

CSR Annual Report.

Oct 2021 to Sept 2022

always there when you need us!

WOUTER  **WITZEL**
VALVE TECHNOLOGY

Foreword

Corporate Social Responsibility is a matter of course for our company. As Wouter Witzel Eurovalve (WWE), we operate in various markets worldwide. In this playing field, CSR is becoming increasingly important, which means that we have been engaged in CSR-related activities for a number of years. As an organisation, we have chosen to have our efforts recognised through the CSR Performance Ladder. The Covid-19 pandemic caused some delay, nevertheless we officially became certified to level 3 of the performance ladder in March 2022.

For some time now, we have been engaged in various CSR activities. For example, the elimination of child labour and the use of hazardous materials that endanger the welfare of people has our attention and priority, secured in the Code of Conduct for suppliers.

We also implement various initiatives within the walls of our company. For instance, we are investing in sustainable energy by replacing old boilers and applying LED lighting. In our vulcanizing department, we have insulated a large part of our vulcanizing presses. Our air treatment has been replaced, significantly improving air quality. In addition, we are socially involved by supporting charities and local initiatives. We continue to invest in improved working conditions, work equipment and sustainable solutions.

Prepared for the future with CSR

We see in the world around us that the focus on CSR is growing. For instance, we see that the extent of CSR efforts is becoming more and more important for obtaining contracts from our clients. We also see European directives emerging that force companies to report on the impact of activities on people and the environment (CSRD). We are prepared for the future by shaping our activities through the CSR Performance Ladder.

Collaborating with stakeholders on CSR

WWE believes it should contribute to keeping our immediate environment liveable by maintaining good relations with our stakeholders. With this, we orient ourselves more broadly than just our shareholder. Defined stakeholders also include customers, employees, suppliers and local residents (in the broad social context). We proactively seek cooperation with these stakeholders in order to shape our CSR Policy.

A liveable world with CSR

WWE is aware of the need to keep our planet liveable for us and future generations. By consciously engaging in CSR, it not only adds value in the here and now but we also do our bit to keep our planet liveable in the longer term.

Peter Heijink
Managing Director





Contents

- 4** - 1. Policy
 - 5** - 2. People
 - 7** - 3. Planet
 - 9** - 4. Profit
 - 11** - 5. A glimpse of the future
-

1. Policy

In its more than 55 years of existence, Wouter Witzel has proven itself to be a valued organisation by the various parties we deal with: customers, employees, suppliers and society. This is achieved by developing and producing products, providing safe and healthy employment, maintaining long-term relationships with suppliers and at least respecting legislation. We have supported these processes by using certified management systems for quality (ISO 9001), environment (ISO 14001) and working conditions (ISO 45001).

To shape Wouter Witzel's CSR policy, five of the United Nations' 17 Strategic Development Goals were selected. In doing so, a number of relevant CSR themes were chosen. The creation of these is partly determined on the basis of the stakeholder analysis in which relevant themes for each stakeholder have been identified. This policy shapes our actions and initiatives highlighted in this CSR Annual Report. WWE has selected and applied the following SDGs:

SDG 3 - Good Health and Well-Being

We ensure the good health and well-being of all our employees, immediate residents and third parties by using safe facilities, technologies and working practices.

Relevant CSR themes are themes 4 and 19.



SDG 8 - Decent Work and Economic Growth

We ensure economic growth and employment, good employer-employee relations and safe working conditions. We support local initiatives and charities and we take care to prevent child labour and forced labour.

Relevant CSR themes are themes 2, 3, 4, 11, 12, 29, 30 and 31.



SDG 9 - Industry, Innovation and Infrastructure

We innovate both our production facilities and our products and services to permanently reduce the impact on people and the environment.

Relevant CSR themes are themes 27 and 28.



SDG 12 - Responsible Consumption and Production

We strive for continuous improvement of our business processes through our strategic plans and strive for responsible use of raw materials.

Relevant CSR themes are themes 8, 20, 21 and 23.



SDG 13 - Climate Action

We deal responsibly with the use of energy and raw materials. We ensure minimal emissions of undesirable substances.

Relevant CSR themes are themes 24, 27 and 28.



A man with glasses and a dark blue polo shirt is working in a workshop. He is using a tool to work on a large, curved metal part. In the background, there is a brick wall and a tool rack with various tools.

2. People

The workforce is WWE's most important tool. To ensure good health, well-being and decent work, we develop several initiatives. Three of these are goals we have specifically defined from our CSR Policy. In addition, a number of health and safety issues are part of our daily operations. This section explains the results achieved in the People pillar.

2.1 CSR PROJECTS

CSR Project	SDG	CSR theme	19-20	20-21	21-22
3,000 hours worked by people at a disadvantage on the labour market	8	2	*	V	V
10 internship and/or graduation positions available per year	8	2 & 30	14	16	10
Top 3 areas for improvement from the annual employee satisfaction survey (MTO) facilitated	8	3 & 4	V	V	V

* unknown

WWE employs several employees at a disadvantage on the labour market in our direct and indirect organisation. In production, we employ several people with a language disadvantage. For these people we provide weekly language lessons. In our indirect organisation, we employ an employee with a physical disability. We formalised this with the introduction of our CSR Policy, therefore we did not achieve any results on this objective for the 2019-2020 financial year.

Every year, we offer at least 10 internship and/or graduation positions. We also participate in various projects and assignments to support students from both the Netherlands and abroad. In particular, we maintain a good relationship with the local training institutes ROC van Twente, Saxion University of Applied Sciences and University of Twente. The internships and graduation positions are spread throughout the organisation, both in production and in the supporting departments.

In 2021, WWE organised an employee satisfaction survey (MTO, in Dutch: medewerkerstevredenheidsonderzoek). This resulted in three areas for improvement which are being addressed by various project groups within the organisation. An example is improving communication and reducing bureaucracy. A follow-up employee satisfaction survey will be held in 2023, measuring whether the efforts have a positive effect on satisfaction with regard to the three areas for improvement.

2.2 SAFETY, HEALTH, WELL-BEING

WWE is committed to safe and healthy work. This goes hand in hand with corporate social responsibility. Complementary to the specific CSR projects, there are several indicators that we monitor in the People pillar.

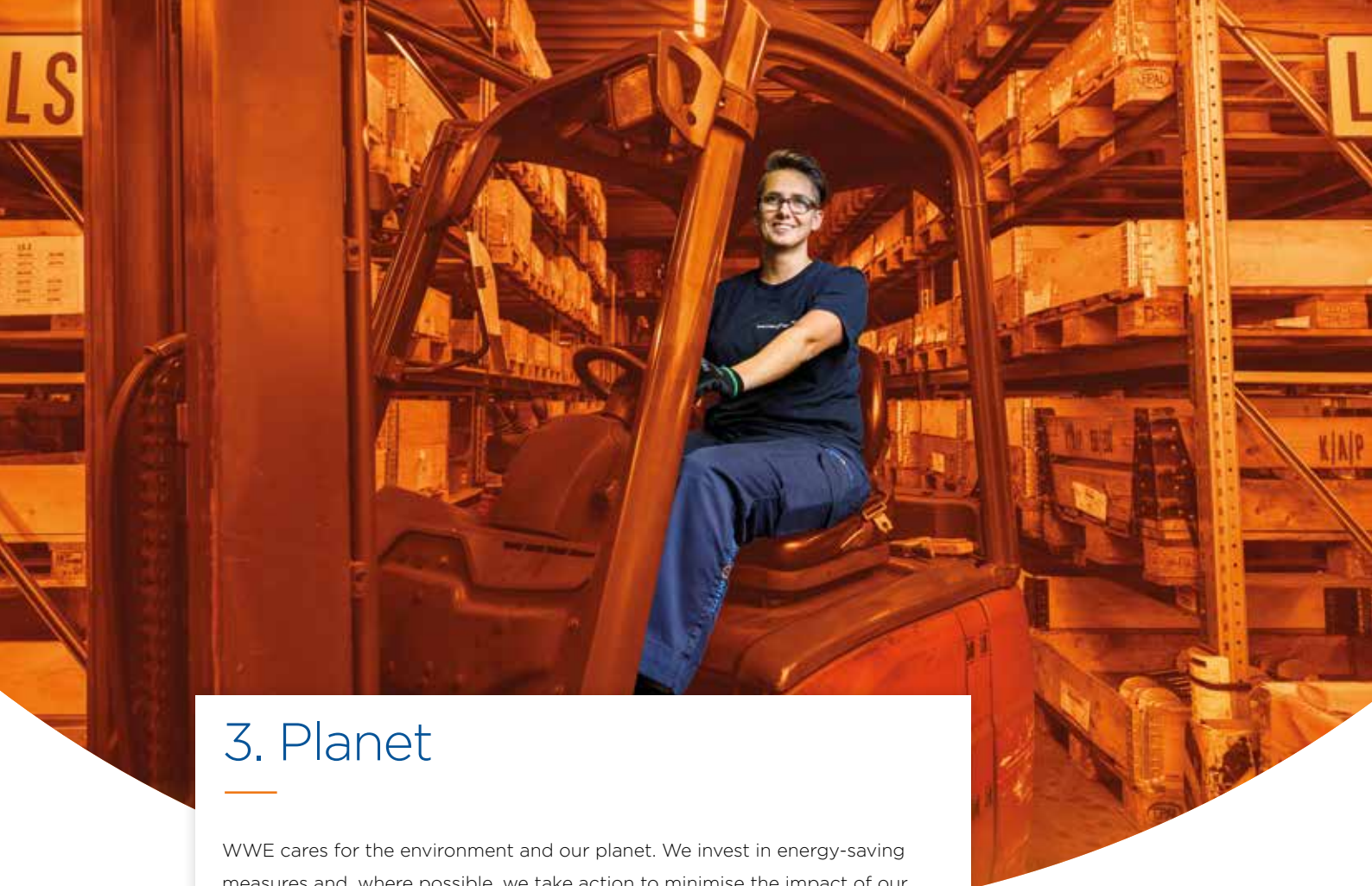
Indicator	SDG	CSR theme	19-20	20-21	21-22
Absenteeism (target = 4.5%)	3	4	4,6%	4,7%	5,5%
Up-to-date RI&E	3	4	V	V	V
Accidents with absenteeism LTI (target = 0)	3	4	1	5	1
Reports to confidential advisor (target = 0)	8	3	0	0	0

Absenteeism is higher last year compared to the previous financial year, this is mainly due to the effects of Covid-19 (sickness and quarantine) on our employee population. The trend does not deviate from the national movement.

The number of accidents involving absenteeism has declined, with 2020-2021 considered an outlier. WWE aims to have no accidents involving absenteeism (LTI). Last year, there was one accident that resulted in absenteeism. The foundation of safe working is the risk inventory and evaluation, which is monitored monthly by our Health & Safety Committee. An updated RI&E was started in 2022; it has been tested and still needs to be substantiated on a number of points.

The confidential advisors reported that no reports were received and acted upon.

The themes of child labour (11) and forced and compulsory labour (12) are part of our Code of Conduct (CoC). These aspects have been further strengthened in the new version of the CoC and aligned with the chosen SDGs in WWE's CSR Policy. The updated CoC will be submitted to key suppliers for signature in the coming year. Also, testing these CSR aspects is part of the supplier audit plan for the next two years.



3. Planet

WWE cares for the environment and our planet. We invest in energy-saving measures and, where possible, we take action to minimise the impact of our operations on the environment. This section explains our targets and achieved results for the Planet pillar.

Again, based on the CSR Policy and the chosen SDGs, a number of specific goals have been defined in addition to the existing activities related to this pillar.

CSR Project	SDG	CSR theme	19-20	20-21	21-22
No Fly - reduce Co2 emissions for inbound and outbound air transport 10% per year (tonne of Co2)	9 & 13	27, 28	*	142,5	172,3
Remote inspections - 20% digital customer inspections	9 & 13	27, 28	*	12%	12%
Product innovation - designing one product per 2 years with measurably improved per-formance	3 & 12	19, 20, 23	*	V	V
Energy consumption - absolute electricity (kWh)			2.533.903	2.221.654	2.213.029
Energy savings - annual 5% electricity sav-ings (kWh)	13	24	+1,28%	-12,32%	-0,39%
Energy consumption - absolute gas (m³)			202.956	215.350	190.422
Energy savings - 5% annual gas savings (m³)	9 & 13	24,27	-8,27%	+6,11%	-11,58%

* unknown

As an explanation of the above data, it should be mentioned that energy consumption depends on several factors. These include the utilisation rate of our production, linked to the turnover volume. Weather conditions also influence, for example, the use of the heating of our premises. As a result, no 1:1 comparison of annual consumption is possible. In general, it can be said that our energy-saving investments have a clear saving effect as explained below.

No Fly

One of the chosen projects in setting up the CSR Policy is the No Fly Policy, which means we steer towards the minimum use of air transport for our goods. This applies to both incoming and outgoing goods. In doing so, we aim to achieve a reduction of 10% annually of our total Co2 emission compared to the previous year.

Last year, we started collecting data in the midst of the Covid-19 pandemic. It turned out that, partly due to a turbulent global economy after the pandemic, we were not able to reduce the Co2 emissions for incoming and outgoing goods. Due to instability in the supply chain, we have had to opt for flight movements of goods more often than desired to keep our customers happy. For 2022-2023, this policy will be observed more actively by our organisation, partly through communication and guidance towards our customers on this subject.

Remote inspections

Similarly, for remote inspections, we have not yet been able to meet the 20% digital target. Our customers are keen to visit our organisation after the Covid-19 pandemic for both inspections and maintaining face-to-face contact. In the coming financial year, we will more actively pursue digital inspections, partly by making this financially attractive to our customers.

Product innovation

With regard to CSR, human and environmental impact is taken into account during the design process.

One example is the redesign of the current range of butterfly valves (EV-i), whose hexagon-shaped valve shaft connection replaces the conical pin. A major advantage is that during valve assembly, chipless and force-free work can be done. The employee no longer experiences any physical strain, thus preventing possible back and shoulder complaints.

Furthermore, the design is such that material use is reduced, "fit for use" and not one version for all applications. This has reduced the weight that also facilitates transport. The final reuse of the various parts has been simplified by using fewer different materials and configurations.

Examples of lighter construction can be found in the use of high-quality lightweight materials such as seawater-resistant aluminium and titanium. These materials are further characterised by very good corrosion resistance, making additional coatings unnecessary.

Another aspect taken into account during design is meeting the requirements for (new) sustainability markets such as wind turbines, biomass and geothermal energy. Besides the sustainability markets, a lot of attention was paid to the possibility of reusing materials in the long term and where this is not possible, minimising the use of these raw materials.

Energy saving – electricity

WWE invests in energy-saving measures and uses 100% sustainably generated electricity. The two main investments made last year were the installation of LED lighting and the insulation of the vulcanizing presses.

Throughout production, conventional fluorescent lighting has been replaced with LED lighting. This has had an energy-saving effect, as well as a positive impact on workplace lighting. The energy consumption of the conventional fluorescent lighting was 140,832 kWh per year; the new LED lighting has a consumption of 72,848 kWh per year, saving 48.27%.

Furthermore, our vulcanizing presses are insulated. This not only saves energy, but also has a positive effect on the stability of the vulcanizing process. The insulation of the first large press has been fully completed. The consumption of this press before insulation was 56,503 kWh; after insulation it was 23,939 kWh. This resulted in a 58% saving. These savings are expected to be similar for the three other large presses. It has also been calculated that the average savings for the small presses will be 40%. In 2022-2023, we will continue to insulate all presses.

Lastly, our target stated that a feasibility study would be carried out on installation of solar panels on the roof. This study was conducted, it was found that this is not feasible due to the roof construction being insufficient, as well as insurance issue in terms of fire safety. Alternatively, in 2022-2023, we will investigate the feasibility of solar panels on newly installed covered car parks.

Energy saving – gas

Within our organisation, we buy 100% Gold Standard certified natural gas. This is Co2-compensated natural gas where investments are made in sustainable projects and sources of income for local people in developing countries.

Recently, the boiler used to heat part of our production facility has been replaced. This project has recently been completed and we are expected to save 15% on gas consumption. A new additional meter will be installed in January 2023, which will allow us to see the exact effect. In the trend, we see that gas consumption in 2021-2022 decreased compared to the previous year, this is largely explained by the cold winter in 2020-2021.

4. Profit

WWE is a profit-driven organisation. We want to keep our shareholders happy with sound financial management. In addition, since the introduction of our CSR Policy, we have selected a number of local social initiatives to contribute to. By doing so, we invest part of our profits back into society. This section explains the projects and activities in relation to the Profit pillar.

CSR Project	SDG	CSR theme	19-20	20-21	21-22
Annual contribution Leergeld Losser Foundation	8	30, 31	*	V	V
Annual Christmas gifts available for minima in the Municipality of Losser	8	30, 31	*	V	V
Annual contribution Birthday Box Losser	8	30, 31	*	V	V
Up to 10x EUR 250 for local sponsorship causes via own employees	8	30, 31	*	V	V

* unknown

Our CSR Policy became active in the year 2020-2021. In this year, we started supporting local charities.

Leergeld Losser Foundation

1 in 12 children in the Netherlands grows up in poverty. Lack of money makes it impossible in more and more families for children to join an association, sports club or music lessons. With local support, the Leergeld Losser Foundation is able to pay for membership of an association, sports club or music lessons. This gives children more opportunity to make social contacts (outside school), to learn to win and lose and to develop team spirit and other important skills. By participating in school activities, children can simply compete with their classmates. WWE supports this initiative with an annual contribution.

Besides this contribution, every year we donate a number of Christmas packages to the Social Affairs Department of the Municipality of Losser. They select families with minimal incomes to delight with a Christmas gift around Christmas time.

Birthday box Losser

Following on from the Leergeld Losser Foundation, we make an annual donation to the Birthday Box Losser. This foundation supports families living in poverty where celebrating children's birthdays is not possible. With a birthday box, these families are still enabled to celebrate the birthday. The box contains several gifts and decorations for the birthday children.

Sponsorship of local causes

Many of our employees are affiliated with an association or are involved in events. Via the application form, we enable our employees to receive a sponsorship amount of EUR 250 per association or event. For example, we now support a football club and a hockey club.

Indicator	SDG	CSR theme	19-20	20-21	21-22
Annual Strategy Deployment	12	8	V	V	V
Machinery investment	8	31	V	V	V
Annual donations from door collectors	8	30, 31	*	V	V

Beyond the objectives directly related to our CSR Policy, there are several initiatives related to the Profit pillar.

For example, we have been working with Strategy Deployment every year since 2018. This is a tool in which we define and elaborate short and long-term strategic business objectives. This Strategy Deployment forms an important part of our business plan.

Since 2020, WWE has started updating its machinery. For example, we have invested in several CNC machining centres. Also last year, we purchased a carousel CNC lathe, which is expected to be installed at our premises in mid-February 2023.

Finally, we donate annually to several collectors who physically come to collect at our premises. In 2021-2022, our contributions have included the Reumafonds, Alzheimer's Foundation and KiKa Children Cancer Free Foundation.



5. A glimpse of the future

For the coming year, we will continue our CSR Policy. In the management review that took place recently, we formally re-defined the CSR Policy. The selected SDGs will continue to apply. The relevant themes selected will largely remain intact. The only adjustments WWE has formalised is that theme 21 Marketing and communication will be dropped. Theme 7 Flexible workforce and theme 10 Freedom of association and collective bargaining will be added to the Policy.

In addition, our CSR projects have been tightened up. It was found that we did not achieve sufficient results on the No Fly and remote inspections projects. We will make new efforts to make these projects successful in 2022-2023. In addition, our ambition regarding circular design has been defined more specifically. In 2022-2023, we will organise a Circular Design workshop within our organisation, with the help of external parties.

In the year ahead, we will continue to engage with our stakeholders. We have noticed that CSR is becoming increasingly prominent on the agenda of our relations as well. We are therefore keen to stay in dialogue with the world around us when it comes to CSR. We look forward to a sustainable future!

Losser, October 2022



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