

UN

Global Compact Report

2010



THIS IS OUR COMMUNICATION ON PROGRESS
IN IMPLEMENTING THE PRINCIPLES OF THE
UNITED NATIONS GLOBAL COMPACT.



Contents

1. NATURE OF BUSINESS 4

2. STATEMENT OF SUPPORT FOR THE UN GLOBAL COMPACT 5

3. THE ENVIRONMENT cf. principle 7, 8 & 9..... 6

3.1. Environmental commitments6

3.1.1. Legal6

3.1.2. Environmental policy.....6

3.1.3. Certification6

3.2. Description of our environmental processes6

3.2.1. Precautionary approach to environmental challenges.....6

3.2.2. Energy consumption (headquarter)7

3.2.3. Water consumption (headquarter).....7

3.2.4. Air pollution, noise, smell and visual impacts8

3.2.5. Logistics8

3.2.6. Recycling, incineration and landfill8

3.2.7. Employee involvement (headquarter)9

3.3. Environmentally friendly technologies9

3.3.1. Product development9

3.3.2. Green products10

3.3.3. Product directives and regulations11

3.4. Environmental actions during 2010.....11

3.4.1. Carbon footprint11

3.4.2. Generic environmental declarations11

3.4.3. Climate partnership agreement12

3.4.4. Sustainable IT12

3.4.5. Electric vehicle chargers (headquarter).....12

3.5. Future focus areas.....12

4. SUPPLIERS cf. all principles incl. 1 & 2..... 13

CSR supplier statement13

5. ANTI-CORRUPTION cf. principle 10 14

6. WORKING CONDITIONS cf. principle 3, 4, 5 & 6 15

6.1. Our commitment to good working conditions.....15

6.1.1. Legal15

6.1.2. Environmental and occupational health and safety policy15

6.1.3. CSR policy Kamstrup value: Empowerment.....15

6.1.4. Certification16

6.2. Working environment processes and initiatives at Kamstrup headquarter16

6.2.1. Councils16

6.2.2. Collective agreements.....16

6.2.3. Safety16

6.2.4. Empowerment through employee development17

6.2.5. Self-regulation in production areas17

6.2.6. Employee satisfaction.....18

6.2.7. Length of service18

6.2.8. Redundancies18

6.2.9. Staff Association18

6.3. Future focus areas.....19

7. GENERAL INFORMATION ABOUT KAMSTRUP 20

1. NATURE OF BUSINESS

Kamstrup is a world-leading manufacturer of energy meters and provider of solutions for energy metering.

Our meters measure heat, cooling, water, electricity and gas. We also develop automated solutions for managing energy meters, collecting meter readings and billing. For some customers we look after the entire process of installing and maintaining energy meters, and providing technical support.

Our products are known for their reliability and high quality. Our quality, environmental and IT certifications speak volumes about the service we deliver.

We have more than 40 years of experience in collaborating with utility companies of all sizes. So far we are represented in 60 countries worldwide by Kamstrup sales and subsidiary offices and by our distributors.

2. STATEMENT OF SUPPORT FOR THE UN GLOBAL COMPACT

Society today faces many challenges. As an international player in the world energy market we want to help to create a more balanced society and a cleaner environment.

We joined the UN Global Compact in January 2010. The reporting associated with the UN Global Compact helps us to understand where we stand as a sustainable company, and to see what we should focus on in the future. Constant development through parallel initiatives is how we create growth, and also how we improve our social and environmental performance; in this way the UN Global Compact helps us take us to the next level.

Climate, fossil fuels and smart energy meters

Climate change and the long-term availability of fossil fuels are subjects of worldwide concern. Both of these issues are driving the development of more efficient energy systems, including distributed local power supply and storage, and smart grids for electricity distribution. Smart energy meters are a vital part of this development.

New metering applications include charging stations for electric vehicles, metering of local solar power production, district cooling consumption and many more. As utility meters become more advanced they will increasingly connect to home automation and grid control systems, as well as being read remotely. These and other market developments will call for new solutions from Kamstrup, and we will do our best to deliver. After all, one of our two main values is customer orientation.

Knowing-Understanding-Saving



To save energy you need to understand how you are consuming it, and that in turn is only possible if you have appropriate meters installed.

This is the essence of Kamstrup's smart energy meters. Data from the meters keeps our customers informed about how much energy they consume over different periods and across different appliances. For instance, information from all of a household's utility meters – heat, water, electricity and gas – can be shown on a single display. By showing energy consumption clearly and accurately, our products encourage end-users to protect the environment by managing their use of resources.

Empowerment

We design our products to help customers minimize their use of energy; when it comes to our colleagues, however, we want to spread as much positive energy as possible. A positive work environment is essential to our success.

Kamstrup has two main values: customer orientation and empowerment. Empowerment is about being professional, taking initiatives, taking responsibility, making use of your skills and constantly developing them. I want Kamstrup to be a good and challenging place to work with a pleasant environment. The fact that almost all Kamstrup employees stay here for several years shows me that we have already largely achieved this.

The 10 universal principles

Our UN Global Compact Report 2010 has been elaborated according to [the recommended template of the UN](#). The report shows what we have achieved, and what we plan to achieve in the future, in adopting the [Global Compact's 10 universal principles](#). So far we have been working on all of these, with special emphasis on the environment and the work environment. And since it is the first time that we elaborate such a report we have chosen to mention all relevant initiatives effectuated during the last years.

We will continue to work on the principles of the Global Compact, and sustainability generally, in 2011 – Per Asmussen CEO.



3. THE ENVIRONMENT cf. principle 7, 8 & 9

Principle 7:

Businesses should support a precautionary approach to environmental challenges

Principle 8:

Undertake initiatives to promote greater environmental responsibility

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies

3.1. Environmental commitments



3.1.1. Legal

Within Kamstrup we have developed an environmental management system which ensures that we comply with national and local environmental legislation across all areas, from product development to recycling. Among other things, this system obliges us to audit our legislative compliance every year.

3.1.2. Environmental policy

Beyond the requirements of Danish law we also have [an environmental and occupational health and safety policy](#) which says that we want to affect the environment as little as possible. Please use the link above to read the complete policy statement, which covers pollution, damage, accidents and work-related illness right across the company's activities and products, plus many other commitments.

3.1.3. Certification

Kamstrup's headquarters has held ISO 14001 certification since 1997. Fischer-Kamstrup in Denmark and our subsidiaries in Norway, Sweden, Germany, Finland, Switzerland, and the Netherlands are also ISO 14001 certified.

ISO 14001 specifies the requirements for an environmental management system which enables an organisation to develop and conform to appropriate environmental policies. The standard does not itself state specific environmental

performance criteria, but instead shows how the organisation can set its own environmental goals, taking into account the law and those aspects of environmental protection which it can influence.

In other words, we have received this certification because we are working to shrink the environmental footprint of our business and reduce the pollution and waste we produce.

According to Danish Standard (DS) rules, the environmental system must be re-certified every three years. Our last re-certification was in 2009, with the exception of the Dutch subsidiary which was certified for the first time in October 2010.

The following sections explain in more detail how we aim to reduce our environmental impact.

3.2. Description of our environmental processes

Principle 7:

Business should support a precautionary approach to environmental challenges

3.2.1. Precautionary approach to environmental challenges

In our [environmental and occupational health and safety policy](#) we state: "Kamstrup aims to affect the surrounding environment as little as possible".

To map, evaluate, prioritise and provide an overview of our current environmental performance we publish an environmental report each year. The report shows our current level of environmental responsibility and how we have advanced over the last year. Each year we also set out an environmental action programme for the company.

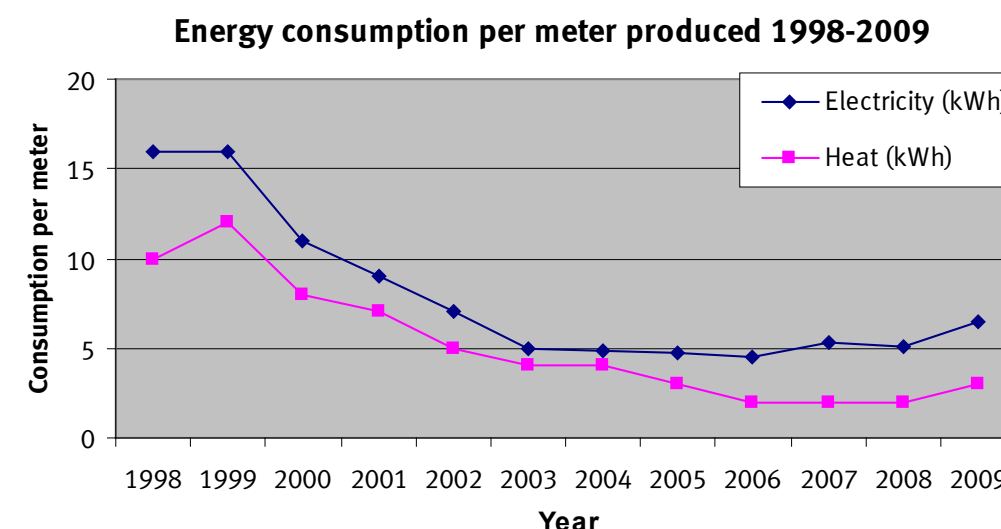
Principle 8:

Undertake initiatives to promote greater environmental responsibility

In our [Corporate Social Responsibility \(CSR\) policy](#) we stress that: "We shall be open towards global environmental problems and strive to improve our opportunities for a positive impact on their solution". Subsequently we point out our intention to use energy, water and raw materials with care.

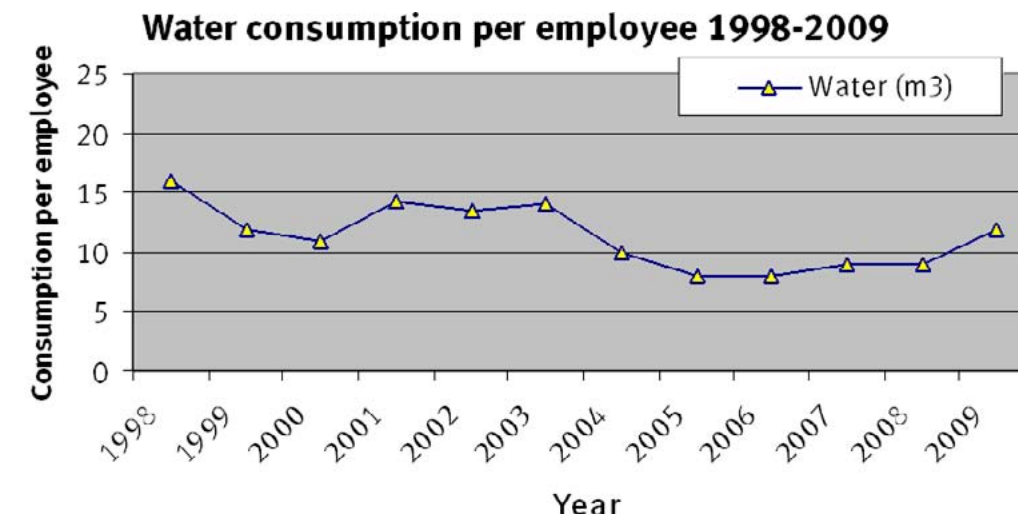
3.2.2. Energy consumption (headquarter)

The graph below shows a generally steady drop in energy consumption per unit of production since 2000. The last couple of years have seen a small increase in energy use per unit because production has fallen during the recession; as a result, the fixed component of our energy consumption has increased as a proportion of the total.



3.2.3. Water consumption (headquarter)

Our water consumption per employee has fallen in a similar way to that of the energy use curves above. Likewise, the last couple of years have seen a minor increase because of a small drop in employee numbers and a consequent rise in the proportion of fixed costs.



"We try to keep reducing our energy and water consumption, but we have been working on this for so many years now that we are finding further savings difficult. To gain a fresh look we have started working with the Danish energy company NRGi," says Environmental Coordinator Geert Klemmensen.

For more information please see the section [3.4. Environmental actions during 2010](#).

In our production facilities the only water we use is for calibrating meters, and this is reused. The great majority of our water is therefore used as drinking water and for sanitary purposes. Most of our washrooms now have taps with sensors and variable-flush cisterns.

3.2.4. Air pollution, noise, smell and visual impacts

The company complies with all the requirements of the law and of our company policy to control levels of noise, smell, visual impact and air pollution. We receive no complaints about any of these nuisances.

In our production at headquarter we do have a few operations capable of causing air pollution. Thanks to extraction systems and exhaust filters, however, the actual emissions from these operations are below measurable levels.

Our maintenance database ensures that the systems we rely on to control air pollution and noise are regularly checked and maintained.

3.2.5. Logistics

We work continually to optimise our shipping operations and improve their energy efficiency.

Within Denmark, vans are our primary means of transport. For overseas transport we use ships wherever possible, because compared to air freight they are less environmentally damaging as well as cheaper. Everybody involved in the logistics chain is aware of the need to plan our orders of raw materials and deliveries of finished goods so that as far as possible we avoid urgent deliveries requiring air transport.

Transport is one of the factors we take into account when calculating the carbon footprint of our products – the total greenhouse gases, measured as tonnes of CO₂ equivalent, associated with a product through its entire life cycle. For more information about the carbon footprint see the section [3.4. Environmental actions during 2010](#).

3.2.6. Recycling, incineration and landfill

Production

We comply with the legal requirements for production waste. We have the necessary permits for the transport, storage, recycling and disposal of hazardous waste, and we use only licensed contractors.

Every year we compile statistics for recycling, incineration and landfill covering all the materials used at headquarters in Denmark. The figures show that for 2009, 37% of our waste was recycled, 61% was incinerated, and only 4% went to landfill.

Products

Our [CSR policy](#) states that: “When practically possible, all products and packaging shall be recyclable”.

All our products are completely recyclable apart from their lithium batteries. We dispose of lithium batteries at an authorised facility and ask our customers to do the same.

Most of our customers are in European countries with their own laws covering recycling. However, we also offer to recycle any products returned to us by our customers. In 2009 we received 9.3 tonnes of old meters from our customers. When recycled, approximately 70% by weight of this material became new raw materials.

Recommendations for the disposal of worn-out products are always included in our technical manuals and product catalogues.

Packaging

Packaging is one of our focus areas. We always aim to use as little packaging material as we can, and to make it as recyclable as possible. Our choice of packaging is continually updated, and we always consult packaging experts when designing new packaging.

Our electricity meters are packaged mainly in recycled cardboard which can be recycled again after use. For heat, cooling and water meters we also use expanded polystyrene packaging, which can be recycled in most countries.

We enclose technical manuals and product catalogues whenever the product standards require this (cf. EN 1434-1 Clause 12 et al.). However, we only supply the specific language version needed for each customer, and we aim to cut the amount of printed material by providing electronic documentation via our website.

3.2.7. Employee involvement (headquarter)

Our [environmental and occupational health and safety policy](#) says: “We educate and motivate employees to participate actively in environmental and occupational health and safety work”.

We also provide information and training to help employees reduce their energy consumption.



Since 2007 we have had a network of environmental contact people within the production departments. They meet regularly with the environmental department to talk about issues relating to health, safety and the environment. They then pass the resulting information back to their work colleagues, ensuring that everyone is always up-to-date.

Our sales and training staff tell customers about the benefits of our products, so that customers can pass the energy-saving message on to the end-users.

Safety

A full set of emergency procedures, plans, equipment and training is in place to protect health and safety. For more information about safety please see the section [6. WORKING CONDITIONS](#).

3.3. Environmentally friendly technologies

Principle 9:
Encourage the development and diffusion of environmentally friendly technologies

By showing energy consumption clearly and accurately, our products encourage end-users to manage their use of resources and protect the environment. And our system solutions for energy metering do much more than just measure: they provide remote reading, so

minimizing vehicle use; they enable detailed analysis of consumption patterns, through which end-users can explore ways to reduce their energy consumption; and they reveal leaks which can waste valuable resources.

In our [CSR policy](#) we stress:

“Environmental considerations shall be central to our product development and to how we plan our production with the purpose of reducing harmful impact on the environment, internally as well as externally”.

Bright Green – CleanTech association

Together with other Danish companies we were part of Bright Green, an association accompanying the December 2009 United Nations Climate Change Conference (COP15) in Copenhagen. The central idea behind Bright Green is that economic growth and environmental protection can go hand in hand as long as you think in terms of intelligent technological solutions. The theme of Bright Green is climate-friendly energy technology.

3.3.1. Product development

We work continuously on the production and sale of environmentally friendly products. During product engineering, our development and purchasing departments co-operate to find the best possible materials and components, taking their environmental impact into account. We also collaborate with universities and other research institutes when selecting materials.

During product development we strive to:

- use as few materials as possible,
- avoid dangerous and toxic materials,
- use as much recyclable material as possible,
- avoid lithium batteries,
- avoid chromium plating,
- avoid plastics containing brominated flame retardants.

If we exceptionally use any of the above a rationale has to be developed.

We also do our best to recycle our products. All the materials we use, apart from lithium batteries, can be recycled. Please see the section [3.2.6. Recycling, incineration and landfill](#) for more information.

New construction technique

For our heat, cooling and water meters we have developed and patented a construction technique which protects against humidity without the use of chemical sealants. To improve environmental performance we have also changed the surface treatment used on several metal parts, such as the retaining plates in our flow meters.

These environmental product improvements have been introduced mainly as a result of our own internal skills, but also through co-operation with external specialists.

3.3.2. Green products

The Green Difference



In 2009 Kamstrup introduced a new generation of smart meters called The Green Difference. The technology used in this product ensures very low inherent power consumption. Our residential meter, for instance, consumes only 0.6 W – half as much as many of our competitors' meters.

The Green Difference meters incorporate a technology known as Z-Wave which allows them to transmit data not only to the power company but also to locations within the house. This allows consumers to monitor their consumption on their own computers or on a separate display. Such “home automation” offers consumers better insight into their electricity use, helping them to reduce consumption where and when it makes sense. Electricity meters in “intelligent homes” are something that ordinary people can relate to, rather than being of interest only to power companies and government agencies, as traditional meters are.

Steen Pultz Holm, Product Group Manager for the electricity meters division, says:



“In fact, this new technology for intelligent home automation combined with the meter’s low electricity consumption is the reason why the Danish Electricity Saving Trust decided to award our electricity meter the Energy Saving Label and added it to their list of recommended products – a recommendation that has been awarded to only a few product lines such as refrigerators and other electrical appliances in Danish homes.”

For more information about The Green Difference meters, electricity consumption in general and the savings that can be achieved, please see www.thegreendifference.info.

ZigBee®

ZigBee® wireless technology has allowed us to create a system in which information from all of a household’s utility meters – heat, water, electricity and gas – can be shown on a single display in the kitchen, used to control an “intelligent home”, and read remotely via a single gateway. In this way a single integrated metering system is easy to use for remote reading, comfort control and energy advice. Part of the purpose of the product is to learn more about what motivates customers to reduce their energy consumption.

MULTICAL®402



At the end of 2010 we launched the MULTICAL® 402 energy meter, which measures both heating and cooling in all water-based systems. The meter documents consumption and consumption patterns, highlights irregularities in

operation and supply, and opens the way for regulation and savings in the supply of district heating and cooling.

MULTICAL® 402 sets a new standard for battery lifetime, with up to 16 years on a Kamstrup D-cell battery and up to six years on two AA batteries.

“The power consumption of the product is only 0.16 milliwatts – that’s 50,000 times less than the power used by a normal low-energy light bulb,” says Per Trøjbo, General Sales Manager for the heat, cooling and water meters division. *“And its carbon footprint, from cradle to grave, is just 30 kg. That’s half the figure for a mobile phone.”*

3.3.3. Product directives and regulations

At Kamstrup we are careful to comply with all the EU directives and other regulations which apply to us.

RoHS – Restriction of Hazardous Substances

RoHS is a directive limiting the use of certain hazardous substances in electrical and electronic equipment. Kamstrup’s products will not come under RoHS until 2015.

WEEE

– Waste Electrical and Electronic Equipment

The WEEE directive deals with the producer’s responsibility for the disposal of waste from electrical and electronic products. Based on guidelines from the Danish Environmental Agency and Frequently Asked Questions on RoHS & WEEE issued by the EU, we have determined that Kamstrup’s products do not generally fall within the scope of WEEE.

The only exception is our Wireless M-B™ module, for which we are registered with the Danish agency DPA-System and will file appropriate reports as this module is sold.

REACH – Registration, Evaluation and Authorisation of Chemicals

Kamstrup does not import substances, preparations or articles covered by the REACH regulation.

Battery Directive

The Battery Directive regulates the manufacture and disposal of batteries in the EU, with the aim of improving the environmental performance of batteries and accumulators. We comply with the Battery Directive.

3.4. Environmental actions during 2010

We set up our own environmental action programme each year for the company.

3.4.1. Carbon footprint



In 2010 we decided to measure the carbon footprint of our products. Carbon footprint is the total amount of greenhouse gases, measured in tonnes CO₂ equivalent, generated by a product through its entire life cycle.

To carry out this initiative we have bought the life cycle analysis tool SimaPro, including the EcolInvent database. The resulting calculations can be used to identify possible environmental improvements and so develop cleaner product technologies.

3.4.2. Generic environmental declarations

As well as calculating carbon footprints for our products we also want a wider measure of environmental performance. In 2010 we therefore started to create generic environmental declarations for our products. Each declaration lists all the materials used in the product and its packaging, details what happens to products that are scrapped – including recycling – and confirms that all our production is in accordance with ISO 14001.

3.4.3. Climate partnership agreement



In October 2010 we entered a climate partnership agreement with NRGi, a Danish energy company. The purpose of the agreement is to identify and follow up ways to mitigate climate change by cutting energy consumption. As a consequence, around 100 of our own meters are being installed at headquarter. Based on the data from these meters we will elaborate a plan for minimization of energy consumption.

3.4.4. Sustainable IT

During 2010 we reduced the energy consumption of our servers by 30% by using fewer, bigger servers and an increasing number of virtual servers. As well as using less power directly, virtual servers also require less energy for cooling.

All end-of-life computer equipment is sent to an authorised recycling company.

Sustainable meetings

To cut the emissions and time associated with business travels, we have installed a videoconferencing system which employees can use directly from their own PCs. We have also set up videoconferencing facilities in meeting rooms in our offices in Denmark and Sweden.

3.4.5. Electric vehicle chargers (headquarter)



To encourage both employees and visitors to use electric cars, the car park at headquarter has two charging points.

3.5. Future focus areas

Driven by consumers' needs and values we will develop energy-saving meter solutions. Besides this, we will continue to:

- Calculate the carbon footprints of our products
- Reduce energy consumption in our buildings
- Carry out local environmental initiatives according to our environmental action plan for 2011.

4. SUPPLIERS cf. all principles incl. 1 & 2

Principle 1:

Business should support and respect the protection of internationally proclaimed human rights

Principle 2:

Business should make sure that they are not complicit in human rights abuses



With reference to our [CSR policy](#) we have developed a CSR supplier statement covering the environment, anti-corruption, human rights and labour issues. We are now asking our suppliers and agents

to sign up to the CSR supplier statement and live by it. We highly prioritize being in direct contact with suppliers in order to strengthen co-operation and to control the CSR policy.

Our Purchase and Quality & Environmental departments carry out regular audits of our suppliers. During these audits we try to observe that suppliers live up to the Kamstrup CSR supplier statement.

If a potential supplier doesn't comply with our CSR supplier statement, co-operation will not be initiated.

Future focus area

We will continue the process of asking our suppliers and agents to sign and live up to the CSR supplier statement.

CSR supplier statement

The undersigned with the necessary authority to sign this statement hereby confirms that the below-mentioned company:

- makes sure it is not complicit in human rights abuses
- does not use any form of forced and compulsory labour
- does not use child labour
- does not discriminate in respect of employment and occupation
- complies with all relevant environmental and occupational health and safety laws
- works against corruption in all its forms, including extortion and bribery
- and also urge it's sub suppliers to observe the above principles.

5. ANTI-CORRUPTION cf. principle 10

Principle 10:

Business should work against all forms of corruption, including extortion and bribery

In Kamstrup corruption is never acceptable. Our [CSR policy](#) says:

“...none of Kamstrup’s employees may receive or give gifts, loans, payment or other remuneration which may incite dishonesty or illegal acts, or which may be seen as an attempt to influence the objectivity of commercial decisions”.

We do not have a separate policy covering anti-corruption measures for the simple reason that we have not seen the need for one so far. Our CEO Per Asmussen stresses: *“If we are offered entering into corrupt agreements, the answer is always NO”*. Our intolerance for corruption is well known to everyone within Kamstrup who may face this issue.

Future focus areas

We will continue our strong stand on this issue.

6. WORKING CONDITIONS cf. principle 3, 4, 5 & 6

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4:

The elimination of all forms of forced and compulsory labour

Principle 5:

The effective abolition of child labour

Principle 6:

The elimination of discrimination in respect of employment and occupation

6.1.3. CSR policy

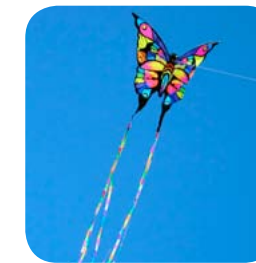
In our [CSR policy](#) we state:

“At Kamstrup... we shall contribute to creating working conditions complying with [principles 3, 4, 5 and 6 in the UN Global Compact] and observe applicable legislation and regulations... All employees shall be given the opportunity to develop skills required to handle the tasks and for future career options”.

Kamstrup wants to be an attractive workplace. As mentioned below, one of our two core values is Empowerment. We work in a decentralised environment where each employee must make use of and develop his or her skills, taking responsibility and action whenever needed. Kamstrup’s management stands behind the actions of its employees.

6.1. Our commitment to good working conditions

6.1.1. Legal



We always comply with relevant occupational health and safety legislation. To make sure of this we use a standard occupational health and safety management system.

We also, of course, live up to the new Danish occupational health legislation which came into force on 1 October 2010. This legislation places great emphasis on co-operation and managerial prioritization. As pointed out in the section [6.2. Working environment processes and initiatives at Kamstrup headquarter](#), the new legislation is in complete agreement with how we manage occupational health.

6.1.2. Environmental and occupational health and safety policy

Our [environmental and occupational health and safety policy](#) says:

“Kamstrup wants to be a company with a high level of health, safety and well-being among the employees... we want to prevent accidents and work-related illness in connection with the company’s activities and products.”

Our dedication to a healthy work environment is ensured, among other ways, through a certified occupational health management system at headquarter.

Kamstrup value: Empowerment

We appreciate an active responsibility from our employees. “Take the initiative instead of waiting for your superior to do it”.

It is important for us that each employee makes use of his/hers personal skills. “If there is a need to do something – then do it”.

If an employee meets with obstacles which hinder him/her from performing his/her job correctly, they can always inform their superior, who will see to it that the obstacles are removed.

All Kamstrup employees must obtain a thorough knowledge of the action plans within their field of activity.

The management responds quickly to changes in the market and displays empowerment and resoluteness in the day-to-day business.

Dividing lines between departments must not prevent our employees from taking action.

6.1.4. Certification

Kamstrup's headquarter has been OHSAS 18001 certified since December 2007. OHSAS ("Occupational Health and Safety Assessment Series") 18001 is an international specification for occupational health and safety management systems.



In spring 2008 the Danish Working Environment Authority categorized us in its highest standard, which is only given to companies who make a special effort to create a good working environment.

The latest audit from Danish Standards in November 2010 said that our system is fully in line with OHSAS 18001 standard, so no adjustments needed to be made.

6.2. Working environment processes and initiatives at Kamstrup headquarter¹⁾

6.2.1. Councils

Working environment committee

The purpose of the working environment committee is to ensure safety and a good working environment. All the employees elect a working environment representative for each unit and the management also elects a representative. Frequent checks ensure high working environment standards.

From October 2010 Danish industrial safety legislation broadened its approach to cover occupational health even more than earlier in order to increase co-operation and management prioritization. In Kamstrup we have started the implementation of the new legislation.

Works council

The works council encourages co-operation across the organisation for the benefit of individual employees and the company as a whole. Among the members of the works council are the shop stewards who represent the employees in dealings with management.

6.2.2. Collective agreements

Kamstrup in Denmark is a member of the organisation DI (Danish Industry). Through DI, Kamstrup has a collective agreement with employees represented by the Central Organisation of Industrial Employees in Denmark (CO-industri).

6.2.3. Safety

Our production processes are such that there is no special risk of environmental harm from unforeseen incidents. Kamstrup has never had a fire, explosion or handling accident with environmental consequences. Oil, chemical waste and flammable liquids are stored in special safe rooms and lockers. Used lithium batteries are stored in a dry place and are shipped to licensed contractors.

An environmental instruction booklet is handed out to all external personnel who carry out any kind of work at Kamstrup's locations in Stilling.

Occupational health and safety action plan

An occupational health and safety action plan is drawn up at headquarter each year. We put effort into the safe handling of chemicals and other materials, for instance by ensuring that our environmental contact personnel are more involved in recording which materials are used where. Safety equipment provided for people handling chemicals has also been improved.

Safety assessment

The safety assessment has the purpose to systematically prevent and eliminate unsuitable indoor climate, noise and stress. During the yearly evaluation we make risk assessment in the production and have thereby, among others, reduced the heavy lifting, pushing and pulling significantly.

Workplace assessment

The workplace assessment is both about physical safety and psychological well being and is effectuated each third year. However, if we suspect a deviation from our safety and well-being, which cannot be corrected within 14 days, a workplace assessment must and will be executed at once.

Accidents

We have very few work-related accidents and near-accidents at our production sites, and the incidents we have had are only minor. We define an accident as one that accounts for at least one day's lost working time. Near-accidents are always recorded, so that we can take preventive action and so reduce the chance of future accidents.

¹⁾ If the information is valid for more than Kamstrup headquarter it is mentioned in the text. About 2/3 of the employees work at headquarter.

Total of work accidents 2008–2010

| | Accidents | Near-accidents |
|------|------------------------------|------------------------------|
| 2008 | 4 | 2 |
| 2009 | 4 | 5 |
| 2010 | 1 (as at 1 December 2010) | 6 (as at 1 December 2010) |

In one restricted part of the production area, the presence of both pedestrian and vehicle traffic creates a safety hazard that we consider unacceptable in the long term. For the moment we cannot change the site layout, but we plan to reduce the risk by expanding the production area.

6.2.4. Empowerment through employee development

A skilled and well-educated workforce is essential to Kamstrup. All new employees go through a tailored induction programme when they join the company. Every established employee has a personalised education and training plan that is reviewed regularly.

At least once a year employees have a personal development review with his or her manager. This meeting is an opportunity to discuss the job, relationships with other employees and progress towards targets, and to plan future development in the employee's career, education and training. Hourly-paid employees take part in group development dialogues instead.

Anyone leaving the company is offered a farewell dialogue with a manager.

Job rotation

Job rotation is welcome in Kamstrup, as our CEO Per Asmussen has explained:

"Job rotation is revitalisation. Learning keeps us young and mentally agile. Quite often there is more new learning in a new job than there is in the old job – and often more fun too. Kamstrup needs to be a dynamic company with wide opportunities for career development. Changes in responsibility, function and geography should all be possible. This is one of the ways to ensure that Kamstrup is a challenging and attractive place to work."

It is important for us to be open about this. Seeking a job in a different department is not a breach of loyalty to an employee's present manager. It is a token of loyalty to Kamstrup, and a new job is a token of loyalty from Kamstrup to the employee.

Every manager must support job rotation across the company. A good manager will earn credit for developing employees who can move on to make valuable contributions in other departments. The only valid objection to a particular job rotation rests on the issue of timing: sometimes a job shift must be timed to suit the needs of an ongoing project.



We have decided not to have any specific procedure for job rotation. Any employee may ask for a change of job, after which management will support the move if it is appropriate to the business.

6.2.5. Self-regulation in production areas

Employees in the production area work in self-regulating groups which plan the work day themselves.

Within each group, tasks rotate so that, for example, an employee does not spend an entire day on manual assembly. This cuts the risk of repetitive strain injuries, encourages flexibility and creates a better working environment. Each week, everyone is also given new areas of responsibility. One of these responsibilities is to act as a contact person, or overall coordinator, for the week. The process works well because our production employees are well-educated and open-minded.

"Self-regulating groups make great demands on the individual. We have to use our heads as well as our hands, but it makes for a more enjoyable working day. Besides, each group is involved in the appointment of new colleagues to ensure the right chemistry," says Pia Hager, responsible for HR in one of our production units.

Self-regulation was introduced to the production areas in 1993, at the same time as lean production methods. The result has been a continuous series of small improvements driven by the production crew themselves. As a result we have made good progress without the stress that rapid change can bring. Each group has a trained Lean coordinator who drives the day-to-day work.

6.2.6. Employee satisfaction

In 2009 we carried out an employee satisfaction survey in the production units at the Kamstrup headquarter.

According to this survey, Kamstrup has a high score in the working environment evaluation parameters elaborated by The Danish Research Centre for Working Environment (Det Nationale Forskningscenter for Arbejdsmiljø).

Kamstrup employees appreciate the ability to influence their own working days and the support they receive from management. However, the survey also showed that the self-regulating groups needed to become better at handling conflict. As a consequence, we introduced courses in communication and conflict resolution.

In November and December 2010 we carried out a satisfaction survey for all employees in Denmark and Sweden. The results will be ready early in 2011.

Health insurance and pensions

As required by current legislation, all employees are covered by occupational injury insurance. The company pays for accidents insurances, and we also encourage all employees to join a health insurance scheme at their own expense.

Employees covered by collective agreements have a compulsory retirement pension scheme. Employees who make their own pension arrangements can have their contributions deducted automatically from their pay.

6.2.7. Length of service

Compared to other Danish companies we have a low turnover of staff, so the average number of years of service is 8.25 years. We see this as an indication of people being glad to work here. The result of the satisfaction survey carried out end of 2010 will tell us if this is the fact.

6.2.8. Redundancies

We rarely need to make compulsory redundancies. However, in 2009 the financial crisis forced us to make redundant 34 hourly-paid and 19 salaried employees. The people who lost their jobs received help from an employment consultant at the company's expense. Now we are on our feet again and have started hiring new staff.

6.2.9. Staff Association

Our Staff Association at headquarter makes a great effort to maintain good working conditions. The Association also arranges a spectrum of recreational activities from flower arranging and meditation classes to cycling and karate. Employees receive subsidies for gym membership and discounts on sports goods. We also have our own exercise room.

Fitness and diet



Good health means happier, more productive employees and a better working environment.

We therefore support health-promoting activities and support employees who wish to change their lifestyles.

In 2003 and 2009 we provided free checks of blood pressure, fitness and cholesterol, followed by advice from a doctor. The 2009 health checks were done at the beginning and the end of the year and had a noticeable effect in terms of increased use of the exercise room, healthier eating and weight loss competitions. At all times we provide lectures and courses to employees who are interested in changing their diet.

Since 2003 we have provided healthy meal choices in our canteen. Since 2010 a canteen committee has given employees the chance to have a bigger say in the running of the canteen, including the choice of meals.



Healthcare Centre



In 2003 we began collaborating with the private company Danish Healthcare to provide employees with physiotherapy, massage, chiropractic and acupuncture. The Healthcare Centre at Kamstrup's headquarters prevents and treats work-related injuries through guidance, exercise and therapy, and advises on diet. The Healthcare Centre and the Staff Association work together in order to create quarterly meetings within various themes; diet, mental well-being and how to stop smoking.

Alcohol and drugs

It is statistically inevitable that some of our employees will have problems with alcohol or drug abuse. Intractable addiction will lead to dismissal, but before we take this drastic step we will do our best to support employees who want to change their way of life and keep their jobs.

Employees with dependency problems can always talk to their managers in confidence. A manager who suspects an addiction has a duty to discuss the issue with the employee in question. In either case, the aim is to decide whether action is needed, and if so, to acknowledge the problem and start work on a solution.

Kamstrup will pay for initial consultations with a clinic specialising in the treatment of substance abuse, in the expectation that the employee concerned is motivated to continue the process. A co-worker who himself has recovered from abuse problems can also provide support within the company.

Life and career coaching

From 2010 every employee has the opportunity to receive coaching at Kamstrup's headquarters to develop his or her private or professional life. The confidential coaching helps employees to, for instance, have more energy, change direction in their lives, lose weight, reduce stress, quit smoking, or use their potential differently.

Psychotherapy

Any employee with psychological problems can always contact the daily manager of the working environment committee or a people manager, who will arrange contact with a psychotherapist.

6.3. Future focus areas

Our future success lies in the continuous development of our employees and our organisation as a whole. In 2011 we will be:

- Focusing on the work environment from a psychological point of view
- Evaluating the employee satisfaction survey
- Implementing a new IT system for managing workplace assessments
- Implementing a new IT system for instructing people in how to handle chemicals and other materials safely
- Improving ergonomics by constructing new working facilities
- Educating Working Environment Representatives in accordance with the new Danish occupational health legislation
- Education and training of employees in general.

7. GENERAL INFORMATION ABOUT KAMSTRUP

- Founded in 1946 by Olaf Kamstrup
- Family owned business until 1990
- Owned by the Danish oil company Olieelskabet Danmark (OK) since 1990
- An export share of 80%
- Group turnover in 2009: DKK 842 mill, which was 10% less than 2008
- Represented in 50 countries
- Approximately 700 employees world-wide
- Own offices and companies in 18 countries

We have our own offices and companies in following countries: Sweden, Spain, Norway, England, Holland, Poland, France, Russia, Finland, Germany, Switzerland, The Czech Republic, Romania, Serbia, Dubai, Singapore, Denmark and China. In other countries we are represented by means of distributors.