

# CORPORATE SOCIAL RESPONSIBILITY REPORT

\_COMMUNICATION ON PROGRESS



2008-2009 FISCAL YEAR

**KRETZ**

## \_SCOPE

This report corresponds to the fiscal year between August 1, 2008 and July 31, 2009.

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 2008-2009 fiscal year, presented through Global Reporting Initiative (GRI) indicators and their relation with the Global Compact Principles.

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

## PRESIDENT'S LETTER

At this time we submit KRETZ's second Communication on Progress to the United Nations Global Compact. This report encompasses the economic period ending July 31, 2009 and advances our social balance criteria which allow us to systematically evaluate our activity in terms of transparency, social, environmental and working parameters.

During this period we have worked to connect our Corporate Social Responsibility (CSR) policy with the Global Compact principles. This effort has greatly contributed to an alignment of company policies with improved company objectives in internal communications, as well as with institutional and community relationships.

In our first Communication on Progress report we indicated that a great effort had been made to institutionalize the CSR policy into the company, which improved working conditions and environment. In order to achieve this, we created a CSR Committee made up of a representative from each of the company's operating areas so that our employees, suppliers and priority customers would have opportunities to integrate and participate.

This continues as a central milestone in our company's policy. Company achievements include a new integration day, family day, a solidarity day and various volunteer campaigns. We have also continued with KRETZ's permanent CSR training activities and with the United Nations Development Program courses from the Argentine office. In addition, we have organized a recreational room so all on-site employees have the opportunity to relax during their work day.

In this, our second report, we highlight how our CSR policy complements our growing commitment to the neighboring community. Our strategic priority focuses on the growth of educational opportunities and activities. We have therefore initiated three projects:

- 1- A mutual cooperation agreement signed with Rosario's National University.
- 2- An agreement with The Technical Education School Number 485 "Vicecomodoro Marambio" in Villa Gobernador Galvez.
- 3- The creation of a job development house in Pueblo Esther.

Through these projects KRETZ continues to display its commitment to the furtherance of education at all levels in the community.

Another key point in our second report is the creation of a strategic plan for the years 2009-2014. This plan is based on the philosophy of closely binding company activities to



KRETZ'S values of integrity and commitment to product quality, to worker development, to the preservation of the environment and to full compliance and cooperation with the institutions of our community.

We look forward to continued collaboration with The United Nations Program for Argentine Development that has honored KRETZ as one of the companies selected in Argentina to prepare a report on Human Development and Innovation.

Our second Progress Report submitted to the United Nations expresses our permanent working commitment to the fulfillment of the values transmitted in the Global Compact.

I would like to thank, on behalf of all at KRETZ, the people and organizations that have helped us establish the principles embodied in the United Nations Global Compact.



**Daniel Kretz**  
President  
KRETZ



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**\_COMPANY PROFILE**

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

Our forty-six 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.

*Carlos Kretz, Company Founder, in 1963.*



*Main building, industrial plant.*

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

#### 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.

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

#### 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
- Costa Rica
- Panama
- Uruguay
- Brasil
- Guatemala
- Paraguay
- Venezuela
- Chile
- Mexico
- Peru

## \_ 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.

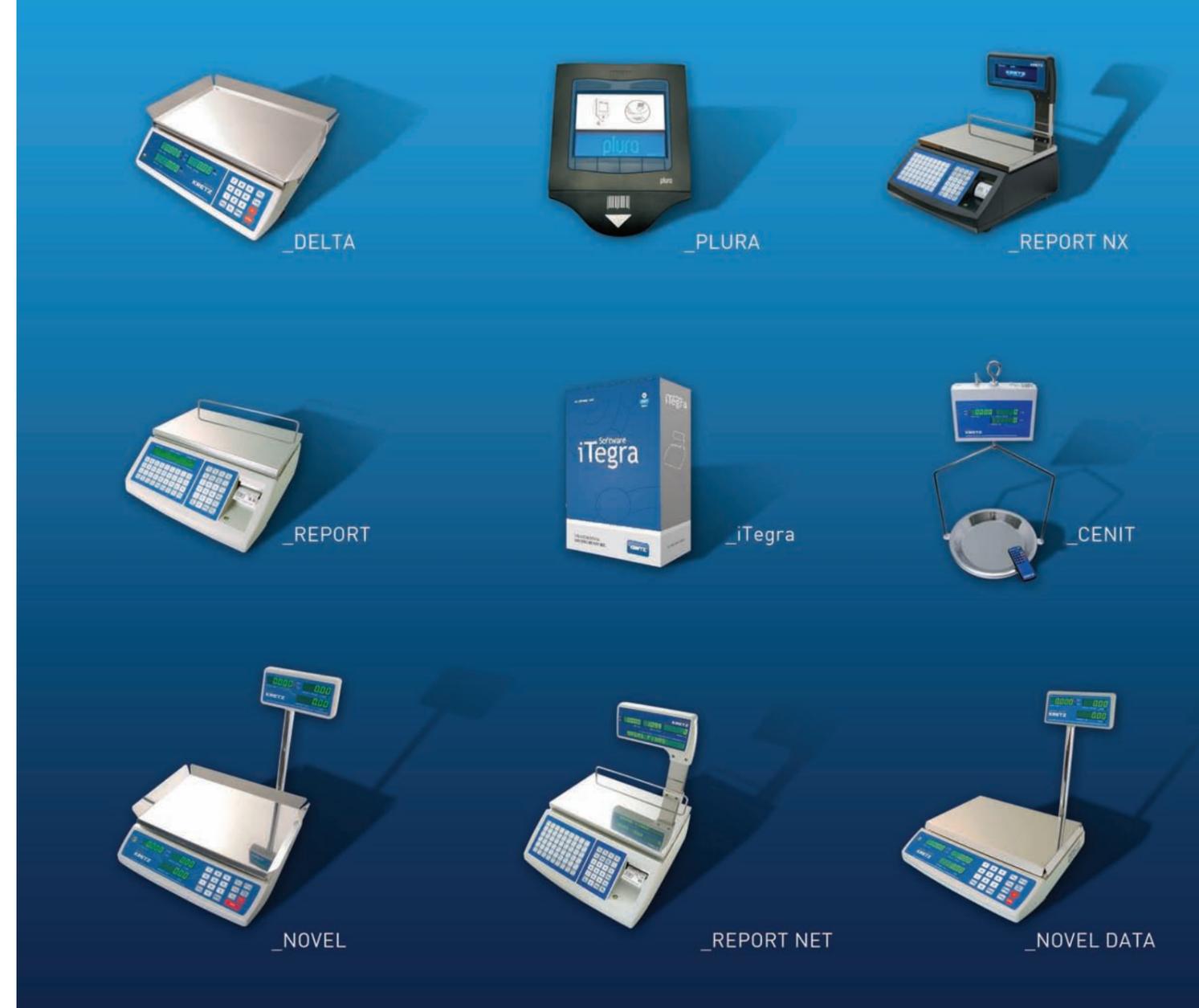
#### REPORT NET

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.

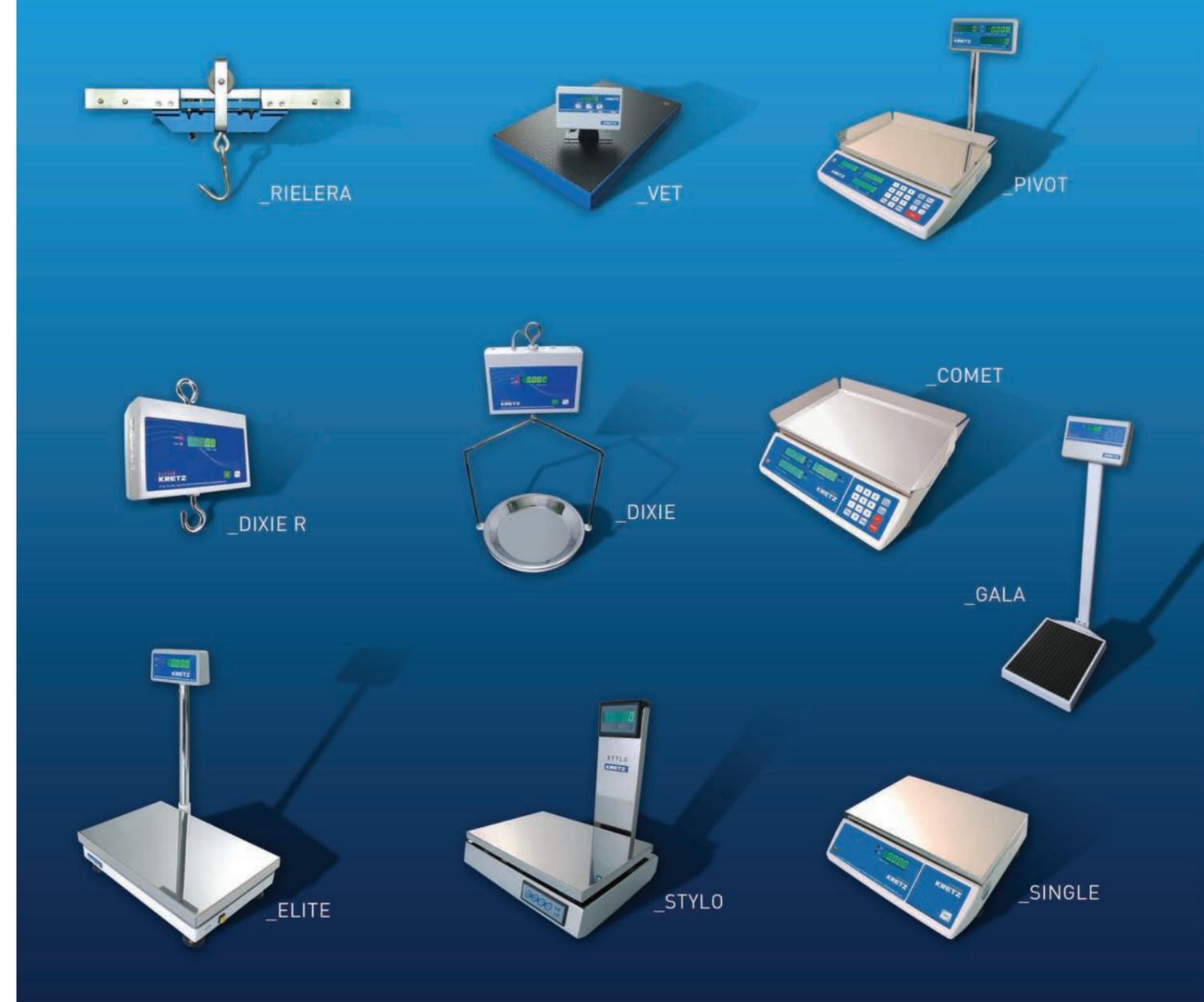
It has features such as communication to computer, cash register, POS and printer, which make this scale the ideal product for points of sale in any business with checkout weighing requirements.

*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 water-tight 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**

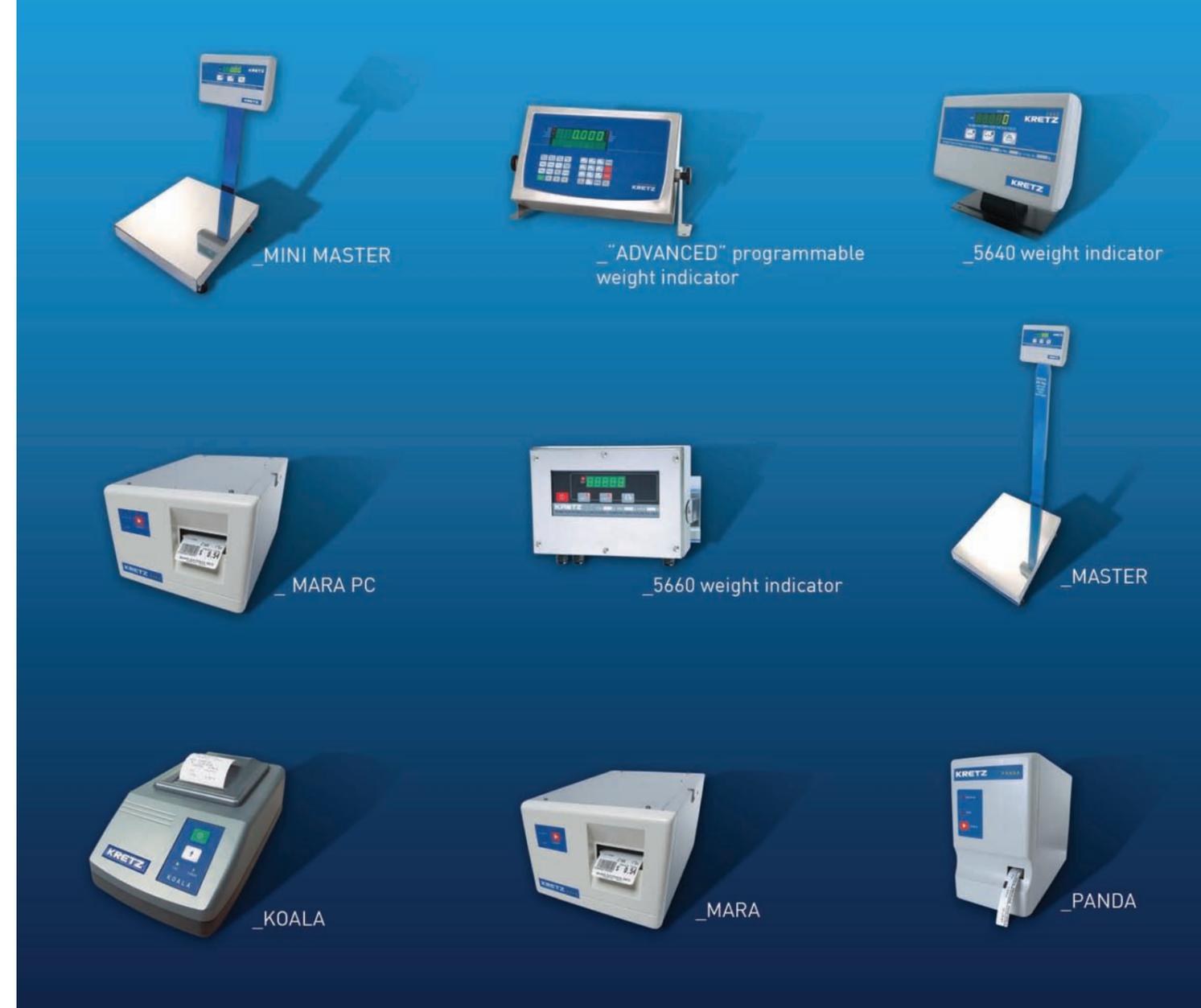
- Watertight stainless steel housing
- Zero, tare and print buttons and indicators
- Programmable capacity and readability
- Shows number of weighings and accumulated total weight
- Serial port communication (RS232)

**"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**

- Impresor matricial Alfanumérico de papel continuo para conectar a balanzas Novel, Novel Data y Cenit.



### 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 and 2009.

Industrial plant strategic location.



## **\_KRETZ Commitment**

### Our concept of a responsible company

In our first COP, presented last year, we expressed that KRETZ understands Corporate Social Responsibility is part of a new concept regarding business and society.

This means a company functions, not as an isolated player in the business world, but as a part of a competitive, cooperative, social network that includes the public interest in corporate decisions. Utilizing the concepts of CSR, a company can become an agent of social change. Such a company will base its policies on the rationale that the value of corporate actions cannot be exclusively measured according to material results, but must also be measured by its adherence to the fundamental principles of social justice and human dignity.

At KRETZ we understand that CSR is a response to a different concept of societal development. The development dilemma involves bringing economic efficiency, social equity and environmental objectives into a complementary balance that is reflected in corporate policies and strategies. This is possible only if a fourth dimension is incorporated, ethics. Therefore, development cannot be true without the ethical concept that competitiveness is valid only if conceived on the basis of social and environmental responsibility.

CSR, therefore, is viewed as the basis for the company's activities and not as a collateral action. It is so integrated into the function and system of the company that even the client sees it as a differentiating factor upon the acquisition of a company product.

We understand this concept is clearly compatible with the Global Compact principles. Even more so, it grows from them and it orients our actions. In this way, KRETZ has for years carried out a number of actions oriented to perfecting its relationship with all interested parties including employees, clients, suppliers, collaborators, consumers and the community, where it interacts with its institutions and governments. These actions have shaped the Company Social Responsibility Policy which springs from the KRETZ philosophy and guides each of its actions.

In our second COP presentation, we not only reassert this policy but also delve more deeply into the concept and the Company's practice to adjust for regional, national and global change.

### Reinterpreting the CSR in light of changing times

Last year the world entered an economic and financial crisis that, when combined with other components, including diminishing energy, limited natural resources, and infringements on human rights, changed the era. The financial upheaval was driven by the collapse of many prominent business structures and was based on an uncontrolled number of financial operations. In the field of energy, the growing problems of wasteful production and non-renewable resources and high pollution became of ever greater concerns. The combination of these factors impacted public policies, social behaviors and business practices.

The United Nations warned that Earth, with its limited natural resources, will soon be unable to meet consumption levels. Nobel Laureate Amartya Sen stated that human development requires the expansion of freedoms and opportunities for all people. Unfortunately, one out of three of earth's inhabitants exists far from that possibility. Any solution must involve trust and should include implementation of the principles of Corporate Social Responsibility. In the short term, economic growth patterns may be deemed at risk; however, in the long term the sustainability of the development model should be the determining factor.

Within this framework we must consider that a company's principal responsibility is to fulfill its role efficiently. A company is a social component charged with generating value, creating employment opportunities, innovation, and helping the economic network become competitive. CSR programs are effective if they increase a company's competitive capacity, and improve its relationships between the business and its social, governmental, educational and environmental networks.

An example of this at KRETZ is the fact that we have increased our competitive capacity as demonstrated by the added value of our exports and further committed to our relationship networks in the neighboring community.

A second responsibility of a company is transparency and openness. Social capital construction does not exist without these components. A company must instill confidence inwardly and also outwardly with all its web relationships in society. Thus KRETZ progress reports include a social balance component, mak-



ing the company's actions transparent in terms of its generation of not just economic, but also social, environmental and institutional assets.

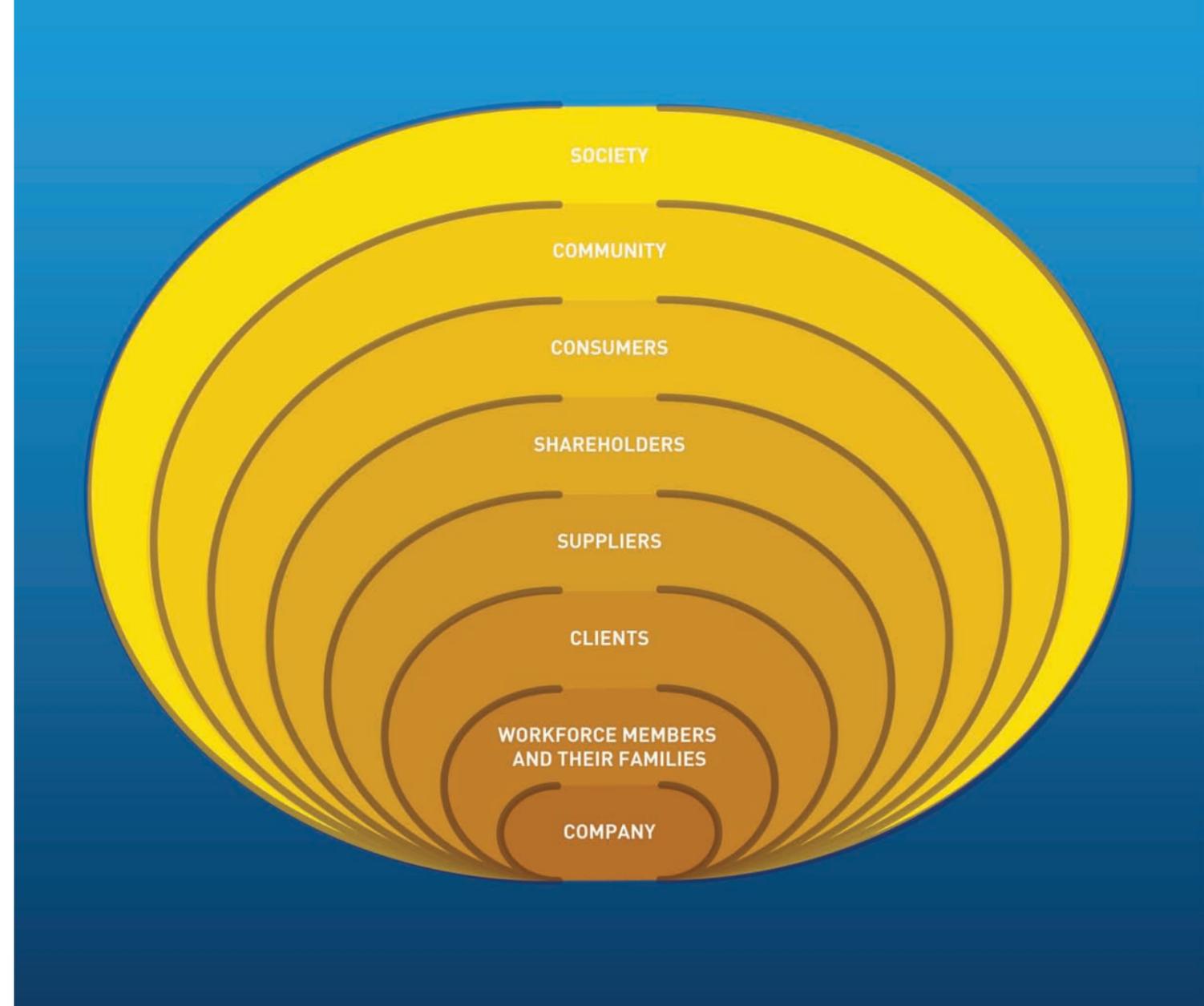
A third responsibility of a company is to focus on its people. At KRETZ we do not speak about our personnel as "Human Resources" because we consider it degrading to regard them in terms of their usefulness or inventory items. Instead, we talk about "people", viewing them in terms of their needs and competences. The KRETZ company achieves its goals through its people and knows it is the company's responsibility to aid each worker in finding his or her personal learning, creative and improvement environment, not just a work productive one.

The CSR policy at KRETZ contributes to the concept that every individual has full rights and responsibilities and is not merely a number or a function. That is why the CSR policy at KRETZ is implemented through a kaizen methodology where company workers constantly seek to incorporate improved working conditions on the floor.

KRETZ views its responsibility to further education seriously. The company has many connections with schools, training and research organizations. The agreements made by KRETZ with the National University of Rosario, the Continuous Improvement Argentine Society, and with the Technical Education School at Villa Gobernador Galvez serve as examples.

A fourth responsibility of a company involves sustainability in the form of convergence in the pursuit of territorial competitiveness, social cohesion and environment conservation. The company is responsible for its environment and the society in which it functions. Responsible corporate behavior implies environmental commitment. KRETZ supports an integral sustainable environmental program that includes recycling, forestation, energy saving as well as permanent social volunteering actions and commitments with other organizations in the area.

In light of these certainties we at KRETZ confirm that CSR is neither company philanthropy, nor accounting expenditure, nor corporative or commercial marketing. CSR at KRETZ signifies a company concept which understands that company responsibility does not end with the product sale. CSR extends its impact



on the entire web of relationships in society and the environment. CSR at KRETZ is not just about a profitable company but also about a social change agent through which our daily actions send signals to society about the values and principles that guide our company.

At KRETZ we view societal change and development as a process. It is our company's commitment to channel positive energy, multiply good business practices and increase and abide by our institutional commitments. In this way, KRETZ as a company is not a passive actor but a dynamic and transforming social reference.

*The KRETZ sphere of influence.*



## SYSTEMS

### The KRETZ CSR policy

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

		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	Pink
7	SERVICE EXCELLENCE	Orange	Orange		Blue	Blue	Blue		Green	Green	Pink
8	COMPANY, STATE AND COMMUNITY	Orange	Orange		Blue	Blue	Blue		Green	Green	Pink

**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.

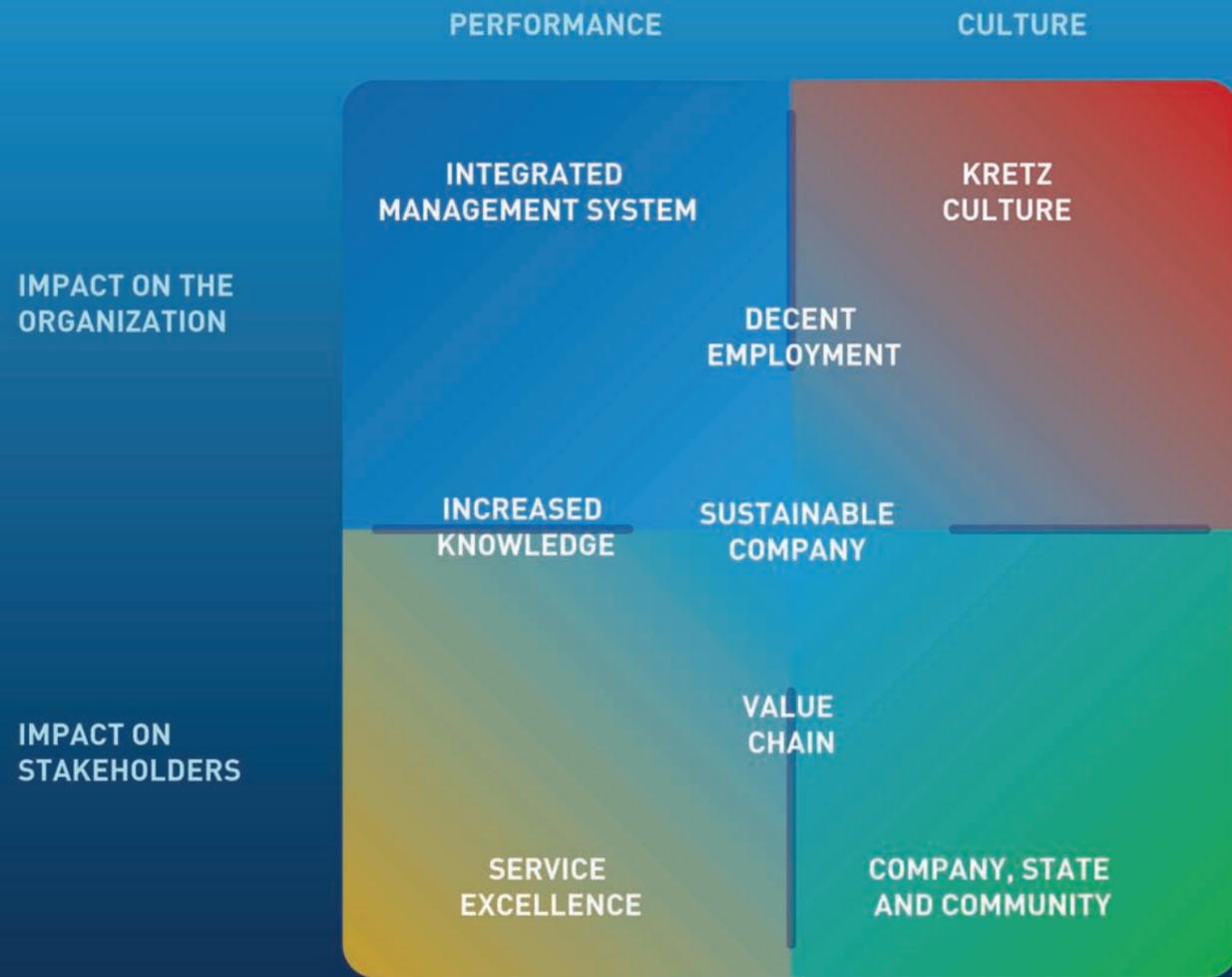
**4. Increased Knowledge:** this program seeks to consolidate the company according to knowledge and innovation as a competitive variable. It aligns with principles 1 and 9 of the Global Compact.

**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: 2004 to present.*

*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:*

- Social balance implementation
- CSR Kaizen expansion and renewal of workers' participation
- CSR internal workshop training continuity
- Personnel recreational area inauguration.
- End of year party, celebrating 45 years
- CSR actions, communications and proposals reception lunch.
- First electronic Kaizen bulletin



*Main picture: CSR Training*

*1. The KRETZ Yacht Race in Mar del Plata*

*2., 3. The Anniversary of KRETZ's 45th Year*

*4. Kick Off Party for the KRETZ Mexico Branch*





DECENT EMPLOYMENT  DE

Starting and ending date: 2004 to present.

Stakeholders: shareholders, workforce members, suppliers and clients.

Actions and instruments:

- Outsourcing counseling on Health, Hygiene and Working Safety
- In-company paid lunch
- Staff transportation charges paid by the company
- Plant medical assistance and staff vaccination annual campaigns (vaccinations for tetanus and f u)
- Staff Christmas gifts
- Vaccination campaign against rubeola
- Purchase of a defibrillator safety cabinet



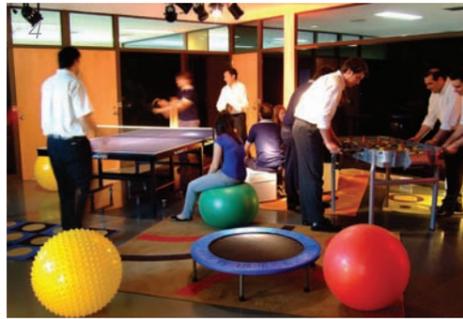
Main picture Operator at work.

1. Workforce members at lunch

2. Defibrillator safety cabinet

3. Medical Room

4. Leisure room





Main picture: Inventory control at the warehouse  
 Bottom: Workshop with S.A.M.E.C.O

INTEGRATED MANAGEMENT SYSTEM 

Starting and ending date: 2004 to present.

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

Actions and instruments:

- Permanent incorporation of quality systems and programs
- Quality norms implementation
  - ISO 9001
  - ISO 14001
  - OHSAS 18001
  - IRAM norms
  - INTI
- Permanent personnel training
- Publication of the 2008 Progress Report on the UN Website

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: 2005 to present.*

*Stakeholders: Managers, workforce members, suppliers, universities.*

*Actions and instruments:*

- *Mutual Cooperation Agreements with the National University of Rosario*
- *Internal educational background (30% of the staff has university degrees and 60% has technical education degrees)*
- *Trainee program implementation in accordance with the 25165 Law and modifications (with the National University of Rosario and the Austral University)*
- *Increase of incidence at I+D and TI company areas*
- *Digitalization of all gauging certifications*
- *Tracking and controlling of measuring instruments*
- *Talk on "Mathematics in Nature"*
- *Kaizen 2009 JICA program presentation*
- *Establishment of the Global Compact Chair at the National University of Rosario*
- *Distance course on wind power energy*
- *Red Cross First Aid Training for all employees*



*Main picture Intern in R&D.*

*1 Presentation of JICA's Kaizen 2009*

*2. The KRETZ Board*

*3. Conference on "Mathematics in Nature"*

*4. Training with technicians from competition*



SUSTAINABLE COMPANY



*Starting and ending date: 2004 to present.*

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

*Actions and instruments:*

- *Site forestation (620 trees, 42 different species)*
- *Waste recycling (separation and recycling of aluminum, stainless steel, carbon iron, copper, plastic, paper and cartons)*
- *Battery recycling*
- *Energy saving (20% electric energy consumption decrease in 2007)*
- *Paper consumption control regulations*
- *New product design concepts*
- *Non-smoking company*



*Main picture:  
Forestation in the  
industrial plant parcel*

*1. Waste classification*

*2. Forestation*

*3. Batteries recycling  
campaign*

## VALUE CHAIN



*Starting and ending date: 2007 to present.*

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

*Actions and instruments:*

- Training workshops to interested parties
- Development of a contractor's manual and regulations for anyone visiting the company
- Client satisfaction services
- Client loyalty campaigns
- Internal and external auditing to suppliers
- Circulation of Global Compact Principles to interested parties
- Annual PYME Award granted to KRETZ by companies in the region
- Presentation of 2008 Progress report to interested groups
- CSR Actions Presentation at Rafaela, Santa Fe



*Main picture:  
Familiarization of  
workforce with the  
Global Compact  
Principles*

*1. Training Workshops  
in Global Compact  
Principles*

*2,3. Presentation of  
2008 Communication  
on Progress by KRETZ*



SERVICE EXCELLENCE



Starting and ending date: 2007 to present.

Initiators and responsible people: Managers and workforce members.

Stakeholders: Workforce members, clients, consumers, suppliers.

Actions and instruments:

- Domestic Technical Service Network
- 24 hour technical telephone assistance
- Participation in domestic and foreign shows
- Launching of an industrial plant in Guadalajara, Mexico



Main picture:  
Operators interacting  
with clients

1. Customers visit in  
May, 2009

2. Delivery area

3. Communication  
of Global Compact  
Principles in  
commercial shows



## COMPANY, STATE AND COMMUNITY



*Starting and ending date: 2004 to present.*

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

*Actions and instruments:*

- *Encouragement of legal and contributory commitments between interested parts*
- *Implementation of a periodical donation system*
- *Participation in public and private initiatives*
- *Rosario's Strategic Plan participation*
- *Rosario City Foundation*
- *Competiveness Forum in the Rosario region*
- *Toy donations/Children's rights campaign*
- *Scale donation to the Pueblo Esther community on its 113th year Festival*
- *Implementation of the Global Compact*
- *PC donation to SAMCO Pueblo Esther*
- *Start of a job training program at the Pueblo Esther community*



*Main picture: the Mayor of Rosario, Miguel Lifschitz, visits the industrial plant*

*1. KRETZ employees participate in a Volunteer Day*

*2. Donation of Computer to Public Health Center*

*3. Clothing Donation Campaign*

*4. Toy donation and children's rights campaign*



## 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](http://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:**

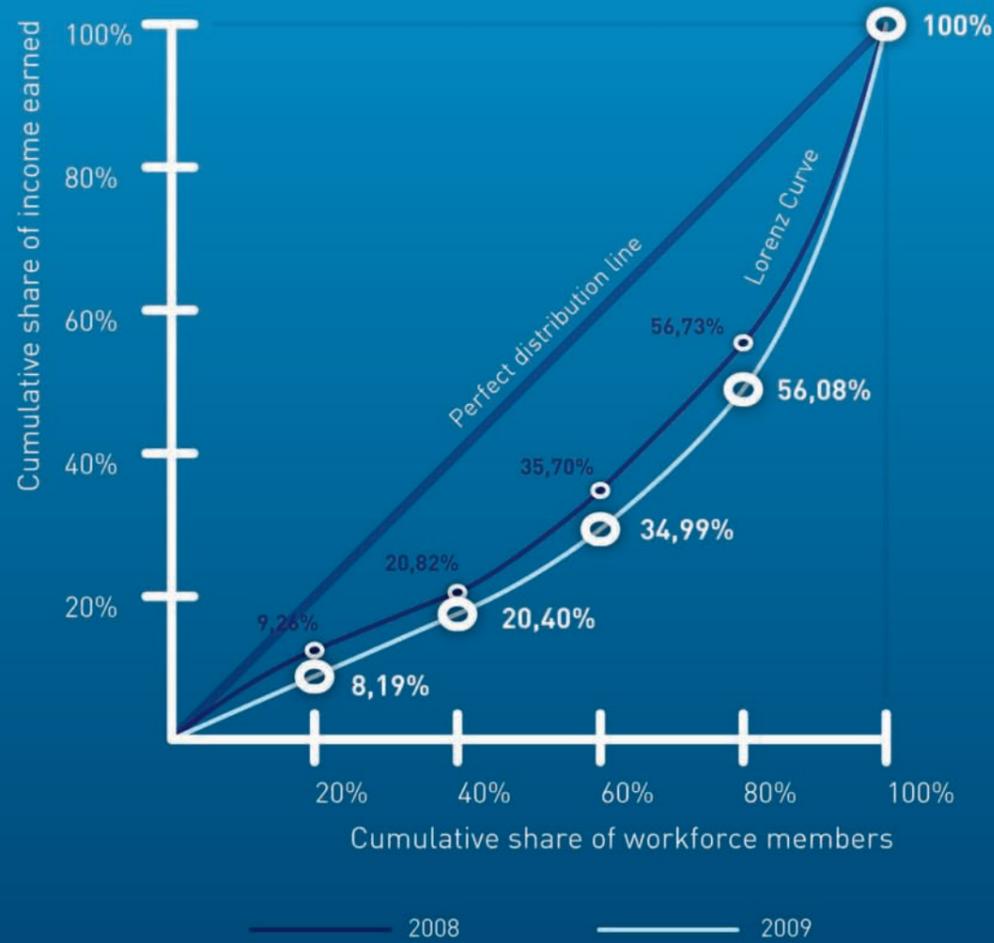
- EC: economic aspects.
- EN: environment.
- LA: labour practices.
- HR: human rights.
- SO: society.
- PR: responsibility over products.

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: 1,79 Lowest: 1,48 Highest: 2,22	😊
		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.	100% (corrected in the 2009 version)	100%	😞
		LA7- Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Lost days	124	1	😊
			Minor accidents	7	1	
			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	\$28.800	😊
			Transportation for the workforce members	\$198.949	\$354967.86	
			Implementation of ergonomic elements	n/a	s/d	
			Food for the workforce members	n/a	\$208433.74	
		LA9- Health and safety topics covered in formal agreements with trade unions.	Health care at the plant	n/a	\$14.400	😊
			Vaccination campaign	n/a	\$2.025	
		HR2- Percentage of significant suppliers and contractors that have undergone screening regarding human rights and actions taken.	Visits to suppliers	-	77 visits 19 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	-	240 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 out of 10	😊	
	Market research investment	n/a	\$14.000		
	Decrease in delivery time	n/a	10% 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	-	77 visits 19 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	-	240 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		39/51
				Out of c.b. agreement	40		51
		and region.	Rosario / Pueblo Esther	85	73/4		
			Rest of Argentina	5	13		
	LA4- Percentage of employees covered by collective bargaining agreements.	Percentage of employees covered by collective bargaining agreements	48,89%	43.3%	😊		
	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	3 months	😐		
	HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	77 visits and 19 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	-	240 hours	😊	
	S05- 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	18,19	😊	
	HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	77 visits and 19 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	-	240 hours	😊	
PRINCIPLE 5 – Businesses should uphold the effective abolition of child labour.	S05- 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	-	77 visits and 19 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	😊	
	S05- Public policy positions and participation in public policy development and lobbying.	Participation in employers' organizations	13	13	😊	
	PRINCIPLE 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	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	83%	😊
LA2- Total number and rate of employee turnover by age group, gender, and region.		Rate of employee turnover	0,48	0.31	😊	
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	36.40%	
			Trade	n/a	11.80%	
			Purchases	n/a	16.55%	
			Quality	n/a	0,00%	
			Manufacture	n/a	23.50%	
			Service	n/a	0,00%	
			R&D	n/a	8.33%	
	IT		n/a	66.70%		
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	1.30	😐	
		Administration and Finance	n/a	1.94		
		Trade	n/a	2.52		
		Purchases	n/a	1.21		
		Quality	n/a	N/A		
		Manufacture	n/a	1.18		
		Service	n/a	n/a		
		R&D	n/a	2.04		

			IT	n/a	0.81	
			Maintenance	n/a	n/a	
		HR2- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Visits to suppliers	-	77 visits and 19 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	-	240 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	-	\$4,905,00	😊	
			Waste classification and recycling	-	\$1,315,00		
			Urban solid waste collection	-	\$519		
			Destruction of hazardous waste	-	\$243		
			Chemical and bacteriological analysis of water	-	\$0		
			Pathogenic waste sterilization	-	\$318		
		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	37,103	😊
				Cardboard (Kg)	n/a	30,651	
				Plastic (Kg)	n/a	38,732	
	Electronics (Equip. Units)			n/a	63,417		
	EN2- Percentage of materials used that are recycled input materials.		Cardboard	n/a	735,00	😊	
			Plastic	n/a	60,00		
			Metals	n/a	109,00		
	EN3- Direct energy consumption by primary energy source.		Direct energy consumption by primary energy source	n/a	4600 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	7400 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	\$181	😊		
EN30- Total environmental protection expenditures and investments by type.	Green spaces	-	\$4,905,00	😊			
	Waste classification and recycling	-	\$1,315,00				
	Urban solid waste collection	-	\$519.16				
	Destruction of hazardous waste	-	\$243				
	Chemical and bacteriological analysis of water	-	\$318				

	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	735,00	😊
			Plastic	n/a	60,00	
			Metals	n/a	109,00	
		EN5- Energy saved due to conservation and efficiency improvements.	Electric power	n/a	2/d	😊
		EN30- Total environmental protection expenditures and investments by type.	Green spaces	-	\$4,905,00	😊
			Waste classification and recycling	-	\$1,315,00	
			Urban solid waste collection	-	\$519	
			Destruction of hazardous waste	-	\$243	
Chemical and bacteriological analysis of water	-		\$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
ANTI-CORRUPTION	PRINCIPLO 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	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	\$181,00	😐

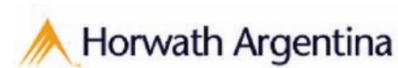
**Note:**

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**

Assurance Report,



Señores KRETZ S.A.  
Ruta Nac. N°9, km 276  
Pueblo Esther, Santa Fe, Argentina

We have been engaged to provide independent assurance for the Corporate Social Responsibility Report of KRETZ s.a. for the period from August 1, 2008 and July 31, 2009 for its operations and facilities in Argentina.

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 CSR Report.
- 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 basis of our procedures for data analysis. Currently we do not identify statutory requirements or generally accepted verification standards in Argentina related to the preparation, presentation, and verification of CSR reports, applicable to KRETZ s.a.

We have used as a guide the practices suggested by ISAE3000 (International Standard on Assurance Engagements 3000).

Our procedures for the gathering of evidence and evaluation criteria have included:

- Checking alignment with Core Content recommended for the development of sustainability reporting by the Global Reporting Initiative (GRI) version 3.0. Our assessment does not intend the setting of Application Levels.
- Criteria for the Communication on Progress of UN Global Compact.
- Running out tests, based on sampling, to gather the reasonableness and consistency of the bases and criteria for the preparation of Corporate Social Responsibility Report

- Review of relevant documents, including corporate policies, organizational structure and Social Responsibility programs.
- Interviews with relevant personnel of the firm.

In our opinion, based on the work described in this report, the information contained in the Corporate Social Responsibility Report for fiscal year 2008-2009 of KRETZ s.a. gives a fair representation of the performance and activities of the firm on Corporate Social Responsibility. Policies, documents, indicators and other information included in the Corporate Social Responsibility Report of the firm are reasonably supported by documentation, internal processes and activities, and information provided by stakeholders.

Eng. Daniel Cabrera  
Partner  
H.L. Consulting S.A.  
Correspondents of Horwath Argentina  
Rosario, December 21st of 2009

Eng. Luis Piacenza  
Manager  
H. L. Consulting S.A.  
Correspondents of Horwath Argentina  
Rosario, December 21st of 2009

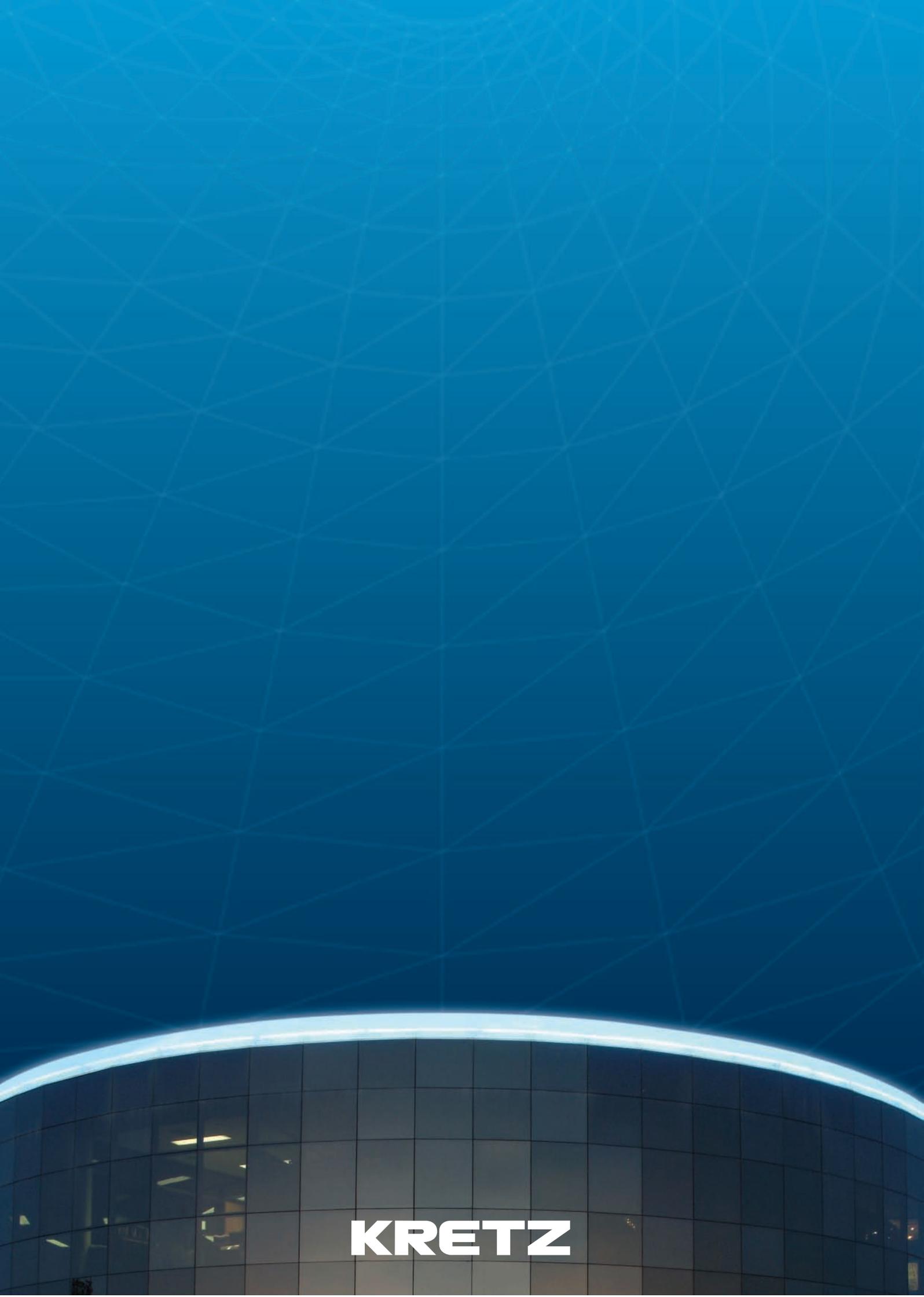
**\_Industrial Plant**

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**KRETZ**