

# CAPACITY FOR GROWTH WITH VISION FOR THE FUTURE

SUSTAINABILITY REPORT 2011





This report has been revised by the Global Reporting Initiative, and its conclusions is that it complies with the criteria for an A+ level of applications.



## Statement GRI Application Level Check

GRI hereby states that **La Farga Group** has presented its report "Capacidad de crecimiento con visión de futuro" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, 3 May 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint background watermark of the GRI logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



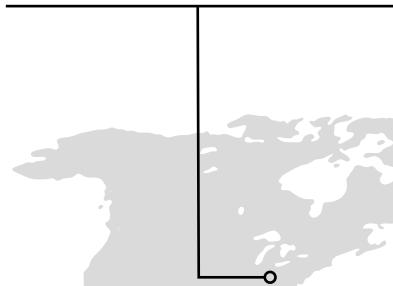
The "+" has been added to this Application Level because **La Farga Group** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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

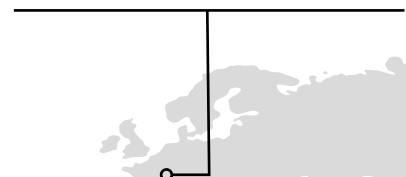
**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 24 April 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

# 1. SUMMARY

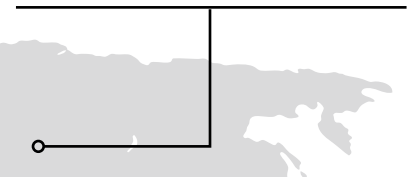
The SDI-La Farga plant for **the sale of copper rods made from recycled material is currently at the construction stage.** The total investment, shared with the company's partner SDI, amounts to 27 million euros.



La Farga Group has maintained its pace of growth, despite an environment of general crisis. LFL and LFR have progressed thanks to the **internationalisation of the market and the expansion of the product range.** LFT has not increased its sales, but it has grown its market share in Spain.



La Farga Group has consolidated its positioning in the European market and has been recognised as a world **leader in copper recycling technology** for the direct production of semi manufactured products in the world. This consolidation is backed by technological knowledge, quality and experience.



## PROFILE

**LFL technology around the world**



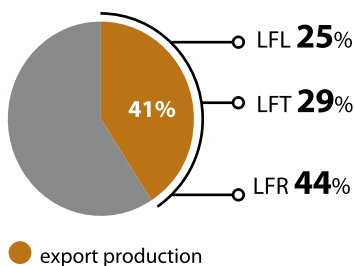
30 plants in 16 countries

**Average productivity of LFG:**

**664 t/**  worker in workforce

**High performance and conductivity LFL alloys**

**Exports:**



## SUPPLIERS



**OUR SURROUNDINGS, GOVERNMENT AUTHORITIES, THE COMMUNITY AND THE MEDIA**

**Investment in study grants:**

**80.163 €** 

**Number of visitors in the Copper Museum:**

**4.924** people



## ENVIRONMENT



**Electrical energy consumption in relation of copper produced:**

 **274 kW/h** 



**Thermal energy consumption in relation to tonnes of copper produced:**

 **1.037 kW/h** 



**Water consumption in relation to tonnes of copper produced:**

 **0,97 m<sup>3</sup>** 

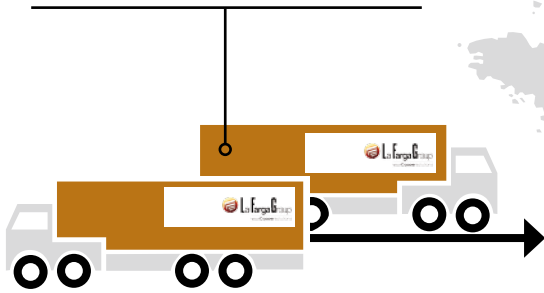
**CO<sub>2</sub> emissions in relation to tonnes of copper produced:**

 **326 kg** 

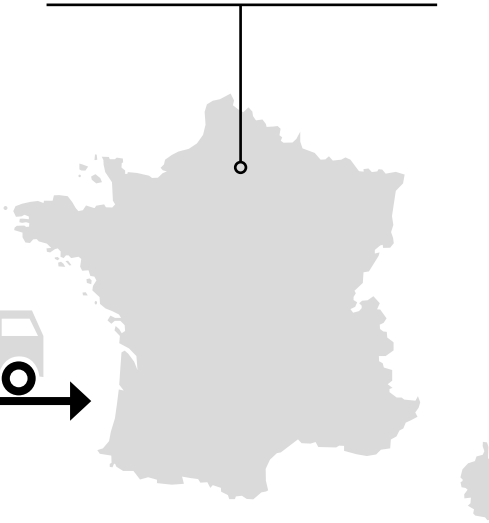
**Packaging materials recovered at the end of its useful life:**

**48%** of wooden pallets   
**29%** other materials 

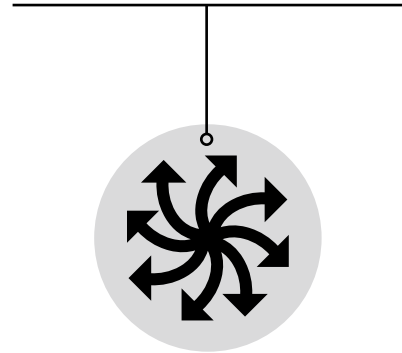
All three companies – LFL, LFT and LFR – have made progress in consolidating customers. The group has come to be considered as **the global supplier capable of meeting all its customers' copper needs**, as it can offer a wide range of products together with quality service.



La Farga Group has given a new impulse to its international expansion with its **entry into the French market** in the form of La Farga Tub France.



Once again this year, La Farga Group has made a far-reaching effort to **diversify its products** to provide a response to the new demands of customers, and it has entered new markets in order to expand the group's operational sphere.



### CUSTOMERS


Plans improvements:

 **16** projects

Quality certificates for products obtained: **1**



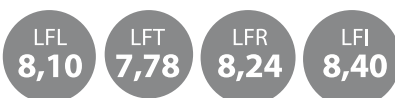
R+D+i investment:

 → **41,8%** of net profit

New customers:



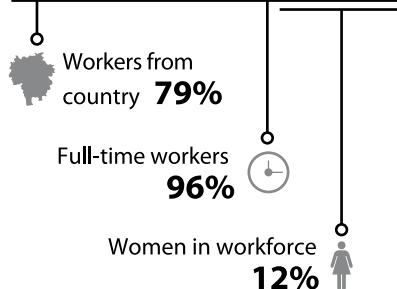
Customer Satisfaction Rate:



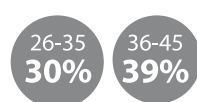
### PROFESSIONAL TEAM

Average equivalent staff: **342** workers

 Staff with indefinite contracts **86%**




Age groups most represented in the workforce:




Average years' seniority: **10,3** years

### A FAMILY COMPANY

 **67.817.631 €**  
Own resources

 **17.943.685 €**  
Extent of debt

 **8.037.058 €**  
Annual investment

 **1.081.756.870 €**  
Turnover

 **6.005.347 €**  
Profit

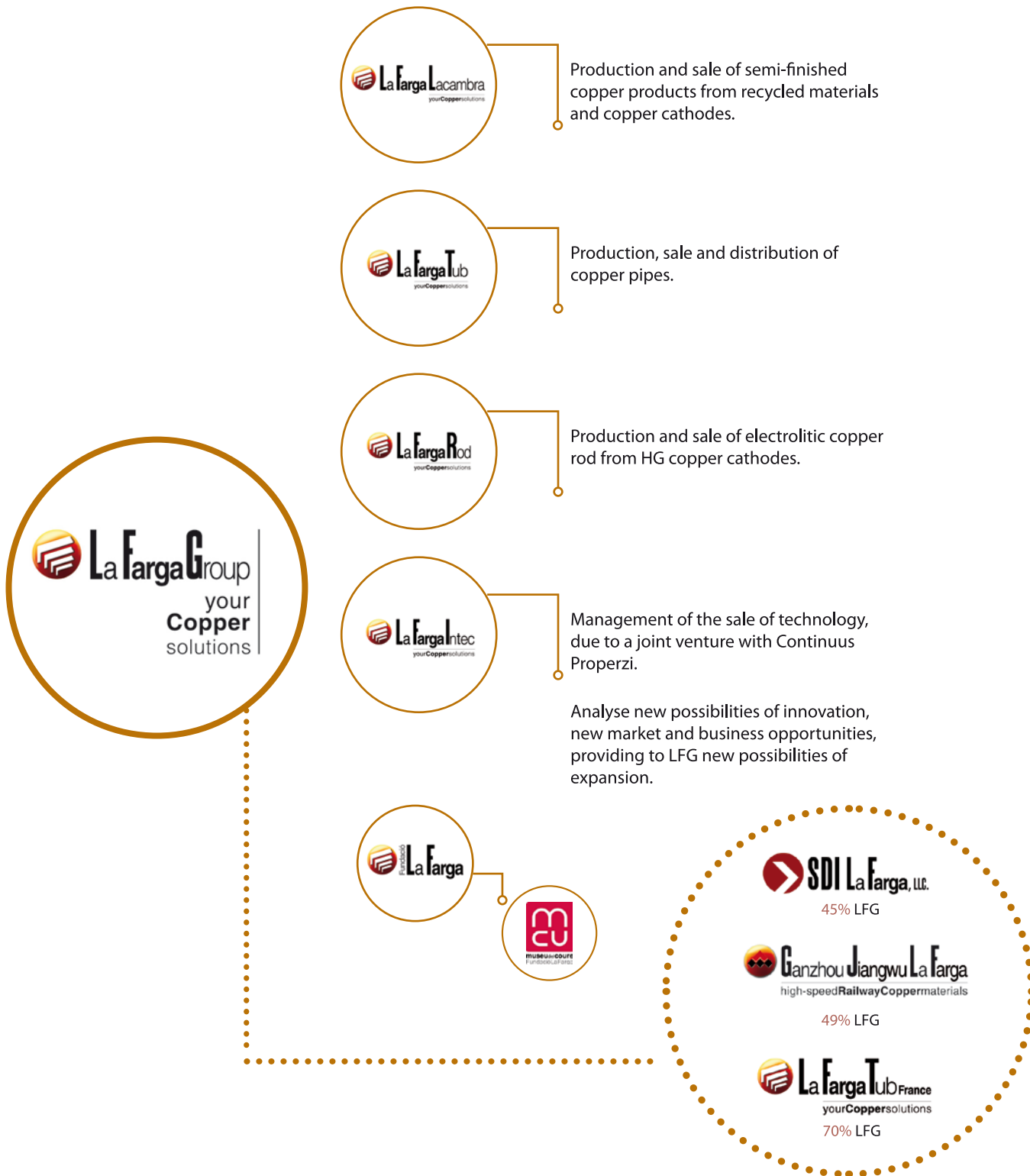
 **12.821.334 €**  
Cash flow

Tonnes produced:



# LA FARGA GROUP AT A GLANCE

AT LA FARGA GROUP WE ARE A FAMILY BUSINESS WITH A VERY CLEAR PHILOSOPHY: CONSTANTLY INNOVATING AND INVESTING TO IMPROVE



## ECONOMIC INDICATORS

(in €)	LFL <sup>o</sup>		LFT <sup>o</sup>		LFR <sup>o</sup>		LFI <sup>o</sup>	
	2010	2011	2010	2011	2010	2011	2010	2011
Revenue	417.483.757	560.417.101	102.524.810	111.018.489	516.658.546	605.833.084	1.484.383	1.118.639
Operating costs	399.091.757	539.287.967	96.772.443	102.238.603	513.681.467	601.593.426	65.046	127.359
Salaries and social benefits	7.360.208	8.618.911	3.577.260	3.756.605	1.066.044	1.346.381	158.261	274.869
Payments to financial backers	2.700.344	3.808.178	336.176	497.203	3.139.417	4.425.637	78.853	103.925
Direct payments to the government	2.999.321	3.973.784	1.452.434	1.573.851	441.556	564.884	44.038	91.433
Payment CMC taxes	3.577.064	6.000.238	12.186.324	13.553.064	995.693	1.275.687	72.335	102.897
Significant financial aid received from governments bodies	153.389	217.463	96.875	13.727	52.978	0	0	0
Turnover	425.778.786	555.973.806	101.516.692	110.431.938	516.436.399	604.518.590	1.484.383	1.118.639
Net profit	5.112.826	6.071.828	270.884	102.725	243.477	707.799	539.040	57.353
Cash flow	8.316.864	9.812.921	1.937.804	1.880.318	1.135.495	1.696.554	1.042.532	564.346
% of exportation	19%	25%	22%	29%	41%	44%	100%	100%
Expenditure	409.705.419	551.647.971	102.012.114	110.462.256	515.646.238	603.927.879	726.800	909.222
Total investment	3.480.694	5.230.934	2.306.558	2.456.555	1.179.306	311.440	813	38.129
Corporate income tax	1.985.284	1.624.578	-93.517	-34.891	39.015	259.005	139.693	48.140
Total assets	88.099.185	94.142.566	35.218.518	29.847.508	38.635.480	35.527.591	5.154.664	4.541.170
Shareholders' equity	38.047.177	40.195.303	16.234.750	16.337.475	17.680.152	18.367.953	1.872.691	1.144.622
ROE	13%	15%	2%	1%	1%	4%	29%	5%



## OUTSTANDING ASPECTS OF THE 2011 FINANCIAL YEAR



### LA FARGA LACAMBRA (LFL)

- For the first time in the history of LFL we have achieved **a sales figure of 100,000 tonnes of copper**, despite the economic and market conditions. That represents an increase of 8% on the 2010 financial year, essentially due to the internationalisation of our markets and the effort involved in our teamwork. In 2011, exports have represented 25%.
- **Entry into new markets** has been achieved where transport does not lead to a disadvantage for our product. Highlights include the **railway sector in the French market**, where we have signed a flagship four-year contract to supply all copper products to the French railway network.
- Thanks to the results of investments made in previous years, we have carried out far-reaching **product diversification** to provide a response to customers' new demands. As new features, we would highlight alloys and products for the railway sector, such as tinned copper.
- **Six years of investment in R+D+i** and technological improvements have allowed us to increase the quality of the product, making our recycled copper behave in almost the same way as cathode produced copper.
- The **absence of unpaid debts, good financial results and financial consolidation** have also characterised the 2011 financial year.

Miquel Garcia, general manager LFL



### LA FARGA TUB (LFT)

- The world, European and Spanish economic context has marked the progress of LFT, with **a fall in sales and some difficulties in collecting payment** from customers. In addition, the fall in activity in the construction sector must be added to this context.
- The new market situation has led to a reduction in sales at LFT, with the average per order moving from 25 to 3 tonnes, as customers now buy considering their capacity to sell. Faced with this situation, we have adapted so that **we always have the products customers ask for and can act as a warehouse for them**.
- Despite the fall in copper sales in Spain, we have **increased our market share in the country**, reaching 47% in sanitary pipes and around 55% in industrial pipes. Together with the increase in sales abroad, which has been 25%, this has allowed us to achieve optimum turnover.
- **The investments** made in 2011 and those planned for 2012 amount to **2 million euros**. These investments will largely be at industrial level, with the purchase of new machinery to increase production and reduce costs.
- We have made a considerable effort in sales, which has led to **new contracts for 2012**.

Jordi Magnet, general manager LFT





### LA FARGA ROD (LFR)

- During 2011, we have **increased the customer satisfaction rate by 10%**, moving from a score of 7.46 to 8.24. The factors explaining this improvement are our increase in product quality and improved service. At service level, we have established an indicator on complying with customer's requested dates, which has reached a figure of 95%.
- In relation to our competitors, we have moved from **6th to 2nd place** in the ranking. LFR is the company that has recorded the biggest rise. 2011 has been the year of consolidation, achieving stability and quality and efficiency level.
- We have managed to **improve our financial results** in quite a complex environment thanks to the increase in sales, which have moved from 88,000 t in 2010 to 90,000 t in 2011, and **greater efficiency**, which has moved from 75% to 81%.
- We have **expanded our facilities**, with a large-diameter line that has allowed us **to increase the product range**, moving from 3 to 16 products and, as a result, reaching new market segments.
- Thanks to the considerable jump in quality standards and the sales actions carried out, we have won new customers, all of them from outside the country. In 2011, exports have represented 44%, a figure showing **the internationalisation of the company's customers**.

Carles Camprubí, general manager LFR



### LA FARGA INTEC (LFI)

- 2011 has been the year of **the consolidation of knowledge transfer** at the Chinese plant, Ganzhou Jiangwu La Farga high-speed Railway Copper Materials.
- For the coming into operation of SDI-LaFarga in the course of 2012, we have worked on **the design and construction of the new factory**, at both machinery and knowledge transfer level.
- We consider that **the entry into France**, with the distribution of copper pipes via LFT France, has been one of the year's main achievements.
- We have provided new production plants in Italy, Brazil and China with technology developed jointly by LFI and Continuuus Properzi. With these, we now have at total of **30 plants around the world**.

Inka Guixà, general manager LFI

## INTERNACIONALIZATION: CHINA, THE UNITED STATES OF AMERICA AND FRANCE



### IN CHINA

Ganzhou Jiangwu La Farga highspeed RailwayCopperMaterials is a **plant technically equipped and provided with qualified staff**, with capacity to handle the Chinese market.

**41 people** now work in this plant, all of them from China, but the number of employees is planned to increase when the plant is operating at full capacity.

We are currently working to achieve railway product certification.



### IN THE UNITED STATES OF AMERICA

In 2010, La Farga Group signed a joint venture with the company Steel Dynamics, Inc. (SDI) to set up the firm SDI-LaFarga, whose activity is **selling rods made from recycled material**.

La Farga Group is the technology partner and SDI is the partner with market knowledge providing the raw material. The two companies **have invested a total of 27 million euros** in the plant in Fort Wayne (Indiana), which will create 35 jobs. The new factory will have a refining furnace of 250 t/day and line capacity of 30 t/day, applying LFG's patented technology.

The plant is currently at the construction phase and it is planned to come into operation during the first quarter of 2012.



### IN FRANCE

La Farga Group has opened **a new copper pipe distribution centre called La Farga Tub France**. The company has a wide distribution network throughout French territory.

Also in France, we have expanded the storage capacity of SAS Vicente Torns Distribution France, a company partially owned by La Farga Group.

To provide our expansion process with continuity, we are working on new international projects in Russia, Brazil and Europe, where there could be a possible consolidation of the company over the next few years.

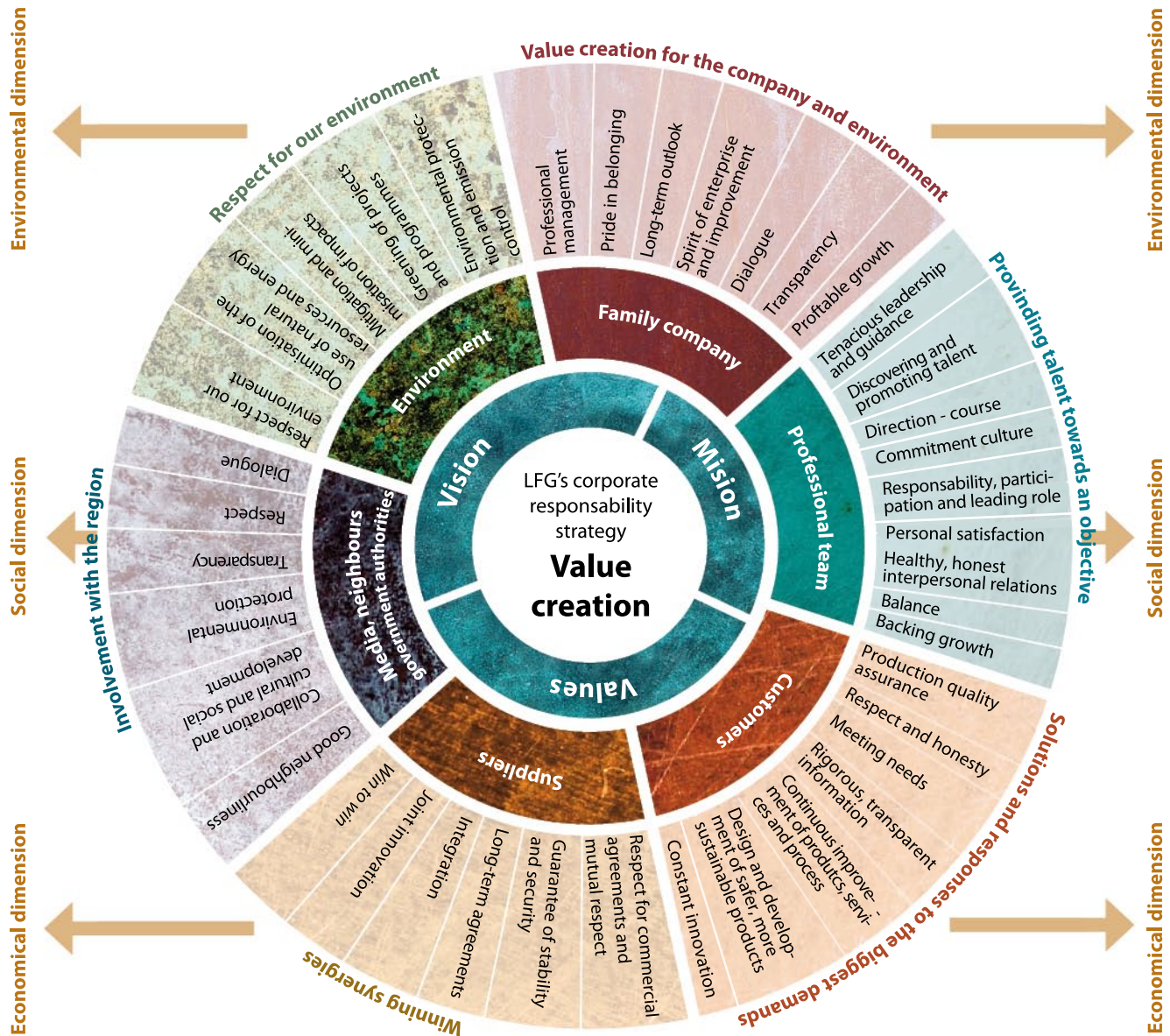


## 2. OUR VALUE CREATION APPROACH

LA FARGA GROUP HAS TO LAST OVER TIME. TO ACHIEVE THIS, OUR MANAGEMENT MUST BE SUSTAINABLE, AND THIS SUTAINABILITY EXTENDS TO THE SOCIAL, ECONOMIC AND ENVIRONMENTAL SPHERES.

During the 2011 financial year we have **rethought LFG's corporate responsibility strategy to focus it based on our stakeholders.**

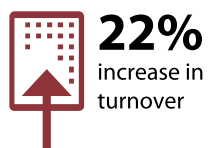
The aim of the new approach is to provide **a response to each group** of stakeholders, **with the ultimate aim of creating value.** Social, environmental and economic aspects, together with honesty and transparency, are integrated right across the whole group. **Harmonising the business objectives with the social and environmental objectives** to create value is at the root of our corporate strategy. Value creation is also intended to make the company last and ensure its long-term stability.



A family company

# CREATING VALUE BOTH FOR THE COMPANY AND FOR ENVIRONMENT

Beyond the financial objectives, the business family seeks to create value for the company and its environment through professional management and a long-term outlook.



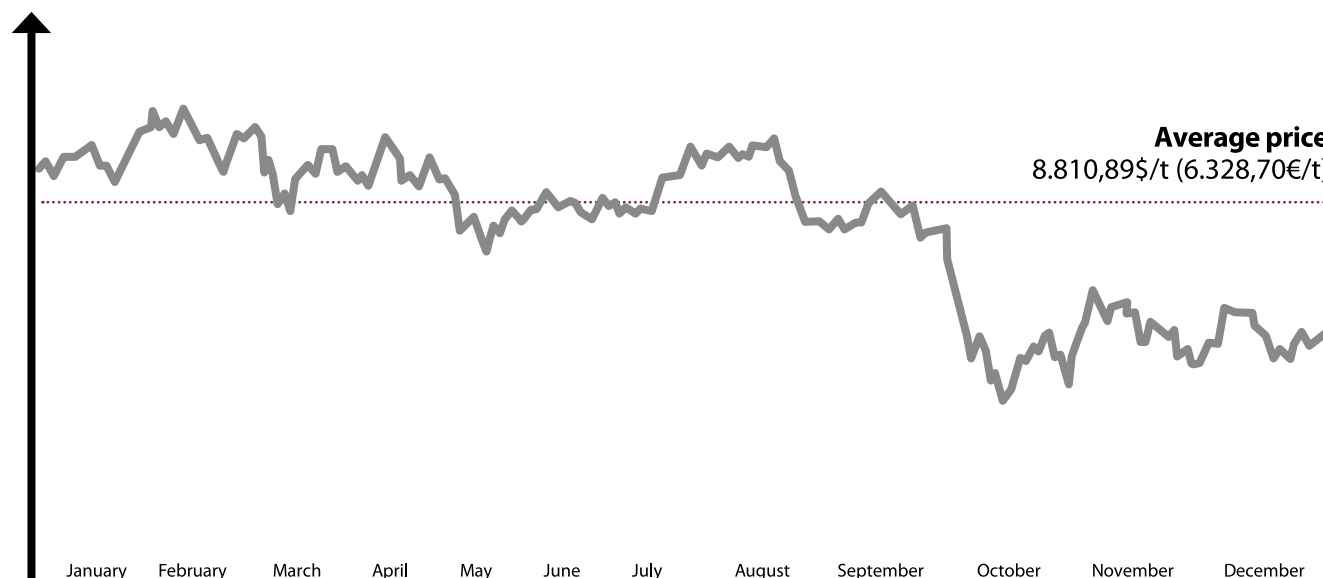
La Farga Group is a family-owned business that has implemented **a formal corporate and family governance structure balancing powers and dividing functions** between the business family and the management bodies.

La Farga Group is **a family business subject to a protocol** which, based on ethics, transparency and responsibility as the cores of good governance, ensures professional management and succession within the company.

The family business generally has a **long-term strategy to make the company lasting and permanent**. The vision of La Farga Group is focused on the company's sustainability and not only on immediate results.



PRICE OF COPPER DURING THE 2011 FINANCIAL YEAR (\$/T)



## Prevision capacity

### LFL:

- For 2012, **the budget is going to be increased by 20% on 2011**, thanks to the efforts and investments made in previous financial years.
- The aim is **to gain market share and strengthen our good positioning** and customers' perception and trust in the company.

### LFT:

- In 2011, 25% of sales have been made outside Spain. For 2012, the aim is to move to having **40% of sales abroad**.
- Another aim is **to diversify the market** at geographical level and **achieve the corresponding certifications** for being able to sell in northern Europe.
- A possible threat that could influence the company's activity is **the approval of new legislation allowing the use of plastic pipes in gas installations**.

### LFR:

- **To cope with adverse prospects** (lack of credit, rising fuel and raw material prices), the alternative comes through increasing efficiency.
- The aim for 2012 is **a slight increase in sales**.

### LFG:

- During the 2011 financial year we have continued developing **the plan to improve our information systems** aimed at optimising the equipment (*hardware*) and the management systems (*software*). Throughout the year we have defined our processes (*what we do and how*) in as much detail as possible to enter them in the Information System (SAP) we are going to implement in 2012.



## Professional team

# PROVIDING TALENT FOR ATTENDING OUR GOALS

At La Farga Group we are learning to face and manage change and to promote empowerment so our employees are the leading figures in our project.



Record for days without accidents at LFL, LFT and LFR



**30**  
new jobs



**50**  
new people hired

LFG's success depends on **involving our employees in the business strategy** and in how we develop their talent through management.

**Maximising the knowledge, skills and capabilities** of each employee which adds up to the development of products in which employees are the leading figures.



**16**  
internal promotions

Women represent



**12%**  
of LFG's staff and occupy  
**19%**  
of the management posts



A total of **€186,441** has been invested in a total of **8,398 hour** of training

### OUTSTANDING ASPECTS OF THE 2011 FINANCIAL YEAR

- At organisational level, we have consolidated the **new sales and operational and logistical quality structures**.
- We have looked in depth at **talent management and professional development**, promoting empowerment to make our employees the leading figures and active participants in a common project, giving them the feeling that they are in charge of their own work.
- In relation to empowerment, we have appointed **20 key users** or key employees with different profiles within the organisation who have, and who will in the future have, a very important role in **implementing the SAP**. In this way we strengthen the notion of leadership and give a meaning to teamwork.
- For the first time **at LFR we have made an organisational diagnosis** that has valued leadership, processes and quality, among other factors.
- Our efforts in the field of health and safety at work have allowed us **to continue reducing accident rates**.

LFG wants to contribute to the welfare of our employees. To do this, every two years we carry out **a survey of the climate** to assess their level of personal satisfaction.

Participation this 2011 **74,5%**



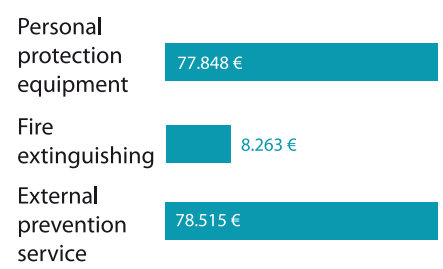
**Example of best practices**

## PARTICIPATION IN THE QUALIFICA'T (GET QUALIFIED) PROGRAMME

In 2011 at LFG we have taken part in a pilot project to validate the qualifications of 12 of our employees. The project forms part of the Qualifica't Programme, one of the cores of which is the validation of learning achieved through experience. To do this, at LFG we contacted the Vic Secondary School and, thanks to the context that made possible the cooperation agreement signed in 2009, we have been able to achieve this validation with our workers.



### Costs in prevention of occupational risks (LFG)



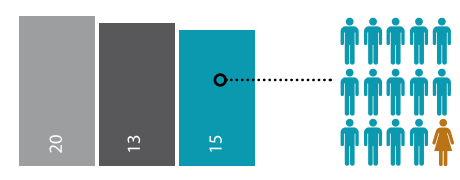
## WE PROVIDE A SAFE WORKING ENVIRONMENT

Protecting employees' health and preventing occupational risks are fundamental elements in managing the human team, so we apply all necessary measures **to ensure their health and safety, promoting preventive culture.**

LFG's 3 industrial companies LFG are certified according to the **OHSAS 18001.**

In 2011 **we have beaten the record for accident-free days**, with reductions at all three LFG industrial companies.

### LFG safety indicators



Number of accidents



Absenteeism



**Example of best practices**

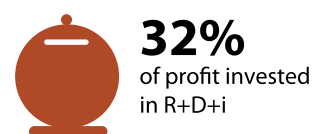
## INSTALLING PERSONAL PROTECTION EQUIPMENT DISPENSING MACHINES

At the three industrial companies we have installed personal protection equipment (PPE) dispensing machines operating with a personalised code for each worker.

## Customers

# PROVIDING SOLUTIONS AND RESPONSES TO THE MOST DEMANDING REQUIREMENTS

For La Farga Group, meeting our customers' expectations and needs is a key objective. The customer is at the centre of our decisions.



Concerning customers, **we seek to win and maintain their trust**, providing them with products and services that manage to meet their needs and expectations.

We consider **ensuring the quality of the products** and meeting demands with maximum efficiency, through a process of innovation and constant improvement, to be essential.

LFG's 3 industrial companies are certified under **ISO 9001**.



### INNOVATION TO TURN IDEAS INTO VALUE

In 2011 we have designed **the flow of open innovation to improve coordination of the portfolio of projects** we are carrying out in cooperation with other groups. The aim is to have a balance, maximise added value and optimise resources to boost the benefits drawn from them in areas of interest to us, for example the introduction of new products on to the market.

### PRODUCTS AND SERVICES ORIENTATED TOWARDS CUSTOMER SATISFACTION

We work not only to guarantee service to customers based on proximity, personal treatment and active attention, but also to offer them **the most suitable products adapted to their requirements**.

- Constantly improving **technical quality and the service offered**.
- **We work together** with customers.
- We transmit the **culture of continuous improvement**, both internally and externally.
- Placing customers at **the centre of all our actions**.

### CUSTOMER SATISFACTION RATE

We evaluate the customer satisfaction rate annually for each of the companies, which enables us to analyse **the service in general and the technical quality of the product**.



### NEW PRODUCT CERTIFICATES

LFT: NSAI (Ireland) for semi-rigid sanitary pipes.



**WE PROMOTE CONTINUOUS IMPROVEMENT**

LFG's orientation towards **continuous improvement seeks** to increase effectiveness in all business processes

	LFL	LFT	LFR
OOL - 5'S	✓	✓	✓
KANBAN	✓		✓
Lean Office	✓	✓	✓
OEE	✓	✓	✓
Mizu's	✓	✓	
Suggestion System	✓	✓	✓
Quality history	✓	✓	✓
SMED		✓	
TPM - Total maintenance production	✓	✓	✓
SCRA	✓	✓	✓
CEDAC	✓	✓	✓
Autonomous teams	✓		
Cost break-down	✓	✓	✓
VSM	✓	✓	✓
JIT	✓		
Safety and prevention	✓	✓	✓
Self-monitoring	✓	✓	✓



**Example of best practices**

**PLAN TO ESTABLISH A MINI-FACTORY**

Related to empowerment, this is a continuous improvement project that has contributed to the establishment of an area of excellence in terms of the monitoring and systematic improvement of processes, problem solving, target setting and autonomous management of activities.



Neighbours, community, public administrations and media

## INVOLVEMENT WITH THE REGION

At La Farga Group we are committed to the development and social, environmental and economic progress of our environment and society in general. Because of this, we maintain a close relationship of cooperation and collaboration with various groups.



**80.163€**

invested in grants and aid for scholars



**4.924**

visitors to the Copper Museum



**14**

collaborations, donations and sponsorships

### HIRING STUDENTS FOR WORK EXPERIENCE

At LFG we have **cooperation agreements with the universities** UPC, UAB and UVic and with the secondary schools IES Vic, IES Voltregà and La Salle in Manlleu for vocational training. A total of 15 students from the different centres have done work experience in different departments of LFL, LFT and LFR.

### WE SHARE OUR EXPERIENCE

Participation and collaboration on conference papers allows us to publicise and share our experience and knowledge. We have participated in **13 conference papers at international level**.



La Farga Group was present at the second Casa Decor Barcelona in the form of the Copper in a Box exhibition, for the launch of the campaign under the slogan: **"Copper makes a home"**.

### La Farga Tub has taken part in the competition Spainskills 2011

, which took place in Madrid. At this year's event, young people from all the autonomous communities in Spain competed to present the knowledge acquired in each of their trades, including plumbing and central heating using copper pipes.

### OUR SURROUNDINGS ARE THE ESSENCE OF OUR OPEN INNOVATION MODEL

Our involvement with the region goes beyond the social action we develop in the local environment. Along these lines, at LFG we extend our innovation management model to universities and technology centres, working in a network with them to develop projects to research new applications for copper.

### OUTSTANDING PROJECTS OF THE YEAR

- New educational range for the 2011-12 academic year
- Vicenç Fisas Comella award based on the philosophy of Cu3
- First Copper Trip
- Videos to publicise the properties of copper



### AWARDS OBTAINED IN 2011

- The Copper Museum: finalist in the 2011 Micheletti awards
- The Copper Museum awarded the Tourism Diploma of Catalonia

## WE MANAGE FUNDACIÓ LA FARGA TO CREATE VALUE

Outstanding projects of the year

### 2nd Jewels with Copper competition

In cooperation with the Vic Higher Education College of Art and Design, Fundació La Farga has held the second small-format Jewels with Copper competition in which three prizes have been awarded. 11 students on different courses at the college have taken part and the outstanding feature was the high standard of the pieces presented, as well as the application of innovative artistic techniques, new formats and functions for the reddish metal.

### 1st Jocs Florals

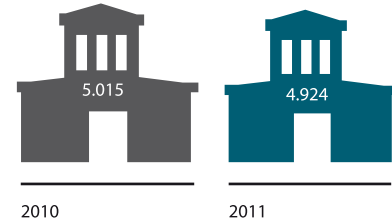
The Fundació La Farga has organised the group's first Jocs Florals arts competition. In it, participants had to present a drawing, in the children's class, and a story or a poem related to copper in the youth and adult classes. This first year has been a success, with 8 entries: 4 from workers' children and 4 from group workers. As it was the first competition, Fundació La Farga gave prizes to all participants.

### Copper Museum: the first in Europe



### VISITORS TO THE COPPER MUSEUM

The museum opened its doors to the public in April 2008 and, since then, it has recorded a **total 22,012 visitors**, including those who came to the bicentenary events.



### SATISFACTION RATE FOR VISITORS TO THE COPPER MUSEUM

**9.32** private visits

**9.31** travel agencies

### OUTSTANDING COMMUNICATION ACTIONS

#### “New internationalisation and research targets” event

The Honourable Prime Minister of Catalonia Mr. Artur Mas Gavarró visited the La Farga Group's facilities for an event to publicise the company's new international challenges.

The event was attended by customers, suppliers, business people, local institutions, workers and representations of the business family.

Among the main projects presented, three were outstanding: the recent opening of the railway products factory in China; the construction of the new factory for making rods from recycled copper in the United States, and the opening of four research parks to promote research in the family holding company.



## Environment

# RESPECT FOR OUR ENVIRONMENT

At La Farga Group, we work to promote a green production process, managing natural resources responsibly and trying to minimise pollution.



**16%**  
reduction in  
water consumption



**348.406€**  
environmental  
investments



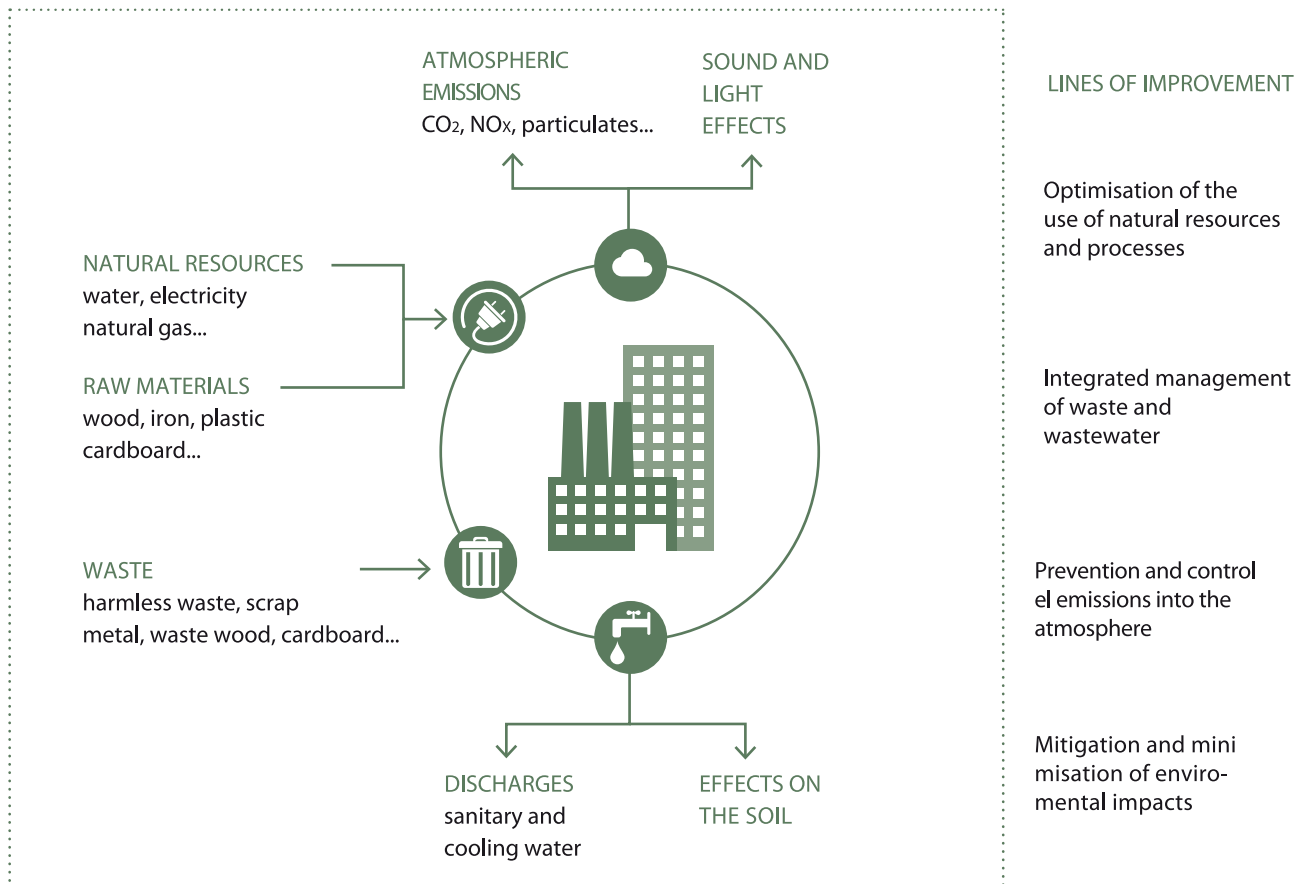
**853 t**  
of Co<sub>2</sub> not emitted  
thanks to the reduction  
in natural gas in LFL

### ENVIRONMENTAL MANAGEMENT

Environmental management is an essential part of our group's activity, both concerning the identification of new risks and opportunities and **the minimisation of the most important impacts on the environment.** Commitment to this kind of management has been consolidated in 2011, with the unification of LFG's environmental management system. For the first time, the group's three industrial companies (LFL, LFT and LFR) have all been certified jointly under the **ISO 14001 standard.**

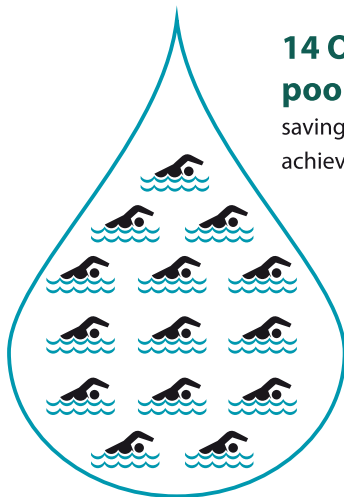


### SIGNIFICANT ENVIRONMENTAL IMPACTS



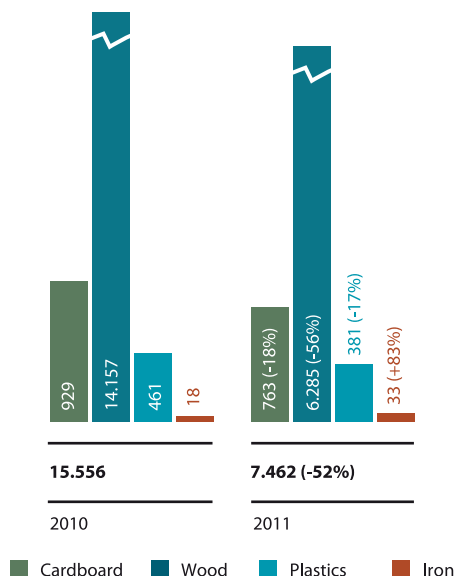
## IMPROVEMENT ACTIONS FOR SAVING REUSING WATER

- **Monthly water consumption check.**
- **Reuse of water** from the physical/chemical water treatment plant to cool fumes in the refining furnace.
- **Reuse of water bled** from the cooling circuits to cool fumes from the post-combustion and hose filter system (CMG2).
- **Weekly conductivity check** on the cooling circuits.
- **Bleeding the foundry circuit** by conductivity probe.
- Improvements in the **water quality** in the towers at LFR.



**14 Olympic swimming pools** could be filled with the saving in overall water consumption achieved at LFG in 2011.

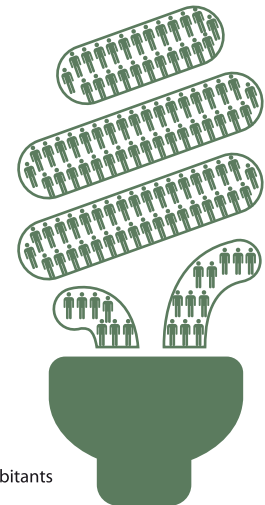
In 2011 there has been **a reduction of 52% in the weight of the packaging** put into circulation on the market. Wood is the resource for which the reduction has been greatest, at 56%. By contrast, iron has increased due to LFL's use of Inosym reels, baskets and metal pallets that can be reused more than wooden ones.



## ENERGY SAVING OR ENERGY EFFICIENCY IMPROVEMENTS ACTIONS

- Installation of **frequency converters in the motors** in the cooling tower fans at LFG.
- **Use of hot air** from the post-combustion and hose system exchangers (CMG2) as preheated air in the main refining furnace burner at LFL.
- **Installation of a cam** in the shaft furnace at LFL to prevent heat loss.
- **Installation of an automatic power reduction system** for when the door is opened in the refining furnace main burner at LFL.
- **Implementation of the Scada system** for monitoring and controlling energy (electricity and natural gas) consumption at LFL.

The saving achieved in electrical energy consumption at LFG during 2011 is equivalent to **the average consumption of 409 inhabitants in the same year.**



1 figure = 3,5 inhabitants



## WE MAKE USE OF WASTEWATER FROM THE PROCESS

**100% of the water used in LFG's production process is reused** and 8% of the water captured is discharged into the municipal sewers. Part of the water is used for washing foundry gases.

## Providers

# WINNING SYNERGIES

At La Farga Group we consider that a strategic relationship with supplier companies is a key factor allowing us to continue with our activity as efficiently, economically and technically as possible.



**23**  
of suppliers  
with turnover  
of more than  
€100,000



**904**  
supplier  
companies



**22%**  
of suppliers  
are local

### Example of best practices

#### CALCULATION OF CO2 EMISSIONS IN THE LFL ROD TRANSPORT CHAIN

La Farga Group has drawn up a joint study with the Port of Barcelona assessing the environmental impact generated by transporting rods from La Farga Lacambra. The company takes a step forward in its attempt to go further in controlling emissions generated by production activities.



In 2011 we have drawn up **an ethical code aimed at strategic suppliers**, which they will be informed about during the first quarter of 2012. The code includes the essential commitments concerning sustainability that our suppliers must accept. By agreeing and signing it, they pledge to contribute to consolidating sustainable businesses.

#### Commitment to local raw material and services suppliers

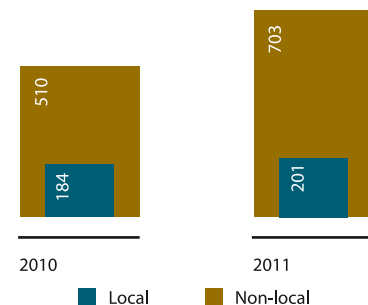
LFG's activity in the area where it operates seeks to create value for local suppliers (county of Osona and surrounding area), contributing to revitalising the economic activity of the area.

Along these lines, in 2011 we have carried out **a quality assessment of all LFG's copper and non-copper suppliers** and, at LFR, the services and maintenance suppliers working at our facilities are being assessed weekly.

#### Number of suppliers:



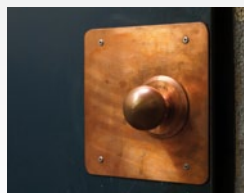
#### Suppliers' ubication:



### Example of best practices

#### ANTI-MICROBE PROJECT AT LFG

After seeing the importance of the behaviour of copper as a bactericide agent against infections, La Farga Group, together with a trusted outside workshop, decided to carry out an infrastructure improvement project by fitting copper knobs on some of the access doors to the installations in the group's buildings.



In 2011 we have established an agreement with a supplier **to recover all the wooden pallets for rods** from LFL and LFR. At LFR we have changed our purchasing criteria and increased pallet recovery by 20%.

**For more information you can consult our full Sustainability Report on our website, [www.lfg.es](http://www.lfg.es)**

Ecocert Ibérica, SL, a company of the ECOCERT Group, with tax number B62209044, and registered offices in Manlleu, has been the company that has undertaken the verification of the 2011 Sustainability Report of La Farga Group. This company is totally independent from La Farga Group and, prior to this certification, has had no type of commercial link or any other kind of connection with the organization.

This report is available in PDF and video format on the website of La Farga Group: [www.lfg.es](http://www.lfg.es)

For more information about its contents you can write to [yourcoppersolutions@lfg.es](mailto:yourcoppersolutions@lfg.es)



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