



Annual CSR report 2018 gAvilar B.V.



Document data

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This report has been prepared based on the **C**orporate **S**ocial **R**esponsibility information of gAvilar BV from the CSR Register. The information in this report has been verified by the organization MVO-Register. The verification statement is included in this report and can also be found at our website www.gavilar.nl.

1. Company profile

gAvilar is a medium sized company with a rich history. The roots of the company lie at the Meterfabriek Dordrecht, which originated in 1858. By means of a Management Buy Out, gAvilar took over the production of gas pressure regulators, gas meter brackets and gas stations from Itron Inc. in early 2012. and has therefore combined years of experience with the vigor of a compact and dynamic company.

gAvilar is a specialist in gas distribution control equipment. For the domestic market, we produce the WM series domestic pressure regulator, combination regulators and gas safety valves on a fully automatic robot line. A high-quality and very reliable product with a proven life span of more than 30 years. For the connection of a household gas meter, we make gas meter brackets that can be supplied as a complete connection package. We also produce various gas stations for the distribution, measurement and delivery of natural gas and green gasses.

In 2017 we expanded our product range with Electronic Volume Conversion Instruments (EVCIs) and related communication equipment.



Vision

gAvilar focuses primarily on the gas distribution market. Our core activity is the development, production and sale of control equipment. We are among the European market leaders in this field and maintain this position through continuous innovation and efficiency improvement.

Mission

gAvilar strives for absolute customer satisfaction. We deliver products and knowledge to our customers in order to deal with the various network pressures in an efficient and responsible manner. Safety at all levels (products, services, employees, etc.) always comes first at all times and is pursued without compromise.

Our motto is "Always in control", in all respects for our customers, partners and employees.

2. CSR policy

The long-term success of gAvilar depends on our ability to continuously improve our products and services based on customer requirements, protecting employees and working on making our business more sustainable. This is an obligation that is in the interest of our employees, our customers and our shareholders.

gAvilar B.V. embraces the principles of Corporate Social Responsibility and wants to create value in the economic (Society), ecological (Environment) and social (Human) field. We not only respect laws and regulations but also go further and also conform to the requirements of the standards that are certified, such as ISO 9001, ISO 14001, VCA and SCIOS. At the end of 2015 a next step was made by obtaining the certificate of the CO2 performance ladder level 3 and in June 2016 we joined the FIRA platform. On this platform, which is now known as the CSR Register, our CSR efforts and CSR scorecard are stated and transparent for customers and suppliers.

2.1 CSR-principles

➤ *Accountability;*

gAvilar takes responsibility for the impact of its activities on society and the environment. This takes into account the interests of all its stakeholders, such as customers, suppliers, employees, environment and shareholders.

➤ *Transparency;*

gAvilar is open and transparent about its decisions and activities that have an impact on society and the environment. We do this in particular through our website where, among other things, our activities, certifications, newsletters and CO2 footprint are mentioned.

➤ *Ethical behavior;*

All activities of gAvilar are based on honesty, justice and integrity at all times, both towards its own staff and towards external stakeholders. Conflicts of interest that could lead to unethical behavior will be prevented. Reporting unethical behavior will always be possible without this possibly of having adverse consequences for the reporter.

➤ *Respect for stakeholder interests;*

gAvilar respects the interests of all its stakeholders and takes this into account in all its decisions. To do this, gAvilar has identified all its stakeholders.

➤ *Respect for legal order;*

gAvilar accepts all local, regional, national and international laws and regulations and will do everything it can to comply with these laws and regulations.

Surveys are regularly carried out in collaboration with external advisory organizations to confirm that laws and regulations are still current.

Employees are kept informed about relevant laws and regulations via the available means of communication such as the notice board, work consultations, newsletters and email.

➤ *Respect for international standards of conduct;*

gAvilar respects applicable international standards of conduct in areas where there are no legal requirements for protecting people and the environment or where national laws and regulations clash with international standards of conduct. In principle, gAvilar will not do business in areas where insufficient attention is paid to people and the environment.

➤ *Respect for human rights;*

gAvilar recognizes and respects universal human rights. Here too, gAvilar will not do business with organizations that do not respect these rights and abuse or take advantage of such situations.

2.2 Core CSR Issues

gAvilar conforms itself to the following core themes:

➤ *Ethical business*

gAvilar respects and follows the Dutch Competition Act, therefore we do not make agreements with competitors about prices, delivery conditions, boycotting deliveries and market sharing.

gAvilar does not want to be involved in any form of bribery.
Therefore

- We do not offer or accept bribes;
- We do not offer promotional gifts to influence decisions;
- We refuse promotional gifts to influence decisions;
- We only accept and give promotional gifts that fall "within all forms of reasonableness".

➤ *Respect for human rights*

gAvilar

- Promotes equal opportunities for employees regardless of skin color, race, nationality, social background, disability, sexual orientation, political or religious affiliation, gender or age;
- Respects the personal dignity / integrity, privacy and rights of each individual;
- Refuses to hire or put people to work against their will;
- Refuses to tolerate unacceptable treatment of employees, such as mental abuse, sexual harassment or discrimination;
- Prohibits sexual behavior or behavior that is accompanied by coercion, threat, abuse or exploitation, including gestures, language and physical contact;
- Offers a fair salary and guarantees at least the statutory minimum wage;
- Respects the maximum number of working hours as stipulated in the applicable legislation;
- Recognizes, to the extent permitted by law, the right of employees to freedom of peaceful assembly and association and does not favor or discriminate against members of employee organizations or trade unions;

- Respects the Prohibition of child labor (UN Convention on the Rights of the Child, ILO Conventions 79, 138, 182, ILO Recommendation 146).

➤ *Health and Safety for employees*

gAvilar

- Takes responsibility for the health and safety of employees;
- Manages risks and takes the best possible precautionary measures with regard to accidents and occupational diseases. To this end a recent RI&E with a corresponding plan of approach is present;
- Offers training and ensures that employees are instructed with regard to health and safety;
- Has insight into the chemical substances present and knows the dangers of this. Where necessary, gAvilar offers suitable protection equipment.

➤ *Environmental Protection*

gAvilar

- Acts in accordance with applicable legal and international standards in the field of environmental protection;
- Minimizes environmental pollution and continuously improves environmental protection; There are various waste streams in place where materials are separated, with reuse as the starting point;
- Takes measures to reduce CO2 emissions;
- Uses 100% green electricity generated by Dutch wind turbines
- Has raw material passports for most products;
- Takes into account during (re)design of existing or new products the use of recyclable materials and the ability to easily dismantle products at the end of their lifespan (circular economy);
- dismantles the domestic regulators that are rejected during the production process, so that a number of components can be reused;
- Is closely involved in researching and applying alternative energy sources such as green gasses and hydrogen.

➤ *Social involvement and development*

gAvilar

- Informs via the website, newsletters and mailings working relationships such as customers, suppliers and competent authorities that operations are being carried out in accordance with the principles of Corporate Social Responsibility;
- Has placed his finances with a responsible bank, the Dutch RABO Bank;
- Provides transparency in financial accounting by depositing the balance sheet and income statement at the Chamber of Commerce;
- Ensures a positive contribution to the local economy, preferably by attracting employees from the region, which also benefits the environment. For a large part of the production activities no specific knowledge is required, which means that these functions can be filled by people without training or with a mental or physical limitation (social return);

- Where possible, makes an active contribution to the development and transfer of knowledge to others who want to learn the profession; To this end, gAvilar offers apprenticeships to MBO and HBO students and gives secondary schools the opportunity to introduce students to a production company in short learning sessions (Jinc project);
- Supports Cancer research by depositing an annual contribution.

➤ *Good governance*

The shareholders of gAvilar have included provisions in the shareholders agreement that prevent a conflict of interest. Employees of gAvilar ensure that business and private interests are kept strictly separate.

This will also be taken into account in personnel policy, for example by exercising restraint in hiring family members of employees.

2.3 Product safety

gAvilar mainly produces products that are used in distribution gas networks. It is therefore of great importance that the products are gas-tight when they are installed and that they meet the requirements associated with the applied operating pressures.

All assembled products such as gas pressure regulators, gas stations and safety devices are 100% tested at gAvilar for proper functioning and for leaks. The test reports are stored digitally.

In addition, customer complaints are collected in a register where the handling of the complaint is noted, including corrective measures. During the management review (3 times a year), the most important findings are evaluated and, where necessary, further corrective measures are agreed and recorded.

Through these procedures, we strive to ensure that all products are delivered to our customers in a gas-tight manner, thereby preventing, provided that the products are installed in accordance with the regulations, that hazardous situations such as, for example, explosion hazards can arise in the field.

3. CSR-Measures

The CSR measures listed below contribute to CSR ambitions and gAvilar performance. The Impact illustrates how the measure contributes to the realization of our CSR ambitions.

Offering spring water and fruit

gAvilar offers its employees free (cooled) spring water and fruit.

Impact: Drinking enough water and eating fruit has a positive effect on health.

Waste separation

gAvilar is responsible for separating its waste into various waste streams such as paper/cardboard, (empty packaging of) hazardous substances, (fluorescent) lamps, batteries, metals, empty coffee cups and transparent plastic packaging waste. Waste metals are also separated into steel, brass, stainless steel and aluminum. This separation prevents all materials from being disposed of as residual waste. Most separated materials can therefore be reused or recycled.

Impact: At the end of 2017 we started collecting Class A wood. The disposal costs of this wood are considerably lower than those for residual waste and the wood can be recycled more easily.

We started dismantling rejected products at a prison in 2017, as a result of which the products are better separated into the various base metals and this simplifies recycling. An additional advantage is that the kg price for clean metal is higher than for mixed metal. In 2018, waste separation yielded just under € 20,000,- in wastel metals. The separated disposal of paper & cardboard and transparent plastic does not yield any money anymore.

Tires on tension

At the beginning of 2018 a provision was made for measuring and correcting the tire pressure of passenger cars at the factory. This provision is available for all employees.

Impact: Keeping the tires at the correct pressure reduces fuel consumption, reduces CO₂, fine dust and exhaust emissions. It also reduces braking distances and improves grip on the road so reducing tire wear.

CO₂-reductie

Since the management buy-out in May 2012, gAvilar has been reducing its CO₂ emissions. In recent years, investments have been made in energy-efficient equipment for both gas and electricity, LED lighting, (plug-in) hybrid and electric cars, green energy and various smaller measures. Because the redistribution of the building was completed at the end of 2013, we have set 2014 as the first base year.

The objective was to reduce electricity and gas consumption respectively by 10% and 15% in 2017. After drawing up the balance we did achieved a reduction of 30% on electricity consumption (kWh/production hour) and 12% on gas consumption (m³/degree days).

We have now formulated a new reduction target for the next 5 years, namely a reduction of 3% on electricity consumption and 5% on gas consumption.

Impact: Despite a substantial increase in our production quantities of gas pressure regulators, we achieved a reduction of 103 ton of CO₂ in the period from 2014 to 2017. This result was partly achieved through the purchase of green energy from Dutch wind. The absolute emission in 2017 amounted to 137 tons of CO₂.

In 2018 our CO₂ emissions increased to 149 ton of CO₂. This increase is entirely due to the increase in business air traffic. Due to the (recent) developments in the field of the production and use of natural gas in the Netherlands, gAvilar is looking to develop new markets abroad. In addition, a number of new products have been added to the portfolio, of which main components are supplied by suppliers in Asia.

Participation in the JINC project

In cooperation with JINC Rotterdam, gAvilar organizes short introduction sessions (fast internships) for students in secondary school. During these sessions, among other things, the professions that are present at gAvilar are discussed and the students can get some work experience in our production departments.

Impact: By introducing pupils at a young age to, among other things, the technology and the possibilities in this sector, they can be stimulated to continue learning in this direction or other directions.

Participation in the Westland CO₂ project

Since 2005, gAvilar (formerly Itron) has been supplying gas stations for measuring and delivering CO₂ to fruit, vegetables and plant growers at the greenhouses in the Westland. This CO₂ comes from companies from the Botlek such as the Shell refineries. Previously this CO₂ was released into the air. The CO₂ used in the past came from burning natural gas.

Impact: By using the CO₂ caused by industrial processes for the growth of fruit, vegetables and plants, the emission of CO₂ to the air is reduced. A saving is also made on the consumption of natural gas, particularly in the summer months.

gAvilar currently has more than 500 measuring and control stations for CO₂ operational in the country that deliver approximately 0.6 Megatons of CO₂ per year to the greenhouses.

Participation in a CO₂ reduction initiative

gAvilar actively participates in the NL CO₂ neutral chain initiative by participating in the E&G working group and attending seminars where companies and individuals are involved in CO₂ reduction, CSR and the energy transition.

Impact: In the working group, experiences are exchanged in the field of reduction possibilities for the consumption of electricity and gas. In addition, during the seminars updates are given on social developments and on-going events in the field of CO₂ reduction, CSR and the energy transition. The guest speakers are usually directly involved in these topics.

Participation in the application of green gas from biogas

Biogas is produced through fermentation of organic products and added to the existing natural gas network after processing as green gas. As a result, less gas is extracted from national natural gas resources and organic waste is reused. gAvilar has developed a Gatekeeper, the so-called Bio2Grid with which the quality of produced gas is measured and the gas with the required quality is fed to the gas network. This Bio2Grid station is placed at our customers between the reprocessing installation and the public gas network.

Impact: gAvilar has now placed the Bio2Grid at the locations of 15 customers, with which around 55 million m³ of gas was added into the gas network in 2017 and more than 77 million m³ of gas in 2018. gAvilar thus contributes to a more sustainable energy supply. Four new stations are planned for 2019 to be put into operation. The green gas production in the Netherlands can thus grow to approximately 132 million m³ of gas by 2019.

Electrical company cars

The gAvilar fleet consists of 1 delivery van and 8 passenger cars. Of the passenger cars there is one hybrid, one plug-in hybrid and at the end of June 2018 one of our directors replaced his Plug-in Hybrid car with a Full-electric model.

Impact: Due to this change, the director no longer fills his car up with gas and the new car runs almost entirely on green electricity that is largely refueled at the company.

Social Return

Hiring people who have more distant from the labor market has not yet produced long-term results. On the other hand, we do outsource work to social work facilities such as site and landscaping maintenance and we have outsourced an operation on our regulator caps.

Impact: Because social work facilities hire people with a distance from the labor market, we indirectly contribute to the principle of equality.

Circulair economy

gAvilar has started to map the raw materials of the parts that are in our products to determine which raw materials are used and what impact they have on the environment, both during production and at the end of the technical lifetime.

Impact: The purpose of this inventory is to investigate to what extent our products or parts thereof can be wholly or partially manufactured with recycled materials and can be reused or recycled at the end of their technical life.

Purchase of green energy

gAvilar uses 100% green energy supplied by energy supplier NUON.

Impact: The green energy is generated 100% with the help of Dutch windmills. No environmentally harmful fossil fuels are used for generation and hardly any polluting substances are released.

Support of cancer research

gAvilar is a business friend of the Dutch KWF (Royal Wilhelmina Fund) and supports the KWF with an annual contribution.

Impact: Support to the KWF contributes to cancer research.

Product Safety

gAvilar mainly produces products that are used in natural gas networks. It is therefore of great importance that the products are gas-tight when they are installed and that they meet the requirements associated with the applied operating pressures. All assembled products such as gas pressure regulators, gas stations and safety devices are 100% tested at gAvilar for proper functioning and for leaks. The test reports are stored digitally. In addition, there is a register in which complaints from customers are collected and the handling, including corrective measures, is described. During the management review (3 times a year), the most important findings regarding complaints are evaluated. Complaints about external leakage of products are investigated and dealt with via the 8D method. Corrective measures are recorded.

Impact: Through these procedures we strive to ensure that all products are delivered to our customers in a gas-tight manner, thereby preventing, provided that the products are installed in accordance with the regulations, that a dangerous situation can arise in the field such as explosion hazard.

Reuse packaging of parts supplied

For the delivery of various parts supplied such as turning parts, pipe parts and stamping parts, packaging is used that can be reused, such as plastic crates or pallets with edges.

Impact: By using packaging multiple times it is prevented, among other things, that cardboard packaging, which is used only once, ends up in the waste. A new project was launched in 2017 with the reuse of cardboard boxes from supplier l'Insigne. A special rack has been made for collection of these boxes.

Internships for students

Since 2016, gAvilar has been offering technical schools the opportunity to have MBO or HBO students do an internship or carry out a graduation assignment. The last few years we continuously have at least 1 student doing his internship or graduation assignment with us.

Impact: By offering internship positions, gAvilar contributes to the development and gaining of experience of students following a technical course.

Study possibilities

gAvilar offers its employees the opportunity to follow studies. Depending on the nature of the study (work-related or not), these are fully or partially reimbursed by the company.

Impact: By offering this study option, the development of employees is stimulated. A total of 11 training courses were followed in 2018 with a total of 107 course days.

Employee safety

gAvilar invests a lot of time and money in safety for its employees. This is reflected in the provision of various personal protective equipment such as safety shoes, gloves, filter masks, (fitted) hearing protectors and work clothing. In addition, training courses are followed in the field of ERT / First Aid and internal transport. The safety of machines, devices and tools also receives constant attention. A new RI&E was carried out in 2017 in collaboration with the BMD Advies Rijndelta. The resulting action plan has now been fully implemented.

Impact: Due to good information and protection there has been only 22 days absence in the last 7 years due to industrial minor accidents. In 2018 there was no absence due to accidents.

Preventing environmental pollution from hazardous substances

gAvilar has an ISO 14001 certified environmental management system, aimed at preventing environmental pollution and managing risks in this area. The following risks emerge from the environmental aspects register:

- Waste.
- Emission of volatile organic compounds (VOCs) due to the painting of stations;
- Storage and use of chemicals.

To control environmental risks, measures have been taken for waste separation, limiting VOC emissions as much as possible and measures for the safe use and storage of environmentally hazardous substances. Storage of chemicals is guaranteed in certified cabinets that are inspected every year. The cleaning installation is on a water tight plastic floor so that chemicals cannot get into the ground.

Impact: No environmental violations were committed in 2018 and the years before that. The following measures have been taken in 2018 to prevent or reduce emissions of hazardous substances:

- Replacement of conventional wet paint spraying equipment with electrostatic spraying. This reduces the emission of volatile organic compounds;
- Purchase of a new chemical cabinet for storage of lithium batteries and one cabinet for the working stock in the gas station assembly department.

VOC emissions decreased by 15% in 2018 compared to 2017.

4 Certificates

The production and maintenance of gas products must meet high quality and safety requirements. gAvilar is in possession of the certificates below for these business activities;

- ISO 9001 (quality assurance system)
- ISO 14001 (environmental management system)
- CO2 performance ladder
- VCA * (safety checklist for subcontractors)
- SCIOS (maintenance and inspections of combustion plants)

In addition, gAvilar has various product and production certificates for its products that are based on national and international standards;

- PED (Pressure Equipment Directive 2014/68 / EU)
- GAR (Gas Appliances Regulation 2009/142 / EC)
- Gastec QA test requirement 11 (gas pressure regulators up to 200mbar)
- Gastec QA inspection requirement 88 (safety valves)
- Gastec QA inspection requirement 165 (gas meter brackets)
- MID (Measuring Instruments Directive 2014/32 / EU)
- ATEX (Explosion Protection Directive 2014/34 / EU)
- IGEM PRS/3 guidelines (domestic low pressure regulators)






All gas products supplied are produced according to one or more of these guidelines or inspection requirements and are provided with labels with the applicable quality mark and / or certificate number.
















5 MVO-Register scorecard

The CSR Scorecard provides a summary of the CSR performance of gAvilar. The topics presented were selected by the organization MVO register on the basis of market analysis and expert judgment. Explanation of the scores:



-  - No or few initiatives have been taken yet on this aspect
-  - There is a clear ambition on the subject and the aspects mentioned, illustrated by improvement plans, policies or certificates.
-  - There are concrete measures that make a positive contribution to named aspects.
-  - The ambition has been made concrete with objectives that are periodically measured and evaluated.
-  - On the named aspects of this topic is substantial CSR impact.

Main theme	CSR aspect	Score gAvilar
 Health and Safety at work ISO 26000 class: Health & Safety at work		
 pollution from production ISO 26000 class: Preventing environmental pollution		
 Circular Economy ISO 26000 class: Sustainable use of resources		
 Energie-efficiency and renewable energy ISO 26000 class: Climate change		
 Energie transition ISO 26000 class: Climate change		
 Sustainable purchasing ISO 26000 class: Promotion of social responsibility		
 Safe products ISO 26000 class: Consumer health and safety		

6 Improvement plans

gAvilar has the ambition to improve the scores on the various CSR themes wherever possible. To achieve this, new objectives and actions are formulated every year. The following actions have been defined for 2019;

- ➔ Installation of solar panels on the roof
- ➔ Expanding the number of raw material passports for our products
- ➔ Pay more attention to CSR themes during supplier visits
- ➔ With regard to the energy transition, closely follow the developments with regard to the application of biogas and hydrogen gas.

7 Verification statement

FIRMUS AGNITIO



Assurance Statement gAvilar

gAvilar B.V. (further referred to as gAvilar) has commissioned FIRA Sustainability B.V. (further referred to as FIRA) to provide external assurance on the reliability of its Corporate Social Responsibility information as presented in the CSR-Register (also known as MVO-Register). This statement is issued to gAvilar based on our assessment of the content, including underlying systems and available evidence, as disclosed in its Basic CSR Report and CSR Scorecard. This statement is intended for clients and other stakeholders who have a professional interest in gAvilar sustainability performance and opportunities.

Scope

The scope for this assignment is: Assembly and sales of gas regulators, gas stations, and meter bars, including sale of related articles by gAvilar B.V. (chamber of commerce 54911389) based in the Netherlands.

CSR Report: Basic

gAvilar expresses commitment to the principles of corporate social responsibility, and discloses its ambition on CSR issues as prioritized by the CSR-Register, including management approach, policies, measures and plans.

Methodology & Work Undertaken

Organizations process its sustainability information in the CSR-Register. FIRA verifies all claims and information in accordance with the standard particular to the Basic CSR Report (see CSR-Register Protocol for details), based on moderate assurance. Claims and related information in the CSR-Register were reviewed based on the evidence made available by gAvilar to FIRA to determine the plausibility of information. FIRA ensures that the assessment team possesses the required competencies and adheres to the principles of auditing regarding ethical conduct, professional integrity, and independence.

Conclusion

gAvilar reports about initiatives and performance related to sustainability. Based on the work undertaken, we conclude that the claims and information portrayed through its report in the CSR-Register are reliable.

Summary FIRA Comments

We compliment gAvilar on initiatives undertaken. Please find a summary of our comments as published in the CSR-Register below:

- **Balance & Completeness:** We compliment gAvilar for developing ambitions on all relevant CSR issues this year. We encourage gAvilar to include clear objectives for all issues to monitor progress. We compliment gAvilar with new practices on prevention of pollution and electric vehicles. Other practices are focused on product safety, health and safety, human development, waste management, sustainable resource use, energy transition, reduction of carbon emissions, social return, employment creation and social investment. We encourage gAvilar to disclose practices on sustainable procurement.
- **Code of Conduct:** A company code of conduct is in place.
- **Commitment to CSR:** A company specific CSR declaration is in place, including commitment to all CSR principles and to progress on material issues.
- **Governance:** We encourage gAvilar to assign specific CSR responsibilities at executive level and within the organization.
- **Value Chain:** The gAvilar supply chain is accessible and complete for tier 1 suppliers. There is limited information on the origin of supplies beyond tier 1 (upstream), we encourage gAvilar to collect additional supply chain data for core business related products.

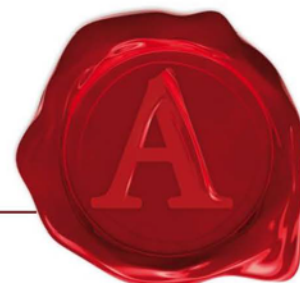
Date of issue: April 17, 2019

(Company CSR information is re-assessed on annual basis).

On behalf of FIRA,

A handwritten signature in black ink, appearing to read 'Chatelain', written over a faint circular stamp.

Mrs. J. Chatelain
Director Reporting and Assurance





**Specialist in control
equipment
for gas distribution**



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