

KROMMENHOEK METALS

SINDS 1925

2022 IMPACT REPORT

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MANAGEMENT STATEMENT



(Metal) waste isn't waste when it has value. In some cases, it can even have a second life as a reusable product. But (metal) waste can also be used as a resource to produce something new in the furnace. At Krommenhoek Metals, this is what we strive to do on a daily basis.

The Netherlands wants to be a circular economy by 2050. A zero waste economy, in which resources are used over and over again. At Krommenhoek Metals, we have been contributing to the circular economy since our inception, something we are rightfully proud of.

However, our ambition is to also have a positive impact in a truly sustainable way. To this end, we have developed a sustainability strategy, with three main pillars for action: 1) an ironclad work environment, 2) towards a fair and safe chain, and 3) climate transition and circularity.

We are delighted to be mapping and reducing our CO2 emissions, of our own operations and throughout the entire chain. By 2030, we hope to achieve a -49% reduction compared with our emissions in 2019. One example of our continued efforts is the electrification of our vehicle fleet. We have invested in electric vehicles, for passenger and goods transport, leading to a significant reduction of our CO2 emissions.

Besides our contribution to the climate transition and circularity, our ambition is to also evolve towards a fair and safe chain. This year we have conducted our first investigation with a partner in India, identifying the risks in this part of our chain. The outcomes help us to better understand how we can take action and eliminate any wrongdoing.

We are proud of our commitment to sustainability and invite you to join us on the path to a greener, fairer and more circular world. Let's shape the metals of the future together!

Lützen Brink,
CEO Krommenhoek Metals

OUR SUSTAINABILITY STRATEGY

Last year, we published our first impact report, sharing our main pillars for sustainability: an ironclad work environment, towards a fair and safe chain, and climate transition & circularity. This year, we wanted to provide more context and background information on how we defined these pillars and why we have chosen to focus on this at Krommenhoek as part of our sustainability strategy.

Our industry

The metal industry is one of the world’s most polluting industries. Producing metals from raw materials and minerals is a very energy-intensive process, accounting for high (CO2) emissions. Mining and the production of primary metals have the greatest climate footprint because of the energy-intensive and polluting processes. You need about 10 times more energy to produce primary metals than for the production of secondary metals from scrap, for example. In addition, working in mines comes with a whole host of social risks, including for workers' health and welfare.

Our role

Given the potential risks in the metal sector and industry, it is vital that any valuable materials - once obtained - are retained in the chain as much and as long as possible. Buying and selling scrap metal and reusing and recycling scrap metal and other metal (waste) products plays a huge part in this. The reuse and recycling of secondary metals can meet metal demand, eliminating the need for new raw materials, risky mining operations, and the production of primary metal from ores. Recycling is just one solution for industry. At the same time, we understand how important it is to organise our operations in the most environmentally and socially responsible way possible, to achieve a win-win for all.

Vision on sustainability

As an international player in the metals trade and recycling, Krommenhoek plays an important role in the circular economy. Our ambition is to optimise our role in - and contribution to - a circular economy.

At Krommenhoek we believe we need to start by concentrating on the core premise of our CSR strategy, working towards a transparent, fair, and safe supply chain. At the same time, this also helps us to understand where the largest material streams are processed, which processes are involved, and their respective impacts. Krommenhoek uses these insights to make progress and contribute to a circular industry, by capitalising on and optimising circular opportunities,

in our own operations, as well as throughout the chain. Together with our partners, we thus minimise industry emissions.

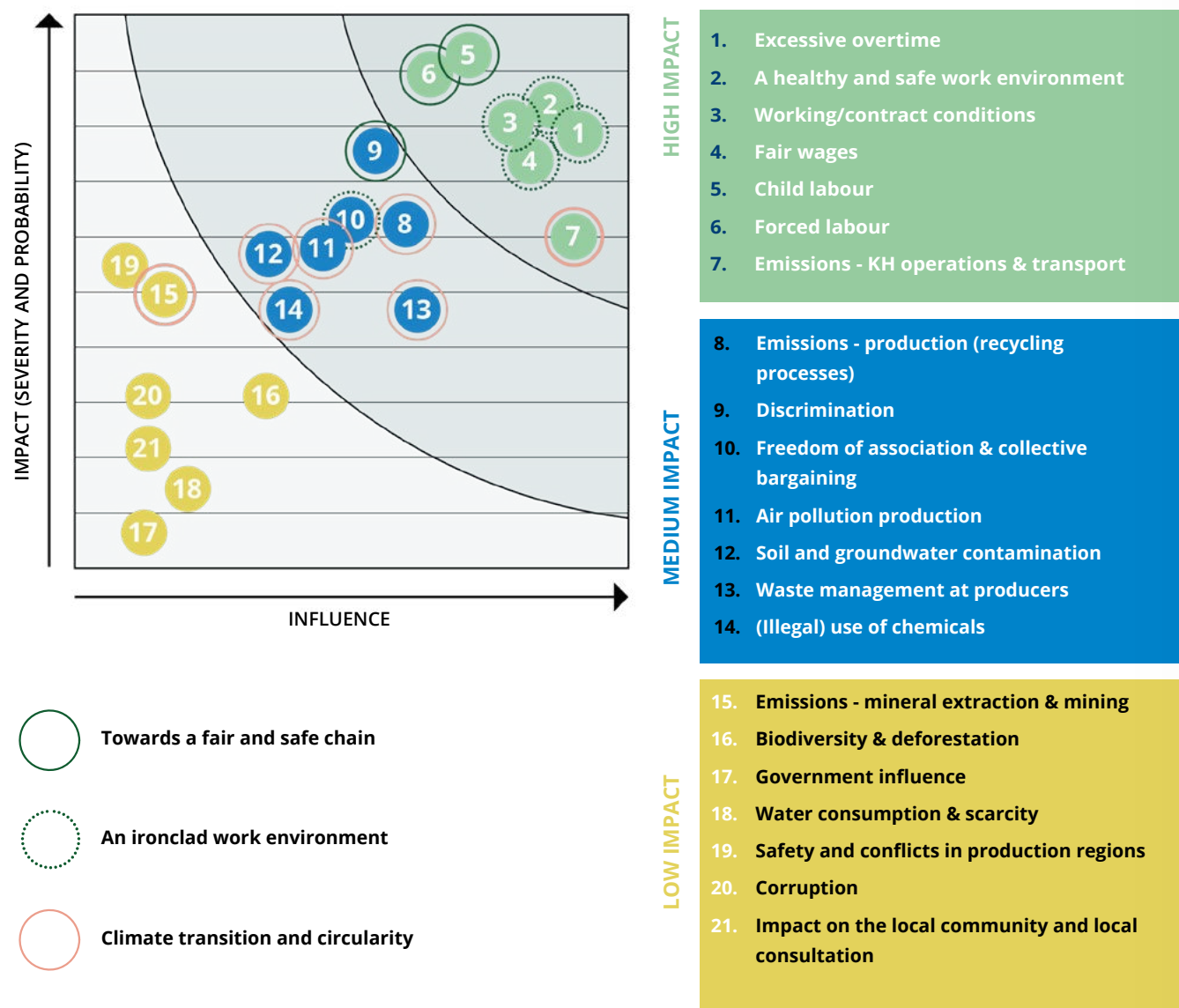
Risk matrix

Our sustainability approach is founded on a materiality analysis. This analysis assesses the severity and likelihood of various sustainability concerns of our organisation’s external stakeholders (such as suppliers, customers, governments, consultants and NGOs). We conduct the same analysis among our internal stakeholders. We have combined these internal expectations and sustainability goals and external expectations and risks within the (international) chain and industry in an impact matrix.

This matrix is the cornerstone of our sustainability strategy and features three categories, ranked by influence, relevance and impact. This allowed us to determine where we can achieve the most impact and which themes are closely related to our product, organisation, ambitions and market positioning.

KROMMENHOEK IMPACT MATRIX

We have combined internal expectations and sustainability goals and external expectations and risks within the (international) chain and industry in our impact matrix. This forms the cornerstone of our sustainability strategy and features three categories, ranked by influence, relevance and impact:



OUR THREE PILLARS

We identified overlapping themes in our impact matrix, which we then summarised in three impact programmes, taking action and reporting on our endeavours to reduce our impact. By focusing on these three pillars, we work towards achieving our mission:



"Krommenhoek contributes to a fair, safe, and circular industry, capitalising on and optimising circular opportunities. Together with our partners, we thus minimise industry emissions."



Climate transition
and circularity



Towards a fair
and safe chain



An ironclad work
environment

OUR GOALS

To achieve this mission, we defined two main goals, which are also reflected in the respective sustainability pillars. They are:

CLIMATE TRANSITION & CIRCULARITY:



A -49% reduction in CO2e-emissions by 2030 compared with 2019.

TOWARDS A FAIR AND SAFE CHAIN



Establishing and rolling out a social compliance policy to monitor working conditions at our largest customers. By 2025, we will have implemented this at our partners who account for 50% of our turnover.





CLIMATE TRANSITION AND CIRCULARITY

Krommenhoek Metals was established starting from a circular premise, to retain metals and valuable resources in the chain as long as possible. Therein lies the future of our industry. We want to actively participate in and contribute to a circular economy, defining and developing our circular role in this, leading by example and contributing to the climate transition.



Umbrella vision

Krommenhoek capitalises on and optimises circular opportunities. Together with our partners, we thus minimise industry emissions.

GOALS



Mapping and reducing our CO2 emissions, both of our activities and operations (Scope 1 and 2) and within the chain (Scope 3).



A -49% reduction in CO2e-emissions by 2030 compared with 2019.



Contributing to the circular economy by innovating and optimising our processes.

WORKSTREAMS AND SUB GOALS

SUSTAINABLE OPERATIONS & TRANSPORT

What do we look at?

- % CO2 reduction for our Scope 1 and 2 emissions
- Performance level on the CO2 Performance ladder

Goals for 2025

- 🎯 CO2 performance ladder level 3+
- 🎯 Implementation and integration of the EMS system and goals
- 🎯 -25% CO2 reduction (compared with base year for Scope 1 + 2)
- 🎯 Process optimisation own operations

SUSTAINABLE OPERATIONS & TRANSPORT

What do we look at?

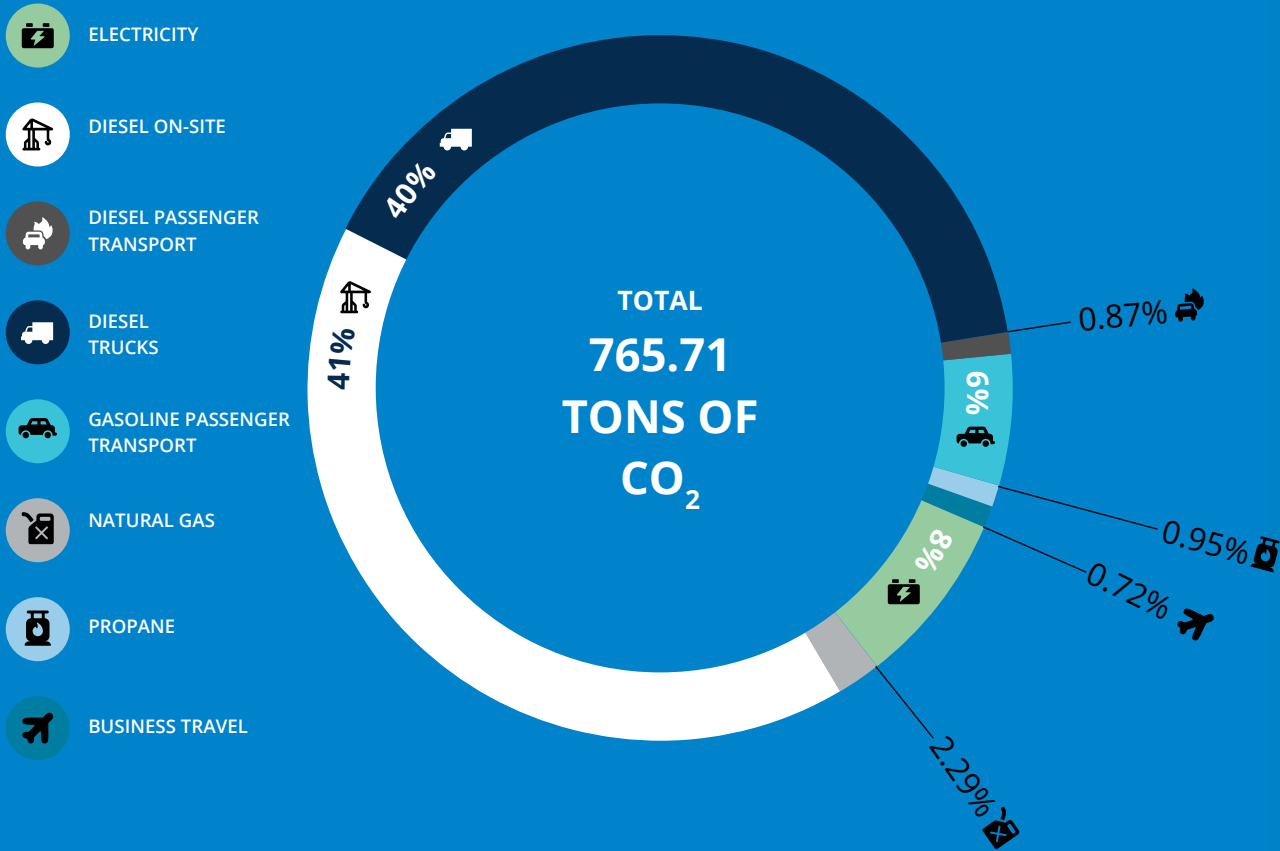
- % CO2 reduction for our Scope 3 emissions
- % of our partners with environmental certification (ISO 14001 and equivalent)

Goals for 2025

- 🎯 >75% partners (who account for 50% of our turnover) have obtained ISO14001/50001 certification or equivalent
- 🎯 Process optimisation chain based on risk assessment, with Scope 3 CO2 reduction target
- 🎯 Annual CO2 monitoring Scope 3 emissions (together with the Dutch Metal Recycling Federation)
- 🎯 To be determined: % CO2 reduction Scope 3

SCOPE 1, SCOPE 2 AND SCOPE 3 EMISSIONS

CO₂ total 2022 (in tons)



CO₂ total in tons



Following own recalculations and global changes in emission factors, corrections were applied for 2020 and 2021.

CLIMATE TRANSITION & CIRCULARITY

CO₂ Performance ladder - performance audit

After obtaining CO₂ Performance ladder certification (level 3), the first annual performance audit was conducted in 2022. With this certificate, we evaluate our CO₂ performance and our progress in relation to our targets and measures. Despite an increase in our total emissions, we look to the future with confidence. This past year was all about rolling out our sustainability projects further. By 2023, we expect to see the results of this, in the form of a reduction of our CO₂ emissions. In the years to come, we will continue to critically assess our operations and measures, using the CO₂ performance ladder as a framework.

Quality over quantity

An area of focus for us is the increase in 2022 in absolute direct CO₂ emissions in 2022 from our operations (Scope 1 and 2). The increased demand for high-quality recycled materials played a significant part in this, as this requires more manual work, precision, and transport on-site - resulting in more emissions. However, this also has a positive consequence as our customers see a reduction in emissions because the quality we supply can be used more easily. In the coming years, we hope to gain a further insight into this effect within Scope 3.

Passenger vehicle fleet

Electrification of our fleet is ongoing. We chose fully electric cars for all passengers cars that were newly purchased in 2022. We also installed another two chargers on our premises to meet increased charging demand. A major investment for the future is the installation of our own solar park, which will allow us to use our own green power to charge cars.

Electrification of goods transport

Our forklifts for indoor use are fully electric, and we have conducted several tests during the past year to determine what would be the right option for forklifts that are used outside. The electrification of our large goods transport (trucks and buses) that transport residual material to our site is more complex, however, due to insufficient electric range. We conducted a conclusive direct test, purchasing two electric buses which failed to live up to our expectations in terms of range due to weight (transporting heavy materials).

Metal Recycling Federation

Krommenhoek Metals is an active member of the Dutch Metal Recycling Federation (MRF). CE Delft has developed the MRF CO₂ scan for the MRF. This can be used to establish statistics on the impact of recycling, to easily visualise the climate impact of metal recycling. As an active member, we provide feedback and input for the further development of this tool. In the next few years, we can use this scan to gain a better insight into the (beneficial) climate impact of our endeavours for our customers.

Certifications

ISO 14001, ISO 9001, CO₂ Performance ladder level 3, WEEELABEX





TOWARDS A FAIR & SAFE CHAIN

At Krommenhoek Metals, we are working towards achieving a fair and safe chain, gaining a greater understanding of the chain and the transparency of (upstream and downstream) production sites. Greater transparency helps to prevent and minimise human rights violations. Our aim is to achieve safe and healthy working conditions at smelters and other processing locations around the world.



Umbrella vision

We gain a greater insight into our chain by working towards full transparency and implementation of our social compliance policy at our customers.

GOALS



Transparency of (most of) our chain. Chain insights serve as guidance for setting up projects to improve working conditions at our partners in high-risk countries.



Implementing a social compliance policy to monitor working conditions at our largest customers. By 2025, we will have implemented this at our partners who account for 50% of our turnover.



Countries where the partners of Krommenhoek Metals are based

Signing the Metal Covenant

Risks for the metal industry include human rights violations and a negative impact on local communities. Having signed the Metal Covenant in 2020, we have spent the past two years working to identify the greatest risks in our supply chain. Thanks to the mandatory completion of the SER's online due diligence tooling, we are able to assess our performance with regard to our own policies and actions, identify potential risks, and which steps we need to take to improve our performance and report on them. Find out more about this in the interview with Bas Krommenhoek (Director) on the next page.

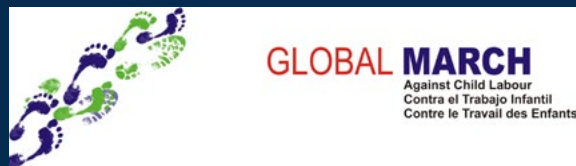
Cooperation with Global March

Within the metal industry, and in particular among traders and recyclers, we are pioneers because our organisation's ambition and strategy is to have a fair chain. But pioneering also means having to innovate along the way. This past year, the emphasis has been on gaining an insight into the risks throughout our chain, as our first step and launchpad for further action. To define which steps to take, we decided to cooperate with Global March under the umbrella of the Metal Covenant. They assisted us on the ground, as a local partner, with our investigation into potential risks of abuses in our (in)direct chain in India. The results showed that there was good cause for concern. Global March identified risks of human rights abuses on two levels.

The first relates to working conditions and safety at local processing sites in India, to which our metals are potentially resold by intermediaries. Their investigation proved that the quality and safety requirements potentially fail to comply with the standards enforced by Krommenhoek Metals. Our next step is to see whether we can engage in a debate with these parties so they take action.

The second outcome relates to the issue of informal workers in India, with reports of child labour coming through. This involves picking up and collecting metal waste on the streets and in other places, which is then resold to local traders and which is possibly resold to European and Dutch buyers. The investigation proved that our own trade does not directly contribute to this. These outcomes are worrying, however, for other Dutch metal companies procuring metals from India. Our next step is to investigate how we can raise industry awareness so other metal companies take adequate action to address this.

About Global March



The Global March movement began with a global march with thousands of people marching together to collectively spread the message against child labour, inspired by 2014 Nobel laureate Kailash Satyarthi. It has since grown into an organisation mobilising a global effort to protect and promote the rights of all children, especially the right to receive free, meaningful education and to be free from economic exploitation and from engaging in harmful work.

More on: www.globalmarch.org



BAS KROMMENHOEK - METAL COVENANT & GLOBAL MARCH

This past year, Krommenhoek Metals has worked hard on its due diligence, with Bas Krommenhoek - Director of Krommenhoek Metals - playing a key role as the main contact and lead for all activities in this area. A good reason to catch up with him and find out more about this.



How does the Covenant affect your operations?

We see the Metal Covenant as a framework and guideline for implementing due diligence for our company. Various organisations have signed it, from NGOs to other entrepreneurs in our industry. Every 2-3 months we organise group progress meetings, giving us an opportunity to discuss how we and they do certain things and exchange experiences.

What is the Covenant's added value?

The added value lies in the fact that if you're new to due diligence, you get to see what is going on in the various metal chains, and find out which solutions they are working on. You learn a lot in terms of awareness but it also helps you to identify possible opportunities

for action. It also helps us to prepare for the supply chain legislation that is in the pipeline such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Forced Labour Regulations.

Why is it important for everyone to work together?

The companies that have signed the Covenant are all very keen, there is a lot of intrinsic motivation to investigate the chain for abuses and tackle them. But we lack the knowledge on how to put this into practice, which is a major problem in almost all companies. We have lofty ambitions, but sadly people don't know where to start.

And how does the Covenant contribute to this?

You can engage more easily with NGOs, with parties who can think along with you and advise you on the possibilities you have for actually doing something. That is how we were introduced to the Global March, with whom we are cooperating on a project, thanks to the RVO's Fund Against Child Labour.

Can you tell us more about this initiative?

Together with Global March, we established a project in India for Krommenhoek Metals to investigate possible abuses in our supply chain, including child labour. The investigation is still ongoing. We hope it will result in concrete proposals for improvements and how to tackle this if necessary.

What has happened in the past year, what has been achieved?

We selected a specific region for the investigation, and we gave input on what part of the industry we work in. Global March, which has an active local network, then began to investigate potential risks in that part of the chain. The initial conclusions show that abuses were found in the industry, but to date, no concrete risks have been found in our own direct supply chain.

Which steps are still in the pipeline?

We are now exploring whether we can organise company visits to our customers. The initial findings will be compiled into a report to be published and shared, including with other partners in the Covenant,

for example. If this report produces findings that we should and want to take action on, then we will set to work.

What do you find difficult about working on these kinds of projects?

What is difficult, however, is raising this issue with the customers you are investigating. You don't want to offend your customer by being all judgemental. India also has very modern factories so perhaps they are doing better than we are in that respect, but we don't know. So how do you check this, how do you raise this issue? It's quite tricky, I think.

Anything else?

There is also a difference in work culture. We have goodwill, but this is something we are doing on the side. Everything you do requires focus and for us the greatest challenge is focussing on these kinds of projects. Because this is all new to us, we have no idea about the workload, it involves a lot of red tape and admin. Sorting things out, sending emails. It all eats up time. In business you are used to doing things quickly and moving on.

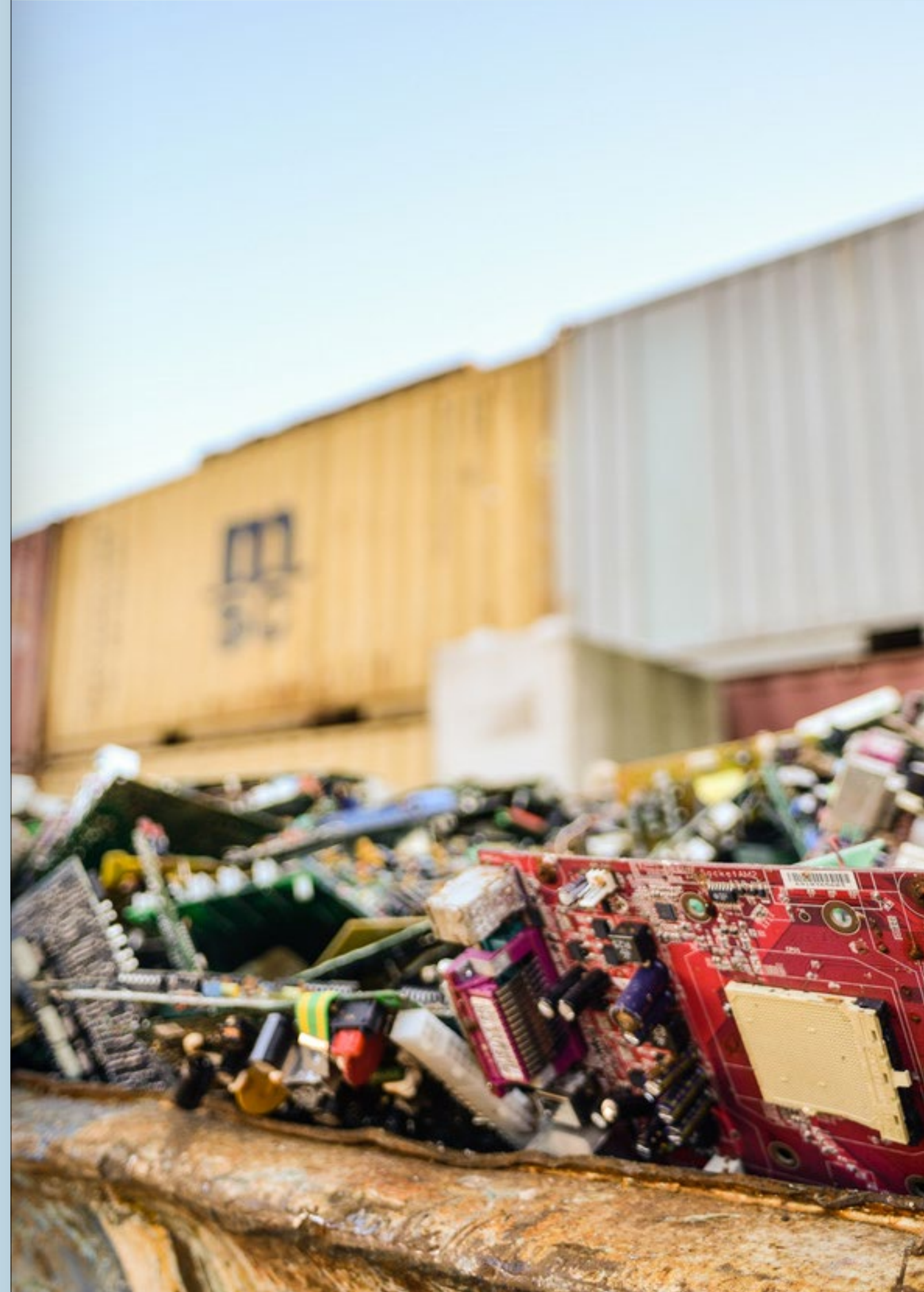
Any industry observations you care to share?

I also wonder how aware consumers really are. When people buy a car, do they ask whether it was produced sustainably, in a good way? Or if they buy a knife and fork, do they wonder in which which factory they were produced? There seems to be a general lack of awareness among consumers, which is why our industry doesn't feel any pressure to change.

What do you need?

The main challenge is to find other metal recyclers who want to join forces, largely because of the sensitive nature of some information for competitors. We lack clout on our own, but we would have much more of an impact if we had three other partners. **We need more cooperation if we want this to be a success. So if any of my colleagues read this, you know where to find me!"**

"The difference with the textile industry is significant, where there is more pressure on industry players to change, including from consumers. In the metal industry the motivation has to come from business owners themselves, and so everything depends on how far these people are prepared to go."





AN IRONCLAD WORK ENVIRONMENT

Our people are our most important asset – we want to take good care of them, creating an environment in which they can do their work to the best of their ability. We are focusing on three areas in this context. 1) Employee safety & health, 2) Talent development, and 3) Inclusiveness in the workplace.

Umbrella vision



A pleasant atmosphere in the workplace, appreciation, equal and fair treatment, and being open and honest are our main priorities.

GOALS



100% of our workforce has completed VCA safety training.



Employee outflow < 15%



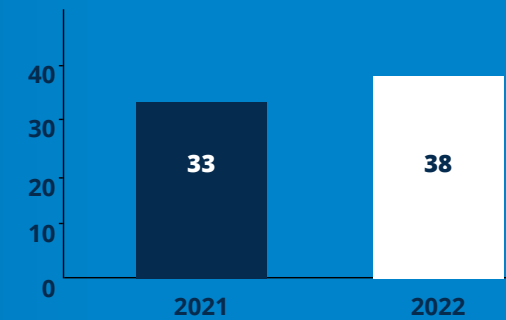
Absenteeism rate < 5%



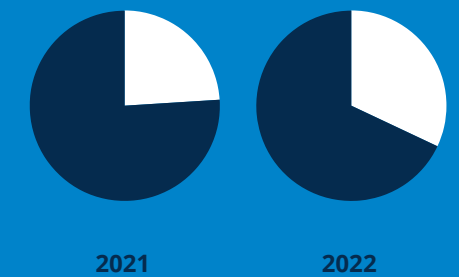
100% of our workforce has met with their supervisor for the annual vitality assessment

AN IRONCLAD WORK ENVIRONMENT - 2020 VS 2021

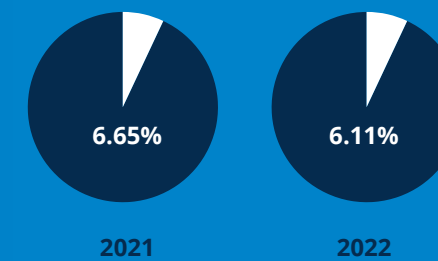
employees



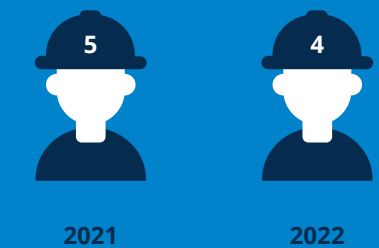
Employee outflow



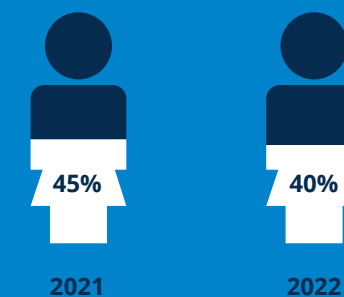
Absenteeism



Employees who receive Wajong benefit



Diversity*



Training**



* These figures apply to the head office of Krommenhoek Metals

** Total number of hours of training:
FAFS, HR training, toolbox meetings, health & safety trainings, safety instructions and online modules

WORKING AT KROMMENHOEK METALS

Growth in numbers and quality

This past year, our workforce grew, bringing us back in line with the number of FTEs at the beginning of 2020. Our company's growth attests to the positive trend in our industry and our recovery since the pandemic. This past year, we also managed to increase the total hours of training and the total hours of training per FTE, meaning our workforce is growing both quantitatively and qualitatively.

Making headway with our people

We invest a lot in the training of our employees as long as they are with us. Strong employability and motivated employees are of capital importance to us. This year, we will once again be conducting a PMO and working on developing our Employer Branding, to ensure greater employee satisfaction and ensure that our employees are proud to work for us. Last year we also created a questionnaire to evaluate our onboarding, which employees rated as valuable (90%) and even very valuable (10%).

Reducing outflow

But despite all our efforts, we think there is still plenty of margin for improvement. The trend of an increased employee outflow in 2021 continued in 2022. We are also giving thinking about and looking at ways to reduce this percentage in line with our target. The main points we have identified are to continue to develop and professionalise our onboarding, to pay more active attention to staff retention by engaging in conversations more often, and to consistently follow up on initiatives and feedback from our people. We hope to reduce employee outflow this year with these measures.

Inclusiveness

An important step in creating a more inclusive workplace is to examine whether there is a possible gender pay gap between women and men in the same role. This past year, HR decided to investigate whether this was indeed the case. A difference does not necessarily mean that it needs to be levelled. Instead we need to determine why there is a difference in the first place. Research may show that women tend to ask for a lower percentage increase each time they extend their contract, meaning we need to be more aware of this and set fixed growth rates.

OUR SOCIETAL CONTRIBUTIONS

Krommenhoek Metals is a socially involved company and, in addition to our internal work on climate, supply chain and our own people, we like to give back to the outside world as well. For instance, we have linked our name to KWF Kankerbestrijding as KWF Business Friend since 2012. But we are also happy to share some other activities from our past year.

Sports sponsorship

Krommenhoek Metals fulfills its social role in sports through sports sponsorship at the very highest level. In that context, we sponsor Rugbyclub The Hoekers from Hoek van Holland. This rugby club plays in the national premier league, the absolute top in the Netherlands. Rugbyclub The Hoekers is a household name in the Westland and Rijnmond area and is characterized by its perseverance in good and bad times, which fits in with our vision of sustainability.

Coffee Based

All day long, we work to recycle metals, and to do so every day full of energy, we love a cup of coffee. Thanks to Coffee Based's Coffee Recycle Service, leftover coffee grounds from over 25,000 cups of coffee are collected and saved from incineration.

Friends of Sophia Foundation

At Krommenhoek Metals, we have an extra warm heart for the Erasmus MC Sophia Children's Hospital, because their work has a large and concrete impact. Therefore, in 2022 we entered into a partnership for a minimum of 5 years as a business friend. Hereby we donate €10,000 each year.

In addition, we also have an IT Donation action for Sophia. With this, we aim to raise an amount worth €15,000 in 2023. This amount is in addition to the €10,000 from our annual donation. With this campaign, (business) customers of Krommenhoek can have their old hardware disposed of by us. The proceeds will be donated to Sophia, to which we will then add another 10%. We hope that as many of our customers and business associates as possible will join in, thereby inspiring and motivating everyone to contribute as well. Will you join us? Then read more about our action [here](#) (in Dutch):

Friends of Sophia Foundation

Erasmus MC Sophia Children's Hospital cares for the most special and vulnerable patients: children. The Friends of Sophia Foundation does all it can to make their stay in the hospital as pleasant as possible and contributes to funding scientific research and innovative projects.



KROMMENHOEK AND THE SUSTAINABLE DEVELOPMENT GOALS

We contribute to the Sustainable Development Goals with our sustainability strategy. In 2015, the United Nations adopted the Sustainable Development Goals as part of the global agenda for sustainable development by 2030.

We specifically contribute to SDG 3, 5, 8, 9, 11, 12, and 13.



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