




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 2019



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Legal notice

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THE TEN 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.





THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)



On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force. Over the next fifteen years, with these new goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. For more information see www.unglobalcompact.org

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

March 27th, 2020



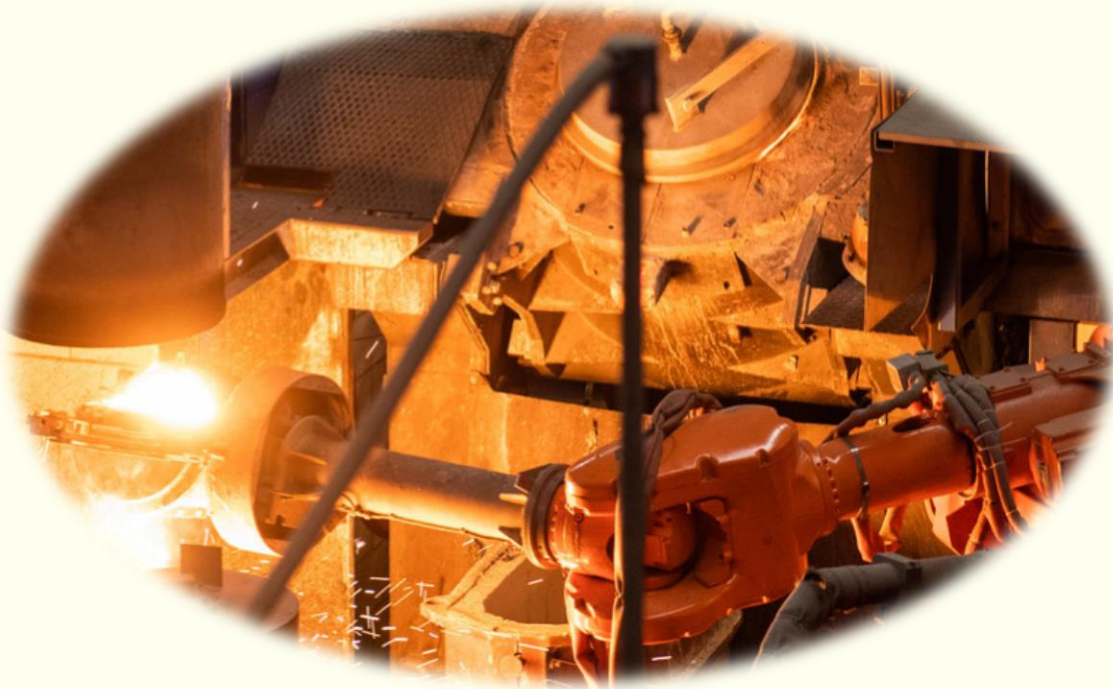
ABOUT CIREX

What we do

CIREX is one of the largest steel-casting companies in the world using the “lost wax” method for almost 60 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.

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 in March 2016 with a current status as a signatory 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 and human rights in the broadest sense is just as important as the other organisational goals. Our focus on the environment and human rights is fully implemented in our daily operational processes. 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 about the relevant legal requirements and regulations.



In 2019 CIREX has been acquired by Signicast, a Form Technologies company with a home base in the United States. Form Technologies provides 'precision engineered metal solutions' manufactured at Dynacast (high pressure precision diecasting), Signicast (investment casting) & OptiMIM (metal injection molding). Thanks to this acquisition the continuation of the growth we experienced in the past years is guaranteed for the future as well.

Team

CIREX's activities are spread across four locations. In addition to the headquarters in the Netherlands (Almelo, NL, approx. 120 employees), there are two locations in the Czech Republic (Kopřivnice, CZ approx. 230 employees) and one in the Slovak Republic (Stará Ľubovňa, SK approx. 40 employees).

It is foreseen the Slovakian plant will become dormant temporarily by March 1st 2020 to bridge the gap between the ending of current projects and the start of new projects.



Mission Statement and Vision

For those who are interested in our Mission Statement and Vision please visit our website www.cirexfoundry.com where you can find the full integral text.



Code of Conduct

Our Code of Conduct and our Suppliers' Code of Conduct are based upon The Ten Principles and contain 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 is available through our website www.cirexfoundry.com.



The Code of Conduct forms a guideline for the 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, to prevent incidents and continuously improve ourselves. Every employee must commit themselves to the Code of Conduct as part of the introduction programme. By signing the document he/she declares to respect the Ten principles and promises not to act contrary to these principles. Our HR department oversees the principles in our day-to-day behavior and processes.

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

After introducing in 2016 the Suppliers' Code of Conduct we have embedded this Code more strongly in our procedures and processes and we are happy all our main suppliers of raw materials and auxiliary goods and our subcontractors have signed this Code over the last few years. During 2018 we have extended our policy also towards our subcontractors and we are happy to announce all our main subcontractors now have committed themselves as well.





Assurance

Every year an ESG-report is drafted 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, local government and employees and are as such part of the overall management review. The ESG and COP are both published on the company's network and made available to the Workers Council.

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 Ten Principles of the UN Global Compact are included and emphasised in the CIREX Code of Conduct and Suppliers' Code of Conduct.

Our main suppliers and subcontractors are primarily home based in the EU or the United States. Between CIREX and the majority of the suppliers and subcontractors cooperation already exists for



many years and are well known to CIREX. As result of this we consider the risk for any violations of human rights very low.

We ask our suppliers, if applicable, 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.

If an employee notices any form of violation of Human Rights or if they strongly suspect any form of violation of Human Rights, the employee is encouraged to inform their team supervisor, the management or the external confidant, immunity is guaranteed for the employee by our whistleblowing policy. The HR department reports to the MT in a 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

We are a certified company for training and education and provide 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 students and educational institutions 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 well educated, 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 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. This education plan is executed according plan and supported by an e-learning platform. 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. These employees are supervised by employees of the Twentse Zorgcentra. This guarantees meaningful daily activities and improved social contacts for the participants.

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



Summary main new developments and targets Human Rights 2019 – 2024

- No incidents regarding human rights or privacy breaches were reported in 2019 ;
- No further improvement actions are set currently.



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.

All rights and responsibilities of the employees are included in the employee handbook.



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 and satisfaction of the employees. CIREX has many channels of communication within the company. Some examples are:

- Newsletters and Emails;
- Information screens;
- Informal and formal meetings;
- Periodic canteen meetings with all the employees;
- Job control meetings and toolboxes;
- KPI dashboard

Daily formal and informal meetings for supervisors and management are held focusing on production scheduling, new developments, health & safety issues and opportunities for improvement.

An external confidant/counselor has been appointed who employees can consult or can report to in case of sexual intimidation, discrimination, aggression, harassment, violence or any other unacceptable behavior. Immunity and privacy for the employee is guaranteed by our whistleblowing policy. Infringements of the safety rules, violation of laws and regulations or unacceptable behavior, will result in disciplinary actions by the management. We also have several employees with specialised knowledge about health and safety aspects, for supporting and advising the management and employees, to identify and fulfill legal requirements.

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 in relation to occupational health, safety and social aspects.

Incidents and opportunities for improvement can be reported to our HR department. The HR department reports to the MT in the weekly MT-meeting. Records are kept of all incidents. The taskforce Health and Safety, existing of Management, HR, QSHE and members 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. Safety & Health audits are an integrated part of the management system. Results of safety audits are led back to the Management Review, actions and new goals are being set.

Summary main developments and targets Labour 2019 - 2024

One accident with personal injury occurred with an obligation to report it to the Dutch authorities. Investigation by the authorities confirmed CIREX could not be held responsible for the accident neither the accident could have prevented.

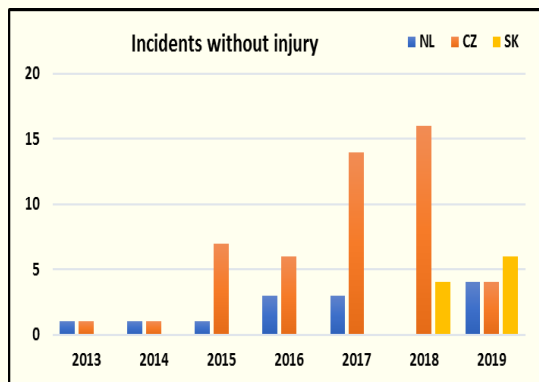
A number of small accidents occurred in 2019 leading to short term absenteeism and affecting the LTIF score in a negative manner. Analyses by the Safety Board shows the root causes are primarily in relation to awareness by the employees in question. Beside a more strict sanction policy awareness training will be a focus point for next year.



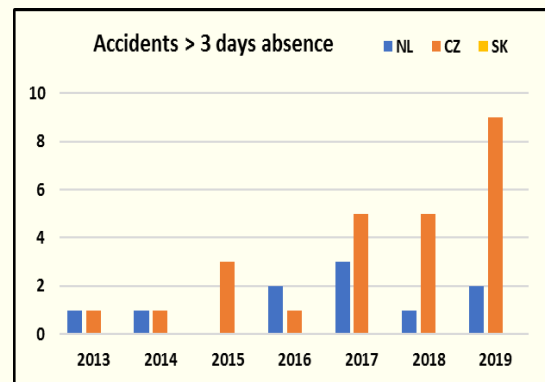


Certification to ISO 45001 as planned for 2019 has been postponed by the management until further notice. Currently there is no direct need for certification as the added value is considered very limited at the moment. Nevertheless the guidelines as described in ISO 45001 are adopted as our policy and fully integrated in our Health and Safety management system. Several studies have been carried out in 2019 at the production locations in The Netherlands and the Czech Republic to determine occupational exposure to dust, fine dust and metal fumes. All occupational exposure levels to metal fumes, dust, fine dust and Cr6+ are well below the applicable exposure limits. Benchmarking shows CIREX is in this respect a frontrunner within the casting industry. Several occupational risks in the Dutch plant including exposure to hazardous substances in the ceramic process will be eliminated as the completion of the transition to water-based ceramic without the use of isopropanol, ammoniac, hydrochloric acid and ethyl silicate and is foreseen by the end of 2020.

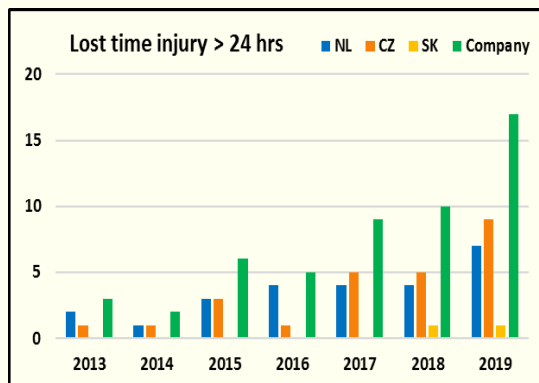
In 2019 we have started in NL a general program for improvement of the general vitality and health of the employees and also developed a plan for sustainable employment and reducing health risks for older employees and shift workers. This program will cover several years.



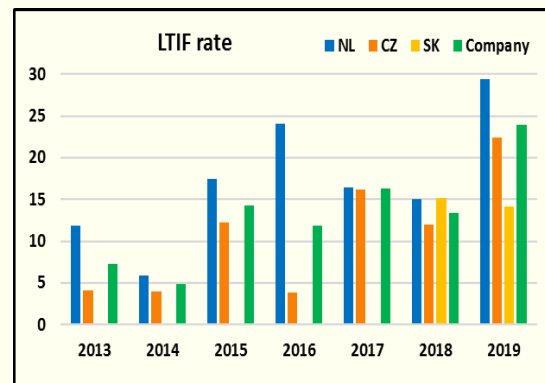
Incidents: reported main safety incident without personal injury



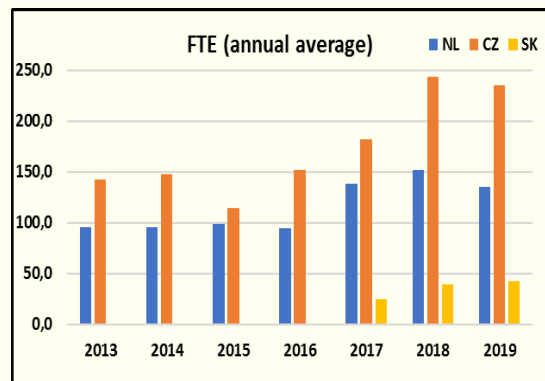
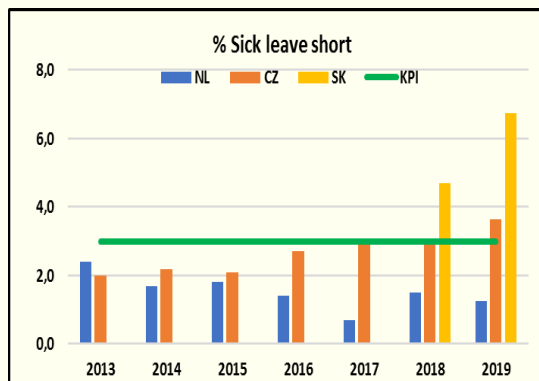
Accidents: with personal injury leading to absence > 3 days



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 to 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 daily operational processes.

Employees are aware of the importance of working in accordance with the requirements and desires of our stakeholders, and are informed about 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 the necessary tools, education and training. We stimulate employees to take responsibility for their behaviour and that of others. If someone is acting contrary to the Ten 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.

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

Assurance

CIREX values the environment and is a certified ISO-14001 company since 2005. Per October 2017 we are certified to ISO 14001:2015 for the production locations in the Netherlands and the Czech





Republic. Periodic there are internal audits and audits by external experts, customers and authorities. The QSHE department monitors the impact of all aspects on the environment. Incidents can be reported to the QSHE department directly. Environmental audits are an integrated part of the management system and are executed according an annual planning. Results of audits are led back to the Management Review , actions and new goals are being set.

The ESG and COP are also used to report to the local or regional authorities. Every year we report to the national authorities all aspects in relation to waste management (costs related to waste disposal and the amount of waste produced) and energy consumption.

Context

The European Commission presented The European Green Deal in December 2019 – a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all. The European Green Deal provides a roadmap with actions to boost the efficient use of resources by moving to a clean, circular economy and stop climate change, revert biodiversity loss and cut pollution. It outlines investments needed and financing tools available, and explains how to ensure a just and inclusive transition. The European Green Deal covers all sectors of the economy, notably transport, energy, agriculture, buildings, and industries such as steel, cement, ICT, textiles and chemicals.



By 2030, the Netherlands aims to reduce its greenhouse gas emissions by 49% compared to 1990 levels. The measures to do this are laid down in the national Climate Agreement sent to parliament on 28 June 2019. The measures that were presented will enable the Netherlands to fulfil its commitments under the Paris Agreement and the National Climate Act. The government is confident that the national Climate Agreement will make the country economically stronger and more sustainable, for the benefit of all.



On July 2nd the Dutch Climate act became effective. The Climate Law stipulates that the Dutch government will present a Climate Plan every five years. This plan will contain the main climate policy topics for the following years. Furthermore, it will state the measures needed to stay on track. The plan will be evaluated every two years and revised if necessary.



Subjects on European and national level like political developments, upcoming and intended new legislation, environmental developments, economic, social, health and safety topics, and their risks and opportunities, are mainly addressed through the employer associations, in which we take part as a member or interested party, such providing a platform for exchanging ideas, proposals, opinions and share information between stakeholders.



Summary main developments and goals environment 2019 - 2024

No environmental calamities occurred that required immediate action or had to be reported to the authorities;

Several larger energy saving projects and process optimisations were carried out resulting in a projected reduction of approximately 180.000 kWh and a reduction of approx. 130 metric tons of indirect CO₂-emission for the production locations in The Netherlands and the Czech republic. The modification of the firing furnace casting hall 2 in the Netherlands was originally planned for 2019 but due to practical issues which prevented implementation it is replanned for summer 2020 now. The projected reduction in consumption of natural gas is approx. 75.000 m³ which equals approx. 141 metric tons CO₂.

Natural gas consumption is covered by certificates (Gas neutral Verified Carbon Standard, VCS) to compensate the CO₂-footprint and the electricity used is CO₂-neutral as it is generated sustainably. This applies for the production locations in the Netherlands and the Czech Republic. This has resulted in a reduction of the CO₂-footprint by approx. 4300 metric tons of CO₂ for the Dutch plant and approx. 4500 metric tons for the Czech plant in 2019.

First trial runs for the application of water-based ceramics have been carried out at the end of 2017 and the first production runs were introduced in 2018 to replace the alcohol-based ceramics and was further expanded to 50% of the production by the end of 2019. As result of this an estimated reduction of emissions has been achieved in 2019: Volatile substances: 35.000 kg and ammoniac: 500 kg. After the completion of the transition to water-based ceramics in the near future the emission of volatile substances will be eliminated and resulting in a total reduction of approx. 165 metric tons (based upon 2018 data).

The amount of hazardous waste will be reduced in the future as less hazardous substances are applied in the water-based ceramic process. Based upon the production data for 2018 this will lead to a reduction of approx. 30 metric tons of hazardous waste.





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 as stated in the Code of Conduct and a *zero tolerance policy* is upheld.

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.

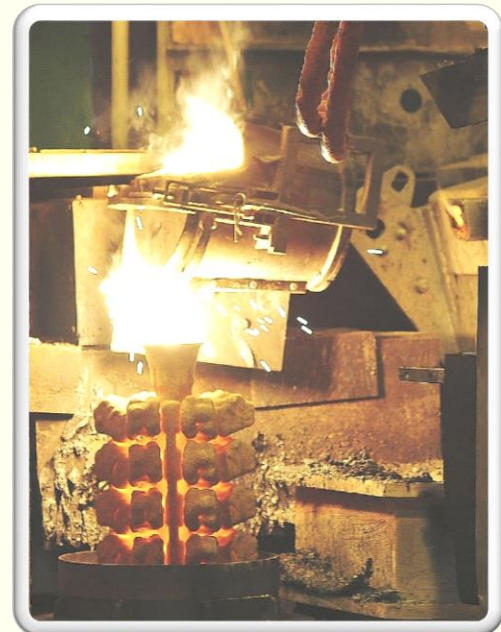
Assurance

The anti-corruption principles are embedded in our Code of Conduct and Suppliers' Code of Conduct which describes the responsibilities of our employees, suppliers and subcontractors regarding anti-corruption and what the consequences are when they don't take their responsibility. We emphasise as company to do not any business with suppliers, partners or other companies that don't respect the Ten Principles of the UN Global Compact.

If an employee notices any form of corruption or they strongly suspect any form of corruption, bribery of extortion, the employee is encouraged to inform their team supervisor, management or external confidant, immunity is guaranteed by our whistleblowing policy.

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.

There have been no known cases of corruption in the line of work over the course of 2019. When CIREX notices any form of corruption, inside the company or by suppliers, business partner or any other stakeholder CIREX will try to make things right. If this isn't possible, CIREX' working agreement or relationship will end.





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.

No financial contributions to political parties or related institutions will be made.


Financial donations are only made to NGO organisations and charities that have an official registration.

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

Summary main new developments and goals anti-corruption 2019 - 2024

- No issues in relation to corruption, bribery or extortion were reported in 2019;
- Target: maintain current level of compliance



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