

DEVELOPING THE PRESENT, **CREATING THE FUTURE.**

SUSTAINABILITY REPORT 2020



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LETTER FROM THE PRESIDENT AND CEO

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

The 2020 financial year has been marked by an unprecedented situation. The pandemic caused by COVID-19 has impacted on the whole of humankind and has forced us to transform our way of life. Mortality rates have been and continue to be very high, collapsing health infrastructures and forcing governments to implement containment measures and review health protocols. The impact of the health crisis has caused a decline in global GDP in a way that has never been seen before, neither during times of great wars nor in moments like the crash of 1929.

The end of 2020 has brought hope that we will soon be free from a pandemic which has forced us to tackle a health, economic and social crisis.

The scientific community, with enormous resources, has managed to develop several effective vaccines that will contain the spread of the virus and allow us to return to normality, foreseeably by the end of 2021, though undoubtedly our social and economic customs will have been irrevocably changed.

From an economic point of view, the impact of the crisis has been uneven and the tertiary sector –such as tourism, leisure and the restaurant industry– has been the most affected. In this context, in which social relations and travel have been significantly reduced, companies have also been forced to adapt and incorporate new ways of working, resulting in the emergence of new opportunities.

The industry, and specifically the copper sector, has experienced a year of uncertainty. In the first months of the pandemic, the price of copper fell by 30%, but it quickly recovered and even exceeded the initial value by 40%. The



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challenges of the energy transition, digitalization and the development of infrastructures helped the copper sector recover already in the latter part of 2020.

For **La Farga Yourcoppersolutions, SA**, 2020 has been marked by different periods and different results. The first quarter demonstrated that the path of strategic transformation started in 2019 has been a success, achieving the budgeted results. From March to September, activity and volume slowed down. Our priority was the health and safety of people, but without neglecting our commitments to all our clients and suppliers. And, in the last months of the year, there has been a noticeable upturn in the market, which has enabled us to recover the expected volume, especially in those products related to energy transmission.

The Board of Directors that I have the honour of presiding over would like to thank all the employees and stakeholders of La Farga for their support, understanding, capacity to adapt to new circumstances, commitment to innovation and effort that in helping us to see through this great project that is La Farga **La Farga Yourcoppersolutions, SA** together, despite the huge obstacles that emerged in this year.

Oriol Guixà

President and CEO of La Farga

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LETTER FROM THE GENERAL MANAGER

2020 was a year that will go down in history around the world; the pandemic that we are experiencing has marked our lives. First of all, I would like to convey my support to all those who have lost family members or have experienced COVID-19, without doubt a harsh and cruel disease.

The pandemic we are experiencing has forced every organization to bring out the best in themselves, to reinvent themselves and adapt to events in record time. I would like to thank the entire team at **La Farga Yourcoppersolutions, SA (La Farga)** for the effort, dedication, commitment and teamwork shown during this time, a team that has known how to put collective interests, our clients and suppliers and the long-term vision before individual ones. I am proud to be able to lead a team such as this, brave, innovative, talented, responsible and committed, which has managed to face up to difficulties by adapting to the environment and has continued to position the company as a promoter and active agent in the market at the national and international level.

The annual accounts presented here, together with the sustainability report, are a reflection of the effort made over the last few years to adapt the company to the needs of the market, as well as a clear commitment to becoming an active agent in the generation of solutions for one of the main challenges we have as a society: sustainability and respect for the environment.

As an industrial family business with more than 213 years of history, we are proud to renew our commitment to the United Nations Global Compact for another year. Transparency and honesty govern all our relationships, as does our long-term



vision and the purpose of adding value to society and the environment in which we live. The report that we present is a reflection of the good practices we have established, of our commitment to consolidate them and to continue developing new ones that allow us to make progress year after year.

2020 represented an important step for La Farga. The projects implemented in previous years in different areas, both at an industrial and systems level, as well as the organizational change carried out towards a more agile, versatile, decisive and market-oriented model, have allowed us to face up to the pandemic with the determination and agility necessary to react in a market where uncertainty has been the common denominator.

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The favourable outlook of the market during the first quarter was suddenly truncated by unimaginable circumstances: the entire lockdown of society and its repercussions on social and business relationships, and the internalization of new forms of proximity to our clients and suppliers. The La Farga team, despite all the difficulties, was able to adapt and focus its efforts on maintaining a good service, satisfying all demands and needs without interruption. In this regard, the work of the Legal Representation of the Workers has been key in reinforcing prevention, ensuring we could continue to operate and maintain jobs at La Farga, through negotiation and agreements. There are two ways of facing up to a situation of these characteristics; as a footnote in the history of the company or as an opportunity to continue moving forward, learning from experience, promoting best practices and the foundational values on which competitive advantages have been built. At La Farga we are firmly committed to the second option and we ended 2020 with a more solid team, having achieved our objectives and ready to face new challenges.

The **safety of all the people** who work in our facilities is always our main priority. We work tirelessly to achieve 0 accidents and for this we place great emphasis on prevention, awareness and training of all the staff, both direct and indirect workers. This year, on top of the usual complexity associated with an industry of these characteristics, we had to tackle a health security issue derived from the COVID-19 crisis. The rapid definition and implementation of health protocols in our industrial facilities, allowed us to work uninterrupted throughout the year and without experiencing any serious cases of COVID-19 in the workforce. Consequently, we ended 2020 with a record frequency rate of 15, which

is the result of collective work and the involvement of the entire La Farga team and this will encourage us to continue improving.

The health crisis has highlighted the fragility of the current system, especially in relation to health and sustainability. The latter, analysed from a cross-cutting perspective, leads us to the great challenge of today's society, the climate emergency. **Climate change is yet another challenge we face and to which we must respond quickly and effectively.** And, in this context, copper, due to its valuable properties, has once again proven to be a good ally in facing up to them.

At La Farga we have a clear long-term vision and desire to contribute to the progress of society. **Innovation is part of our DNA.** It is our way of interpreting how we want to interact and contribute to the market. We invest to continue growing, expanding the portfolio, improving service and efficiency in a responsible and environmentally friendly way. More than 30 years ago we made a **clear commitment to the recyclability** of copper, which began with the development of the only copper recycling technology in the world which allows us to produce wire rod entirely from secondary materials. In 2020 we completed one of our strategic projects with the launch of a comprehensive range of efficient and high-performance copper rods: our Genius and Essential efficient connectivity solutions. Moreover, as another step towards the responsibility that we all share in changing our habits towards more responsible consumption, we have reinforced our commitment to sustainability by obtaining EDP (Environmental Product Declaration) certification, making us one of the first companies in the sector to offer it. The EDP certification of our Genius wire rod demonstrates the

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exclusivity of this product, the combination of its quality and technical performance, with the added value of sustainability, another example of our contribution to the efficient use of resources and the reduction of CO₂ emissions.

La Farga is made up of a **team of dedicated and brave professionals who are capable of taking on new challenges**, a team that is committed to an innovative project and one that wants to have a positive impact on the progress of our society. As an active company we always face challenges ahead. In 2020 one of these challenges involved managing the company from a distance. After March 12, the entire office staff carried out their tasks remotely. Only a few employees, and always in accordance with the measures established during the state of alarm decreed by the Government of Spain and the measures established by the Government of Catalonia, were able to partially return to work in the office. This reality has been a major challenge that the entire organization has managed to overcome without affecting our service to clients at any time. All of this would not have been possible without the generosity, dedication, teamwork, and adaptability of each and every one of us. Our commitment is accompanied by the promotion of diversity and equal opportunities for all employees, as well as our commitment to the development of talent to achieve present and future objectives.

Ending a year such as this, in the way we have, would not have been possible without the commitment and effort of all of us who directly or indirectly believe in the project and make up the La Farga team, without the support of our shareholders, of the entire team, of the Management and of the Board of Directors, without the trust placed in us by our clients and suppliers, nor without the commitment of public institutions, such as the Centre for Industrial Technological Development, for the industrial development of this country.

The challenges we face are constant, and 2020 showed that they are not always predictable, but we are and we want to remain a family and industrial business. An exciting company in which to develop and grow with a clear commitment to constant innovation, undertaking technological challenges and maintaining close relationships with our clients, all of which is essential if we want to be active agents in the growth of the market through a global, responsible, committed and sustainable business model.

Inka Guixà Fisas

General Manager of La Farga

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LETTER FROM THE PRESIDENT OF THE FAMILY BOARD

The pandemic caused by COVID-19 has set the tone of our day-to-day. Despite this, I do not want to start this letter without expressing to all our stakeholders my pleasure at being able to preside over the La Farga Family Board and to thank my predecessor, my sister Ana Fisas, for all the work, dedication and passion shown in all these years.

The impact of the health crisis on our entire society is so important that it has forced us to react and has further highlighted the value of human relationships.

For us, remaining a family business, our commitment to people, their protection and well-being, their growth and development, are values that we have always preserved and safeguarded. During all these years, and in the current circumstances even more so, we have tried to be a responsible company in which ethics and integrity are the cornerstones of our project, guaranteeing the continuity and durability of the business.

In a difficult situation and with a future full of uncertainties, our priority is to guarantee the future of the company by making it valuable to society, the environment and all stakeholders. We continue to focus on development and innovation as the pillars of our business project. This last year was an example of resilience, hard work and effort, and of commitment to our employees, suppliers, clients and society in general.

At the Family Board that I preside, we will continue to protect all these values so deeply rooted within La Farga and our family: our long-term vision, the well-being and health of all our people and their families, and the commitment and effort to achieve a more sustainable and better environment in which to live.

Cristina Fisas
President of the Family Board



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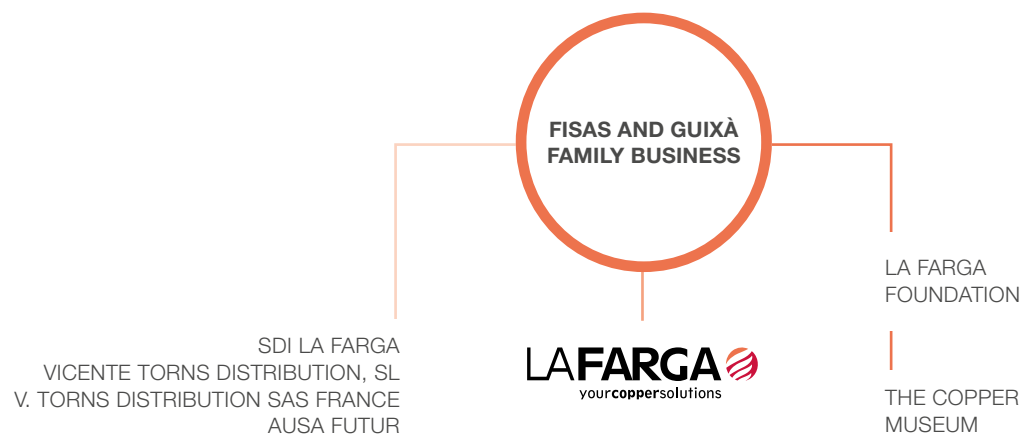
WE ARE A WORLD LEADER IN SUSTAINABLE AND STRATEGIC SOLUTIONS FOR COPPER AND ITS ALLOYS

La Farga is a pioneering and innovative metallurgical company that develops semi-finished copper and its alloys for the electrical, metal packaging, railway, tube, automotive, billet and special conductor markets.

We are a world leader in recycling technology, we constantly innovate to promote efficient connectivity and optimize the use of the necessary resources for each type of application with a single purpose: to achieve the best solutions for our clients and for the environment in which we live.

Above all, La Farga is a family business, committed to innovation and focused, since its inception, on sustainability.

LA FARGA HAS PRESENTED A EUROPEAN PROJECT FOR THE REACTIVATION OF THE ECONOMY BASED ON THE PILLARS OF SUSTAINABILITY AND RECYCLING, WHICH MAKE UP OUR DNA. WE ARE FULLY ALIGNED WITH THE CRITERIA OF PRIORITIZATION, GREEN ENERGY, DECARBONIZATION AND THE USE OF GREEN MATERIALS.



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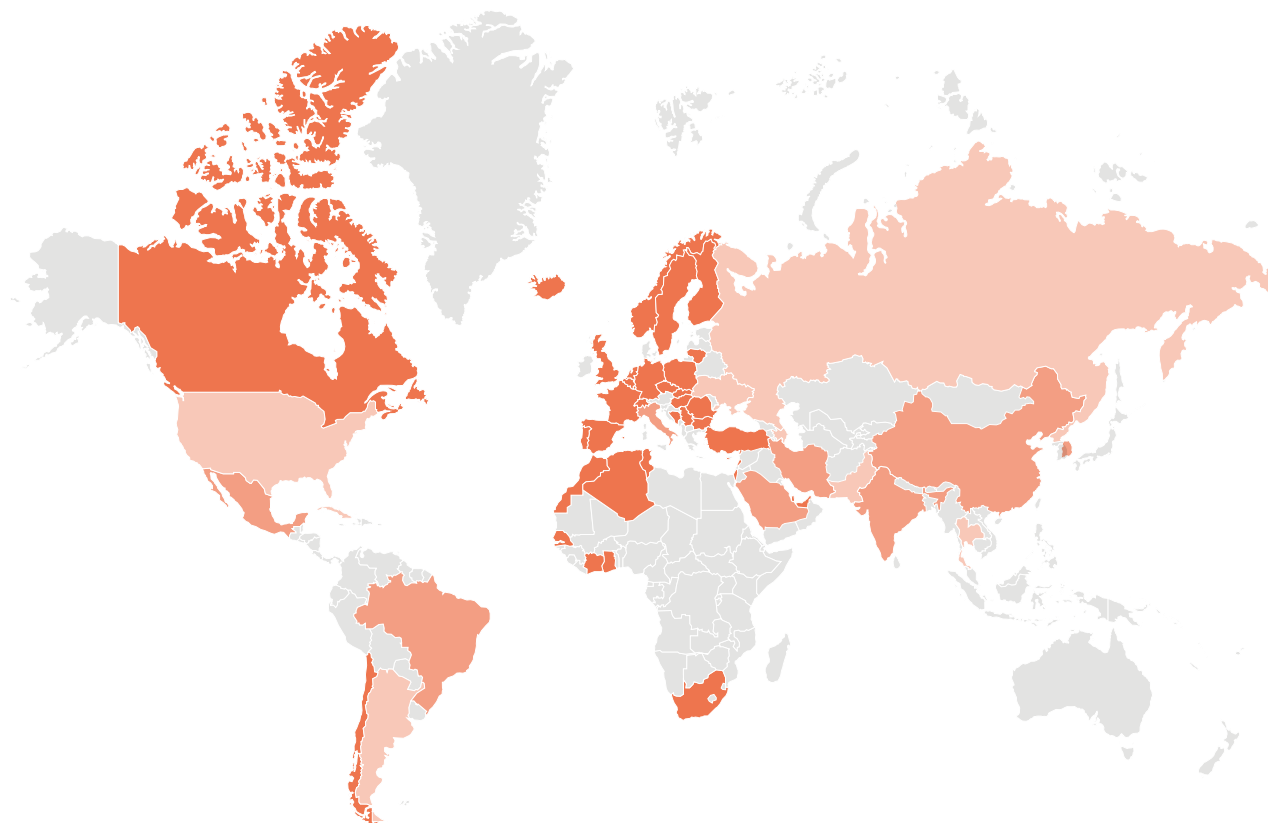
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INTERNATIONAL MARKET

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



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LA FARGA



184,776
TONNES OF COPPER OF
CONSOLIDATED SALES

LA FARGA'S BUSINESS
ACTIVITY WAS NOT
SUSPENDED WHEN THE
STATE OF ALARM WAS
DECREED, SINCE IT IS
ONE OF THE ACTIVITIES
CLASSIFIED AS ESSENTIAL
ACCORDING TO ROYAL
DECREE-LAW 10/2020,
OF 29 MARCH.

THE ENVIRONMENT



CONSUMPTION PER
TONNE OF COPPER
PROCESSED



0.78 m³
water



1,085 kWh
energy
(electrical and thermal)



GENERATION PER
TONNE OF COPPER
PROCESSED



228.43 kg
CO₂ emissions
generated

STAFF

353

EMPLOYEES
(322 own staff and
31 external staff)



13%
women

97%

with permanent
contracts

98%

from the county
of Osona

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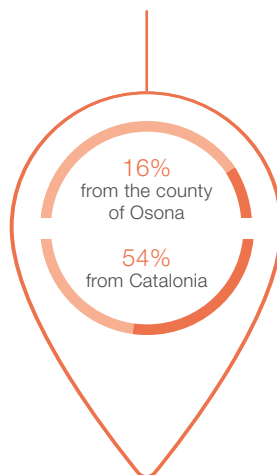
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SUPPLIERS

810
SUPPLIERS



NEIGHBOURS, COMMUNITY, PUBLIC AUTHORITIES AND THE MEDIA



€35,364.42
INVESTMENT IN SCHOLARSHIPS
AND STUDY GRANTS

CLIENTS



13%
new
clients

6%
CASH FLOW INVESTED IN R&D&I

FAMILY BUSINESS



€64,108,537
equity



€103,715,486
debt



€3,893,271
investment during the year



€921,075,974
turnover



€8,589,958
net cash flow



€11,269,826
EBITDA

THE COMPANY HAS ADOPTED THE NECESSARY MEASURES AT ALL TIMES TO GUARANTEE THE HEALTH AND SAFETY OF ITS EMPLOYEES, AND HAS ENABLED TELEWORKING IN THOSE JOBS WHERE IT HAS BEEN POSSIBLE.

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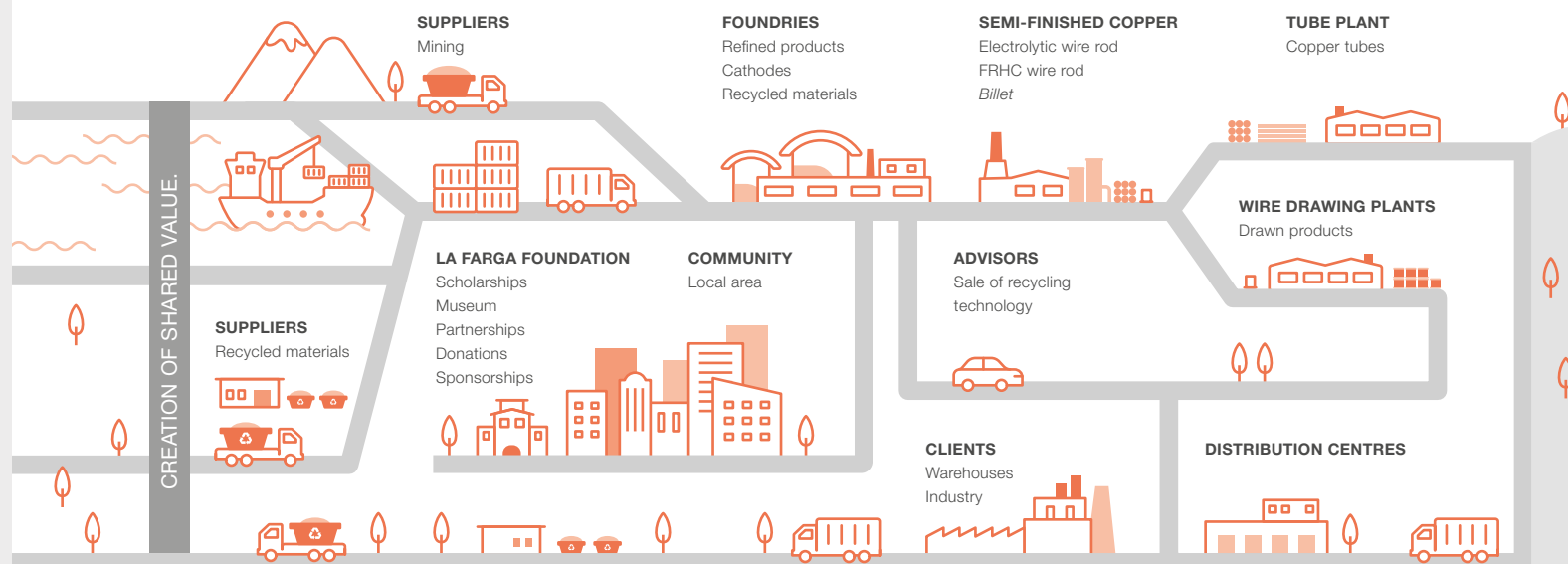
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*Sustainable management of the economic,
environmental and social areas enables the company
to grow in the long term and create value.*

THE VALUE CHAIN

RESOURCES: NATURAL | HUMANS | SOCIAL | FINANCIAL | OPERATIONAL



FAMILY BUSINESS. Creation of value for the company and the local area

Professionalism in management | Pride of belonging
| Long-term vision | Entrepreneurial spirit and of
improvement | Dialogue | Transparency | Profitable growth

STAFF. Providing talent for a shared goal

Determined leadership and guidance | Discovering
and promoting talent | Sense of direction | Culture
of commitment | Responsibility, participation and
acknowledgement | Personal satisfaction | Honest,
healthy interpersonal relations | Work-life balance |
Growing together

CLIENTS. Solutions and answers to the highest demands

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

SUPPLIERS. Winning synergies

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

NEIGHBOURS, COMMUNITY, PUBLIC AUTHORITIES, AND THE MEDIA Our commitment to the local area

Good neighbourly relations | Cooperation and cultural
and social development | Protection of the local area |
Transparency | Respect | Dialogue

THE ENVIRONMENT. Respect for the environment

Recovery and reuse of raw materials: Copper
| Optimization of the use of natural resources and
energy | Mitigation and minimization of impacts |
Greening of projects and processes | Environmental
protection and control of emissions

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THE CORPORATE RESPONSIBILITY MODEL

La Farga's corporate responsibility strategy is focused on our stakeholders and the mission, vision and values of the company. The ultimate goal of our strategy is to create shared value.

Social, environmental and economic aspects, along with honesty and transparency, are integrated across the entire company. Aligning business objectives with social and environmental objectives to create value constitutes the basis of our corporate strategy, as does working for the long-term survival of the company and its long-term stability.

COMMITTED TO THE GLOBAL COMPACT AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Since 2006, we have been members of the United Nations Global Compact and we adhere to its principles of conduct and action concerning human rights, labour, the environment and the fight against corruption and bribery.

Adherence to the Global Compact also obliges us to work to achieve the Sustainable Development Goals (SDGs). This report details the sustainable development goals we promote with our actions.



This is the **report on our progress**
 in applying the principles of the **United
 Nations Global Compact**.

We welcome any comments on its
 content.

PRIORITY OBJECTIVES FOR LA FARGA



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THE COPPER SECTOR AND ITS CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The copper industry has launched The Copper Mark responsible production programme, a comprehensive and credible assurance framework to demonstrate the copper industry's responsible production practices and industry contribution to the United Nations Sustainable Development Goals (SDGs). The Copper Mark goes beyond mere compliance with these practices and goals, and focuses on the continuous improvement of responsible production. The Copper Mark takes the SDGs as its inspiration and organizing framework, and focuses on SDG 12, related to responsible consumption and production.

In order to be recognized as contributors to SDG 12, copper producers are assessed against a set of responsible production criteria defined by the Risk Readiness Assessment (RRA) created by the Responsible Minerals Initiative. The RRA is made up of a set of 32 environmental, social and governance issue areas associated with the supply of minerals and metals. For each subject area, the RRA specifies a management practice. These management practices are known as the industry norm and are derived from the requirements of voluntary sustainability standards commonly used in minerals and metals supply chains.

Meanwhile, the London Metal Exchange is also committed to environmental standards and monitors the transparency of all LME brands, wherever the metals come from, through the LME Responsible Sourcing requirements.



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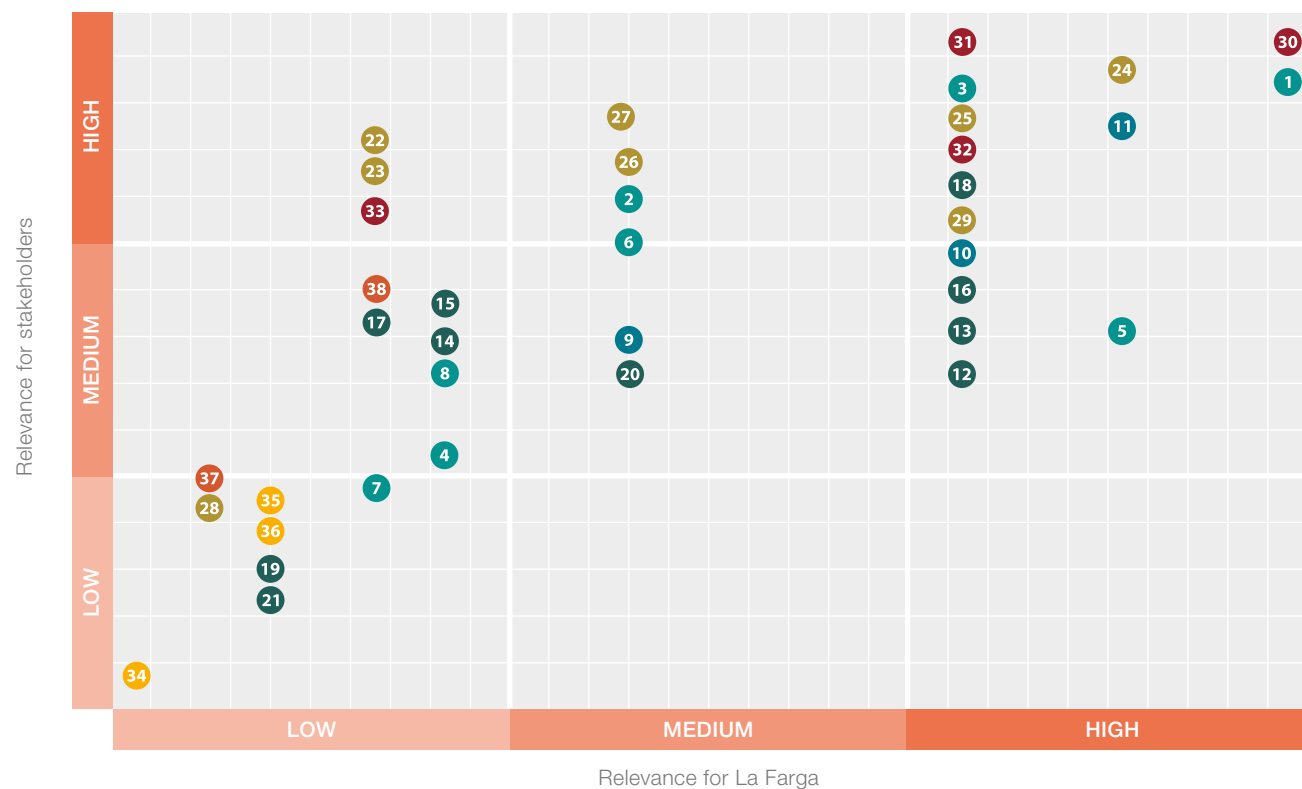
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MATERIALITY, THE KEY ISSUES OF SUSTAINABILITY

The aim of materiality is to focus the actions of company management on sustainability issues that are the highest importance for stakeholders and the business. We carried out a materiality study in the 2015 edition of this report, and we consider that the results attained are still valid.

MATERIALITY MATRIX


● 1/8

 ECONOMIC
 MANAGEMENT
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 STRATEGY

● 9/11

 BUSINESS ETHICS
 AND GOOD
 CORPORATE
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 ENVIRONMENTAL
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 RELATIONSHIP
 WITH EMPLOYEES
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1. Economic performance

2. Investment*

3. R&D&I*

4. Expansion and diversification*

5. Risk control and management*

6. Compliance*

7. Market presence

8. Evaluation

9. Good corporate governance*

10. Anti-corruption

11. Regulatory compliance

12. Materials

13. Energy

14. Water

15. Emissions

16. Effluents and waste

17. Products and services

18. Regulatory compliance

19. Transport

20. General (investments and
environmental expenses)

21. Environmental complaint
mechanisms

22. Employment

23. Relationship between employees and management

24. Occupational health and safety

25. Training and education

26. Diversity and equal opportunities

27. Equal pay for men and women

28. Complaints mechanisms regarding
labour practices

29. Promotion of continuous improvement and sustainable behaviour*

30. Client Health and Safety

31. Labelling of products and services. Quality of service and communication with the client*

32. Regulatory compliance

33. Responsible materials management

34. Acquisition practices

35. Responsible supply chain
management

36. Supplier evaluation

37. Local communities

38. Responsible relationship with the
community*

* Non-GRI aspects
Material aspects

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GOALS FOR 2019 AND 2020

2019

Goal	Significant actions
Consolidate the management model to respond to clients efficiently and reliably, seeking operational excellence.	Implementation of the LFCIS management model in the Sales Department.
Maintain and reinforce our total commitment to the safety and health of all the people who work at La Farga.	Creation of a specific strategic project dedicated to safety.
Offer innovative solutions that respond to the needs of clients and markets.	Development of a strategic objective for product development through innovation.
Continue working for the long-term sustainability of the business.	Review of the 2017-2020 Strategic Plan. Definition and execution of the 2019 roadmap. Definition of the 2019 strategic objectives.
Continue to implement corporate responsibility for the benefit of all La Farga stakeholders and ensure the generation of a positive impact.	Celebration of the international days that are aligned with the company's values and strategic objectives.

2020

Goal	Significant actions
Continue working for the long-term sustainability and viability of the business.	Launch of the process of definition and construction of the 2021-2023 Strategic Plan. Definition and execution of the 2020 roadmap, aligned with the Strategic Plan. Definition of the strategic objectives for 2020.
Offer innovative solutions that respond to the needs of clients and markets.	Definition and execution of the marketing plans of each business to detect their needs. Focus on resources and commitment to develop innovation in products and processes.
Optimize La Farga's value chain to work efficiently and effectively, and thus achieve maximum profitability.	Design and execution of cross-departmental projects with common objectives.
Consolidate the quality and reliability of the service in order to continue being a benchmark supplier for our clients.	Strengthening of the planning process to guarantee the service and fulfil the commitments undertaken.
Maintain and reinforce our total commitment to the safety and health of all the people who work at La Farga.	Continued implementation of the specific strategic project dedicated to safety.
Extend the management model to the entire organization to respond efficiently and reliably, seeking operational excellence.	Implementation of the LFCIS management model in departments outside the production area (copper purchasing or others, customer service, marketing, logistics, etc.).

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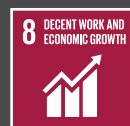
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CREATING VALUE FOR THE COMPANY AND THE LOCAL AREA

Apart from our economic objectives, we also seek to create value for the company and its surroundings through the professional and responsible management of resources with a long-term vision. We offer dialogue and clear information, and we work to achieve profitable growth for the company through a spirit of entrepreneurship and improvement that aims to generate value in our local area. We do so by carrying out actions in line with our foundational values, to ensure that our family business is proud of our management.



RESPONSIBLE GOVERNANCE TO PRESERVE THE COMPANY



THE PRESERVATION OF
THE BUSINESS/FAMILY
RELATIONSHIP AND THE
SEARCH FOR LONG-TERM
GROWTH REQUIRE SOUND
CORPORATE GOVERNANCE.

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BUSINESS FAMILY AND PROFESSIONAL MANAGEMENT

La Farga is a family-owned company that has a formal corporate and family governance structure in place that ensures a balance of power, so that functions are divided between the business family and the management bodies. It is subject to a protocol in which ethics, transparency and responsibility, guarantee both professional management and succession in the company.



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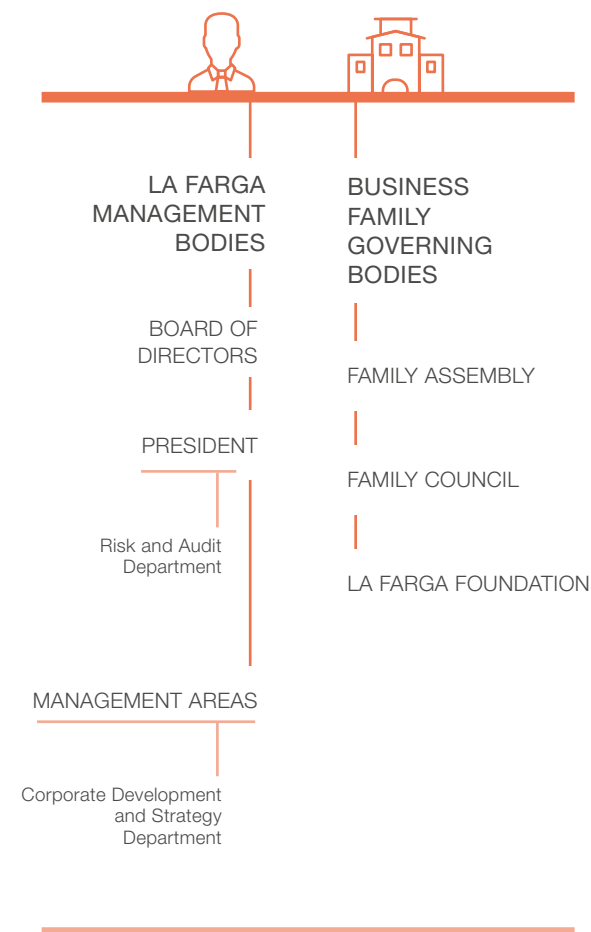
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CONSOLIDATION OF THE STRUCTURE, COMPRISED OF BROAD AREAS OF KNOWLEDGE

In 2018, the corporate unification led to an organizational change towards a structure based on broad areas of knowledge: corporate development and strategy; administration, finance and systems; culture, organization and talent; production; technical area; market, and supply chain. This organizational chart was consolidated in 2020 providing a clear demonstration that cross-departmental work increases the agility of the company.

In a year of pandemic, we must highlight the commitment of our employees, who put the sustainability of the company before their individual interests. The organizational and cultural change we have undergone has been key and our cross-departmental work has allowed us to see issues that exist from the point of view of the process, not of the department. We are able to respond and adapt quickly, we are flexible, we work as a team and are all fully aligned.

Our goal of having a simple structure, easy to work and manage, and in which the team can reach its maximum potential has been achieved.



President: Oriol Guixà
 Director and secretary: Javier Cabeza
 Trustees: Isa Fisas, Carmiña Pérez,
 Meri Rovira, Carme Álvarez and Joaquim Pla

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PRINCIPLES OF ETHICS AND INTEGRITY

La Farga's commitment, as a company that answers to all its stakeholders, is based on the ethical principles that constitute the corporate culture and the mechanisms regulating the decisions of the governing bodies and employees.

WE HAVE CREATED AN INTERNAL STRATEGIC AND ORGANIZATIONAL CONSULTING SERVICE, WHICH CAN BE INTEGRATED INTO ANY PROJECT THAT DEVELOPS FROM THE COMPANY'S STRATEGIC PLANS.



CODE OF ETHICS



LA FARGA INTERNAL REGULATIONS



FAMILY PROTOCOL

The mechanisms that regulate decision-making are:

- Code of ethics. La Farga is governed by a code of ethics based on the definition of the mission, vision and values, the purpose of which is to establish the guidelines for ethical behaviour within the company in its day-to-day activity. The code governs the relationships and interactions between the company, shareholders, employees, clients, suppliers and external collaborators, public and private institutions, and society in general.
- Internal regulations. As part of the framework of internal regulations, different operating protocols for each of the departments were developed in 2019 and 2020 (and continue to be developed).
- Family protocol.

SMETA ETHICAL TRADE AUDIT

The Sedex Members Ethical Trade Audit (SMETA) is one of the world's leading ethical audit methodologies and covers all aspects of responsible business practice. La Farga underwent this best practice audit procedure in 2019.

As a multi-stakeholder initiative, SMETA was designed to minimize duplication of effort and provide members and suppliers with an audit methodology that they could easily share. SMETA reports are published in the Sedex system, which guarantees transparency and the efficient exchange of information.

The SMETA methodology uses the ETI code, based on International Labour Organization standards and local laws, as an assessment tool.

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IDENTIFICATION OF MAJOR RISKS

Aside from the code of ethics and internal regulations, in 2018 we drew up the La Farga risk map and we continue to implement the main control and management measures resulting from it. The aim of this map is to identify the major criminal risks and situations that La Farga could incur during the performance of its activity. For this reason, we have assessed from a theoretical perspective the situations in which an offence described in the Criminal Code could be committed during the production and support processes typical of the industrial sector in which the company operates.

The work methodology used analyses the factors that lead to an offence being committed within the organization and establishes the probability of its occurrence: low, medium or high.

Those risks where the probability of occurrence and impact is high as well as other risks related to different areas of sustainability are listed below.

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Type of risk	Description	Management and control measures
Money laundering and terrorist financing	Receiving funds from criminal activities while aware their origin to improve sales and the business. In cases where the Group carries out activities related to the purchase and sale of scrap metal, the risk is high.	Specific control of payments.
Offences against natural resources and the environment	<p>Emissions and discharges into the atmosphere. Situations could arise in which the production processes entail emissions or discharges into the atmosphere, soil or water without the control measures being exercised.</p> <p>Hazardous waste management. To cut costs, the company may establish deposits or landfills for receiving solid or liquid waste or waste that may be hazardous.</p>	Integrated prevention and environmental policy, as well as action plans and training on the matter. Controls related to emissions and discharges into the air, soil and water.
Influence peddling	Influencing a public official using a family or hierarchical relationship.	<p>Anti-corruption policy.</p> <p>Declaration of independence when contracting employees who have a personal relationship with a public official.</p> <p>Conflict of interest policy</p>
Corruption of foreign officials	Bribing foreign officials to perform an act in violation of the duties inherent in their position, or an act intrinsic to said position to not perform or delay action that they should have taken. Where we engage in international activity, there is a risk of offering gifts to public officials in order to obtain business benefits or promote our activity in certain countries.	<p>Anti-corruption policy.</p> <p>Control over the activities in which collaborators and agents take part, especially in the international area.</p>
Personnel	Difficulties in finding a sufficient number of qualified personnel in various areas of responsibility.	La Farga continues to strengthen its cooperation with educational institutions (centres that offer vocational training) and applying new forms of recruitment in order to find the necessary talent to meet its needs. The company has also intensified its internal training actions, depending on the needs of each job position.

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Type of risk	Description	Management and control measures
Climate change	The need to invest in infrastructure and facilities to reduce energy consumption, since La Farga is part of the emissions trading system, an instrument which offers an economic incentive or disincentive in order to achieve an environmental benefit.	Environmental management system certified according to the ISO 14001 standard in our plants. Active policy to reduce energy consumption.
Technology and information	The protection and security of information, difficulty in integrating information, disparity of systems, reporting model and information management.	Training in cybersecurity and proper use of technological tools. Intensification in the securitization of knowledge. Implementation of policies and processes to ensure compliance with applicable regulations.
Health situation	Impact of the health crisis caused by COVID-19.	The company closely monitors the evolution of the COVID-19 pandemic and its impact on staff. Because the company's activity is considered essential, the epidemic has not affected its productive capacity.

La Farga carries out internal audits to ensure the proper functioning of the system and the application of the code of ethics and especially the regulations regarding the fight against corruption, bribery and money laundering. In the productive areas –market, culture, organization and talent, production, quality and environment, etc.– the application of the protocols reduces the possibility of risk.

La Farga has a Compliance Committee made up of an external advisor, three corporate area representatives (safety, quality and environment; culture, organization and talent; and strategic marketing) and an employee representative, responsible for communication and the dis-

ciplinary system. In 2019, the complaints channel was launched, which recorded two complaints that year and none in 2020. The Compliance Committee is in charge of managing the complaints received.

In order to disseminate the criminal risk prevention model, the people who work in La Farga receive training that focuses on the prevention of the identified risks.

La Farga was not involved in any judicial proceedings, nor was it sanctioned or fined for corruption or tax fraud, neither in 2019 nor in 2020.

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RESPONSIBILITY AND GLOBAL MINDSET, VALUES FOR SUSTAINABILITY



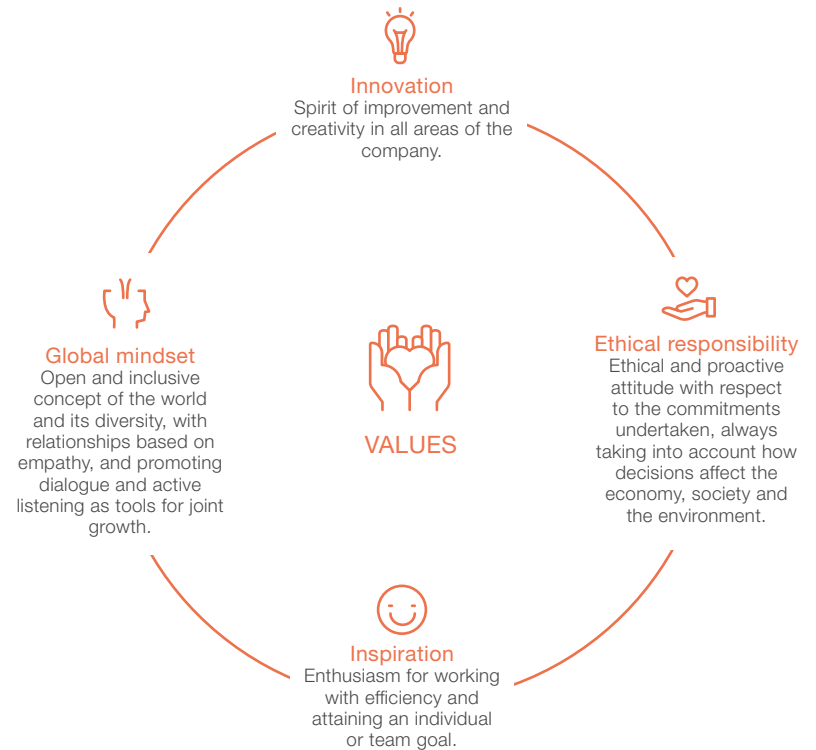
MISSION

La Farga's mission is to generate innovative solutions for copper and other metals, creating value and meeting the expectations of clients and society through a business model that is responsible, sustainable and committed to its staff.



VISION

La Farga's vision is to be a strategic supplier of copper solutions for its clients and an inspirational company in which to grow, recognized for its innovative spirit and leadership in copper recycling as well as for the development of its alloys.



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INVESTMENTS FOR CONTINUOUS IMPROVEMENT

The investment in the new continuous casting line (see highlighted text item), carried out in 2018 and 2019, helped La Farga approach 2020 from a more solid stand-point. In this period, production and quality have continued to improve steadily with continuous investments.

MAIN INVESTMENTS IN 2019 AND 2020

- **Acquisition of new burners** in the refining furnace to optimize the furnace cycle.
- **Renewal of several compressed air compressors** to improve efficiency and performance in air generation.
- In tubes, acquisition of an OCN-CAT spot welder and improvement of the copper movement management software within the plant (intelligent aerial movement).
- **New converter** in the induction furnace, which improves the eccentricity of the tube and, therefore, its quality, and requires less maintenance.
- **Installation of a more energy efficient cooling tower and cooling unit** in plant 1.
- **Installation of new devices to improve** air conditioning in the offices, which incorporate filters to clean the air.



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LA FARGA HAS THE ONLY CONTINUOUS CASTING LINE IN THE WORLD, WHICH WORKS 100% WITH RECYCLED COPPER

In February 2019, La Farga unveiled its latest technological advance, representing a major commitment to its future and long-term sustainability thanks to a new continuous casting production line, which involved a total investment of 15 million euros. The line works entirely with recycled copper, which emphasizes our alignment with environmental sustainability objectives.

The new copper continuous casting line, unique the world over, has been designed and manufactured specifically for the company's facilities. It is more efficient, safer and more technological, and with it, the company aims to grow in terms of capacity, reliability and innovation on a global scale.

Its main benefits are an increased production capacity from 15 to 20 tonnes per hour (a very significant figure considering that when the line was launched 35 years ago, the production capacity was 7 tonnes per hour and that today, La Farga's total annual capacity is 320,000 tonnes);

increased reliability; significant advances in safety, and, in particular, its alignment with the company's focus on the environment and sustainability.

The process of creating the new line involved several challenges. The most important consisted of creating, with the Italian company Danieli, a line that had to significantly increase production capacity and that had to be installed in record time, since the previous one had to be replaced in just 35 days.

The new line was developed with our own technology, thanks to the knowledge, internal experience and, above all, the attitude of the staff that participated in the project. Its magnitude required the participation of 90 people in the initial development and the hiring of 28 participating contractor companies, in addition to the subcontracting of 42 companies and freelancers. In total, about 325 people worked on the new line. Throughout the process, La Farga also strengthened collaboration with local suppliers.

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UNDERSTANDING MARKET TRENDS TO STAY ONE STEP AHEAD

La Farga is responsible for understanding and anticipating international trends in the copper market, as well as adapting its activity to the current and future economic situation.

€5,412.11 per tonne
AVERAGE MARKET VALUE IN 2020

€5,482.23 per tonne
31-12-2019

€6,310.32 per tonne
31-12-2020

MARKET VALUE OF COPPER IN 2020 (€)



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THE COPPER MARKET AND FUTURE PROSPECTS

Expectations for copper demand in 2021 are on the rise, motivated by the recovery of all markets after the global crisis caused by the COVID-19 pandemic in 2020. The recovery in demand already started at the end of 2020 in China and an even more considerable increase is expected, especially in the first half of 2021.

The increase in demand suggests a considerable increase in prices to \$9,000 per tonne during the first half of the year, followed by a decrease to \$7,550 per tonne in the second half.

Nevertheless, copper prices in the future are forecast to remain high due to investors' expectations that governments everywhere are firmly committed to fully reducing greenhouse gases in the next three decades. The implementation of these policies will require the use of large quantities of the most important metals, especially copper.

However, it should be noted that, in terms of supply, after the last notable investments in 2018, the mining industry has significantly reduced the

volume of investments and focused mainly on the return on invested capital and the remuneration of its shareholders, without showing much interest in new growth projects.

In addition, the COVID-19 pandemic in 2020 considerably reduced the number of workers in mines and, in 2021, this situation may continue in some of the main copper producing countries, such as Chile or Peru. Elections in 2021 in both countries are also a risk factor.

The significant increase in metal prices and the prospects for its intensive use in the coming years, to face up to technological change and the generation of sustainable alternative energies, should be sufficient incentives for the mining industry to significantly increase production in existing mines and for new projects to be launched.

The increase in facilities for the recovery and recycling of copper is another factor that should lead to a substantial increase in the supply of the metal in the coming years.

Source: JPM_Base_Metals_Quarterly_2021-03-24 and 2020-12-15



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ECONOMIC CONTEXT AND FUTURE PROSPECTS

- The Spanish economy ended last year 9.1% below the level of activity at the end of 2019, after growing four tenths in the last quarter and falling by 11% for the year as a whole, in line with the expectations of BBVA Research. The rise in private, and above all, public consumption, with a quarter-on-quarter growth of 4%, more than offset the fall in investment and the negative contribution of net exports.
- 2021 has started with mixed data: the economy is stable despite the third COVID-19 wave (which, together with the second, has unfortunately caused more infections and deaths than the first wave, during which GDP fell by more than 22%), the restrictions adopted and the disruptions caused by the heavy snowfall brought by the storm Filomena. Even so, there is not sufficient dynamism and intensity to continue closing the gap opened by the pandemic in the first half of 2020 in terms of employment and GDP.
- Short-term uncertainties do not affect the expectation that 2021 will be a year of recovery, in which the Spanish economy, the eurozone and the United States will grow in the coming quarters, based on the belief that, in the race against coronavirus contagions and mutations, vaccines and herd immunity will win the day, and that fiscal and monetary stimuli will continue. Obviously, this main message underlying the prospects of 2021, comes with significant caveats. This year will not see a complete recovery. After falling by 11% in 2020, Spain's GDP growth of around 5.5%, forecast by BBVA Research, will leave the economy still far from its level at the end of 2019. Moreover, this growth will be asymmetric by sectors, companies and workers, and the intensity and speed of this recovery are also uncertain and may vary depending on factors that generate doubts.

Source: <https://www.bbvaesearch.com/publicaciones/espana-la-recuperacion-de-la-economia-espanola-tras-la-pandemia>

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CONTINUOUS IMPROVEMENT IN PRODUCTION

- Maintenance management has been improved, focusing on preventive maintenance to optimize production.
- As a consequence of the maintenance improvement plan, several improvements have been made to the rolling line.
- In terms of the Cosmelt process, the facilities have been modified to improve safety and several gas trains have been adapted to improve combustion in general.
- In the tube area, process improvements have been made to increase productivity and quality.
- In wire drawing, the wiring PLC has been modernized.
- Compressed air consumption is controlled and monitored, thereby reducing electricity consumption.
- A project has been carried out to reduce the risk of flooding.

EXTENSION OF THE LFCIS SYSTEM TO MANAGEMENT DEPARTMENTS

La Farga has its own management model, called LFCIS, which is based on a Lean methodology and comprises a cultural and operational model based on people, processes and objectives. The LFCIS system provides the necessary tools, methodology and organization to achieve the stability and approach required to achieve the business goals.

Initially, this management model was only used in the production area. In 2019, its deployment outside this area began and the LFCIS model and culture were extended to the staff departments.

DURING 2020, A COMPREHENSIVE MAINTENANCE MODEL HAS BEEN DESIGNED AND IMPLEMENTED TO MANAGE RESOURCES AND TASKS IN A MORE ORDERLY, EFFICIENT AND EFFECTIVE WAY. MAINTENANCE ENSURES THAT THE FACILITIES ARE KEPT IN PERFECT WORKING ORDER AND MAXIMIZES THEIR AVAILABILITY THROUGH THE UTMOST EFFICIENCY AND AT THE LOWEST COST.

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SINCE 2019, THE FIGURE OF THE
OUTSOURCING MANAGER HAS EXISTED
IN THE MINING SECTOR. THIS PERSON
GUARANTEES THE REQUIREMENTS OF
THE GREEN DEAL ARE FULFILLED IN THE
SUPPLY OF PRODUCTS AND SERVICES
WITH REGARD TO SUSTAINABILITY, HUMAN
RIGHTS, OCCUPATIONAL SAFETY, ETC.

MAJOR TRENDS AND STRATEGIC PRIORITIES

- In terms of macroeconomics, the first half of 2019 was characterized by the slowdown in the economy and by uncertainty in key sectors such as the automotive industry. In the second half of the year, the economy gained momentum until the COVID-19 pandemic erupted. As a result of the health crisis, economic development was truncated during the first months of 2020, though a more positive path is forecast in the coming years for key sectors, such as the automotive industry, construction and mobility using clean energy, sectors that involve sustainability, digitalization, electrification, etc.
- On the social front, the health crisis has led to the massification of digitalization, something which is advantageous for the copper sector; moreover, in 2020, the markets welcomed the greater understanding between China and the United States. The new context implies a higher consumption of copper around the world.
- The copper sector, faced with the economic slowdown in the first half of 2019, became concentrated and restructured itself. Companies have approached the resumption of the market with a better outlook for the future.
- Taking the 2020 economic crisis as a whole, the final result on La Farga was actually positive. The railway sector did not suffer any effects and there was a positive impact on the jointfil sector due to higher domestic consumption. Meanwhile the demand for copper grew in the automotive and renewable energy industries.

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Responsibility and global mindset,
values for sustainability

Investments for continuous improvement

**Understanding market trends
to stay one step ahead**

Sustainable economic performance

Promoting cybersecurity

Participation in sector and local area
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STRENGTHENING OF OUR INTERNATIONAL POSITION

- We have entered new (non-natural) markets and have a greater international presence, thanks to the consolidation of the sales team and the incorporation of native profiles.
- In terms of Brexit, La Farga has remained close to its clients to continue meeting the demands of the market.
- We have executed a supply contract for a wire rod manufacturing plant in the Kurdistan region of Iraq.

SDI LA FARGA INCORPORATES A NEW FURNACE FOR THE PRODUCTION OF ELECTROLYTIC WIRE ROD

SDI La Farga, which until now had a furnace and a line for producing thermal wire rod, has incorporated into its plant a new furnace for the production of ETP-1 electrolytic wire rod, with a capacity of 30 tonnes per hour. This project, launched in 2020, aims to provide a more extensive service to clients, as well as to reach new segments.

In parallel with the new production line, SDI La Farga has launched a joint position of its wire rods under the slogan “Copperworks. We work hard to manufacture copper wire rod and offer a wide range to our clients”.



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SUSTAINABLE ECONOMIC PERFORMANCE

	2018	2019	2020
Income (€)	1,067,654,504	1,019,985,835	906,013,831
Operating costs (€)	1,038,007,642	997,004,631	878,254,481
Salaries and social security contributions (€)	18,590,954	17,479,240	16,849,524
Payments to providers of funds (€)	3,470,485	2,878,818	2,908,565
Direct payments to public bodies (€)	13,924,359	23,582,730	21,650,003
Significant financial aid received from public bodies (€)	138,955	362,498	237,344
Invoicing (€)	1,049,123,248	1,011,207,902	921,075,974
Net cash flow (€)	10,919,952	4,348,453	8,589,958
Direct export (%)	45	44	51
Expenses (€)	1,050,514,008	1,015,288,930	918,453,059
Total investment (€)	12,201,939	4,545,356	3,893,271
Corporation Tax (€)	356,576	1,115,393	-344,942
Total assets (€)	224,288,520	207,098,039	208,901,545
Shareholder equity (€)	61,745,712	59,851,355	64,108,537
Reserves (€)	33,157,514	35,184,942	35,184,942
ROE (%)	2	-5	2

96.87%
OPERATING COSTS

**VALUE-ADDED
STATEMENT 2020**
€905,897,586
Economic value generated

1.82%
Personnel costs

0.80%
Depreciation

0.32%
Financial expenses

0.15%
Reserves

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PROMOTING CYBERSECURITY

The risk of cyber threats has exponentially increased since the start of the COVID-19 pandemic. International organizations agree that cyberattacks are a genuine economic risk of global proportions.

Teleworking has created the perfect storm for an increase in attacks and risk points, since the perimeter of our company has been extended to people's homes. Along with the usual risks, organizations are now also significantly exposed to attacks on information security.

In this new scenario, companies need to equip themselves with tools and services that protect their information and their business processes against attacks of all kinds. The sudden expansion of teleworking has placed a huge load on the infrastructure, not only in terms of network bandwidth and firewall capacity, but also due to the explosion of data on laptops and personal devices outside the corporate network perimeter, where compliance with security and protection policies may be more lax, and there is greater exposure to attack by cybercriminals.

Given the increase in these threats, the company has increased all the security measures of its information systems in order to safeguard the integration of the infor-

mation. Starting in 2021, additional enhancements will be implemented to ensure the highest level of security across all company devices, regardless of where they are located.

In addition to the strictly technical aspect of our information systems, all the protocols applied in the company's transactions with third parties (banks, customers, suppliers, etc.) have been reviewed, existing controls have been increased and their strict compliance has been guaranteed.

Within the framework of our policy of assuring the risks that may significantly affect the activity, we have contracted an insurance policy to cover the possible damages that may be suffered by attacks on our systems, as well as the fraudulent practices of third parties and of our own employees.

To ensure that its information systems have adequate security mechanisms in place, the company collaborates with several specialized external providers and commissions annual audits to consultants to review and confirm that all the measures implemented guarantee the proper functioning of the company's information systems.

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PARTICIPATION IN SECTOR AND LOCAL AREA ASSOCIATIONS AND ORGANIZATIONS



SINCE 2017, ORIOL GUIXÀ
HAS BEEN A MEMBER OF THE
LONDON METAL EXCHANGE AND
PARTICIPATES IN THE COPPER
COMMITTEE.

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PROVIDING TALENT FOR A SHARED GOAL

La Farga strives to help each employee discover their own talent and foster it. A responsible attitude, participation and recognition help to create healthy and honest interpersonal relationships that lead to greater personal satisfaction. Commitments to equal opportunities and non-discrimination due to gender are part of our day-to-day. Our staff feel supported in their growth, since we establish a shared direction and leadership, as well as a culture of commitment. On top of all this, the company offers a series of work-life balance policies



THE CULTURE OF A CONSOLIDATED ORGANIZATION

The management of human resources at La Farga has been transformed as a result of the evolution of the responsible department. The People and Organization department was transformed, in 2019, into the Culture, Organization and Talent department. This second phase is based on employee stability, the integration of people, productivity, quality and the promotion of trade skills as a path towards professionalization. The objectives of the Culture, Organization and Talent Department are to manage performance and continuous improvement, promote internal communication and the dissemination of values, and manage professional and personal development.

- The **job map has been consolidated** and resulted in a more rationalized approach to the creation of job positions. We have analysed, described and evaluated all the positions in the company.
- The **position of coordinating operator** has been reinforced, and this figure now operates and coordinates the resources of each autonomous management area while flattening the structure and empowering the entire organization.
- The **versatility and flexibility of staff** in the plants has increased.
- Talent management has been consolidated through the **talent matrix**.

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WE HAVE DEFINED AN
INTERNAL COMMUNICATION
PLAN, AN IMPROVEMENT
PROPOSED IN THE DRIVERS
AND BARRIERS SURVEY,
AND AN EXTERNAL
COMMUNICATION PLAN,
WITH AN EMINENTLY
STRATEGIC FOCUS.

- A **new, more robust, standardized and procedural onboarding process** has been established. It focuses on the employee's experience, for which a unique reception space has been created.
- During the 2019-2020 period, **several improvements were implemented** as a result of the responses to the drivers and barriers survey carried out in 2018, in which employees valued positively La Farga's camaraderie and innovative and challenging nature.

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La Farga has created a new corporate communication structure, which covers all areas and works on the following communication principles:

- Transparency.
- Family business
- Engagement with the surroundings
- Sustainability
- Talent and development
- Innovation
- Safety
- Commitment

In 2019 elections were held for the Workers' Committee, opening up a new period of dialogue. Labour relations are maintained individually and collectively. Collective labour relations are open to the different actors; workers are legally represented by a Workers' Committee, currently made up of 13 members elected by direct suffrage, and a Health and Safety Committee.

Dialogue with the Workers' Committee is continuous and takes place both formally and informally. Formal dialogue is held through a regular monthly meeting and three annual meetings, in which the official representatives of the company, the General Management and the Financial Management present the statement of accounts and the monitoring of indicators. There are also joint committees comprised of the Workers' Committee the Management Committee, where training, flexibility and corporate responsibility issues are addressed in small group meetings. La Farga also has agreements in place that improve the sector's collective agreement.



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MANAGEMENT OF THE HEALTH CRISIS WITH ONE OBJECTIVE: MINIMAL IMPACT ON OUR STAFF

In April 2020, given the uncertainty of the evolution of the crisis caused by COVID-19 and the impact of the decisions taken by international institutions and governments, a plan of action was presented to the legal representatives of the workers plan and then negotiated in order to reduce the company's productive capacity and necessary resources.

As a result, temporary redundancy plan (ERTE) was agreed until 9 September, since the situation was expected to return to normal in the subsequent months. This measure helped to prevent potential economic losses from an overcapacity of production and adjust costs in line with the situation to avoid the loss of jobs.

Throughout this period, La Farga reviewed the evolution of the situation with the Monitoring Committee, in order to adapt the application of the ERTE to the production needs and minimize its impact on staff. Thanks to the collaboration of all employees, the market recovered quickly, and the company improved its competitiveness and efficiency. This enabled us to stop applying the measures related to contract suspensions and reductions of working hours established in the ERTE on 13 July. On 14 September, with the company's activity in full recovery, the extension of the ERTE was waived.

The agreement with the Workers' Committee was to apply an ERTE involving a maximum of 50% of working hours for 20 weeks. In the end it only applied to 10% of working hours for 10 weeks.

During the whole period of application of the ERTE, 112 actions were taken in relation to managing the lockdown situation. These included:

- Compensation with an incentive of 60 euros per day for those people who during the period between 30 March and 9 April (duration of the exceptional paid leave approved during the state of alarm) came to work in person, as a reward for their commitment.
- Implementation of teleworking for more than 120 people.
- Negotiation and agreement with the Workers' Committee on measures relating to flexibility of working hours aside from those of already established in the collective agreement.
- Creation of new communication channels to make information flow.
- Delivery of masks to all staff.
- Modification of the entry times to the plants to avoid crowds in the changing rooms (Workers' Committee).



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LA FARGA, QUALITY EMPLOYMENT

The stability of the workforce is one of the characteristics of the quality employment offered by La Farga. We have a professional workforce that is committed to the company.



353
EMPLOYEES

322
own staff

31
external staff



100%
WORKFORCE
COVERED BY
OWN COLLECTIVE
BARGAINING
AGREEMENT



98%
WORKFORCE
FROM THE
COUNTY OF
OSONA



50%
MANAGEMENT
POSITIONS FILLED
BY PEOPLE FROM
THE COUNTY OF
OSONA



3
NEW JOB
POSITIONS



21
NEW HIRES
28 % from the county of Osona
81 % men



97%

WORKFORCE ON
A PERMANENT
CONTRACT



97%
men

98%
women



99%

WORKFORCE ON
FULL-TIME
CONTRACTS



99%
men

95%
women



11%

ROTATION OF THE
WORKFORCE



22%
voluntary
leavers



10.6

AVERAGE YEARS
IN THE COMPANY

La Farga is an attractive company for talent and carries out recruitment processes for specific profiles through participation in dual training programmes and the like. The talent retention process, consolidated in 2020, is implemented through promotions, career plans and permanent communication actions.

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LA FARGA IMMERSES ITSELF IN DIGITAL TRANSFORMATION

Ensuring maximum efficiency in La Farga operation's requires a cultural and organizational change that must be based on the support of technology. At La Farga, digital transformation consists of different phases and has generated the need for a Digital Transformation Committee, whose role is to define new practices according to technical, business and cultural criteria.

The responsibility of each member of the Digital Transformation Committee is to ensure that the needs are identified, that the necessary actions are defined and planned, and that these are implemented to achieve the levels of efficiency necessary for the success of La Farga.

The objective is to lead and manage change in order to deploy the digital transformation throughout the company, seeking maximum efficiency with these new digital tools.

The implementation of a document manager for the company has been one of the first projects carried out by the Committee.



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GENDER EQUALITY

La Farga, as stated in its corporate social responsibility policy, undertakes and guarantees a real and effective commitment to gender equality. In 2019, the Management Committee approved the **2019-2023 Gender Equality Plan** under the slogan "Personas, ni más ni menos" (Just people).

The strategic objectives of the Equality Plan are as follows:

- Continue to formalize La Farga's commitment to equal opportunities for men and women, create the necessary structure for its implementation, and promote internal and external actions.
- Create actions with a positive impact on society in promoting equal opportunities.
- Improve the use of inclusive and non-sexist language and graphic information.
- Monitor human resource statistics to analyse possible imbalances.
- Continue to guarantee equal promotion processes, work for women's access to those groups, categories and positions where they are underrepresented, and ensure equal opportunities in access to training for all staff.
- Promote the transparency of remuneration policies.
- Update the harassment protocol and take the necessary decisions to raise awareness about it among staff.
- Continue to guarantee a good work-life balance and assess the possibility of introducing improvements in the current measures.
- Include the gender perspective in the allocation of spaces and resources, and in the adaptation of job positions.
- Apply the gender perspective in the strategy for the prevention of occupational risks and health surveillance.
- Implement measures to improve mobility that allow equal access for men and women to the workplace.



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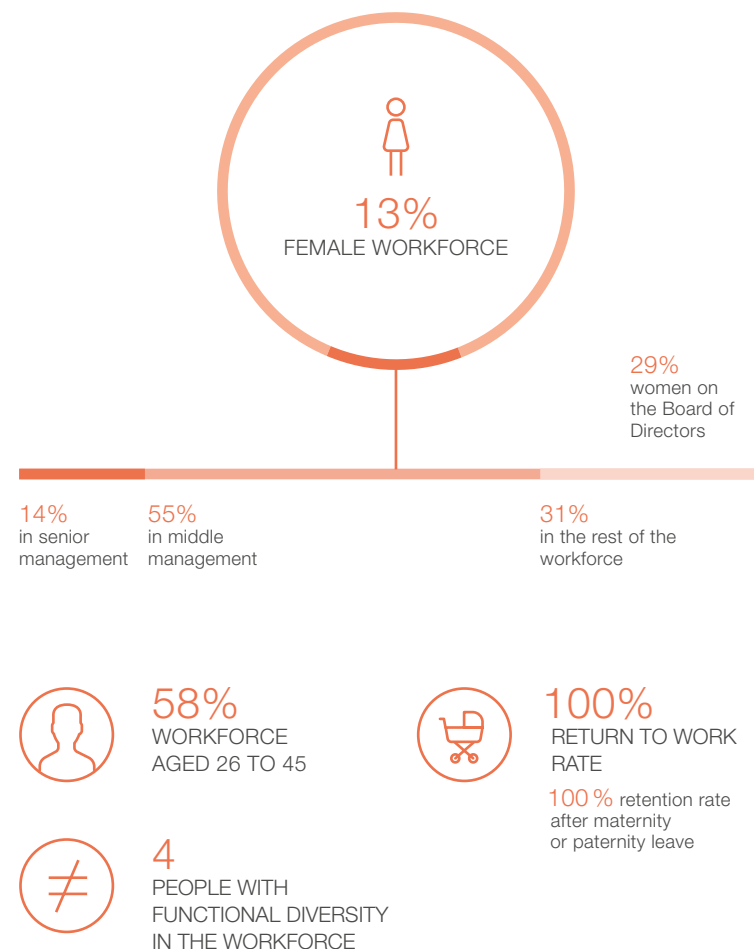
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To carry out these objectives, 26 actions have been defined that will be implemented progressively until 2023.

Moreover, at the end of 2019, the role of the **equality agent** and the **Equality Committee** were also created, the latter of which is made up of company and staff representatives who control the implementation of the Equality Plan and the introduction of the new measures.

La Farga's remuneration policy promotes gender neutrality with respect to salaries. Non-discrimination of remuneration between men and women is guaranteed through the collective agreement tables, pay grades and performance evaluations defined by the company.

La Farga's standard starting salary is 1.92 points higher than the minimum wage (Spain, 2020).



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WE PROMOTE THE WELL-BEING OF OUR STAFF

People who work at La Farga can benefit from different measures to improve their professional and personal well-being that contribute to the quality of employment. These include:

- A flexible working timetable.
- Short intensive working days on Fridays and the day before weekday public holidays.
- Holiday/work balance
- Teleworking and travel allowance policies.
- Supplementary pay for sick leave and accidents.
- School subsidies for children and transport.
- Variable remuneration and bonus policy.
- Early retirement bonus policy.
- On-call and retainer policy.
- Common areas: dining rooms, picnic area, etc.

After the de-escalation phase of the lockdown due to the pandemic, La Farga designed an initiative aimed at improving the work-life balance of its people, mainly those considered staff. Employees were given a period of time in which they could send work-life balance requests to help resolve specific cases generated by the pandemic. Solutions included teleworking, flexible working hours and various readjustments in the working schedule.



40%

OF THE WORKFORCE ENJOYS A FLEXIBLE
WORKING TIMETABLE (FLEXITIME) AND SHORT
INTENSIVE WORKING DAYS ON FRIDAYS
THROUGHOUT THE YEAR

SURVEY TO ASSESS THE ORGANIZATIONAL MEASURES ADOPTED IN THE CONTEXT OF COVID-19

Between June and November 2020, La Farga launched a survey among employees to assess the organizational measures implemented in the context of COVID-19. The survey, answered by 84 people, dealt with the following topics: general mood; health and motivation related to COVID-19; family situation and management; organization, planning and performance; monitoring of objectives and indicators; assessment of the performance of the company during the crisis; the return to normality; teleworking experience, and leadership skills.

81% of the people surveyed rate the company's decision-making during the crisis as adequate or very adequate, and 80% positively valued the management of information given to employees, clients and suppliers. 100% of the responses point to a positive view of teleworking.

With regard to the return to normality, also highly valued were the restrictions on events and meetings with a high number of participants (91%), the non-return to the offices of all staff until the measures are completely safe (89%) and the application of much more flexible working timetables to avoid rush hours (88%).

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TRAINING AND FOCUS ON PROFESSIONAL DEVELOPMENT



The training and professional development of employees is a key aspect for achieving the company's objectives and for developing talent. We have an annual training plan in place that promotes the development of technical skills and competencies.

In 2019, 50 people were trained in coordinator operator positions through an approved coordinator operator course, comprehensive training with in-depth knowledge of processes, work tools and relational skills. As a result of the health crisis, training activity was reduced in 2020, although language training was still imparted online.

Since 2016, we have had a joint training committee, made up of members of the company's Management Committee and the legal representatives of the workers. The objective of this committee is to ensure the effectiveness of training and improve the qualification of staff, taking into account all groups in the company.



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The tools for appraising the performance of La Farga staff include the performance evaluation system and the individual improvement and evaluation system. The latter now includes expertise in safety.

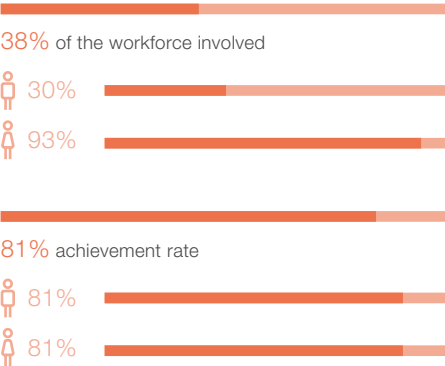


AS A REQUIREMENT OF THE COMPANY, WE
PROMOTE A PERSONAL DEVELOPMENT PLAN
THAT IS APPLIED TO ALL STAFF MEMBERS.

For operators
**PERSONAL IMPROVEMENT
AND EVALUATION SYSTEM**



For managers
**PERFORMANCE EVALUATION
SYSTEM**



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PREVENTION AS THE BASIS OF SAFETY

La Farga has a continuous improvement programme entitled "0 accidents and beyond", the purpose of which is to promote a culture of prevention and safety. The company's Supervisors, Culture, Organization and Talent Department, and Safety, Quality and Environment Department are responsible for identifying actions to improve the programme, whose objectives are classified according to the following topics: policies, planning, training, *bonus-malus* and awareness.

In 2020 we made the transition from the OHSAS 18001 standard to the ISO 45001:2018 standard, for the certification of our occupational health and safety management system.

Since the start of the pandemic, all the primary goal of all the actions carried out at La Farga has been to ensure the health and safety of all our employees. The internal protocols in place to ensure compliance with these measures within the facilities have been adapted according to the evolution of the pandemic, thanks to the joint efforts of the Health and Safety Committee, the Culture, Organization and Talent Department and the external prevention service. After the end of the state of alarm, a cross-departmental process was initiated to guarantee the safe return of the workforce to their jobs.



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LA FARGA'S CONTINGENCY PLAN AGAINST COVID-19

La Farga was proactive in preparing for prevention against COVID-19 even before the state of alarm was decreed on 14 March 2020. At that time, three preventive scenarios had already been contemplated depending on the possible degree of impact of the health crisis on staff.

Initial basic prevention regulations scenario, launched on 11 March 2020, applicable to all personnel working in the facilities:

- Establishment of a coordinating committee in response to the situation and guarantee the health and safety of all staff members working in our facilities, minimize the economic impact, ensure operational continuity and offer the best possible service to our clients.
- Appointment of a person in charge of monitoring the daily evolution of the situation, and a person in charge of communicating with the workers.
- Compliance with the guidelines issued by the prevention service and the health authorities.
- Informative bulletins to staff based on updated recommendations.
- Reduction of staff travel, promoting online meetings, and reduction of external visitors.
- Promotion of safe behaviours and good practices among staff.
- Increased cleaning protocol.
- Establishment of protocols for carriers.

Advanced prevention regulations scenario, launched on 13 March 2020, once the presence of COVID-19 cases in the county of Osona had been confirmed:

- Implementation of teleworking systems.
- Restrictions on internal and external meetings, and establishment of interpersonal distance criteria.
- Occupation protocols for shared jobs and separation of staff.
- Restrictions on the number of people in meetings and control of the premises in which they take place.
- Provision of specific measures depending on the risk (for example, masks).

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Containment measures scenario, launched on 23 March 2020, when a case of COVID-19 was confirmed among La Farga staff:

- Increased frequency of cleaning and disinfection.
- List of minimum services for essential activities.
- Protocol to establish preventive quarantine in cases of contact with infected staff.
- Establishment of priorities to maintain supply to essential markets.
- External and internal communication actions.

On 25 March the protocol for tasks involving close contact between staff members was implemented and masks were given to workers.

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La Farga, in compliance with its preventive duties, has updated its risk assessment and preventive planning with recommendations from the external prevention service and has consulted with the prevention delegates of the Health and Safety Committee on preventive measures:

- **Individual measures:** personal hygiene and use of PPE in the required situations (masks, gloves etc.).
- **General measures:** increase the frequency of disinfection in the facilities, as well as ventilation. The distance between staff members has also been increased, meetings and visits have been eliminated.
- **Organizational measures:** information for workers (an information channel has been created on social media) and measures aimed at avoiding staff congregating in common areas, such as changing rooms (changes to shift start and end times). A survey was launched among all staff to verify the level of understanding and compliance with the information provided.
- **Measures for preparing the return to work:** design of new scenarios to plan the de-escalation and the start of the new normal.
- **Travel measures:** sending information to workers about travel during the state of alarm and justification for travel.
- **Measures in common areas:** capacity restrictions.
- **Measures in workplaces:** physical separation barriers, redistribution, separation of tables and furniture, etc.
- **Teleworking measures:** teleworking protocol for jobs in which this modality is possible.
- **Technological measures:** implementation of tools that help in the management of incidents derived from teleworking.
- **Measures for external coordinated business activities staff:** information for external staff.
- **Hygiene measures:** provision of disinfectant gel and handles for opening doors using the elbows.
- **Internal flexibility measures:** creation of a protocol for the return to work of staff who have been infected or are in quarantine.

To guarantee the correct application of preventive measures, various control actions have been carried out, such as daily monitoring of the use of PPE.

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LA FARGA, WINS A CECOT AWARD FOR SAFETY

In October 2019, as part of the celebration of the 25th Night of the Entrepreneur, organized by the employers' association CECOT, La Farga won an award in the category of innovation and investment for improving health within the company.

It is true that the metallurgical industry is very complex in terms of safety, but it is precisely for this reason that stricter levels of requirements and attention is needed. For La Farga, safety is an unquestionable value that must be taken into account in each and every one of the actions carried out in the company's day-to-day activity.

The promotion of health among its workers is one of the principles of La Farga, another element of the motivational culture that promotes employee responsibility and participation.



IN 2020, LA FARGA BEAT ITS OWN RECORD FOR DAYS WITH NO ACCIDENTS, REACHING 199 DAYS. IN WIRE DRAWING, THIS RECORD STANDS AT 321 DAYS. THE FREQUENCY RATE ALSO STANDS AT A RECORD 14.4. IN 2020 THERE WERE NO ACCIDENTS WITH MEDICAL LEAVE IN GENERAL SERVICES AND IN CASTING.



€348,260

 INVESTMENT IN OCCUPATIONAL
 RISK PREVENTION

417,554

HOURS WORKED

6

 WORKPLACE ACCIDENTS
 6 men

14.4

FREQUENCY RATE

0.98

SEVERITY RATE

8%

ABSENTEEISM RATE

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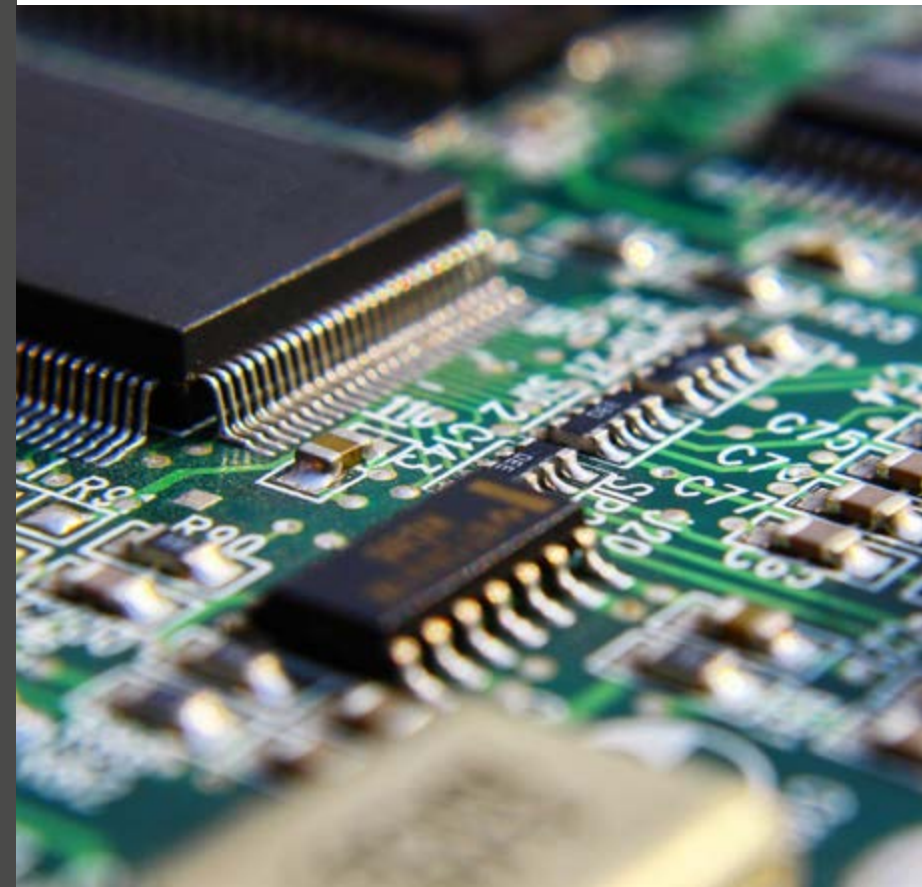
SOLUTIONS AND ANSWERS TO THE HIGHEST DEMANDS

*Our relationship with clients
is one of respect and honesty,
while following a policy of
continuous, rigorous and
transparent communication.
We constantly innovate to
satisfy new needs and develop
more sustainable products
with greater added value for
clients. La Farga guarantees
the highest quality and the
application of continuous
improvement techniques in
all products, services and
processes.*



EFFICIENT AND SUSTAINABLE CONDUCTIVITY SOLUTIONS

La Farga is a pioneer in the development of a process that uses 100% recycled copper. We generate innovative copper solutions, focused on the needs of our clients, and create value. Our objective is to create efficient, high-performance copper wire rod that is adapted to the different requirements and technical specifications of the market.



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From our beginnings we have been committed to the copper recycling process. La Farga has invested knowledge, innovation and technology to perfect this process, which is part of the company's mission.

Our recycled products are more respectful with the environment in every way: less use of natural resources, protection of biodiversity, reduction of emissions, etc. La Farga has the technology to provide clients with a product that is practically the same as if it were mined, one which can be adapted to any requirement and is more environmentally responsible.



THANKS TO OUR
COMMITMENT TO THE
CIRCULAR ECONOMY AND
OUR RANGE OF RECYCLED
COPPER PRODUCTS, WE
HAVE A POSITIVE IMPACT ON
THE VALUE CHAIN.

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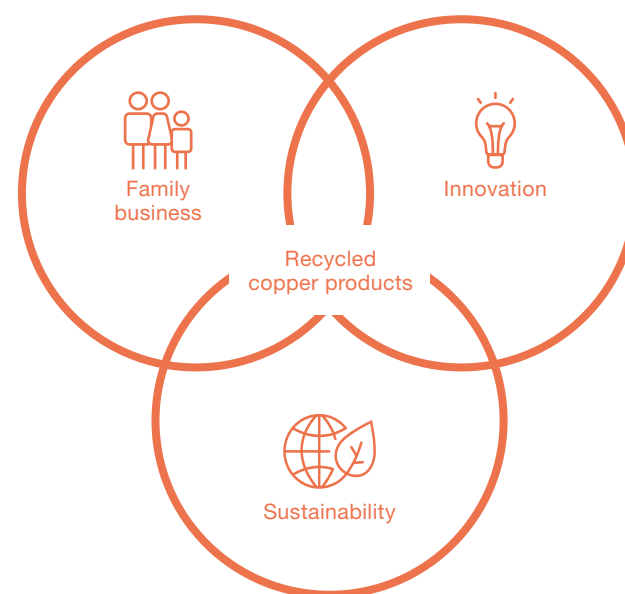
One of our most outstanding products is Genius, the only 100% recycled copper wire rod with maximum efficiency. Genius is copper wire with fire refining high conductivity produced through a continuous casting process for use in the construction, infrastructure, transport, industry, oil and gas, electrical networks and telecommunications sectors. The result of a major investment in R&D&I, it has enabled La Farga to develop the most sustainable product on the market. The production process is respectful of the environment and from it a wire rod of a quality and technical performance unmatched in the market is obtained.

GENIUS has obtained International EPD System certification, the first copper wire rod to obtain this environmental product declaration, demonstrating that its environmental impact is much lower than any other existing product.

Thanks to our innovation processes, we have also created Essential, a wide range of electrolytic copper wire rods for meeting high conductivity requirements. Within this family, we offer wire rods made from electrolytic copper, oxygen-free copper and copper alloys (magnesium, tin and silver).

GENIUS IS THE RESULT OF INNOVATION APPLIED TO SUSTAINABILITY.

THANKS TO THE IMPROVEMENT IN PRODUCT QUALITY OBTAINED WITH THE NEW ROLLING LINE, LA FARGA HAS INCREASED THE WIRE DRAWING ABILITY OF GENIUS WIRE ROD FIVE-FOLD SINCE 2018.



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COPPER, A SUSTAINABLE MATERIAL ESSENTIAL FOR THE CIRCULAR ECONOMY

- Copper is the most recycled metal in the world and is 100% recyclable.
- Recycled copper is indistinguishable from primary copper once processed.
- Copper recycling is a highly efficient way to reintroduce valuable material into the economy. Each year 9 million tonnes of copper are recycled.
- Copper recycling consumes 85% less energy than primary production.
- This recycling saves 40 million tonnes of CO₂ a year worldwide, the equivalent of taking 16 million cars off the road.

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WE MEASURE AND IMPROVE OUR CUSTOMER SERVICE

The Planning and Service Area of La Farga is responsible for medium-term planning, which provides a more advanced management capacity over time, reduces inefficiencies and leads to an improvement in our service. At La Farga we measure the **service rate** weekly, which calculates the difference between a product's requested delivery request date and the actual delivery date. When deviations are detected, this monitoring of the rate enables us to analyse their causes and to implement improvements. In 2020, this rate was over 95% and, for those ranges where the service is most critical, it reached almost 100%.

It should be stressed that the pandemic has changed the form of our relationship with clients and suppliers. The value of proximity is expressed in innovative ways that were unimaginable before the pandemic, just as valid and more efficient, such as online meetings.

La Farga has continued to open up to new clients, markets and avenues for growth. We have put innovation at the service of sustainability and we have offered our clients tools —both the Environmental Product Declaration and our commercial and technical support— for greater added value and ensure the idea of recycling is increasingly implanted in the sector.

FINANCIAL AID RECEIVED FROM THE CENTRE FOR THE DEVELOPMENT OF INDUSTRIAL TECHNOLOGY

- Development and validation of a 3D model of the drawing process aimed at improving the eccentricity of La Farga's copper tubes.

INVEST IN ORDER TO IMPROVE

Every year we allocate a significant financial amount in order to adapt La Farga products to new clients demands and market trends. As part of our continuous improvement process, we invest to increase the efficiency of production processes.

€3,893,271
TOTAL INVESTMENT

€522,679
INVESTMENT IN R&D&I

€54,415
non-recoverable subsidies received for
the development of R&D&I programmes



6%
CASH FLOW INVESTED
IN R&D&I

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LA FARGA SUPPLIES MEDICAL COPPER TUBES TO THE IFEMA TEMPORARY HOSPITAL IN MADRID

In 2020, La Farga manufactured copper tubes for conducting medical gases in field hospitals, including the one at the IFEMA exhibition centre in Madrid. During the execution of the project, we worked with the necessary security measures to supply companies that offer essential services, such as those in the health and food sectors.

La Farga manufactures cables and tubes for sanitary uses, for components of electronic devices in hospitals and supermarkets, for welding wire for food containers and for generators, among other things.

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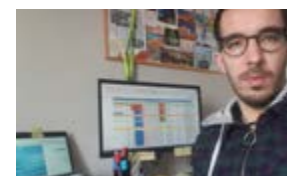
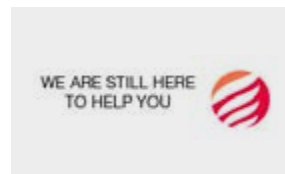
NEW FORMULAS TO REMAIN CLOSE TO CLIENTS

The Marketing Management team at La Farga works towards optimizing coordination between the purchase and sale of copper, since they are closely aligned markets. As a result of the pandemic, La Farga has increased efficiency and proximity to clients through new formulas and tools, adapted to the new situation, and has enhanced virtual communication, with the aim of remaining close to them and providing them with information of interest about COVID-19. During the pandemic, we have carried out a particularly active communication policy.



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From 2019 until the start of the pandemic, in March 2020, La Farga participated in the most important international exhibitions and events:

- World Metro & Light Rail Congress & Expo (Bilbao, Spain)
- Metal Bulletin, International Copper Conference (Amsterdam, the Netherlands) (2019 y 2020)
- ISH Frankfurt (Frankfurt am Main, Germany)
- CRU 18th World Copper Conference (Santiago de Chile, Chile)
- Global Continuous Casting Atlanta 2019 (Atlanta, United States)
- World Recycling Convention & Exhibition (Singapore, Singapore)
- FER (Galicia, Spain)
- 7th Mafex International Railway Convention (Málaga, Spain)
- Wire and Cable Conference (Brussels, Belgium)
- Wire and Cable Conference by CRU (London, UK) (virtual)
- Rail Live (Madrid, Spain) (virtual)

A CLIENT-BASED VALUE PROPOSITION

One of La Farga's management methods involves project-based work. One of these projects is a client-focused approach and it consists of La Farga being closer to clients, having a better knowledge of them and offering the best possible response.

In 2020 we laid the foundations for a client-based value proposition, a project that focuses on sustainability and innovation rather than just price and quality. Along these lines, we executed marketing plans for each the company's businesses, which have enabled us to identify the value contribution we make to each of the lines. Obtaining an EPD for the Genius wire rod is the first result of this process.

In 2021 we will launch this unique value proposition on the market, which is the result of the work carried out in previous years, such as the investment in the new line and the increase in production capacity as a way to achieve more reliability, more robustness in the process and more sustainability.

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CERTIFIED QUALITY

The quality of our processes and products is achieved through continuous work and in accordance with the highest quality and efficiency standards. La Farga is ISO 9001 certified.

In 2020 we unified the management system and drafted an integrated policy of quality, environment, safety and corporate responsibility management, which follows these basic lines as part of the company's strategy:

- Continuous improvement in the quality of the products and services that we provide to our clients, in order to satisfy their needs and expectations.
- The prevention of occupational risks among the employees that provides their services in our facilities.
- The protection of the environment in the scope of our industrial activity.
- The creation of shared value for both our company and our stakeholders.
- Adherence to the principles of conduct included in the United Nations Global Compact on human rights, labour, the environment, and the fight against corruption and bribery.

Some of the actions promoted in 2020 in relation to quality are listed below:

- Official recognition of all railway products sold to ADIF.
- Improved wire drawing ability. The rate of breakage of our wire rods during wire drawing has been significantly reduced.
- 30% decrease in the number of claims received in relation to the tonnes sold. This rate of improvement stood at 313% for railway products, 83% for tubes and 60% for *joinfil*.

THE UNIFICATION OF THE MANAGEMENT SYSTEM INTEGRATING THE QUALITY, ENVIRONMENT, AND OCCUPATIONAL HEALTH AND SAFETY SYSTEMS PROVIDES US WITH A GLOBAL MANAGEMENT PERSPECTIVE AND FACILITATES ALIGNMENT WITH THE COMPANY'S STRATEGY.





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WINNING SYNERGIES

We carry out joint innovation initiatives with suppliers by establishing commercial agreements based on mutual respect which guarantee the long-term sustainability of the relationship.

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LONG-TERM RELATIONSHIPS BASED ON TRUST

In line with its purchasing policy, La Farga develops long-term relationships with the companies in its supply chain and seeks solutions that are based on maximum flexibility, competitiveness, compliance with commitments and diversification. This long-term vision and the integration of suppliers as a key factor in the value chain allow us to continue improving in quality and service.

Diversification allows us to maintain a greater presence in the copper purchasing markets. However, in 2020, the purchase of raw material focused mostly on markets where the supply was guaranteed by logistics (closest markets).



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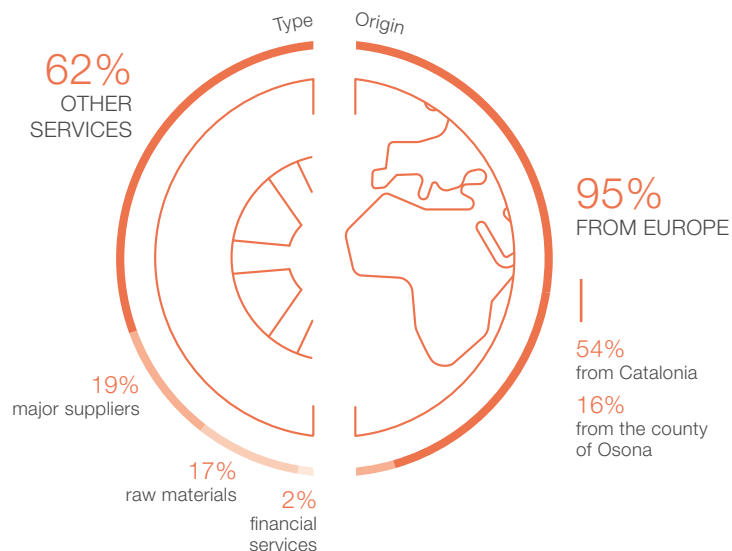
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THE SUPPLY CHAIN



OUR SUPPLIERS



 **810**
SUPPLIERS

 **80%**
OF SUPPLIERS INVOICE
LESS THAN €100,000
80% local suppliers

IN 2020, THANKS TO
THE RELATIONSHIPS
OF TRUST AND
A PORTFOLIO OF
FLEXIBLE AND
DIVERSIFIED
SUPPLIERS, LA
FARGA WAS ABLE TO
ADJUST ITS SUPPLY
TO THE NEEDS OF THE
MARKET.

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TRACEABILITY OF RAW MATERIALS

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

Our purchasing policy establishes the guidelines that ensure that the relationship with our suppliers is undertaken in accordance with the values of La Farga, with our corporate responsibility policy and the supplier code of ethics. This document includes the commitment of our suppliers to respect and act according to international sustainability standards, including the principles of the Global Compact and the Conflict Minerals initiative.



IN 2020, WE IMPROVED OUR RAW
MATERIALS TRACEABILITY RECORD,
DISTINGUISHING BETWEEN THOSE
FROM THE EUROPEAN UNION AND
THOSE FROM OUTSIDE.



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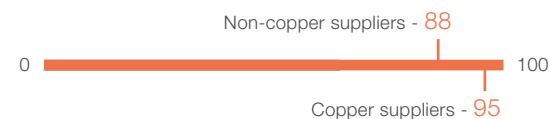
SUPPLIER EVALUATION

We annually evaluate our suppliers to detect areas for improvement in accordance with the following methodologies:

- Technical evaluation of suppliers that operate in our facilities, which includes aspects related to corporate responsibility and the code of ethics.
- Evaluation, by the sourcing department, of non-copper suppliers.
- Evaluation of transport providers according to criteria of reliability, quality, service and communication.

RESULTS OF THE TECHNICAL EVALUATION

Score out of 100 points



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contribution to the local area

Improved communication at all levels

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OUR COMMITMENT TO THE LOCAL AREA

We continue to maintain a policy of fostering good relationships with our neighbours by collaborating and implementing social, cultural and training activities. We also try to preserve the environment and maintain a relationship of respect, dialogue and transparency of information with all the agents involved.



THE LA FARGA FOUNDATION'S CONTRIBUTION TO THE LOCAL AREA

The La Farga Foundation was created in 2004 with the mission of creating value and wealth in the nearby surroundings. The scope of its actions include the counties of Osona, Ripollès and Moianès and, more specifically, the municipalities of Les Masies de Voltregà and Sant Joan de les Abadesses.

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

- **In the social sphere**, it actively participates, through donations, sponsorships and collaborations, in activities held in Les Masies de Voltregà and the county of Osona.
- **In the cultural sphere**, it manages the Copper Museum, the only one of its kind in Europe which exhibits the properties and applications of copper in the past, present and future in a technical, educational and experiential way.
- **In the training sphere**, it allocates part of its funds to scholarships for training the family members of the business, employees and the children of workers in La Farga, as well as the residents of Les Masies de Voltregà and Sant Joan de les Abadesses.

For more detailed information, see the *2020 Report on the Activities of the La Farga Foundation*, available on our website.

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**The la Farga Foundation's
 contribution to the local area**

Improved communication at all levels

THE ENVIRONMENT

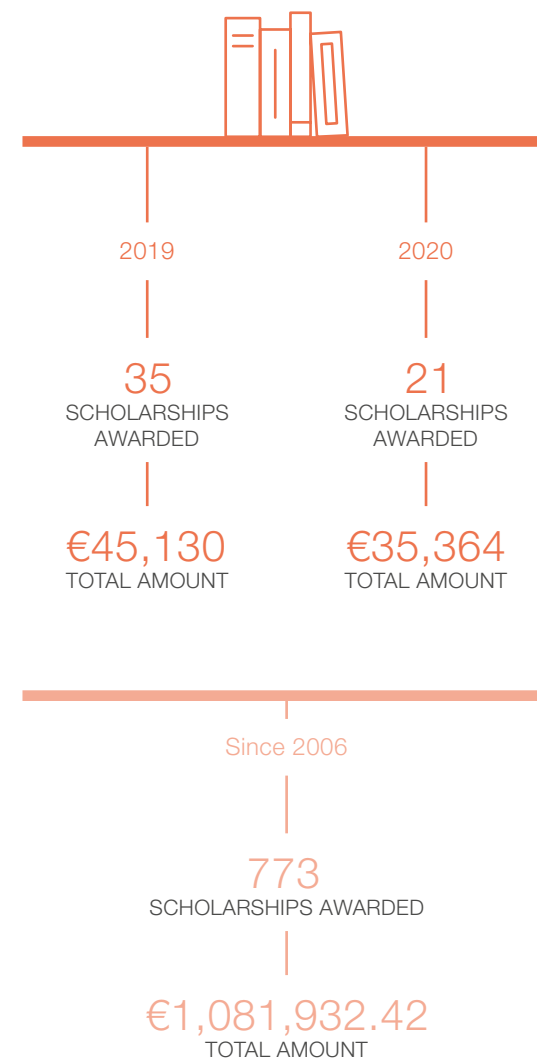
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CONTINUITY IN THE SCHOLARSHIP PROGRAMME

The La Farga Foundation awards scholarships for various categories; each category involves an application procedure, terms and conditions and its own budget.

The scholarships awarded are based on:

- Scholarships for degrees, master's degrees, postgraduate university degrees, doctoral thesis courses, advanced vocational training and adaptation courses for graduates who want to pursue official university studies.
- Language scholarships.



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WE PROMOTE INDUSTRIAL TRAINING IN THE LOCAL AREA

La Farga supports different entities and collaborates in the development of programmes and specific actions to promote industrial training.



IN 2020, THE LA FARGA FOUNDATION DONATED TECHNICAL MATERIAL TO THE ELECTRICAL DEPARTMENT OF LA SALLE MANLLEU FOR THE STUDENTS' PRACTICAL CLASSES ON MACHINE AUTOMATION.

7TH EDITION OF THE VICENTE FISAS COMELLA AWARD

The Vicente Fisas Comella Awards are held each annually and are the result of the partnership between the La Farga Foundation and the University of Vic-Central University of Catalonia. The aim of the award, endowed with 2,000 euros, is to encourage innovation and research among students. All those students of the University of Vic who have obtained the highest grade in their degree course's final project can participate.

The award-winning project must address one of the values promoted by the Foundation: knowledge applied to local development, creativity as a basis for innovation and progress, or awareness with respect to environmental care and sustainability.

The 7th edition of the awards took place, online, in November. Naia Vivanco, an Advertising and Public Relations student at the University of Vic, was awarded for her degree course's final project *Re-branding Bodega Vila Corona*.



In 2019, Arnau Mas was the winner of the 6th edition of the award for his degree course's final project *Design and construction of a 'segway'*. A special mention went to Mathilde Lévêque for *The Effectiveness of a virtual reality system for the basic day-to-day activities, functional motor skills and quality of life of young patients with Duchenne muscular dystrophy*.

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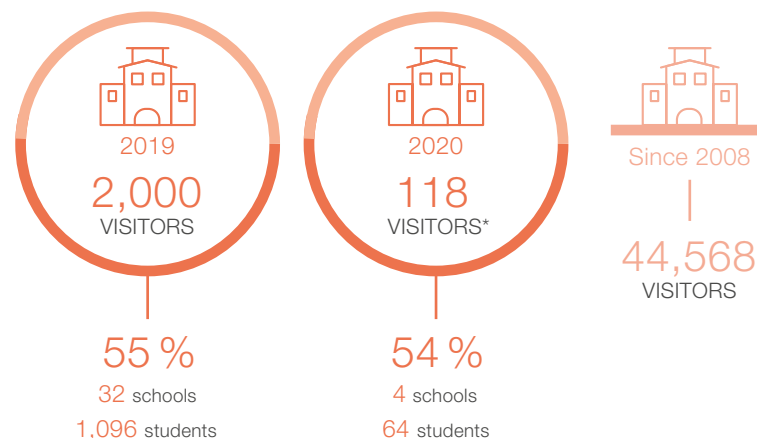
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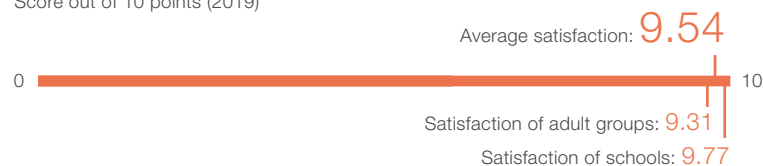
THE COPPER MUSEUM

The Copper Museum, inaugurated in 2008, is a space for disseminating the La Farga's knowledge, use and applications of copper throughout history in the industrial, economic and environmental spheres. The museum offers educational programmes that combine a guided tour with additional activities designed to offer more in-depth learning in an enjoyable way.



VISITOR SATISFACTION RATE

Score out of 10 points (2019)



* In 2020, the Copper Museum was closed as of March, due to the SARS-Cov-2 coronavirus pandemic, which explains the decrease in the number of visitors.



THE COPPER MUSEUM CONTAINS LARGE SPACES THAT, DURING THE PANDEMIC, HAVE BEEN USED AS A CUSTOMER RELATIONSHIP ZONE TO IMPROVE COMPLIANCE WITH PREVENTION AND SECURITY MEASURES AGAINST COVID-19.

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WE HAVE IMPROVED OUR LINKEDIN
CHANNEL WITH THE CREATION OF
VALUABLE CONTENT FOR CLIENTS AND
WE HAVE INCREASED OUR PRESENCE
AND POSITIONING ON SOCIAL MEDIA.



IMPROVED COMMUNICATION IN ALL AREAS

In 2020, communication was a key factor in the way La Farga was able to carry out its activity. Prevention and security measures against COVID-19 have promoted the search for new external and internal communication methods.

The commitment to increase the presence of La Farga on social media, especially those platforms of a professional nature, such as LinkedIn, has allowed us to add value and align ourselves with the new trends in digital relationships.

Our aim has been to improve virtual communication with clients, providing them with information on what was happening in the company during the lockdown and keeping them informed about the continuity of the service.

IN 2020, WE CONTINUOUSLY CARRIED
OUT COMMUNICATION ACTIONS TO
INFORM ALL OUR STAKEHOLDERS THAT
WE WERE STILL AVAILABLE THROUGH
OUR SALES SUPPORT AND DELIVERY
SERVICES.

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Reduction of our carbon footprint

Responsible management of waste,
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RESPECT FOR THE ENVIRONMENT

We promote environmental improvement through process innovation and the use of the best available technologies for the control and management of emissions and waste. La Farga places special importance on recycling in the manufacturing process, which allows us to recover high percentages of secondary copper to optimize natural resources and minimize the impact caused by manufacturing.



ENVIRONMENTAL PROTECTION IN OUR INDUSTRIAL ACTIVITY

At La Farga, sustainability is adopted across the board. We are constantly working to reduce our environmental impact and manufacture sustainably. In this regard, we are pioneers in the development of a 100% recyclable product.

We have a certified environmental management system in accordance with the ISO 14001 standard, which allows us to perform with excellence. The environmental pillar of sustainability and environmental protection is part of the organization's strategy.



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THE CIRCULARITY OF COPPER AT LA FARGA

Copper is a 100% recyclable metal. La Farga, thanks to its process of using secondary copper, is a pioneer in copper recycling.



€88,925
ENVIRONMENTAL
EXPENSES



243,950 t
PROCESSED COPPER



SINCE 2011,
WE HAVE BEEN
ISO 14001
CERTIFIED.

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SIGNIFICANT ENVIRONMENTAL IMPACTS

**NATURAL
RESOURCES**
Water, electricity,
natural gas, etc.

RAW MATERIALS
Wood, iron, plastic,
cardboard, etc.

**ATMOSPHERIC
EMISSIONS**
CO₂, NO_x,
particles, etc.

**NOISE
AND LIGHT
POLLUTION**

EFFLUENTS
Domestic waste
water and cooling
water

**GROUND
CONTAMINATION**

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



**AREAS OF
IMPROVEMENT**

Optimization of
the use of natural
resources and
processes.

Comprehensive
management
of waste and
wastewater.

Prevention
and control of
atmospheric
emissions.

Mitigation and
minimization of
environmental
impact.

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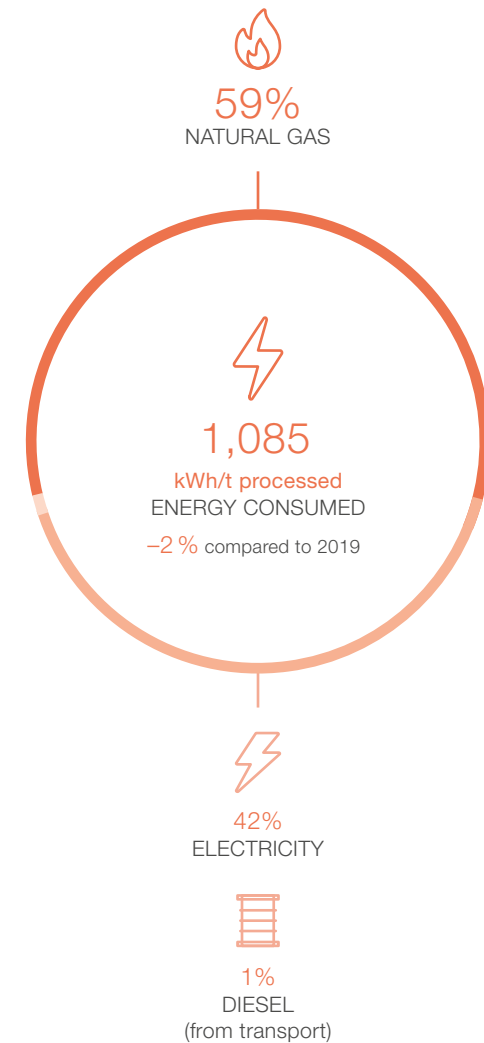
ECONOMIC INFORMATION

SUSTAINABLE CONSUMPTION OF RESOURCES

ENERGY EFFICIENCY

In 2019, La Farga underwent its second energy audit, which reports on energy efficiency improvements since 2016: estimated energy savings, percentage of total consumption, avoidable CO₂ emissions, estimated investment to undertake the improvements indicated in the audit, energy consumption, return on investment period and energy savings corresponding to the improvements implemented derived from the previous energy audit.

We also carried out a study to determine the necessary investments to obtain energy savings, especially in the generation of compressed air and nitrogen. We have installed a measurement system, monitored the energy consumption of air generation, compared the different existing technologies and drawn up several investments proposals.



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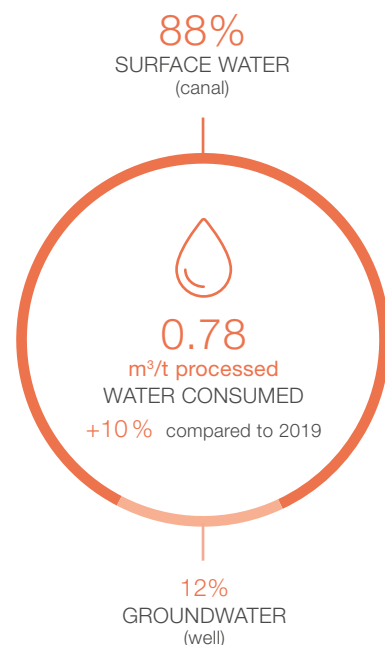
Reduction of our carbon footprint

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WE ARE WORKING TO REDUCE WATER CONSUMPTION

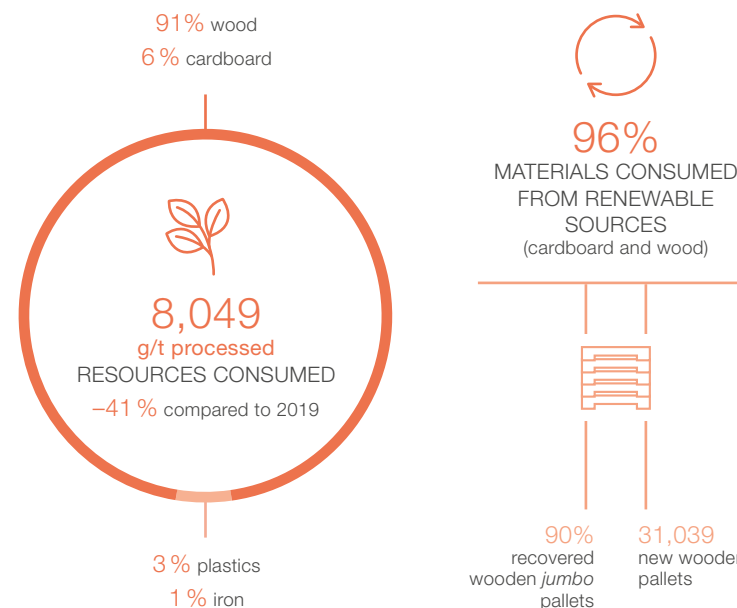
La Farga takes measures to reduce water consumption such as establishing controls to prevent leaks.



REDUCTION OF MATERIAL CONSUMPTION

La Farga takes measures to reduce the consumption of materials. In 2020, the company carried out a study on minimizing packaging and drew up business plans for the prevention of packaging. The main initiatives carried out in this regard were as follows:

- Reduction of wooden box packaging of tubes
- Use of recovered pallets
- Rationalization of the packaging required for each product



	2018	2019	2020
Ratio of packaging (kg) delivered to the market per tonne produced	10.50	11.80	7.2

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

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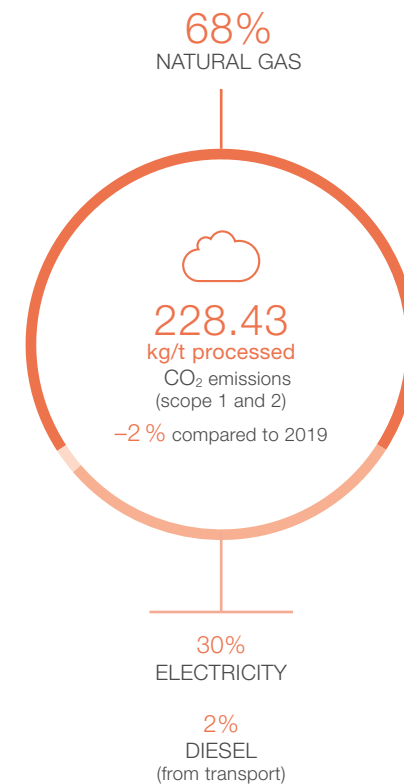
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REDUCTION OF OUR CARBON FOOTPRINT

La Farga takes part in CO₂ emissions trading, which obliges us to communicate and verify these emissions. In 2020 we verified 39,257 metric tonnes of CO₂, derived from the consumption of natural gas and additives in the factory's facilities.

As a result of the corporate consolidation in 2018 of all the companies that made up the group, we have requested an extension of our free emission rights.

We have also drawn up a plan for monitoring emissions and controlling La Farga's capacity for the period 2020-2030.



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RESPONSIBLE MANAGEMENT OF WASTE, WASTEWATER AND NOISE POLLUTION

WASTE MANAGEMENT



6.39
kg/t processed
WASTE GENERATED
-48 % compared to 2019

82%
NON-HAZARDOUS

18%
HAZARDOUS

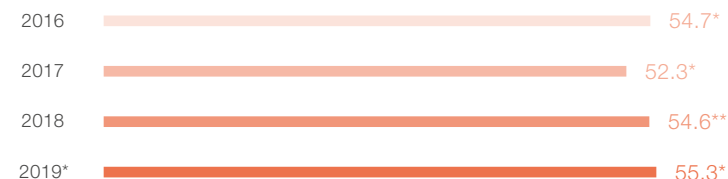
REDUCTION OF NOISE POLLUTION

At La Farga, we work to continuously to improve and we have an action plan in place for the 2020-2030 period to reduce noise pollution that goes beyond the demands of regulatory compliance. The main measures are as follows:

- Official and long-term monitoring on nearby properties
- Update of the predictive model
- Update of the monitoring and improvement plan to reduce noise pollution.
- Technical evaluation of the feasibility of improvement initiatives.

We are members of the monitoring committee for the specific noise reduction plan, integrated into the town councils of Les Masies de Voltregà and Torelló, and of the Directorate General of Environmental Quality of the Government of Catalonia.

general dBA 24 h



* Data from long-term studies.

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

Note: We do not have data for 2020 because it is legally required only every 2 years. Also, due to the COVID-19 pandemic, mandatory controls have been staggered over time.

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BALANCE SHEET

ASSETS

	2019	2020
NON-CURRENT ASSETS	82,991,463	79,260,501
Intangible fixed assets	8,442,599	6,299,709
Tangible fixed assets	71,243,061	70,050,539
Long-term financial investments	70,530	70,530
Deferred tax assets	3,235,273	2,839,903
CURRENT ASSETS	124,106,576	129,641,044
Stock	99,913,638	98,970,624
Trade debtors and other accounts receivable	18,751,638	19,594,405
Short-term investments in group companies and associates	0	300,000
Short-term financial investments	4,065,521	9,033,425
Short-term accruals	806,741	770,572
Cash and cash equivalents	569,038	972,018
TOTAL ASSETS	207,098,039	208,901,545

NET EQUITY AND LIABILITIES

	2019	2020
NET EQUITY	60,174,899	61,624,830
Capital	27,562,500	27,562,500
Reserves	35,184,942	35,184,942
Profit (loss) for the year	2,896,087	1,361,095
Subsidies, donations and bequests received	323,544	412,380
NON-CURRENT LIABILITIES	15,448,861	69,920,980
Long-term debts	15,100,308	69,593,810
Deferred tax liabilities	348,553	327,170
CURRENT LIABILITIES	131,474,279	77,355,735
Short-term debts	93,105,158	42,077,083
Short-term debts with group companies and associates	1,016,957	800,105
Trade creditors and other accounts payable	37,314,849	34,478,547
TOTAL NET EQUITY AND LIABILITIES	207,098,039	208,901,545

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PROFIT AND LOSS ACCOUNT

ONGOING OPERATIONS

	2019	2020
Net turnover	1,011,207,902	921,075,974
Variation in stocks of finished goods and work-in-progress	6,504,796	(16,490,191)
Work carried out by the group for its assets	893,839	576,422
Supplies	(971,397,338)	(851,256,981)
Other operating income	536,143	787,211
Personnel costs	(17,479,240)	(16,489,524)
Other operating expenses	(25,606,853)	(26,997,520)
Depreciation of fixed assets	(7,244,540)	(7,228,863)
Allocation of subsidies for non-financial fixed assets and others	73,833	54,415
Impairment and profit (loss) from disposal of fixed assets	769,322	
Other profits/(losses)	63,315	
OPERATING PROFIT/LOSS	(1,807,891)	4,040,963
Financial income		573,639
Financial expenses	(2,777,905)	(2,812,831)
Exchange differences	(100,913)	(95,734)
Impairment and gains/losses on disposal of financial instruments	105,649	
FINANCIAL PROFIT/LOSS	(2,203,589)	(2,334,926)
PROFIT/LOSS BEFORE TAXES	(4,011,480)	1,706,037
Tax on profits	1,115,393	(344,942)
PROFIT/LOSS FOR THE FINANCIAL YEAR FROM ONGOING OPERATIONS	(2,896,087)	1,361,095
PROFIT (LOSS) FOR THE YEAR	(2,896,087)	1,361,095



€8,589,958
NET CASH FLOW



€11,269,826
EBITDA

The full report, which includes the table of contents of the Global Reporting Initiative, is available on the La Farga website: www.lafarga.es.

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

For more information about La Farga and copper, you can follow us on our blog:

 yourcoppersolutions.wordpress.com

and on Twitter:

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

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

Committed to:



This is the **report on our progress** in applying the principles of the **United Nations Global Compact**.

We welcome any comments on its content.



Published by: lavola