide. This scarcity has led to a drop in purchasing discounts, which reached historic lows, and the lack of available material that led to a need to use replacement materials for casting, with the subsequently loss in economic performance. Supplies of raw materials from mining, copper cathode, have been regular over the year, except during October and November when deliveries from our supplier Atlantic Copper were reduced due to required technical downtime for the maintenance of its foundry. Our Supplies Department was able to make alternative purchases to prevent having to stop supplying our clients.

During this year end, the Board of Directors agreed to implement a very ambitious investment plan that involved the design and construction of a new refining furnace (technology patented by La Farga) that is larger and more energy efficient than the existing one. The plan also included new investments in the drawn wire section in order to increase product diversity and cover new markets. In the pipe plant, an annealing furnace has been commissioned to increase production and productivity and to reduce costs. A real-time eccentricity gauge has also been installed at the press outlet (technology patented by La Farga). The warehouse has also been extended to guarantee our service to clients. All of these investments started in 2013 and have become effective as of early 2014.

A cost reduction plan was started in early 2013, with organisational restructuring to adapt to new requirements once the new comprehensive ERP information system, SAP, was implemented.

At the start of financial year 2013, a decision was made to integrate the operational management of the group's two continuous casting plants, both maintaining their own legal status. This involved a series of adjustments to their workforces and the rationalisation and simplification of many operational processes, which quickly led to a drastic increase in the profitability of both companies.

In the US, the associate company SDI LA FARGA continues with its development plan, having been able to stabilise production and ensure the progressive introduction of our products into the market at growing levels over the year, obtaining a good contract base for 2014.

The introduction of a new product always involves difficul-

ties, although the extensive experience of La Farga in Europe has been a key factor to making this easier. Unfortunately, the prolongation of this period of introduction, with the aforementioned difficulties of the world scrap market, led to negative results that we hope to offset in future financial years.

In China, our associate company Ganzhou Jiangwu La Farga has obtained all of the necessary certificates for the sale of high-speed railway products, after passing a long approval process due to problems within the country's public authorities. This means that it can now compete in any future tenders announced.

Meanwhile, in 2013, sales focused on supplies to conventional lines and on exports to other Asian countries. The negative results correspond primarily to the significant amortisation of the initial investment.

The company had sufficient financial instruments to meet requirements for working capital. Thanks to good resource management and assisted by a 10% reduction in copper prices, we have been able to reduce our working capital requirements by 30% at year end.

As usual, the company has permanently monitored the risks taken by our clients, which are mostly covered by insurance policies or other hedging formulas.

Our hedging policy ensures that the volatility of copper prices has little impact on the profit and loss account and helps us avoid uncontrollable risks. This leads to greater confidence in our risk management by financial institutions. Furthermore, the year has ended with no incidents regarding defaulting clients and the drop in copper prices has led to lower financial requirements than during previous years, which have always been handled by our usual banks.

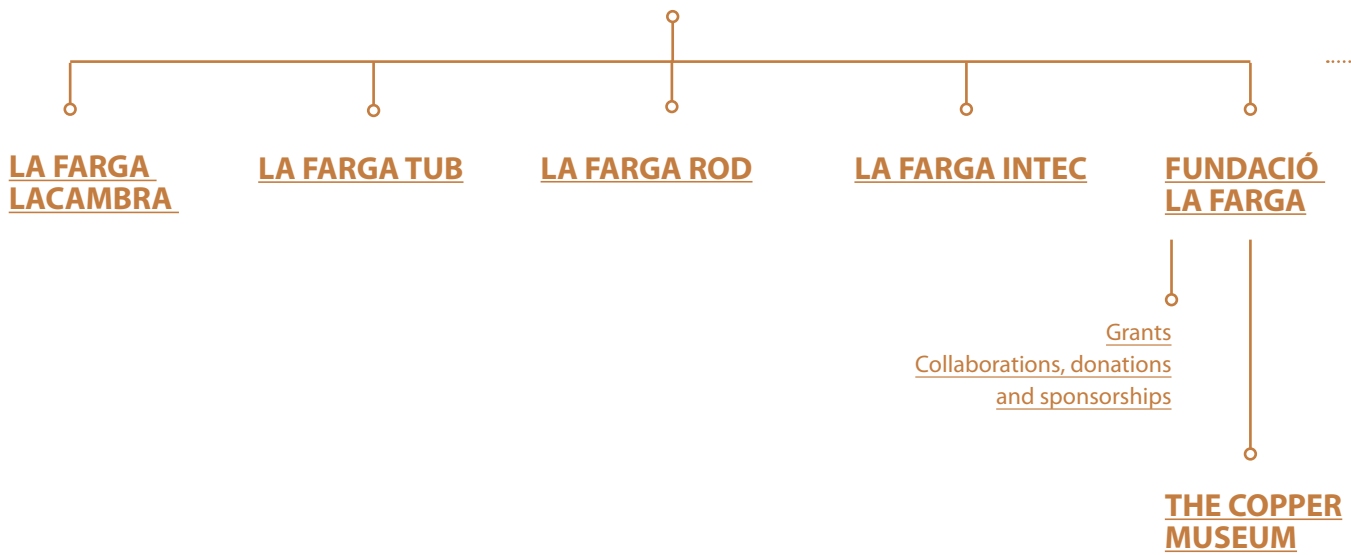
At the end of 2013 and with all actions explained, I am pleased to announce a cash flow in our consolidated profit and loss account of €8,929,235.

In view of the above, we hope that 2014 will confirm the good expectations of economic reactivation and growth, in which case La Farga is fully able to face this year and meet the growth targets set. All the very best to you all.

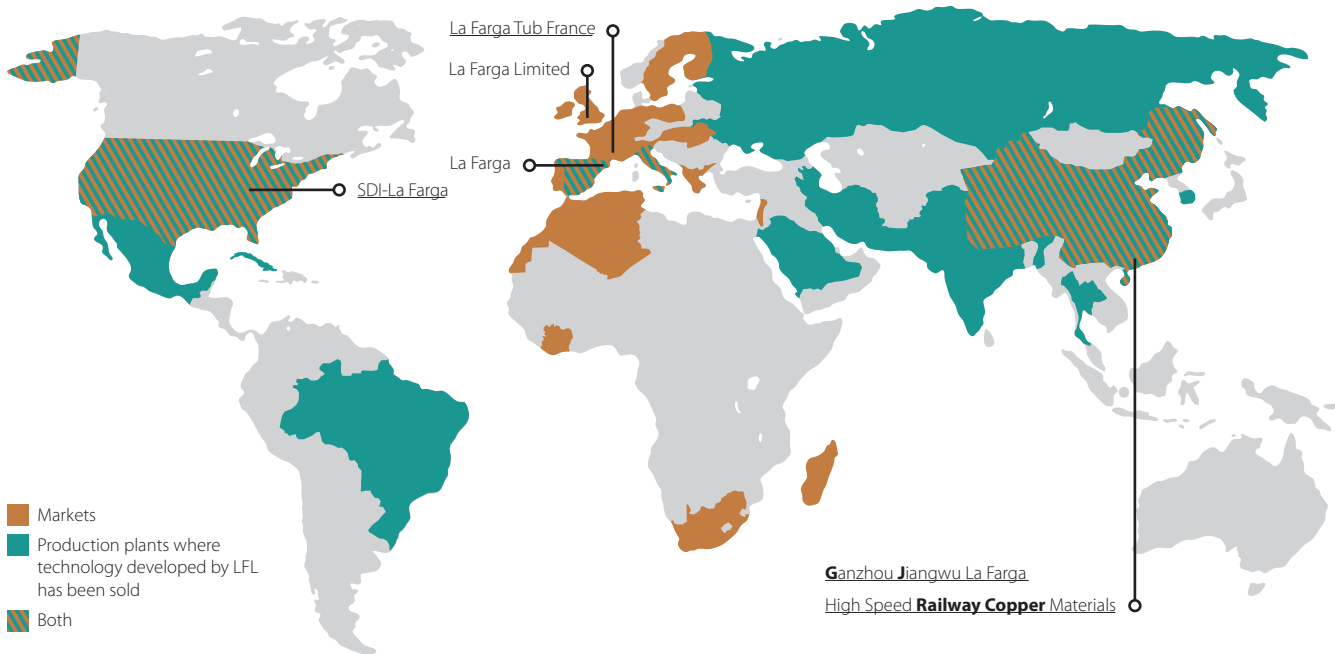
Vicente Fisas Comella, **Chairman**

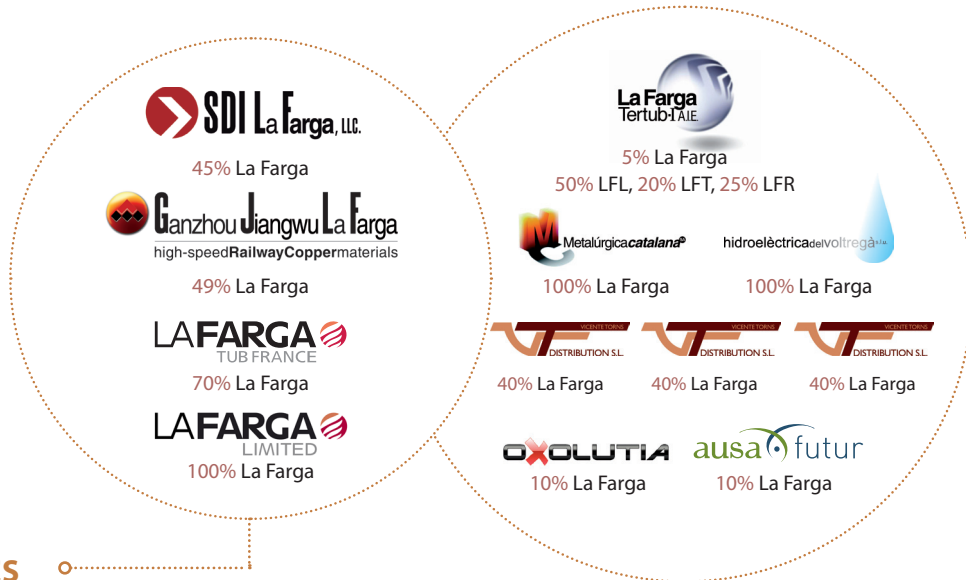
2 AN OVERVIEW OF LA FARGA

LA FARGA IS A FAMILY-RUN COMPANY WITH A VERY CLEAR PHILOSOPHY: CONSTANT INNOVATION AND INVESTMENT TO IMPROVE.



INTERNATIONAL MARKET

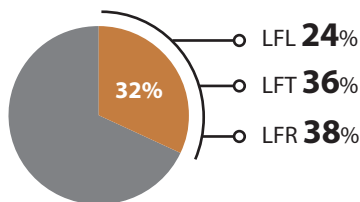




ASSOCIATE COMPANIES

LA FARGA

Direct exports



Export production

WORKFORCE

Average equivalent workforce

296 employees



ENVIRONMENT

Energy consumption (electrical and thermal) in relation to the tons of copper processed:

1,180 kWh

Water consumption in relation to the tons of copper processed:

0.83 m³

CO2 emissions in relation to the tons of copper processed:

266 kg

SUPPLIERS

Local suppliers
21% companies

NEIGHBOURS,
COMMUNITY, PUBLIC
AUTHORITIES AND
THE MEDIA

Investment in study grants and aid
€ 116,509

CLIENTS

Investment in R&D+i
34% of net profit

New clients



CORPORATE FAMILY

Shareholder equity
€ 74,352,284

Debt
€ 122,626,469

Financial year investment
€ 8,195,805

Turnover
€ 905,101,511

Cash flow
€ 8,929,235

EBITDA
€ 17,160,797

Tons of copper processed
tn 212,391



Associations and branch organizations and the environment to which La Farga

3

OUR FOCUS ON CREATING VALUE

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

LA FARGA CORPORATE RESPONSIBILITY POLICY

The La Farga Corporate Responsibility policy defines our commitments with each stakeholder, based on the mission, vision and values. Our business strategy consists of transforming these commitments into specific objectives and actions to provide value for our environment.

GLOBAL COMPACT

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

CORPORATE RESPONSABILITY POLICY

Environmental aspect



Social aspect



Economic aspect





Environmental aspect

Social aspect

Economic aspect



4 Family business

CREATING VALUE FOR THE COMPANY AND THE ENVIRONMENT

We manage resources with professionalism and responsibility and with a long-term vision. We offer dialogue and transparent information. We work towards the profitable growth of the company through a motivated team aimed at results and with an enterprising spirit seeking improvement, which looks to generate value in our environment in line with our basic values and aims to ensure the corporate family feels proud of our management

GOOD GOVERNANCE PRACTICE

We seek to ensure correct organisational operations through the implementation of good practice in corporate governance.

La Farga is a family-owned company with a **formal structure of corporate and family governance** in force that balances powers and, in turn, divides duties between the corporate family and the management bodies.

PUBLISHING OF THE BOOK 'SURVIVAL MANUAL FOR THE CORPORATE FAMILY'

In 2013, Ferran Fisas, a member of the La Farga corporate family, published the *Survival manual for the corporate family*, a book that explains the experience of La Forja first-hand. La Forja is a strategic project that was approved by the La Farga Family Board in 2012 to provide a core of shareholders capable of responsibly taking on the role of ensuring the sustained existence of the company, maintaining its basic values.



To ensure **efficient and strict decision making and risk management** from a strategic viewpoint for the future of the company, we have prepared the 2014-2017 Strategic Plan and have analysed the current economic and sectorial situation of La Farga and its companies. The objectives for 2014 have already been defined based on this new plan.

The **most relevant events** to have affected our business during 2013 are explained below.

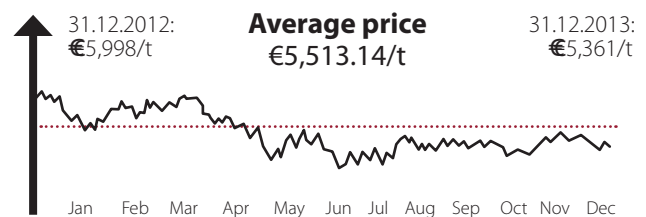
COOPER MARKET

5.6% increase in world demand for copper in 2013, with a drop in copper stocks at the end of the year to stand at around 507,000 tons.

Continued backwardation (market movement that begins when the difference between the forward price and the spot price is lower than cost), despite the drop in copper prices at 2013 end.

Significant copper supply crisis in European at 2013 end due to the Chilean port strike.

COPPER PRICES DURING 2013



COPPER DEMAND

Expected growth in world copper consumption around 3.8% in 2014, with a total of 21.5 million tons.

Increase in demand led by China, which will have a growth rate of 7.5% GDP.

Price increase period forecast, which could reach 8,000 USD/t in 2015 due to economic recovery.

COPPER SUPPLY

Increase in world production in 2013, thanks to the recovery of supply boosted by Chinese demand and the strength of mining, which is to continue in 2014.

2.3% growth in world copper production forecast between 2014 and 2015, with an increase of one million tons in 2014.

We at La Farga have planned our strategic management for 2014 based on **economic forecasts and on copper prices** for this same year.

ECONOMIC FORECASTS

Positive change in trend in the Spanish economy as of the second half of 2013 after three years of recession, due to the growth in exports and the increase in domestic demand.

Improvement in the world economic cycle and moderate acceleration forecast in 2014 and 2015, supported by the growth of the developed economies.

Growth in the Spanish economy of at least 0.4% GDP forecast for the first quarter of 2014.

Source: 'Situación Global España 2014' Report, BBVA Research

COPPER PRICE FORECASTS

Growth in prices forecast between 2014 and 2017, due to the strength of demand.

Price forecasts subject to risks of the growing market surplus, the lower drive of the Chinese economy and quantitative easing in the United States.

TRENDS OF GREATER RELEVANCE TO LA FARGA

Positive economic expectations for Spain, with a 1% increase in GDP and maintained employment levels, with a favourable effect on La Farga during 2014.

Greater credit circulation in 2014, due to the improved international risk premium.

Greater perspectives of return on international investment and foreign banking.

Maintaining and possible increase in the human capital of La Farga.

Optimisation of objective-meeting indicators and integration of the responsible management policy into the balanced score-card.

Continued innovation and development of new products.

In view of this situation, the main **future perspectives** for La Farga in 2014 are:

LA FARGA LACAMBRA AND LA FARGA ROD

Consolidate markets where they have diversified with a new product range.

Ensure client loyalty by fully meeting expectations.

Reach operational excellence with greater process control and efficiency.

Decrease energy consumption through the installation of a new furnace designed by La Farga and 2013 end.

Decrease by-products arising from production processes.

Consolidate investments planned and implemented in 2013.

Promote innovative markets: high-voltage lines, railway and automobiles.

LA FARGA TUB

Increase exports by 10%.

Reduce industrial cost through process and automation process maintenance cost control.

Ensure client loyalty by offering quality in line with their demand.

Consolidate commercial expansion projects started in 2013.

LA FARGA INTEC

Continue to introduce FRHC rod to the US market through the SDI-La Farga joint venture, consolidate and optimising production processes.

Access the Chinese high-speed railway market thanks to the product certificates obtained in 2013 and to market expansion forecasts.

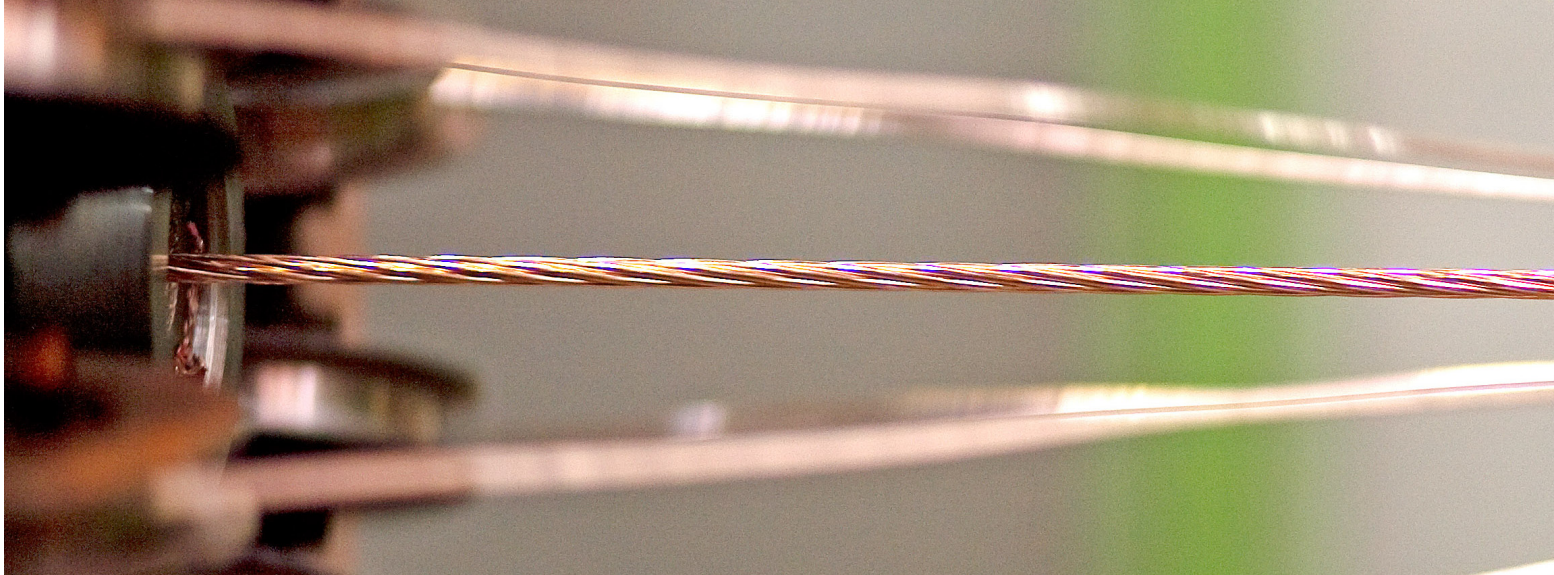
Provide technological advice and sell the Group's technology to companies in different sectors of our area of knowledge.

RISK STUDY

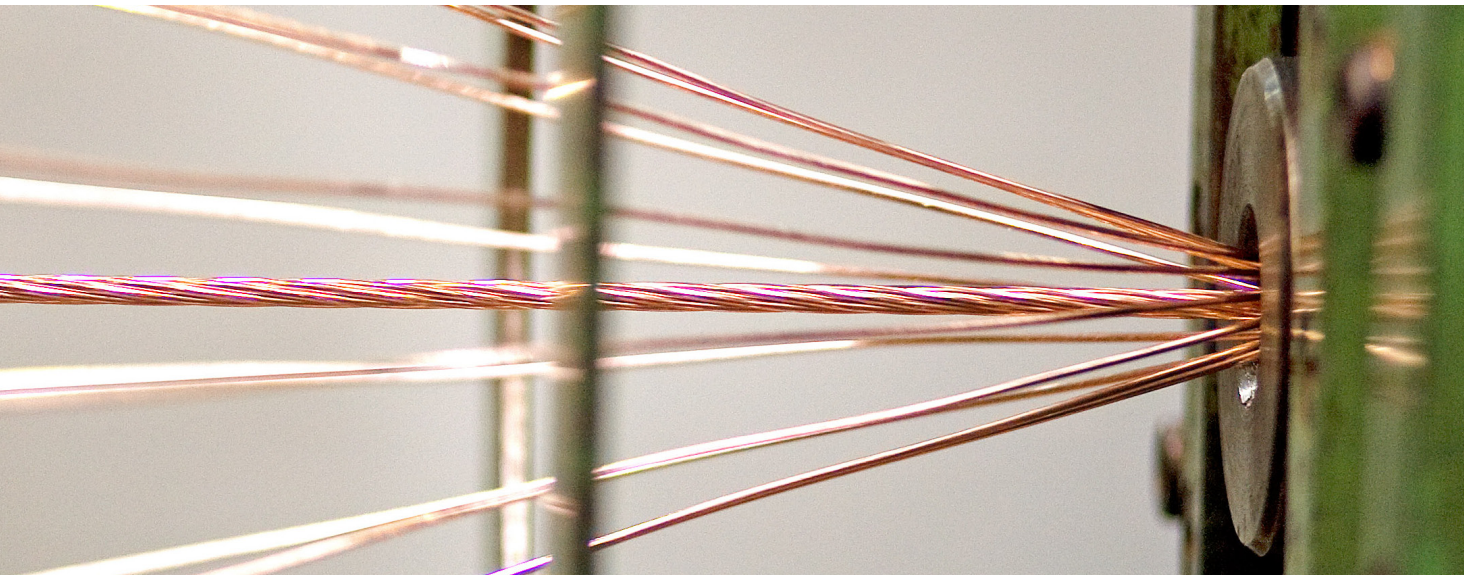
In 2012, a specialized consulting firm conducted a thorough risk analysis, general and criminal, La Farga. From its results and conclusions in the report usually delivered during 2013 we have developed work programs to minimize and deal with the risks identified. Our priority is to act against criminal risks by implementing the plans defined, and continue working to correct other risks.



ECONOMIC MANAGEMENT FOR A STRONG AND SUSTAINABLE GROWTH

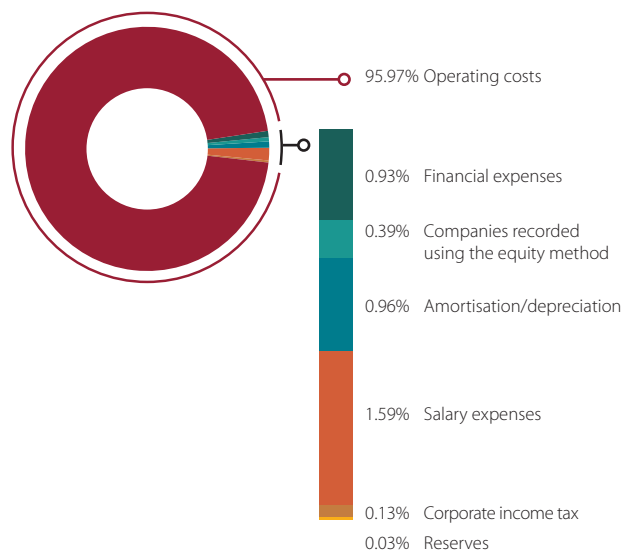


(in €)	La Farga Lacambra ^o		La Farga Tub ^o		La Farga Rod ^o	
	2012	2013	2012	2013	2012	2013
Earnings	560,662,162	500,836,006	106,415,743	95,131,677	599,543,903	541,803,782
Operating costs	538,952,893	482,193,616	100,319,291	89,603,892	595,458,064	537,349,041
Salaries and benefits	8,870,654	8,124,385	3,645,535	3,291,320	1,327,354	798,001
Payments to providers of funds	3,973,316	3,857,704	546,789	710,435	3,854,250	3,249,752
Direct payments to Public administrations	4,325,015	3,231,972	1,705,108	1,272,729	639,847	325,868
Pay taxes CMC	2,272,035	5,731,117	13,545,103	10,981,838	424,615	-2,146,555
Significant financial assistance received from public administrations	60,148	1,500	49,206	0	6,600	0
Invoicing	555,876,113	503,656,265	101,873,716	95,739,504	596,855,297	540,842,288
Net cash flow	10,269,698	8,301,216	1,996,472	1,778,030	1,408,189	1,982,790
% Of direct export	26%	24%	32%	36%	46%	38%
Expenses	551,857,648	495,196,597	102,055,479	95,988,050	595,881,223	538,861,744
Total investment	5,683,998	5,817,806	1,567,432	1,282,969	839,212	1,095,030
Corporation tax	1,659,335	1,249,072	-76,141	-42,589	-255,560	339,298
Total Assets	124,224,465	118,941,030	42,541,307	35,489,481	54,496,788	36,961,856
Own resources	42,110,549	41,507,083	16,525,032	17,337,262	18,154,805	13,391,528
Reservations	8,312,313	13,221,776	1,318,476	2,360,851	661,201	1,997,443
ROE	15%	8%	1%	0%	2%	6%



La Farga Intec		Metalúrgica Catalana	
2012	2013	2012	2013
1,230,339	1,069,424	80,158	4,762,442
176,331	289,052	72,407	4,708,027
337,409	333,029	0	0
74,258	29,643	3,196	11
105,547	121,599	12,423	39,930
112,865	67,948	1,360	3,845
0	0	0	0
1,230,339	1,069,424	781,235	4,720,854
528,513	385,211	62,850	70,808
100%	46%	0%	0%
1,027,848	1,136,028	72,407	4,708,027
0	0	0	0
113,572	32,501	1,360	3,845
4,015,187	3,423,280	2,557,008	3,983,642
1,107,409	965,709	1,965,695	2,436,250
93,004	94,445	1,507,747	1,507,749
1%	-13%	0%	0%

STATUS OF ADDED VALUE





5 Professional team

PROVIDING TALENT TO AN OBJECTIVE

We work to ensure that each individual is able to discover and promote his/her talent. Through a responsible attitude of participation and recognition, we create healthy and honest inter-personal relationships that lead to greater personal satisfaction. We are committed towards equal opportunities and towards zero sex discrimination. We accompany our employees in their growth, encouraging a shared route and leadership and a culture of commitment. We also provide work-life policies.

ENCOURAGING QUALITY EMPLOYMENT

In order to increase overall efficiency and optimise resources, we made an organisation change at the start of 2013 and resized the workforce, thanks to the renovation of the information systems and optimisation of internal processes. This change also led to the creation of **5 new jobs**. We also appointed **20 new employees**, 85% of whom are from the district of Osona

The **multi-skilling rate** of the entire La Farga team is 24%.

NEW APPOINTMENTS BY SEX AND AGE GROUP

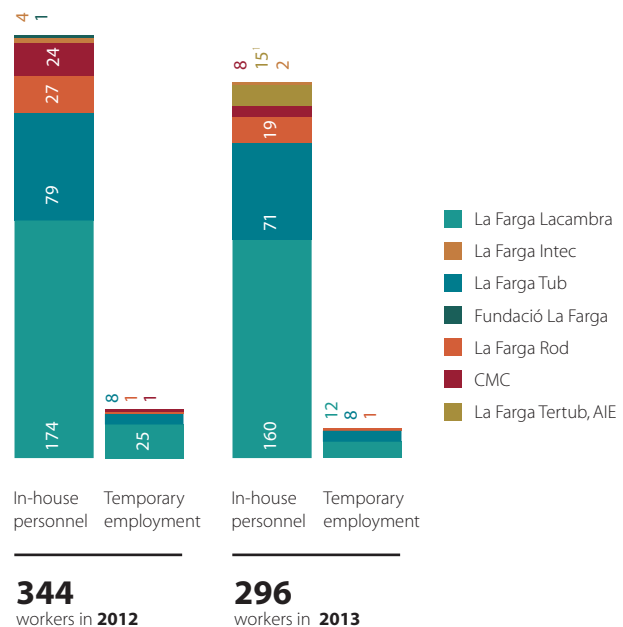


N.B.: Percentage of the total of new appointments.
Each icon represents 5%.

EQUIVALENT AVERAGE WORKFORCE

This includes permanent and temporary employees, weighted according to the type of working day.

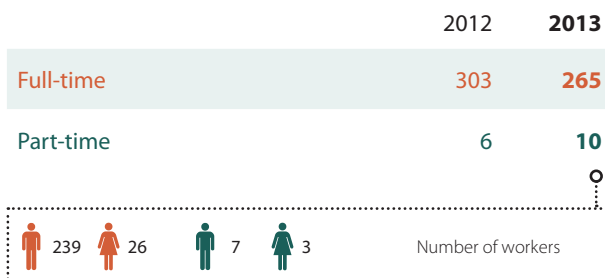
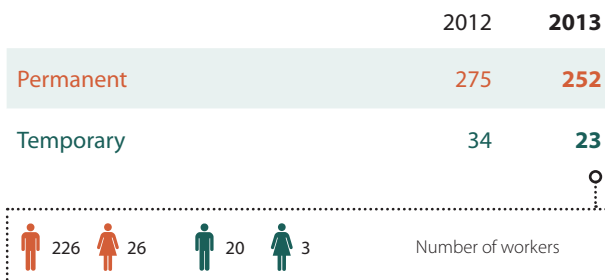
The remaining data shown below corresponds solely to in-house personnel.



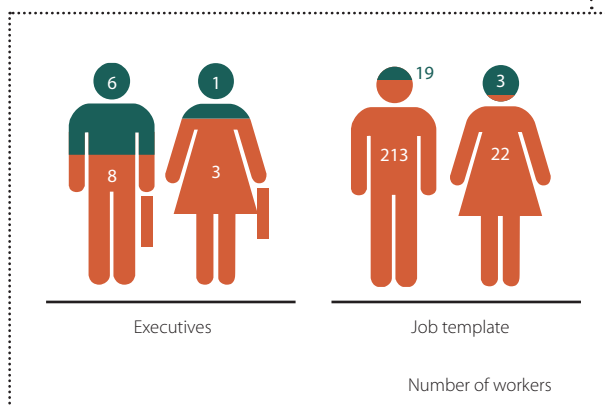
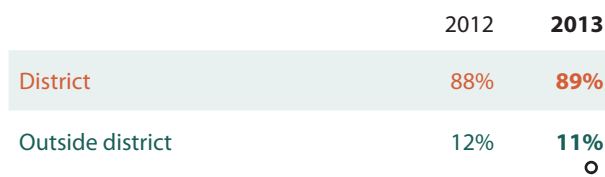
N.B.: The equivalent average workforce includes in-house personnel and personnel appointed through a Temporary Employment Agency.

1 Subrogated personal from CMC.

WORKFORCE DISTRIBUTION BY TYPE OF CONTRACT AND WORKING DAY

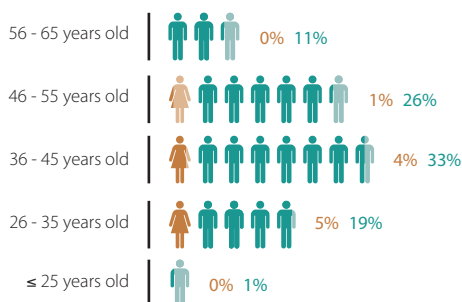


WORKFORCE DISTRIBUTION BY ORIGINS



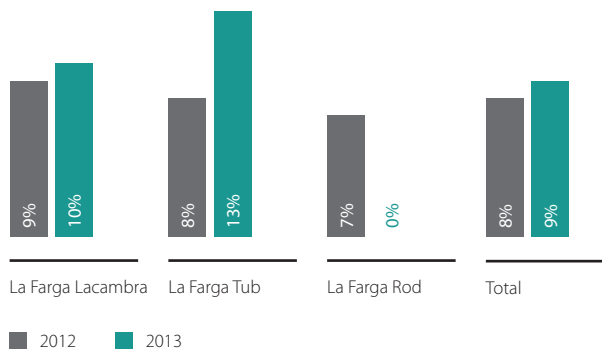
* Management from the district: 11 (8 men and 3 women). Remaining Osona workforce: 235 (213 men and 22 women). Management from outside the district: 7 (6 men and 1 woman). Remaining workforce from outside the district: 22 (19 men and 3 women).

WORKFORCE DISTRIBUTION BY AGE GROUP



N.B.: Each icon represents 5%.

WORKFORCE ROTATION



N.B.: In 2013 at La Farga Intec, workforce rotation stood at 0% and at CMC it stood at 12%.

RECORDED EMPLOYEES LEAVING THE WORKFORCE

	LFL		LFT		LFR	
	2012	2013	2012	2013	2012	2013
Retirement	2	5	3	4	0	0
End of contract	9	7	3	5	0	0
Dismissal	3	14	0	3	1	3
Resignation	1	0	0	1	1	0

N.B.: In 2013 at La Farga Intec there was 1 resignation and at CMC there were 5 end of contracts, 1 dismissal and one resignation. The total number of employees leaving in 2013 corresponds to: 1 woman ≤ 25 years old, 11 men and 3 women between 26 and 35 years old, 13 men and 6 women between 36 and 45 years old, 6 men and 1 woman between 46 and 55 years old and 9 men over the age of 56.

AT LA FARGA WE PROMOTE SEX EQUALITY

In early 2013, we performed a diagnosis to discover the situation of La Farga regarding equal opportunities between men and women. The results show our commitment towards equality, as many of the aspects analysed were positively valued. However, we want to continue working towards excellence. We have therefore designed an equality plan that consists of 20 actions to be developed between 2013 and 2016.



In compliance with the Spanish Disabled Social Integration Act, **4 disabled people work at La Farga** (2 in LFL and 2 in LFT) and we also outsource to the TAC Osona special work centre.

Promoting a good working environment to help towards the wellbeing of all our employees is the objective we seek through **biennial working environment** surveys.



74%

of La Farga operators took part in the working environment survey

The Internal Communication Plan (PCIA) is the basic tool we use to promote team cohesion and to keep employees permanently informed. **93%** compliance with the PCIA



93

communication actions



44%

of communication actions on client orientation

PERCENTAGE OF WOMEN



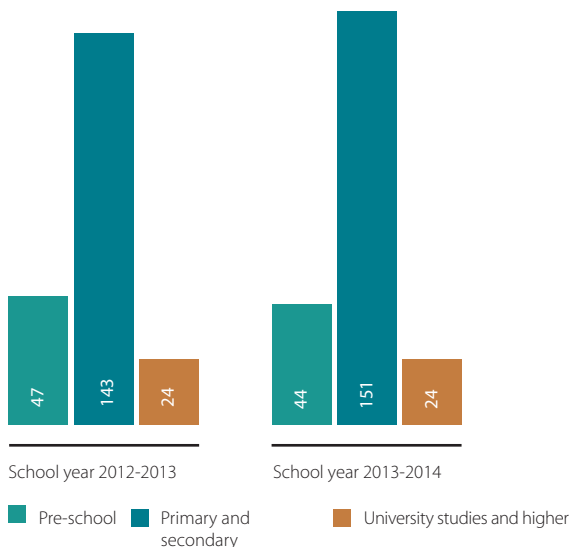
Women on the workforce



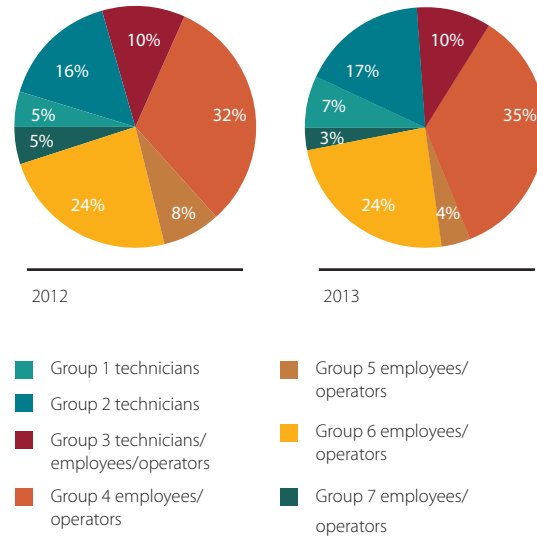
Women in management posts

Nota: Cada icono representa un 5%.

TOTAL NUMBER OF GRANTS PER SCHOOL YEAR



DISTRIBUTION OF WOMEN BY PROFESSIONAL GROUP



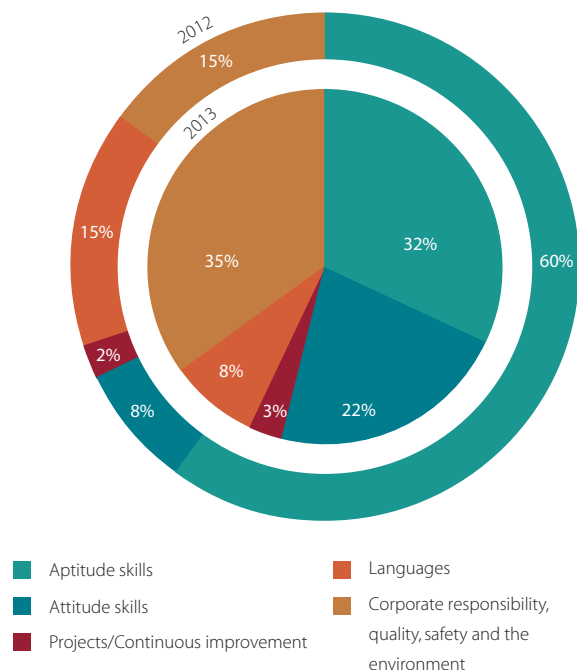
CREATING PROFESSIONAL GROWTH OPPORTUNITIES

We provide our employees **with continuous, progressive training** adapted to the duties of the different professional profiles in order to offer them the necessary knowledge to perform their day-to-day activities and strengthen their skills and abilities.



Increase in investment (+4%) and hours of training per employee (+15%) in relation to 2012

BREAKDOWN OF TRAINING ACTIVITIES AT LA FARGA



TRAINING INDICATORS

	2012		2013	
Investment in training (€)			83,670	87,329
Investment in training per employee (€/employee)	270		316	
Ave. number of hours of training per employee	14	47	23	41
Hours of training by category	Management, technicians and staff		48	50
	Operators		4	3
No. of training actions	50		40	

PROVIDING A SAFE WORKING ENVIRONMENT

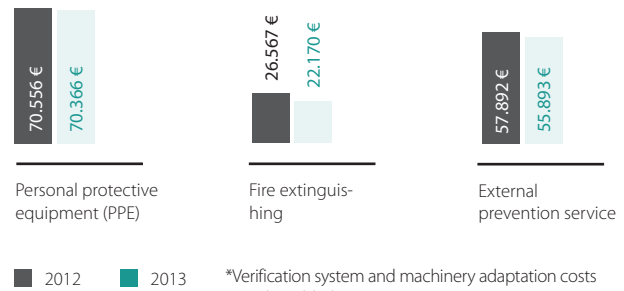
At La Farga we have a **preventive policy of continuous improvement regarding health and safety conditions in the workplace** for our employees, which is implemented according to the OSHAS 18001 management system.

OSHAS 18001 management system

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



INVESTMENT IN OCCUPATIONAL RISK PREVENTION *



Consecutive days without an accident involving sick leave

256 LFL **328** LFT **187** LFR



In 2013 we reached the figure of **256 consecutive days without an accident involving sick leave in LFL, 328 days in LFT and 187 days in LFR.**

SAFETY AND RISK INDICATORS

	La Farga Lacambra				La Farga Tub				La Farga Rod			
	2012		2013		2012		2013		2012		2013	
Number of accidents												
Days of sick leave lost	4*	0	3	0	9	0	2	0	2	0	1	0
Hours worked	129	0	57	0	348	0	127	0	34	0	67	0
Frequency rate	309,472	266,008	133,830	121,732	46,698	33,558	12.90	11.28	67.20	16.43	43.00	29.80
Severity rate	0.42	0.21	2.60	1.04	0.73	1.99	0.42	0.21	2.60	1.04	0.73	1.99
Absenteeism rate	4.68%	3.55%	4.77%	3.03%	1.47%	4.10%						

* The data includes one accident that occurred when travelling to or from work that was not taken into account when calculating the accident rate.



6 Customers

SOLUTIONS AND ANSWERS TO THE HIGHEST DEMANDS

We guarantee the maximum quality and application of continuous improvement techniques in all of our products, services and processes. We have a relationship of respect and honesty with all of our clients, with fluid, strict and transparent communications. We support constant innovation, which meets new needs and enables us to develop more sustainable products with higher added value to clients.

CLIENT-ORIENTED INNOVATION

To ensure optimal innovation management, we created and equipped a **new corporate area** in 2013: the Engineering management, the aim of which is to improve processes and, together with the R&D+I Department, develop new technologies.

NEW LA FARGA R&D+I PRODUCTS AND PROCESSES IN 2013

LFR

- Improved surface quality of products .

LFL

- Improved technical features of rod to meet client needs.
- New products with special alloys, Cx3 technology, CAC conductor.
- Installation of a much more efficient, new refining furnace designed and patented by La Farga to improve the product life cycle.
- Development of the MEEC (Mechanical Electrical Economic Comparison) software.

LFT

- Continuous improvement for product excellence.
- New products: Sanistar and Saniheat.
- Development of a new technology: eccentricity sensor.

LA FARGA TECHNOLOGY AND KNOWLEDGE AT THE SERVICE OF CLIENTS



€ 8,195,805
total investment

INVESTING IN INNOVATION AND RESEARCH

Investment in R&D+I by the industrial companies of La Farga accounted for **0.13% of turnover.**

INVESTMENT IN R+D+I



La Farga

■ 2012 ■ 2013

NON-RETURNABLE SUBSIDIES RECEIVED FOR THE DEVELOPMENT OF R+D+I PROGRAMMES



La Farga

INNOVATIVE SOLUTIONS TO SPECIFIC NEEDS

CX3 (Copper Coated Conductor) technology

This technology, which can be applied to different products, offers new features such as: different colour, dielectric (reduces electrical loss and provides greater energy efficiency), UV resistant, anti-corrosive and waterproof (suitable for extreme weather conditions), among others.



CAC conductors (Copper Alloy Conductor)

These conductors have been created for medium, high and very high-voltage overhead lines. Much lighter than conventional conductors, they can transmit up to 40% more power and withstand surges better, leading to increased safety and energy efficiency.



DX3 (Deep Defect Detector) technology

Technology that improves the copper product defect detection system. It allows for deep defects to be detected inside our products, avoiding breakages in product manufacturing and installation.



Innovative eccentricity gauging system for our copper pipes

Gauging system that allows for a sensor to move 360° around the outer contour of the pipe to be measured. As it is mobile, it can take endless measurements to provide greater precision in comparison with usual systems.

MEEC (Mechanical Electrical Economical Comparison) software

This software allows for fast comparison of the behaviour of 2 or 3 overhead electricity lines under the same operating conditions.



THE CLIENT AT THE CENTRE OF OUR ACTIVITY

CONSOLIDATED AND TRANSVERSAL QUALITY MANAGEMENT

We seek to be an **allied supplier for our clients**, capable of providing trust and reliability. Thanks to our great efforts regarding quality, we can provide a flexible response with the utmost guarantees.

ISO 9001 Certificates

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



450

clients of La Farga
(+15% in relation to 2012)

DIRECT AND EASY COMMUNICATIONS TO IMPROVE THE RELATIONSHIP WITH CLIENTS

In 2013, we aimed our global strategy at providing clients with the utmost value. This new approach particularly highlights the communicating of products and services, more oriented towards our target markets. To strengthen the communication strategy, we have consolidated the new unified corporate image of the company: La Farga.

In parallel, our sales team has been expanded and prepared to **offer a more personalized and customer proximity treatment.**





7 Suppliers

WINNING SYNERGIES

We establish commercial agreements of mutual respect, applying win-to-win policies. These are used to develop joint innovations, maintaining long-term agreements to guarantee reliability and stability in their production and in our supply.

EXTENDING THE SUSTAINABILITY COMMITMENT THROUGH ALLIED RELATIONSHIPS WITH SUPPLIERS

At La Farga we realise that we need a skilled, efficient network of suppliers in order to offer innovative products and services. We encourage the involvement of the main suppliers in our investments to develop joint projects.

As well as consolidated allied relationships based on professionalism and reliability, we work on guiding our supply chain towards responsible practice from an ethical, social and environmental viewpoint that is consistent with our commitment towards sustainability.

TECHNICAL ASSESSMENT OF SUPPLIERS WORKING WITH LA FARGA

We have a **technical assessment system for suppliers** that is based on the following criteria: adaptation of estimates in terms of response time and presentation, product quality and compliance with times, the service provided (flexibility, technical capacity, response capacity and tidiness-organisation-cleaness) and other aspects such as technical advice, assistance and provision regarding safety and involvement.

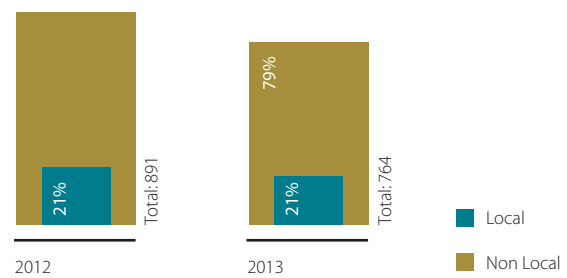
COMMITTED TO LOCAL SUPPLIERS

The expenditure control and efficiency policy implemented has led to a 14% reduction in the number of suppliers. Despite this reduction in the number of suppliers, we have maintained the same percentage of local suppliers (21%), with a turnover similar to that of last year.

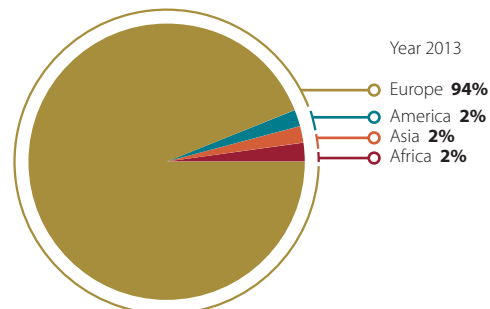
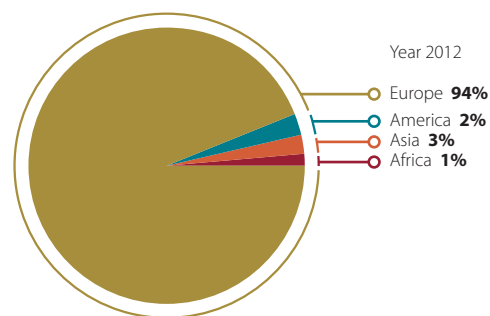


76 POINTS
out of 100

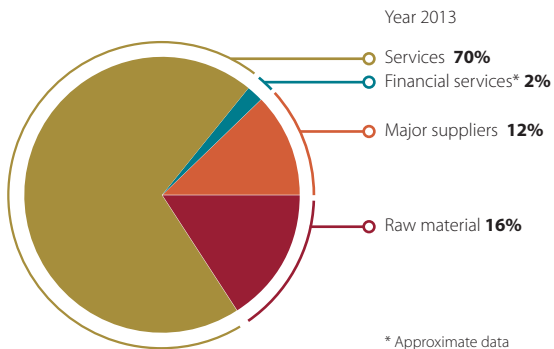
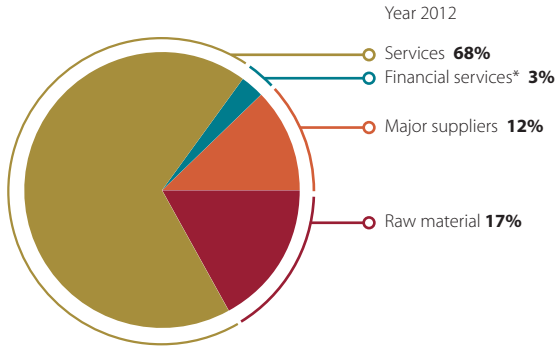
LOCATION OF SUPPLIERS



DISTRIBUTION OF SUPPLIERS BY REGION

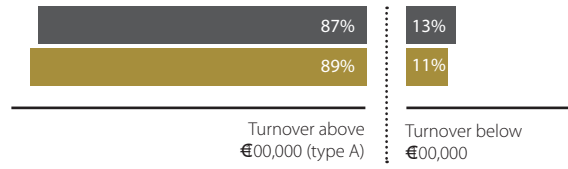


SUPPLIERS BY PRODUCT TYPE

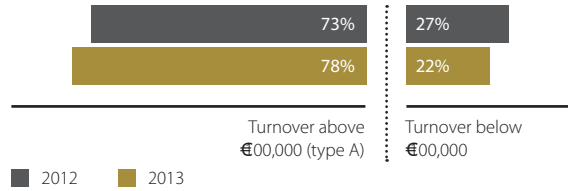


* Approximate data

LOCAL SUPPLIERS BY TURNOVER



SUPPLIERS BY TURNOVER TYPE



In 2013, we outsourced part of the logistics processes to give us greater flexibility regarding times and personnel, allowing us to meet market requirements more fully.





8 Neighbours, community residents' associations, MM

INVOLVEMENT WITH THE TERRITORY

We maintain a policy of being a good neighbour, cooperating and developing social, cultural and training activities in our environment. We seek to preserve our environment and maintain a relationship of respect, dialogue and information transparency with all those surrounding us.

CREATING VALUE IN OUR ENVIRONMENT THROUGH THE FOUNDATION

At La Farga we work towards generating value and wealth in our closest environment. The foundation [La Farga Fundació](#) promotes initiatives regarding [training, culture and social aspects](#).



TRAINING, A FUTURE INVESTMENT FOR YOUNGSTERS

The current economic situation has led to an increase in the requests for aid and we have sought to provide a response to these needs by increasing the amount given in grants.

EVOLUTION OF AID (OCTOBER-MARCH 2012)

	2012	2013
Residents of Les Masies de Voltregà	17	25
Employees and children of company employees*	55	34
Corporate family	27	25
Total sum of individual aid (training grants)	85,299 €	116,509 €

* Includes grants for summer centres and schools.



Throughout 2013, [15 students were involved in internships at La Farga](#).

Furthermore, La Farga received the EuroApprenticeship award for having taken on two students as company apprentices.

SOCIAL ACTIVITY INITIATIVES

The [La Farga Award](#) gave a total of [€12,553](#) towards the latest [Vic University Awards](#) for the best high school research work in 2013, as well towards the [Marató de Sang](#) del Voltreganès (Voltregà Blood Donation Event) and the Exhibition of Copper Jewellery and Toys.

PROMOTING KNOWLEDGE

Commissioned by La Farga, Vic University performed a study to prove the anti-microbial properties of copper. Its results are included in a new module at the Copper Museum, which involved an investment of €14,745.65 and was inaugurated in the presence of the Generalitat de Catalunya conseller (councillor) for the Economy and Knowledge, Andreu Mas-Colell.



We have shared our experience in key issues, such as innovation, human resource and talent management, internationalisation and our response to the economic crisis.



15

lectures at business schools, universities and other organisations

The experience and professional background of our CEO Oriol Guixà was acknowledged through the Award for the Best Business Career in Catalonia, granted by the magazine *Actualidad Económica*.



THE COPPER MUSEUM, UNIQUE IN EUROPE

The attraction of the Museum can be seen from the results obtained in the surveys performed on visitors, with an overall average score of 9.54 out of 10 (9.28 schools, 9.55 travel agencies, 9.80 groups of adults).



2,951

visits to the Copper Museum



COMMUNICATION AND TRANSPARENCY IN THE RELATIONSHIP WITH OUR ENVIRONMENT

Communication and transparency are two mainstays in our corporate responsibility strategy. We seek to encourage and maintain a relationship of trust and cooperation with stakeholders and, therefore, provide information on the issues involving them and those that may be of interest.

The sustainability report we publish each year is a clear example of transparency. We are proud to have published 8 sustainability reports to date, the first in 2006, most of which are certified by GRI with an application level A+.

EXTERNAL COMMUNICATIONS PLAN FOR CLOSE, CONSTANT DIALOGUE

Thanks to our communication, we have appeared over 100 times in the general and specialist press around the world.



80

communication activities planned in 2013

71%

completed

24%

underway

RESPECT FOR OUR ENVIRONMENT

Through our manufacturing process we optimise the use of natural resources and energy, recovering and reusing raw material (copper) and constantly working on mitigating and minimising the impact caused on nature. We promote the environmental improvement of our processes and projects while controlling our emissions with a view to reducing them.

ENVIRONMENTAL MANAGEMENT SYSTEM TO PROTECT THE ENVIRONMENT

The consolidation of our environmental management system, which is certified under ISO 14001, together with the consumption monitoring system provide us with better results regarding the control and minimisation of the environmental impact of our activities.

ISO 14001 CERTIFICATES

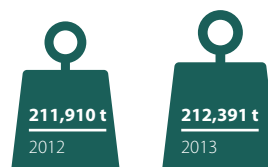
- La Farga Lacambra
- La Farga Tub
- La Farga Rod



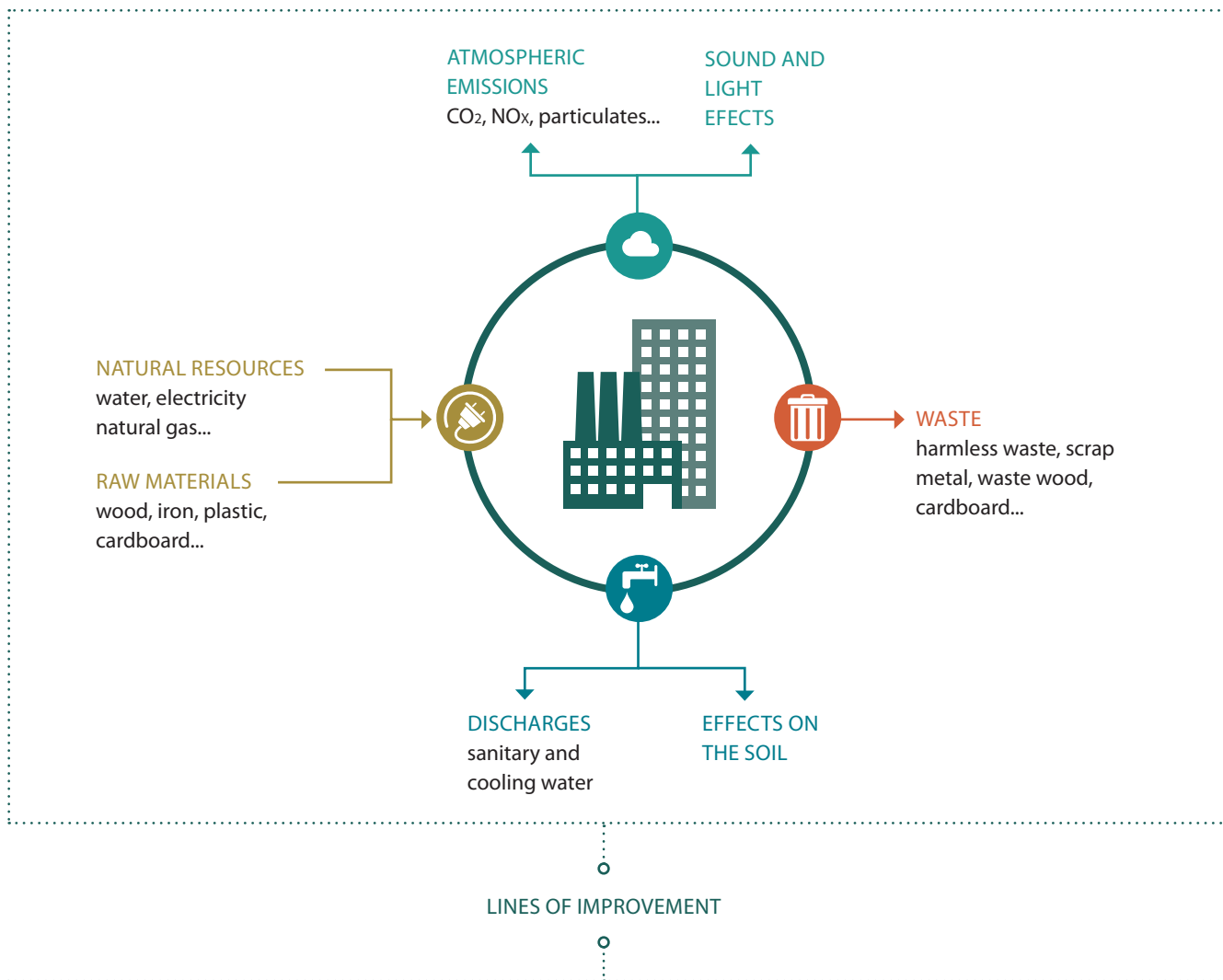
OUR ENVIRONMENTAL POLICY IN FIGURES



TONS OF COPPER PROCESSED



ENVIRONMENTAL IMPACTS



Optimisation of the use of natural resources and processes

Integrated management of waste and wastewater

Prevention and control the emissions into the atmosphere

Mitigation and minimisation of environmental impacts

MAIN ENVIRONMENTAL ACTIVITIES

Activity	Result	Environmental effects
Installation of a new copper refining furnace designed by La Farga	Reduction in the consumption of natural gas, better melting performance and reduction of slag	Reduction in the consumption of natural resources, emissions and waste generated
Implementation of a new patented gravitational water filtration system	Better use of water by avoiding leaks and the migration of solids	Reduction in the consumption of water and less pollution
Development of the La Farga group sound immission modelling programme	Better identification and monitoring of sources of noise to adopt reduction measures	Reduction in the impact on the environment by La Farga

CONTINUOUS IMPROVEMENT: EFFICIENT MANAGEMENT OF RESOURCES

ENERGY: INNOVATIVE SOLUTIONS FOR SA- VING AND EFFICIENCY

The thorough, constant control and monitoring of energy consumption enables us to introduce energy saving and energy efficiency measures in our facilities and production processes. Around **30 improvement measures** are promoted each year and their implementation is closely monitored.

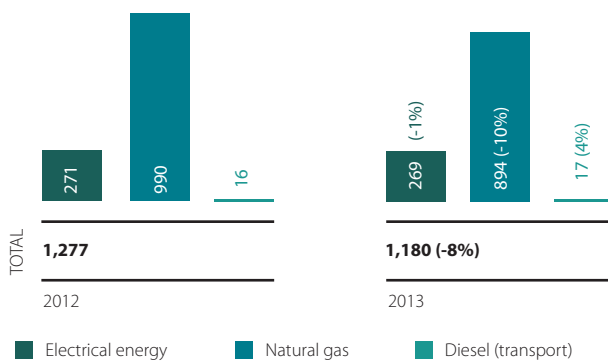


8%

decrease in energy
consumption in relation
to 2012

OVERALL ANNUAL ENERGY CONSUMPTION

(kWh/t processed)



WATER: IMPROVEMENT ACTIVITIES TO SAVE AND REUSE WATER

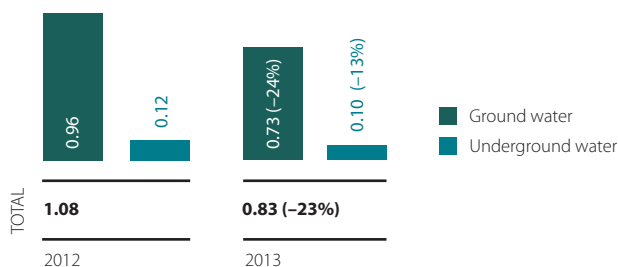


41%

decrease in water
consumption in
relation to 2012

ANNUAL WATER CONSUMPTION, OVERALL AND BY ORIGIN

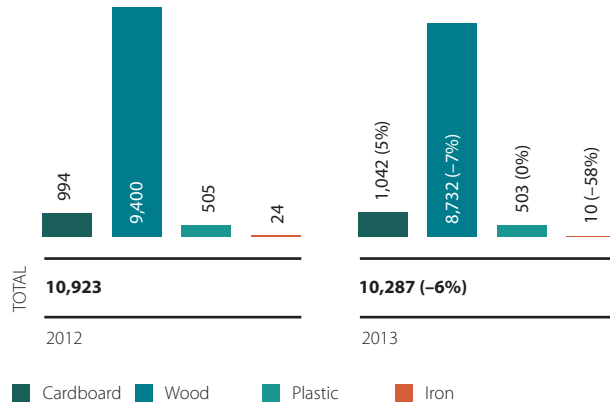
(m³/t processed)



OTHER RESOURCES: MINIMISATION OF CONTAINERS AND PACKAGING USED

OVERALL ANNUAL CONSUMPTION OF OTHER RESOURCES

(g/t processed)



INSTALLATION OF A NEW, MORE EFFICIENT FURNACE DESIGNED AND PATENTED BY LA FARGA

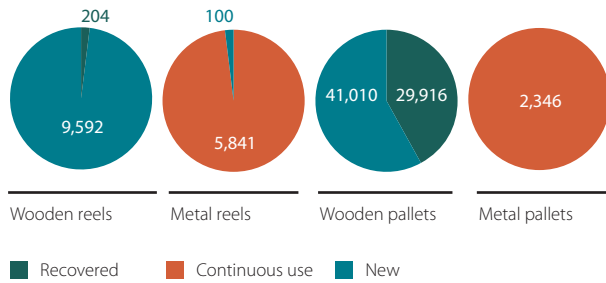
We have designed and built a new copper refining system with a loading system that maximises its output and improves its environmental behaviour. In terms of the environment, we have avoided heat losses thanks to shorter opening times and space.

The design also allows for a reduction in slag and in the emission of volatile materials.

All of these improvements are to provide a foreseen energy saving of 18% and an 88% reduction in dispersed emissions.



PACKAGING MATERIALS CONSUMED BY ORIGIN



PERCENTAGE OF PACKAGING MATERIALS RECOVERED AT THE END OF THEIR WORKING LIFE



SOLUTIONS TO REDUCE OUR GREENHOUSE GAS EMISSIONS

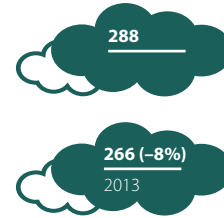
The activities performed to reduce energy consumption and emissions have led to a reduction in the CO₂ footprint of La Farga, thus helping towards the overall fight against climate change. Particularly noteworthy is the commissioning of the new refining furnace, the design of which includes all La Farga know-how regarding energy efficiency and productivity. It includes insulation, refractory, loading system and raw material processing technologies that seek to reduce energy consumption, avoid heat loss and reduce combustion and secondary emissions from the process. Other improvements implemented include:

- Improvement of the heat insulation on pipes in the fume purification system (from the furnace to the post-combustor), reducing the gas required for combustion.
- Modification of the behaviour of the post-combustor burners in the fume purification facilities.
- Improvement of the maintenance process for the fume purification system for greater efficiency and less pollution.

The La Farga Cosmelt Process eco-efficient technology remains one of the most efficient in the market thanks to the improvements continuously made.

DIRECT AND INDIRECT CO₂ EMISSIONS BY LA FARGA

(g/t processed/year)



Sources: Electricity and diesel- Catalan Climate Control Office; Natural gas- IDAE.

CO₂ EMISSIONS GENERATED, INCLUDING WATER AND WASTE MANAGEMENT

(kg/t processed/year)

	2012	2013
Energy	287.35	265.94
Water	0.05	0.04
Waste	0.55	0.29
Total	287.95	266.27

La Farga Lacambra forms part of the CO₂ emissions trading scheme, which means that it must communicate and verify the tons of CO₂ emitted.

CO₂ EMISSIONS BY LA FARGA LACAMBRA FROM THE CONSUMPTION OF NATURAL GAS

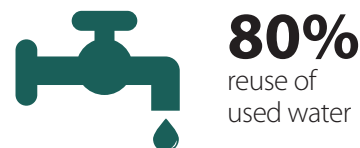
	2013
CO ₂ emissions t/year*	25.280
Emissions, kg CO ₂ / t processed	132

*Source IDAE

MINIMISATION OF WATER, WASTEWATER AND ACOUSTIC AND LAND IMPACT

WASTE: GREATER CONTROL AND REUSE OF MATERIALS

The adopting of new control guidelines enables us to continuously improve waste management to minimise the amount generated.



10 BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

CONSOLIDATED LA FARGA BALANCE SHEET

ASSETS	31,12,2013
NON-CURRENT ASSETS	88,358,885
Intangible fixed assets	11,500,427
Tangible fixed assets	60,837,696
Long-term investments in group and associated companies	13,810,401
Long-term financial investments	669,753
Deferred tax assets	1,540,608
CURRENT ASSETS	108,856,463
Inventories	51,709,051
Trade and other accounts receivable	52,635,201
Short-term financial investments	556,915
Short-term accruals	413,827
Cash and other equivalent liquid assets	3,541,469
TOTAL ASSETS	197,215,348
NET WORTH & LIABILITIES	31,12,2013
NET WORTH	74,588,879
Shareholder equity	74,352,284
Capital	44,482,500
Reserves	29,548,425
Financial year income(loss) attributed to the controlling company	321,359
Value change adjustments	-597,294
Exchange rate differences	-597,294
Subsidies, donations and contributions	837,215
Minority interests	-3,326
NON-CURRENT LIABILITIES	26,642,280
Long-term provisions	58,420
Long-term payables	25,648,846
Deferred tax liabilities	935,014
CURRENT LIABILITIES	95,984,189
Short-term provisions	147,935
Short-term payables	59,590,753
Trade and other payables	36,232,966
Short-term accruals	12,535
TOTAL NET WORTH & LIABILITIES (A+B+C)	197,215,348

CONSOLIDATED LA FARGA PROFIT AND LOSS ACCOUNT

A) ONGOING OPERATIONS	31,12,2013
1, Net turnover	905,101,511
2, Variation in stocks of finished goods and work in progress	-8,413,673
3, Work carried out by the group for its assets	3,046,497
4, Supplies	-839,553,763
5, Other operating income	18,046
6, Personnel expenses	-14,396,791
7, Other operating expenses	-29,064,542
8, Amortisation/depreciation of fixed assets	-8,690,446
9, Allocation of subsidies for non-trade and other fixed-asset investments	326,856
11, Loss and income from the sale of fixed assets	178,937
14, Other income(loss)	-82,281
A,1) OPERATING INCOME (1+2+3+4+5+6+7+8+9+11+14)	8,470,351
15, Financial revenues	4,907,394
16, Financial expenses	-8,272,419
18, Exchange rate differences	-153,756
A,2) FINANCIAL INCOME (15+16+18)	-3,518,781
21, Shareholding in profits (losses) of companies recorded using the equity method	-3,571,000
A,3) PRE-TAX INCOME (A,1+A,2+21)	1,380,570
24, Corporate income tax	-1,141,781
A,4) INCOME FOR THE YEAR FROM ONGOING OPERATIONS (A,3+24)	238,789
A,5) CONSOLIDATED INCOME FOR THE YEAR	238,789
Income attributed to the controlling company	321,359
Income attributed to minority interests	-82,570
Cash flow	8,929,235
EBITDA	17,160,797

11 DECLARATION OF CONTROL OF THE GRI APPLICATION LEVEL



Statement GRI Application Level Check

GRI hereby states that LA FARGA (CORPORACIÓN METALÚRGICA CATALANA, SL) has presented its report "The team, our value" (2014) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

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

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

Amsterdam, 27 May 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



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