

CORPORATE SOCIAL RESPONSIBILITY REPORT

_COMMUNICATION ON PROGRESS



2007-2008 FISCAL YEAR

KRETZ

_SCOPE

This report corresponds to the fiscal year between 01/AUG/07 and 31/JUL/08.

Part I of the report contains the declaration made by the Chairman of the Board of Directors of KRETZ s.a., embracing and supporting the company's commitment to the Global Compact Principles, and a description of the company profile.

Part II of the report contains the Corporate Social Responsibility (CSR) actions carried out in the company in alignment with our company philosophy and design philosophy. It details the systems implemented from the CSR policy and the activities carried out through the company's CSR programs, all of which reflect their compliance with the Global Compact Principles.

Part III of the report contains the outcomes achieved in the 2007-2008 fiscal year, presented through Global Reporting Initiative (GRI) indicators and their relation with the Global Compact Principles.

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*Engineer Daniel Kretz
Chairman of KRETZ s.a.*

CHAIRMAN'S LETTER

This document presents KRETZ's first Corporate Social Responsibility (CSR) report corresponding to the fiscal year ending on July 31st, 2008.

In accordance with our commitment to the principles of the United Nations Global Compact pledged in November 2007, we are hereby outlining a summary of our CSR programs framed within the KRETZ strategic plan.

During this fiscal year, we have carried out numerous actions, such as the institutionalization of the CSR policy. We have appointed a CSR Board Representative and created a CSR Kaizen team, formed by individuals from every operative area in the company. They are in charge of addressing the needs, suggestions, claims and initiatives of all KRETZ workforce members and stakeholders, and of translating such proposals into concrete actions. Moreover, we have started intensive and permanent in-company training in CSR, as well as support and disclosure of the Global Compact Principles in our sphere of influence.

In the last fiscal year we have continued with the Integration Days that KRETZ has been holding in recent years. These Integration Days help to enhance the environment of mutual confidence and understanding of all the people in the company. We organized the Family Day in October 2007 and KRETZ's fourth Yacht Race in Mar del Plata in January 2008 and held a Teamwork Promotion Day in July 2008. Additionally, we have created a company library, composed of books and magazines of various topics, and have in place an ongoing mechanism for the incorporation of books based on employee choice.

To prove our commitment to the environment, we have saved 20% in energy consumption and we have advanced our policy of waste classification and recycling. Our forestry plan includes reforestation with 620 trees in the company's surrounding park.

Through our Integrated Management System, we have enhanced our goals of quality, hygiene and worker safety, operational transparency and sustainability. We have also promoted these performance criteria among our main suppliers.

We continue our social and philanthropic actions, including the donation of scales to educational institutions, and the collection of clothes for a school in the Argentine province of Corrientes. We have strengthened our collaboration policy with local and regional development programs driven by public and/or private spheres. We are convinced that the company must increase its institutional commitments in order to contribute to a higher level of social change.



We are pleased to collaborate with the United Nations Development Program in Argentina and are honored that KRETZ has been selected as one of the three businesses in Argentina contributing to the report on Human Development and Innovation. Another milestone this year has been the preparation of our first Social Balance. In the future, we will be able to assess our activity systematically in accordance with social, environmental, labour and transparency parameters.

In this first posting of the Communication on Progress to the United Nations, we express our permanent commitment to work toward compliance with the values supported by the Global Compact, as well as the dissemination of such values in our sphere of influence.

On behalf of the people at KRETZ, we thank all the individuals and organizations that contribute to the success of our company and help us establish and sustain mutually beneficial relationships and the growth of our moral capital.

Daniel Kretz
Chairman
KRETZ s.a.



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_COMPANY PROFILE

KRETZ s.a is a corporation governed by the laws and regulations of the Argentine Republic.

Our 45-year experience in the design of technological solutions for industry and commerce has helped KRETZ become the Argentine leader in development and marketing of electronic scales. Our growing presence in Latin America has driven us to search for new markets and to research new products to keep our progress constant.

Throughout the years KRETZ has maintained the same values that have driven us from the start: integrity and leadership. That is the origin of our philosophy, based on enthusiasm for teamwork, devotion to excellence, commitment to the client, respect for the environment and passion for the development of new solutions.



Our History

The company has been developing innovative technological applications since 1963. The initial project by our founder, Engineer Carlos Kretz, has turned into one Argentina's leading businesses in the technology industry, as well as a remarkable exporter.

1981 was a landmark year in the company's history with the development of its first electronic weighing product. This would, in time, help the company strengthen its industrial profile.

In 1985, the first set of commercial scales was launched and, by 1996, the company had achieved a remarkable position in the market of electronic scales in Argentina. Our growth capacity and our skills to adapt ourselves to market demands have permitted us to maintain leadership in the industry. Today there are promising prospects for future expansion toward other segments of the technology sector.

In 2004 we opened our 13,650 sq. ft. state-of-the-art industrial plant

Carlos Kretz, Company Founder, in 1963.



Main building, industrial plant.

on a 13 acre parcel strategically located on the main access highway to Rosario. The plant has been designed to integrate harmoniously with the surrounding natural environment, creating an ideal working environment in accordance with KRETZ's commitment to social responsibility.

Our People

KRETZ believes that excellence can only be achieved through ongoing training and teamwork. To achieve this it is necessary to generate a harmonious working environment, a place where communication channels are always open and where creativity, cooperation and responsibility govern actions.

One of our core values is our commitment to the company and its people. All KRETZ employees know the role they play, and contribute their individual efforts to achieve the goals of the company. Our relationship with our customers is governed by the same attitude. We are committed



to helping them in their businesses through a courteous and friendly relationship, and the availability of 24-hour assistance.

*ISO 9001, ISO 14001, OHSAS
18001 standards certification.*

Our Commitment

Our commitment to product quality is reflected in our ISO 9001 certification; however, KRETZ's interest extends beyond this field. We are also concerned about the environment. This concern is reflected in the ISO 14001 certification for environmental management, as well as in the creation of a decent and harmonious work environment, through the OHSAS 18001 Occupational Safety and Health specification.

Our Design

KRETZ's design philosophy is based on the human understanding of technology and the enhancement of the quality of life. Thus, we strive

for inclusive and sustainable solutions through a search for synthesis, simplicity, harmony and structural rationality.

Our mission is to help our clients run and manage their businesses. To achieve this mission, our professionals in the R&D Department work to meet the requirements of our clients. Each of our products combines functionality, aesthetics, and innovation in order to exceed the expectations of our clients.

Products

KRETZ's constant search for innovation and functionality has allowed us to develop a wide variety of products and solutions for both retail and industry, including our supermarket, commercial, and industrial lines. All our design, manufacture, control and after-sale processes are ISO 9001 certified.

With more than 250,000 scales sold in South America and Central America, we are ready to launch our operations into other markets. Our objective is to have a strong technological platform and to have the company achieve the highest international standards; therefore, we have adopted the SAP/R3 management system. This Enterprise Resource Planning (ERP) software provides one of the most comprehensive, flexible and scalable solutions worldwide.

We have the infrastructure, the people, creativity and determination to continue leading the electronic weighing market and to extend to new sectors in the technology industry.

Our Markets

The company trades in the following countries:

- Argentina
- Brazil
- Chile
- Costa Rica
- Guatemala
- Mexico
- Panama
- Paraguay
- Peru
- Uruguay
- Venezuela

_KRETZ PRODUCT CATALOGUE

Supermarket Line

NOVEL DATA

The Novel Data Com price computing scale can store up to 1000 product look-up (PLU) memories. It meets the most usual needs, such as direct retail and pre-packaging operations.

It can be connected to KRETZ printers to generate tickets or barcode labels. Operation from a PC requires ABM-Quick Management software developed by KRETZ.

REPORT

The Report model is a price computing scale that features a robust thermal printer. Ideal for shops, with weighing and labeling requirements, its two versions, bench display and pole display, help to meet space limitation needs.

REPORT NET

The Report Net model is a label printer price computing scale specially designed for self-service shops, retail shops, supermarkets, hypermarkets and general retailing.

The Report Net technology features network management of up to 99 scales. Its interconnection requires no additional interfaces or network cards, since the necessary hardware is built-in. The network is managed through iTegra management software, purpose-developed by KRETZ. Depending on the model, the communication is established through RS 232/485 protocol, TCP/IP, or wirelessly, IEEE 802.11b. This gives great flexibility and adaptation to the technology required by the customer.

REPORT NX

The Report NX line is a new generation of KRETZ scales, meant to meet the needs of the most demanding markets for weighing, labeling and data management capabilities.



iTegra SOFTWARE

- Software developed by KRETZ, 100% Java language.
- Multi-platform (can be used with Windows and Linux, among others).
- KRETZ Multi-equipment. It allows data management of all the models in the KRETZ networkable equipment. (Example: Report, Report NX, "Advanced" weight digital display and Plura).
- Allows controlled access to the system (through Username and Password).
- Can be adapted to each shop's specific management software.

PLURA

The PLURA price verifier is designed to meet the demands of self-service and other retail shops for real-time product data verification.

Commercial Line | Price Computing Scale

NOVEL

This price computing scale with an elevated pole readout is ideal for bakeries, butcher shops, greengrocers, self-service shops, etc.

DELTA

This price computing scale has a bench display specially designed for various applications in bakeries, butcher shops, greengrocers and self-service shops. It is ideal for countertop use, easy to operate, highly accurate and it enhances business performance.

CENIT

This hanging price computing scale is ideal for shops with limited counter space and/or greengrocers, butcher or fishmonger shops.



Commercial Line | Weight Scale

SINGLE

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

ELITE

This model caters to the same client segment as the SINGLE model. Nevertheless, its versions and characteristic features were developed to meet each client's specific needs. The ELITE model can be connected to a PC or a cash register.

STYLO

This model has been designed for clients who wish to track incoming and outgoing goods by weight. It is ideal for ice-cream parlors, the food industry, hardware stores, postal offices, etc.

Fully manufactured in stainless steel, it features two versions: one with tower front and rear display and the other with a platform front and rear display.

It has features such as communication to computer, cash register, POS and printer, which make this scale the ideal product for points of sale in any business with checkout weighing requirements.

DIXIE

This model features a suspended scale well suited for shops with limited counter space and for street vending. It is widely used in retail shops. It is a heavy-duty scale with watertight electronic pieces (not easily damaged by an aggressive environment - e.g. fluids and dust). It also features shockproof and overloading protection.

COMET

The Comet model features technology that maximizes work performance, providing weight control and piece count functionalities. This versatile scale can be used in hardware stores and grocery shops and where incoming goods are to be controlled. Ideal for counter use.

PIVOT

The Pivot model is used in the same type of industry as the Comet model, as it also has incoming check-weighing and piece count functionalities; however, it features greater



weighing capacity as well as a tower display for the customer and a platform display for the operator. The tare function permits subtracting the container weight in the sample.

GALA

It is designed as a medical scale to check an individual's weight.

This scale is ideal for pharmacies, gymnasiums and hospitals, where precision and durability are essential. It features an easy-to-read adjustable-tilt display.

VET

Designed for veterinary shops, Vet is perfect for pet weighing. This scale features a large platform and a digital display to be mounted on a counter, the wall, or the place the customer requires.

Industrial Line | Weight Scales

DIXIE R

This scale has been designed to provide solutions for meat-processing plants. It is highly functional to meet hanging meat weighing needs.

- Two displays, one for the operator and one for the customer.
- Heavy-duty hook.
- Tare function.
- Zero and Tare indicators.

RIELERA (Rail-Mounted Scale)

This model is the ideal solution for industries with check-weighing needs during operation. Perfect for meat-processing industries, as weight decrease is determined in the quartering and freezing process. Ideal to weigh sides of beef. Designed to withstand aggressive environments.



5640 WEIGHT INDICATOR

- Ideal to implement electronic balances or conversion kits.
- Adjustable-tilt ABS housing.
- Its base is perfect for wall, table or tower mount.
- Zero, tare and print button and indicators.
- Programmable capacity and minimum readability.
- Serial port communication (RS232).

5660 WEIGHT INDICATOR

- Watertight stainless steel housing.
- Zero, tare and print buttons and indicators.
- Programmable capacity and readability.
- Shows number of weighings and accumulated total weight.
- Serial port communication (RS232).

"ADVANCED" PROGRAMMABLE WEIGHT INDICATOR

- 10-character alphanumeric display.
- 6-digit weight display.
- 5000 product look-up (PLU) memories.
- 99 operators.
- Serial port communication (RS232/ RS485) compatible with KRETZ scales.
- Output suitable for Mara and Koala printers.

MINI MASTER | MASTER

- Weight digital indicator with adjustable display angle mounted on an 80 cm. tower.
- Optionally, indicator can be ordered with wall or desk support.
- Zero, tare and print buttons.
- Zero, tare and movement indicators.
- Serial port communications (RS232), for KRETZ computer or printer connection.
- 520 x 440 mm (20.47 x 17.32 in.) stainless steel platform.
- Optional: Bag holder.



Printer Line

MARA

Alphanumeric thermal printer with barcode capabilities for scale connection.

MARA PC

Alphanumeric thermal printer with barcode capabilities for computer connection.

PANDA

Matrix printer for self-adhesive labels which connects to Novel and Novel Data scales.

KOALA

Alphanumeric matrix printer for continuous paper which connects to Novel, Novel Data and Cenit scales.



GLOBAL

- Adherence to the United Nations Global Compact.
- ISO 9001, ISO 14001, OHSAS 18001 standard certifications.
- SAP/R3 Management system.
- International accounting audit (HORWATH).



LATIN AMERICA

- 55% of Argentina's weighing exports.
- US \$33,000 per exported ton.
- 240% export growth in 4 years.



ARGENTINA

- 800 active clients.
- 45% market share.
- Product certification ratification by the National Bureau of Domestic Trade and the National Institute for Industrial Technology (INTI).
- National network of technical service providers.



SANTA FE

- 75% suppliers from the Province of Santa Fe.
- Participation in Rosario Strategic Planning.



INDUSTRIAL PLANT

- Situated on the Buenos Aires-Rosario motorway.
- 13 acre parcel with 92% forested area.
- 13,650 sq. ft. state-of-the-art energy efficient facility.
- Waste-recycling program.

Awards

KRETZ s.a. has received the following awards, which have encouraged us to seek future challenges:

- Honourable Mention to Competitiveness 2004, granted by "Fundación Mediterránea".
- "Smoke-Free Company" recognition, granted by Municipality of Rosario.
- "Santa Fe Exports 2007" award, granted by the Province of Santa Fe Administration.
- "Technological Company of the Year Indice 2007 Award".
- "Small and Medium-Sized Business of the Year Indice 2008 Award" (organized by PuntoBiz, a specialist magazine, and selected by Rosario Region businesses).
- Company selected to participate in the study of Corporate Social Responsibility and the promotion of Human Development, carried out by the United Nations Development Programme, 2008.

Industrial plant strategic location.



COMMITMENT

How do we understand CSR at KRETZ?

For KRETZ, Corporate Social Responsibility (CSR) is a concept that develops from people, organizations and businesses working together and resulting in a synergistic social model. This concept is best supplemented by proper economic and institutional regulations implemented by governments.

CSR gives the word 'company' a different meaning. The company is no longer considered an isolated player, but a player that networks in cooperation and competition, trust and social capital with all its stakeholders. Thus, the company may contribute to social change if it operates according to rationality, where the value of an action is not measured on the sole basis of its material outcome, but by its commitment to key principles such as social justice and human dignity.

At KRETZ we understand that CSR is a concept that can profoundly influence the development of society. The dilemma of development lies in having economic efficiency, social equity and environmental balance goals converge and complement each other in adequate strategies and policies; however, this is only possible if we include a fourth dimension, ethics. Development is only possible if our starting point is an ethical conception where competitiveness is valid only if achieved through social and environmental responsibility.

Therefore, CSR is a constituent of the company activity and not a side action. CSR is so integrated in the company operation that even our clients consider it an advantage when purchasing our products.

We understand this concept as clearly compatible with the principles of the Global Compact. CSR is strengthened by these principles and they guide our actions. KRETZ has long carried out actions addressed to enhance relationships with all our stakeholders: workforce members, clients, suppliers, shareholders, users, the community, its institutions and administrations. These actions have long constituted our Corporate Social Responsibility Policy. They originated in the company's own philosophy and have enriched the company's stakeholders.

CSR is a core value of the company philosophy:

The company is forty-five years old and has always focused on the search for technological solutions. In the past few years, KRETZ's key mission has been to help customers successfully run and manage their businesses. KRETZ works from a philosophy based on the consideration of customers and their clients as the main factor in decision-making. This management idea should ideally reach all company departments.

Our vision:

"Our vision is to be recognized internationally for our design of innovative technological solutions, supported by our people's excellence".

Our mission:

"Our mission is to help our customers run and manage their businesses".

Our values:

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

The company's foundation is based on two principles: integrity and leadership. These core values rule company 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.

- Involvement with the company and its people.
- Committing to the company's goals and objectives.
- 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.

This model applies to all the stakeholders: our workforce members and their families, our clients, suppliers, shareholders, and users, the community and its institutions and administrations.

These stakeholders constitute our sphere of influence. We influence the players directly linked to the company operations, the workplace, the supply chain and the market. Our influence then extends to our interaction with the community, its institutions and public policies.

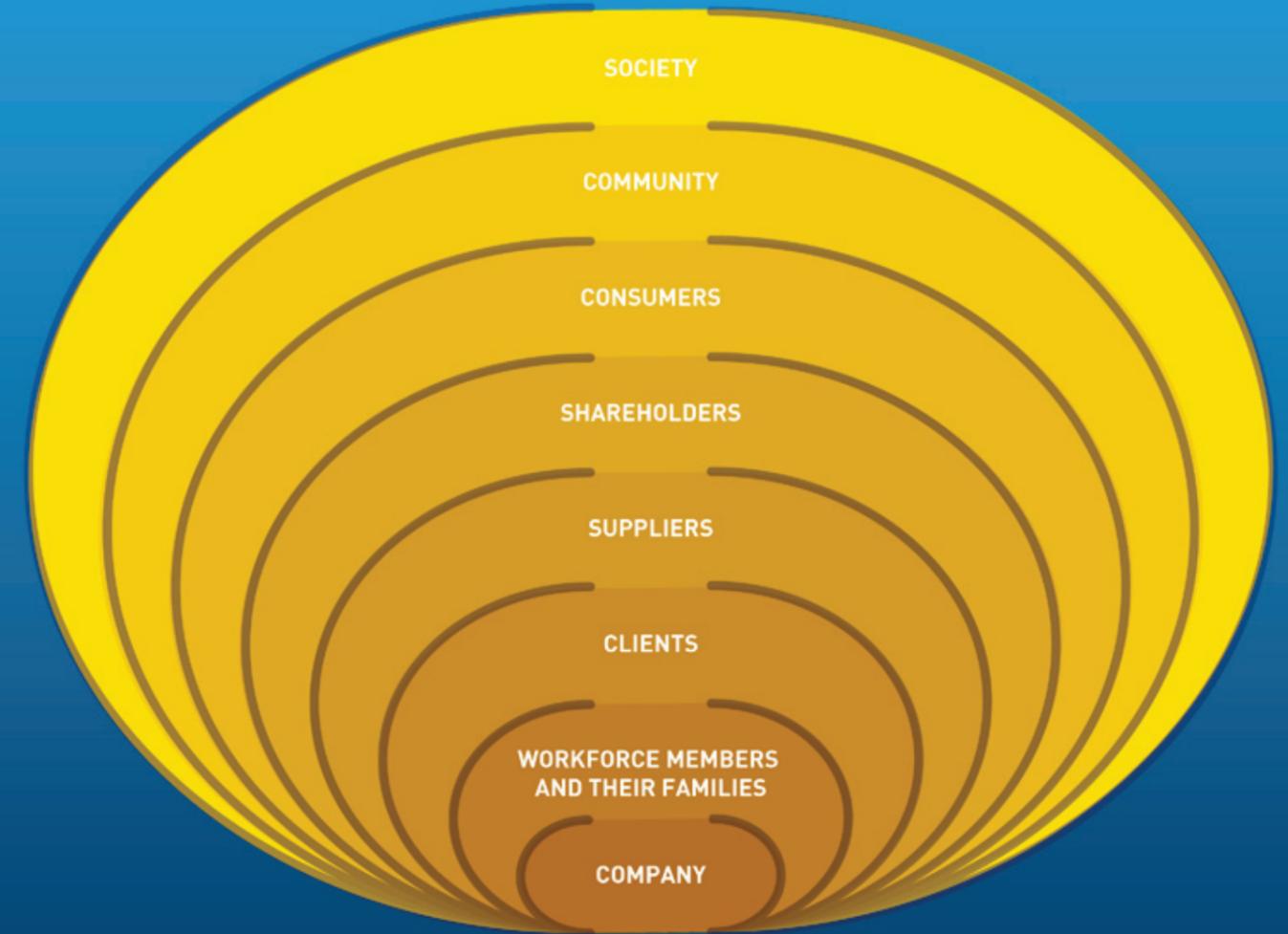
Commitment through our products

KRETZ's CSR culture is evident from the first stages of our product design to the experience of the user of the product. Our Design Philosophy establishes a concept that guides the research and development of all our new products and solutions.

Continuity of design, in that our products are instantly recognizable, inspires our new models. With characteristic features in every product line we seek to define a corporate image that communicates our company spirit.

Our Design Philosophy is focused on the individual as end user. The functionality and shape of our designs are the result of creation and experimentation leading to the best solutions for the individual and his/her needs.

These concepts are meaningful when the scope of commitment within our sphere of influence is defined. Thus, KRETZ developed an after-sales service that includes over 700 technical service representatives throughout the country, as well as in the countries where we export our products and solutions. Additionally, we have implemented a 24/7 technical assistance service to give timely installation and operation support.



KRETZ's sphere of influence.

One of KRETZ's 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 worker safety to guarantee the sustainability of the organization and its stakeholders.



_ SYSTEMS
KRETZ's CSR policy

KRETZ's CSR policy is based on three main concepts:

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

We believe that the combination of these three dimensions is the basis of our company responsibility: responsibility to the clients and consumers by providing quality products; responsibility to progress by adding value through constant innovation; and responsibility to stakeholders by performing our activity on the basis of values.

Therefore, our CSR policy's overall goals are:

- Strengthening dependable relations within the company and between the company and stakeholders.
- Encouraging actions which include a wide scope of social, institutional and environmental goals (supplementary to the company financial goals) as key components of a comprehensive company.
- Promoting education and innovation as key pillars to become an "Increased Knowledge" company.
- Contributing to society's cultural change, through the promotion of technological and organizational excellence.

The programs implemented

Our CSR policy is mainstreamed through eight programs, which include all the company areas. Each program consists of specific actions.

1. KRETZ Culture: this program seeks to consolidate values and improve the environment of reliability within the company. It aligns with principles 1, 2 and 10 of the Global Compact.
2. Decent Employment: this program seeks to promote working conditions within the company that create a decent and stimulating work environment, to promote access to information and freedom of association, to ensure professional development and employability, and to guarantee worker health and safety standards. It aligns with

		GLOBAL COMPACT PRINCIPLES									
KRETZ PROGRAMS		1	2	3	4	5	6	7	8	9	10
1	KRETZ CULTURE	Orange	Orange								Pink
2	DECENT EMPLOYMENT			Blue	Blue	Blue					
3	INTEGRATED MANAGEMENT SYSTEM				Blue	Blue		Green	Green	Green	Pink
4	INCREASED KNOWLEDGE	Orange								Green	
5	SUSTAINABLE COMPANY							Green	Green	Green	
6	VALUE CHAIN	Orange	Orange	Blue	Blue	Blue		Green	Green	Green	Pink
7	SERVICE EXCELLENCE	Orange	Orange	Blue	Blue	Blue		Green	Green	Green	Pink
8	COMPANY, STATE AND COMMUNITY	Orange	Orange	Blue	Blue	Blue		Green	Green	Green	Pink

principles 3, 4, 5 and 6 of the Global Compact.

3. Integrated Management System: this program seeks to create the necessary conditions for the ongoing enhancement of the productive, organizational, managerial and relational processes within the company. It aligns with principles 4 to 10 of the Global Compact.

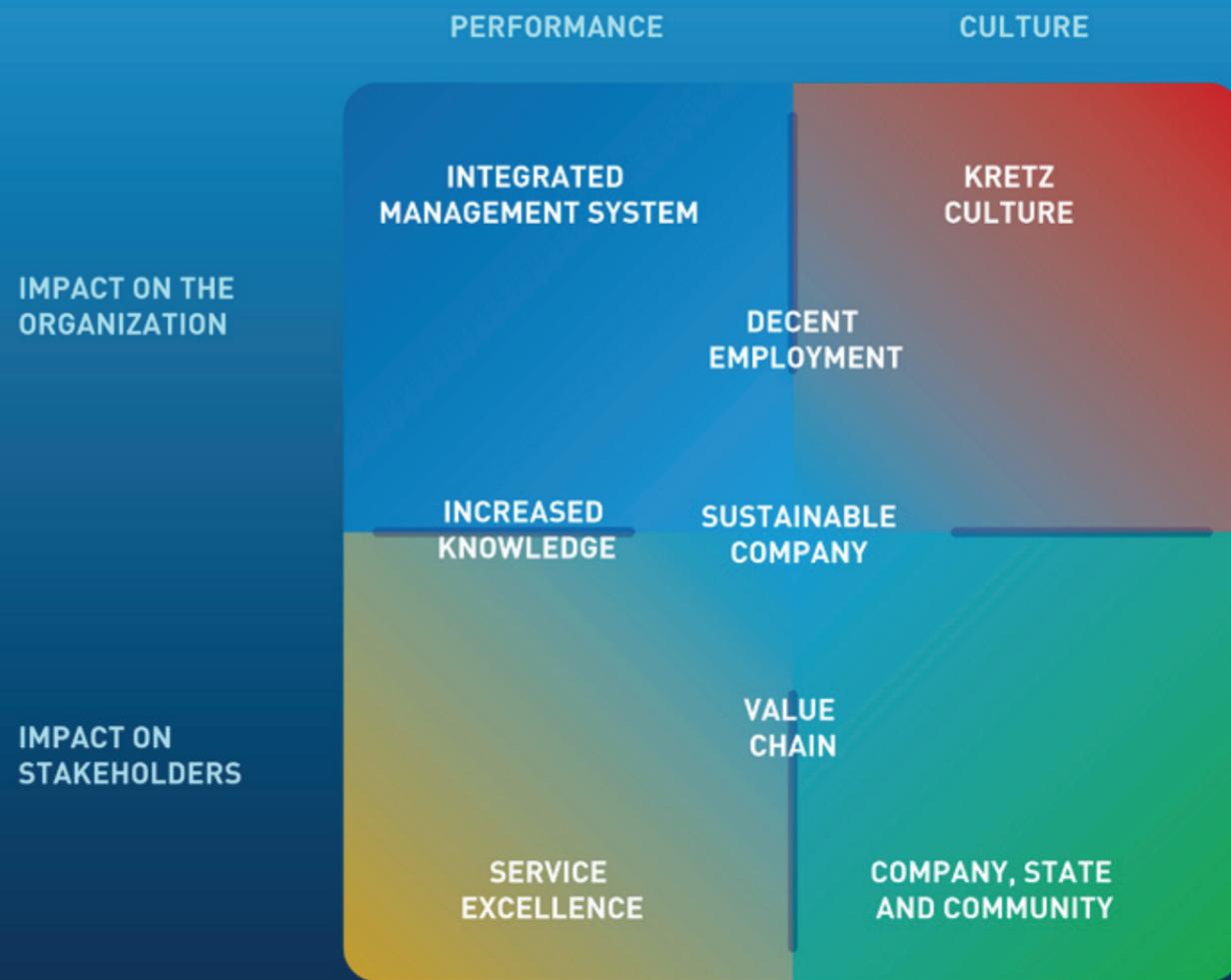
4. Increased Knowledge: this program seeks to consolidate the company according to knowledge and innovation as a competitive variable. It aligns with principles 1 and 9 of the Global Compact.

5. Sustainable Company: this program seeks to promote a culture of environmental responsibility, to raise education and environmental awareness, and to manage the impact of the products on the environment and the lifecycle through design modification. It aligns with principles 7, 8 and 9 of the Global Compact.

6. Value Chain: this program seeks to promote the values of Corporate Social Responsibility and the Global Compact principles in the company supply chain. It aligns with the 10 principles of the Global Compact.

7. Service Excellence: this program seeks to establish excellence criteria in client and consumer assistance. It aligns with the 10 principles of the Global Compact.

8. Company, State and Community: this program seeks to promote a good relationship with the surrounding community, to encourage voluntary work, action and social initiatives, and to build partnerships for development with institutions and governments. It aligns with the 10 principles of the Global Compact.



In order to link the commitments made and the programs implemented under the Global Compact principles, we have developed an impact matrix. Vertically, this matrix shows the impact of the programs on the organization and on stakeholders. Horizontally, it shows the impact on performance and culture.

This matrix reflects every CSR program, how each contributes to better performance within the company and between the company and its value chain, and how each contributes to the promotion of values and a new ethics concept in the community.

Impact Matrix.

ACTIVITIES

Description of the actions performed in the programs

In November 2007 KRETZ s.a endorsed the United Nations Global Compact, a voluntary network of organizations, agencies, unions and non-governmental organizations which embrace the 10 universal principles.

These principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development of the United Nations Environment Programme.

By endorsing the United Nations Global Compact, CSR at KRETZ is mainstreamed and structured according to the universal principles. The following charts illustrate the company's CSR programs, their link to the Global Compact principles, the stakeholders involved, the actions performed and the outcomes achieved.

The company's CSR policy was formulated in 2004. The following charts illustrate the actions performed since then. Part 3 of this report highlights the outcomes achieved, specifically in the fiscal year 2007-2008, for each Global Compact principle.



KRETZ CULTURE



Starting and ending date: Since 2004.

Stakeholders: shareholders, workforce members, families of workforce members, suppliers, clients, civil servants, yacht clubs, the company management, the local community, artists, sportspeople.

Actions and instruments:

- Preparation of KRETZ's Culture Handbook (2004).
- Adherence to the United Nations Global Compact (2007).
- Implementation of clear management mechanisms (SAP, 2006).
- Celebration of 3 annual Integration Days (Integration Day, Family Day and KRETZ's yacht race, since 2005).
- Implementation of the Social Balance (2008).
- Creation of a webpage to reflect KRETZ's CSR policy (2008).
- Appointment of a Board representative in CSR (2008).
- Creation of a workspace to channel the concerns of workforce members regarding CSR (2008).
- CSR internal training sessions (2008).
- Creation of a library for the workforce members (2008).
- Promotion of CSR awareness and disclosure of good practices meetings (since 2007).

Notes:

- The actions are agreed to with the workforce members.
- The Integration Days were the result of the initiative of the workforce members.
- The yacht races were the result of a sales representative's initiative from Mar del Plata.
- The program of meetings began in 2005 and is held three times yearly.



Main picture CSR training.

1. KRETZ's yacht race in Mar del Plata.

2., 3., 4. Family Day at the industrial plant.





DECENT EMPLOYMENT



Starting and ending date: Since 2004.

Stakeholders: shareholders, workforce members, suppliers and clients.

Actions and instruments:

- Hiring Occupational Health, Hygiene and Safety consultants.
- Generation of a friendly and safe physical environment (new industrial plant, 2004).
- Creation of leisure areas (football field, 2007).
- Ergonomic studies to enhance operational positions and development of standardized workspaces (since 2006).
- Lunch at the plant canteen, paid for by the company.
- Work garments and uniforms for workforce members.
- Transportation of workforce members, paid for by the company.
- Health care at the plant and annual vaccination campaigns for all workforce members (tetanus and flu vaccines).

Notes:

- Adaptation and replacement of equipment for the administrative, commercial and research areas.
- Purchase of ergonomic chairs.
- Replacement of electric and pneumatic tools with torque control and ergonomically correct tools.
- Aluminium profiles design and extrusion for assembly of the workspace.
- Installation of differential circuit breakers and thermal circuit breakers over the legally enforceable minimum number.
- Elimination of the balance beam and outsourcing of the processes it used to perform.
- Kaizen training in logistics for optimization of the plant layout.
- Design of a kaizen system for enhanced products and processes and labour conditions.
- Purchase of a defibrillator for first aid (cardiovascular resuscitation).



Main picture Operator at work.

1. Workforce members at lunch.



2. Calibration weights.

3. High levels of health, hygiene and safety standards.

4. Leisure room.





Main picture Inventory control at the warehouse.
Bottom. Administrative department.

INTEGRATED MANAGEMENT SYSTEM



Starting and ending date: Since 2004.

Stakeholders: Directors, workforce members, external consultants, regulation and control agencies, suppliers, clients.

Actions and instruments:

- Permanent inclusion of quality systems and programs.
- Implementation of quality standards.
- ISO 9001.
- ISO 14001.
- OHSAS 18001.
- IRAM (Argentine Standardization Body) Standards.
- INTI (Argentine Industrial Technological Institute).
- Implementation of SAP to optimize information management, transparency and availability (2005).
- Ongoing training of workforce members.

INTEGRATED MANAGEMENT SYSTEM – COMMITMENTS UNDERTAKEN:				
	Standard or legal instrument	Certification Authority	Subject	Detail
International	ISO 9001:2000	Bureau Veritas	Quality Management System	Grants national and international recognition through decreases in complaints and claims through standardization processes and continuous improvement.
	ISO 14001:2004	Bureau Veritas	Environmental Management System	Optimizes processes and identifies any potential environmental impact. Permits preventive decision-making and integrates workforce members in a common project of environmental care. Permits proper waste management.
	OHSAS 18001:1999	Bureau Veritas	Occupational Health and Safety Management System	Minimizes risk to workforce members, facilities and others. Gives greater compliance control with legal requirements.
	GLOBAL COMPACT	United Nations	Corporate Social Responsibility and the fight against corruption	Generates and discloses an ethic commitment and guarantees all stakeholders worldwide its legal compliance.
National	RN 92/98	IRAM	Electrical Safety by Trademark	Includes all the company products. Every product undergoes an electrical safety obligatory control and products can be sold provided they are approved.
	DN 788/03	INTI	Metrological product certification	All the weighing equipment must undergo a series of metrology tests stipulated by Argentinean Industry and Commerce Department of Metrologia Legal.



INCREASED KNOWLEDGE



Starting and ending date: Since 2005.

Stakeholders: Managers, workforce members, suppliers, universities.

Actions and instruments:

- Agreements with universities.
- Internal training (30% workforce members with university education and 60% with technical education).
- Implementation of Internships in accordance with Law 25165 and amendments.
- Higher number of employees from R&D and IT on the staff.
- Grants for the education of workforce members. (Postgraduate courses paid by the company at Universidad SIGLO CSRI and Universidad TORCUATO DI TELLA).
- Digitalization of all the calibration certificates.
- Development of the Device for Automatic Calibration and Metrology Control.
- Monitoring and traceability of measuring instruments.

Notes:

- 10% turnover invested in Technology (R&D and IT).
- USD 33,000 per exported ton.
- Internship Programs with U.N.R. and Universidad Austral.
- 3490 training hours to 120 individuals in 4 years (workforce members and third parties).



Main picture Intern in R&D.

1., 3. Internal training.

2. Kretz's Board.

4. Agreement with Universidad Nacional de Rosario (U.N.R).



SUSTAINABLE COMPANY



Starting and ending date: Since 2004.

Stakeholders: Directors, workforce members, families, suppliers, clients, government.

Actions and instruments:

- Parcel afforestation (620 trees and 42 different species).
- Waste recycling (classification and recycling of aluminium, stainless steel, carbon steel, copper, plastic, paper and cardboard).
- Battery recycling.
- Energy saving (20% decrease in power consumption).
- Steps to control paper consumption.
- New concept for product design.
- Smoke-free company.



Main picture:
Afforestation in the industrial plant parcel.

1. Waste classification.

2. Afforestation.

3. Product design.



VALUE CHAIN



Starting and ending date: Since 2007.

Stakeholders: shareholders, workforce members, suppliers, clients, directors.

Actions and instruments:

- Training sessions for stakeholders.
- Preparation of a contractor's handbook and regulations for visitors.
- Client satisfaction surveys.
- Client loyalty campaigns.
- Internal, external and supplier audits.
- Disclosure of the Global Compact Principles to stakeholders.



*Main picture:
Workforce members
familiarized with
the Global Compact
Principles.*

*1. Processing of
satisfaction surveys.*

2. Internal audit.

*3. Training session for
technicians.*



SERVICE EXCELLENCE  **SE**

Starting and ending date: Since 2007.

Initiators and responsible people: Managers and workforce members.

Stakeholders: Workforce members, clients, consumers, suppliers.

Actions and instruments:

- Creation of a Technical Service Network country-wide.
- 24-hour telephone technical assistance.
- Presence in exhibitions and fairs in Argentina and abroad.
- OpenKretz.

Notes:

- 50% decrease in delivery time for guarantee repairs in 4 years.
- July 2007: Client satisfaction average weighted index: 8.3 out of 10.
- Source: CUSTOMETRIC S.A. Market research.
- Training session in the province of Tucumán for 120 distributors.



*Main picture:
Operators interacting
with clients.*

1. Distribution fleet.

2. Delivery area.

*3. Technical service
operation control.*

COMPANY, STATE AND COMMUNITY



Starting and ending date: Since 2004.

Stakeholders: shareholders, workforce members, suppliers, clients, institutions, government, community.

Actions and instruments:

- Promotion among stakeholders of legal and tax obligations.
- Implementation of a system of periodic donations.
- Clothing collection and donation for a rural school in Colonia Tatacuá, province of Corrientes (2008).
- Toy collection and donation for the town of Pueblo Esther (2008).
- Participation in public-private initiatives.
- Participation in Rosario Strategic Planning (2008).
- Fundación de la Ciudad de Rosario (The City of Rosario Foundation) (since 2007).
- Foro de Competitividad (Competitiveness Forum) (2008).
- MoveRSE (Move in CSR) (KRETZ is an active member of MoveRSE).
- Caravana de la Producción in Rosario (The City of Rosario Production Parade) (since 2004).



Main picture: the mayor of Rosario, Miguel Lifschitz, visits the industrial plant.

1. Talk by Cachito Vigil (former coach of "Las Leonas", Argentine female hockey team).

2. Talk by Marcelo Loffreda (former coach of "Los Pumas", Argentine male rugby team).



3. Students from the College of Engineering of U.N.R. visit our plant.

4. Production Parade in Rosario.

Partnerships for Development

As part of the company's commitment to CSR policy, KRETZ embraces and participates in a number of partnerships to support broader development goals, shaped by the United Nations.

These actions are framed in three types of policies:

1. The development of leaders who embrace and promote Corporate Social Responsibility and the Global Compact principles. In furtherance of this objective, KRETZ is one of the founding businesses of MoveRSE (www.moveerse.org).

MoveRSE is a not-for-profit organization composed of business people, executives, and businesses of any size and industry. Members share a common interest in developing their businesses in an inclusive manner within the framework of Corporate Social Responsibility. MoveRSE is the Rosario branch of the CSR National Network and interacts with key international institutions and organizations, offering its members access to an essential network of reliability and continuous improvement. By participating, the members themselves make this network meaningful.

MoveRSE objectives are:

- Embracing and implementing the concept of a socially responsible culture.
- Adopting corporate policies and practices to address long-term sustainability criteria.
- Generating upright leadership and encouraging mutual reliability.
- Linking with all stakeholders in an ethical and clear manner.
- Analyzing the impact of its activities in the local community and aligning activities towards the public interest.

2. Social and philanthropic investment actions: KRETZ periodically organizes this type of activity. In the past year KRETZ has donated scales to the Lihue Quimlu school in Sanchez (province of Buenos Aires), has collected clothing from the workforce members, managers, suppliers and clients to donate to a school in Colonia Tatacuá (province of Corrientes), and has collected and distributed toys to celebrate Children's Day in the town of Pueblo Esther (province of Santa Fe).

3. Institutional partnerships to promote corporate initiatives, support economic growth, and implement social, environmental and/or ethical standards.

KRETZ is an active participant in the Rosario region of public and private initiatives addressed to create and/or consolidate public-private partnerships for regional development. These include Rosario Strategic Planning, the City of Rosario Foundation, and the Competitiveness Forum. Rosario Strategic Planning, coordinated by the Municipality of Rosario, brings together institutions, businesses, and social organizations to discuss and advance projects for the strategic development of the region. The City of Rosario Foundation seeks to strengthen Rosario's identity features and boost its development. The Competitiveness Forum, a local government initiative, addresses the aspects of territorial competitiveness with a constellation of local businesses.





Chart of Global Compact Principles, GRI indicators and their corresponding outcomes

References:

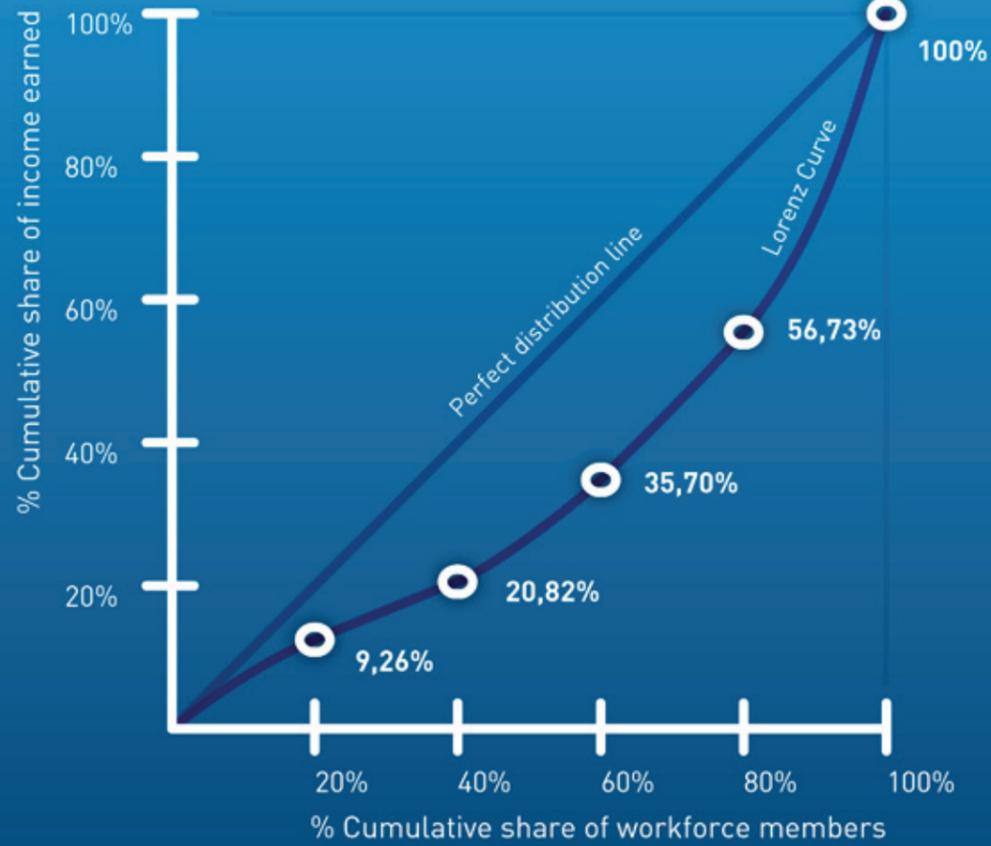
- EC: economic aspects.
- EN: environment.
- LA: labour practices.
- HR: human rights.
- SO: society.
- PR: responsibility over products.

ÁREAS	GC PRINCIPLES	APPROPRIATE GRI INDICATORS	KRETZ INTERNAL INDICATOR	JULY 2007	JULY 2008	DEGREE OF INTERNAL ACCEPTANCE
HUMAN RIGHTS	PRINCIPLE 1 – Businesses should support and respect the protection of internationally proclaimed human rights.	EC5- Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Range and average of ratios of wages for direct employees. (1: Collective bargaining agreement, <1: higher at KRETZ, >1: Higher in the collective bargaining agreement)	n/a	Average: 1,11 Lowest: 1,00 Highest: 1,39	😊
		LA4- Percentage of employees covered by collective bargaining agreements.	Percentage of employees covered by collective bargaining agreements.	48,89%	48,89%	😊
		LA6- Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	n/a	12,30%	😞
		LA7- Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Lost days	124	10	😊
			Minor accidents	7	3	
			Major accidents	1	0	
		LA8- Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Work garments and uniforms	n/a	\$62.000	😊
			Transportation for the workforce members	\$198.949	\$381.000	
			Implementation of ergonomic elements	s/d	\$87.800	
			Food for the workforce members	n/a	\$160.000	
		LA9- Health and safety topics covered in formal agreements with trade unions.	Health care at the plant	n/a	\$12.000	😊
			Vaccination campaign	n/a	\$2.224	
		HR2- Percentage of significant suppliers and contractors that have undergone screening regarding human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊
		HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊
		HR4- Total number of incidents of discrimination and actions taken.	Total number of incidents of discrimination and actions taken.	0	0	😐

HR9- Total number of incidents of violations involving rights of indigenous people and actions taken.	Total number of incidents of violations involving rights of indigenous people and actions taken.	0	0	😊	
SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😊	
PR2- Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	0	0	😊	
PR4 - Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome.	0	0	😊	
PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Client satisfaction average weighted index	n/a	8.3 sobre 10	😊	
	Market research investment	n/a	\$40.000		
	Decrease in delivery time	n/a	50% decrease		
PR7 - Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcome.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	0	0	😊	
PR8- Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	n/a	0	😊	
PR9 - Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	n/a	\$0	😊	
PRINCIPLE 2 – Businesses should make sure they are not complicit in human rights abuses.	HR2- Percentage of significant suppliers and contractors that have undergone screening regarding human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊
	HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊
	HR4- Total number of incidents of discrimination and actions taken.	Total number of incidents of discrimination and actions taken.	0	0	😊
	HR9- Total number of incidents of violations involving rights of indigenous people and actions taken.	Total number of incidents of violations involving rights of indigenous people and actions taken.	0	0	😊
	SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐

The following chart shows income distribution in the company. Line X represents the cumulative share of workforce members, divided into five segments. Line Y represents the cumulative share of income earned. Thus, 20% of the workforce members earn 9.26% of the income, 40% of the workforce members earn 20.82% of the income, and so on. This reflects an acceptable curve of income distribution in the company.

GINI Index



AREAS	GC PRINCIPLES	APPROPRIATE GRI INDICATORS	KRETZ INTERNAL INDICATOR	JULY 2007	JULY 2008	DEGREE OF INTERNAL ACCEPTANCE	
LABOUR	PRINCIPLE 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA1-Total workforce by employment type, employment contract, and region.	Total workforce	90	90	😊	
			By employment type, employment contract	C.b.agreement	50		45
				Out of c.b. agreement	40		45
		and region.	Rosario / Pueblo Esther	85	84		
			Rest of Argentina	5	6		
	LA4- Percentage of employees covered by collective bargaining agreements.	Percentage of employees covered by collective bargaining agreements	48,89%	48,89%	😊		
	LA5- Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	n/a	2 months	😐		
	HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊		

PRINCIPLE 4 – Businesses should uphold the elimination of all forms of forced and compulsory labour	HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊	
	SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations.	13	13	😐	
	LA10 -Average hours of training per year per employee by employee category.	Average hours of training per year	7,26	15	😊	
	HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊	
	HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊	
PRINCIPLE 5 – Businesses should uphold the effective abolition of child labour.	SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐	
	HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊	
	HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊	
	SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐	
	EC6 - Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Percentage of locally-based suppliers compared to internationally-based suppliers	n/a	74,61%	😊	
PRINCIPLE 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	LA2- Total number and rate of employee turnover by age group, gender, and region.	Rate of employee turnover	0,48	0,48	😊	
	LA13- Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Percentage of women per position	Management	n/a	50,00%	😐
			Administration and Finance	n/a	33,33%	
			Trade	n/a	15,38%	
			Purchases	n/a	20,00%	
			Quality	n/a	0,00%	
			Manufacture	n/a	13,79%	
			Service	n/a	0,00%	
			R&D	n/a	0,00%	
			IT	n/a	50,00%	
			Maintenance	n/a	0,00%	
	LA14- Ratio of basic salary of men to women by employee category.	Ratio of salary of men to women	Management	n/a	1,22	😐
	Administration and Finance		n/a	1,70		
Trade	n/a		2,28			
Purchases	n/a		1,24			
Quality	n/a		N/A			
Manufacture	n/a		1,20			
Service	n/a		s/d			
R&D	n/a	s/d				

			IT	n/a	0,82	
			Maintenance	n/a	s/d	
		HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	37 visits 7 audits	😊
		HR3- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	CSR training	-	140 hours	😊
		HR4- Total number of incidents of discrimination and actions taken.	Total number of incidents of discrimination and actions taken.	0	0	😊
		SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐

AREAS	GC PRINCIPLES	APPROPRIATE GRI INDICATORS	KRETZ INTERNAL INDICATOR	JULY 2007	JULY 2008	DEGREE OF INTERNAL ACCEPTANCE	
Environment	PRINCIPLE 7 – Businesses should support a precautionary approach to environmental challenges.	EN30- Total environmental protection expenditures and investments by type	Green spaces	-	\$5,400,00	😊	
			Waste classification and recycling	-	\$1,030,00		
			Urban solid waste collection	-	\$479,16		
			Destruction of hazardous waste	-	\$266,67		
			Chemical and bacteriological analysis of water	-	\$13,75		
			Pathogenic waste sterilization	-	\$33,33		
		SO5-Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐	
		PRINCIPLE 8 – Businesses should undertake initiatives to promote greater environmental responsibility.	EN1- Materials used by weight or volume.	Aluminium (Kg)	n/a	40.011,40	😊
				Cardboard (Kg)	n/a	37.745,20	
				Plastic (Kg)	n/a	42.000,00	
	Electronics (Equip. Units)			n/a	6.502.472,00		
	EN2- Percentage of materials used that are recycled input materials.		Cardboard	n/a	700,00	😊	
			Plastic	n/a	62,00		
			Metals	n/a	258,00		
	EN3- Direct energy consumption by primary energy source.		Direct energy consumption by primary energy source	n/a	2.200 Kw annually	😐	
	EN5- Energy saved due to conservation and efficiency improvements		Electric power	n/a	20% decrease	😊	
	EN8- Total water withdrawal by source.		Total water withdrawal by network.	n/a	900m3/year	😐	
	EN14- Strategies, current actions, and future plans for managing impacts on biodiversity.	Percentage of afforestation	n/a	92% afforested	😊		
	EN22- Total weight of waste by type and disposal method.	Urban solid waste (annual kg.)	7500 Kg	7500 Kg	😊		
	EN28- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	\$0	\$0	😊		
EN30- Total environmental protection expenditures and investments by type.	Green spaces	-	\$5,400,00	😊			
	Waste classification and recycling	-	\$1,030,00				
	Urban solid waste collection	-	\$479,16				
	Destruction of hazardous waste	-	\$266,67				
	Chemical and bacteriological analysis of water	-	\$13,75				

	PRINCIPLE 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.	SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐
		RP4- Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. Information requirements.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	0	0	😊
		EN2- Percentage of materials used that are recycled input materials.	Cardboard	n/a	700,00	😊
			Plastic	n/a	62,00	
			Metals	n/a	258,00	
		EN5- Energy saved due to conservation and efficiency improvements.	Electric power	n/a	20% decrease	😊
		EN30- Total environmental protection expenditures and investments by type.	Green spaces	-	\$5,400,00	😊
			Waste classification and recycling	-	\$1,030,00	
			Urban solid waste collection	-	\$479,16	
			Destruction of hazardous waste	-	\$266,67	
Chemical and bacteriological analysis of water	-		\$13,75			
SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😐		

AREAS	GC PRINCIPLES	APPROPRIATE GRI INDICATORS	KRETZ INTERNAL INDICATOR	JULY 2007	JULY 2008	DEGREE OF INTERNAL ACCEPTANCE
ANTI-CORRUPTION	PRINCIPIO 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	SO2- Percentage and total number of business units analyzed for risks related to corruption.		n/a	n/a	😐
		SO3- - Percentage of employees trained in organization's anti-corruption policies and procedures.		n/a	n/a	😐
		SO4- Actions taken in response to incidents of corruption.		n/a	0	😊
		SO5- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😊
		SO6- Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	n/a	\$0	😊
		SO7 - Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Legal actions identified for anti-competitive behavior, anti-trust, and monopoly practices.	n/a	\$0	😊
		SO8 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Late Filing of Tax Affidavits	n/a	\$800,00	😐

Note:

Indicator SO5 shows participation in 13 employers' organizations, as detailed below:

1. Chamber of Manufacturers of Weighing and Measuring Instruments (CAFIPEM).
2. Chamber of Foreign Trade of Rosario.
3. Chamber of Exporters of Rosario.
4. Argentine – Venezuelan Chamber of International Trade.
5. Industry and Commerce Federation of Rosario.
6. Rosario Stock Exchange.
7. Institute for Business Development of Argentina.
8. 'Mediterránea' Foundation.
9. Argentine Renewable Energies Chamber.
10. Rosario-Italian Chamber.
11. Argentine-Mexican Chamber of Commerce.
12. Argentine-Spanish Chamber of Rosario.
13. Argentine-Chilean Chamber of the Littoral Region.

_ INDEPENDENT ASSURANCE REPORT

To KRETZ s.a.
Ruta Nac. N°9, km 276
Pueblo Esther, Santa Fe, Argentina



We have been engaged to provide assurance on the Corporate Social Responsibility ("CSR") Fiscal 2007-2008 Annual Report (the "Report") of KRETZ s.a.

We have performed evidence-gathering procedures on the following subject matters:

- Key Performance Indicators for the fiscal year.
- Information and data provided in each area of focus of the Report (CSR).
- Information of the company's Integrated Management System.

The Board of Directors of KRETZ s.a. is responsible for both the subject matter and the evaluation criteria.

Our responsibility is to report on the internal reporting processes, information and data for CSR based on our evidence-gathering procedures. Currently there are no statutory requirements or generally accepted verification standards in Argentina that relate to the preparation, presentation, and verification of CSR reports, applicable to KRETZ s.a.

There are international standards for the CSR reports that were approved by the International Auditing and Assurances Standards Board (IAASB) in January 2005. While we have used the IAASB approved standards as a guideline, we have not performed an audit in accordance with such standards. Accordingly, we do not express such an opinion.

Our evidence-gathering procedures included, among other activities, the following:

- Testing the effectiveness of the alignment with the basic contents used to produce the Global Reporting Initiative (GRI) version 3.0 sustainability report.
- Performing specific procedures, on a sample basis, to validate the information gathering and compiling process of each area of focus in the CSR Report.
- Reviewing relevant documentation, including corporate policies, company structure and Social Responsibility programmes.
- Interviewing company workforce members.

In our opinion, based on our work described in this report, the CSR information contained in the Report gives a fair representation of CSR performance and activities of KRETZ s.a. for

the fiscal year 2007-2008. Statements, assertions and data disclosed in the CSR Report are reasonably supported by documentation, internal processes and activities, and information provided by stakeholders.

Engineer Daniel Cabrera
Partner
H.L. Consulting S.A.
Correspondent of Horwath Argentina
Rosario, December 16th, 2008

Engineer Luis Piacenza
Manager
H. L. Consulting S.A.
Correspondent of Horwath Argentina
Rosario, December 16th, 2008

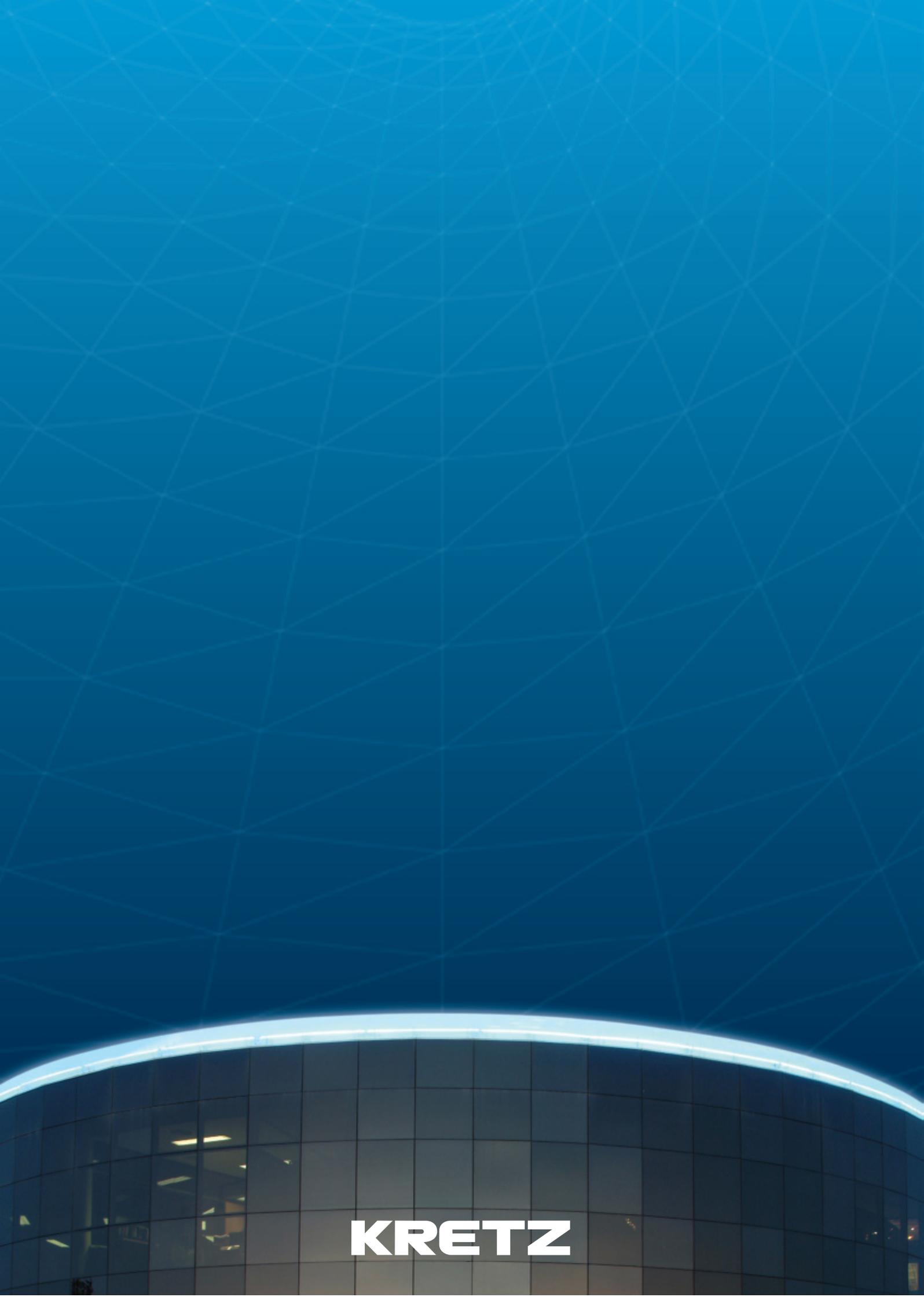
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KRETZ