



CORPORATE SOCIAL RESPONSIBILITY REPORT

Communication on Progress

Fiscal Year 2011 - 2012

Characteristics of the Report

This report covers the fiscal period between 08.01.2011 and 07.31.2012.

Part I contains the continuous endorsement and support statement to the United Nations Global Compact Principles by the KRETZ S.A. Chairman, a description of the company profile, its products and its outreach in the world.

Part II states our vision on Corporate Social Responsibility (CSR) and outlines aspects of the strategy designed for the organization.

Part III introduces the CSR Company Policy, the programs implemented, a matrix of the impacts they generate and the details of the activities carried out during this period, showing their relationship to the Global Compact Principles and the Global Reporting Initiatives (GRI) indicators in each case. Finally, the list of GRI indicators with no direct association to the CSR programs and a complete summary of indicators.

Table of contents

PART I

Chairman's letter	5
Company Profile	8
Our History	8
Our People	10
Our Design	11
Our Products	11
Our Markets	11
Products	12
Kretz In The World	18
Awards	19

PART II

Commitment	21
How do we understand CSR at Kretz?	21
CSR as company philosophy	22
Our Vision	22
Our Mission	22
Our Values	22
CSR Through Our Products and Processes	24

PART III

Kretz Csr Policy	27
CSR Programs in Kretz	28
Impact Matrix	29
Activities Performed	30
Kretz Culture	31
Decent Employment	34
Integrated Management System	36
Intensive Knowledge	39
Sustainable Company	41
Values Chain	45
Service Excellence	47
Company, State and Community	49
GRI Indicators with No Direct Association to CSR Programs	52
Summary Of Indicators	56

PART I





*Ing. Daniel Kretz
President Kretz s.a.*

On this opportunity, we present KRETZ's fifth Progress communication to the United Nations Global Compact. This report, which constitutes the company **Social Balance**, makes it possible to systematically assess the activities performed in terms of social, environmental, work and transparency parameters. The period reported corresponds to financial period 2011-2012.

The corporate social responsibility policy, structured around the quality of the products and services we provide, the management of the knowledge that triggers innovation, and the commitment taken as a philosophy for action guide the strategy and arrange the impacts generated in our sphere of influence.

Our five-year experience has allowed us to consolidate and maintain **eight action programs** which make our decisions easier and guarantee compliance with the ten principles of the Global Compact. Each program, which contributes to a certain number of principles, may impact inside the company or in its sphere of influence, achieving improvements not only in the operation but also in the culture of the organization.

During this fiscal year, we introduced to the market the **AURA** scales series, which constitutes a significant product evolution because of the design and the technology implemented, as well as its performance and functionalities. This launching provides the mass segment of commercial scales users the possibility of printing the receipts of their operations, which in turn contributes to the transparency of their commercial transactions.

This new line is added to the **REPORT** scales series, the **PLURA** Price Checker, the **NUMA** cash register and the **iTegra** management program to put forward a robust offer of solutions for the business sector.

Matching different initiatives, mainly started in Japan, we have established the month of November as the **Quality Month** in the company. In 2005, we had adopted the **KAIZEN philosophy** (KAI: change – ZEN: good), understood in the business world as “ongoing improvement through team work”, and in 2009 we adopted the **KRETZ Quality Award** in order to prioritize it and disseminate it throughout the company. The award, to be granted annually during the month of November, acknowledges the best jobs done by people in our company. In this third series of the Quality Award, the participants were five teams from different areas in the company and the winner was a proposal for the improvement of product quality and competitiveness.

In March 2012, we renewed the **CSR KAIZEN** team made up of twelve people representing all the areas of the company. This team's mission is to facilitate the transfer and treatment of initiatives coming from all the members of the organization, and to coordinate the social and integration activities.

In this period, we managed to obtain a **26% reduction in the electric power used** in our plant in Pueblo Esther, we continued developing the **afforestation** plan and we planted 80 bushes along the median of the highway that connects Rosario and Buenos Aires, which exert a positive environmental impact and act as a barrier to avoid accidents.

As part of the “values chain” program and in order to contribute to the dissemination of the Global Compact principles, we continued receiving **visitors from schools, institutions and Universities** and we adapted the tours around the plant and the presentations according to their different levels of education and personal interests.

During this fiscal year we implemented the **“help desk”**, which provides technical support to distributors, technical service departments and customers, both in Argentina and in all the countries where we operate.

As part of the activities carried out in the **Center for the Companies–University**

Connections V+ (Centro de Vinculación Universidad-Empresas V+) inaugurated in March 2011 by the National University of Rosario and KRETZ, we continued delivering classes corresponding to the **Postgraduate Studies course on the Management of Innovation and Technological Connection (Gestión de la Innovación y la Vinculación Tecnológica, GTEC)**, we offered **refresher courses** for professionals and businessmen on specific subjects related to the different value chains, and we organized **trips and tours** to technological companies, laboratories and research and development centers in the region.

In KRETZ we intend to translate the values of integrity and leadership into responsibility for products quality, people's development, protection of the environment, full compliance with the standards, and the progress of our community.

On behalf of all the people who make up KRETZ, I thank all the people and organizations that support us in our corporate life, allowing us to establish and maintain relationships of mutual benefit and growth of our moral capital.

I insist on our vocation to disseminate and promote the Global Compact principles to achieve the necessary progress towards a society which is in harmony with nature and the planet.



Daniel Kretz
Chairman
KRETZ S.A.

Company Profile



Plant Entrance Side

KRETZ S.A. is a limited liability company established under the laws of the Argentine Republic.

With 49 years of experience designing innovative technological solutions for the industry and commerce, KRETZ has positioned itself as the leading company in the development and commercialization of electronic scales. Our increasing presence in Latin America and our search for new markets stimulate our development of new products and the constant evolution and progress of our company.



From the beginning, we have preserved the same values of integrity and leadership in KRETZ. That is the root of our philosophy, supported by enthusiasm in teamwork, devotion for excellence, commitment with the customer, respect for the environment and passion for the development of new solutions.

The company has become one of the leading companies in the Argentine technological industry and a prominent exporter in the country.

Our History

The company was born in **1963** in the city of Rosario, Argentina, out of Engineer **Carlos Kretz** initiative to manufacture equipment for home doorbell intercom systems and for the automatization of foyer lights, introducing the use of transistors, a novelty for the national market.

Soon, the offer was spread to the industry, first with the design and manufacture of devices intended to cover specific needs, and then with the gradual incorporation of standardized models, which brought industrial and commercial advantages. Gradually, a very wide variety of equipment was developed, which included timers, thermostats, photoelectric detectors, liquid and solid level controllers, flame controllers, voltage and intensity controllers, and controllers for varied processes.

In **1969**, Kretz could obtain the representation of **Hewlett-Packard** for its line of measurement and electro-medical devices, which was maintained for years until the growth of the company made it necessary to concentrate its commercial efforts on its own products.



The beginnings

Company Profile



In **1973**, Kretz designed and implemented the stage and auditorium lighting control system of a theatre, equipment which was later replicated in a local TV channel.

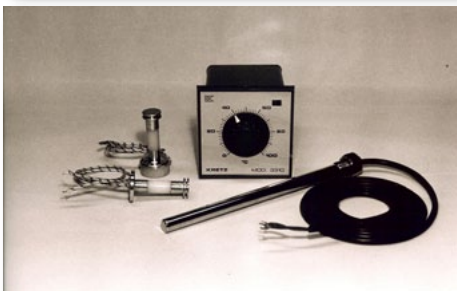
The first equipment for electronic weighing was developed in **1981** and it had an industrial application; in **1985** KRETZ launched to the market its first commercial scales, **model 5500**.



The **Novel** scales, introduced in **1994**, allowed the company to reach a relevant position in the national market, thanks to its conceptual innovations, which later went beyond borders.



In **1998**, Kretz launched the **Report** scales, which included a self-adhesive label printer, which could be connected to a network and had a great capacity to manage information.



In **2003**, there was a generational change in the company management which, since then, has been taken over by the founder's son, Engineer **Daniel Kretz**.

In **2004**, the company moved to a new industrial plant in **Pueblo Esther**. The 5 (five)-hectares site, strategically located on the highway connecting the cities of Rosario and Buenos Aires, has smart buildings within an area of 4,000 m2 (four thousand square meters), specifically designed to merge harmoniously with the surrounding landscape.

In **2005**, we developed the **iTegra** management software, which integrates all the KRETZ equipment as it is able to set up the network remotely and get consolidated reports in real time.

In **2006**, the first version of the **Plura** information kiosk, the price verifier, was launched to the market.

In November **2007**, KRETZ adhered to the **United Nations Global Compact** with the aim of adopting a comprehensive model to guide the business development and spread and disseminate an ethical commitment. A year later, the first Progress Report (Comunicación de Progreso, CoP) was sent to the

First developments

Company Profile



United Nations, comprising the most important practical initiatives and actions adopted by then. This document, identified as Progress Report 2008, had the aim of organizing and systematizing future presentations.

In **2008**, we gained the representation of **Shimadzu** for its analytical and precision scales line, as well as its humidity analyzers, and in **2010**, the **Citizen** representation for its printing solutions.

At the beginning of **2011**, we introduced the **Numa** cash register, which is the first product of the company for the fiscal market.

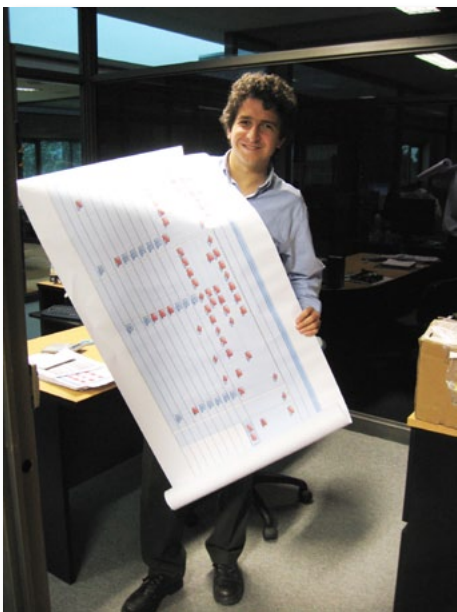
In May **2012**, we launched **Aura** to the market, which is a series of scales with a built-in receipt printer that represents a significant progress for the retail and self-service stores segment. With functional and technological characteristics which arose from the current needs of scales users, it integrates multiple operation modes in only one piece of equipment.

Our People

In KRETZ, we believe that excellence is only achieved through continuous training and teamwork. To accomplish this, it is crucial to create an atmosphere of harmony in the work environment, a space where the channels of communication remain open and where creativity, cooperation and responsibility guide each of our actions.

Commitment to people and the company is at the core of our values. All the members of the KRETZ team know the role they play to perfection and contribute their individual effort to achieve collective goals. The relationship with our customers is governed by the same principles. We are committed to helping them run their business by offering a courteous and friendly service and ongoing assistance.

Our commitment to product quality is reflected in the ISO 9001 certification. However, KRETZ's interest extends beyond this field, in order to show its concern about the environment, which is reflected in the ISO 14001 certification for Environmental Management, as well as in the creation of a decent and harmonious work environment, certified by the OHSAS 18001 (Occupational Health and Safety Advisory Services).



Engineering Area Staff



Kretz Showroom



Good design Award

Our Design

Our mission is to help our customers run and manage their business. To achieve this, we rely on a team of professionals in the area of Research and Development that permanently work to satisfy your concerns and needs.

Kretz philosophy of design is based on a **human conception of technology**, in the search for a design oriented to enhance every person's **quality of life**, including the concepts of **inclusive design** and **sustainable design**, as well as **structural synthesis, simplicity, harmony and rationality**.

Our Products

Our constant search for innovation, functionality and adaptability has allowed us to develop a range of products and solutions that meets the diverse needs of our different customers. Our products range from scales, fiscal controllers and custom-designed solutions for supermarkets to a wide industrial line. All KRETZ products also have an efficient after-sales service, which is also ISO 9001:2008 certified.

It is worth noting that in 2012 we started a project to reconvert the whole company product offer with the aim of improving satisfaction with the market demand and optimize the productive processes. This led to the consolidation of the offer in fewer products with greater performance and functionalities.

Our Markets

The company regularly operates in the following countries:

- Bolivia
- Colombia
- Costa Rica
- Chile
- Ecuador
- Guatemala
- Lebanon
- Mexico
- Panama
- Paraguay
- Peru
- Uruguay
- Venezuela



Supermarket Series

REPORT

The Report model is a scale for registering Weight, Price and Amount due, which features a robust thermal printer. It is ideal for stores with weighing and labeling, as well as information management needs. It allows the user to optimize the management of business operations in self-service stores, retail stores, supermarkets, hypermarkets and general retailing. Its two versions, low display and pole display, can be easily adapted to the space needs of the different stores. The Report technology features network management of up to 99 scales. Its interconnection does not require any additional interfaces or network cards, as all the necessary hardware is built-in in each unit.

The network is managed through the iTegra management software, especially developed by Kretz.

Depending on the model, communication is established through the RS 232/485 protocol, TCP/IP or Wi-Fi, which gives great flexibility and helps to adapt to the customer's technology requirements.

REPORT NX

The Report NX line represents a new generation of KRETZ scales, designed to satisfy the needs of the most demanding markets as to weighing, labeling and information management. It has a greater capacity for loading products (PLU), as well as high-contrast LCD displays, and it enables the design of labels that include images and nutrition facts table.

PLURA MM

This version of Plura features a Truecolor screen that allows video reproduction with stereophonic sound, apart from displaying information about prices, promotions and offers. There is a Wi-Fi version which provides total flexibility for the arrangement of the consultation points.

SOFTWARE iTegra

Software developed by KRETZ in multiplatform JAVA language, which can be used with Windows, MAC OS and Linux, among other operating systems. It enables the user to manage the information of all the interconnectable KRETZ equipment such as Report,



ReportNX, Aura, Plura and Numa. It offers the possibility to control access to the system by means of user access code and password. It can be adapted to the management software of every store.



COMMITMENT UPDATE

The electronics of the Report Nx and Plura lines was redesigned on the basis of superficial assembly plates, with the aim of conforming to the 2002/95/CE directive on Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment. This directive seeks to restrict the use of substances which are hazardous to the environment such as lead, mercury, cadmium, chrome, PBB and PBDE.

Commercial Series

AURA

It is a Weight, Price, Amount (Peso, Precio, Importe, PPI) scale with built-in receipt thermal printer, which can also provide service based on the current needs of traders. Ideal for small and medium-sized stores that want to manage their business professionally.

With an innovative design and new functionalities, Aura provides the mass segment of commercial scales users the possibility of printing the receipts of their operations, which in turn contributes to the transparency of their commercial transactions.



NOVEL II

It is a PPI (Spanish acronym for Weight, Price, Amount) scale, ideal for use in baker's, grocer's and butcher's shops and in self-service stores, among others.

DELTA

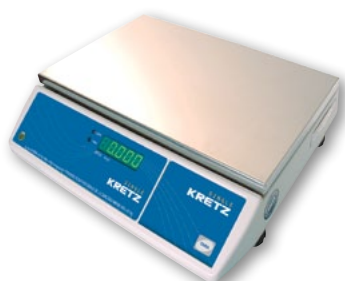
It is a PPI (Weight, Price, Amount) scale which provides excellent features and has been designed for various applications in greengrocer's, butcher's and baker's shops, and self-service stores, among others. For counter-top use, it is very easy to operate, it is highly accurate and improves business performance.





CENIT

It is a PPI (Weight, Price, Amount) scale, but with hanging scales physical features. Ideal for stores with reduced counter space or for greengrocer's, butcher's and fishmonger's shops.



SINGLE

This model displays weight only and was developed to measure the weight of incoming goods. It is mainly used in gastronomy, post offices, ice-cream parlors, hardware stores, offices and warehouses.



ELITE

This model is aimed at the same sector as the Single model; however, its distinctive versions and features were developed to satisfy the specific demands of each type of customer. Also, it can be connected to a PC or cash register.



DIXIE

Hanging scale, ideal for those stores with no counter space and for street selling. Widely used in greengrocer's, butcher's and fishmonger's shops. It is a heavy-duty scale with electronic components that are not damaged by aggressive materials (for example: fluids and dust). It provides an shockproof and overloading protection system.

GALA

It is a scale for people. Ideal for use in pharmacies, gymnasiums and hospitals where precision and strength are essential. It includes an easy-to-read adjustable-tilt display.

VET

Designed for use in veterinary clinics, the Vet model is ideal to control the weight of animals and pets. It provides a large platform and a digital weight indicator to be mounted on the counter or wall.

DIXIE R

Designed to provide solutions for the meat industry. Ideal to meet the weighing needs of hanging carcasses. It comes with two displays, one for the operator, the other one for the customer, a reinforced hook, tare function, and zero and tare indicators.

RIELERA

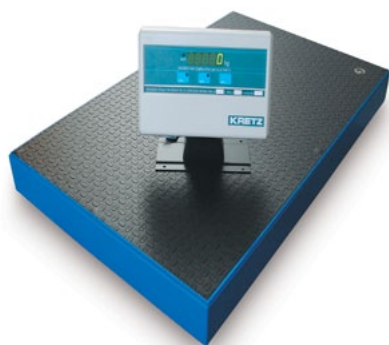
This model is a solution for industries which need to control weight during operation. Ideal to be used in meat-processing industries, as it helps to determine weight reductions in the deboning and freezing process. Excellent for weighing carcasses. Designed to endure hostile environments.



MASTER

Counter-top scale featuring an indicator with adjustable viewing angle mounted on a tower. It has zero, tare and printing keys and zero, tare and movement indicators.

It has an RS-232 serial communication port outlet for connecting to KRETZ computers or printers. The stainless steel platform is 520 x 440 mm. We offer an optional bag holder.



TRANSPARENT BUSINESSES

The non- automatic weighing instruments for commercial use are governed by Law 19511 of 1972, and the 2003 Decree 788 and Resolutions 48 and 49 of Legal Metrology; and they must comply with the metrological and technical regulations of the SCyNEI No. 2307 Resolution.

All weighing equipment commercialized in Argentina by KRETZ is approved by the National Office of Legal Metrology. Furthermore, the company quality system is audited annually by the National Institute for Industrial Technology (Instituto Nacional de Tecnología Industrial, INTI). All this ensures users and consumers have weighing instruments that guarantee transparent commercial transactions and, thus, avoid any possible corrupt practices.



Printers Series

PANDA

Matrix printer for self-adhesive labels to connect to Novel scales.

of KRETZ solutions to the business.

It allows the user to manage up to 100 departments and 35,000 memories (PLU). It has 20 direct keys associated to departments and memories, and it can issue total or partial reports daily or periodically.

Fiscal Series

NUMA

The equipment was designed to enter the highest segment in the fiscal controllers market. Developed entirely in the company following international standards, this first cash register is added to the offer

It has an electronic identification system with Chip Cards, a graphic LCD display and another one for the customer with blue LEDs of great visibility.





It has a robust keyboard with individual keys as well as a matrix printer.

As an innovation, the equipment has ultraviolet LEDS for detecting counterfeit banknotes.

Furthermore, its self-threading paper system and its easy-to-open

lid make roll replacement easy.

NUMA is commercialized with a metallic compartment for the money and the iTegra management software.



CARE FOR THE ENVIRONMENT

The electronics of the new Numa series was designed with superficial mounting technology, in compliance with standard 2002/95/CE concerning the Restriction of Hazardous Substances (RoHS) in electrical and electronic devices. Such restriction seeks to limit the use of substances which are hazardous to the environment such as lead, mercury, cadmium, chrome, PBB and PBDE.



LAW ENFORCEMENT

In Argentina, the use of approved fiscal controllers allows users to have a fast and intuitive way of performing commercial transactions pursuant to Tax Procedure Act No. 11683 (T.O. 1998). NUMA was approved by the Federal Administration of Public Revenue (Asociación Federal de Ingresos Públicos, AFIP) pursuant to Standard RG 259, according to General Resolution No. 2992/2010.



Analytical and Laboratory Series

To extend and complement the KRETZ products offer, KRETZ has the official representation of analytical and laboratory scales of the Japanese company SHIMADZU CORPORATION.

This wide line of products is aimed at segmented markets such as pharmaceutical and medical laboratories, food quality controls, agro-industry and industrial processes in general, among others.



SAFETY

All the products are certified by the Argentine Standards and Certification Institute (Instituto Argentino de Normalización y Certificación, IRAM) pursuant to Resolution No. 92/98 which states that all low-voltage electrical equipment commercialized in Argentina has to comply with essential safety requirements.



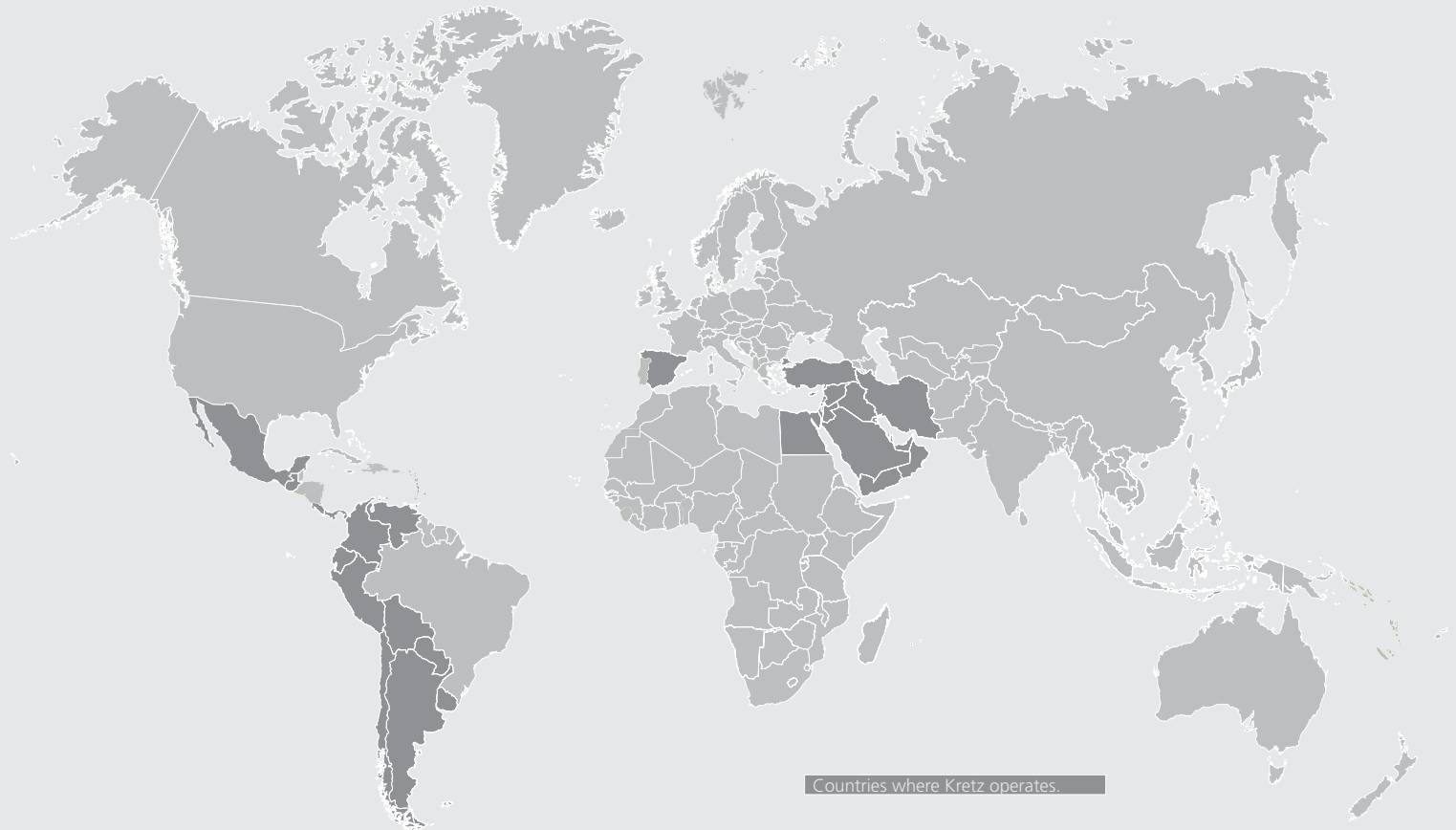
FUTURE GENERATIONS

The packaging of all KRETZ products is carried out with 100% recyclable material.

In this way, the positive impact we intend to exert with our products at the commercial level, offering innovative solutions to our customers, combines with our care for the environment.

From the design of our products and packaging to the choice of the materials used and the productive processes performed, we always intend to preserve the environment, which translates into an improvement of our quality of life and that of the future generations.





INDUSTRIAL PLANT

- > Located on the highway that connects the cities of Buenos Aires and Rosario.
- > 5-hectares site with 92% of Afforested Area.
- > 3,800 m2 Smart Building which optimizes energy consumption.
- > Materials Recycling Program.

ARGENTINA

- > 960 Active Customers in the Fiscal Year.
- > Customer Satisfaction Index of 9.33 / 10.
- > National Distributors Network.
- > Products Approved by the Argentine State.

WORLD

- > Adherence to the UNO Global Compact.
- > ISO9001 / ISO14001 / OHSAS18001 Standards Certification.
- > SAP/R3 Management System.
- > Financial Audit of International Level (Horwath).

PROVINCE OF SANTA FE

- > 79% of suppliers in the province.
- > Provincial support in Business Tours.
- > Participation in Rosario's Strategic Plan.

LATIN AMERICA

- > Growth Rate of 350%.
- > Average Price of Exported Ton: USD 54,000
- > Main Exporter of Scales and Cash Registers.



KRETZ S.A. has obtained the following awards that encourage all the people who make up the company to seek new objectives, challenges and commitments.

- Tecnópolis 2012, exhibition of AURA and NUMA as national products of outstanding design.
- Sello del Buen Diseño (Good Design Seal) 2012, granted by the Ministry of Industry of Argentina for the AURA scales. (Second series of the Award).
- Best Sustainable Management for Export 2011, granted by La Nación Newspaper and Banco de Galicia (Galicia Bank). (First series for the Category).
- Tecnópolis 2011, exhibition of NUMA in the "Industry and Work: National Pride" pavilion.
- Sello del Buen Diseño 2011, granted by the Ministry of Industry of Argentina for the NUMA cash register. (First series of the Award).
- 2011 FePI Website Recognition, Advertising Festival of the Interior in the interactive sector.
- UNDP (United Nations Development Program)-Contributions for Human Development in Argentina 2009, company chosen as case study for the first edition of the publication. (First Publication)
- Small and Medium-Sized Business of the Year (PYME del Año) 2008, granted by the PuntoBiz specialist magazine.
- Technological Company of the Year 2007, granted by the PuntoBiz specialist magazine. (First series for the Category).
- Santa Fe Exports 2007 (Santa Fe Exporta 2007), granted by the Province of Santa Fe Administration.
- Smoke-Free Company 2005, granted by the Municipality of Rosario
- Recognition for Competitiveness 2004, granted by Fundación Mediterránea (Mediterranean Foundation). (First series of the Award).

PART II



How do we understand CSR at Kretz?

In KRETZ, we believe that our Corporate Social Responsibility is part of a **new conception of the company and society**, promoted by the spread of good practices.

The company is not seen as an isolated actor, but rather as being part of networks of cooperation and competence, trust and social capital with their sphere of influence. Thus, the company becomes a **social change agent** operating under the belief that the value of an action is not measured exclusively by its material results, but by its adherence to key principles such as social justice and human dignity.

Furthermore, in KRETZ we believe that CSR responds to another concept regarding the development of societies. The development dilemma is precisely being able to make the **economic efficiency, social equity and environmental balance** merge into the right strategies and policies and complement one another. But this is only possible if we add a fourth dimension, Ethics. No development is possible unless it is based on the ethical conception that competitiveness is only valid if achieved with social and environmental responsibility.

Thus, CSR is a constituent element of the company activity and not a collateral action. It is embedded in all its operation system to also assure that the customer understands it as a distinctive feature at the time of buying a product.

We understand that this interpretation is clearly compatible with the Global Compact principles. Moreover, we are nurtured by these principles and they guide our actions. Thus, for some years, KRETZ has been carrying out a series of actions aimed at improving its relationships with all the stakeholders: employees, customers, suppliers, shareholders, users, the community where the company interacts, its institutions and governments. Those actions have developed into a Corporate Social Responsibility Policy, which arises from the company philosophy itself and enriches each one of the parties.





CSR as company philosophy

At KRETZ, we believe that the CSR is a way of building a company. The United Nations Global Compact principles guide our deepest strategies.

We always aim our efforts towards the search of technological solutions. Over the past years, we have defined ourselves as an organization whose main mission is to help people run and manage their businesses. This means the human being should be considered as an axis around which all decisions are made. In that respect, we develop our work philosophy, which involves a way of understanding the design of our products, of organizing ourselves, of managing the company, and with the same logic, of planning the future.

Guided by our company conception, we try to focus on the people interacting with the environment, the community surrounding them and the place they belong to. Thus, we can commit ourselves to sustainable actions which will improve the quality of life in our sphere of influence. Because **CSR is not marketing or welfarism, it is a company philosophy.**

Our Vision

"To be recognized internationally for designing innovative technological solutions, supported by the excellence of our people".

Our Mission

"To help our customers run and manage their businesses".

Our Values

KRETZ intends to foster an enjoyable working environment, openness in the face of change and, above all, commitment to the company, its goals and its people. Furthermore, we seek to maintain open communication channels to enhance this environment and to facilitate the flow of relevant information.

The company strength is based on two cornerstones: Integrity and Leadership. From these core values derive the values or principles that rule our life:



Integrity

- Behaving ethically and responsibly
- Encouraging and exercising solidarity and cooperation
- Establishing new internal and external relations on the basis of trust, honesty and respect
- Keeping our promises
- Recognizing other people's initiatives and achievements

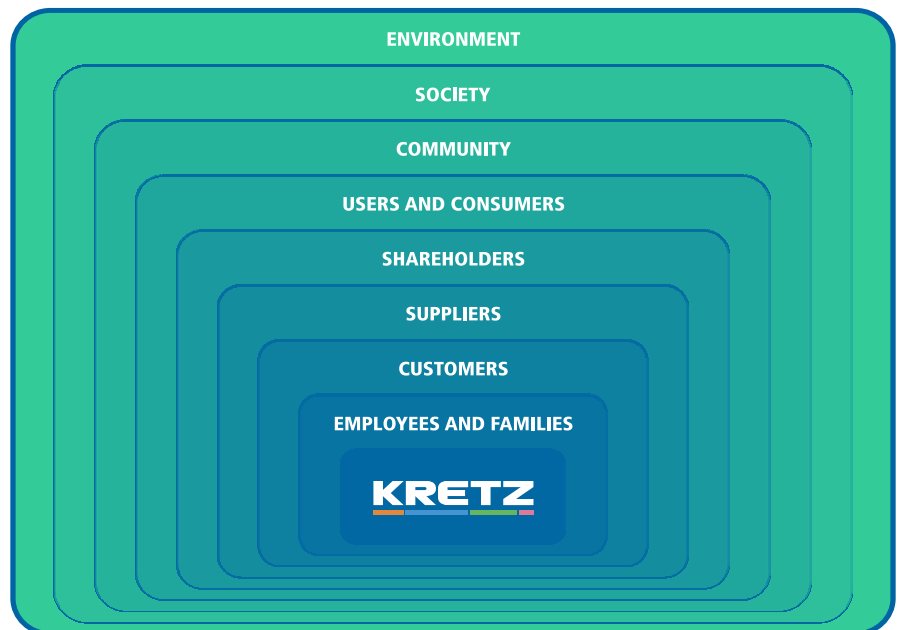
Leadership

- Feeling involved with the company and its people
- Committing to the company's goals and objectives
- Feeling the company as our own
- Contributing our individual effort to achieve collective goals

This model has been designed to meet the company's specific needs, to increase its value and outcomes. It is also a key aspect for individual development, since it directs the efforts of employees toward the expected work performance.

However, it also applies to all stakeholders: employees and their families, customers, suppliers, shareholders, users, the community where the company interacts, its representative institutions and administration, and the governments.

This universe constitutes our "sphere of influence". Logically, this influence prevails among the parties who are directly linked to the company operations, the workplace and the market, then, in the supply chain, weakening in our interaction with the community and its institutions and in our participation in public policies.



Sphere of Influence

CSR Through Our Products and Processes

KRETZ CSR culture is evident from the first stages of our product design to the interaction experienced by the users and the impact the products have on the environment. Through our own **design philosophy** we have established a concept that guides the research and development of all the new products and solutions.

Our design philosophy is supported by a concept that helps to communicate the company spirit and be coherent in all the line of products.

The leading idea is inspired by the **human genome**, which we consider the most representative and innovative scientific revolution of our times and marks the beginning of a new era, a new paradigm. Using it as inspiration for design, we seek to exceed the coldness inherent in the technological universe, providing a human element to our new line of products.

Combining **functionality and aesthetics**, each product responds to an organic conception of technology, where the objects that surround us act as a projection of the human body.



Another of KRETZ main policies is the standardization of processes to ensure a constant level of **customer satisfaction**. To such aim, we are committed to management, quality, care for the environment and occupational safety to guarantee the sustainability of the organization and its stakeholders.

PART III



KRETZ' corporate responsibility is based on three main cornerstones.

- **Quality**, as the basis of the company competitiveness.
- **Knowledge**, as the basis of ongoing innovation.
- **Commitment**, as the basis of ethics, integrity and leadership.

The basis of our CSR policy lies in the combination of these three dimensions. KRETZ S.A. fulfils its responsibility towards its customers and consumers by providing quality products, its responsibility towards progress by adding value through constant innovation, **and its responsibility towards all stakeholders** by developing its activity based on values.

Therefore, the **general goals** of our CSR policy are:

- To consolidate strong intra-company as well as inter-company **relationships based on trust** among stakeholders.
- To promote actions that add **wide social, institutional and environmental objectives**, complementary to the economic objectives of the company, as essential components of a comprehensive corporate model.
- To promote **education and innovation** as the main cornerstones of the development of an "intensive-knowledge" company.
- To contribute to society's overall cultural change through the promotion and dissemination of **technological and organizational excellence**.

As a reinforcement of our commitment, in November 2007, KRETZ adhered to the United Nations Global Compact, a volunteer network of organizations, agencies, trade unions and non-governmental organizations that support 10 (ten) universal principles which promote a number of essential values in terms of Human Rights, Labor Laws, Environment and Fight against Corruption.



CSR Programs in Kretz

By endorsing the United Nations Global Compact, the company's CSR Policy is mainstreamed and structured according to its principles, and it is materialized through **8 (eight) Programs** which cover all the areas of operation of the company.

The following chart outlines the company's CSR programs and their link to the Global Compact Principles.

		GLOBAL COMPACT PRINCIPLES									
	KRETZ PROGRAMS	1	2	3	4	5	6	7	8	9	10
1	KRETZ CULTURE										
2	DECENT EMPLOYMENT										
3	INTEGRATED MANAGEMENT SYSTEM										
4	INTENSIVE KNOWLEDGE										
5	SUSTAINABLE COMPANY										
6	VALUES CHAIN										
7	SERVICE EXCELLENCE										
8	COMPANY, STATE AND COMMUNITY,										

Kretz Culture



Sustainable Company



Decent Employment



Values Chain



Integrated Management System



Service Excellence



Intensive Knowledge

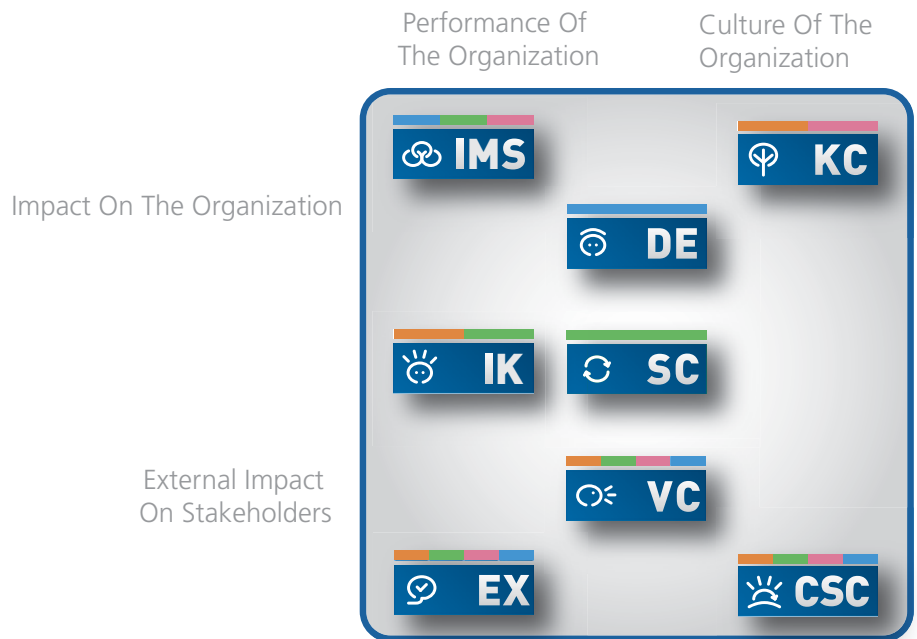


Company, State, Community



IMPACT MATRIX

The following is a **matrix** reflecting the **impact** generated by CSR programs in the **organization**.



In order to link the commitments made to the programs implemented and the business relevance of the Global Compact principles, we have developed this **matrix**, which combines, on the one hand, the **impact** of the actions exerted both on the organization and on the stakeholders, and on the other hand, the impact exerted on the **performance** or **culture** of the organization and/or stakeholders.

Thus, the matrix developed **reflects every CSR program** regarding how each of them contributes to make ongoing performance improvements within the company and between the company and its value chain, and how each program contributes to the promotion of values and a new concept of business ethics in the community.

A c t i v i t i e s P e r f o r m e d



The following are the activities performed in each of the different programs.

In each case, there is a description of the object of the program, the principles of the Global Compact with which it contributes, the starting date, the interest groups involved, the concrete actions performed from 01.08.2011 to 31.07.2012 and the possible impacts that they can exert.

Afterwards, the results obtained are shown through GRI (Global Reporting Initiatives) indicators.

References

EC: economic aspects
EN: environment
LA: labor practices
HR: human rights
SO: society
PR: product responsibility

The impact matrix generated by the 8 (eight) CSR Programs in our sphere of influence is presented.

Finally, there is a presentation of those GRI indicators which do not have a direct association with the CSR Programs and a summary of all the indicators.

Activities Performed

KRETZ CULTURE



Delivery of award to vendor



Integration Conference



Vendors meeting

This program seeks to consolidate values and improve the social environment in the company. Its aim is to enjoy work and promote interaction. The KAIZEN philosophy was adopted as an instrument to favor integration and awareness of the importance of each person's role in the organization.

Thus, we align to principles **1, 2 and 10** of the Global Compact.

Starting date: 2004

Interest groups involved: shareholders, employees, suppliers, customers, employee's family members and local community.

Actions:

On August 10th, we organized an afternoon integration snack in the central hall of the company, where new employees were introduced and an award was granted to the best partner of each area, the awards corresponding to a "POOL-type" contest organized due to the Copa América de fútbol (America Football Cup) were also granted. Employees and their relatives participated in this last activity, and the money collected was used to finance CSR activities.

On Saturday, November 5th 2011, the family day was organized in the Pueblo Esther plant, with different games and activities for children and their parents. On this opportunity, there was a mechanical bull, a climbing wall structure, a trampoline and we organized different contests imitating the TV programs "Minute to Win" (Minuto para Ganar) and the "Apple Cut" (Corte de la Manzana).

On December 21st, we made a heartwarming end-of-year toast to bring employees together, pointing out the importance of human values and the welfare in the work environment. We carried out a retrospective analysis of the year and we thanked everyone for the individual and team efforts made. Finally, there was a brief projected description of the activities and challenges the company would face during 2012.

Activities Performed



Visit of Shimadzu representatives



NUMA Area Operator



Family Party

In the month of November 2011, we closed the 3rd KRETZ Quality Award. As the company adopted a work methodology based on the Japanese KAIZEN (Kai= change, ZEN= good) philosophy, which we conceive as “ongoing improvement through team work”, the award intends to prioritize it and to disseminate it throughout the organization.

The projects of the five participating groups were presented and the “Six-Sigma” team was granted the award, for its proposal of “Optimization and reduction of costs in products”.

Another of the papers presented was about ethics. The “Searching for EtiK” (Buscando EtiK) team, following the guidelines of Dr. Bernardo Kliksberg, author of several books and publications, demonstrated that the great world economic crises are the result of the lack of ethics. Furthermore, through a series of short videos, it showed that ethics improves people’s quality of life. This paper was also presented in May 2012 in the Argentine Society for Continuous Improvement (Sociedad Argentina Pro Mejoramiento Continuo, SAMECO) meeting organized by the school of Exact Sciences, Engineering and Land Surveying at the National University of Rosario (Universidad Nacional de Rosario, UNR).


By considering CSR as a quality that is spread across the organization and not as a specific area with people in charge and an assigned budget, we find that the ideal work methodology for its management is the KAIZEN philosophy. In March 2012, the CSR KAIZEN, made up of 12 people representing all the corporate areas, was renewed.

This team, which is renewed annually, facilitates the transfer and treatment of concerns and initiatives coming from all the members of the organization. Turnover makes it possible for all the people to participate at a given time, which in the long run will lead to the understanding and dissemination of the good practices promoted by the CSR.

Possible Impacts:

- Integration of families to the work environment
- Comprehensive understanding of the organization’s operation
- Dissemination of team work
- Dissemination of the Global Compact principles

Activities Performed

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
LA6 - Percentage of the total workforce represented by formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		6.59%	100%	

Activities Performed

DECENT EMPLOYMENT



Eliana Acosta and Alejo

Starting date: 2004

Interest groups involved: shareholders, staff, suppliers and customers.

Decent Employment is a program aimed at promoting working conditions within the company that create a decent and stimulating work environment, promote access to information and freedom of association, and guarantee worker's health and safety. At KRETZ we are convinced that quality in the workplace translates into quality at the level of products as well as all the organization.

With this program, we endorse principles 1, 3, 4, 5 and 6 of the Global Compact.

Actions:

Pursuant to Provincial Law number 12,913, the Occupational Health, Hygiene and Safety Committee was formed.

Furthermore, we have permanent professional counseling in this subject, which aims at preventing and preserving the workers' health.

We continue to offer a catering service that looks into the key features of good nutrition: complete, varied, sufficient and balanced. All aspects of foods are controlled ensuring they provide the necessary nutrients and watching they are low in fat, cholesterol and sodium. Nutrition at work is a shared responsibility. Our duty is to encourage the change of unhealthy habits and to offer easy access to healthy food.

We continue to offer a system of extended maternity leaves of five months and extended paternity leaves of five business days.










In the assembly workstation of crosses for the commercial line, a pneumatic impact tool was replaced by a pneumatic impulse tool, which improves the ergonomic condition of the operator and eliminates the risks of illness caused by "carpal tunnel".

Activities Performed

The company offers transport service to the industrial plant in Pueblo Esther for all the staff.

Possible Impacts:

- Improvement in people's health
- Reduced absenteeism

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
LA4 - Percentage of employees covered by collective bargaining agreement.	Employees under agreement over the total number of employees	43,33%	52,17%	
LA8 - Current education, training, orientation, prevention and risk-control programs to assist the staff, their families or members of the community regarding serious diseases	Work garments and uniforms	\$ 13.501	\$ 47.392,07	
	Staff transportation	\$ 348.331	\$ 445.818	
	Implementation of ergonomic elements	\$ 0	0	
	Food provision to staff	\$ 390.393	\$ 427.370,07	
LA5 - Minimum notice period regarding operational changes, including whether they are specified in the collective bargaining agreements.	Minimum notice period(s) regarding operational changes, including whether they are specified in the collective bargaining agreements.	2 months	2 months	
LA7 - Work-related injuries and illnesses, lost days and absenteeism and total number of work-related fatal victims, by region	Lost days	58	48	
	Minor accidents	2	4	
	Serious accidents	0	0	

Activities Performed

INTEGRATED MANAGEMENT SYSTEM



Course for Internal Auditors



R&D strategy Group



Presentation of new SAP



Presentation of SILOG

Starting date: 2004

Interest groups involved: senior management, employees, external counselors, official regulatory and control agencies, suppliers, customers.

It is a program that seeks to create the necessary conditions for continuous improvement in the productive, managerial, organizational and relational processes within the company.

Thus, the company complies mainly with **principles 4 to 10** of the Global Compact.

Actions:

During this fiscal year, we consolidated the procedure for the development of new products emerged from the **SILOG** (Systematizations and Logistics) project in the area of technology. It proposes the participation of all the areas of the company and the organization of specific KAIZEN work teams for each new development. The method proposes a description of the different stages, decision-making and documentation, as well as the cost and time management and the scope of the projects.

The methodology started to be implemented in other areas of the company like supplies, warehouse, quality, sales and after-sales.

During this fiscal year, we continued integrating the Integrated Management System (Sistema Integrado de Gestión, **SIG**) to the computer system that links all the activities of the company (SAP) This integration is achieved by setting up and replacing procedures, instructions and logs in the **SAP**.

The **INTI** maintenance audits and the **ISO 9001: 2008** quality management audits were carried out successfully. It was also possible to obtain recertification for three more years of the **ISO 14001:2004** for environmental management and **OHSAS 18001:2007** for occupational health and safety.

Activities Performed

The internal **training** and **audits** plan continued to be carried out as usual. Within this framework, an in-company training of Internal ISO 9001 Auditors was carried out following the guidelines of the ISO 19011:2012 certification. People from different areas of the company participated in the course and passed it.

The **performance evaluations** were planned and they were carried out on all the people in the company. This initiative enables us to know the strengths and the aspects people have to improve regarding the development of their work, as well as to define the training they need. We defined the annual frequency in which evaluations will be carried out.

We also carried out the **satisfaction survey for distributors**. Having collected the answers of 30 (thirty) distributors from different areas in the country, the survey allowed us to know the level of fulfillment of their expectations, as well as their suggestions and aspects to improve. The general level of satisfaction of the distributor with KRETZ was 9.33 out of 10.

INTEGRATED MANAGEMENT SYSTEM – COMMITMENTS ASSUMED				
Internacional	Certification or legal instrument	Certifying or accreditation entity	Subject	Description
	ISO 9001:2008	Bureau Veritas	Quality Management System	It grants national and international recognition by the reduction of complaints and claims through the standardization of procedures and improvement
	ISO 14001:2004	Bureau Veritas	Environmental Management System	It enables us to optimize processes and identify potential impacts enabling people to adopt preventive actions and demonstrating compliance by integrating all the staff in a project for the protection of the environment. It enables us to adequately manage the waste generated.
	OSHAS 18001:2007	Bureau Veritas	Health and Occupational Safety Management System.	Minimize the risk for employees and premises among others. Greater control on the compliance of legal requirements.
	GLOBAL COMPACT	United Nations	Corporate Social Responsibility and Commitment with the Fight against Corruption.	Generate and disseminate an ethical commitment ensuring its legal commitment to all the interested parties around the world.

Activities Performed

National	RN 92/98	IRAM	Electrical safety by brand	It includes all the products of the company, every product undergoes a compulsory electrical security control and can only continue in the market if it is approved.
	DN 788/03	INTI / LEGAL METROLOGY	Products approval	All the weighing equipment has to comply with a series of metrological tests as ordered by the Secretariat of Industry and Commerce.

Possible Impacts:

- Quality improvement of the production processes, which results in the quality improvement of the final product
- Commitment to people's health and safety
- Environmental commitment

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATORS	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
LA 12-Percentage of employees who are periodically assessed in terms of performance and professional development.		100%	100%	

Activities Performed

INTENSIVE KNOWLEDGE



Visit of Dr. Klaus North



Training for Chilean Distributor

Starting date: 2005

Interest groups involved: senior management, employees, and educational institutions.

Training gives our staff the opportunity of acquiring higher knowledge, abilities and skills, which improve their performance and allow them to be successful at work and in life.

This program aims at consolidating a company based on knowledge and innovation as a competitive variable, and it allows us to comply with principles 1 and 9 of the Global Compact.

Actions:

- In March 2012 we received the visit of **Dr. Klaus North** from the University of Wiesbaden, Scientific Director of the German Knowledge Management Award and Founder and Chairman of the German Society for **Knowledge Management**. The relationship was established through the National University of Rosario and resulted in the conduct of a case study, based on our company, about knowledge management, applying the methodology called **wheel of growth**.
- During this fiscal year, we continued offering the training courses on **KRETZ culture, safety and hygiene at work, and integrated management system**, which are given at the beginning of the working relationship.
- The staff from the area of quality were offered training courses on **sampling techniques**, which helps to optimize the quality management during the entry of goods and during internal audits.
- The people in the supplies area received training on the **requirement circuit** and the generation of **purchase orders**, with the purpose of optimizing the operating time.
- In April, we offered an in-company training course on ISO 9001 **Internal Auditors**, given by GC&A. Nine people from the different areas participated

Activities Performed



Presentation of Sinus Project



Training on Shimadzu

in the course.

- We continued enlarging the **Carlos Kretz Library**, which is in the Pueblo Esther plant, with books ranging from text books for different professions to novels and entertainment books, and it even has an area with children's books. During this fiscal year, the available books increased to 20% (twenty per cent) and we granted an award to reader No. 500 (five hundred).

Possible Impacts:

- Reduced absenteeism
- Reduced staff turnover
- Improvement of the person's knowledge
- Reduced accident rate
- People's change of attitudes and behavior
- Professional development and increase in employability

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
LA 10 - Average hours of training per year and per person	Average hours of training per year	19	19	☹

Activities Performed

SUSTAINABLE COMPANY



Waste sorting



Afforestation with stakeholders

Starting date: 2004

Interest groups involved: Shareholders, employees, suppliers, customers, employees' families and the community.

This program aims at promoting a culture of environmental responsibility, fostering education and awareness, as well as managing the impact on the environment and life cycle of products since their design.

We seek to meet the needs of our customers without compromising the welfare of future generations. Thus, we align to principles 7, 8 and 9 of the Global Compact.

Actions:

In this fiscal year, we managed to get a **26% reduction of the electric power used** compared to the value hired for fiscal year 2011-2012 for the Pueblo Esther plant.

For the following fiscal year, we intend to achieve a new reduction of 15% compared to the fiscal year reported.

We continue analyzing the use of non-polluting **alternative energies**. In 2011 we started working on the assembly of an experimental aerogenerator to be set up at the site.

Regarding the environment, we continued with the **waste recycling** plan (classification and recycling of aluminum, stainless steel, carbon steel, copper, plastics, paper and cardboard) and the **recycling of batteries**, and the hazardous waste destruction campaign.

Our paper-use reduction initiative is still valid through the **digitalization** of documents. We implemented the automatic delivery, by **e-mail**, of the customers' current account statements with information obtained from SAP.

In the area of quality, we worked on the waste **materials recovery** through reprocesses, which enabled cost-saving and the reduction of environmental pollution.










Activities Performed

We continue developing the afforestation annual plan started in 2004 to replace, in the following months, about **100 trees** of 21 different species around all the surface of the plant.

Furthermore, with the aim of contributing not only to the protection of the environment but also to the **prevention of traffic accidents**, we planted **80 bushes** of the variety "grataegus" on the median of the highway connecting Rosario and Buenos Aires. Those bushes cover the west side of the plant.

Possible Impacts:

- Foster environmental awareness.
- Energy saving
- Reduction of environmental pollution

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
EN1 - Materials used by weight or volume (Kg).	Aluminium	37103	30717	
	Cardboard	30651	27069	
	Plastic	38732	35117	
	Electronics	63417	56651	
EN2 - Percentage of recycled materials used as supplies.	Cardboard	572	739	
	Plastic	85	111	
	Metals	0	23,75	
	Batteries	5	2	
EN3 - Direct energy consumption from primary source.	Direct energy consumption from primary source.	No data	No data	

Activities Performed

EN4 - Indirect energy consumption from primary source.	Indirect Energy consumption from primary source.	No data	No data	☹
EN5 – Energy saved due to improvements in conservation and efficiency.	Electric power	0	26%	😊
EN8 – Total water withdrawal, by sources.	Total water withdrawal	900m / año(Approx)	900m / año(Approx)	😊
EN11 - Location and size of land owned, leased, exploited or adjacent either to protected areas or areas of high value due to its biodiversity.	Location and size of land owned, leased, exploited or adjacent either to protected areas or areas of high value due to its biodiversity.	No data	No data	☹
EN12 - Description of significant impacts of activities, products and services on biodiversity in protected areas and in other areas of high biodiversity value outside protected areas.	Description of significant impacts of activities, products and services on biodiversity in protected areas and in other areas of high biodiversity value outside protected areas.	No data	No data	☹
EN14	Percentage of afforestation	92%	92%	😊
EN 16 - Total direct and indirect greenhouse gas emissions, by weight	Total direct and indirect greenhouse gas emissions, by weight	No data	No data	☹
EN17 - Other indirect greenhouse gas emissions, by weight	Other indirect greenhouse gas emissions, by weight	No data	No data	☹
EN19 - Emissions of substances that damage the ozone layer, by weight	Emissions of substances that damage the ozone layer, by weight	No data	No data	☹
EN20 - NOx, SOx and other significant emissions that affect the air, by type and weight	NO, SO and other significant emissions that affect the air, by type and weight	No data	No data	☹
EN21 - Total wastewater discharge, by nature and destination	Total wastewater discharge, by nature and destination	No data	No data	☹
EN22	Urban solid waste (Kg per year)	7200 Kg/annual	7100 Kg/annual	😊
EN23 -Total number and volume of the most significant spills	Total number and volume of the most significant spills	No data	No data	☹
EN26 - Initiatives to mitigate environmental impact of products and services, and degree of reduction of that impact.	Initiatives to mitigate environmental impact of products and services, and degree of reduction of that impact.	No data	No data	☹
EN27 - Percentage of products sold, and its packaging materials which are recovered at the end of their shelf-life, by products categories.	Percentage of products sold, and its packaging materials which are recovered at the end of their shelf-life, by products categories.	No data	No data	☹
EN28 - Monetary value of any significant fines and total number of non-monetary sanctions for non-compliance of environmental laws and regulations.	Monetary value of any significant fines and total number of non-monetary sanctions for non-compliance of environmental laws and regulations.	0	0	😊

Activities Performed

EN30 - Total environmental protection expenditure and investments, by type	Green spaces	\$ 4.580,61	\$ 4.784,17	😊
	Waste classification	\$ 428,33	\$ 1249,17	😊
	Waste collection	\$ 669,24	\$ 976,21	😊
	Hazardous waste destruction	\$ 120,91	\$ 300,28	😐
	Chemical and bacteriological analysis of the water	\$ 57,50	\$ 36,46	😐
	Sterilization of pathogenic waste	\$ 132,38	\$ 0,00	😞

Activities Performed

VALUES CHAIN



Product presentation to Kretz vendors

Starting date: 2005

Interest groups involved: Senior management, suppliers, customers, shareholders.

Sharing our values with the people who come into contact with our business is something we consider of vital importance. The program is intended to spread the CSR values and the Global Compact principles across the company's supply chain.

Thus, this program promotes the **10 principles** of the Global Compact.

Actions:

In this period, we organized meetings, visits and audits for **suppliers** or possible suppliers. Considering different aspects and the real possibilities of improvement, we evaluate the **commitment** and **responsibility** assumed in their activities. The auditor inquires into the commitment the supplier assumes towards the protection of the **environment** and the actions taken, in case the processes performed exert a high environmental impact.

Our **plant admission policy** for suppliers and contractors states that, among other documents, they have to submit AFIP (Asociación Federal de Ingresos Públicos [Federal Association of Public Incomes] form 931 (Integrated System of Retirement and Pensions) with the appropriate proof of payment and pay statement. This implies a clear commitment to **fight against unregistered employment**.

As regards **recreational activities**, new soccer matches were held in the soccer field located at the industrial plant in Pueblo Esther.

We continue to enlarge the "children's library" under the motto "a child that reads is an adult that thinks".

The **spreading** of the **Global Compact Principles** among the stakeholders also forms part of this program. Visitors are given institutional gifts together with the last progress report submitted.



Visits from schools and universities

Activities Performed


We received **visitors** from different schools, institutions and universities with different levels of education and personal interests. We conducted guided tours of the plant, oriented and adapted depending on the circumstances.

During the winter months, we continued with the planting a tree plan for visitors and students.

KRETZ started to be present in the **Facebook** social network, publishing activities and commercial and institutional updates, as well as news about the company and its sphere of influence.

Possible Impacts:

- Increased dissemination of the Global Compact.
- Environmental awareness.
- Human rights policy shared with Suppliers.
- People's change of attitudes and behavior
- Children being encouraged to read.

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July-2011	July-2012	LEVEL OF INTERNAL ACCEPTANCE
RH2 - Percentage of important suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	95 visits and 25 audits	25 visits	

Activities Performed

SERVICE EXCELLENCE



Starting date: 2007

Initiators and people accountable for service excellence: Employees, customers, consumers and suppliers.

Service excellence is one of our main commitments, and this program is intended to establish criteria and actions that foster excellence in customer and consumer service.

Thus, we adhere to the **10 principles** of the Global Compact.

Actions:

During this period, the company has attended different **exhibitions** from the retail and gastronomic sectors in order to interact with customers, consumers and suppliers.

Regarding foreign trade, we have participated in the **SAFEX** (45th Argel International Fair) and in the **Maize Fair** (Feria del Maíz) of Guadalajara, Mexico.

Our **after-sales** service includes a large network of technical service throughout the country, as well as another significant number in the countries where we operate. In this fiscal year, we practically duplicated the number of authorized technical services in Argentina.

We have intensified the commercial and products **training courses** for distributors. They have taken place at the industrial plant and in the different areas of the country. We believe that constant updating leads to greater efficiency in management and in the strengthening of commercial bonds.

In the fiscal market, we have trained more than **100 (a hundred) fiscal technicians**.

The **support to the foreign market** was achieved in two big groups of technical support, on the one hand the Mexican market and on the other hand the remaining international markets.



Product Presentation Tour



Corn Show, Mexico

Activities Performed



Commercial Fair, Algeria



Visit of Middle East Representative

In Mexico, as in previous years, we worked constantly on the development of adaptations that could match the needs and special characteristics of the market. We mainly improved the competitiveness of the Single and Report NX lines and the iTegra program.

Regarding the remaining foreign trade markets, we further worked on the different support lines and products adaptation. But the main milestone was the launching of the company's **first product in English**: the Report NX scale. The project also included the development of the iTegra management system in English, as well as commercial brochures and manuals of the equipment.

We also continued to offer our telephone technical support service 7/24, called **the tireless**, to give advice on the installation and operation of KRETZ products.

Possible Impacts:

- Customer satisfaction
- Recognition of our products in the international market

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July 2011	July 2012	LEVEL OF INTERNAL ACCEPTANCE
RP5 - Practices related to customer satisfaction, including the results of surveys measuring customer satisfaction.	Weighted average rate for customer satisfaction	9.3 out of 10	9.3 out of 10	😊
	Investment on market research	\$ 0.00	\$ 0.00	😞
	Delivery deadlines reduction	0	0	😐
RP7 - Total number of incidents due to non-compliance of regulations regarding marketing communications, including advertising, promotion and sponsorship, distributed based on the type of results of those incidents.	Total number of events registering non-compliance of regulations and voluntary codes related to marketing communications, including advertising, promotion and sponsorship, by type of result.	1	0	😊
RP8 - Total number of duly grounded complaints regarding respect for privacy and disclosure of clients personal data.	Total number of substantiated complaints, regarding breaches of customer privacy and losses of customer data.	0	0	😊

Activities Performed

COMPANY, STATE AND COMMUNITY



Visit of National Deputy Agustín Rossi



Visit of Governor Dr. Antonio Bonfatti



Facade Connection Center V +

Starting date: 2004

Interest groups involved: Shareholders, employees, suppliers, customers, institutions, governments and community.

It is a program that seeks to promote a good relationship with the community and to encourage voluntary work, action and social initiatives. It is designed to build partnerships with institutions and governments to foster development.

The promotion of intergenerational solidarity is one of the key elements used to face the challenge of having an increasing ratio of population.

Thus, we intend to adhere to the **10 principles** of the Global Compact.

Actions:

In January 2012, we received the visit of National Deputy for the Province of Santa Fe and current Chairman of the Frente para la Victoria Party for Deputies in the National Congress, **Agustín Rossi, Engineer**.

Near the end of the current fiscal year, we received the visit of the Governor of the Province of Santa Fe, **Dr. Antonio Bonfatti**, and his Ministry of Production, **Carlos Fascendini**, Public Accountant.

Both meetings constituted real milestones for our company, due to the hierarchy of the visitors.

The Center for the Companies–University Connection V+ is a space open to the academic world and to all the companies, especially those within the region, which operates in the building given by KRETZ to the National University of Rosario in July 2010.

One of the activities carried out at the Center V+ is the **Postgraduate Studies Course** on GTEC, which grants a degree in "Specialization in the Management of Innovation and Technological Connection". The GTEC Centro-Este program is the result of a consortium of associated national universities, which support, organize and provide their technical teams, which is made up by the National University of Entre Ríos (Universidad Nacional de Entre Ríos, **UNER**), the National University of the Northeast of the Province of Buenos Aires (Universidad Nacional

Activities Performed



Donation of Counting Scale

del Noroeste de la Provincia de Buenos Aires, **UNNOBA**), the National University of Rosario (**UNR**) and the National University of Technology (Universidad Tecnológica Nacional, **UTN**) together with their Regional Schools in Rosario, San Nicolás and Venado Tuerto.

It is worth noting that the postgraduate career has the accreditation of the National Commission for University Evaluation and Accreditation (Comisión Nacional de Evaluación y Acreditación Universitaria, **CONEAU**), a decentralized body which works in the jurisdiction of the **National Ministry of Education**.

In this fiscal year, the program included the delivery of **refresher courses** for professionals and businessmen on specific subjects of the different value chains, and connection and integration activities among students from the different sites of the consortium, like **trips and tours** to technology-based companies, laboratories and research and development centers in the region.

In the month of April, there was an integration conference in the company, with the visit of Prof. Derna Isla, Chair of **Allegro Foundation, Argentina**. The mission of this organization is to create and strengthen a Network of Orchestra Schools, as a means to promote socio-educational excellence, aimed at children and adolescents from different socio-economic and cultural areas. The foundation has a bank of solidarity instruments which are provided to the different orchestras and an archive of juvenile-children's literature scores. The company is committed to give a monthly collaboration to help the organization comply with its mission.

In this same month, we donated a 150 kg platform to the Food Bank of Rosario (Banco de Alimentos de Rosario, BAR) to facilitate the division of food to be delivered to community dining rooms. BAR is a non-profit organization whose mission is to contribute to the reduction of hunger by asking for the donation of food suitable for consumption, keeping and distributing it efficiently to direct assistance entities. It also educates on the nature of the problem of hunger and its solutions.

The company donated a counting scale to the **Protected Workshop of Villa Gobernador Gálvez**. Thirty-six (36) children participate in the workshop, where they carry out tasks like cutting plastics for the assembly of helmets, the construction of didactic boxes, the packaging of Cachamay tea bags and the packaging of olives.

A c t i v i t i e s P e r f o r m e d

In May, and for the fourth consecutive year, we participated in a meeting organized by **SAMECO** (Argentine Society for Ongoing Improvement) in the School of Economic Sciences, Engineering and Land Surveying of the National University of Rosario. In this opportunity, we dealt with the subject “More ethics, more development”, which was one of the papers presented at the 2011 KRETZ Quality Award.

In May, we also received the visit of a group of students attending the last year at the career on electronics in the Escuela Gral. Manuel Savio (**Manuel Savio General School**) of the city of Rosario.

In the month of July, the company donated a platform to **La Segunda Insurance Group** (Grupo Asegurador la Segunda), as a contribution to their paper recycling activities.

We donated a scale to **CODISCO**, a non-profit civil and public association of the nearby city of Villa Constitución, which provides education to people with different intellectual abilities to achieve their social and work insertion. The activities performed are the manufacturing of polyethylene bags which are commercialized in the city, field work for the harvest and growing of fruits and vegetables in an organic orchard, and the production of home-made jams.

Possible Impacts:

- Promoting solidarity, voluntary work
- Fostering education
- Career development
- Encouragement of Social Inclusion

GRI Indicators with No Direct Association to CSR Programs

RELEVANT GRI INDICATORS	KRETZ INTERNAL INDICATOR	July-11	July-12	LEVEL OF INTERNAL ACCEPTANCE
EC1	Direct economic value generated and distributed, including incomes, operating costs, payments to employees, donations and other investments in the community, retained earnings and payments to capital suppliers and governments.	No data	No data	☹
EC2	Financial consequences and other risks and opportunities for the organization's activities due to climate change	No data	No data	☹
EC3	Coverage of obligations of the organization due to social benefit programs	No data	No data	☹
EC4	Significant financial aid received from the government	1738221.46	5853771.75	😊
EC7	Procedures for local hiring and proportion of senior managers from the local community in places where significant operations are carried out	0	0	☹
EC8	Development and impact of investments in infrastructures and services rendered mainly for public benefit through commercial commitments, pro bono or in kind	2 years of operation of the School of Crafts from P. Esther	3 years of operation of the School of Crafts from P. Esther	😊
RP3	Types of information on products and services required by the applicable procedures and regulations, and percentage of products and services subject to those information requirements	No data	No data	☹
RP6	Programs of compliance with laws or adherence to standards and voluntary codes mentioned in marketing communications, including advertising, other promotional activities and sponsorships.	No data	No data	☹
SO1	Nature, scope and effectiveness of programs and practices for evaluating and managing impacts of operations on communities, including entry, operation and exit from the company.	No data	No data	☹
LA9	Health and safety subjects covered in formal contracts with trade unions.	No data	No data	☹
RH1	Percentage and total number of significant investment agreements, including human rights clauses or which have been analyzed in terms of human rights.	0	0	☹
RH5	Company activities in which freedom of association and participation in collective bargaining may be exposed to important risks and measures adopted to support those rights.	0	0	☹

GRI Indicators with No Direct Association to CSR Programs

RH6	Identified activities that pose a potential risk for child labor exploitation, and measures adopted to eradicate them	0	0	😊
RH7	Operations identified as posing a high risk of leading to episodes of forced or non-consented labor, and measures adopted to help eradicate them.	0	0	😊
SO3	Percentage of employees trained on anti-corruption policies and procedures in the organization	0	0	😐
SO4	Actions taken in response to corruption incidents	No data	No data	😐
PR7	Total number of events registering non-compliance of regulations and voluntary codes related to marketing communications, including advertising, promotion and sponsorship, by type of result.	0	0	😊
PR6	Total number of substantiated complaints, regarding breaches of customer privacy and losses of customer data.	0	0	😊
RH4	Total number of incidents of discrimination and actions taken	0	0	😊
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome	0	0	😊
SO8	Late submission of tax returns	400	1200	😞
So5	Participation in chambers of commerce	7	7	😐
PR9	Monetary value of any significant fines for non-compliance with regulations concerning the provision and use of products and services	0	0	😊
So2	Percentage and total number of business units analyzed with respect to risks of corruption	0	0	😐
SO6	Total value of financial and in-kind contributions made to political parties, politicians and related institutions, by country.	0	0	😐
EC6	Percentage of locally-based suppliers compared to internationally-based suppliers	77.72%	87%	😊
LA2	Rate of employee turnover	0.48	0.27	😊

GRI Indicators with No Direct Association to CSR Programs

LA13	Percentage of women per position	Direction	50%	50%	😊
		Administration and Finance	33,33%	60%	😊
		Trade	15,38%	16,66%	😐
		Purchase	20%	20%	😊
		Quality	0,00%	0,00%	😞
		Manufacturing	13,79%	2,56%	😞
		After-sales Service	0,00%	0,00%	😞
		R&D	8%	16,66%	😊
		IT	50%	50%	😊
		Maintenance	0,00%	0,00%	😞
LA14	Ratio men-women wages	Address	1.22	1.22	😊
		Administration and Finance	1.7	1.7	😐
		Trade	2.8	2.8	😐
		Purchase	1.24	1.24	😊
		Quality	No data	No data	😐
		Manufacturing	No data	No data	😐
		After-sales Service	No data	No data	😐
		R&D	No data	No data	😐
		IT	0.82	0.82	😐
		Maintenance	No data	No data	😐
EC5	Average range of ratios of standard entry level wage for direct staff members.		Average: 1.85 Minimum: 1.43 Maximum :2.10	Promedio: 1,98 Mínimo: 1,39 Máximo:2,56	😊

GRI Indicators with No Direct Association to CSR Programs

LA1 - Total workforce by employment type, employment contract and region.	Total workforce by employment type, employment contract and region.	97	90	☹️
	By employment type and employment contract. Bargaining employees / Non-bargaining employees	43/54	48/44	😊
	and by Region Rosario + P Esther / Rest of the country / Mexico.	95/2/0	84/2/2	😐
SO7	Legal actions identified by anti-competitive, anti-monopolistic behavior, and monopolistic practices.	0	0	😊
SO3	Percentage of employees trained on anti-corruption policies and procedures in the organization.	0	0	😐

Summary of Indicators

Economic Performance		
EC1	Direct economic value generated and distributed, including incomes, operating costs, payments to employees, donations and other investments in the community, retained earnings and payments to capital suppliers and governments.	52
EC2	Financial consequences and other risks and opportunities for the organization's activities due to climate change.	52
EC3	Coverage of the organization's liabilities for social benefit programs.	52
EC4	Significant financial aid received from governments.	52
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at places where significant operations are being carried out.	54
EC6	Policy, practices and proportion of spending corresponding to local suppliers in places where significant operations are carried out.	53
EC7	Procedures for local hiring and proportion of senior managers from the local community in places where significant operations are carried out.	52
EC8	Development and impact of investments in infrastructures and services rendered mainly for public benefit through commercial commitments, pro bono or in kind.	52
Environmental Performance		
EN1	Materials used, by weight and volume.	42
EN2	Percentage of recycled materials used as supplies.	42
EN3	Direct energy consumption from primary source.	43
EN4	Indirect Energy consumption from primary source.	43
EN5	Energy saved due to improvements in conservation and efficiency.	43
EN8	Total water withdrawal, by source.	43
EN11	Location and size of land owned, leased, exploited or adjacent either to protected areas or areas of high value due to its biodiversity.	43
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and in other areas of high biodiversity value outside protected areas.	43
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	43
EN16	Total direct and indirect greenhouse gas emissions, by weight.	43

Summary of Indicators

EN17	Other indirect greenhouse gas emissions, by weight.	43
EN19	Emissions of substances that damage the ozone layer, by weight.	43
EN20	NOx, SOx emissions and other significant emissions that affect the air, by type and weight.	43
EN21	Total water discharge, by quality and destination.	43
EN22	Total weight of waste, by type and disposal method.	43
EN23	Total number and volume of significant spills.	43
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	43
EN27	Percentage of products sold and their packaging materials that are recovered, by category.	43
EN28	Monetary value of any significant fines and total number of non-monetary sanctions for non-compliance of environmental laws and regulations.	43
EN30	Total environmental expenditures and investments, by type.	44

Responsibility for Products Performance

PR3	Type of information on products and services required by the procedures, and percentage of significant products and services subject to those information requirements.	52
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome. Information requirements.	53
PR5	Practices related to customer satisfaction, including the results of customer satisfaction surveys.	48
PR6	Programs of compliance with laws or adherence to standards and voluntary codes mentioned in marketing communications, including advertising, other promotional activities and sponsorships.	52
PR7	Total number of incidents of non-compliance with regulations concerning marketing communications, including advertising, promotion, and sponsorship by type of outcome of those incidents.	48; 53
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	46 ; 53
PR9	Cost of those significant fines due to non-compliance with the norm in relation to the provision and use of the organization's products and services.	53

Summary of Indicators

Human Rights Performance		
HR1	Percentage and total number of significant investment agreements, including human rights clauses or which have been analyzed in terms of human rights.	52
HR2	Percentage of important suppliers and contractors that have undergone screening on human rights and actions taken.	46
HR4	Total number of incidents of discrimination and actions taken.	53
HR5	Operations in which the right to freedom of association and to celebrate collective bargaining agreements represents a significant risk, and actions to support those rights.	52
HR6	Operations in which there is a significant risk of child labor incidents, and measures to help eradicate it.	53
HR7	Operations in which there is a significant risk of forced or compulsory work incidents, and measures to help eradicate this form of work.	53
Labor practices and ethics performance within the workplace		
LA1	Total workforce by employment type, employment contract, and region.	55
LA2	Total number and rate of employee turnover by age group, gender, and region.	53
LA4	Percentage of employees covered by collective bargaining agreements.	35
LA5	Minimum notice period(s) regarding operational changes, including whether they are specified in the collective bargaining agreements.	35
LA6	Percentage of total workforce represented by formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	33
LA7	Rates of work-related injuries and illnesses, lost days and absenteeism and total number of work-related fatal victims, by region.	35
LA8	Current education, training, orientation, prevention and risk-control programs to assist the staff, their families or members of the community regarding serious diseases.	35
LA9	Health and safety topics covered in formal agreements with trade unions.	52
LA10	Average hours of training per year per employee by employee category.	40
LA12	Percentage of employees who are periodically assessed in terms of performance and professional development.	38
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	54
LA14	Ratio of basic salary of men to women by employee category.	54

Summary of Indicators

Social performance		
SO1	Nature, scope and effectiveness of programs and practices for evaluating and managing impacts of operations on communities, including admission, operation and exit from the company.	52
SO2	Percentage and total number of business units analyzed with respect to risks of corruption.	53
SO3	Percentage of employees trained on anti-corruption policies and procedures in the organization.	53 ; 55
SO4	Actions taken in response to corruption incidents.	53
SO5	Public policy positions and participation in public policy development and lobbying.	53
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	53
SO7	Total number of legal actions for anti-competitive behavior and monopoly practices, and their outcomes.	55
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	53

