# Communication on Progress 2022

RE:ZN
THE ZINC COMPANY

# Our commitment

**Statement of continued support**

Participant since 2019, we confirm that REAZN reaffirms its support for the Ten Principles of the United Nations Global Compact on Human Rights, Labour Standards, Environmental Protection and Anti-corruption.

In this annual progress report, we describe our actions to continuously improve the integration of the Global Compact and its principles into our business strategy, corporate culture and daily operations. As well, we include the Sustainability Development Goals in our own objectives.

Yours Sincerely,

Claude Bever Jean Gouverneyre

Managing Directors REAZN Group

# Gouvernance / Board of Directors

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# REAZN at a glance

### *General Facts & Figures*

The REAZN GROUP is dedicated to manufacturing and distributing prime grade alloys to the casting and galvanizing industry.

**3**
countries in Europe

**103.000 to**
of Zinc alloys

**400**
customers worldwide

**120**
people employed

**9500**
trucks handled per year

### *Our vision*

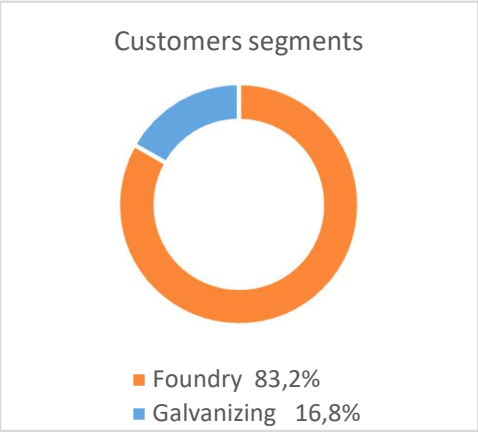
REAZN strives to remain the benchmark in zinc recycling.
A benchmark for the products we make, for the way we treat the well-being of our employees and our planet. Together with our teams, we are continuously building an organization in which we continue to feel safe and work safely, with each other and for each other.

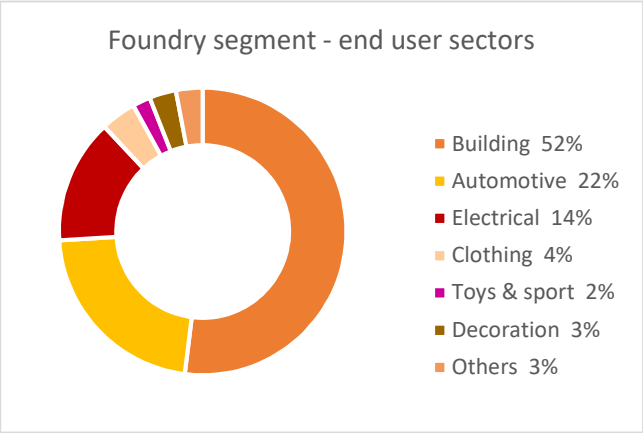
### *Our business model*

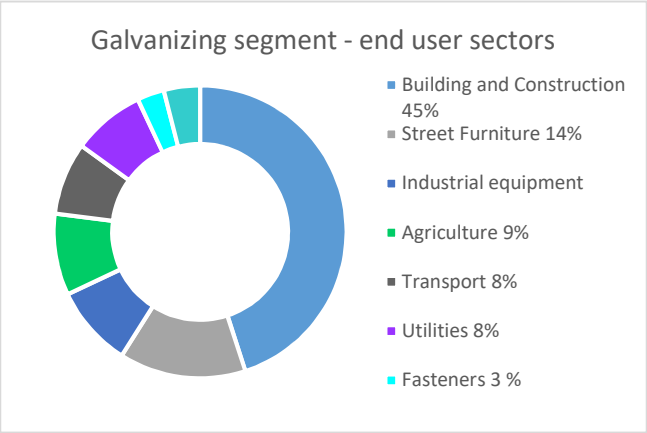
REAZN is driven and has been growing by implementing a customer intimacy strategy based on four pillars:

1. Offering reliable end products of primary grade quality from recycling industrial waste.
2. Bringing premium and customized zinc alloys to galvanizing and die-casting industry, first in Europe and later in other parts of the world.
3. Differentiating from commodity products by tailoring the alloys and the packaging to customer demand.
4. Developing closed loop solutions with customers that are also suppliers of recyclable materials.

## *Markets*




## *Directives and legal requirements*

The companies of the REAZN Group fulfill all applicable legal obligations under following regulations: the Restriction of Hazardous Substances Directive (RoHS) 1 and 2, the Waste Electrical and Electronical Equipment Directive (WEEE), the Classification, Labelling and Packaging of chemicals (CLP), the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), “conflict minerals” provision, Modern Slavery Act 2015 and European Market infrastructure Regulation (EMIR)

## *Certifications*

REAZN Group is certified by Vinçotte for its Quality, Environmental and Safety Management systems.

ISO 9001 QUALITY MANAGEMENT — CERTIFIED BY VINÇOTTE

ISO 14001 ENVIRONMENTAL MANAGEMENT — CERTIFIED BY VINÇOTTE

ISO 45001 SAFETY MANAGEMENT — CERTIFIED BY VINÇOTTE

# Key Factors 2021

| | |
|---|---|
| **Production** | |
| Production Quantity (Tons) - BE | 75 940 |
| Production Quantity (Tons) - UK | 25 081 |
| **Purchases** | |
| Scrap purchase (Tons) | 73 135 |
| Raw material purchase (tons) - UK | 26 730 |
| **Sales** | |
| Sales (Tons) – BE | 75 400 |
| Sales (tons) - UK | 25 755 |
| **Safety** | |
| Lost Time injury – Group | 2 |
| LTIF – Group | 8.74 |
| **People** | |
| Total employees – BE/LU/UK | 117 |

# Risks and Opportunities

***Worldwide trend***

| Climate Change and Resource Scarcity | Economic and geopolitical model | Governance |
|---|---|---|
| **Facts**<br>• Resource/raw materials scarcity : 9,7 billion people consuming more than twice as many resources by 2050<br>• Climate Change (COP 21 : Necessity to keep rising of global warming below 1.5°C) | **Facts**<br>• Increasing protectionism<br>• Unstable governments in some countries<br>• Growing urbanization : Increasing steel demand | **Facts**<br>• Growing CSR expectations<br>• Business ethics : corruption risks in sensitive countries<br>• IT and cyber-security |
| **Potential impact on Zinc industry**<br>• Raw material price volatility<br>• Energy price fluctuations<br>• Concurrence increasing<br>• More strict GHG regulations including Scope 3 and carbon pricing | **Potential impact on Zinc industry**<br>• Energy price fluctuations<br>• Raw material price volatility<br>• Supply-chain disruption<br>• Supplier dependency | **Potential impact on Zinc industry**<br>• Stronger requirements from customers<br>• Non-compliance of third-parties<br>• Business continuity in case of attack |
| **Opportunities for REAZN**<br>• increase use of recyclable raw material<br>• Implement new technologies less energy-consuming<br>• Favor local suppliers and customers to minimize transport impacts<br>• Develop circular economy through partnership for collection of recyclable waste<br>• Use of renewable energy sources<br>• Reduce CO2 emissions | **Opportunities for REAZN**<br>• Strengthen relation with customers<br>• Develop and secure regional markets<br>• Improve production capabilities | **Opportunities for REAZN**<br>• Improve and communicate our CSR performance<br>• Share our Code of Conduct<br>• Select carefully our supplier<br>• Develop strong governance of business ethics<br>• Focus on Digital Transformation<br>• Ensure the best IT security<br>• Training of employees about cybersecurity issues |

***Strategy***

REAZN has identified its greatest potentials of contribution to the Sustainable Development Goals and has developed a roadmap for its activities along 4 axes. These SDG are aligned with International Zinc Association roadmap

1. Health and wellbeing
2. Energy efficiency and Climate Change
3. Circular Economy
4. Sustainable Governance

| Health and Wellbeing | Energy Efficiency & Environmental Impacts | Circular Economy | Sustainable Governance |
|---|---|---|---|
| • Driving mindset to safety culture<br>• Involving our employees in the projects | • Use renewable energy for our processes<br>• Develop new technologies to reduce our environmental footprint | • Use Waste as raw materials<br>• Implement closed-loop partnership | • Encouraging partners to take part in our responsible value chain<br>• Improve our CSR performance |
|  |  |  |  |

THE GLOBAL COMPACT
WE SUPPORT

Contribute to the Sustainable United Nations Principles

SUSTAINABLE DEVELOPMENT GOALS

Comply with the Development Goals

Global Recycled Standard

Build a circular economy model

# Health and Well-being

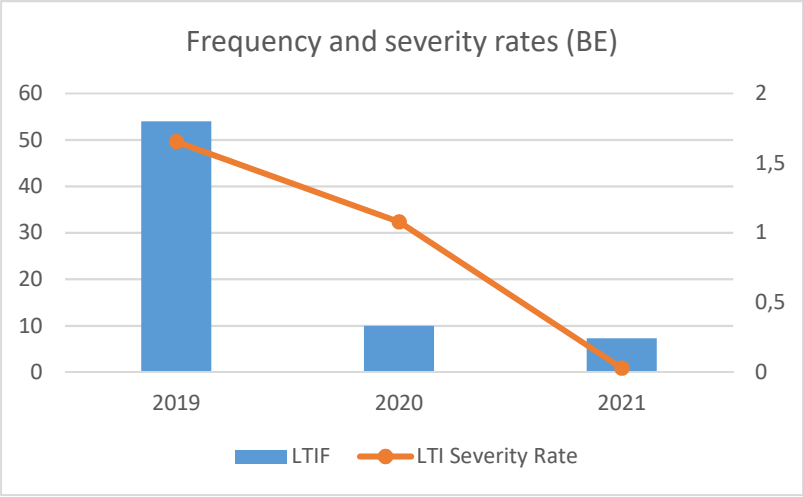
Beyond regulatory compliance, REAZN considers safety as its number one commitment, constantly working to ensure that all employees, contractors and visitors are committed to safe work practices and procedure, every day. This is expressed through the QSE policy and the CSR policy. The best technology can't work without the adequate human know how. Our organizational learning is built upon teamwork and workforce involvement through task ownership. In this context, health, safety and well-being at the workplace are essential in our approach to the human factor.

## *Zero accident*

The company takes care to offer a safe place to work to its employees. This is implemented through risks analysis, incidents investigation, safety improvement of equipment and workplace. REAZN safety management system fulfills the requirements of the Standard ISO 45001.

Important progress in terms of safety has been made over the last years, significantly reducing the number of accidents and both LTIF (Lost Time Injury Frequency) and LTI severity rates pursue their decrease. The most general injuries are related to high-temperatures, dust projection and sprains. Target is to avoid any fatal or serious incident, but also reduce injuries.

After each incident or accident, a rigorous assessment of causes through our RNC system ("Report of Non-conformity) is carried out. Action plans are then developed and deployed and information is communicated to directly and indirectly concerned employees.



Already launched early 2021, a large safety culture action plan on 5-years is deployed through the Belgian production sites to improve hazard awareness. This project will be developed on 6 axes:

- Risk perception
- Versatility and skills
- Risk zoning & traffic plan
- Third party management
- Work Organization
- Involvement of employees

The adherence of all workers to this approach will lead to success.

### *Co-activity and sub-contractors*

The next years, the efforts will focus on on-site works and co-activity between subcontractors and internal operators. The upstream risk analysis on works will avoid potential hazardous situations

### *Training*

The Zero Accident target is reachable only if people are continuously trained and if safety is considered as the heart of the operations. In 2021, more than 1000 hours of training were provided to our employees, including 600 hours to promote safety culture and awareness of a collective approach.

### *Health*

The last two years were challenging in regard to the worldwide pandemic. Thanks to the anticipation of the sanitary measures and the confinement imposed by the authorities, REAZN has been able to manage its business continuity in the safest conditions. The flexibility of the teams and the respect of sanitary measures have allowed us not only to continue to produce, but also to exceed our objective.

On Belgian sites, the Project Clean & Secure Factory has begun with the installation of a new filter for dust emissions. This project has two advantages, one concerning air quality in the production areas, the other allowing for continued production growth while respecting the limits prescribed by our permit. This investment, launched early 2022, has a direct positive impact on the air quality in the premises and thus on health workers.

### *Well-being*

REAZN focus on the well-being of its employee. This concerns obviously health and safety at work but also psychological aspects. In 2021, an internal satisfaction survey has been conducted by Great Place to Work on the employee perception regarding their workplace and management. 5 axes were assessed through 60 questions: credibility, fairness, respect, pride and camaraderie. The findings will lead to the implementation of targeted action plans. Considering both sites in Belgium and Luxembourg, 83% considered that REAZN is a nice workplace (13% are neutral) and 85% of the people are proud to work for REAZN.

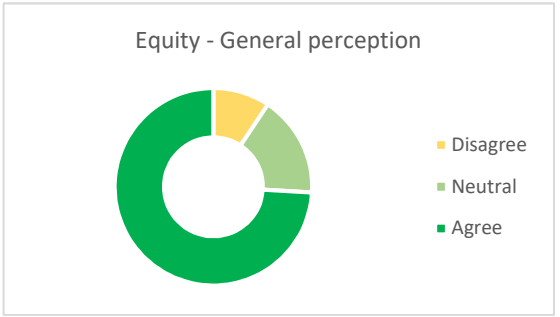
The Luxembourg office is ranked 1st at national level and 13th at European level.

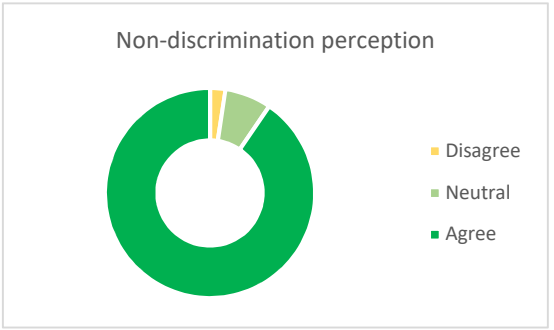
### *Non-discrimination*

The fundamental principles of non-discrimination and equality are an integral component of our Code of Ethics for use on a daily basis by all employees. These principles cover issues including equality between men and women, respect for the rights of disabled people, age diversity, parental rights and benefits, as well as non-discrimination on the basis of sexual orientation, ethnical background, nationality or religion.

The survey conducted by GPTW highlighted that the equity and more specifically the non-discrimination of people within the company are respected with more than 90% of people responding positively to the respect of an equitable treatment for employees.

Among our 120 employees, 16 different nationalities are represented.




### *Human Rights*

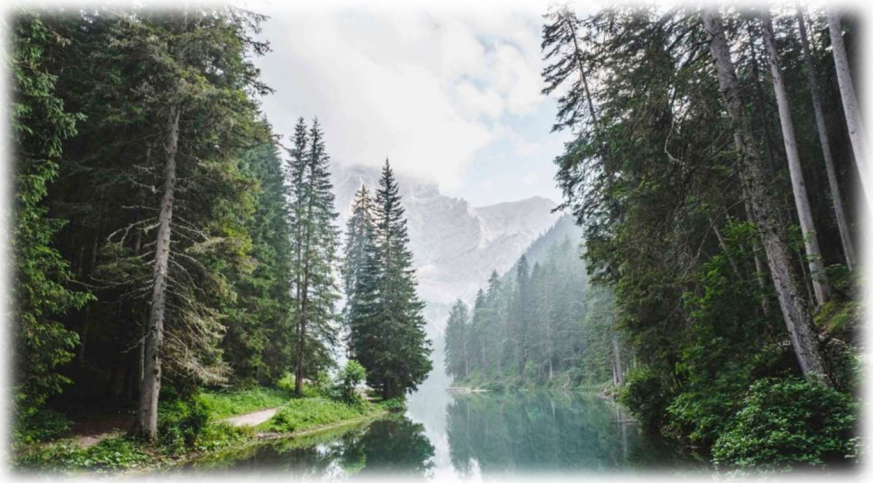
REAZN's commitment to human rights is confirmed in our CSR policy and in our Business Partners Code of Conduct which has been shared with our third-parties. REAZN sites are located in countries covered by strong laws regarding Human Rights and Labour protection and compliance with national and European legislations is paramount, thus we focus the attention on suppliers and contractors to ensure their compliance to Human Rights and Labor principles.

The core business of REAZN is the recycling of zinc to produce high quality zinc alloys. The production process of REAZN starts with secondary materials acquired on the market of industrial waste mainly in Europe. It uses only a minor part of primary metals (mining). REAZN is committed to responsible sourcing for its primary materials. All primary materials are bought LME registered producers based in Europe and are not providing from CAHRA countries (Conflict affected and high concern areas).

# Energy efficiency and Environmental Impacts

We are convinced that our recycling technique leaves a footprint for a better future. We therefore believe that the efforts we make today will ensure the changes of tomorrow. We believe that the way we handle energy and contribute to the circular economy plays a crucial role in the future of our planet. Our drive to question, innovate and collaborate enables us to do more and better for future generations.

REAZN provides the market of zinc alloys with an alternative for the production of zinc alloys from primary materials. Recycling is a key component of modern waste reduction. By upcycling zinc containing by-products from the industry into prime grade alloys, REAZN contributes to minimizing the environmental impact of zinc use by reducing the dependency on zinc metal produced from ores. Mining and transporting less ores helps saving natural resources and lowering the carbon footprint for the whole industry. Every by-product of our recycling process can be used as raw material in another industrial application which means that REAZN generates no waste requiring landfill disposal.



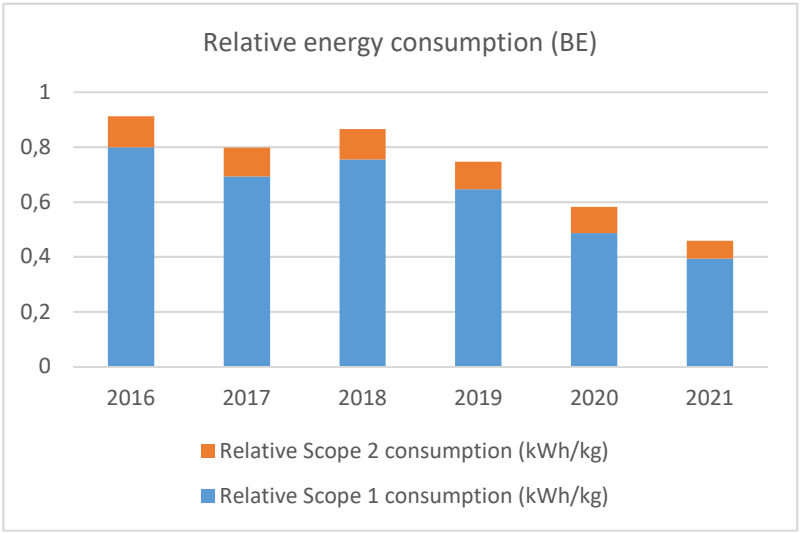
At REAZN, the focus lays on constant innovation as an attitude towards all things. By a persistent modernization of our installations we reduce our energy consumption as well as lower our emissions to a minimal level. We continuously invest in the production process in order to improve our zinc recovery rate, and also in order to use sources of zinc units which remained inaccessible until now. For the zinc industry as a whole there is no way around making zinc to be considered as one of the most suitable materials for an upcycling recovery stream.

## *Energy and Emissions*

### *Energy Consumption*

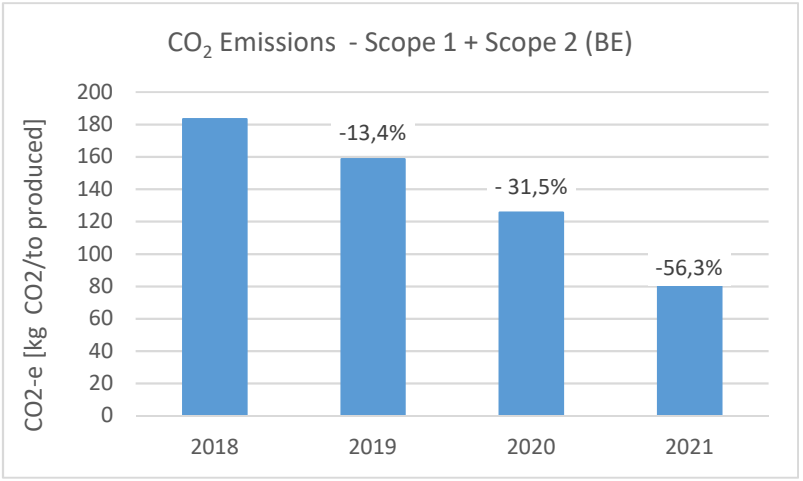
While REAZN successfully reduces $CO_2$ emissions when producing zinc alloys from recycled materials, we continuously aim to reduce our $CO_2$ emissions, our waste and energy consumption as much as possible. We constantly strive to increase our energy efficiency together with our R&D department.

Since 2018, REAZN has focused its effort on optimizing its energy consumption and reducing its GHG emissions. Several projects have been carried out to improve our energetic performance. Altogether, production, R&D and maintenance departments worked on processes optimization and innovating technologies. This has resulted in a 47% reduction in relative energy consumption (kWh/kg) over the last 4 years.




### *Emission intensity (Scope 1 and 2)*

The $CO_2$-emissions intensity for the scopes 1 & 2 has decreased by 56.3%. On one hand, the relative gas consumption has been reduced by nearly 50% and on the other hand, REAZN has changed its electricity purchase agreements to be supplied only from green sources.



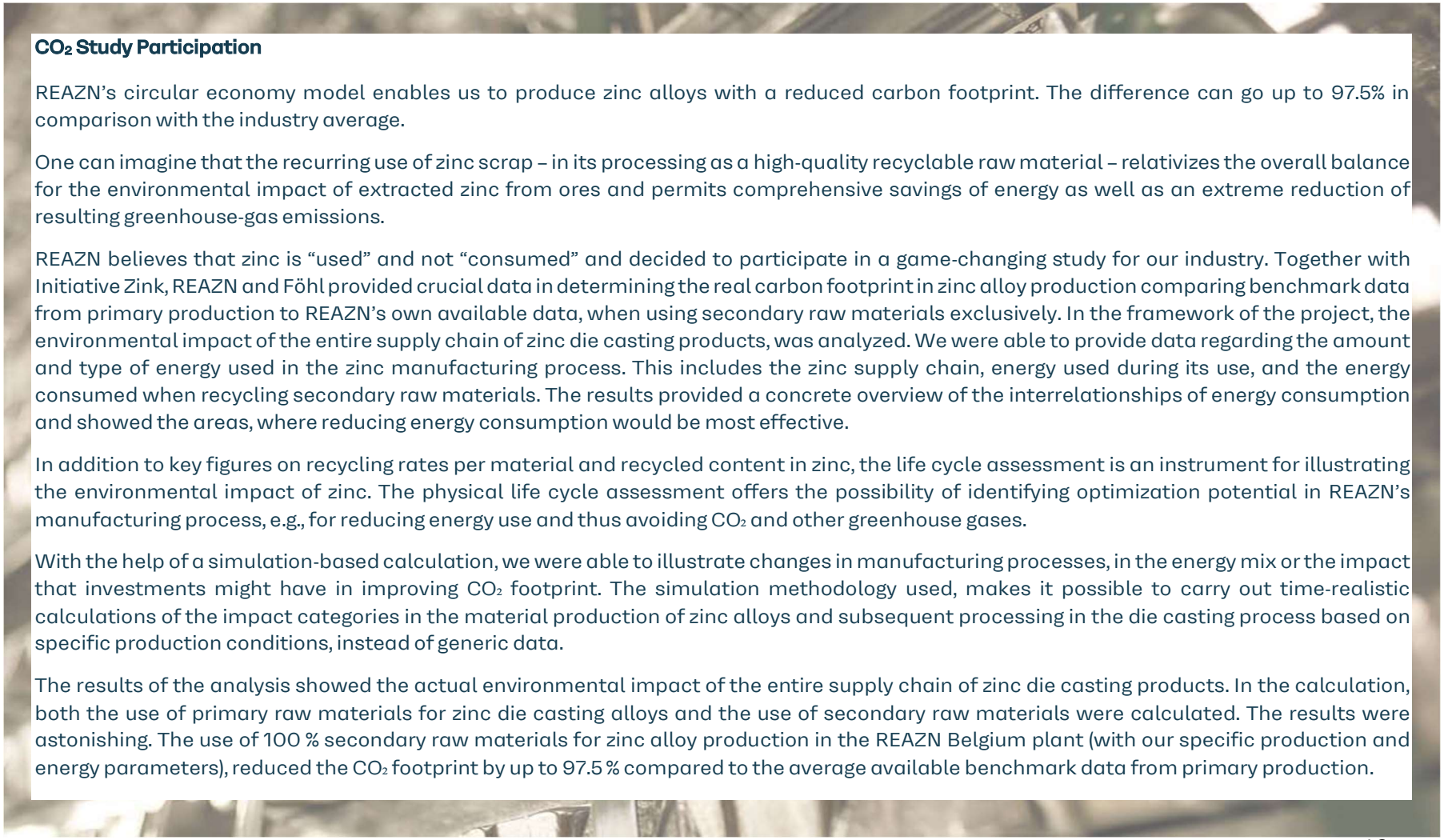

### *Other indirect emissions (scope 3)*

Although the global estimation of indirect emissions is not yet fully established, REAZN has identified its major scope 3-emissions contributors. Among them, the transportation, services and goods. It appears that primary raw material for zinc alloys production is the main contributor of GHG emissions for scope 3.

*Commitment and target*

At REAZN, we are convinced that technological advances will enable us to implement solutions to reduce our $CO_2$ emissions. However, we know that the best way to tackle the green transition is to reduce our energy consumption. As described in the study here below, the optimized use of secondary raw materials is one of the levers that allow us to have an exceptional energy performance

We are committed to reducing energy consumption by 40% by 2030 (on 2020 reference).



**$CO_2$ Study Participation**

REAZN's circular economy model enables us to produce zinc alloys with a reduced carbon footprint. The difference can go up to 97.5% in comparison with the industry average.

One can imagine that the recurring use of zinc scrap – in its processing as a high-quality recyclable raw material – relativizes the overall balance for the environmental impact of extracted zinc from ores and permits comprehensive savings of energy as well as an extreme reduction of resulting greenhouse-gas emissions.

REAZN believes that zinc is "used" and not "consumed" and decided to participate in a game-changing study for our industry. Together with Initiative Zink, REAZN and Föhl provided crucial data in determining the real carbon footprint in zinc alloy production comparing benchmark data from primary production to REAZN's own available data, when using secondary raw materials exclusively. In the framework of the project, the environmental impact of the entire supply chain of zinc die casting products, was analyzed. We were able to provide data regarding the amount and type of energy used in the zinc manufacturing process. This includes the zinc supply chain, energy used during its use, and the energy consumed when recycling secondary raw materials. The results provided a concrete overview of the interrelationships of energy consumption and showed the areas, where reducing energy consumption would be most effective.

In addition to key figures on recycling rates per material and recycled content in zinc, the life cycle assessment is an instrument for illustrating the environmental impact of zinc. The physical life cycle assessment offers the possibility of identifying optimization potential in REAZN's manufacturing process, e.g., for reducing energy use and thus avoiding $CO_2$ and other greenhouse gases.

With the help of a simulation-based calculation, we were able to illustrate changes in manufacturing processes, in the energy mix or the impact that investments might have in improving $CO_2$ footprint. The simulation methodology used, makes it possible to carry out time-realistic calculations of the impact categories in the material production of zinc alloys and subsequent processing in the die casting process based on specific production conditions, instead of generic data.

The results of the analysis showed the actual environmental impact of the entire supply chain of zinc die casting products. In the calculation, both the use of primary raw materials for zinc die casting alloys and the use of secondary raw materials were calculated. The results were astonishing. The use of 100 % secondary raw materials for zinc alloy production in the REAZN Belgium plant (with our specific production and energy parameters), reduced the $CO_2$ footprint by up to 97.5 % compared to the average available benchmark data from primary production.

### *Waste*

*Internal by-products*

REAZN+, the unit specialized in the pre- and post-treatment of zinc scrap, ensures a premium quality of all kinds of secondary raw materials. By being located right next to REAZN BELGIUM production plant, it enables us to focus on the recycling of waste from the zinc alloy manufacturing process. This internal treatment of our by-products guarantees the reuse of more and more of these products in our manufacturing process and thus ensures a quality close-loop and 100% recycling of our waste.

We are recycling more than 10,000 tons per year of our alloy manufacturing by-products with ~20% that can be directly reinjected in the production. This recycling capacity can be increased up to 25.000 to per year.

*Waste treated externally*

The waste resulting from our activities is carefully monitored in order to choose the most appropriate treatment. 100% of our waste is recycled or used to generate energy.

Internally, some initiatives have been taken to reduce the waste. The residual waste has decreased of 16% between 2019 and 2021. Last year, plastic water bottles have been replaced by personal metallic ones with the aim to reduce by 50% our plastic waste production.

REAZN is continuously working with their suppliers and customers to reduce the quantity of packaging such as wood pallets, cartons and big-bags while maintaining quality and safety standards. A project to work with a supplier able to rework and recycle wood pallet is on-going.

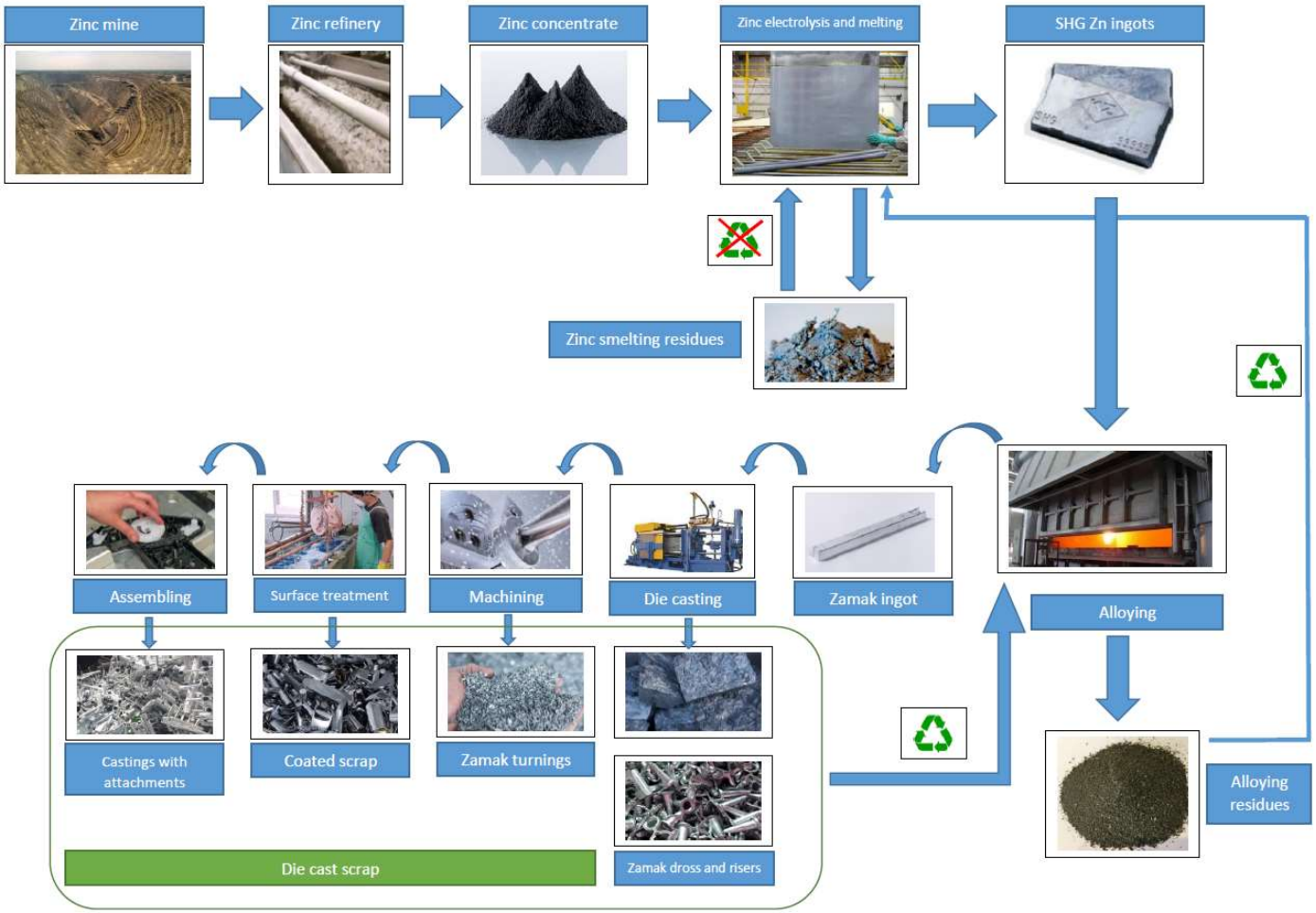
### *Water*

Our industrial process does not require water except for the cooling of the alloys. This water comes partially from rainwater and is mainly reused in a loop. A permit application is pending for a larger rainwater recovery project. The aim is to collect 100% of the rainwater from roofs and paved surfaces, treat it and use it in the production process. This will enable us to reduce our city water consumption by 95%. An additional advantage is that we will no longer be using primary water for low-grade applications in production. Finally, the advantage of collecting rainwater is that if there is an excess of water that cannot be used internally, it can be discharged delayed, which has a positive impact on the sewers and the environment.

# Circular Economy

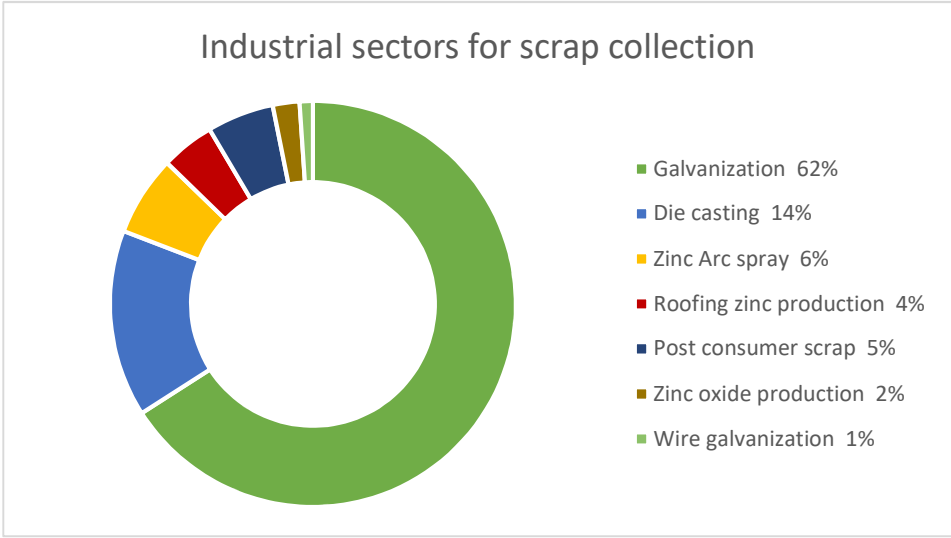
Since the beginning of 2018, REAZN has continuously increased zinc production while decreasing its carbon footprint. Our innovative and sustainable mindset has helped us gain valuable partners in the industry while creating a circular economy. This closed-loop solution facilitates the stream from industrial by-products to ready-to-use zinc alloys, always ensuring premium quality.

The figure below shows the flow production of zinc alloys and the advantage of recycling collected die-cast



We collect scrap from several industrial sectors to recycle them. Secondary raw materials represent 86% of the raw materials used to produce our alloys.

REAZN proposes closed loop solutions in order to facilitate the stream from industrial by products to ready to use alloys. We offer a logistical service to our customers providing containers for collection of the materials to be recycled. In 2021, we worked in closed-loop with 10% or our customers. We aim to increase to 15% for 2022.




Another objective of REAZN is to recover zinc units from post-consumer goods. This will help to further reduce the use of resource inputs and to partly prevent the disposal of demolition and household waste.

# Sustainable Governance


Sustainability governance at REAZN is based on our vision, values and Code of Conduct complemented by our Corporate Social Responsibility Policy. The Board of Directors is responsible for managing risks and opportunities into our sustainability strategy. This concerns climate change targets but also ethical matters.



Since 2016, REAZN has joined the Eco Vadis platform to assess its RSE performance. In 2020, REAZN integrated the top 3% of companies rated by Eco Vadis in the Manufacture of basic precious and other non-ferrous metals industry, and in 2021, we got the platinum medal by entering in the TOP1%. REAZN has the ambition to continue its progress and to further improve its score.

### *Ensuring Business Ethics*

The adherence to high-standards of ethics and integrity, as well as compliance to laws and regulations is non-negotiable. These principles, which are part of our core values, are defined in our Corporate Social Responsibility Policy and detailed in other governing documents

### *Anti-corruption*

REAZN has developed an Anti-corruption Policy to define clear guidelines allowing our teams to understand, identify and prevent inappropriate behavior in terms of corruption. This code lists prohibited practices (illegal payment, facilitation payments and political contributions), practices governed by strict rules (gifts and invitations, donations to charities, interest representation and/or lobbying action), and required internal practices (proper and exact accounting, declaration of conflict of interest) and with our business partners. The employees have been trained through an online presentation which describes the way to avoid any corruption practice.

### *The Competition Policy*

This policy has been developed to complete the topic of compliance with competition laws ("Anti-trust law"). It provides main principles and rules to be respected in terms or relationship with competitors (horizontal agreements, exchange

of information, membership and participation in trade associations), relationships with suppliers and customers, good practices to avoid abuse of dominance, misleading advertising, etc. The training on this topic has been provided to employees that might face this kind of situation.

### *Cybersecurity*

As REAZN uses information systems to monitor its sales and purchases, production, logistic and accounting activities, a secure protection of the IT system is implemented to avoid any failure that could lead to adverse effect on the business. To improve the cybersecurity, an awareness program on cyber risks has been launched for staff using REAZN's IT tools. This e-learning session explains the different kind of risks an employee could face (secure passwords, detection of threats such as ransomware and phishing, ensure security when travelling,...) and how to react. This training strengthens the security of the information system.

### *Data Privacy*

To comply with applicable regulation, in particular the EU General Data Protection Regulation (GDPR), REAZN has deployed a program covering Secure Data protection system, transparency, awareness and data management governance.

The employees have followed an e-learning program explaining GDPR principles, data treatment, legal rights of individuals and legal obligations related to the regulation.

### *Business Partners Code of Conduct*

Aware of the importance of working with partners who are in line with our principles, REAZN has developed a Code of Conduct for Business Partners. This Code defines the REAZN requirements on topics such as ethical business practices (Integrity, fair competition, conflict of interest, corruption and bribery) but also matters regarding health and safety, environment, discrimination, information protection and money laundering. This is the first step of a responsible sourcing program to promote good and positive practices along the supply chain. REAZN intend to continue with the assessment of its suppliers and sub-contractors on CSR governance, in addition to the current QSE evaluation.

# UN GC Principles Index

The following table refers to the chapters corresponding to the UNGC principles

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|---|---|
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