

Environmental Statement & Green Report Modulex A/S 2008

July 2009

Introduction

This is the 2008 Green Report for Modulex A/S as submitted to the authorities.

Modulex A/S is a V-member of the Environmental Network of the County of Ribe and is as such committed to prepare an Environmental Statement every second year in order to maintain its present status as a V-member. The latest report to the Environmental Network of the County of Ribe was the Environmental Statement & Green Report 2007 and the next one will be the Environmental Statement & Green Report 2010.

According to the regulatory agencies, Modulex A/S belongs under Act #595 of 5th July 2002 under the Ministry of the Environment regarding certain companies' obligation to prepare Green Reports. In addition to this, Modulex did on 1st July 2008 receive an environmental approval according to §33 under the Environmental Protection Act. This means that the company's main activities which include surface treatment of metal and plastic material are covered by Act #1640 dated 13 December 2006 under the Ministry of the Environment regarding approval of listed companies, cf. Exhibit 2, item A203.

We have, however, found it practical to prepare a complete report, which is structured so that it fulfils the demands of both the Environmental Statement and the Green Report, even though the report for 2008 and 2009 will only be used for the Green Report part. The report for 2010 will, however, also serve as environmental statement for the Environmental Network of the County of Ribe.

Basis

1. Act #595 of 5th July 2002 regarding certain listed companies' obligation to prepare Green Reports
2. Check list from the Danish EPA dated 14 December 2006 regarding preparation of Green Reports
3. The manual from the Environmental Network of the County of Ribe regarding preparation of environmental statements dated May 2002

Structure and order

Corresponds to the demands of order in "Instruction regarding green report" with an appendix in section 1: "Summary: Management Statement". The compulsory section regarding "Qualitative description of environmental and resource conditions" has been prepared as a separate section 3 giving an overview of Modulex A/S seen from an environmental perspective.

Exhibit 1: Energy and material flow (per year)

Exhibit 2: VOC (Volatile Organic Compounds) report 2007

Exhibit 2: Waste Management – Categories and codes

Billund, July 2009

Tage Jacobsen
Vice President

Mette Sørensen
Head of eco-management

1. Summary: Management Statement

The Management Statement includes a summary of efforts and results for 2008 as well as a short going through of targets and action plans for 2009. All things considered, we are satisfied with the development particularly because we in 2008 in our surface treatment department have introduced several new and more environmentally sound processes and technologies.

Summary of environmental targets and results for 2008

Environmental approval: We have now finalized the project that was started up with the municipality of Billund in 2003. The project had been delayed due to the merger of municipalities. This means that as per 1st July 2008 we have received an environmental approval in accordance with §33 in the Environmental Protection Act.

Coexistence with our neighbours: We have not received any complaints from neighbours in 2008 which is very satisfactory. This means that we have not received any complaints the last five years. This is a manifestation that the initiatives we have carried out are working satisfactorily.

Surface treatment – new and more environmentally sound technology

In the beginning of 2008 the pre-treatment process changed to oxylan pre-treatment which is the most environmentally sound and up-to-date process technology available for pre-treatment of aluminium. There has of course been a running-in period but all in all it is a more robust chemistry which means prolonged life of the chemicals in the pre-treatment baths and with that less chemical waste on sight.

During the summer of 2008, a third painting line intended for the many special colours that are often produced in very small series was installed and run in. With this new painting line, we are able to reduce the VOC emission. We did at the same time introduce a far less energy-demanding oven technology – a so-called catalyst oven. This combined with a reorganization of the operations from two shifts to one shift has reduced the power consumption significantly.

VOC: In 2007 we had considerable problems observing the new more stringent reduction target taking effect as from 31st October 2007 in spite of the fact that our supplier, TEKNOS, has reduced the content of VC in both paint and thinner. With the introduction of the new painting line during the summer of 2008, the exceeding of the reduction target is now reduced to 3%.

Chemical waste: The level is a bit higher than in 2007. More specifically, there is an increase on solid organic chemical waste which is first and foremost due to the change of the pre-treatment process to oxylan as in this connection we made an extraordinary replacement of the chemicals in the pre-treatment baths.

Consumption of wrapping: With the introduction of a new card board packaging machine allowing us to cut bespoke transportation packaging we have successfully been focusing on reducing the consumption of packaging. During a period of two years the consumption of wood for packaging purposes has been diminished by almost 50%.

Internal working environment: In 2007 we pointed out a team of internal working environment consultants who will be involved in future decisions regarding new technology and significant changes of existing working processes. The team is focusing particularly on the texting and assembling functions as there have been problems of ergonomic character due to loading working positions.

Comments regarding environmental targets for 2009

The most important targets relating to the external environment in 2009 include (see page 11, point 4.3 regarding 2009 environmental targets and the action plan relating hereto):

- Reduction of the power consumption including CO₂ emission relatively compared to the activity level.
- Continued reduction of VOC to comply 100% with the 2007 reduction target.
- Continued reduction of chemical waste specifically from the painting process.
- Regarding the internal working environment the target for 2009 is to regain our position as a Level 1 company after a trimmed inspection.

2. Basic information

2.1 Name, geographical position, etc.

Company: Modulex A/S, Kløvervej 101, 7190 Billund, tel. 7219 3000, fax 7219 3001
www.modulex.com
CVR number: 66 77 26 16
Title No.: Billund By, 7 AF (in the Land Register)
P-No.: 1.003.163.466 Modulex A/S

Ownership: Modulex A/S was founded as an independent private limited company by the LEGO Group in 1963. As per 15th January 2009 KIRKBI sold off the company and the share holders are now Peter Thorsen, Henrik Scharling and Casper Kirk Johansen.

Accounting year: 1.1. - 31.12.

President: Henrik Scharling

Environmental
contact: Mette Sørensen

Working
Environment contact: Jan H. Petersen

Number of employees: 165 in 2008 on the average

Quality control: Certified according to DS/EN ISO 9001:2000

Environmental
control: According to the guidelines from "Environmental Network – County of Ribe"

2.2 Line of Business and List Point

Line of business: 287510 Manufacturing of signs

List point: A203 cf. "Regulation regarding approval of listed companies, Exhibit 2"

2.3 Main and Secondary Activities

Main activities:

- Manufacturing and sales of architectural sign solutions
- Mounting and sales of dynamic information solutions

There are no secondary activities.

2.4 Environmental Approvals and Licenses

Regulatory framework:

Modulæx A/S is a company under obligation to be approved under "Regulation #807 of 25 October 1999 regarding approval of listed companies".

The environmental approval has been given by the local authorities as per 1 July 2008.

The company is not affected by Ministry of Environment regulation #1666 dated 14 December 2006 regarding control of the risk of accidents with harmful substances cf. Environmental Approval dated 1 July 2008.

Licences

Environmental Approval dated 1 July 2008 – letter from the local authorities dated 27 June 2008

Connection permission of 30th August 2004 (Titanium-Zirkonium pre-treatment).

Connection permission of 23rd January 2006 (Titanium-Zirkonium pre-treatment).

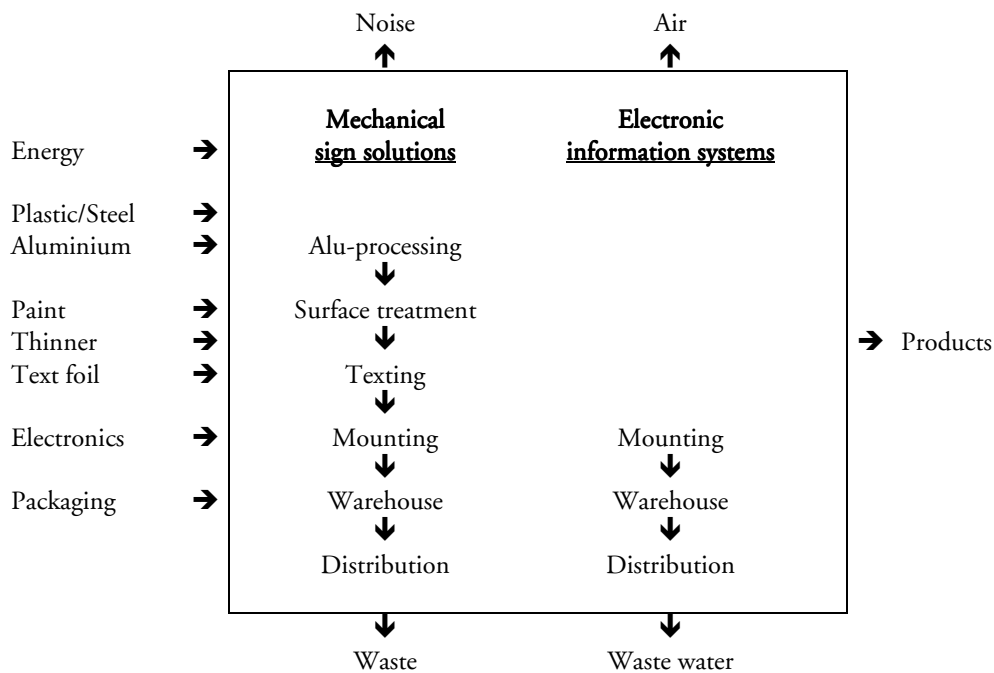
There is no new permission in connection with the change-over to oxylan pre-treatment.

Regulatory agency:

Municipality of Billund, Jorden Rundt 1, DK-7200 Grindsted.

3. Production Activities Seen from an Environmental Perspective

The most important material flows:



3.1 The production process

Our products consist primarily of aluminium, plastic and steel. Many orders are textured with vinyl foil or digital print on vinyl foil. Approx. 50% of all orders are textured in the factory.

The main part of all aluminium processing and surface treatment is taking place in-house.

Plastic items are injection-moulded in the factory or produced at a sub-supplier.

Steel items are primarily produced by sub-suppliers.

Vinyl foil is purchased in whole rolls at sub-suppliers.

Surface treatment of (particularly) aluminium components starts with a pre-treatment (degreasing and passivation) to ensure that the paint sticks and to protect the components against corrosion. The passivation process is environmentally-friendly oxalate treatment. After this, the components are spray-painted with polyester paint that is dried by inducing heat and driving the solvents out of the paint.

For texturing we primarily use dyed 3M foil that is cut out and applied to the sign panels. Digital print is printed in-house. Use of digital texturing technology is growing rapidly. After texturing, the signs are assembled.

For our dynamic information solutions, we purchase partly assembled electronic units. The company's activities are limited to final assembly, system integration and testing.

Distribution: Orders are delivered directly from the factory to the end-user or the distributor. Especially delivery to end-users makes heavy demands on protective packaging. But generally, the nature of our products requires good protection to avoid transportation damages. The factory therefore has a considerable consumption of transportation packaging.

3.2 Consumption of resources

Aluminium and steel are the most important raw material for the construction of mechanical signs. The secondary raw materials measured in quantities are plastic and vinyl foil for texturing.

As the aluminium components are going through a surface-treatment, the consumption of polyester paint and thinner is the raw material with the highest impact on the environment - partly as chemical waste, partly as emission to the air. In the spring of 2008 we changed our pre-treatment process to oxylan pre-treatment which is the most environmentally-friendly and up-to-date process technology for pre-treatment of aluminium.

Add to this energy (electricity and gas, particularly for drying of painted components) and water (for pre-treatment of components before painting).

The consumption of transportation packaging is also considerable.

3.3 Emissions

Waste products in the production are mainly:

- Aluminium, steel and plastic: Arises mainly by cutting-off and grooving. The waste is being sorted and re-cycled.
- Vinyl: Arises by peeling and cutting. The waste is being disposed of by daily refuse collection.
- Chemical waste: Cleansing thinner, paint residue, mud from the pre-treatment process prior to painting. The waste being delivered to KommuneKemi for either recycling or destruction.
- Industrial waste: Mixed waste; is being disposed of through combustion.
- Waste water: Arises during the pre-treatment process before painting. The waste water is being purified in own water purifying plant before discharge into sewer.
- Solvents: Evaporates by application and drying of paint. The waste is being sucked out via the ventilation.

3.4 Reduction of exposure

Low exposure is obtained by focusing on a long product life, appropriate choice of raw material, including sorting of cutting-off / scrap for recycling and by focusing on limiting the most environmentally loading emissions including particularly chemical waste and VOC.

The following parameters ensure that Modulex products have a long life:

- Choice of material and corrosion protection is ensuring the products a long life before they are degraded.
- The design is ensuring that the products do not quickly get "old-fashioned".
- The modular construction makes it possible to change the products by transpositions, etc.
- 7 years supplementing guarantee is ensuring that the sign systems are not replaced because they cannot be supplemented.
- When the products are ready for scrapping they can to a great extent be taken to pieces and recycled.

Initiatives regarding reduction of consumption of raw material and emissions are explained in section 4.3 "New targets / action plan for 2009".

4. Detailed Management Statement

The environmental policy of Modulex A/S is expressed in the frame below:

1. Generally

The environmental policy of Modulex A/S comprises the company's overall attitude to environmental questions as well as the management's overall guidelines for controlling the efforts in the environmental field. The environmental policy applies to the external environment as well as the working environment.

2. External environment

The company wants to reduce the environmental impact and the consumption of resources, including prevention of pollution in consideration of economy, quality and customer service. This is being achieved via targeted efforts in the following areas:

We control the development processes to ensure development of sign systems with a high use-value and a long life. Furthermore, we use construction principles and materials that make it possible to sort and re-cycle the materials wherever possible.

Production processes, subsidiary materials and sub-suppliers are being carefully selected and applied to ensure that the environmental impact is being reduced during the complete production process. This applies specifically to the environmentally critical processes such as pre-treatment, painting and silk screen print.

We use appropriate methods and routines for the gathering and the processing of all relevant data for preparation of the company's total environmental impact/environmental report as well as preparation of targets and action plans to ensure continuous improvement of the environment. We want to make sure that waste is being handled and removed in the environmentally most responsible way.

Modulex A/S must obey and observe all statutory demands regarding the external environment and the working environment. The company must cooperate and communicate openly with the authorities and other significant parties in environmental questions.

The company will actively participate in relevant local environmental networks, specifically in the regional network "Environmental Network of the County of Ribe" and in that connection prepare a yearly Environmental Statement securing that the company continuously maintains the already obtained diploma as a Green Company. We will make sure that the Statement fulfils all formal demands from the authorities applying for a Green Report, cf. legislation and regulations.

3. Working environment

The company values job satisfaction and a good working environment in order to attract and retain competent and motivated employees. The overall efforts are planned and prioritized in cooperation with the safety organization in consideration of the economic and resource-wise possibilities.

Modulex A/S wants to regain its position as a Level 1 company controlled by the Danish Working Environment Service. Level 1 companies are characterized by a good and efficient control of the internal working environment - partly by means of a high degree of own efforts within the field of working environment partly by means of a high degree of prevention. Through active involvement of the employees and cooperation with Work Life, the company wants to strengthen its own efforts as well as the prevention level. Due to an industrial injury in 2007, the company does not have this status at the moment.

An ergonomics team has been established in the production. The purpose of this team is to put ergonomics on the everyday agenda as well as by introduction of new machines or processes.

4. Involvement of employees

Modulex A/S want to make sure that all employees are systematically involved in the work with continuous improvements in order to reduce the company's environmental impact and to develop and improve the working environment. To ensure this, the company has introduced the TIP concept (Team-Idea-Process) which is a method that prompts the employees to come up with proposals and ideas for improvements. The method ensures that all proposals and ideas are evaluated systematically and that the employees are involved in the whole planning and implementation course.

4.1 Reasons for essentiality – report of energy and material flows Exhibit 1

The elements included in the report of energy and material flows in Exhibit 1 are selected on the basis of the following criteria:

Water and energy:

- In the long view, water and energy are limited resources locally as well as globally.

Raw material:

- Raw material consumed in considerable quantities; we know that production of these materials has an environmental impact at the manufacturer (e.g. production of raw aluminium is energy demanding),
- Consumption of environmentally dangerous material that we would rather avoid using (chemical waste in general and VOC).

Waste:

- Waste is unwanted use of raw material and has an environmental impact by removal. The amount of waste over time gives proof of activities/initiatives in the factory.

Waste water:

- The demands set up by the local authorities must be observed.

Air emission:

- Observation of the VOC directives as VOC is harmful to the atmosphere.
- CO₂ due to the greenhouse effect.
- SO₂ and NO_x due to acid rain etc.

4.2 Follow-up on environmental targets for 2008

✓ = target achieved / ☆ = new target / → = target maintained and transferred

| Follow-up : Previous environmental targets | | Action | Comments |
|---|--------|--|--|
| 1. No complaints from neighbours regarding obnoxious smells and noise nuisance. | ✓ | No concrete actions. | No complaints: Target achieved. |
| 2. Reduction of CO2 emission compared to activity level. | (✓) | Installation of the 3 rd painting line finished and commissioned | Measuring results not completely valid until 2009. |
| 3. Reduction of electricity consumption compared to activity level. | ✓ | Automatic control of light in the production areas (TIP project). Has been implemented. | Savings achieved, see measuring results in Exhibit 1. |
| 4. Fulfilment of EU's reduction target for 2007 regarding VOC emission, maintain and improve margin. | (✓) | We will continue to choose processes and raw material that supports the purpose: <ul style="list-style-type: none"> • Close registration of the sources to consumption of thinner in preparation for targeted efforts • Reduction of VOC content in the paint (via TEKNOS) • Discuss potential VOC saving behaviour in the painting dept. • 3rd painting line | The points in the action plan have been implemented. Now only 3% excess, in 2009 the excess was 19%. |
| 5. Continued reduction of chemical waste. | → | Introduce new control system at the automatic painting line to ensure less waste by colour change. | Actions carried out. The target was not achieved in 2008. |
| 6. Formal environmental approval issued by Billund Kommune. | ✓ | Completion of the project that Modulex and Billund Kommune started in 2003. | <i>The target was achieved in July 2008.</i> |
| 7. Reduction of consumption of wood and card board packaging relatively compared the production volume. | ✓ → | Carry out specific TIP projects together with relevant teams. | The reduction has been achieved, cf. Exhibit. |

4.3 New targets / action plan for 2009

→ = target maintained and transferred

| New targets / action plan 2009 | | Action | Responsible | Time |
|--|-----|--|-------------|------|
| 1. No complaints from neighbours regarding obnoxious smells and noise nuisance | → | No concrete actions. Installations already changed. | TJ | 2009 |
| 2. Reduction of power consumption including CO2 emission compared to activity level | → | Optimization of operations – energy demanding processes in the surface treatment department. Focus on reduction of vacuum consumption. | TJ/JP | 2009 |
| 3. Observance of EU's reduction target for 2007 regarding VOC emission in the air, maintain and improve margin | → | We will continue to choose processes and raw material that supports the purpose: <ul style="list-style-type: none"> • Close registration of the sources to consumption of thinner in preparation for targeted efforts • Reduction of VOC content in the paint (via TEKNOS) • Discuss potential VOC saving behaviour in the painting dept. | | |
| 4. Continued reduction of chemical waste | → | Improve monitoring/quarterly follow up | JP | 2009 |
| 5. Analysis: Texting methods and environmental impact | New | Types of waste from CT Handling of waste Measuring | MJE | |
| 6. Development of environmental key figures | New | Inspection of present measuring methods | MJE | 2009 |
| 7. Reduction of consumption of wooden packaging | → | TIP project is already running | TIP | 2009 |

4.4 Environmental demands on suppliers

As suppliers of the most important raw materials measured in quantities Modulex A/S is cooperating with some of actors on the market. This goes for aluminium, plastic granulate, steel and electronics. Examples of suppliers are Alumeco and SAPA as well as SAMSUNG who delivers electronics. We realize that we have only limited possibilities of making demands or putting pressure on such suppliers.

Modulex A/S has entered into a partnership agreement with TEKNOS who is supplier of polyester paint and thinner. In this agreement, it is clearly stated that TEKNOS must actively participate and put their expertise at our disposal in order to continuously reduce the environmental impact of exactly their deliveries/raw material.

4.5 Involvement of employees

Modulex A/S has introduced a concept and an organization to ensure involvement of employees called TIP (Team-Idea-Process). The company want its employees to establish working groups around their own ideas and carry them out (if possible). A separate TIP organization structures and supports the work. The TIP projects are dealing with various subjects, e.g. environment, working environment and rationalization. The generating of ideas is stimulated via courses

Through 2002-2008, 133 TIP projects have been carried out, hereof 11 in 2008. Many of these projects have dealt with improvements of the internal working environment as well as the external environment.

4.6 Working environmental risks by polluting material, dust and noise

Modulex was in 2005 rewarded with The Danish Working Environment Service's highest status (Level 1 status). Due to an industrial injury in 2007, the company does not at the moment have status as a Level 1 company.

Polluting material:

Aluminium processing:

- Steam from or contact with refrigerants/lubricants. We select materials that are as harmless as possible.

Pre-treatment:

- Steam from the processes: Harmful. Is prevented by efficient exhaustion. There are no operators in the area. By certain processes, breathing masks are compulsory.
- Contact with chemicals: Biting danger. Is prevented by the fact that the process is automatic, i.e. material and operator are normally not close to each other. Handling of chemicals: At certain places, fixed pipes/pumps have been installed. In addition: Personal protective measures.

Painting and silk screen print:

- Solvents: Risk of brain damage. Efficient exhaustion (>0.5m/sec.) designed in cooperation with the then Employees' Health Service. The exhaustion quality has resulted in dispensation from using fresh air masks. These are, however, still available for employees who may want to use them. In connection with certain cleaning tasks, fresh air masks are mandatory.

- Solvents in connection with silk screen print: Risk of brain damage. Is prevented by efficient exhaustion designed in cooperation with the then Employees' Health Service.
- Contact with chemicals: Causing local irritation. Is prevented by use of gloves and common hygiene.

Fire

In 2002, an ABA plant (automatic fire-detecting apparatus) with ABDL (automatic fire door closing) was installed in most of the factory.

Dust

May cause difficulty in breathing. Dust problems are counteracted by heavy exhaustion. Cleaning plans for the whole factory have been prepared.

Noise

There is a risk of impaired hearing, particularly by sawing/cutting in aluminium. Noise is counteracted by correct purchase of machines/choice of processes, casing of machines, silencing of walls and earplugs.

4.7 Prevention of breach of conditions

In 2008, there was no breach of conditions.

We are focusing very strongly on observing the conditions and they are continuously being audited by internal as well as external auditors in connection with our ISO 9001 quality control system.

4.8 Complaints

The production facilities of Modulex A/S are placed in an occupational field, but close to housing sectors. It is therefore important for the company to reduce the inconvenience from smell, noise and dust as much as possible. Basically, we find that one complaint from the surrounding housing sectors is one complaint too much. In 2001, there was, however, one complaint regarding smell, and the consideration for the neighbouring sectors if of course still an important focus area.

4.9 Deviations in environmental conditions compared to 2008

According to point 5.5, page 15 – analyses of pre-treatment vessels – there is an exceeding on fluorides (3 measuring results) and nitrification restraint (2 measuring results) in 2008.

Furthermore, we have registered excesses in our own control. There are 46 measurements that are exceeding the pH value of 9.5. There are no measurements above 10 (see page 15).

5. Information regarding environmental conditions

Exhibit 1 contains information regarding energy and material flows from 1995 to 2008. Furthermore, Exhibit 1 contains key figures, proportional figures and calculated emissions.

5.1 Resource consumption and types and quantities of polluting material

Expenditure: See Exhibit 1.

There is no emission into the ground.

Discharge to sewer: Waste water from the pre-treatment process is detoxified in own water purifying plant and discharged to a public water purifying plant together with the rest of the company's waste water.

Unwanted material

"Instruction regarding green report" (#2 2003) states that green reports must contain information regarding "unwanted material" and "materials on the effect list".

The effect list comprises approx. 1,400 materials.

Almost all chemicals used by Modulex A/S are not "pure" chemicals, but mixed chemicals. In order to meet the demands stated in the instruction, we would have to go through the declarations of all raw materials and compare them to the effect list.

Instead of this very comprehensive job, we have chosen the following attitude:

- Confidence that Modulex A/S' suppliers know if their products contain the chemicals in question.

The materials that are openly problematic and used by Modulex A/S in considerable amounts are, however, quantified in Exhibit 1.

According to the "New rules for reporting of information on discharge from companies" from The National Agency of Environmental Protection, notice #1515 dated 14th December 2006, companies are committed to state in their Green Report the method used to compute the data. The measuring methods are stated like this:

There are three data categories: **Measured**, **Calculated**, **Estimated**

The descriptions of the methods are as follows, cf. The National Agency of Environmental Protection:

Measuring methods:

PER: Measuring method specified by the responsible authority in the environmental approval or discharge approval.

NRB: National measuring method specified in instructions, notices, etc.

ALT: Measuring method in accordance with existing CEN (ISO standards)

CRM: The company's own measuring method whose quality has been demonstrated by certified reference material and accepted by the responsible authorities.

OHT: Other measuring methods.

Calculation methods:

ETS, IPCC, UNECE/EMEP: Internationally approved calculation methods.

PER: Calculation method specified by the responsible authorities in the environmental approval or in the waste water approval.

NRB: National calculation method specified in instructions, notices, etc.

MAB: Method based on mass balance and approved by the responsible authorities.

SSC: European sector specific calculation methods.

OHT: Other calculation methods.

5.2 Volume of waste gas and waste water

Waste water (see Exhibit 1)

Waste water has been on an acceptable level since the change of surface treatment processes in 1998.

Fulfilment of EU's VOC directive 1999/13/EC:

In 2007 the consumption of solid was 9,047 kg corresponding to a reference emission of 13,571 kg. The target emission is 8,142 kg/year as per 31.10.2005 and 5,428 kg/year as per 31.10.2007. The real emission of VOC in 2007 was 5,587 kg. This means that the target for 2006 has been met. The new target as per 31.10.2007 is close to being met, but is exceeded by 3% - see Exhibit 2.

5.3 Production and handling of waste

Production of waste is quantified in Exhibit 1.

Fractionation, categorization, codes, cooperation partners are stated in Exhibit 3.

Fractions used for recycling, combustion, combustion and depositing are also stated in Exhibit 3.

5.4 Noise, dust and smell conditions

Noise sources to the external environment are truck traffic and exhaustion plants. Furthermore, there is some fork-lift truck traffic on the exterior areas.

In average, 14 trucks per working day are visiting us, typically from 7:00 am to 3:00 pm. According to agreement with the local authorities, no calculation of noise has been carried out, but we have carried out our own noise measurements in connection with the application for environmental approval in 2007.

Dust is produced in connection with certain processes in the aluminium processing department. We are trying to limit this as much as possible by using high quality filters.

There may be risks of obnoxious smells coming from the exhaustion from the surface treatment. The returns were in 1999 increased to 7 meters above the roof and since then we have only received one complaint regarding obnoxious smells (in 2001).

5.5 Summary of own control

Analyses carried out at accredited lab

The below tests are taken out and analysed by an external lab. Copies of the results are continuously being forwarded to the local authorities.

| | Type of condition | Nitrification restraint | | | | | | | | Exceeding |
|-----------------------|-------------------------------|-------------------------|------|-----------|-------------------------------------|------------------------|---------|--|-----------|-----------|
| | | PH | Oil | v.200ml/l | Chrome | Flourid | Chlorid | Titan | Zirconium | |
| Demands | Unit | PH | mg/l | % | mg/l | mg/l | mg/l | µg/l | µg/l | |
| | Demand for value | 6.5-9.5 | < 10 | < 20 | ≈ 0 | < 10 | < 2500 | ? | ? | |
| | Comments from the authorities | | | | | We aim to observe this | | The level is mapped on the basis of three analyses | | |
| | Demand for nos. of measuring | 4 random checks/year | | | 4 random checks/year the first year | | | | | |
| Result of own control | Taken out 28.02.2008 | 9.0 | 0.21 | 22 | 0.0260 | 43.0 | 110 | 140.00 | 220,00 | 2 |
| | Taken out 12.06.2008 | 8.2 | 0.31 | 25 | 0.0520 | 0.1 | 310 | 200.00 | 50 | 1 |
| | Taken out 02.09.2008 | 8.9 | 0.61 | < 20 | 0.0068 | 2.4 | 240 | <5 | <10 | 0 |
| | Taken out 15.12.2009 | 8.3 | 1.70 | < 20 | 0.0280 | 37.0 | 17,00 | 35.00 | 110,00 | 1 |

Movements in nitrification restraint and flourid are difficult to control and it has therefore been decided - after having carried out tests with another pre-treatment liquid - to change from titanium / zirconium to oxylan. This has taken place in the beginning of 2008.

Own measurements

The below tests are taken out and analysed by Modulex after each detoxification before discharge to sewer:

| | | Type of conditions | PH | Exceeding |
|------------------------------|--|--------------------|---|---|
| Demand | Unit | | PH | |
| | Demand for value after 1.9.04 | | 6.5-9,5 | |
| | Demand for number of mesurings | | After each detoxification before discharge to sewer | |
| Result of own control | 172 mesurings were carried out in 2008 | | 6.5-9,5 | 46 mesurings showed a higher value, though all below 10 |

5.6 Transportation

5.5.1 Transportation to the factory

All transportation is carried out by lorry. Transportation yields a significant consumption of energy but the possibilities of influencing the energy consumption are considered as very limited. Therefore it is not quantified.

5.5.2 Transportation inside in the factory

Internal transportation is carried out by truck, stable lifters, pallets carts and trolleys. The energy consumption is limited, but the electricity and bottled gas consumed are included in the energy consumption quantified in Exhibit 1.

5.5.3 Transportation from the factory

Transportation from the factory yields a significant consumption of energy, but the possibilities of influencing this are limited for practical or commercial reasons:

Transportation form

The number of addresses to which we distribute goods is very high, i.e. the amount of goods per destination is limited. Therefore Modulex has to use the standard transportation solutions that are already available on the market.

All transportation from the factory is carried out by lorry. Overseas transportation (and urgent transportation) is carried out by plane as well (transportation by sea is almost always irrelevant due to the transportation time). In addition, a few non-overseas urgent transportations are carried out by plane.

Modulex does not have its own lorries. The transportation is bought from transportation companies who in almost all cases are free to pack our goods together with goods from other companies in order to fill up the lorry. It is up to the transportation company to select the most appropriate transportation form.

Transportation distances

The locations of the customers are very much determined by business-strategic decisions. The great majority of the production is placed in Billund. It would be possible to save transportation on particularly exterior signs to overseas markets by producing the bearing parts locally, but for commercial reasons several attempts here at have been dropped so far.

Transportation quantities

The environmental impact is of course bound up with the transported quantities (kilos and volume) including packaging. The amount of packaging is being evaluated and adjusted continuously in order to optimize the consumption of packaging / transportation as well as to reduce the number of complaints caused by damaged goods. The new packaging machine contributes to reducing the quantities. The packaging is tailored to each shipment which means there is no waste space in the box. The amount of goods transported is of course depending on the sales (which we do not want to reduce...). We want the weight of each article to be as low as possible. There are already natural incentives for this in the form of costs for raw material and transportation.

5.7 Risk of interruption and accidents

We have identified two types that will have considerable environmental impact:

5.7.1 Fire

In 2002, an ABA system was installed in the whole production area except for the aluminum department and the department for receipt of goods as these areas do make up neither large areas nor particular fire risk. In this connection ABDL has been installed on all doors in fire walls unless they are already always kept closed.

The ABA system is connected to Falck and to LEGO Security who are responsible for the operation of the system. The system is monitored electronically.

The surface treatment department makes up a particular fire risk and has been designed in accordance herewith in concert with the local fire inspector. Areas in the department that are not ventilated at night have been made voltage-free in order not to cause sparks.

The paint storeroom has been built according to the existing laws in concert with the local fire inspector; a potential explosion will for instance go upwards and not towards the rest of the factory.

5.7.2 Leakage from the pre-treatment plant

Leakage may happen when the plant is not operated correctly or if a process gets out of control. We endeavour to avoid this by training the employees carefully as well as by carrying out regular own and supervising control.

The drain from the detoxication plant to the sewer has been provided by an extra filter that is holding back particles that by accident pass the rest of the plant.

Furthermore, leakage may occur from sabotage carried out by our own employees or persons coming from outside. The risk is reduced a bit by the fact that the area is open compared to the rest of the department which means that it is relatively difficult to stay there without being seen. Furthermore, the access control to the factory is relatively strict.

We find the risk so small that no further countermeasures have been taken.