



let's go!

Annual Sustainability Report 2017

Doing good business

ERIKS

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it's about doing more good!

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CEO Statement

Simon Franken



“In the past, smaller local actions – like recycling paper or turning off lights – have helped us to be more sustainable. In the future, we can drive sustainability on a global scale, together with our customers.”



Strengthen Society



Influence Change



Drive Efficiency

We are a multi-product specialist that serves a broad variety of industrial companies worldwide. These industries, including our own business, have a significant environmental footprint.

Now, as manufacturing strives to shake off its reputation as a polluting, energy-guzzling industry sector, we believe it's time for us to take an even stronger stance. We feel that industry can be more ambitious. We want to be leading in this effort, together with our customers.

With our global industrial customer base and our vast range of products and services, we can help make industry

sustainable. Through our energy-efficient products, our total product lifecycle approach, and our deep understanding of industrial processes, we don't simply supply industry. We make it future proof.

Our strategic focus is to reduce our customers' cost of operation and improve their products' performance. This involves much more than cutting costs. We offer an all-encompassing approach that allows them to produce more sustainably and efficiently.

We can make a concrete positive impact on our environment by co-engineering with our customers to develop innovative ways to reduce their footprint. We do this by redesigning products to make them

last longer or use less energy while in operation. We work together with our customers to identify areas of savings in energy consumption and look for opportunities to extend the working life of key components in their manufacturing and operational processes.

We also take our own impact seriously. For the first time, our report is published in line with GRI standards. The GRI requirements and a complete set of data are contained in the full report – available online at sustainability.eriks.com and to download – of which this printed version is a summary.

During the year, a number of events were organized such as the Sustainability Week at ERIKS Head Office and the Global

Sustainability Meeting in September. In addition, a Global Well Being Challenge was successfully held throughout our operations, with over 2,000 colleagues enthusiastically taking part.

Our businesses worldwide are taking steps towards achieving increasingly sustainable in-house operations – from reducing our emissions, to spreading the message to our suppliers, to working towards a public commitment for the United Nations Global Compact. In 2017, we managed to reduce CO₂ emissions by 15%. All regions, with the exception of North America, have implemented or developed a regional sustainability committee with at least quarterly meetings and minutes.

Although many positive changes were made during the year, there is always room for improvement. We have not yet established a standard process to track our environmental savings (TCO) for our customers. We also need to improve the way we assess our main suppliers from a sustainability perspective. Lastly, we should increase awareness and explain that sustainability is an intrinsic part of what we do. For this, we are launching a new communications campaign in 2018. Safety also remains an essential topic for improvement. In 2017, we met the targets for global safety with a LTIF* of 4.8 worked hour, which is below the 5.0 target. We are not there yet. We continue to strive to realize our ambition of zero accidents.

We have long had our own internal sustainability goals and objectives. Now our customers are beginning to think the same way. As an industry leader, we can use our expertise to change how industry behaves, performs, and is perceived.

In the past, smaller local actions – like recycling paper or turning off lights – have helped us to be more sustainable. In the future, we can drive sustainability on a global scale, together with our customers.

So now it's time to think bigger, and to help us to deliver on our promise.

Let's make industry work better.

About ERIKS

Making industry work better, increasing efficiency, lowering total cost of ownership and improving product performance. That is our goal. ERIKS is an experienced multi-product specialist, offering a wide range of high-quality mechanical engineering components and technical and logistics services to all sections of industry worldwide. Our mission? Applying our skills, knowledge and expertise to make industrial companies work better; increasing their efficiency while continually challenging both them and us to improve. This starts with PSI: through our Passion, Specialism and Innovation, we make industry work better.

SHV values

SHV's Corporate Philosophy, written in the 1980s, provides us with our company values. These are the glue that holds us all together: wherever we are and whatever our role in the company.

SHV's key values of integrity and trust are very important to ERIKS. We encourage all ERIKS colleagues to embrace SHV's Shared Values and Corporate Philosophy, and to place them at the heart of their work.



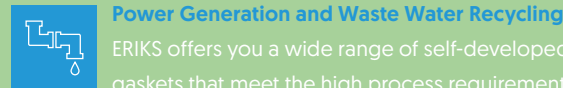
Over the years, we have built up in-depth knowledge in the areas of Sealing and Polymer, Engineered Plastics, Flow Control, Industrial and Hydraulic Hoses, Gaskets, Power Transmission, and Tools, Maintenance and Safety. The ERIKS own brands are our own A-brands with a broad product portfolio which is tailored to the needs of our customers to reduce their Total Cost of Ownership.

ERIKS is a privately held, Dutch limited liability company. We are part of SHV, a family-owned multinational active in a number of operational and selected investment activities. ERIKS employs over 7500 people across more than 340 branch offices in 18 countries. We offer a range of more than 900,000 products and generate a yearly revenue of over 1.9 billion euro. Our headquarters are located in Utrecht, The Netherlands.

ERIKS works for a wide range of industries. No matter what industry, we can be present in every area of service because our experts have years of experience with applications and installations for different businesses.

Our specialist know-how is the key to successfully supporting our industrial customers. By sharing product knowledge, 'cross-industry' insights and innovative solutions with our customers, we are able to realize very tangible improvements. We are also able to achieve better cost efficiency, reliability, productivity and sustainability. Our people are proud that, by working this way, they can make a very real contribution to making industry work better and more sustainable.

We categorize our customers in 8 main groups:



Power Generation and Waste Water Recycling

ERIKS offers you a wide range of self-developed gaskets that meet the high process requirements of the energy supply industry. Our hydraulic assemblies, drive elements and valves are commonly used in power plants, solar installations and wind turbines. Our wide range of seals are a match for even the most extreme conditions. For our standard product range, short delivery times are standard, too.



Food and Pharmaceuticals

ERIKS understands the special challenges faced by food or pharma industries and offers custom solutions for each of them. After all, public health is at stake. We have developed a wide range of special seals, valves, hoses, instruments and plastics for applications in the food and pharma industries. We also supply a complete package of mechanical and electrical transmission products for internal transport that meet the special requirements of the food industry.



Machine and Equipment Construction

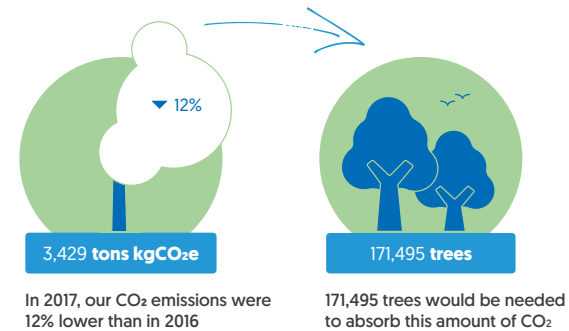
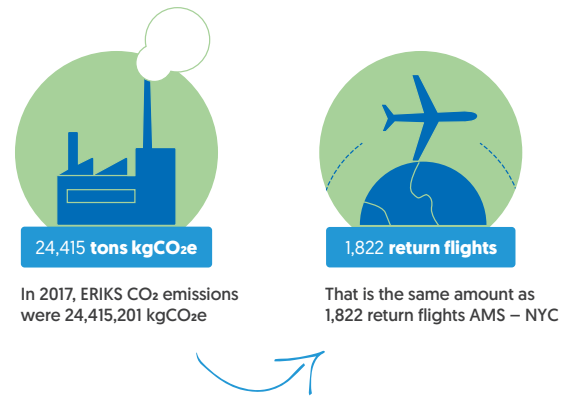
Machinery and equipment manufacturers can rely on ERIKS' extensive range of products. Whether you need machined plastics, hydraulic and pneumatic actuators or bearings. Whether the job calls for power transmission, motion control, linear, sealing, rubber or flow technology. We also offer a wide range of industrial maintenance products. In recent years, ERIKS has become a leading supplier to the medical and laboratory technology markets.



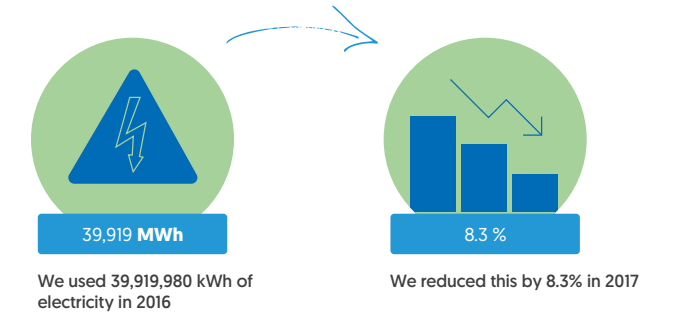
Oil and Gas

In the oil and gas industry, high quality components like piping, bearings and seals are essential. ERIKS can deliver quality hardware worldwide, and is able to craft customized, integrated solutions at customers on-site. We can supply power transmission products such as electric motors, gearboxes, chains and drive belts that meet industry standards. We can also take care of certification. And we also provide maintenance and repair.

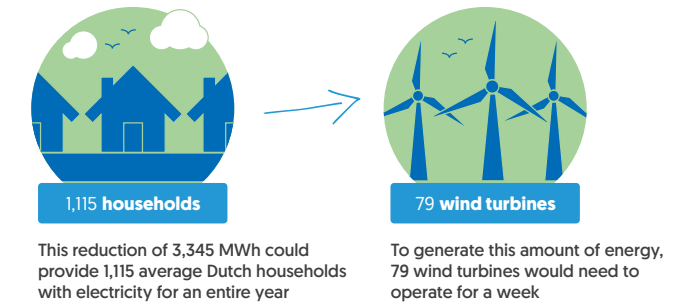
CO₂ emissions



Energy



Our 7 Product Groups are ready to support customers worldwide. In North America, we also provide clients with solutions, products and services for conveying systems.



Petrochemicals and Refineries

In petrochemical plants and refineries, high pressure, high temperatures, and hazardous liquids and gases place extreme demands on installations. Only the very best seals, valves, instrumentation and hoses are good enough. You can rely on ERIKS to deliver the quality you need. We are right at home in midstream (transport and storage) and downstream (refinery) activities. Our extensive stock and our local production units ensure fast delivery. What's more, we test components on-site and can continuously monitor your systems.

Primary Industry

It takes a tremendous amount of power to produce and process raw materials such as steel, aluminum, cement, paper and bricks. This is why your power transmission systems need to meet the highest standards. ERIKS offers what industrial customers are looking for. We not only supply the right components, but also offer complete hydraulic and electromechanical systems, including monitoring systems. Our application engineers help you prevent breakdowns, extend the service life of your assets and reduce your energy costs.

Transport, Aviation and Maritime

Marine customers can rely on ERIKS to supply the right parts, in the right place, at the right time - thanks to our thorough understanding of the marine industry and the equipment it employs. We have extensive experience in helping customers meet classification and legislation requirements. We can repair or replace components at sea, in port or in dry dock, or in an emergency or during a scheduled service. ERIKS Marine Services has the products, the expertise and the resources to get your vessel back on hire, out of port or dry dock and back on schedule - quickly, efficiently, and cost-effectively.

Utility and HVAC

New construction or renovation of big buildings like office blocks, schools or hospitals usually involves work on utility systems. We have extensive experience of contributing to large projects. We provide rubber profiles, plastic piping, hoses, seals and valves for heating, cooling, sprinkler, drinking water and compressed air systems. We are also able to supply instrumentation components and electromechanical actuators for lifts, escalators, doors and ventilation systems. In addition, ERIKS provides integration of systems for process automation, manufacturing and building automation.

Our material topics

Ensuring that our sustainability vision is aligned with our business strategy is a fundamental step towards to be successful in achieving our goals. The materiality assessment is a way to identify, understand and prioritize the topics that influence our business and where we could add value. The assessment also helps us determine which data we should collect, analyze and act upon. The materiality assessment serves as the materiality assessment is a guide to determine the content of our sustainability report.

The process developed to undertake the materiality assessment, in which we connected with both internal and external stakeholders, gave us enough input to determine the areas of risk and impact that are of most importance to ERIKS.

The outcome helped to create a list with material topics to work on and report about in this report on our website.

A list of potential material topics was created by KPMG and SHV. The list categorizes and defines relevant sustainability topics. The long list is based on the GRII Standards, a sector analysis, peer-review and a media search of all SHV Groups.

As a next step, we defined our stakeholder groups who would be assessed. We then engaged them through two different surveys; one for external and another for internal stakeholders:

External

- 23 customers
- 1 NGO
- 5 SHV Group Companies

Internal

- 6 Board Members
- 3 Group Staff
- 5 Regional Directors
- 7 Non-manager – Mid-manager

The survey was sent to contacts using their natural contact point: for example, to customers through their sales contact. For customers and suppliers it was important to clarify who should respond to the survey. ERIKS defined this as the person who has regular contact with ERIKS, and is therefore familiar with the ERIKS business, and who is also familiar with sustainability topics (i.e. not a person who has no knowledge of the subject whatsoever). In our assessment we decided to give equal weight to the input of all the different stakeholders.

Having gathered all the answers, through the materiality matrix we defined which topics were to be prioritized.

Once topics were listed, they were discussed internally with our senior leadership in order to ensure they were business relevant and could be built into our business strategy.

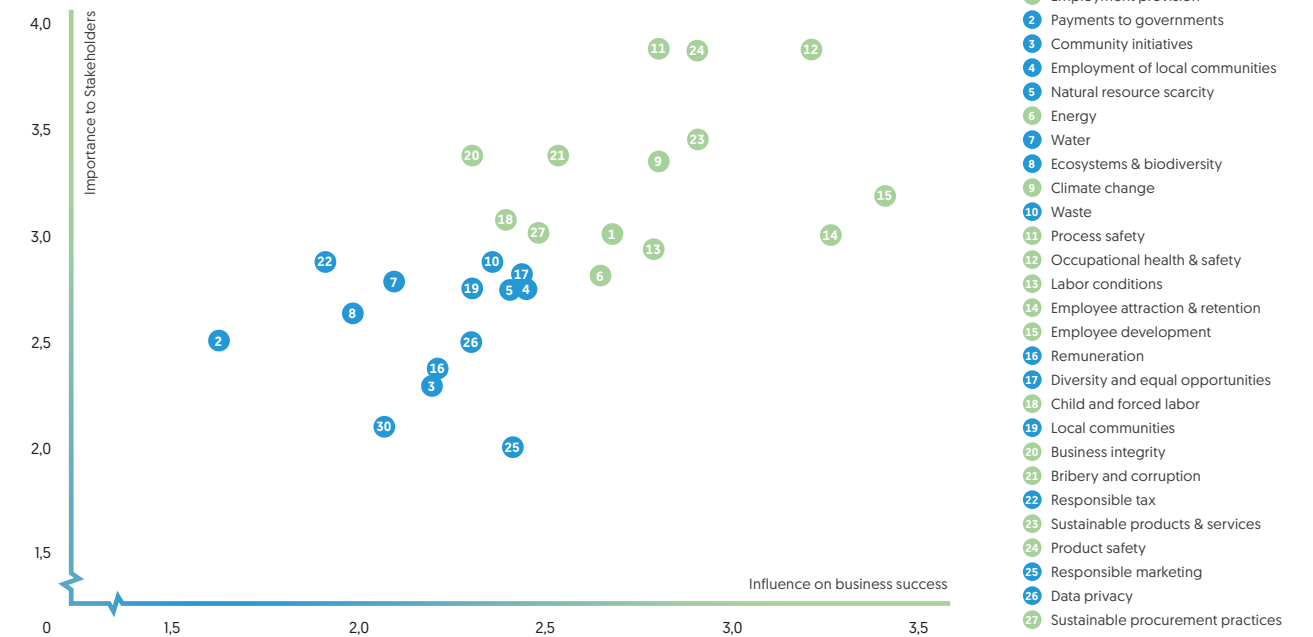
This process resulted in the following material topics:

- Health and safety and process safety
- Employee development, attraction and retention
- Labor conditions, bribery and

corruption, child and forced labor, and business integrity

- Sustainable procurement practices and product safety
- Sustainable products and services
- Climate change and energy

Materiality Assessment



Project Future Proof

Sustainability has been ERIKS' focus for several years. Now, as manufacturing strives to shake off its reputation as a polluting, energy-guzzling, unsustainable industry sector, we believe it's time for us to take an even stronger stance.

With our global industrial customer base and our vast range of products and services, we can do far more to help make industry more sustainable. Through our energy-efficient products, our total product lifecycle approach, and our deep understanding of sustainability, we don't simply supply industry. We make industry future proof.

We have long had our own internal sustainability goals and

objectives. Now our customers are beginning to think the same way. As an industry leader, we can use our expertise to change how industry behaves, performs, and is perceived.

In the past, your small, local actions – like recycling paper or turning off lights – have helped ERIKS to be more sustainable. In the future, you can help us to drive sustainability on a global scale. For example, as you can discover on page 14, we have already saved one customer enough energy to power 40 houses for an entire year.

So now it's time to think bigger, and to help us to deliver on our promise that:

We make industry future proof.

“Let's think
big for a
better future”

Adding more value for any customer



“You always have to look at the bigger picture to provide the best solution.”

Everything can be made better, cheaper and more sustainable. Approaching any customer request from a Total Cost of Ownership [TCO] point of view is a big step forward. Who knew that even a communications issue involving boilers could help the environment?

Exchange Place is a 200-foot-wide square in Downtown Jersey City that is also referred to as ‘Wall Street West’, owing to the high concentration of financial companies located here. 10 Exchange Place has been a long-time MRO customer of ERIKS company Industrial Controls (ICD). “When the chief engineer of this structure was looking for a solution to add boilers to the management system that monitors all equipment, he invited ICD to consult,” Sales Manager Vincent Fonti explains. “Initially, it was a communications issue. But when I surveyed the system, I noticed the boiler control system was also antiquated, inefficient and wasteful of fuel.”

Killing two birds with one stone

“Why only solve a communications issue, when we could also save the customer money and help reduce CO₂ emissions? By upgrading the boiler system to a Fireye Nexus system we killed two birds with one stone,” says Fonti. “We solved

the communications problem and improved the energy performance, saving both on bills and CO₂ emissions.” So in opting for this solution, the customer not only solved their own problem, but also helped improve the environment – one up for “the bigger picture”.

According to Fonti, the same solution could be applicable for any customer operating large boilers. “Potential industries include refineries and power generation customers, as well as universities and office buildings. By looking at the total cost of ownership, we can add more value for any customer. “In this case, our customer was specifically looking for a communications solution. Sustainability was not what they were after, but it is a great bonus, especially when it means cutting costs. You always have to look at the bigger picture to provide the best solution.”

Facts & figures Exchange Place building

- 35 storeys high, 748,000 square feet
- Energy efficiency grew from 76% to 88% on natural gas and 80% to 90% on oil
- The annual savings in energy costs are \$29,734.64
- The installation has a return on investment of 2.5 years
- CO₂ reduction is 400 tonnes a year, which equates to the annual energy use of 40 homes



ICD from 1 to 3

Longwood Public Library, Suffolk County, NY, commissioned ICD to design, engineer and commission an extension to meet Leadership in Energy and Environmental Design (LEED) requirements.

The finished project:

- is heated and cooled by a geothermal heat pump
- resulted in electricity savings of 24.4% and gas savings of 54%
- has a Platinum (#1) LEED rating
- led to the client hiring ICD for three further projects.

Proud partner of Hyperloop



The inspiring Hyperloop project is a great opportunity for ERIKS to show how our specialism can contribute in creating exciting innovations for the future

ERIKS is an official partner of the Delft University of Technology Hyperloop team. In 2017, the TU Delft team won the first international Hyperloop competition that was initiated by SpaceX/Tesla CEO Elon Musk.

Our experts helped design some of the 2018 pod's most critical parts: selection of the motor, materials for the tires and several pneumatic parts for the brakes. We also work together on constructing parts. This includes a 'world first' process: vulcanizing the rubber on the rim of the high-speed traction wheel.

Customer

Delft University of Technology Hyperloop team

Location

The Netherlands, Delft

Challenge

To help the TU Delft team design and construct a winning Hyperloop pod for the 2018 SpaceX competition

Solution

ERIKS is providing the team with knowledge, engineering capabilities and parts to make the Hyperloop pod go faster





Do you recognize your colleagues?



will receive a “Thank You” card when they are first nominated, telling them why they have been singled out for their efforts.

It may be for something quite small, but which made an impression on a colleague; for taking on a task which they could have left to someone else; for showing extra commitment or dedication or care; or for any number of other things which made someone, somewhere, stop and think it deserved to be recognized.

Those who are nominated are always genuinely pleased, even if they don't

make it as far as the Awards Ceremony. And being nominated not only makes them feel good, but also helps create a good atmosphere throughout the business.

As ERIKS UK HR Director Joe Parkes explains: “People start to feel valued, start to feel that they make a difference to their organisation, [then] they take that feeling and start to pass it on, recognising others and promoting positive behaviours.”

This company-wide effect was perfectly encapsulated at the 2017 Awards

Ceremony, where a montage of shortlisted colleagues' selfies was set to music, ending with all the images of all the colleagues brought together and fading to the words: “You are ERIKS.”

This is what the Awards represent: the great people who help to make a great business.

Want to nominate someone?
Nominations for the UKI 2018 Awards are open in the UK until August 17th and can be made via the UKI Intranet or via a form from UKI Line Managers.

Everyone who works at ERIKS will have encountered a colleague who does more than their job description. These are the people who help to make our business great. Unfortunately, all too often, their contribution gets overlooked – until now.

The ERIKS Employee Awards, launched in the UK and Ireland in 2017, are an employee recognition programme with a difference. They're different because they don't ask management to choose which employees should be recognized for their efforts. Instead they ask colleagues to nominate the people they work with who deserve to be rewarded.

Whether it's for doing something small and helpful, or for

going above and beyond to solve a problem or resolve a crisis, employees can nominate absolutely anyone. It may be someone they work alongside every day, or someone they have only encountered once in their job. It may be a manager, or someone they manage themselves.

Whoever is nominated, whoever by and whatever for, at this stage it's all down to colleagues' choices. The Management Board only gets involved to review the nominations on a quarterly basis, and to put forward those that best represent the ERIKS culture.

There are 10 categories within the Awards, such as Innovation, Customer Service and Team Player. Each category can have up to 3 entries, but even those colleagues who don't get to that stage



Colleagues reward colleagues with The ERIKS Employee Awards

The calm support after the storm



“Everyone associated with ERIKS, both in the United States and abroad, really came together to help during this difficult time.”

When Category 4 Hurricane Harvey hit the U.S. Gulf States in Summer 2017, several ERIKS offices and many ERIKS employees were affected. Colleagues across North America and the rest of the world worked quickly and calmly to raise funds for their support.

Harvey made landfall near Rockport, Texas on August 25th. Even when the hurricane itself had passed, heavy and continuous rainfall caused flooding –

especially in the Houston area, where CNC Flow Control, Leader, Rawson, Seals & Plastics and Lewis Goetz have offices, and where 400 colleagues live with their families. Fortunately, all ERIKS employees came safely through the Hurricane and its aftermath, but 20 people lost their homes and 64 others experienced other significant losses.

Just five days after Harvey’s landfall, as soon as the extent of the disaster was known, a fundraising drive was launched by a handful of ERIKS North America employees. Their initiative encouraged their colleagues to

give more than \$8,000 through payroll deductions and by sending donations to the “ERIKS North America Relief Fund” established by the company. A separate fundraising was organized by concerned colleagues in Europe and Asia, who managed to raise another \$11,000 from their own pockets. The company then matched employee donations and made a large supplementary contribution, leading to a total of over \$30,000 dollars.

By early October, the accumulated funds had been distributed to disaster-stricken associates.

Generous response

Directly after disaster struck the Gulf Coast, ERIKS CEO Simon Franken personally went to meet his colleagues that were affected. He was not surprised by the spontaneously generous response from their colleagues: “ERIKS has a significant presence on the Gulf Coast. Many of our associates were impacted by the storm, and everyone associated with ERIKS, both in the United States and abroad, really came together to help during this difficult time.”

In addition to the donations, ERIKS Gulf Coast managers provided affected associates with discretionary paid time off throughout the late summer and early Autumn, for meetings with insurers and for taking care of other personal matters resulting from the hurricane’s devastating impact.

The company also offered interest-free loans to more than two dozen of the most severely affected permanent employees. The money offered equalled up to twice monthly salary per person, with a maximum amount of \$10,000.

However, it was not only ERIKS and its employees who pitched-in to help. In Milwaukee, the young daughter of an ERIKS customer service representative, who had been saving money from lemonade sales for a trip to a Florida amusement park, donated her funds and her savings from her piggy bank – a total of \$50 – to the effort.

“Although we can’t take away the hardship as a result of this catastrophe”, said Franken, “we hope that the financial support will help colleagues return to the life they knew before the storm, as quickly as possible.”

Stepping-up to the Challenge



75% of the participants have seen their exercise improve and 84% would take part again

Many of our colleagues have taken their first steps towards a healthier and happier lifestyle, by signing-up to the Virgin Pulse Global Challenge 100 Day Journey.

Following on from previous ERIKS' internal wellbeing challenges, the Virgin Pulse Global Challenge enabled ERIKS teams worldwide to compete not only against each other, but also against teams from other organisations. The minimum team size of seven also encouraged people to extend their workplace networks, since research shows most of us have a close working relationship with only four people.

Over a quarter of ERIKS colleagues, with an average age of 46, signed-up to the challenge, which ran from

September to December 2017. They were provided with free step counters, had access to the Challenge website, and to a selection of apps and modules to support them in various health- and wellbeing-related areas.

These included:

- work/life balance
- sleep quality and quantity
- healthy eating, exercise and weight loss

Although initial enthusiasm might have been expected to wear off, the results show that the number of steps completed by colleagues actually increased week by week throughout the Challenge.

Many teams and participants posted updates and photographs to a dedicated community page, and the Challenge

stimulated everything from conversation to team hikes and barbecue parties.

In total, ERIKS colleagues who took part burned-off the equivalent in calories to 171,000 large burgers or 507,000 glasses of red wine, and walked far enough to circle the world over 32½ times. The most successful ERIKS team, from Poland, received a trophy to mark its achievement. The most improved team came from Malaysia and was also rewarded with a trophy.

When an earlier survey asked ERIKS colleagues what issues they felt the business should address, one which stood out was the need to support health and wellbeing. The 2017 Virgin Pulse Global Challenge is the most recent example of how this is being realized.

Calorie equivalents burned in Challenge



171,000
large burgers



507,000
glasses of red wine



32½
walks around the world



3.3kg
average weight loss

Some encouraging statistics show



50%
decreased stress levels



47%
improved concentration



57%
achieved weight loss



1yr 7mths
“heart age” improvement



A week to change your world



The wide and varied range of activities throughout the week encouraged more than 90 colleagues to join in with at least one, and often more

The first ever Sustainability Week took place from 13-17 November in the joint Head Office of SHV, Dyas and ERIKS. Colleagues from all three businesses took part in activities: from inspiring talks to eating insects for lunch.

Sustainability is easy to talk about, but not always so easy to put in practice. So the first Sustainability Week brought the topic to Head Office colleagues' everyday life: from the food on our plates, to the movie we watched.

Lunchtimes saw colleagues trying more sustainable dishes, as the in-house restaurant menu went meat-free the whole week. The more adventurous eaters even managed to munch their way through four full packets of mealworms and crickets during the week. Others enjoyed a free takeaway lunch as they took part in a 'walking lunch' through Utrecht city centre.

The week wasn't just about food – though there was a picnic. This was Picnic the online supermarket, whose co-founder Joris Beckers gave an

inspiring talk on his business's sustainable approach. A combination of innovative technology, electric delivery vehicles, low prices and excellent customer service is making it the world's fastest-growing in its sector.

The Sustainability Week Movie Night saw a showing of Truth to Power, the sequel to An Inconvenient Truth. This stimulated some interesting reactions and comments from colleagues, including: "We cannot just consume our way to sustainability."



Participation

- 50 took part in the Walking Lunch
- 18 watched the movie
- 60 attended the Picnic presentation
- 35 joined the Speed Dates – discovering in less than an hour how to be more sustainable in all areas of living: from commuting to work to dressing for the office
- 18 attempted to complete the challenging quiz

Of course, the notion of sustainability must extend far beyond one week. Many SHV companies are committed to supporting the 17 United Nation Sustainable Goals agreed in 2015 by 133 countries. Aimed at ending poverty, protecting the planet and ensuring prosperity for all, the specific targets set for each Goal need to be achieved by 2030, and governments, businesses and individuals can all play their part. Participation in Sustainability Week shows that SHV, Dyas and ERIKS colleagues are prepared to do just that.

Champions

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Making sustainability happen

We all play our part in sustainability. But some play a bigger part than others. They are our Sustainability Champions. Their aim is to keep us focused on our sustainability goals, to help us achieve them through sustainability initiatives, and to encourage us all to be as enthusiastic about sustainability as they are.

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ERIKS

Let's make industry work better