

Annual Corporate Social Responsibility Report 2021

HKS will prepare an Annual CSR Report for approval by the Management. After approval, the Annual CSR Report will be made public and actively shared with relevant stakeholders. The Report will also be made available to all stakeholders via the HKS website.

The (internal) management review, internal audit, stakeholder communication analyses and the score on the CSR targets form an important input/source for the Annual CSR Report.

The context of the organisation

HKS Metals is part of TSR Metals and falls under the Remondis Group. Originally, HKS Metals consisted mainly of HKS Scrap Metals bv with 7 branches. After the acquisition of the Van Dalen Group, HKS Dordrecht BV now incorporates the former Van Dalen locations (3x NL/ 1x BE). HKS now has a total of 10 locations. The location: HKS Dagenham Ltd. (UK) is excluded from this Annual CSR Report.

The scope of HKS, which includes all its activities, is as follows:

Recovery of and trade in ferrous and non-ferrous metals, including End-of-Waste, which is used as a raw material in the production of steel, cast iron and non-ferrous metals and the recovery of and trade in plastics, fibres and minerals.

As of 05-10-2021, the 'Context of the organisation' and 'Scope' of HKS have been updated. The standard document (suitable for several certification schemes) lists stakeholders, opportunities, risks and compliance requirements.

CSR vision and themes of HKS Metals

HKS has included the following core values in its CSR policy:

- HKS Metals recognises its responsibility to protect human rights.
- HKS Metals aims to produce only raw materials, building materials and fuels and to thereby reduce its waste streams.
- HKS Metals is committed to reducing its impact on the environment, including by monitoring and reducing the use of energy, fuel and raw materials.
- HKS Metals aims to create a safe and healthy working environment for all its employees, customers and visitors.
- HKS Metals aims to create a working environment that attracts, retains and motivates people and gives them the opportunity to realise their potential.
- HKS Metals does not tolerate any form of harassment or discrimination, and aims to ensure that everyone is treated with dignity and respect.
- HKS Metals does business in an honest way, with respect for other parties.
- HKS Metals is committed to continuous and meaningful communication with internal and external stakeholders.
- HKS Metals operates in accordance with the legal requirements and takes into account the wishes of the competent authorities.

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HKS has linked its core values to each of the 31 CSR themes and, in line with these themes, has prepared key figures that served as the basis for drawing up its CSR targets. HKS also examined the link between more and less relevant stakeholders and more or less significant themes. The following substantive themes emerged from this quadrant approach:

1. Good Governance
2. Employment opportunities
3. Employer-employee relationship
4. Health and safety
5. Training, nature/organisation of Work
6. Diversity and opportunities
7. Flexible workforce
8. Strategy and Management
19. Consumer health/safety
21. Marketing and Communications
22. Customer privacy
23. Raw materials
24. Energy
27. Emissions, effluents and waste
28. Transport
30. Positive contribution to local economy and community
31. Contribution to the economic system.

The substantive themes are a combination of very relevant stakeholders and very significant themes, whereby it is notable that themes such as 'equal treatment' and 'freedom of association and collective bargaining' are among the less relevant themes in this overview. The choice of substantive themes is based on the issues dealt with at the various branches. This shows that the above 2 themes are basically irrelevant. However, although these themes are perceived as very important, they are not significant enough to be a theme. The CSR working group will continually re-examine this link.

Laws and regulations

In 2021, the register of 'laws and regulations' was updated by the project manager for permits and enforcement, who is responsible for keeping the register up to date. In particular, the regulations on End-of-Waste and WEEE (waste electrical and electronic equipment) were examined.

This register is a part of the basic document containing all relevant CSR data. The register contains a link between the individual applicable laws and regulations and the various CSR themes. It is therefore logical that many of the themes can be linked to the permits and waste mentioned in the register, which occupy a central position in HKS.

In general, it can be concluded that HKS correctly complies with the laws and regulations applicable to it. In recent years, the focus has been on revising the permits of all branches. This brings the advantage that all individual branches have permits for their activities, any remaining separate permits are included in the updated register and we avoid any mandatory revision under the new Environment and Planning Act (Omgevingswet).

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3. Results of communication with stakeholders

The basis for communication with stakeholders is set out in Procedures SR 3.12 ‘Communication’ and SR 3.15 ‘CSR & Stakeholder Management’, where a stakeholder survey is currently conducted by an external organisation every 3 years. This organisation approaches a selection of the most significant stakeholders from the sectors; suppliers and buyers of scrap metal, suppliers of services and governments.

To increase objectivity, a representative selection of HKS personnel will be included in the next survey. The results of the survey are included in an improvement plan and discussed with the various stakeholders.

Passive communication with all stakeholders takes place annually by means of placing a CSR news update on the HKS website. Last year, all scrap metal suppliers were provided with an update of the modified HKS Acceptance Conditions. HKS personnel are kept informed of developments and news on a regular basis by means of the personnel newsletter that is distributed by e-mail and posted on the notice boards at the branches.

The commercial, technical, logistics and permit departments have regular contact with their stakeholders on current issues, with a record being made depending on the impact and relevance of the communication concerned. Depending on the location of a branch, there may be reports from the surrounding area that need to be registered and dealt with. These reports are registered at HKS as complaints, the cause is traced and, possibly in consultation with the person making the report, an appropriate solution is sought. From the end of 2021, a working group will be set up to expand communication with stakeholders. The working group is also in charge of recording the communication in writing in accordance with the new CSR standard.

4. CSR performance last year

The overview below lists some of the CSR targets formulated by HKS and the results achieved. The targets are easily measurable, directly related to the defined key figures and suitable for determining the performance of the CSR management system

| Targets | Results 2020 | Achieved | Action needed to achieve targets (i.e. measures to be taken) |
|---|--------------|----------|---|
| Total CO2 emissions < 23 kg/tonne | 23.64 | | Yes, see ‘HKS Energy Management Action Plan’. |
| Absenteeism < 4% | 9.72% | | Yes. Ageing workforce with long-term sick personnel / HR policy = commitment to sustainable employability |
| Accidents with absence < 20 | 16 | | No, Academy working group ‘Safety’ is in charge of raising safety awareness. |
| Complaints < 10 | 18 | | Yes, the Academy working group ‘Quality criteria’ is in charge of consultation with suppliers/customers. Noise measures taken at various branches. Further discussion in CSR working group? |
| Greening of lease cars > 5 | 13 | | No. At the end of the current contract period for petrol and diesel driven cars, switch to electric vehicles |
| Greening of work equipment > 1 | 2 | | No. E-breaker and E-crane |
| Achieved KPIs for consumption > 75% | 68.75% | | Yes, action incorporated in Operational Policy |
| CSR initiatives at the branches are up to date = 10 | 10 | | No, all branches have updated their CSR initiatives |
| Communication with the government >100 (over 10 branches) | 231 | | No. There is structural consultation and communication with the competent authorities |
| Communication with neighbours in case of complaints = 100%. | 88% | | Yes. Complaints reported in MM web form to ensure follow-up and feedback. |

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|---|----|--|--|
| Communication with Suppliers and Customers (= continuous) | 2 | | No. Stakeholder survey and renewed acceptance conditions are communicated. |
| Communication Logistics (= continuous) + specific > 1 | 2 | | No. 'Containers under voltage' discussed with 2 transporters |
| Communication with Personnel > 12 | 29 | | No. Personnel newsletter/corona update/labour conditions are communicated by e-mail |
| Sector-specific initiative > 1 | 2 | | No. participation HKS-Why Waste, HKS-Heijmans and MRF-CO2tool. Collaboration with ABB. Participation in covenant I-CSR postponed until further notice. |
| Sector representation (MRF) | 1 | | No. HKS is represented on the board of the Metal Recycling Federation (MRF) |
| Collaborative relationships (Mirec/TSR) | 2 | | No. HKS has a close collaborative relationship with Mirec and TSR. |

Measures have been formulated for the targets that were not achieved, in order to make achievement feasible. These measures are included in a separate improvement plan. The progress of the implementation of the improvement plan is in the hands of the working group. The working group will initiate and monitor the management of the improvement plan, including seeking contact with stakeholders.

The working group will also focus on studying opportunities and risks, and will deal with the following cases in the coming year:

- Evaluate the relevance and interpretation of key CSR figures.
- Review the quarterly scores of the CSR targets.
- Assess whether focusing on one or more Sustainable Development Goals (SDGs) can have a positive result on the CSR management system.
- Improve identification and monitoring of stakeholder requirements and expectations.
- Expand web forms in Manual Master, such as with a 'Complaints form'.
- Supplement the internal audit team to improve objectivity and intervals.
- Evaluate the substantive CSR themes and redefine them where necessary.

The needs and expectations of stakeholders, including compliance obligations, were identified during the last stakeholder survey and improvement points were drawn up on this basis. The points for improvement have been dealt with over the past year by various HKS departments, which have also sought contact with the relevant stakeholders.

By formulating more and better substantiated key figures and targets relating to HKS operations, there is a real opportunity to strengthen CSR within HKS (e.g. greening, CO2 reduction and communication).

CSR is a strategy that also generates benefits for:

- Employees (feel well treated and safe),
 - Society (taking into account complaints, emissions, etc.), and
 - Environment (reduction of waste and waste products),
- and thus contributes to the continuity of HKS.

Objectives for substantive and relevant themes

With regard to the following substantive themes:

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In addition to the themes Good Governance, Employment opportunities, Employer-Employee relations, Health and Safety, HKS has formulated the objective to include the following spearhead in its HR policy: Sustainable employability.

With regard to the following substantive themes:

Good Governance, Employment opportunities, Training, Nature and Organisation of Work, Diversity and Opportunities, Flexible Workforce, Strategy and Management, Raw Materials, Energy, Emissions, Wastewater, Waste and Transport, HKS has formulated the objective to achieve **End-of-Waste** status for some end products at designated branches.

With regard to the following substantive themes: Good Governance, Employment opportunities, Training, Nature and Organisation of Work, HKS has formulated the objective to provide its employees with structural training by implementing a 'Learning Management System'.

- **Key activities.**

In recent years, HKS has been involved in the following activities in the chain:

- The Polymer Science Project was completed and involved research into closing the plastics cycle and positively influencing the impact of plastics.
- HKS has completed a joint project with Heijmans Bouw on the circular design of an aluminium window frame.
- HKS participated in a project carried out by ARN on the realisation of the electronic accompanying letter.
- HKS has realised the circular use of an electric motor together with the company ABB.

- **Position within the industry**

HKS is a member of the Metal Recycling Federation (MRF). The MRF is the trade association for the metal recycling sector. The MRF represents the interests of 140 professional companies that jointly account for 85% of the total volume. In total, just under 6% of metal recyclers are certified in accordance with the CSR performance ladder, which means that HKS is one of the industry leaders.