



WE SUPPORT



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

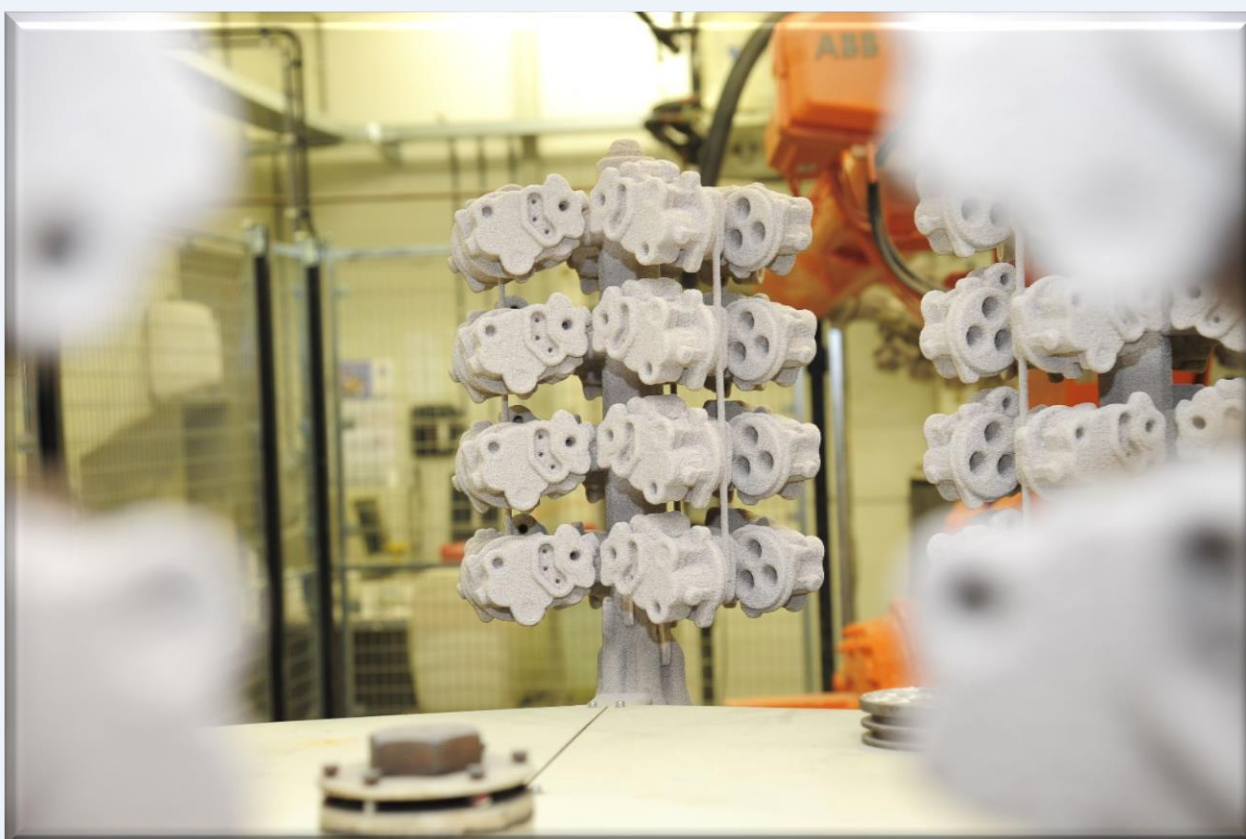
We welcome feedback on its contents.

Communication on Progress 2016



Content

The 10 principles of the United Nations Global Compact	3
UN Global Compact	3
Statement of continued support	4
About CIREX	5
HUMAN RIGHTS principles	7
LABOUR principles	9
ENVIRONMENTAL principles	12
ANTI – CORRUPTION principles	15



Legal notice

Document drafted by QSHE Department, CIREX bv
Questions concerning content should be addressed to:



CIREX bv
PO Box 81
7600 AB Almelo
The Netherlands



CIREX bv
Bornsestraat 365
7601 PB Almelo
The Netherlands



CIREX BV
+ 31 546 540 400
Info@cirexfoundry.com
www.cirexfoundry.com



The 10 principles of the United Nations Global Compact

Human Rights principles

- Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2. Make sure that they are not complicit in human rights abuses

Labour principles

- 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; and
- Principle 6. The elimination of discrimination in respect to employment and occupation

Environmental principles

- Principle 7. Businesses should support a precautionary approach to environmental challenges;
- Principle 8. Undertake initiatives to promote greater environmental responsibility; and
- Principle 9. Encourage the development and diffusion of environmentally friendly technologies;

Anti-corruption principles

- Principle 10. Businesses should work against corruption in all its forms. Including extortion and bribery

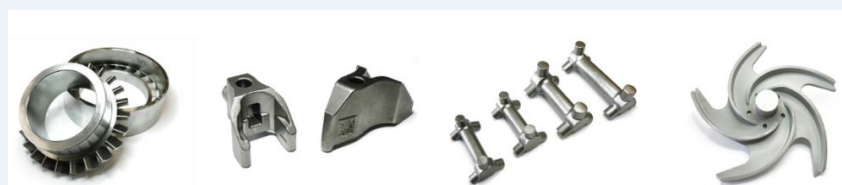
UN Global Compact

the UN Global Compact supports companies to:

Do business responsibly by aligning their strategies and operations with **Ten Principles** on human rights, labour, environment and anti-corruption; and

Take strategic actions to advance **broader societal goals**, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.





Statement of continued support

To our stakeholders:

I am pleased to confirm that CIREX since 2016 officially supports the *10 principles of the United Nations Global Compact* in the areas of Human rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we will describe the actions we have made to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. J.J.G. Spoelder

Managing Director

1st March , 2017





About CIREX

What we do

CIREX is one of the largest steel-casting companies in the world and using the “lost wax” method for over 50 years now. With this method, lost wax castings can be produced with a high degree of dimensional accuracy and complex shapes. This method also provides engineers with a significant degree of product design freedom and choice of materials. Specific desires and requirements can be incorporated in the cast pieces.

Markets

We have an extensive portfolio of successful projects in the automotive and industrial market worldwide.

Team

CIREX’s activities are spread across three locations. In addition to the headquarters in the Netherlands (NL, Almelo), there are two locations in the Czech Republic (CZ, Koprivnice). Altogether approximately 300 persons are employed within our organisation.



Mission Statement

The guiding principle is to unburden our customers completely by being the best development partner and producer of complex high-grade steel components – from product development to series production. The organisation’s focus is therefore on high product quality, short development times (time to market) and a guaranteed low ‘total cost of ownership’. In the long term, this offers customers product certainty and excellent delivery reliability for the lowest cost. We continually improve our high-tech casting process by continuing to invest in technology, people and company processes. Our greatest asset is our group of motivated and highly qualified employees. By daring to think out of the box and by always considering whether things can be done “technically better, differently, cheaper and/or more simply”, we arrive at the best solution for a competitive price.

Vision

Worldwide demand is growing for new, lighter high-tech steel products with complex forms. The rate of product development is also accelerating: product cycles are becoming shorter and designs more complex. Sustainability is increasingly becoming a design requirement, such that “net shape” components are becoming increasingly important. Suppliers are expected to contribute their thoughts to the smartest design for a competitive price/quality ratio. This means that, as a supplier of complex steel components, we must improve continuously in terms of our organisation,



technology, company and processes. Only in this manner we can continue to satisfy the high demands and conditions set by the international market and our stakeholders.

In this rapidly changing world we can only continue to improve our performance in the appropriate manner if we remain loyal to our core values. CIREX takes not only responsibility for the circumstances in our own company, but also at her suppliers and other stakeholders. That's why we have joined the UN Global Compact as a participant in March 2016 to emphasise our vision and act accordingly. We take our responsibility not to exhaust the world and its natural resources and fully respect the human rights of all its inhabitants.

At CIREX caring for the environment is just as important as the other organisational goals. Our focus on the environment is fully implemented in our operational processes. At CIREX, we focus on the reuse of raw materials within the process, limiting waste streams, energy management and reducing emissions.

Employees are aware of the importance of working in accordance with the requirements and desires of stakeholders and are informed of the relevant legal requirements and regulations.

Code of Conduct

In 2016 we have introduced for the first time a Code of Conduct and a Suppliers' Code of Conduct. We support the 10 principles that have been formulated by the UN Global Compact. CIREX has officially subscribed to the UN Global Compact in 2016. These 10 principles are the main input for our Code of Conduct and accordingly the basis for the business practices of CIREX.

The Code of Conduct contains the rules, core values and the most important policy principles of our company. These rules, values and standards form the common theme throughout our business practices and are always applicable.

The Code of Conduct forms a guideline for directors, management, supervisors and employees for acting appropriately within the company and should be complied with at all times so that we can continue to be a successful company, prevent incidents and continuously improve ourselves. Everybody who enters employment at CIREX must commit themselves to the Code of Conduct as part of the introduction programme.

CIREX aims to solely collaborate with external parties and suppliers that act in line with the rules, values and standards as stated in the Code of Conduct or which at the very least do not conflict with this Code of Conduct.

This Code of Conduct is not just a guideline for our daily actions but also a guideline for our relationships with each other and with customers, suppliers, stakeholders and our immediate environment.

Assurance

Every year an ESG-report is drafted by CIREX in addition to this COP. In this comprehensive report all main environmental, social and governance aspects are analysed and evaluated. The results from the last years are evaluated and new targets are set for the coming years.

The ESG and COP are used to report to our shareholders and other stakeholders i.e. customers. The ESG and COP are published on the company's Intranet.





HUMAN RIGHTS principles

Principle 1. Businesses should be support and respect the protection of internationally proclaimed human rights; and

Principle 2. Make sure that they are not complicit in human rights abuses



Assessment, policy and targets

The Human Rights are obvious to us. We respect the Human Rights and will always endorse and maintain them.

Some of the most important Human Rights, but not limited to, are freedom of religion, freedom of speech, non-discrimination, a safe and healthy work environment, equal pay for equal work, freedom of association and education.

We owe our success to our people. To hold on to this success we aim to keep the work environment a safe place where everybody respects each other, where everybody is equal and where there are always good opportunities for personal development.

CIREX works together with many business partners, located in countries worldwide. We aim to cooperate with partners, suppliers and other stakeholders who support our principles. CIREX and its shareholders believe it is important to stimulate good behavior to others by setting the right example.

Assurance

The 10 principles of the UN Global Compact are included and emphasised in the CIREX Code of Conduct. This Code of Conduct is available through our website and handed out to all the employees of CIREX. All the employees have to sign the Code of Conduct. By signing the document the employee declares he will respect the 10 principles and promises not to act contrary to these principles. Our HR department oversees the principles in our day-to-day behavior and processes.

We ask our suppliers to declare the raw materials delivered to us are DRC-free (3TG-conflict materials, tin, tantalum, tungsten and gold), originating from reliable sources and are in accordance with the Dodd-Frank Act.

Employees can report incidents involving Human Rights to our HR department, supervisor or confident. The HR manager reports to the MT in the weekly MT-meeting. Records are kept of all incidents.

Infringements of the rules, violation of laws and regulations and violation of privacy rights are not acceptable and will result in disciplinary actions by the management.

Education

CIREX is a certified company for training and education and provides internships for students and workplaces for trainees in collaboration with educational institutions. All our facilities and production lines can be visited by stakeholders on request. Tours for interested parties such as schools are given on a regular base.





Open days are organised and we support initiatives to get young people interested in technology and science.

Further developments in technology requires employees are educated well, to ensure we can face the challenges in the world of the tomorrow. Being well educated also means job security, job career possibilities, satisfaction in work, opportunity to improve yourself and it inspires creativity. We have drafted in 2016 a companywide strategic education plan, covering several years, for all employees to meet future requirements and to reach a higher level in all aspects of our business. Additional there is a standard annual education plan to meet short term demands.

Social accountability

Since many years a partnership exist between CIREX NL and The Twentse Zorgcentra. We provide an in-house workspace and learning facility in a professional work environment for about 15 people with mental disabilities or a lasting distance to a regular job position. The participants are supervised by employees of the Twentse Zorgcentra. This guarantees meaningful daily activities and improved social contacts for the participants.



We support and encourage various social community activities through sponsorships, active involvement by the employees (i.e. volunteers), support of non-governmental organisations, etc.

Summary main new developments and targets Human Rights 2016 – 2022

- Introduced a Code of Conduct in 2016;
- Introduced a Suppliers' Code of Conduct in 2016;
- The quick check Human Rights Compliance assessment (HRCA) as drafted by the Danish Institute for Human rights has been carried out in 2016. No main issues were found during this self-assessment;
- No incidents regarding human rights were reported in 2016;
- Target: Improve awareness within the supply chain based on current level of compliance.



LABOUR principles

- 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; and
- Principle 6. The elimination of discrimination in respect to employment and occupation



Assessment, policy and targets

CIREX is against discrimination and exploitation of vulnerable people. Within CIREX there is a great diversity of nationalities. Everybody has equal opportunities. We as CIREX aim to keep the work environment a safe place where everybody respects each other, everybody is equal and where personal development is encouraged.

At CIREX the safety, health and welfare of our employees is just as important as the other organisational goals. Assuring proper working conditions is a joint responsibility of management, supervisors and employees. The OSH management system is integrated in the quality and environmental management systems.

All rights and responsibilities of the employees are written down in the employee handbook. Besides the employee handbook all the employees need to sign the Code of Conduct. The Code of Conduct is based on the 10 principles of the UN Global Compact. All the employees must comply with the 10 principles.

Assurance

Good communication is the key to a good work environment, is very important for achieving the best business results and is crucial for the productivity of the employees. CIREX has many channels of communication within the company. Some examples are:

- Sharepoint, the internal information website;
- Newsletters;
- Emails;
- Information screens;
- Team meetings;
- Informal and formal meetings;
- Periodic canteen meetings with all the employees;
- Job control meetings;
- Toolboxes and so on;



CIREX is a company with an open and informal communication structure. If anyone has any questions they always can be asked. If there are any issues in relation to labour everybody can, and should, inform their supervisor, HR or the confident/counselor. CIREX has also employees with specialised knowledge about health and safety aspects, for supporting and advising the management and employees, and to identify and fulfill legal requirements.



A daily informal meeting for supervisors and management is held focusing on production scheduling, new developments, incidents and opportunities for improvement.

Within CIREX there is a confidant/counselor for the employees which they can consult. If necessary there is also an independent confidant to handle complaints of sexual intimidation, discrimination, aggression, harassment, violence or any other unacceptable behavior.

Within CIREX there are also employee councils representing the employees. All employees have the right to stand candidate for election and have the right to vote for the employee council candidates. Access for union members is granted by national laws.

It is mandatory for the management to inform the employee council and ask advice or approval for subjects related to occupational health, safety and social aspects.

Incidents and opportunities for improvement can be reported to our HR department. The HR manager reports to the MT in the weekly MT-meeting. Records are kept of all incidents.

Our HR department oversees the principles in our day-to-day behavior and processes.

The taskforce Health and Safety, existing of Management, HR, QSHE and a member of the employee council meet regularly to discuss open issues, incidents, accidents and the input of employees and stakeholders to improve the work environment, safety-, health- and social aspects. Minutes of the meeting are taken, actions defined, implemented and evaluated.

Results of safety audits are lead back to the Management Review , actions and new goals are being set.

Infringements of the safety rules, violation of laws and regulations, are not acceptable and will result in disciplinary actions by the management.



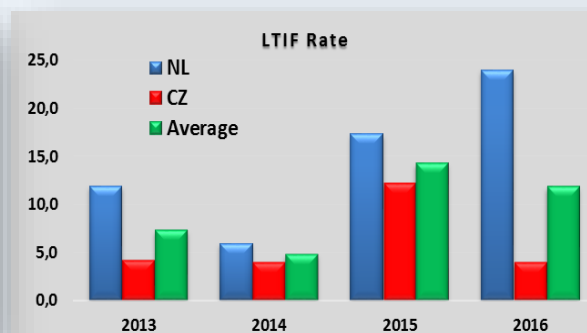
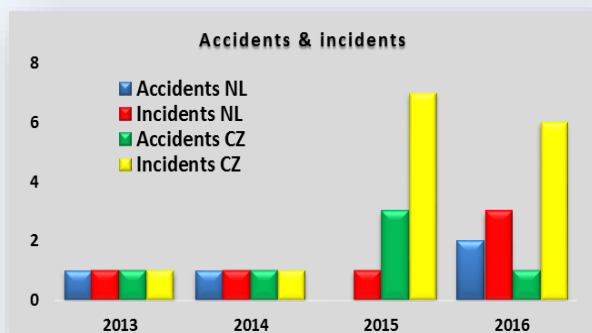
The early days



Summary main new developments and targets Labour 2016 - 2022

- Joined the UN Global Compact in 2016;
- Introduced a Code of Conduct in 2016;
- Introduced a Suppliers' Code of Conduct in 2016;
- In 2015 and 2016 an extensive program in our Dutch foundry was initiated to determinate the exposure levels for metal fumes and dust during the casting process in combination with the improvement of the extraction of metal fumes to achieve further reduction of exposure levels. All measured exposure levels are within the legal requirements;
- New Explosion Safety document for CIREX NL in 2016;
- One accident happened in the Czech production facility in 2016 leading to a major personal injury (no permanent injury) and has been reported to the responsible authorities;
- An investigation for the presence of remaining asbestos was carried out in 2016 for the Dutch production facility. A program for remediation of asbestos has been partially carried out in 2016, the remaining asbestos is considered not to be dangerous for the moment;
- Starting feasibility study in 2016 for obtaining ISO 45001 certification in 2018;
- Start in 2016 of the construction of the new ceramic mould production facility in Almelo (The Netherlands). Expected to be fully operational by 2018 - 2020. It will replace the old facilities and several production rooms. The main benefits for the employees are:
 - * The ceramic used will be water-based, replacing the current alcohol-based ceramic and therefore:
 - * The elimination of occupational risks as a result of the elimination of the use of isopropanol, ammoniac, hydrochloric acid and ethyl silicate in production in the future;
 - * The elimination of the exposure (inhalation, skin contact) to these substances;
 - * Elimination of all ATEX-areas in the old ceramic department as result of phasing out the application of volatile organic substances.
 - * Furthermore due to the extended automation of the process a significant reduction of physical strain (lifting, pulling) for the employees has been achieved;

Key Performance Indicators



Note: accidents: with personal injury leading to absence > 3 days
Incidents: reported main safety incident without personal injury

LTI = Number of accidents leading to absence > 24 hrs
LTIF rate = Total LTI x 1,000,000 / total man hours





ENVIRONMENTAL principles

- Principle 7. Businesses should support a precautionary approach to environmental challenges;
- Principle 8. Undertake initiatives to promote greater environmental responsibility; and
- Principle 9. Encourage the development and diffusion of environmentally friendly technologies;



Assessment, policy and targets

CIREX and his shareholders are committed to protect the environment and act as responsible corporate citizens. CIREX aims to have as little impact as possible with our products and processes on the environment.

At CIREX caring for the environment is just as important as the other organisational goals. Our focus on the environment is fully implemented in our operational processes.

Employees are aware of the importance of working in accordance with the requirements and desires of our stakeholders and are informed of the relevant legal requirements and regulations. At CIREX, we focus on the reuse of raw materials within the process, limiting waste streams, energy management and reducing emissions.

At all locations we try to create awareness for the environment with our Code of Conduct, providing tools, education and training. We stimulate people to take responsibility for their own and others behavior. If someone is acting contrary to the 10 principles, we make each other aware of their behavior and the impact it has on the environment.

We try to create awareness amongst our suppliers and other business partners with our Suppliers' Code of Conduct.

Assurance

CIREX values the environment and is certified for the ISO-14001 – environmental management system. Periodic there are internal audits and audits by external experts, customers and local authorities. The QSHE department monitors the impact of all aspects on the environment. Incidents can be reported to the QSHE department directly.





The ESG and COP are used to report to the local authorities.

Every year CIREX has to report to the national authorities all aspects related to waste management (costs related to waste disposal and the amount of waste produced) and energy consumption.

Results of audits are lead back to the Management Review , actions and new targets are being set.

Infringements of the rules, violation of laws and regulations, are not acceptable and will result in disciplinary actions by the management.

Summary main new developments and goals environment 2016 - 2022

- Introduced a Code of Conduct in 2016;
- Introduced a Suppliers' Code of Conduct in 2016;
- No main environmental accidents happened in 2016;
- Feasibility study started in 2016 for possibly obtaining ISO 50001 certificate;
- Feasibility study started in 2016 for placing rooftop solar panels (NL);
- Investigation study started in 2016 to replace gas powered firing furnaces by electric powered firing furnaces (NL) (long term > 2020);



- Start in 2016 of the construction of the new ceramic mould production facility in Almelo (The Netherlands). Expected to be fully operational by 2018 - 2020. It will replace the old facilities and several production rooms. The main benefits for the environment are:
 - * The ceramic used will be water-based, replacing the current alcohol-based ceramic and therefore:
 - * The elimination of emissions to the air of isopropanol, ammoniac, hydrochloric acid and ethyl silicate (ethanol) in the future. This is also consistent with the targets defined in the Gothenburg Protocol and the upcoming revision of the Energy Efficiency Directive (EU) setting new goals to reduce national emission ceilings for 2020 and 2030;
 - * The new production facility in NL is replacing several old air-condition installations. Almost no energy in the form of conditioned air will be lost to the outer world by reconditioning the air and therefore much more energy efficient. This is also compliant to the 2012 EU Directive on energy efficiency.



- Renewal of certification ISO 14001:2015 replacing ISO 14001: 2004 in 2017 for all production sites;
- Receipt of first certificate CO₂-neutral waste treatment for NL starting for the year 2016;
- Per January 1st 2017 all electricity used at all plant locations is CO₂-neutral generated and covered by certificates and resulting in a direct reduction of ca. 6500 tons CO₂ (based upon data 2016);
- Per January 1st 2017 the CO₂-footprint of all natural gas used at all plant locations is compensated through supporting new sustainable projects covered by certificates and resulting in an indirect reduction of ca. 2200 tons CO₂ (based upon data 2016);
- The current central heating boiler (building year 1986) will be replaced in 2017 by several smaller ones in cascade. An estimated reduction of 30.000 - 50.000 m³ of natural gas consumption and an estimated reduction of 55 -90 tons of CO₂ per year is expected;
- No environmental calamities occurred that required immediate action or had to be reported to the authorities.





ANTI – CORRUPTION principles

Principle 10. Businesses should work against corruption in all its forms.
Including extortion and bribery

Assessment, policy and targets

CIREX does not accept any form of corruption, bribery or extortion. In the Code of Conduct is written down that CIREX has a *zero tolerance policy* on corruption.

CIREX prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement to or from any person or company by any individual employee, in order to gain any commercial, personal or contractual advantage.

Assurance

The Code of Conduct CIREX describes the responsibilities of the employees regarding anti-corruption and what the consequences are when they don't take their responsibility. In the Suppliers Code of Conduct we emphasise CIREX will not do any business with suppliers, partners of other companies whom don't respect the 10 principles of the UN Global Compact.

Our financial statement and corresponding processes and policies are independently audited by independent accountants resulting in a financial statement report.

Our actions are completely transparent. All payments are done by bank transfers.

We ask our suppliers to declare the raw materials delivered to us are DRC-free (3TG-conflict materials, tin, tantalum, tungsten and gold) are from reliable sources and in accordance with the Dodd-Frank Act. We also ask all our main suppliers to sign the Suppliers' code of conduct.

There have been no known cases of corruption in the line of work over the course of the organisation's existence. When CIREX notices any form of corruption, inside the company or by another suppliers, business partner or any other stakeholder CIREX will try to make things right. If this isn't possible, CIREX' working agreement ends.

If an employee notices any form of corruption or they strongly suspect any form of corruption, bribery or extortion, the employee needs to inform their team supervisor or management.

Infringements of the rules, such as passive and active corruption and violation of laws and regulations, are not acceptable and will result in disciplinary actions by the management.

Summary main new developments and goals anti-corruption 2016 - 2022

- Introduced a Code of Conduct in 2016;
- Introduced a Suppliers' Code of Conduct in 2016;
- No issues regarding corruption, bribery or extortion were reported in 2016;
- Target: Maintain current level of compliance.



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact and
supporting broader UN goals.

We welcome feedback on its contents.

