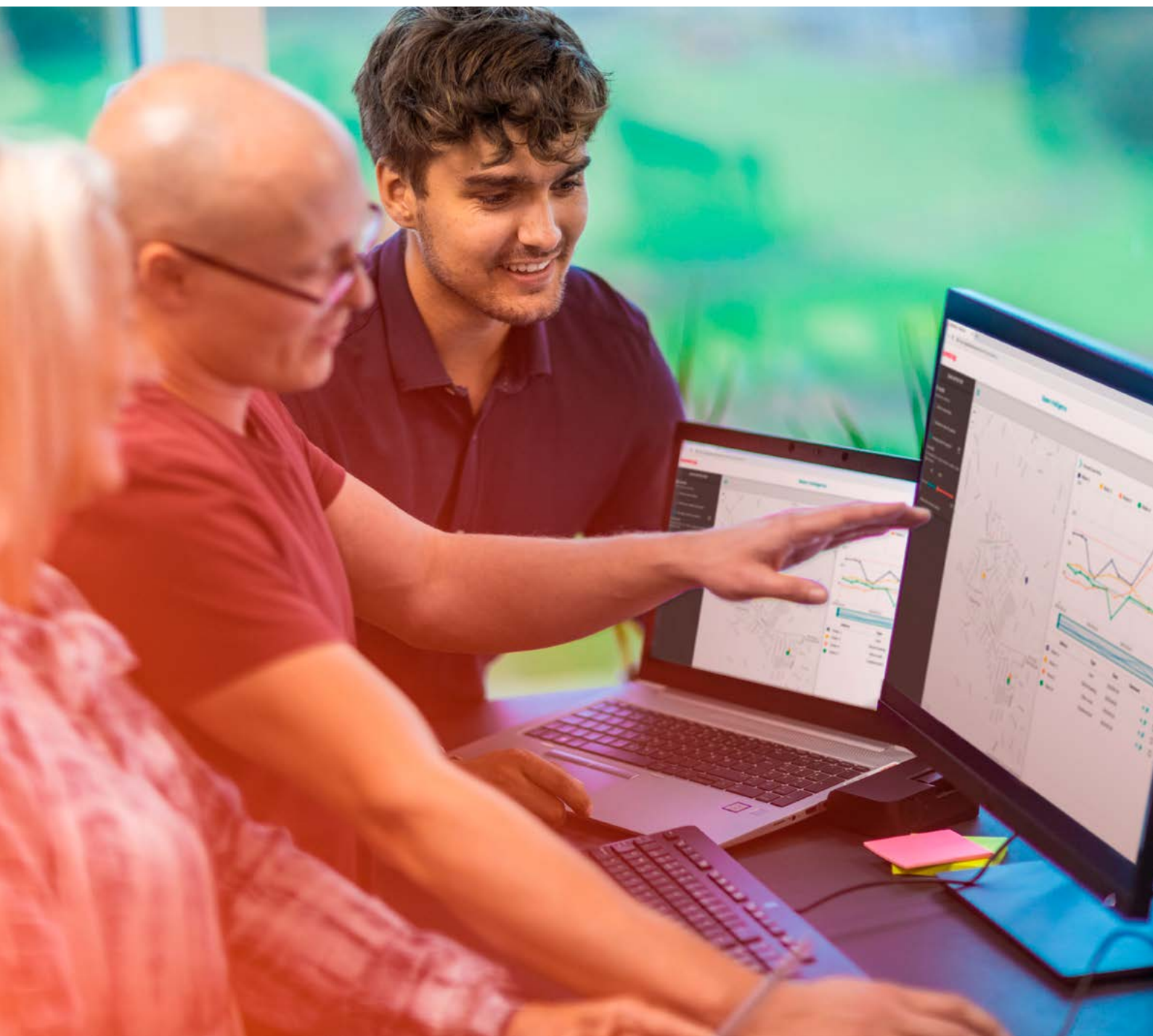

Corporate Social Responsibility Report 2020



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About the report

The Corporate Social Responsibility Report 2020 represents Kamstrup's account of the company's actions and goals for a more sustainable business. The purpose of Kamstrup's CSR report is to present our activities relating to COVID-19, climate and environmental impacts, anti-corruption, suppliers, work environment and human rights.

The report covers both Kamstrup's headquarters in Denmark, subsidiaries, representative offices and branches. The main focus is at our headquarters in Stilling, Denmark, as the majority of our business takes place here.

As we have committed to the UN Global Compact, we want to be transparent in our communication about our responsibility to the environment, society and our employees, and how we contribute to the UN Sustainable Development Goals (SDGs).

An independent auditor has confirmed the report's compliance with The Danish Financial Statements Act section 99a.

Frontpage; Engineers studying Kamstrup's analytical data

CEO statement



Every day, we are committed to leading the way towards a more responsible and sustainable energy and water supply. We challenge ourselves to discover, design and deliver intelligent solutions and services that help our customers around the world reducing waste, increasing energy efficiency and identifying where to optimise the distribution network.

2020 has been a challenging year, but it has also united us and steered us towards a more virtual and global mindset. We have worked from distance, but we have become closer as an organisation – we have all been in the same situation across cultures, time zones and borders. We have taken all the necessary precautions to protect our society, and we have found new ways of working together. Business has definitely been beyond usual. We highly appreciate the support from customers and partners to find solutions for keeping the wheels turning in the industry. That shows responsibility in so many ways.

The COVID-19 crisis has made a significant impact on the world and getting out on the other side, I believe we will see an increased focus on sustainability, and the way we manage the earth's scarce resources. Electrification of society, water shortage and demands for increased use of renewable resources are challenges, we are already facing today. At Kamstrup, we believe digitalisation and smart metering enable our customers to make intelligent decisions based on facts. Therefore, we will keep investing in innovation and development of solutions to support this.

During the last 10 years we have invested more in modern and energy friendly solutions, including our production facilities. Over years, we have reduced our energy consumption significantly. We will continue to find new ways to minimise the use of resources for producing our products and solutions.

Our commitment

The principles of the UN Global Compact have been central to Kamstrup for many years now, and we are still very determined and committed to comply with the principles. While striving to act responsibly in everything we do, we continuously follow up on our policies and processes and hold ourselves and every stakeholder to high standards. We advocate ethical behaviour and take a zero-tolerance approach to any kind of corruption and action that violates human rights.

Our CSR 2020 report highlights our contribution within areas such as supply management, anti-corruption and bribery, climate and environment, working conditions and the COVID-19 crisis.

Kim Lehmann, CEO



Highlights

Purpose

We ensure clean water and energy to a maximum number of people

Ambition

We revolutionise the supply of clean water and energy through intelligence

Our sustainable solutions

Our solutions contribute to digitalising utilities around the world and enable them to become more energy-efficient while optimising their operation. This is done through intelligent metering solutions for water, heat/cooling, electricity and submetering. Through accurate meter data our customers gain valuable insights into their distribution network and enable them to identify leaks, optimise operation and renovation efforts, provide accurate billing, and ensure increased customer service to the end-users. Altogether, our products contribute to a more responsible way of handling valuable resources across the globe.

Our intelligent solutions and services help with:

- Help with information for optimisation of electric network
- Revenue protection
- Accurate billing
- Increased efficiency with remote reading
- Quick and easy leak detection
- Precise consumption data
- Better working conditions
- Better customer service
- Optimised operation
- Detailed insights into the distribution network
- Reduction of peak loads
- Reduction of damages



€ 22,6 mill.

profit before tax

€ 306,9 mill.

turnover



THE GLOBAL GOALS



- Employees: **1,500**
- Production sites: **4**
- Sales offices, countries: **20+**
- Distributors, countries: **60+**
- **20%+** is employed in R&D, in technology and production

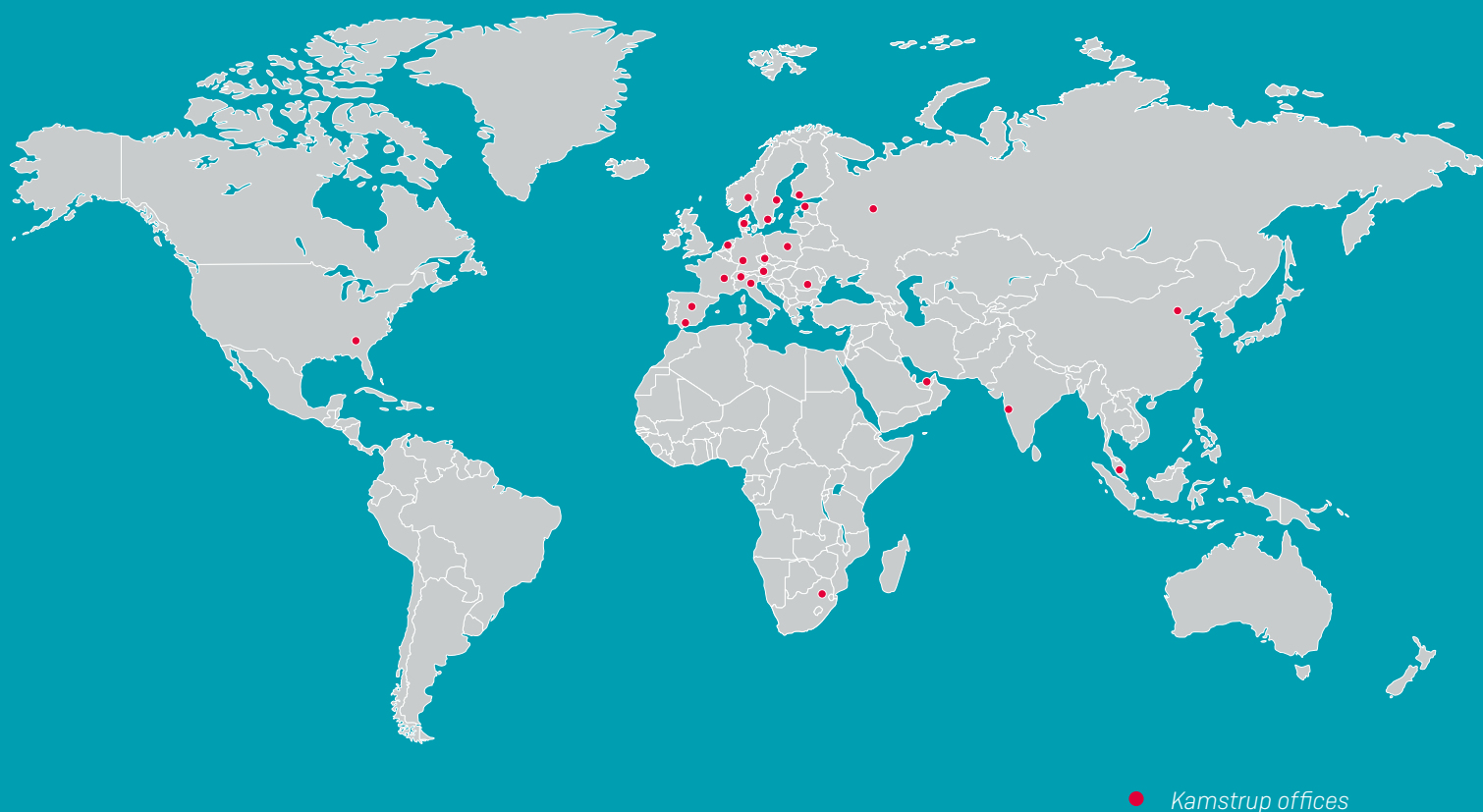
2020

- No infection of employees at Kamstrup during COVID-19 pandemic
- Continue supplying customers with products for water and energy saving
- Reduced climate impact due to increase in remote work
- No cases of corruption and harassment
- 60+ students joined our intern programme
- Continued development of intelligent meters to save energy and water
- Finalist for Collaboration Award (Denmark) for collaboration between managers and employees
- Innovation award Aqua Pro Gaz (Switzerland) for development of water meter with leak detection.

12,5%

of turnover used for innovation

About Kamstrup



All over the world, water and energy utilities are challenged due to increased demand, urbanisation and pressure on aging distribution networks. In Kamstrup we help tackle these challenges. With extensive experience, Kamstrup delivers everything from intelligent metering solutions and remote reading systems to analytical tools and services, all of which contribute to a more energy efficient business. Through our technological skills and focus on our customers' needs, we have become leading suppliers of innovative and intelligent solutions for metering and managing the energy and water supply. We help utilities, property management and industries across the globe to gain insights into their business and prepare themselves for the future.

Our business is based on technology, and we always strive to improve. More than 300 of our 1500 employees work within research and development of intelligent solutions and analytical tools. By focusing on our customers' needs, we are able to create innovative and sustainable technological products such as consumption meters, communication infrastructure, data management, data analysis, hosting and services. This is what we are all about.

We are dedicated to continuously develop sustainable intelligent solutions to benefit utilities and societies all over the world while ensuring a sustainable production and business conduct. Use of energy and environment are in focus at our offices.

Striving for sustainable development

Generating impact on the global agenda through SDG

Besides the UN Global Compact, we strongly advocate the UN Sustainable Development Goals (SDG), which we perceive as a central global foundation for establishing high standards towards a more sustainable world. We are committed to continuing the development of sustainable solutions and technology that help our customers reduce water loss and increase energy efficiency.

At the same time, we take responsibility for minimising the use of resources for producing our solutions and for reducing waste in general. We have integrated the SDGs in our long-term strategy to ensure that they remain a central part of our business. This means we have chosen to focus our contribution to goal no. 6, 7 and 12, because this is where we can create the biggest impact on the global agenda.



Clean water and sanitation

Increased transparency in the distribution network is crucial in the efforts towards sustainable and stable water supply. Too much of our clean and safe drinking water disappears on the route to the consumers and too much is consumed without being metered, which makes it difficult to know when and where to take action.

Our smart metering solutions help light up the distribution network and create a continuous and accurate overview of how much water is being consumed and how much is lost through leaks and bursts. This enables water utilities to reduce Non-Revenue Water, bring down waste, limit the risk for contamination and preserve our resources.



Affordable and clean energy

Improving energy efficiency and facilitating the transition to renewable energy sources requires a high level of transparency in the energy system that can only be derived from frequent and accurate measurements.

Data and smart metering solutions enable utilities to continuously monitor, evaluate and improve the efficiency of the distribution network, the energy performance of buildings and the involvement of end users. This makes smart metering an important factor in creating an integrated energy system and utilising the opportunities that come with it. Among other things, frequent and accurate data can be used to differentiate prices to balance energy supply and demand according to the impact the consumption will have on the available resources. In partnership with our customers we are able to make a difference within sustainable energy and reduction of CO₂ emissions.

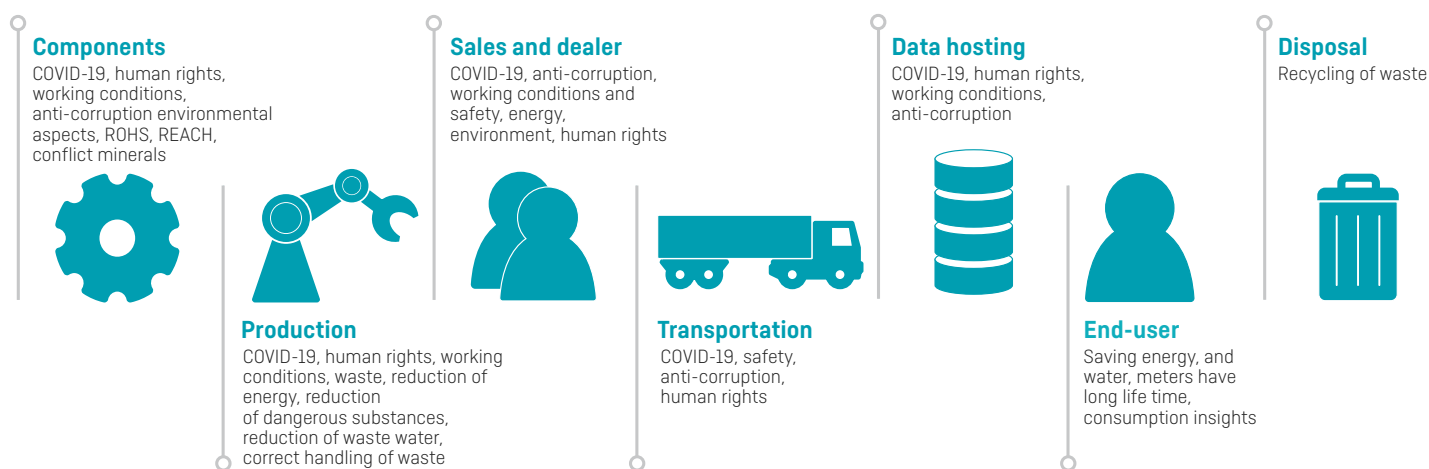


Responsible consumption and production

Our goal is to impact the surrounding environment as little as possible. We focus on optimising the energy and water consumption in our own production facilities, and we continuously identify where we can reduce waste across the company.

Two of our initiatives include implementing solar panels at our headquarters in order to further strengthen our sustainable production and business conduct and installing sensor taps. Secondly, our solutions help promote responsible consumption by providing the knowledge and data needed to provide consumers with access to accurate information about their own consumption. This gives them the necessary insights to adjust their energy and water consumption if needed.

Kamstrup's responsible solutions



Kamstrup's responsible solutions



In each of the steps in Kamstrup's model for responsible solutions, we focus on ensuring sustainability and strive to reduce the impacts caused by our production, transport, use and end-of-life treatment of our products and solutions.

Policies

CSR Policy

Based on the 10 principles of the UN Global Compact, Kamstrup has formulated a CSR policy. Every new employee is introduced to the policy to ensure awareness and compliance.

In accordance with the UN Global Compact, we support and respect the protection of human rights and do our utmost to prevent being involved in human exploitations.

We consider all forms of forced labour including child labour as completely unacceptable and take action if we come across violation of human rights. Additionally, we acknowledge and support the freedom of association in relation to unions and the right to create collectives.

With respect to current and future employees, we do not discriminate in terms of age, sex, race, sexual orientation, national origin, physical or mental ability, marital status, financial or social status. Furthermore, we take pride in a precautionary approach to environmental challenges and undertake initiatives that promote greater environmental responsibility. We also encourage the development and diffusion of environmentally friendly technologies for our products. Finally, we oppose all forms of corruption, including extortion and bribery.

Guidelines on COVID-19

Kamstrup's guidelines to handle COVID-19 at our headquarters and our local offices are based on recommendations from national health authorities. The guidelines are applicable to all employees, consultants and external guests. Business trips and visits are limited to a minimum, in accordance with recommendations.

The guidelines apply to behaviour, conduction of meetings, car-pooling, COVID-19 infection or sign of infection, access to production facilities and canteen, and external guests.

Environmental, energy and occupational health and safety policy

Apart from our CSR policy, we have formulated a policy covering environmental, energy, health and safety issues. The policy highlights that our impact on the surrounding environment must be considered when establishing new business objectives. Additionally, we focus on being a company with a high level of health, safety and well-being among employees.

COVID-19

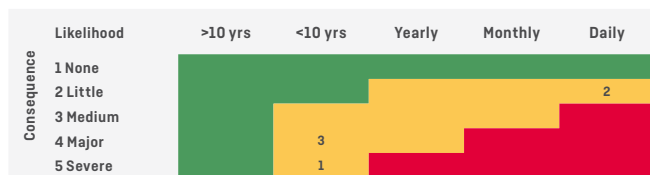
COVID-19 has had a huge impact on different business activities in Kamstrup. This includes need for social distancing, use of disinfectants, working from home, conducting meetings remotely, limited access to production facilities and canteens, limits in customer visits, and safe remote communication through VPN to the company network.

CSR associated risk

Our main CSR risks include:

1. Infection of employees by COVID-19
2. Poor mental well-being caused by remote work or infection by COVID-19
3. Unintended sharing of Kamstrup's business critical information due to increased remote work

The green area indicates risks with no action points, risk in yellow areas require action whereas risks in red areas must be handled immediately.



Risk matrix showing Kamstrup's CSR associated risk. Numbers refers to list above.

The risks referred to in the intermediate area are all being mitigated:

1. We work to prevent COVID-19 infections by ensuring social distancing between employees in the company, using disinfectants and protection equipment, and enabling remote working.
2. To increase mental well-being, some social events have been arranged virtually, such as coffee meetings, department lunches, Christmas dinner, fitness and banko. Likewise, the frequency of management communication has increased significantly to keep employees updated about COVID-19.
3. In order to protect our business information, we use secure connections for remote work while we have information security rules in place, which apply to all our locations.

Certification and due diligence

Our main due diligence process for COVID-19 has been handled by a crisis management team consisting of top management, HR and Supply Chain. They have had daily meetings and continuous adjustment of guidelines based upon those from national health authorities, followed up by implementation and new actions if needed.

At Kamstrup

At the headquarters, employees have been urged to work remotely as much as possible and people working physically at the facility have to keep social distance. Additionally, the canteens assigned specific time slots to different departments. Disinfectants and masks were supplied at all entrances and used by employees. White collars primarily worked from home.

Kamstrup has continuously kept employees up to date with current guidelines and employees have generally complied with these.

Business meetings, courses and conferences are held virtually when possible. In certain cases business-critical trips were conducted in line with internal approval and guidelines from authorities.

What did we do in 2020?

Our overall goal for 2020 was to prevent infection of COVID-19.

In 2020 Kamstrup has:

- Been able to maintain production and continue to develop new products and solutions to help customers save water and energy despite of COVID-19.
- Avoid any cases of COVID-19 on the job.
- Kept remote dialogues with our customers.
- Improved virtual competences and use of online meetings.
- Increased capacity on VPN connections.
- Conducted online fitness and running club for employees.
- Held a virtual Christmas dinner for +800 employees.

2021 and the years ahead

- Continuously adjust guidelines according to COVID-19 situation to keep employees safe.
- Further improvement of virtual competences.

Anti-corruption and bribery

Kamstrup conducts business in a fair and legal way, and we have a zero-tolerance approach towards any form of bribery and corruption. Hence, we will not pay or receive any direct or indirect bribes, just as we will not accept that third parties such as agents or representatives pay a bribe on behalf of Kamstrup or in the interest of Kamstrup.

We will not make facilitation payments intended to secure or speed up routine government actions, which you are already entitled to without the need for such payment; or to obtain unlawful preferential treatment.

Kamstrup will also not grant any benefit or gift, which might unduly influence the decisions taken in Kamstrup or among Kamstrup's business relations.

We understand that there are situations in a grey zone area. If in doubt, we urge employees to contact their manager or to reach out to our Commercial & Legal Services. We have a responsibility to ensure that all our business partners live up to our commitment to conduct business ethically.

CSR associated risks

We do acknowledge the risk of corruption and bribery taking place, in particular when doing business related to suppliers and in sales negotiations. Also, there is a risk of employees being offered large gifts to promote business.

To mitigate these risks, we inform new employees that Kamstrup conducts business according to CSR rules. Additionally, we are very explicit in our way of doing business and therefore the likelihood of being involved in corruption and bribery is assessed as little.

Data security

Kamstrup protects data privacy by handling customer and employee data in a secure way. We comply with legal requirements and set a high standard when handling data and developing new products. In that regard, it is our responsibility to develop secure solutions that ensure our customers compliance with legislation and the General Data Protection Regulation. In 2020, we have obtained a ISAE3000 audit declaration, which serves to prove our commitment to responsible and compliant data processing for the data we are entrusted with.

The ISO 27001 certificate demonstrates our continuous effort and dedication to ensure confidentiality and information integrity throughout the lifecycle of valuable information.

Due diligence

Our main due diligence processes include internal information to all employees about our way of conducting business without corruption and bribery. Employees working in Sales and Sourcing are informed on how to handle these situations during their introduction to Kamstrup.

In addition, Kamstrup also has an internal whistle blower scheme that employees can use to notify cases about misconduct. For instance, criminal actions should be reported to either the manager, the Executive Board or the Chairman.

What did we do in 2020?

- We informed all employees not to accept gifts.
- No cases of corruption or bribery in our business.

2021 and the years ahead

- Implementing a new code of conduct across the Kamstrup group.
- Implementing a whistle blower scheme to be handled by an external company with guaranteed anonymity.
- Setting up e-learning sessions on code of conduct related matters including anti-bribery and corruption for all Kamstrup employees to ensure appropriate awareness.
- Continuing our work with steering clear of corruption and bribery and taking the necessary action and adjustments to detect criminal aspects.

We have not had any cases of corruption or bribery in our business in 2020.

Saving water with smart water metering



Now that we get easy access to consumption data, we can optimise the way we handle questions from end-users and eliminate resources for following up on missing readings. Because of the improved metering accuracy, we expect a 2% increase in the amount of billed water.”

**ANNELIES GEBRUERS,
WATER-LINK CLIENT
CONTACT CENTER.**

Facts

- 205,000 water meters
- 640,000 end-users served by Water-link



WATER-LINK BELGIEN, ANTWERP

With a smart water metering solution, Water-link is able to get a better insight into their network and ensure accurate consumption billing and reduce non-revenue water. Daily values allows for increased transparency and the data enables them to detect leaks, bursts and tampering at an early stage, to prevent water loss and damage. Water-link's customers can also see their daily consumption and receive leak or burst alerts via an end-user platform on the website. Water-link has already detected 4000 leaks with the smart metering technology while 18 % of the customers state that they have reduced their water consumption.

Supply management



Setting clear directions

Working with different suppliers all around the world raises various challenges regarding compliance with relevant regulations. We will not compromise on our policies, but instead we set clear directions for the way we conduct business. Therefore, we have drawn up mandatory standards for our suppliers to comply with.

Modern Slavery Act

In accordance with the UK Modern Slavery Act, we impose strict standards and demands against compulsory labour and human trafficking. We require a signed agreement from our suppliers to fulfill these rules.

On our website, you will find our Slavery and Human Trafficking Statement, where you can read more about how we take action against modern slavery.

Supplier responsibilities and due diligence for components

Kamstrup prioritises its CSR efforts and has systematised these efforts within CSR and supplier management focusing on the purchase of materials, semi-finished products, subcontracted activities and deliverables included in Kamstrup's product range.

Supplier information statement

We continuously work on reducing our impact on the environment caused by our products and services. In order to do so, we look at the entire supply chain including our suppliers and our partners. We demand that they fully comply with our requirements and standards.

Additionally, suppliers of components must sign a statement covering the themes: Environment, anti-corruption, human rights, labour issues, RoHs and conflict minerals. They also have to confirm that they comply with our Code of Conduct and that they deliver products in compliance with current legislation. Finally, we require that our suppliers comply with health and safety requirements in accordance with the UN Global Compact principles 1-6 about human rights and working conditions.

We work in 2 levels...

In order to ensure that we live up to our responsibilities we need to consider two levels in our work. In level 1, component suppliers must accept and sign the supplier information statement. In level 2, we make a risk analysis adjusted to the supplier.

Level 1

Supplier information statement

- Is not complicit in human rights abuses
- Does not use any form of forced or compulsory labour
- Does not use child labour
- Does not discriminate in respect of employment and occupation
- Works against corruption in all its forms, including extortion and bribery
- Have a written policy describing quality, environment, health & safety and information security aspects
- Complies with all relevant environmental and occupational local health and safety laws
- Urges sub suppliers to comply with the above mentioned principles
- Only delivers products in compliance with the RoHSII and III directive. Furthermore, is aware of the legal requirement that possibly prohibited materials and materials subject to declaration must without prior request be communicated to Kamstrup
- Only delivers products in compliance with REACH regulation, including meeting requirements for Substances of Very High Concern (SVHC). See echa.europa.eu for info on REACH.
- Only delivers products not containing:
 1. Substances listed in the REACH Candidate List of Substances of Very High Concern for Authorisation – ECHA, as published at the echa.europa.eu website
 2. "Conflict minerals" as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010)

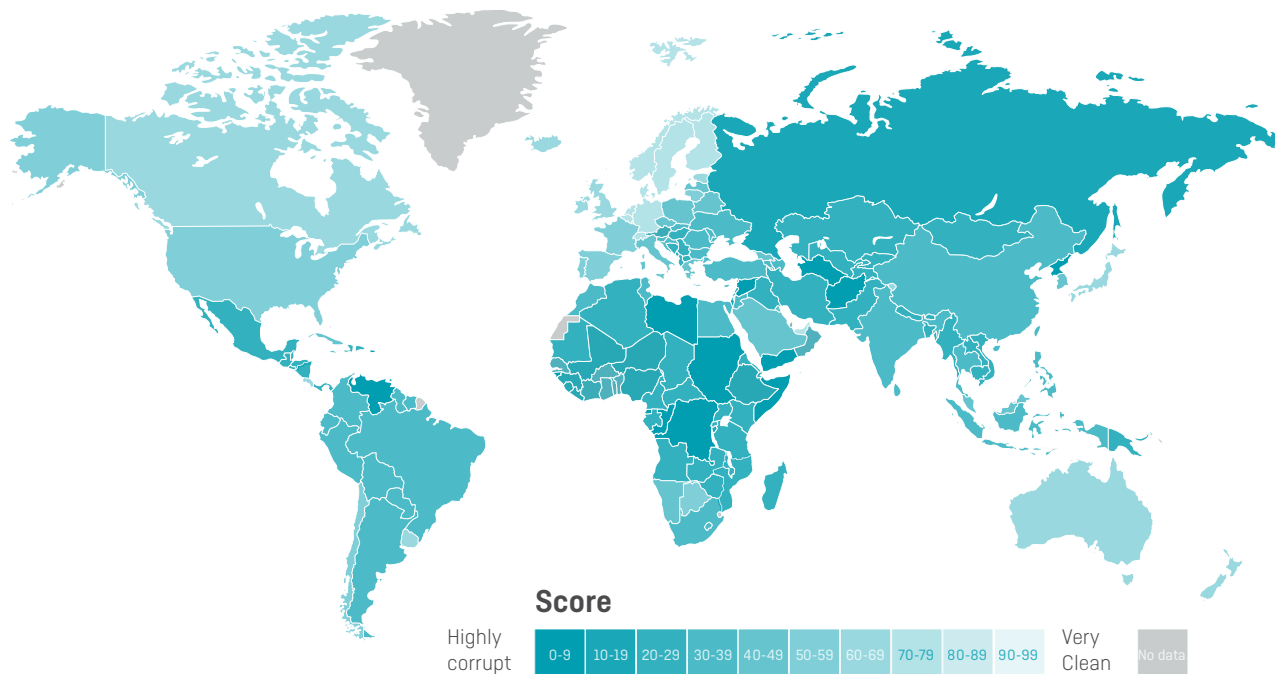
All requirements and demands for supplier compliance are revised at least once a year.

Level 2

CSR risk-based approach

Working with suppliers, Kamstrup mainly faces risks related to human rights, labour, corruption, environmental aspects and compliance obligations. The likelihood of a risk vary from country to country and to mitigate risk, we have implemented the supplier programme described below.

Moreover, we take a risk-based approach to our supply management. Hence, our suppliers are categorised according to their business importance and to CSR risk they represent. CSR risk refers to the Country risk based on an actual corruption perception index. See figure.



Corruption perceptions index 2019. Source: www.transparency.org

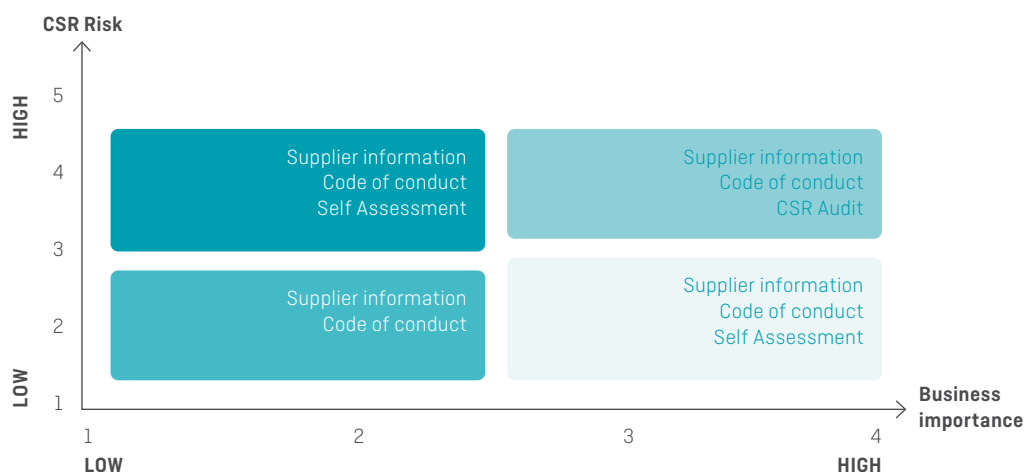
CSR Supplier risk assessment

The suppliers with low CSR risk as well as low business importance can be approved by signing the CSR Supplier Information document and by confirming compliance with our Code of Conduct described in our CSR Policy.

In addition to the CSR documentation described suppliers must fill out a Kamstrup self-assessment report containing various questions within human rights, environment, health

and safety.

If the self-assessment report is satisfactory, the supplier will be approved. However, if the self-assessment report is unsatisfactory, a CSR audit will be carried out. Also, if both the CSR risk and the business importance scores are high, a CSR audit will also be conducted.



Supplier categorisation scheme

CSR audits

All results from CSR audits are handled and evaluated the same way as quality audits and Segregation of Duties (SoD), ensuring that no purchaser is able to implement a new supplier single-handedly.

To obtain a professional and objective evaluation according to local law and practice, we have formed a partnership with an external company to perform audits of suppliers. The purchase department at our headquarters coordinates all audits performed by the external auditing company.

In addition, a Kamstrup employee will act as an observing party and coordinator between participating parties before, during and after the audit. If an audit results in a workplace assessment, the supplier has to formulate an action plan

and perform on-going evaluation of the action plan for non conformances. This will ensure that all Kamstrup's partners provide a safe working environment for all employees.

Suppliers of services

The suppliers we use for services related to activities within maintenance, shipping and hosting, all comply with Kamstrup's requirements related to environment, anti-corruption, human rights as well as labour issues. Most often, we make use of Danish and Nordic suppliers, and their common national legislation covers requirements within CSR policies.

What did we do in 2020?

- Established a complete overview of performed CSR audits and categorized all findings.
- Accomplished 90% CSR audit of the approved strategic suppliers.
- Established a dedicated function in China to lead follow-up action derived on CSR audits.
- Completed review of and inclusion of gold smelters in report covering minerals (CMRT).
- Structure established to ensure systematic control of drinking water requirements and approvals.

2021 and the years ahead

- Continue follow up activities on CSR audit findings.
- Continue to optimize & secure material compliance with ROHS and REACH .
- Analyze and identify gaps to upcoming EU Conflict Minerals regulation.
- Analyze and define methodology to measure Carbon Footprint from our suppliers.
- Continue to ensure that our service suppliers comply with CSR requirements.

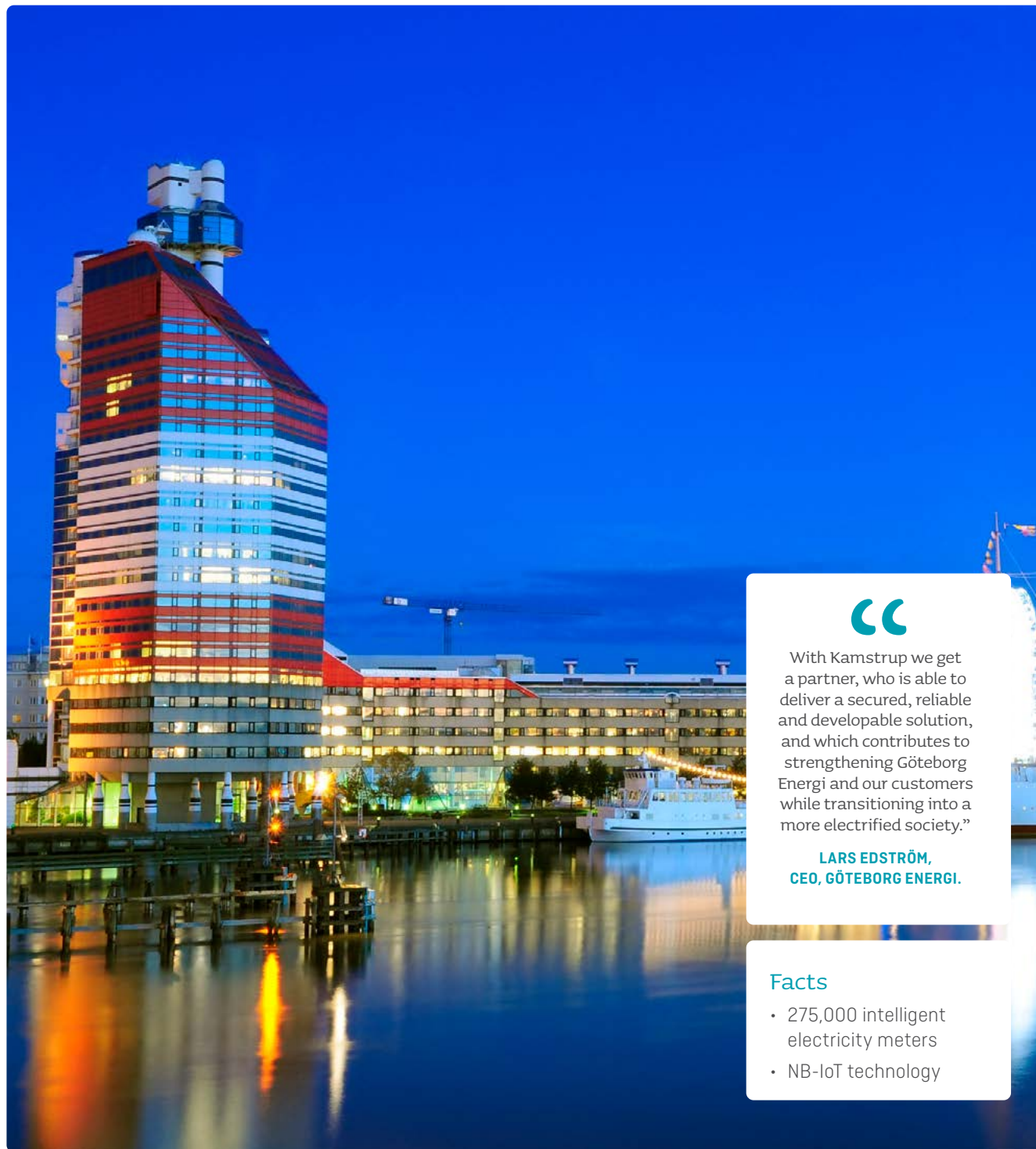
“To obtain a professional and objective evaluation according to local law and practice, we have formed a partnership with a local consultancy to perform audits of suppliers. We use these in our supplier follow-up.”



Climate and environment



Building a future-proof electricity grid



With Kamstrup we get a partner, who is able to deliver a secured, reliable and developable solution, and which contributes to strengthening Göteborg Energi and our customers while transitioning into a more electrified society.”

**LARS EDSTRÖM,
CEO, GÖTEBORG ENERGI.**

Facts

- 275,000 intelligent electricity meters
- NB-IoT technology



GÖTEBORG ENERGI AB

In order to live up to future legislation in Sweden, Göteborg Energi will replace 275,000 electricity meters with new intelligent meters. The insights created by the new solution will help Göteborg Energi handle some of the future challenges facing the electricity grid like electric cars, local electricity production and a general increase in the electrification of society. Simultaneously, the solution offers end-consumers the opportunity to take control of their energy consumption and thereby providing them the ability to reduce their impact on the environment.

Striving for a sound climate and environment.

In accordance with our policy regarding energy and environment, we aim to find ways of minimising our impact on the climate and environment. One of our primary contributions to reducing climate impact is through continuous optimisation of energy usage and product materials [SDG 12].

Likewise, through our business and products we collaborate with and help water and energy distributors to secure a green integrated energy supply while working with end-users to secure reduction in their energy usage [SDG 6 and 7].

Our environmental impact at various locations

The table below illustrates the primary environmental impacts from the production facilities at our headquarters in Denmark and the USA. The table also displays the impact from our sales offices.

We have implemented procedures and instructions where needed in order to manage our impact.

Type of impact	Stilling, DK (incl. production)	Atlanta, US (incl. production)	Sales offices
Electricity	High	High	Low
Heating	Medium	Low	Low
Water	High	Medium	Low
Waste water	High	Low	Low
Waste	High	Medium	Low
Materials	High	Low	Low
Emissions to air	Low	Low	None
Visual, noise and vibration	Low	Low	None
Fuel	Medium	Medium	Medium

High impact: Impact originating primary from production units and improvement activities are ongoing.
Medium impact: Significant impact in a level we take action to reduce. **Low impact:** No significant impact in a level we do not handle.

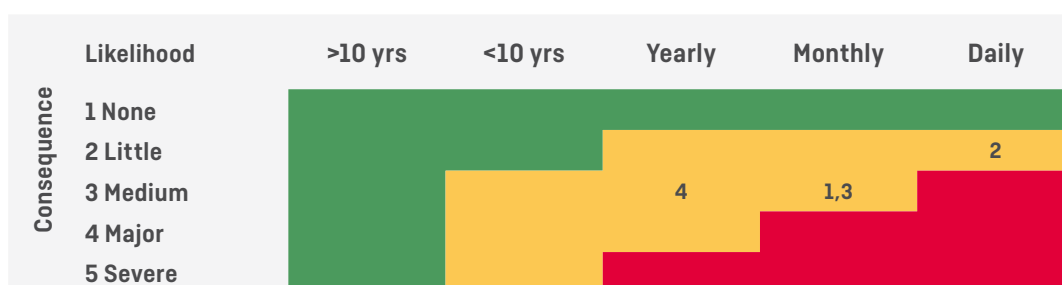
CSR associated risk

Our main CSR risks include:

1. Excess use of utilities (water, electricity, heating)
2. Excess impact from transportation
3. Limited reuse of material in meters
4. Sourcing of materials not complying with regulation

The risks are shown in the table below with their respective consequence and likelihood. The green area indicates risks with no action points, risk in yellow areas might require action whereas risks in the red area must be handled immediately.

The risks in the yellow area are being mitigated through the Energy Group who works on implementing actions to reduce excess use of utilities while the excess use from transportation is being mitigated through remote meetings. In the future, we will continue our work to ensure further reuse of materials from our meters. To make sure materials comply with regulations (ROHS and REACH) we follow up on suppliers data.



Risk matrix showing Kamstrup's CSR associated risk.
Numbers refers to list above.

Kamstrup impacts and processes

Materials and technology

During our development and production of products, we balance the selection of materials with the required functionality of our products.

We focus on:

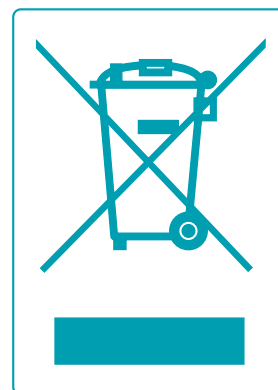
- Using a small number of different materials and components and if possible use recyclable materials.
- Having available information about the type of material at disposal and according to legislation by printing the information on plastic material.
- Developing new generations of meters with reduced electricity/battery usage.
- Where possible, designing meters for recycling, so that components are easy to take apart.
- Packaging material having a printed code referring to the type of material to ensure correct disposal after installation.
- Designing products with a lifetime up to 20 years without power supply and an even longer lifetime. In addition, some heat meters have a self-monitoring function so the meter can be used during its entire life time, it always measures legally and correctly, and is not scrapped prematurely.
- Using the crossed-out bin symbol on our products to ensure reuse of materials according to legislation. Additionally, we offer to take back used meters for recycling.

Furthermore, our water meters are designed in compliance with regulation related to drinking water. Instructions on disposal of worn out products can be found in either the technical description or in the data sheet for the product.

Processes

We monitor and evaluate environmental performance enabling us to take action if irregularities occur. In 2020, we implemented a more structured process in our projects related to purchasing new equipment. This work resulted in a more conscious focus on choice of material for new equipment, distance and way of transportation of equipment, operation costs, maintenance and disposal of excess or worn out material.

We aim to minimise our environmental impact, and we continue to optimise our processes where possible. New employees receives basic introduction to environmental conditions.



Certification and due diligence

Since 1997, Kamstrup's headquarters has been ISO 14001 certified. Today our offices in Norway and Sweden are also certified due to customer's environmental requirements. Kamstrup's requirements to non-certified locations are similar to those being certified. In addition, at our headquarters we also make annual energy mappings and reviews complying with a part of ISO 50001.

Being ISO 14001 certified, we work according to the model Plan-Do-Check-Act. We make goals and action plans, implement, check and follow up. Our main due diligence processes include goal setting, action plans, audits and an annual management review.

In particular, we work with due diligence processes related to compliance with legislation, reduction of energy and water usage, registration of accidents, handling of waste and measurement of metals in waste water.

Compliance obligations

We follow relevant legislation and contract agreements with stakeholders and we constantly work towards compliance. Our headquarters in Denmark is regulated by two waste water permits and work in close collaboration with local municipality to ensure low impact on the local surroundings from our production. Likewise, our subsidiaries review local compliance obligations yearly.

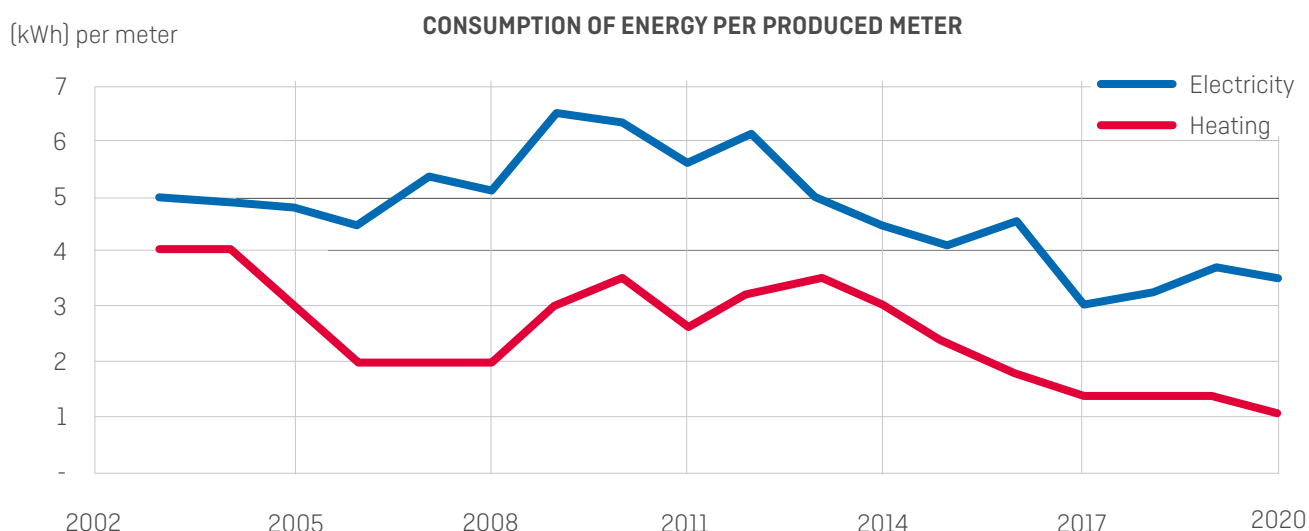
Energy

Kamstrup's Energy Group, founded in 2017, is still active and working on proactive ways to coordinate and initiate activities reducing use of energy and water waste at our headquarters.

We use electricity for both production, administration and in the canteens. In 2020, our total electricity usage per product for the headquarters decreased slightly compared to 2019. This was primarily due to optimised planning of production and less activity due to COVID-19.

Our production in the USA used less energy compared to the total in terms of gas and electricity per manufactured meter.

Our total heat consumption per product for 2020 was lower than in 2019 primarily due to installation of a new ventilation system and decreased consumption due to increase in remote work. Our heat was primarily used for heating, cooling and ventilation. The energy and water usage in 2018 and 2019 increased due to new facilities. This is illustrated below:

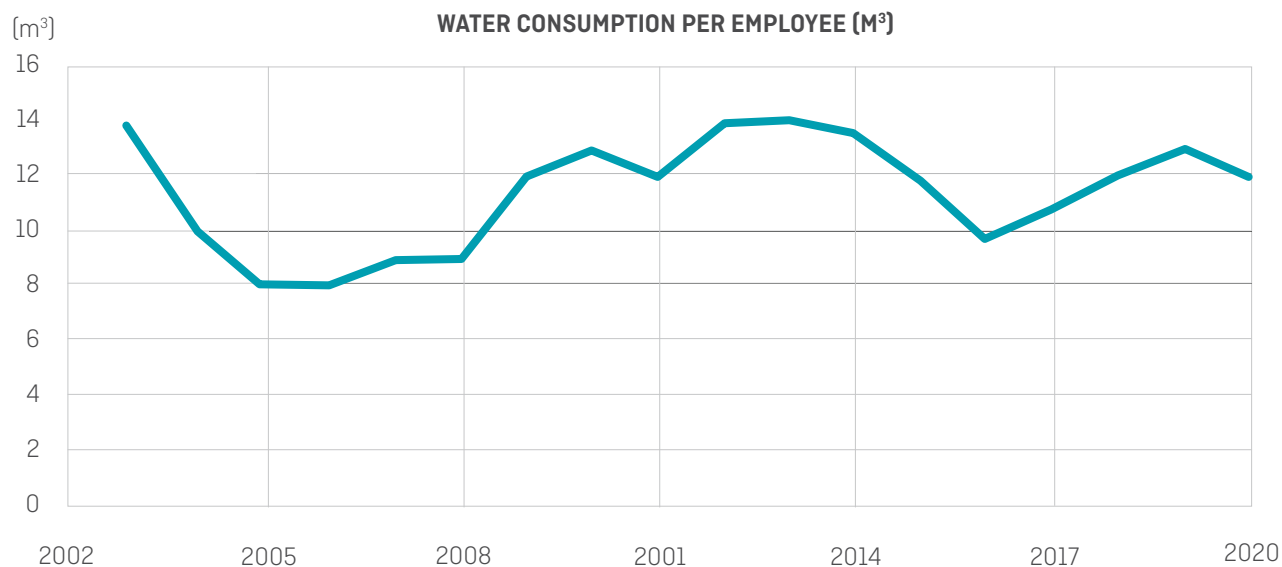


Water

Kamstrup's main water consumption at the headquarters comes from humidification in the production, sanitary use and testing of products.

In 2020, the total consumption of water had decreased in most areas due to remote work caused by COVID-19.

Below is illustrated that the amount of water used per employee decreased compared to 2019. In 2020, our production site in the USA used water for production and sanitary purposes.



Waste water

Our waste water mainly originates from test benches used in our production of meters and from sanitary usage. Our waste water contains small amounts of remains from our meters tested with water.

We analyse our waste water annually to monitor and act on the results. In 2020 we also complied fully with our waste water permits.

Waste

We optimise our waste disposal by sorting waste in more than 70 categories. We co-operate closely with a large waste handler to find new ways to sort and recycle our waste.

In 2020, we have minimised our total amount of waste as our customers have not returned as many meters as the past few years. Likewise our percentage of waste for deposit has decreased as showed below. The slight total increase in waste is mainly due to increase in cardboard and print frames. Our site in the USA produced waste primarily related to packaging only.

Waste from production facilities at Kamstrup headquarters and life expired returned meters

Waste	2012	2013	2014	2015	2016	2017	2018	2019	2020
Recycling (%)	52	61	50	74	69	72	64	60	61
Incineration (%)	47	38	49	25	31	27	32	37	38
Deposit (%)	1	1	1	1	0	0	4	3	1
Total ton	289	336	296	541	568	532	649	582*	641

Waste from production facilities at Kamstrup headquarters and life expired returned meters

Greenhouse gas emissions

Greenhouse gas emissions from our facilities in Denmark and the USA are calculated by converting greenhouse gasses to metric tons expressed in CO₂ equivalents as CO₂e. Kamstrup makes standard climate calculations based on the Greenhouse Gas Protocol that includes scope 1 and scope 2. Scope 1 comprises direct emissions derived from the consumption of fuel from company cars and trucks and gas used for heating at our office in the USA. Scope 2 includes indirect emissions from purchased electricity and heating.

Scope 1	Total ton CO ₂ e 2019	Total ton CO ₂ e 2020
Gas, heating, US*	38	29
Gas, truck**	1	1
Petrol and diesel	225	165
Total scope 1	264	195
Scope 2		
Electricity*	1248	1109
District heating, DK***	293	0
Total scope 2	1541	1109
Kamstrup's production units in DK and US	1805	1304

Greenhouse gas emissions from our production facilities in Denmark and USA. (erhvervsstyrelsen.dk*, viking-energi.dk** and Hørning Fjernvarme skfj.dk***)

The table illustrates the numbers of individual sources of energy contributing to the global carbon footprint. Electricity from scope 2 account for more than 70% of Kamstrup's total emissions.

The CO₂e footprint has decreased compared to last year primarily due to less driving, less electricity and district heating usage.

Greenhouse gasses related to scope 3 deriving from waste, materials, employee transportation, shipping and actual use of product during lifetime are not included above. Greenhouse gas emissions from locations without production are not included due to a small impact totally, primarily from heat and electricity usage in smaller office units.

Greenhouse gas emissions from our products

We calculate the carbon footprint of Kamstrup's products by using the internationally recognised programme SimaPro.

	Electricity meters	Heat and cooling meters	Water meters
Carbon footprint Ton CO₂e per product depending on product size	0,04- 0,14	0,025- 0,08	0,02- 0,054

Carbon footprint of our selection of products based on the raw materials, usage to end-of-life and disposal phase, packaging material, 12 years of operation and 500 km.

What did we do in 2020?

Our environmental goals include energy reduction through activities at our headquarters in Denmark.

We have saved energy and reduced our environmental impact by:

- Upgrading our facilities for charging electric cars with 6 additional charging facilities.
- Using energy data proactively.
- Repairing leaks in pipes with pressured air.
- LED lighting in production unit for heating/cooling meters.
- Repairing holes in system with pressured air.
- Planting trees and hedges.
- Updated car policy in Kamstrup Sweden to secure environmentally friendly cars.

2021 and the years ahead

- Install solar panels on the roof of the factories in Denmark.
- Exchange all water taps to sensor taps to save water.
- Connect new charging equipment for electric cars.
- Continue to use energy data proactively.
- Maintain and repair leaks in pipes with pressured air.



Reducing heat loss through data



With Heat Intelligence, we can prioritise pipe replacement based on where it will have the biggest impact – and deliver the most value for money.”

KASPER NEVE,
AARS DISTRICT HEATING

Facts

- 7.8 MWh less annual heat loss per consumer in low performing areas
- From 200 to 16 bypasses



AARS DISTRICT HEATING

At Aars District Heating they needed insight into to their distribution lines in order to carefully prioritise and optimise their renovation efforts. Kamstrup's analytics tool, Heat Intelligence, has enabled Aars District Heating to obtain a whole new level of transparency, helping them locate poorly performing pipes and increase efficiency and decrease the annual heat loss by 7.8 MWh per consumer in low performing areas.

Working conditions



Employees

In accordance with our Occupational, Health and Safety Policy, we aim at a high level of health, safety and well-being for all employees. By striving to prevent damages, work-related illness and accidents, we work to ensure a good and safe workplace for our employees.

Kamstrup is a global organisation which employ people of different sex, sexual orientation, age, ethnicity, religion, political orientation as well as people with special needs. When recruiting, Kamstrup strives to keep the process transparent and always covers the recruitment fees. Five years before the pension age, employees are offered a talk with their manager in order to create an individual plan going forward until retirement. Colleagues who retire from Kamstrup can join an active senior club in Denmark with a variety of activities and also have access to free training facilities.

We respect freedom of association. This means, that the employer is a member of a main trade union, which ensures negotiations with the employees' own trade union. In all of our offices, we, at least, comply with local legislation covering wages, working hours and working benefits. In order to ensure our employees' safety and a responsible business, we make risk assessments for all our production sites in Denmark.

Providing a healthy and safe environment

In Kamstrup, we strive to provide our employees with a healthy and safe working environment through a certified occupational health management system. Bullying and sexual harassment are not tolerated in Kamstrup. To ensure a safe and healthy work environment in Kamstrup, a working environment committee has been established consisting of representatives from each of the main job areas.

We compensate employees for extra or atypical working hours according to local law, and we offer flexitime and remote work options when possible.

In order to ensure our employee's safety we provide our employees with relevant protective equipment and we have procedures in place for i.e. all personal safety and hazardous substances. We carry out regular inspections of our equipment in compliance with legislation. In addition, all relevant employees receive training on good working practices and health and safety risks. We also apply requirements to subcontractors working on the premises. Our health and safety procedures are carefully described in the languages spoken by our employees.

CSR associated risk

Our main CSR risks include

1. Lack of risk awareness among employees
2. Stress
3. Incidents caused by driving

The green area indicates risks with no action points, risks in yellow areas require action whereas risks in red areas must be handled immediately.

The risks referred to in the yellow area are all being mitigated:

1. Lack of risk awareness is handled through campaigns, analysis of accidents and focus from management.
2. Through leadership education, we seek to help employees prevent stress and identify stress at early stages. Any employee who experiences problems such as stress or burnout, is offered individual psychological counselling through a company agreement with an organisation of professional counsellors.
3. Safe driving is handled locally. Special focus is put on active driving time during the day and to ensure that our employees drive according to the conditions.

Likelihood					
	>10 yrs	<10 yrs	Yearly	Monthly	Daily
Consequence					
1 None					
2 Little					
3 Medium			1		
4 Major					
5 Severe	3		2		

Risk matrix showing Kamstrup's CSR associated risk.
Numbers refers to list above.

Certification and due diligence

Being ISO 45001 certified at our headquarters means that we work according to the model Plan-Do-Check-Act.

We make goals and action plans as well as implement, check and follow up on these.

Our main due diligence processes include goal setting, action plans, audits and a yearly management review. In particular, we work with due diligence processes related to well-being, education and development of employees, registration of near misses and accidents.

Safety

We have based our production processes on precautionary measures to ensure that there is no special risk of harm from unforeseen incidents. Other processes and driving are mainly protected by awareness.

Towards the end of 2016, we started increasing our focus on recording near miss incidents at the headquarters to learn and prevent accidents.

The table below shows the collected totals from when we started collecting data more frequently.

Benchmarking with other companies of lost time in incident frequency (LTIF) is not comparable and available.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Accidents per 1,000,000 working hours (LTIF)	3	3	12	6	6	5	4	5	6	4
Observations	1	1	6	7	22	50	47	45	109	241

Collected totals.

Employee development

In 2020, we employ approximately 1500 in 20 countries and close to 1100 at our headquarters in Denmark.

Employee satisfaction surveys

The employee satisfaction survey has been conducted since 2010. Countries participating are USA, Denmark, Sweden, Norway, Germany, Austria, Switzerland and Spain.

The results for 2020 are showing a high level of overall satisfaction in the organisation especially related to responsibility, co-influence, and Kamstrup's handling COVID-19. The survey gave rise to continued focus at cross organisational work and social relations in times with increased remote work.

Health and well-being

It is of the utmost importance to have a healthy working environment. Good health equals happier and more productive employees, which in the end leads to a better working environment. Therefore, we encourage employees to take advantage of the activities we offer at Kamstrup's own premises such as dentist, fitness and health clinic.

As part of our well-being initiative, we offer all employees at our headquarters the opportunity to get a free health check, free use of health clinic and free use of fitness centre. We believe that both employees and Kamstrup benefit from a good health. Subsidiaries and branches choose relevant benefits to suit their needs.

We should also consider the benefits as rewarding outside working hours – a good health also benefits the employees outside work.

Educating and motivating employees

It is essential to have a skilled and well-educated workforce. Therefore, all new Kamstrup employees in all countries go through an introduction programme when they join. Additionally, all employees can attend in-house courses and educate themselves further. In Denmark, we also continued a project for all employees in the production, testing their basic skills in reading, writing and IT. If the test displayed deviations, we offered training during work hours to ensure a basic level of academic competence as the foundation for future learning and development. Moreover, we ensure individual development and career plans for all employees.

Job rotation

At Kamstrup, we welcome job rotation and consider it part of our corporate identity. We believe that applying for a job elsewhere within Kamstrup is a token of loyalty. Job rotation provides an opportunity to learn and help us stay innovative and agile.

Being a dynamic company with a wide range of opportunities for career development is the key to hold on to skilled employees when they seek new challenges.

Thus, job rotation gives the opportunity to learn new skills and gain experiences in new positions. It is important for us to be open to this kind of development because we want to keep our skilled employees when they search for new challenges.

Being a dynamic company with a wide range of opportunities for career development is the key to hold on to skilled employees when they seek new challenges.



What did we do in 2020?

Our overall goal for 2020 was to continue to develop employees and our organisation according to Kamstrup's growth and needs.

In 2020 we:

- Made a safety campaign about management responsibilities.
- Improved escalation plan for work accidents.
- Involved the health and safety organisation in more new projects.
- Enrolled 60+ students for our intern programme in 2020 divided across the divisions and functions at Kamstrup headquarters.
- Organised 50+ courses for employees designed to improve required competences.
- Arranged leadership education for 30 leaders across Kamstrup to strengthen execution power with the aim to fulfill the ambition and other tailor-made courses to meet future challenges.
- Supported health and sports activities in local communities through various sponsorships.
- Received and handled +5.500 job applications with respect for applicants and through a transparent recruitment process.
- Attraction of candidates within natural science e.g. IT, technology and development to support future business.
- Promotion of Kamstrup as a workplace for engineers and IT candidates.
- Ergonomic friendly furniture at Kamstrup's office in Finland.

2021 and the years ahead

- We continue to attract, hire, develop and retain employees who can develop and push Kamstrup forward.
- Improved analysis of incidents and observations.
- Increase awareness of health and safety to improve safety culture.
- Attract top candidates within natural science e.g. IT, technology and development to support future business.
- Offer more tailor-made courses in Denmark and internationally to help employees meet future challenges.
- Continue to plan social and cross-functional events promoting teamwork, health and social respect.



Think forward

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