



## Communication on Progress 2021



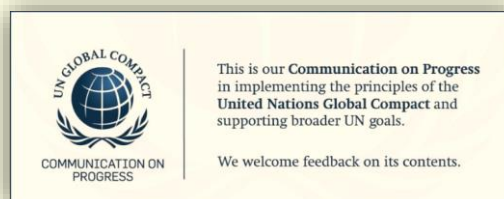
Environment



Social



Governance





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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 (SDG'S)



*In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all — laying out a path over the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. At the heart of “Agenda 2030” are the 17 Sustainable Development Goals (SDGs) which clearly define the world we want — applying to all nations and leaving no one behind.  
(source UN Global Compact website)  
For more information see  
[www.unglobalcompact.org/sdgs/17-global-goals](http://www.unglobalcompact.org/sdgs/17-global-goals)*

## 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 14<sup>th</sup>, 2022





## ABOUT CIREX

### What we do

CIREX is one of the largest 'lost wax model' foundries in the world, producing high-grade steel components with headquarters in the Netherlands and production locations in the Czech Republic and Slovakia. We give great importance to quality, health and safety, innovation, environmental awareness, sustainability and social responsibility. We owe our success and relationships to our employees. Within our company we continuously strive for optimisation of all processes and awareness of the employees. To continue to improve our performance in this rapidly changing world, it is very important that we remain true to our core values.

Our Code of Conduct includes our core values and main policy principles to meet legal requirements and is in line with the expectations of other stakeholders, both internally and externally.

At CIREX caring for *The Ten Principles* in the broadest sense is just as important as the other organisational goals. Our focus on the principles for environment, human rights, labour rights and anti-corruption 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.





This Code of Conduct is a guideline for the Board of Directors, management, supervisors and employees to act appropriately within the company, but also with regard to external relations and stakeholders. The standards, values and guidelines included in this Code of Conduct must be respected at all times in order to remain a successful company and to prevent incidents.

We support the *Ten Principles* formulated by the UN Global Compact. We have officially joined the UN Global Compact in 2016. These *Ten Principles* are the input for our Code of Conduct and therefore also the input for our daily business operations.

### Team

CIREX's activities are spread across four locations. In addition to the headquarters in the Netherlands (Almelo, NL, approx. 100 employees), there are two locations in the Czech Republic (Kopřivnice, CZ approx. 200 employees) and one in the Slovak Republic (Stará Ľubovňa, SK approx. 50 employees).



### Mission Statement and Vision

For those who are interested in our Mission Statement and Vision please visit our website [www.cirexfoundry.com](http://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 principles form the common theme throughout our business practices. The Code of Conduct forms a guideline for the management, supervisors and employees for acting appropriately within the company and must be followed at all times so that we can continue to be a successful company, to prevent incidents and continuously improve ourselves. The Code 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.





In 2022 a new updated version of our Code of Conduct and our Suppliers' Code of Conduct will be released. Especially, but not limited to, anti-corruption principles will be described more comprehensive. Furthermore the Code will be extended with additional subjects or subjects will be described more explicit i.e. privacy, data security and the handling of confidential data.

The Code of Conduct is part of the introduction programme for every new employee. By signing the document he/she declares to respect *The Ten Principles* and promises not to act contrary to these principles.

If an employee notices any form of infringement of *The Ten Principles* the employee is encouraged to inform their team supervisor, the management or the external confidant, immunity and privacy is guaranteed for the employee by our whistleblowing procedures and / or applicable national laws if he/she wishes to report the infringement by using the whistleblowing procedure.

This also apply to other stakeholders if they notice any form of violation of *The Ten Principles* and reports can be made by our external channels of communication or whistleblowing procedure.

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.

The Code of Conduct is available through our website [www.cirexfoundry.com](http://www.cirexfoundry.com)

## 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 as well.





## 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*



### Assessment, policy and targets

We obviously 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, right to education and protection of personal data.

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 by setting the right example.





## Assurance

Our main suppliers and subcontractors are primarily home based in the EU or the United States. Relationships between CIREX and the majority of the suppliers and subcontractors already exists for many years and they are well known to CIREX. As result of this we consider the risk for any violations of human rights very low.

Additional we ask our suppliers, if applicable, to declare the tungsten delivered to us is DRC-free (3TG-conflict materials, tin, tantalum, tungsten and gold), originates from reliable sources and is compliant to the Dodd-Frank Act and European law.

We have introduced a whistleblowing policy for our Czech production site although the implementation of a national law in the Czech Republic will be postponed until at least 2022 or maybe even 2023.



## Education

We are a certified company since many years 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 basis. Open days in cooperation with other neighbouring companies are regularly organised and we support initiatives to get young people interested in technology and science.

Further developments in technology requires our employees are well educated, to ensure we can face the challenges in the world of 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 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. This education plan is supported by an e-learning platform for internal training.

## Social accountability



Since many years a partnership exist between CIREX NL and “De Twentse Zorgcentra”. We provide an in-house workspace and learning facility in a professional work environment for about 15 people with disabilities or a lasting distance to a regular job position. These employees are supervised by employees of De 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 etc.

## Summary main new developments and targets Human Rights 2021 - 2025

- No incidents regarding human rights or privacy / personal data breaches have been reported in 2021;
- No further improvement actions are set currently;
- Target: maintain 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.

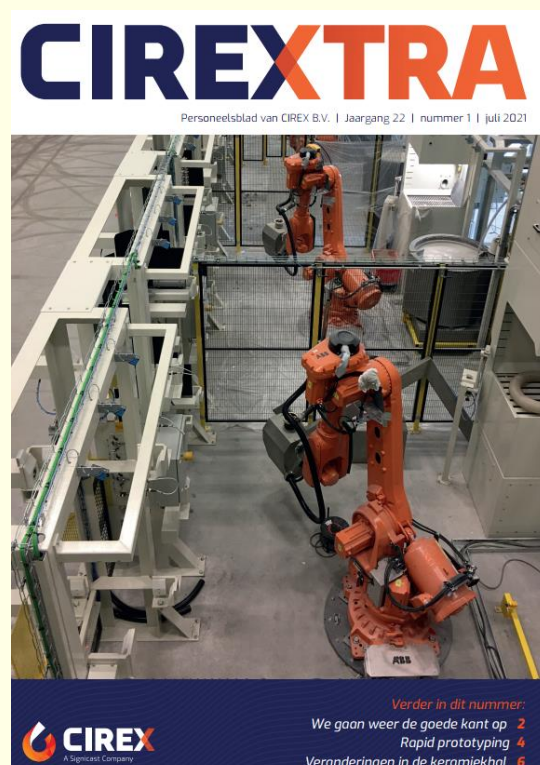
At CIREX the safety, health and welfare of our employees is just as important as the other organisational goals. Assuring proper working conditions is a joint responsibility of management, supervisors and employees.

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

### 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. If applicable immunity and privacy for the employee is guaranteed by our whistleblowing policy or applicable laws. 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, employees and the Workers' council, to identify and fulfill legal requirements. Within CIREX there are also Workers' councils representing the employees. All employees have the right to stand candidate for election and have the right to vote for the Workers' council candidates. Access for union members is granted by national laws. It is mandatory for the management to inform the Workers' council and ask advice or approval for specific subjects, as specified by national law, in relation to occupational health, safety and social aspects.



Incidents and opportunities for improvement can be reported to our HR department. The taskforce Health and Safety, existing of Management, HR, QSHE, safety workers and members of the Workers' 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.

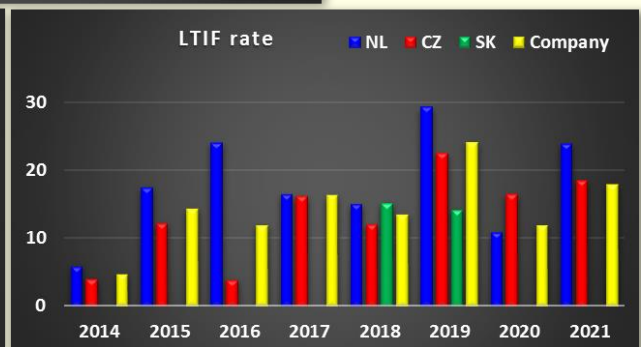
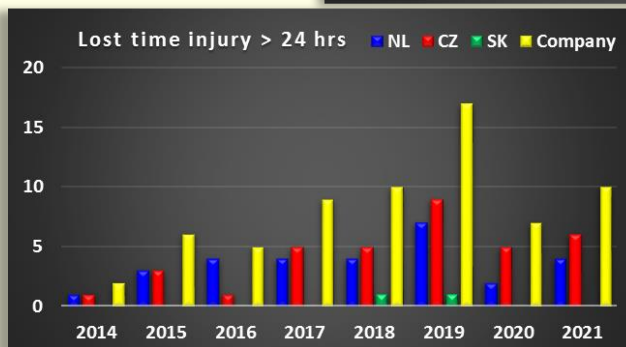
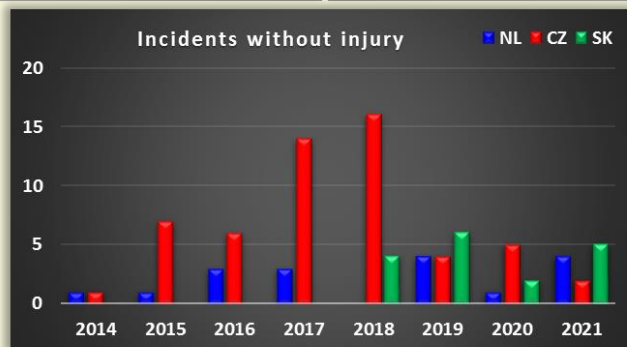
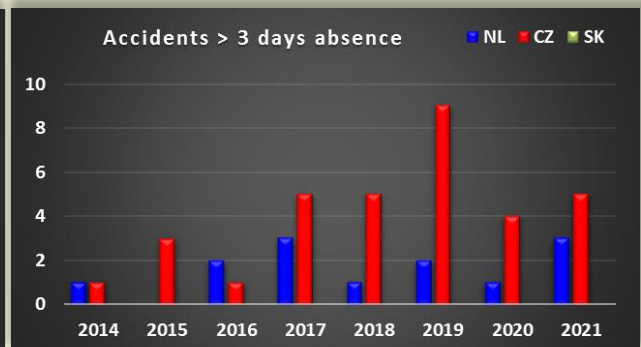
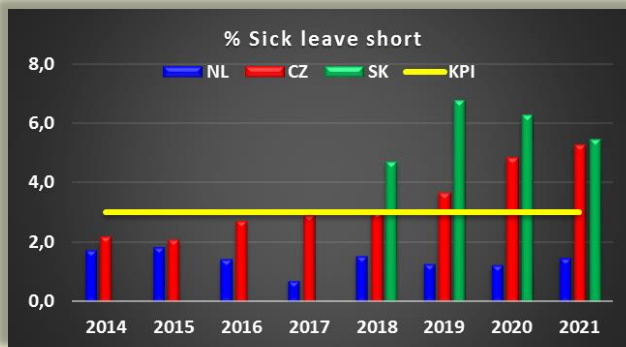
### Summary main developments and targets Labour 2021 – 2025

No infringements of labour principles have been reported in 2021 regarding:

- minimum wages and correct payment of salary;
- maximum number of working hours;
- rest hours and other working conditions;
- child labour, forced labour, all forms of modern slavery and human trafficking
- young workers;
- all forms of discrimination;
- any form of harassment (physical, verbal or emotional);
- freedom of association, collective bargaining and workers representation;
- gender inequality;
- structural Health and Safety issues;
- no severe accidents with personal injuries occurred in the past year.
- For the next years to come no specific plans are formulated but are based on continuous improvement.

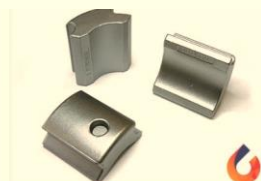


- Target: maintain current level of compliance.



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

We 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.

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

### 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. Periodically 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 to the 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. The measures that were presented will enable the Netherlands to fulfil its commitments under the Paris Agreement and the National Climate Act. On July 2nd 2019 the Dutch Climate act became effective. The Climate Law stipulates that the Dutch government will present a Climate Plan every five years. Furthermore, it will state the measures needed to stay on track. The plan will be evaluated every two years and revised if necessary. In recent years, the Netherlands has successfully campaigned for a higher European climate ambition. This has resulted in a European Climate Law in which the targets of at least a 55% reduction in 2030 and climate neutrality in 2050 have been set. The European Commission presented the Fit for 55% package, a broad package of proposals with which the EU can give substance to these more ambitious goals. Although the exact details for the Netherlands are not yet known, the proposals from the Fit for 55% package are expected to lead to an additional CO2 reduction target;

Through the upcoming new Environment and Planning Act (Omgevingswet) the Dutch government wants to combine and simplify the regulations for spatial projects. The new bill has been approved by both Chambers of Parliament. The cabinet now draws up introductory legislation. The expectation is that the Act will take effect in January 2023;

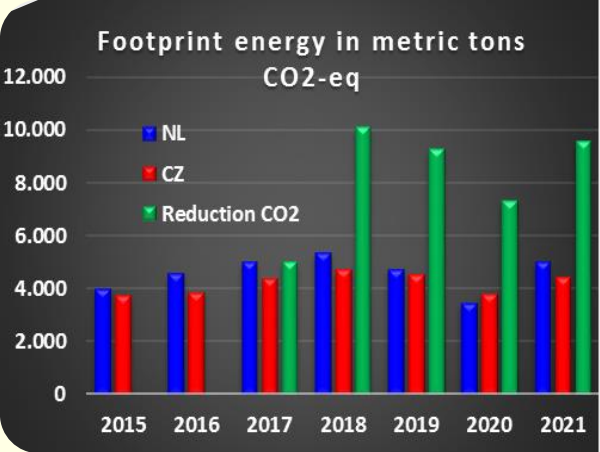
Subjects on European and national level like political developments, upcoming and intended new legislation, environmental and technical developments, economic, social, health and safety topics, and their risks and opportunities, are mainly addressed through the employer associations, in which we take part as a member or interested party, such providing a platform for exchanging ideas, proposals, opinions and share information between stakeholders. Some of the topics that are on the agenda are i. e. heat recovery, heat storage, waste and recycling, infrastructure (i.e. power grid) and replacing natural gas by electricity or hydrogen in the casting industry;



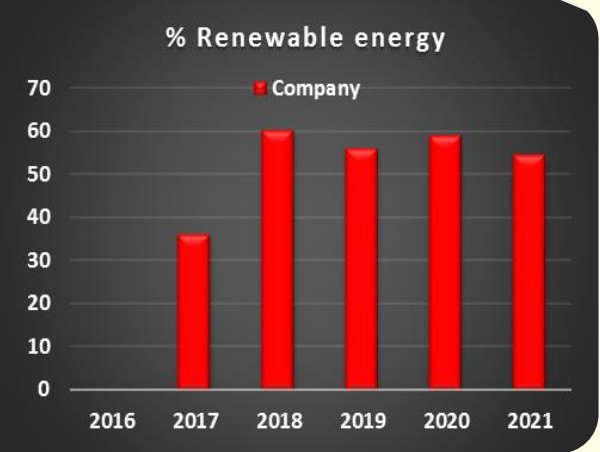
The Climate Protection Policy of the Czech Republic along with the Strategy on Adaptation to Climate Change in the Czech Republic represents specific policies regarding climate change. The Climate Protection Policy of the Czech Republic was adopted by the Czech government in March 2017 and replaced former National Programme to Abate the Climate Change Impacts in the Czech Republic. The Policy defines main objectives in the climate protection at the national level to ensure the fulfilment of the greenhouse gas emission reduction objectives in order to reach international commitments of the



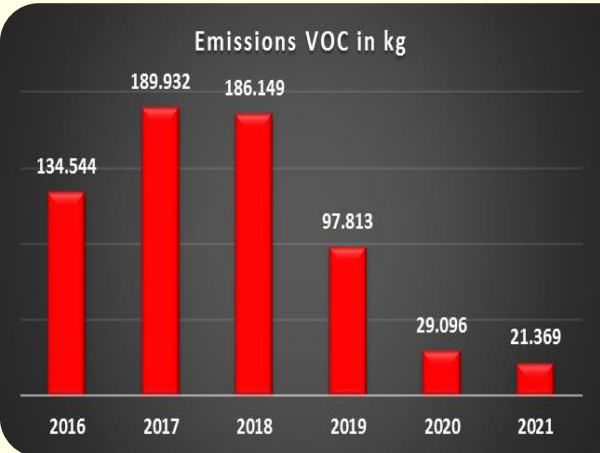
Czech Republic. Furthermore it contributes towards gradual long-term transition to sustainable low emission economy. The Policy further sets primary and indicative emission reduction targets, which should be reached in a cost efficient manner. Measures are proposed in the following key areas: energy, final energy consumption, industry, transport, agriculture and forestry, waste, science, research development and voluntary tools.



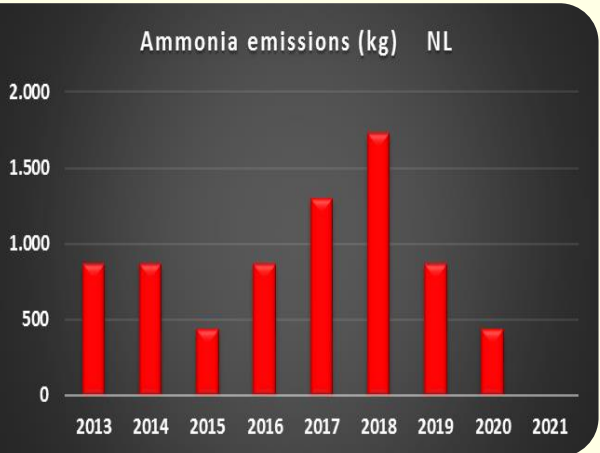
*This graph shows the theoretical CO<sub>2</sub>-footprint for electricity and natural gas consumption. The green data shows the total reduction of the CO<sub>2</sub>-footprint since 2017 using sustainable electricity (wind-generated) and natural gas covered by Verified Emission Reduction units (VER's).*



*The graph above shows the % renewable energy (wind generated) compared to the overall energy consumption (electricity and natural gas) derived from the energy content (in Joules) of the energy carriers.*



*As already reported in previous COP's as result of switching to water-based ceramics in the Netherlands the emissions of volatile organic compounds have decreased significantly since 2020. The remaining emission relates to the process of cleansing wax trees with isopropanol or ethanol.*



*As result of switching to water-based ceramics in the Netherlands also ammonia is no longer used in the process since 2020. 2021 will be the final reporting year for ammonia.*



## Summary main developments and goals environment 2021 - 2025

- No environmental calamities occurred that required immediate action or had to be reported to the authorities;
- The surveillance audit ISO 14001 was carried out by Lloyds in October for the production sites in the Netherlands and the Czech Republic. No nonconformities have been identified.
- One environmental and safety audit was performed by the local authorities in the Netherlands. No nonconformities have been identified;
- No audits have been performed by the Slovak authorities for the Slovak production site.
- Over the last few years we have managed to increase the input of recycled steel from an average of approx. 55 percent to approx. 70 percent. By applying a high percentage of scrap metal in the casting process we are able to reduce the CO<sub>2</sub>-footprint for our products. The CO<sub>2</sub>-footprint for recycled scrap is approx. 10% compared to the production of virgin steel (source: Fraunhofer Institute, Germany).



- For the years to come no specific plans are formulated to reduce the environmental footprint any further. Issues like reduction of energy consumption and the reduction of hazardous substances in the process will be embedded in future projects and primarily based on continuous improvement.

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





No financial contributions are made to officials and holders of political office to accelerate decision making or administrative procedures.



### 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. We emphasise as a company to not do 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 or extortion, the employee is encouraged to inform their team supervisor, management or external confidant. If applicable, immunity and privacy 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. When we notice 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, our working agreement or relationship will end.

Our financial statement and corresponding processes and policies are audited by independent accountants resulting in an annual financial statement report. Our actions are completely transparent. We keep accurate records of all transactions and related documents in order to maintain our financial responsibility.

### Summary main new developments and goals anti-corruption 2021 - 2025

There have been no known cases of corruption or other infringements in the line of work over the course of 2021 for:

- taking or making an illegal payment;
- receiving and accepting unauthorized gifts and hospitality and/or invitations;
- money laundering including financing terrorism directly or indirectly;
- falsification of documents;



- distorting the true origin of transactions;
  - the use of inside information or anticompetitive actions;
  - conflicts of interest between private and business interests;
  - unfairly influencing policy makers and governments;
  - misuse of confidential data and intellectual property;
  - breaches of export restrictions and economic sanctions;
  - conflict minerals;
  - other irresponsible and ethically improper acts.
- 
- No further improvement actions are set currently;
  - Target: maintain current level of compliance



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.