

# CSR Annual Report.

Oct 2022 to Sept 2023



*always there when you need us!*

**WOUTER**  **WITZEL**  
VALVE TECHNOLOGY

# Foreword

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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. Since March 2022, we have been officially certified to level 3 of the performance ladder.

The past year has been dominated by the implementation of a new ERP package for WWE. This step was completed in summer 2023 due to the efforts of a large group of colleagues. Despite a difficult start with this package, we are convinced that it will help us in further optimising our operations.

As we have invested many resources in this transition, we have chosen, with respect to CSR, to further embed our existing initiatives and projects in the organisation. In other words, compared to last year, we have not made any major changes to the CSR strategy and related initiatives and projects.

## **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 increasingly important in obtaining contracts from our clients. From a legislative perspective, the advent of the Corporate Sustainability Reporting Directive (CSRD) has created a new obligation for European companies. WWE does not (yet) meet the criteria for mandatory reporting by 2025. From our parent company AVK, we are investigating how this will be implemented for the entire AVK Group.

With the assurance of the CSR Performance Ladder within our organisation, we are well prepared for possible developments in the near future with regard to sustainability and corporate social responsibility.

## **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 align 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 world worth living in with CSR**

WWE is aware of the need to keep our planet liveable for us and future generations. We see in the world that there is an increasing focus on the environment, everyone agrees that we need to greatly improve our carbon footprint as humanity to keep the planet liveable in the future. By consciously working on 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  
General Director



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# 1. Policy

In its 55-plus years of existence, Wouter Witzel has proven itself to be a valued organisation by the various parties we engage with: customers, employees, suppliers, neighbours & local residents and society. This by developing and producing products, providing safe and healthy employment, maintaining long-term relationships with suppliers and, if nothing else, 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 establishment of these is partly determined on the basis of the stakeholder analysis in which relevant themes for each stakeholder were identified. Wouter Witzel has committed to the following SDGs and CSR themes:

## 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 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 2, 3, 4, 7, 10, 11, 12, 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 and 23.**

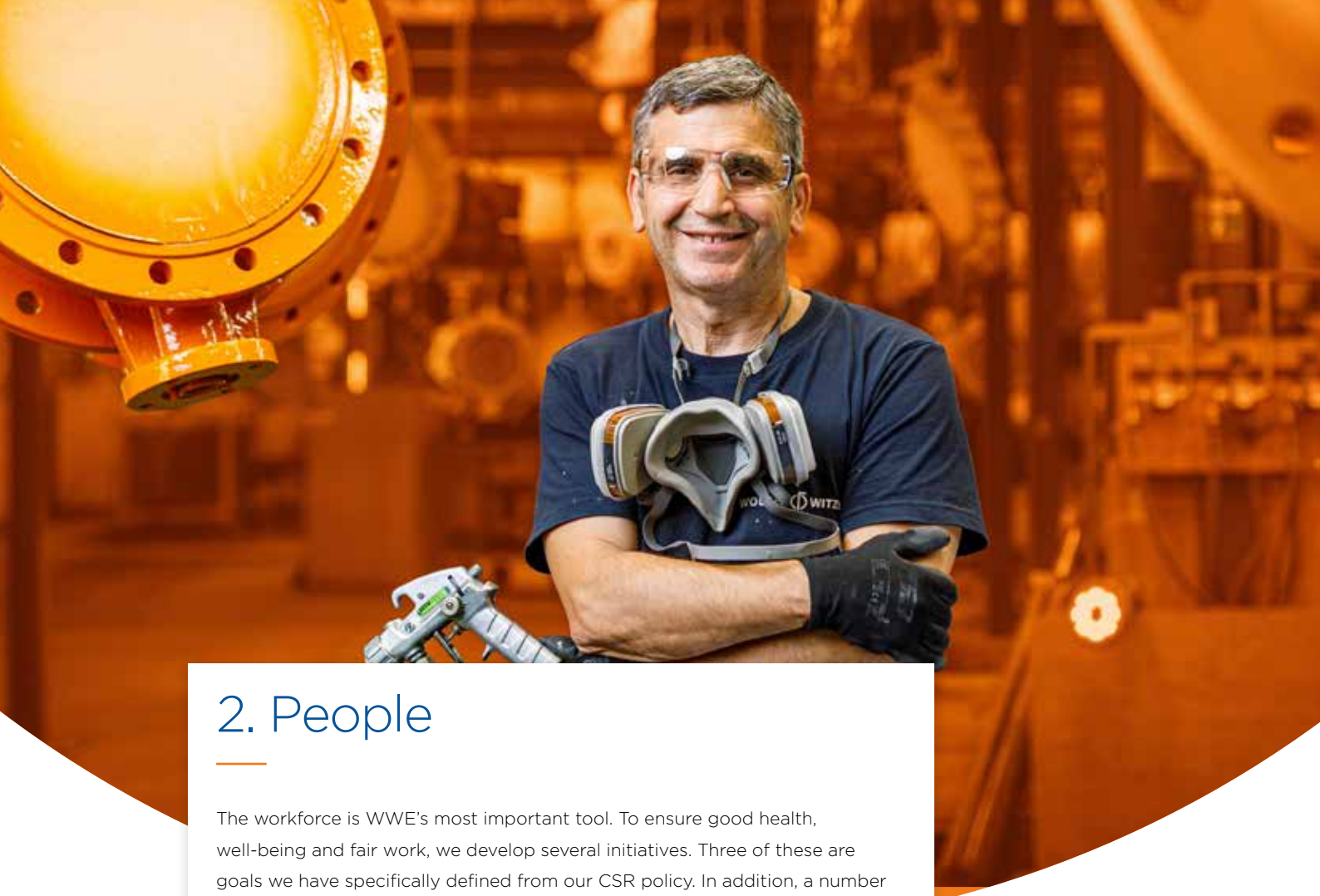


## SDG 13 – Climate Action

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.**





## 2. People

The workforce is WWE's most important tool. To ensure good health, well-being and fair 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

MVO Project	SDG	CSR theme	19-20	20-21	21-22
2000 hours (IFTE) deployed by people at a disadvantage on the labour market	8	2	V	V	V
10 internship and/or graduation positions available per year	8	2, 7, 30	16	10	11
Top 3 areas for improvement from annual employee satisfaction surveys facilitated	3	3 & 4	V	V	V

WWE engages several employees with a labour market disadvantage, both in our direct and indirect organisation. In production, we engage several people with a language disadvantage, for these people we provide weekly language lessons. In our indirect organisation, we engage an employee with a physical disability.

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. Three key areas for improvement emerged from this survey. In the past year, several improvement projects were set up to address these points. This year, a follow-up survey showed that we are on the right track with our improvement projects, but that there is still room for progress in some areas. Once again, a number of follow-up actions will be taken in the coming year to further increase employee satisfaction.

## 2.2 SAFETY, HEALTH, WELFARE

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.

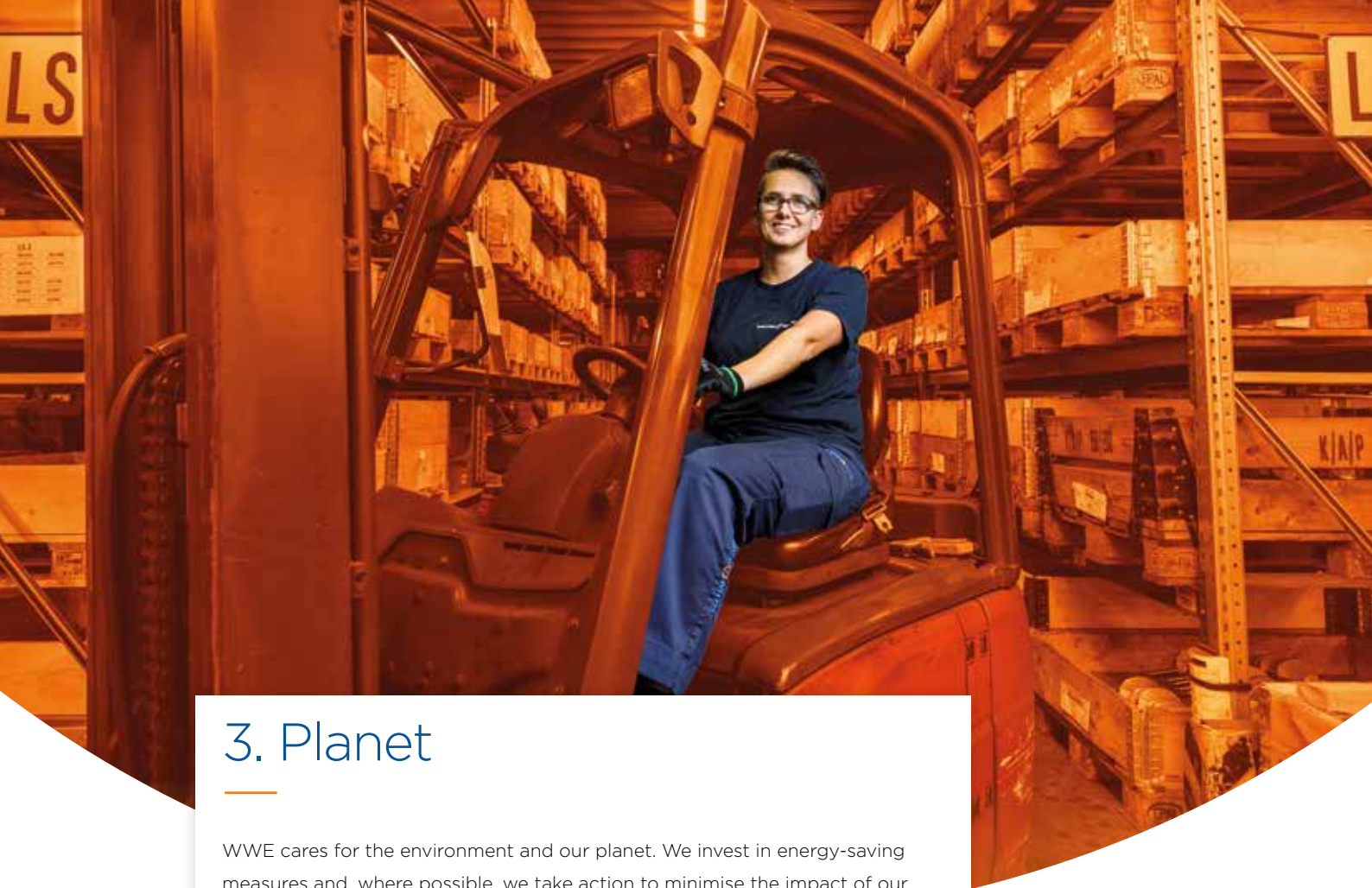
Indicator	SDG	20-21	21-22	22-23	21-22
Absenteeism (target = 4.5%)	3	4	4.7%	5.5%	5.5%
RI&E Current	3	4	V	V	V
Accidents with absenteeism LTI (target = 0)	3	4	5	1	4
Reports to confidential advisor (target = 0)	8	3	0	0	0

Our absenteeism rate remained lower than the national average, but higher than our target. Complaints vary, but we noticed an increase in complaints of a mental nature (15%) compared to previous years. In general, complaints seem to stem mainly from private circumstances or a combination of work and private life. We proactively offer psychological support to our employees, and this is perceived positively. The frequency of absence has also increased, as has the duration of absence.

The number of lost-time injuries has increased compared to last year. WWE aims to have no accidents involving lost-time injuries (LTI). Last year, four accidents occurred that resulted in lost-time. The foundation of safe working is the risk inventory and evaluation, which is monitored monthly by our Health & Safety Committee. In 2024, a safety campaign will be conducted in cooperation with the CSR Manager of the AVK Group.

WWE has appointed confidential advisors to report unwanted situations. No reports were received from the confidential advisors in the past year.

The topics of child labour and forced and compulsory labour are part of our Code of Conduct (CoC). These aspects were tightened in a new version of the CoC last year. This year, all critical suppliers have signed this new CoC. In the case of a few exceptions, the supplier has indicated that it maintains its own CoC, these were reviewed for content and no particular deviations from WWE's standard CoC were found therein. During supplier audits, a number of suppliers were checked for specific needs or expectations with regard to WWE's CSR policy, but this revealed that this is not (yet) the case.



### 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	20-21	21-22	22-23
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	287.8
Remote inspections - 20% customer inspections digitally	9 & 13	27, 28	12%	12%	0%
Product and/or process innovation - 2 initiatives per year	3 & 12	19, 20, 23	V	V	V
Energy consumption - absolute electricity (kWh)			2,221,654	2,213,029	1,956,050
Energy savings - annual 5% electricity savings (kWh)	13	24	-12.32%	-0.39%	-11.7%
Energy consumption - absolute gas (m <sup>3</sup> )			215,530	190,442	150,003
Energy saving - annual 5% saving amount of gas (m <sup>3</sup> )	9 & 13	24, 27	+6.11%	-11.58%	-21.3%
Circular design in 2030 - Workshop in 2023	12	23	-	-	V

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-efficient 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 aim to minimise the use of air transport for our goods. This applies to both incoming and outgoing goods. In doing so, we aim to achieve a minimum annual tonne of Co2 savings of 10% compared to the previous year.

We started collecting data in 2021, at the time of the Covid-19 pandemic. Last year, we already saw that it proved difficult to achieve the 10% savings target. This was partly caused by an unstable supply-chain after the pandemic. This year, the implementation of our new ERP package caused a temporary dip in our delivery reliability. To fulfil our promises to our customers, we had to opt more often for air freight. This showed that our Co2 emissions increased by 67%.

### **Remote inspections**

As for remote inspections, we have not yet been able to meet the target of carrying out 20% of our inspections digitally. We have found that after the Covid-19 pandemic, our customers are keen to visit our organisation for inspections on the one hand and maintaining face-to-face contact on the other. This year, we did not conduct any official remote inspections. During the management review, the feasibility of this objective was evaluated, from this it was decided that this objective will be dropped. As a replacement, we will develop a target in terms of the percentage of revenue we want to generate from the market for sustainability products.

### **Product and process innovation**

Several product and process innovations were investigated and implemented this year. These included testing a new water-based adhesive in our vulcanisation process. The conventional adhesive contains solvents that are harmful to humans and the environment. This year, successful tests were carried out with a new water-based adhesive for several rubber compounds. Vulcanising rubber compounds is the specialism that sets us apart in the market. The introduction of the water-based adhesive has a significant positive impact on our people and the environment.

In addition, a replacement rubber compound has been developed for Viton. Traditional Viton rubber contains PFAS which is harmful to humans and the environment. PFAS stands for per- and polyfluoroalkyl substances, these chemicals are man-made and used in various industrial applications for water, grease and heat resistance, among others. Legislation is emerging that will ban the use of PFAS. To anticipate this, the HNBR rubber compound has been developed to replace Viton, this compound does not contain PFAS. These tests are in the final stages. The objective is to eventually replace the Viton compound with HNBR where possible.



### **Energy saving - electricity**

WWE invests in energy-saving measures and uses 100% sustainably generated electricity. Last year, part of the conventional fluorescent lighting was already replaced by LED lighting. In the past year, this was further rolled out. By installing LED lighting, energy savings were made and the workplaces are significantly better lit. This has a positive impact on the working environment and safety.

The same applies to the insulation of our vulcanisation presses. Last year, we started overhauling and insulating the large and medium presses. This year, we continued insulating the medium and small presses. The average energy saving per press amounts to about 40%.

Total electricity consumption fell from 2,213,029 kWh in 2021-2022 to 1,956,050 kWh in 2022-2023. This is a decrease of over 11%. This saving is the effect of the efforts we already initiated in 2021-2022. For the coming year, a number of energy-saving investments have again been budgeted with which we intend to ensure the annual average electricity savings of 5%.

### **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.

In the previous annual report 2021-2022, it was mentioned that the boiler for heating the production facility had been replaced, with the expected savings in gas consumption being around 15%. Consumption figures for 2022-2023 showed that we achieved savings of over 21% in gas consumption. What contributed to this was the abolition of the three-shift system. By abolishing night shifts, less heating is needed for the production facility at night. A number of energy-saving measures have again been budgeted for the coming year, including replacement of the single glass with window panels in a large part of our production facility. By doing so, we hope to maintain the annual 5% saving on our gas consumption.

## 4. Profit

WWE is a for-profit 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	20-21	21-22	22-23
Annual contribution from the Foundation Leergeld Losser	8	30, 31	V	V	V
Annual Christmas hampers available for minima in Losser municipality	8	30, 31	V	V	V
Annual contribution Birthday box Losser	8	30, 31	V	V	V
A maximum of 10x EUR 250 for local sponsorship causes via own employees	8	30, 31	V	V	V

### Foundation Leergeld Losser

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 Foundation Leergeld Losser 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 join their classmates. WWE supports this initiative with an annual contribution.

Besides this contribution, every year we donate a number of Christmas hampers to the Social Affairs Department of the Municipality of Losser. They select families with minimal incomes to enjoy a Christmas hamper during the festive season.

### Birthday box Losser

In line with the Leergeld Losser Foundation, we donate annually to the Birthday Box Losser. This foundation supports families living in poverty where celebrating children's birthdays is not a matter of course. 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.

Indicator	SDG	CSR theme	20-21	21-22	22-23
Investment in machinery	8	31	V	V	V
Annual donations from door collectors	8	30, 31	V	V	V

Beyond the objectives directly related to our CSR policy, there are several initiatives that relate to the Profit pillar. For instance, we continue to invest continuously in replacing and updating our machinery. This way, Wouter Witzel secures a safe and efficient machine park.

Finally, every year we donate to various collectors who physically come to collect at our premises. In 2022-2023, we again contributed to the Rheumatoid Arthritis Foundation (Rheumafonds), the Alzheimer's Foundation and KiKa Foundation for Children Cancer-free (Kinderen Kankervrij).



## 5. A glimpse of the future

The stakeholder analysis showed that CSR and sustainability are increasingly on the agenda, both among our clients and in society at large. In the markets in which Wouter Witzel operates, we notice that CSR aspects weigh more heavily when awarding contracts, but are not yet decisive. Our stakeholders have not yet forced us to adjust our CSR policy or objectives.

What may change this is the roll-out of CSRD legislation. As this is a financially driven reporting, we are now in discussions with our auditing organisation. Together, we are preparing ourselves for the mandatory activities and reports that are to come. Wouter Witzel is well prepared for this because we have been maintaining our CSR management system for three years now.

For the coming year, we will continue our CSR policy. In the management review that took place recently, we formally re-established the CSR policy, no changes were made in this. Regarding target achievement, we have had a difficult year due to the transition of our ERP package. We are looking forward with confidence to the coming year, in which we will have more resources available to achieve our objectives.

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, December 2023



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