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Welcome to our second sustainability report

We recognize that doing good business is good for business. And we are determined to Strengthen Society, Influence Change and Drive Efficiency.

In the last year alone, we have reshaped our Materiality Assessment (MA), a great tool that helps us to determine what activities matter most to our stakeholders and business from a sustainability perspective (see page 10). We realigned our targets to match and take account of what we have learned over the past 18 months.

The result has been much-needed simplification and a closer alignment of our targets with our business strategy.

Our responsiveness to a changing world, our adaptability within our business, and our readiness to review our targets and the ways we achieve them, mean that we are continually adjusting our approach. The recent realignment of our targets based on our newly identified material topics means we still have some work to do on each of the management approaches. However, we can show impressive progress on many initiatives, providing us with a firm foundation to build on. Whilst our approach is adjusted, the topic of sustainability remains important to ERIKS.

We are well aware that the greatest impact we can create is through the use of our products. That is why we strive to help our customers meet their own sustainability objectives. This is a challenging test.

With over 700,000 products it is extremely difficult for us review the complete lifecycle of our products, and so we have decided to focus, for now, on the savings element of our products; through better choices and environmentally friendly solutions we enable our customers to make environmental savings. Our challenge now is to capture these savings consistently across our entire business.

At the opposite end of the supply chain, we aim to influence our own suppliers to be responsible and sustainable. Although we have made progress on this issue in 2016, we have a long way to go, and we really need to accelerate our efforts during 2017.

Progress on our Health and Safety target has been particularly pleasing. The launch of the “Zero Hero” safety campaign has been widely adopted within our business, and although we are pleased that we have had zero fatalities in our business, we recognize there is still progress to be made on reducing incidents. Emphasis will continue to be placed on Health and Safety to ensure that our people go home safe at the end of every day.

Ultimately, what will ensure we achieve our sustainability targets is the people involved. That is why we strive to help our customers meet their own sustainability objectives. This is a challenging test.

Sustainability Champions are driving change on the ground, and our Regional Managers are ensuring the topic is fully supported at higher levels. Overall, the past year has been challenging, with significant change taking place all around us, but we have responded well with changes to our own organization, enabling us to capitalize on change rather than suffer from it.

Looking to the immediate future, we are aware that we need to be more proactive and thorough in collecting and reporting sustainability data. With this in mind we have already implemented a new process which will improve both the quality and completeness of this data.

As we pursue our goal of becoming the world’s most sustainable industrial provider we have followed the Global Reporting Initiative (GRI) standards to prepare this report, as a learning exercise, in preparation for our 2017 report which we expect to be fully GRI compliant. For 2017 we will also be committing to the ten principles of the United Nations Global Compact (UNGC), regarding the adoption of sustainable and socially responsible policies in human rights, labor, the environment and anti-corruption, and reporting on their implementation. Combining these UNGC principles with our own principles as a responsible, sustainable business, and with our vision of growth for the future, ensures that we are taking all the steps necessary to unlock our potential.

I hope you enjoy reading our success stories, and share the pride that I have for the great organization that we are building together. We welcome your feedback and look forward to updating you regularly via our sustainability webpages.

Simon Franken
About us 2016

ERIKS, FOUNDED IN ALKMAAR, THE NETHERLANDS, IN 1940, IS A LEADING SUPPLIER OF INDUSTRIAL COMPONENTS AND ASSOCIATED TECHNICAL AND LOGISTICAL SERVICES.

- **Net Sales**: 1.9 billion euros turnover in 2016
- **Supply**: 5,500,000 shipments every year
- **More Than**: 200,000 customers
- **Locations**: 143 in North America
- **Locations**: 206 in Europe
- **Locations**: 8 in Asia
- **Over**: 7,780 employees
- **Presence as per 31 December 2016**: 60 companies in 21 countries with 357 locations
- **5,500,000** shipmenst every year
- **700,000** products ready for distribution
- **Products Ready for Distribution**
What we do

We supply "A" brand and own-brand products across our eight key product groups. But products are not all we offer. We also provide valuable services, and innovative ways of working, which make it easier for our customers to do business.

Our technical know-how is one of our major strengths, supporting our customers in their original equipment manufacturing or maintenance and repair operations. If required, we can also integrate into our customers’ businesses to establish an even closer and more responsive working relationship.

However, for customers simply seeking products, ERIKS’ new webshop provides the solution. This webshop is an e-commerce solution supported by online tools and product selectors, enabling easy online product ordering and next-day delivery. Through our products, services, support and know-how, we help reduce our customers’ costs, and ultimately help increase their efficiency, productivity, profitability and – of course – sustainability.
Sustainability is an end in itself, but it must also add value to our organization. So our sustainability strategy has to be clearly aligned with our overall business strategy. The Materiality Assessment helps to ensure that we identify, understand and prioritize the issues we face, so that we can deliver value. The Assessment also informs our internal data collection – so that we look at the right things, collect the right data, and take the right actions. And along the way, it helps to define the content of this Annual Sustainability Report.

FROM SUPPLIER TO EMPLOYEE TO CUSTOMER

The Materiality Assessment covers our complete direct value chain across our entire global operation, because sustainability does too. Only by running our business responsibly can we:

- maintain our licence to operate
- stay relevant for customers so they want to do business with us
- stay relevant for employees so they want to work for us
- secure our brand reputation.

Moving forward with Materiality

Our ambition is also to take action on responsibilities outside our direct value chain. For instance, child and forced labor is not an issue within our business, but we need to work with our suppliers to ensure it is also not an issue within their own supply chains.

HOW WE’VE DEVELOPED

The lessons we learned from our first Materiality Assessment, and the changes in the business since then, showed us that we needed to change our approach and change our targets, so that we can focus on the things that matter most. To help us do this, we worked with SHV and Makro (our sister company) to create a Best Practice process for the Assessment, which was subsequently reviewed by KPMG’s Sustainability Consultants to ensure its robustness.

The new process – which will in future be used by all SHV companies – has used the information and value we gained from stakeholders in 2015, together with new 2016 input from additional internal and external stakeholders (including employees, customers, NGO’s and expert sector analysis). Input was gained via surveys where we asked participants about the topics and risks as well as opportunities they felt were most important. Employing common language with our sister companies, we used sector analysis, global standards, peer review and media search to define a longlist of almost 30 topics. The survey outcomes then helped us to reduce this list to the topics shown below, which we have clustered according to how we will approach the topics.

The Materiality Assessment covers our complete direct value chain across our entire global operation, because sustainability does too. Only by running our business responsibly can we:

- maintain our licence to operate
- stay relevant for customers so they want to do business with us
- stay relevant for employees so they want to work for us
- secure our brand reputation.
The results of the survey were discussed with all Board Members individually, then presented and approved at a Management Board meeting. This meeting also approved the revised list of goals, which has been reduced from 20 in 2015 to 6, all of which are closely linked to our business strategy.

**SIMPLIFIED FOR SUCCESS**

The reviewed and revised Materiality Assessment has provided us with an approach that is:

- simpler
- more closely aligned to our stakeholders’ requirements
- linked to our business strategy
- more able to drive our success.

The new-style Materiality Assessment will be carried out in full every two years, but will be reviewed annually to ensure it remains relevant. Meanwhile our Sustainability Strategy – running until 2020 – remains a long-term commitment.

---

**Materiality Assessment**

- **Importance to stakeholders**
  - Payments to governments
  - Responsible tax
  - Energy
  - Ecosystems & biodiversity
  - Water
  - Local communities
  - Natural resource scarcity
  - Data privacy
  - Responsible marketing
  - Employment of local communities
  - Sustainable products & services
  - Sustainable procurement practices
  - Bribery and corruption
  - Child & forced labor
  - Business integrity
  - Process safety
  - Product safety
  - Sustainable health & safety
  - Occupational health & safety
  - Employee development
  - Employee attraction & retention
  - Responsible marketing
  - Responsible tax
  - Energy
  - Ecosystems & biodiversity
  - Water
  - Local communities
  - Natural resource scarcity
  - Data privacy
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  - Business integrity
  - Process safety
  - Product safety
  - Sustainable health & safety
  - Occupational health & safety
  - Employee development
  - Employee attraction & retention

**Influence on business success**

- Material topic
- Not a material topic
Our stakeholders and us

Of course customer engagement happens thousands of times every day, at both a global and a regional level. It’s part of delivering value to customers and satisfying the needs of a changing marketplace.

As part of our Materiality Assessment, we identified key stakeholders specifically from a sustainability point-of-view, then identified how we engage with them, what their sustainability interests and concerns are, and our response. Engagement takes place in three main ways: information sharing, active dialogue, and discussion and collaboration. And it is this engagement that is the key to making a real impact on our material topics, and to seeing a resulting positive effect.

WHAT OUR EMPLOYEES TOLD US

ERIKS’ first-ever Employee Sustainability Survey drew over 2,500 responses from employees across all our geographic locations. Designed to discover our employees’ knowledge of, and engagement with, sustainability, the survey allowed for anonymous responses. However, over 500 respondents chose to enter their contact details, indicating an interest in becoming more involved in sustainability initiatives. They represent an ideal opportunity for ERIKS to expand its network of sustainability ambassadors.

IMPROVE COMMUNICATIONS

We will also use the results of this first survey to improve our communications and education on sustainability issues, and will measure progress by repeating the survey bi-annually from now on.

Our stakeholders and us

ERIKS Employee Sustainability Consultation 2016

2,573 participants

all regions represented

What does sustainability mean to you?

49% driving efficiency, influencing change and strengthening society

29% looking after people, the planet and profit

15% protecting the environment

66% Not at all important

66% Slightly important

Very important

Critical

How important is sustainability for us to address as a business?

/ENGAGING WITH OUR
STAKEHOLDERS IS AN ESSENTIAL ELEMENT OF OUR SUSTAINABILITY AGENDA. WHAT IS EVEN MORE IMPORTANT IS TO ENSURE THAT WE ENGAGE IN THE RIGHT WAY ON THE TOPICS WHICH ARE IMPORTANT TO THEM – AND THEN TAKE APPROPRIATE ACTION.
ERIKS Employee Sustainability Consultation 2016

Most important sustainability issues to address

35% of respondents are asked by customers for information on ERIKS’ sustainability approach

How do you rate our sustainability strategy and first global report? (score from 0-10)

57% of employees think ERIKS should be a market leader in sustainability, compared to competitors. 18% think ERIKS should be a fast follower.
The best example of reducing environmental impact that we can provide to our customers is our own approach of reducing our footprint. Only by being fully committed to reducing our own emissions, lowering our own water consumption, and diverting our own manufacturing and industrial waste from landfill can we expect our customers to take our support seriously when we help them to do the same. So through our own business initiatives we support SDGs 6, 7, 12 and 13.

SUSTAINABILITY FOR THE FUTURE

As you can see, ERIKS is already supporting a number of targets defined by the Sustainable Development Goals. But that is not enough. Our ambition for 2017 and beyond is to investigate how to connect our strategy and targets more closely with the SDGs, and to find more ways to help achieve these goals.

The products and services we supply – from energy-efficient motors to innovative technologies such as 3D printing – make more efficient use of resources in a variety of ways. As a result, we directly help to reduce the water and energy consumption of our manufacturing and industrial customers, and minimize the amount of waste they produce.

However, this direct influence is not our only contribution to meeting the SDGs. We also work with our customers and suppliers to address sustainability within our supply chains. For example, we are supporting a sustainable procurement method in the maritime industry to identify and resolve sustainability issues. And as a supplier to every kind of industry – whether we supply the smallest O-ring or provide ground-breaking condition monitoring techniques – we also indirectly support customers to achieve their own goals.
Although every ERIKS employee has a part to play in making us the world’s most sustainable industrial provider, our Sustainability Champions and Sustainability Ambassadors are the two key roles. There is now one Champion per ERIKS region, who is able to instigate and adopt sustainability initiatives and drive them forward. In 2016, we achieved our goal of these Sustainability Champions dedicating 20% of their time to the topic, rather than finding time in addition to their other roles.

With sustainability targets ranging from employee wellbeing to energy emissions, a broad variety of skills and knowledge is essential. During 2016 newly-recruited to work alongside the Champions are the Sustainability Ambassadors. These are people – one per country in which ERIKS operates – with a particular interest in sustainability, but with no time officially allocated to working on it.

GROWING INTEREST

The year 2016 also saw an increase in the number of people attending sustainability-related meetings, and of people becoming involved in promoting sustainability in their own areas. To engage more individuals to help drive progress, the Sustainability Champions have started in the process of creating Regional Sustainability Committees. In addition, 12 Champions and Ambassadors from across our global organization form the Group Sustainability Committee. This committee holds a virtual meeting every month and meets up twice a year face-to-face. Within each region, Sustainability Champions report to their Regional Board – demonstrating the high-level interest in and support for the topic.

CONFERENCE ROUND-UP

Two Sustainability Conferences took place in 2016, in addition to the Safety Conferences in Amsterdam, the Netherlands. At the April conference, a successful entrepreneurial company called ‘Aim for the Moon’ talked about the effective ways they have developed to getting more people involved and to brainstorm for new ideas. Our Champions learned more about applying these techniques in their own regions to create interest and encourage new initiatives. December’s conference came just as the Materiality Analysis and targets were finalized, so the focus was on developing action plans to help us meet the targets.

An online dashboard was also launched, which will allow our Champions to record and interrogate sustainability data. This will also help improve our environmental data reporting.
The Board – comprising representatives from each of the SHV groups – is guided by senior members of SHV staff and a member of SHV’s Executive Board, is directly responsible for sustainability and innovation. Latest progress on the strategic pillar – one of six which make up SHV’s Make It Last strategy – include the continued focus on sustainable innovation using the Sustainovation Hub, providing guidance for creating materiality assessments, and developing processes to improve data collection and reporting for environmental data.

THE SHV SUSTAINOVATION BOARD ADDRESSED A RANGE OF THEMES IN 2016 – BOTH DURING ITS MONTHLY TELECONFERENCES AND ITS THREE FACE-TO-FACE CONFERENCES.

1. PARTNERSHIP VERKIEZING:
How can we help save the world and grow our business?

Ideas proposed: 46
Enrichments (additional comments to enhance the idea): 178

Part of the “Partnership Verkiezing” (Partnership Election) competition (see page 43), this challenge – which runs until May 2017 – attracted a variety of ideas from employees, ranging from plastic coating for protection against invasive species, to proposals for access to water in low income regions. The challenge team has thoroughly assessed the ideas and is now carrying out more research on the different needs of low income regions, to understand where we can add value and where the ideas may prove useful.

2. HEALTH AND SAFETY:
How can we be safer at work?

This one-week challenge as part of Global Safety Week captured ideas from the organization on how to be safer at work. The response was huge, particularly from our US colleagues. Ideas were grouped into categories and presented to a Board Member. Some require action from us all, some from just one person, and some were already in the process of implementation. They will now be discussed with HSEQ managers across all regions, and allocated for implementation.

3. ENERGY REDUCTION:
How can we lower our energy consumption?

Ideas proposed: 29
Enrichments: 82

Run in Dutch only, this challenge was part of ERIKS Netherlands’ commitment to being carbon neutral. The region has already achieved Energy Management Standard ISO 50001. Recognizing that energy efficiency is a key element, ideas presented to the region’s Managing Director included use of LED lights, better temperature control, optimization of meeting room locations and improved use of Skype for Business. Some will be implemented quite quickly and others will be investigated further. All employees were given a small energy-saving gift at the end of the challenge.

THE SUSTAINOVATION HUB
This online cross-group Hub for posting idea challenges is now in its second year. For each challenge, a dedicated challenge team encourages ideas and communication at every stage, including ensuring a follow-up action at the end of the challenge.
Our 2020 goals

/ OUR MATERIALITY ASSESSMENT HAS BEEN USED AS A BASIS TO UPDATE OUR 2020 GOALS, WHICH WE ARE AIMING FOR WITH INITIATIVES AND ACTIONS, FOUND ON ONE OR MORE OF THE THREE SUSTAINABLE PILLARS SHOWN BELOW TO HELP US MEASURE THE PROGRESS. EACH GOAL CONTAINS TARGETS. TARGET ACTION PLANS TO HELP US HIT THOSE TARGETS ARE EITHER ALREADY CREATED OR IN THE PROCESS OF BEING CREATED, TOGETHER WITH ASSOCIATED MEASUREMENT TOOLS AND KPI’S.

STRENGTHEN SOCIETY

1. ZERO work-related accidents
2. 100% of employees think ERIKS is a good organization to work for
3. COMMIT, make progress and report annually to United Nations Global Compact (UNGC)

INFLUENCE CHANGE

4. 100% of suppliers acknowledge ERIKS Supplier Code of Conduct
5. €20,000,000 pf environmental savings to customers every year by 2020

DRIVE EFFICIENCY

6. REDUCE ERIKS’ carbon emissions by 20% by 2020
In 2017, ERIKS will sign up to the United Nations Global Compact. This set of 10 principles for responsible businesses is a valuable framework for any reputable business to work within. Covering issues such as Child and Forced Labor, Bribery and Corruption, and Business Integrity, it is also a way through which some of our material topics can be addressed. Although our overall approach to operating within the principles is still under development, it will involve implementing new processes and initiatives, reporting, and measuring. Global policies on Bribery and Corruption have already been put in place, and training programs have been created. However, we now need to ensure consistency in our adherence to the UNGC principles, and a high-level human rights policy for all regions is currently under discussion.

/ OUR PEOPLE WORK HARD FOR US, SO WE WORK HARD FOR THEM. AS PART OF OUR APPROACH TO OUR PEOPLE, OUR ULTIMATE GOAL IS TO FILL FOUR OUT OF EVERY FIVE VACANCIES THROUGH INTERNAL APPOINTMENTS. IN OUR SUSTAINABILITY STRATEGY WE SET A TARGET FOR 100% OF OUR EMPLOYEES TO BELIEVE ERIKS IS A GOOD BUSINESS TO WORK FOR.

Working hard for our people

We have employment policies in place which attract high-quality potential employees. We do all we can to retain them within our business: from reviewing and guiding their performance, to helping them develop personally and professionally through programs such as the ERIKS University and the Employee Leadership Development Programs. Knowledge is shared through the ONE ERIKS Q&A platform (see page 28-29). As part of our commitment to our employees’ development, we earmark a sum of money for each of our colleagues, which can be used in whatever is the best way to help get the best out of them. Through our HR processes in Your Workday software (see page 28-29) we provide feedback to employees on their performance and development, and encourage them to make changes as necessary to move forward in their careers and our business. We also listen to feedback through our Global Employee Survey on Sustainability, which was launched in 2016 and which will now take place bi-annually. One result from the first survey is that we know our people feel we should take responsibility for helping with employee wellbeing. With that in mind we will be running a Global Wellbeing Challenge in 2017.

LOOKING TO THE FUTURE

Our employee policies are for the benefit not only of our current employees but also all of those who may join us in the future. We are busy creating a business which all our people believe is good to work for. This will be measured with our global employee survey. Also by offering valuable career development opportunities, we can expect to attract more high-quality employees, retain them within the business, and allow them to help us further improve the organization. We have extensive HR policies and guidance in place, including processes for onboarding new hires, Performance Management guidelines, and HR Manuals for effective employee management. We also have processes in place for managing grievances, including a confidential Alertline phone number. The vital importance of Human Resources and employee policies is reflected in the fact that HR is represented on the Management Board, and that there is an HR team in every region – normally also represented on the Regional Board.

/10 PRINCIPLES FOR BUSINESS

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ERIKS introduced various Employee Leadership Development Programs to help take potentials to their next level. The Rise Program is meant for talents that show potential to further extend their reach within ERIKS. Elevate is an advanced program for developing leadership capabilities. Coaching and Mentoring Programs are set up, as well as an extensive onboarding and cultural awareness program called Being Part of ERIKS, which aims to elaborate on the ERIKS history, its shared values with SHV and to give an overview on the Group companies. Most programs are now working with their third and second groups of participants respectively, and there is a waiting list for future groups. Our managers – who must nominate the participants – clearly see the value of personal development in creating new leaders for the business. The programs also provide an opportunity to get to know others, with participants coming from across the business to join the first programs of this type held at Group rather than regional level.

/EMPLOYEE DEVELOPMENT PROGRAMS

In 2016 the ERIKS University has been renewed. It is now transformed into an online professional learning platform accessible for all employees worldwide. Bringing the ERIKS University together in a single environment makes the decades of knowledge residing within ERIKS employees worldwide – about products, applications, markets and more – accessible to colleagues everywhere. The University can now be further developed with relevant expanded content. New e-learning modules covering commercial applications will help to increase sales in the short-term, and for the long-term will secure knowledge within the group, as older colleagues retire. Other new modules go beyond products and applications, to cover topics such as IT Security Awareness, competition and export compliance, and gifts and improper payments.

/A UNIVERSITY FOR THE FUTURE

In a decentralized global organization managing employees and assuring performance is difficult. That is why a new global HR system called Workday has been implemented. Before the standardized system could be introduced, the processes, records – from performance reviews to succession management – had to be brought into line across all regions. Now Workday is rolled out across the Group, to give all employees identical self-service access to data, including personal and contact details, skills, emergency contacts and so on. At management level, the system will include a dashboard with analytics, providing data to inform better decision making. Workday went live in several countries already and all employees will have access by the end of 2017.

/ONE ERIKS – ONE HR SYSTEM

All of us together know more than any one of us knows alone. The challenge is to make that knowledge accessible to everyone – which is what the ONE ERIKS Q&A platform is for. This digital platform was developed by a multi discipline project team with members from the Global Product Groups, IT, HR and Communications. It went live on the ERIKS Global Intranet in September 2016 and now covers all the product groups. Supported by over 50 ERIKS experts, the platform is the first stop for employees seeking information or advice on products and applications, certifications, markets, logistics, infrastructure, etc. It works like a simple web forum and tutorials are available if needed. Answers will be supplied within 24 hours and as the archive of questions and answers grows, it will be even easier to find better answers more quickly, simply by searching the database. Customers also benefit from the platform because all available know-how within ERIKS is now at their disposal. If, for example, a customer asks for a product that is not available, an alternative can be found quickly by using the ONE ERIKS Q&A platform.

/SHARING OUR KNOWLEDGE, GROUP-WIDE

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/SHARING OUR KNOWLEDGE, GROUP-WIDE

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Health and Safety ensures we take care of our colleagues and our business, and meet the priorities of our Board and our shareholders. It is also increasingly imposed by legislation and regulation in the countries where we operate. Last but not least, it is a growing consideration amongst our customers, who expect our safety performance to show that we are a professional organization which can be a safe and trusted partner. So for the good of our employees above all – but for our business too – our shareholders, Board and management are committed to 100% health and safety.

Why any risk is too much risk

Health and Safety is of vital importance to us, our employees, and to our customers too. In fact, it is a fundamental principle of our business.

A SAFER YEAR AHEAD

The nature of our business, as well as our diverse business operations, inevitably create some Health and Safety risks: some low, some high. Our overarching aim is to eliminate those risks. To help us doing this, we have a robust Health and Safety management structure. Each region (US, UK and Europe) has a HSEQ Manager, and each cluster has Health and Safety, Environment and Quality professionals in place, with larger locations also having a Safety Representative available.

The HSEQ Managers are part of the Global Project Team which shares information, issues safety alerts, meets regularly and reports directly to the ERIKS Management Board. Ultimately, we want everyone to go home safe, every day – whether they are employees, customers, suppliers or contractors. With around 8,000 employees to inform and involve, effective safety education is a gradual process, but we have made significant progress and are determined to continually improve.

Golden Safety Rules

01: I will never work under the influence of alcohol or drugs.
02: I will never walk, stand or work under a suspended load.
03: I will never misuse or tamper with safety controls or equipment.
04: I will always wear properly the personal protective equipment required for the job.
05: I will always ensure that all energy sources are safely isolated before commencing work.
06: I will only undertake work for which I am trained, competent and authorised.
As part of the Zero Accidents Goal, a web-based application called Intelex will be launched in 2017 for quicker and easier reporting of Near Misses, Unsafe Situations and Improvements, to assist with safety inspections and audits. The application dashboard will provide a real-time view of ERIKS’ Health and Safety situation and make it easier to investigate and track associated actions.

In addition, a Health & Safety Vision Statement was created, and “6 Golden Rules” posters were provided for display at the entrance to every ERIKS location. A Visitor Card template has also been created and distributed, to be given to all visitors of ERIKS locations.

Zero Accidents
During Global Safety Week in September, ERIKS’ goal of Zero Accidents was launched. This included a range of local initiatives. In the UK a “Safety Stand-down” was organized, during which all employees stopped working to learn about safety. In the Netherlands the “Lunch and Learn” concept was introduced. In other regions specific training – such as Fire Safety – took place, and a safety video from ERIKS CEO Simon Franken was shown everywhere.

ISO 45001
ERIKS’ new Global Safety Manual is based on this draft global standard. Once the final version is published (expected early 2018) the manual will be updated with a view to achieving certification in 2018/19.

Spreading the safety net wider
As part of our commitment to Health and Safety, we:

- Expect our suppliers and contractors to adhere to the same standards as we do.
- Expect our employees on customer sites to adhere to our safety standards, even if the customer’s own standards are less stringent.
- Support our customers in their own Health and Safety processes, through our products and our knowledge.

/Ultimately, we want everyone to go home safe, every day – whether they are employees, customers, suppliers or contractors.

<table>
<thead>
<tr>
<th>Total near misses</th>
<th>Total lost time incidents</th>
<th>Lost time incident rate</th>
<th>Average severity</th>
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<tbody>
<tr>
<td>508</td>
<td>72</td>
<td>5.6</td>
<td>19</td>
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For ERIKS UK 2016 was the final year of a 3 year partnership with Cancer Research UK, the first Employee Chosen Charity. With many original initiatives like the ERIKS Ladies Race for Life, Christmas Jumper Day, the CRUK Smartie Tube Challenge and the Dry Athletes who gave up alcohol for a month, ERIKS fundraising from 2013-2016 reached over £20,000!

In June 2016, the Canadian community of Fort McMurray, Alberta was devastated by serious wildfires, and over 100,000 people had to be evacuated. Thankfully all ERIKS employees in the area were safely evacuated, along with those from Mammoet – our SHV sister company. Many of the evacuees lost their homes and businesses in the fire, many businesses were either forced to suspend operations or shut down completely, and it was unclear if any of the sites would return to full production.

The Canadian Red Cross coordinated disaster relief for evacuees, and the Canadian Government pledged to match all funds donated. An appeal on the ERIKS Global Intranet resulted in generous donations from ERIKS employees worldwide to help their colleagues. Through their generosity, and after the Red Cross and Canadian Government contributions, the ERIKS Group raised nearly $25,000!

Employee wellbeing is an important issue for the ERIKS Group. Since 2013 ERIKS has organized wellbeing events at both a global and regional level.

In 2013, the 10/10 Challenge encouraged colleagues to walk at least 10,000 steps a day. And in 2015, employees from all over the world competed in the TRI2015 Challenge: building their steps total by walking, running, cycling, swimming, travelling by green methods and even by volunteering in the community.

2016’s wellbeing initiative took various forms, with events organized by ERIKS branches during September Wellbeing month.

Employees received a daily challenge email containing hints, tips and updates. The challenges were based on small, daily changes that could make a big difference in areas such as sleep, hydration, mental health and exercise. Participants were encouraged to share their stories and photos via email and social media.

All branches organized their own events, which resulted in some original initiatives. At ERIKS UK, for example, all employees received a sleeping mask during Sleep Week and at ERIKS Group all employees were offered personal health checks. The checks by health professionals comprised basic body and lifestyle assessments, including:

- Weight, height, fat % and BMI
- Blood pressure
- Cholesterol
- Sugar
- Personal lifestyle advice

In April 2015, an empty building next to the ERIKS Group Head Office in Alkmaar, the Netherlands, became a refugee center. Even before the first refugees arrived, ERIKS employees were discussing how best to offer assistance to their new neighbors. The first initiative was a lunch for 10 refugees from a range of backgrounds, religions and cultures. In return, 20 ERIKS employees were invited to a meal prepared by an Eritrean family, who were joined by Persian, Russian and Afghan refugees. As one employee said afterwards: “I came away with a real sense it could so easily be me and my family. But I was struck by their positivity and desire to work and build a new life”.

The refugees expressed their eagerness to work-out and stay healthy, and ERIKS employees, their families and friends have subsequently donated gym equipment and bikes to the center.

In the Netherlands, ERIKS also supports cancer research, through Dutch Cancer Research (KWF). The KWF fellowship, scheme gives young, talented analysts the opportunity to acquire experience in scientific research and the specialist treatment of cancer. The fellows have proved themselves a worthwhile investment in new generations of research, as many past fellows now have leading positions in cancer research.
Strengthening society, 1 km at a time

Jodi Marx, Office Manager at ERIKS Company Noton B.V. in the Netherlands, signed up for an unforgettable experience in 2016: to cycle the Africa Classic in Tanzania, to raise money for the AMREF Flying Doctors.

This challenging annual cycling tour took place in Tanzania from 8th-15th October 2016, and raised a total of €581,701 for AMREF. Despite never before cycling further than 10km, Jodi resolved to take part in the 400km ride in a team called Flying Fietsers. She personally raised a staggering €10,000 sponsorship. The team found a sponsor for every day of the tour and proudly wore shirts with the sponsor’s logo. ERIKS sponsored the team’s final day and providing access to water – hugely improving the standard of living for the local community. There was also a chance to meet the actual AMREF Flying Doctors.

Two Flying Fietsers team members (Dik and Bob) were amongst the top six fundraisers, which earned them a flight in the Flying Doctors’ plane. However they kindly gave up their seats and Jodi was one of the lucky replacement passengers.

Another of the many highlights was a visit to a primary school in Masai country where, thanks to AMREF, Masai girls are taught sexual health and birth control instead of undergoing the traditional circumcision ritual. After one particularly long, steep climb, the bikers were rewarded by meeting AMREF local health workers, who explained the excellent work they are doing in controlling epidemics.

Jodi found the whole trip an overwhelming experience and recommends taking part in the Africa Classic to everyone. It’s not only the work of AMREF and the support of the locals which she will always remember. Cycling past giraffes, elephants and zebras will also be hard to forget!

CLEAN DRINKING WATER FOR 1,500 PEOPLE

Jodi’s personal fundraising will help AMREF supply clean drinking water and sanitation to no fewer than 1,500 people. She thanks ERIKS for being part of this change, and describes herself as proud to wear the ERIKS shirt in the final stage.
In 2016, ERIKS hired a Global Procurement Director to help bring consistency to procurement practices both locally and globally. The ultimate sustainability aim of this effort is to achieve acknowledgement of our supplier code of conduct by 100% of our suppliers. As we spend over €1 billion annually on global procurement, we can satisfy our customers and protect our brand reputation by procuring and supplying products manufactured by reputable organizations.

PLAN FOR ACTION

Our sustainability and procurement teams are working together to finalize a Target Action Plan, which sets out our roadmap for achieving sustainable procurement in line with the 10 principles of the United Nations Global Compact (see page 26). The first step was to issue a revised Supplier Code of Conduct in 2016, which will this year be included in our contract templates for large suppliers. At the same time, an online self-assessment tool will be developed, which will be used to identify suppliers we can help to improve their sustainability positioning. This will initially be used with large suppliers and suppliers of our own-brand products. By 2018 we will be starting to introduce on-site audits for suppliers in high-risk areas, and online audits for all other suppliers, so that we can identify any problems they may have, and then work with them to make improvements. The next step will be to incorporate questions on sustainability into other surveys and audits, such as the site visits currently made to check quality.

ADDING VALUE

The increasing demand for sustainable products will have its effect on the whole supply chain. Customers ask suppliers who in turn influence their suppliers and vendors of raw materials. We hope that through our influence on our own activities, addressing sustainable procurement issues will become common practice at every stage in the supply chain.

KEEPING TRACK

As the sustainability teams work to develop content and share knowledge, the procurement teams will ensure these elements are built into all procurement processes – whether new or existing. Methods of measuring and reviewing progress are still under development. With sustainability clearly anchored in our strategy, sustainable procurement is of vital importance for our business.

In 2015, ERIKS was invited to take part in a project initiated by a leading Government-funded sustainability organization in the Netherlands. Involving some of the largest shipbuilders and other maritime organizations based in the country the aim of the project was to increase efficiency in procurement by achieving consistency across all the businesses. The plan was to bring together all the customers to create one standard and one evaluation method and to enable information sharing between all participants.

ONLINE SELF-ASSESSMENT TOOL

With ERIKS’ help in development and testing, the project team created an online self-assessment tool which is now being tested with key suppliers. A consistent approach to evaluating the results is also in development, together with training programs for reviewers within the participating businesses. The plan for 2017 is to launch the online tool to additional suppliers, and to take steps towards developing consistent on-site auditing.
A Total Cost of Ownership approach to sustainability

Taking a Total Cost of Ownership approach enables us not only to achieve our sustainability target but also to save our customers money in the process, something which we demonstrate in this report with several customer-related stories. Our aim by 2020 is to be helping them achieve €20 million in environmental cost savings every year.

To do this, we firstly need to be able to measure the savings we are delivering. Although there are individual regional systems in place, our aim for 2017 is to create a measuring process which is consistent across the whole business in the way it captures data, and which clearly separates out the environmental element of the results.

Once we are able to identify and measure environmental cost savings, we will need to ensure our sales people can highlight the savings to customers. This will enable customers to make better informed choices, which will in turn help them in meeting their own sustainability targets.

We also need to do all we can to maintain and increase those savings, by working with our suppliers to broaden the range of products with environmental benefits which we offer.

Firstly, by capturing environmental savings data we can demonstrate the financial benefit of sustainability to customers. Secondly, by inspiring customers to make sustainable choices we can encourage suppliers to develop more sustainable products.

Lastly, by pursuing a Total Cost of Ownership approach, we can make sustainable products and services desirable not only from an environmental perspective, but from a business perspective too.
Innovative hydraulic hose assemblies from ERIKS are playing a significant role in the construction of a new offshore wind farm in the Netherlands. Our hoses provide power to a hydraulic hammer used to drive huge foundation piles into the sea floor. The larger the diameter of the hose, the greater the power. For example, increasing the diameter from 2.5” to 3” means a 40% increase in flow and power. However, designing and developing a larger hose is one thing. Assembling it is another – and something no-one had ever done until ERIKS Power Transmission devised a completely new type of assembly line, capable of handling a 60m length of 3” diameter hose. The innovative coil design line was built even before the larger hoses were available – making ERIKS the first supplier capable of assembling, and positioned the company far ahead of the competition. So: more power to the customer, and more power to ERIKS too.

/ERIKS WINS THE 60M RACE

/COFFEE, TEA OR SAFETY?

A vending machine might not be the first thing you think of for safety products, but that’s something ERIKS is changing. As a supplier of Personal Protective Equipment (PPE) and On-Site Safety equipment, ERIKS supplies customers with a range of products including safety footwear, helmets and gloves. However, at too often, employees either didn’t make the effort to wear PPE, or didn’t. It is highly foreseeable – which is why the customer is more than it should. ERIKS solution is the PPE vending machine, which has been installed at a number of customer sites. The machine not only makes it easier for employees to access the equipment (and makes them more likely to wear it). It can also ensure the issuing of the correct PPE for the job and its usage. This presents unparalleled advantage, by requiring employees to register with the machine using their own badge. Together with ERIKS safety know-how and advice, this can help customers to ensure their employees’ safety, whilst also saving costs.

/ON AN EMISSIONS MISSION

Escaping gases and vapors from valves are a major issue for the petrochemical industry. According to the Environmental Protection Agency, over 60% of volatile organic compound emissions comes from valves, making them a major contributor to air pollution. To try to reduce these emissions from valves and other pressurized equipment, the API 624 standard was introduced. This requires leakage to be limited to no more than 100ppm, with the use of API 622 certified packing (a condition of API 624). This specific packing will withstand service temperatures from -29°C to +538°C.

In September 2016, the Smith valves brand in the U.S.A. – manufactured by ERIKS subsidiary Newdell – became API 624 certified. The new certification means Smith valves not only meet the latest standard but also exceed customer requirements – and play their part in creating a more eco-friendly industrial environment.

/ERIKS WINS THE 60M RACE

/COFFEE, TEA OR SAFETY?

/ERIKS WINS THE 60M RACE

/COFFEE, TEA OR SAFETY?

/ON AN EMISSIONS MISSION

/ON AN EMISSIONS MISSION

/ON AN EMISSIONS MISSION

/ON AN EMISSIONS MISSION
Around the world in 80 days – fuel free

The initial STORM challenge was to develop two motorcycles which could store large amounts of easily-rechargeable energy. The STORM Pulse prototype was further developed into the STORM Wave, which uses an interchangeable, modular battery pack containing a staggering 2,592 battery cells. ERIKS Electrical and Mechanical Drives produced four aluminum pulleys (two for each motor), with a precisely engineered groove for the belt drive.

ERIKS Sealing and Polymer Technology sponsored a battery pack to cover hundreds of kilometers. After more than two years of development, the students then undertook to ride STORM Wave 23,000 kilometers around the world, in 80 days, without local emissions. The STORM World Tour started on August 14th 2016 in Eindhoven city center. It went on to cover 23,000 overland kilometers: through Germany, Austria, and Bulgaria to Turkey, then through Central Asia from Iran to Turkmenistan, Uzbekistan, Kazakhstan, Kyrgyzstan and China. After air transportation, the team made a 30-day tour through the United States, from Washington State to California, south to New Mexico and Texas then north again to Missouri, Indiana, Ohio, Pennsylvania, Maryland and New York.

Exactly 80 days later, on November 2nd, 2016 the bike and team arrived safely back at the campus of the Eindhoven University of Technology. By involving companies, households and educational institutes in recharging the batteries, the team shared the experience of electric mobility with the world – creating the STORM GRID worldwide network of plug-in locations. Throughout the journey, STORM recharged its batteries using only the existing electricity grid, consumed no fossil fuels and created zero emissions. The students’ journey proves that through sustainability, all our impacts can be positive ones. ERIKS is proud to have played a part in this journey.

STORM WAVE FACTS AND FIGURES

- Battery pack: 28.5kWh
- Range: 380 kilometers between charges
- “Refueling” time: A battery swap takes just 7 minutes
- Distance ridden / day: 500 km
- Total distance ridden: 23,000km
- Time taken: 80 Days
- Emissions: Zero

UN GOAL

INFLUENCE CHANGE

/ CAN THE FUTURE OF MOBILITY BE ELECTRIC? STUDENTS OF THE EINDHOVEN UNIVERSITY OF TECHNOLOGY IN THE NETHERLANDS BELIEVE SO. THEY SET OUT TO PROVE IT WITH THEIR STORM PROJECT: DESIGNING, BUILDING AND RIDING THE WORLD’S FIRST ELECTRIC TOURING MOTORCYCLE.
ONE OF THE MOST IMPORTANT PARTS OF THE TIRE MANUFACTURING PROCESS IS THE VULCANIZING OF RUBBER. FAILURE TO CARRY OUT THIS STEP TO THE REQUIRED QUALITY, DIRECTLY INFLUENCES THE QUALITY AND PERFORMANCE OF THE FINISHED ARTICLE. SO WHEN A LEADING TIRE MANUFACTURER IN CHINA EXPERIENCED PROBLEMS WITH THEIR VULCANIZING PRESSES, THEY CALLED IN ERIKS COMPANY ECONOSTO CHINA TO LOOK FOR THE CAUSE AND DEVISE A SOLUTION.

Vulcanizing uses steam to achieve the correct temperature to carry out the process. With 192 vulcanizing presses in operation, the tire manufacturer consumed a large amount of steam – but also wasted a great deal. This was due to the design of the system, featuring controlled on/off valves which spilled the costly live steam. At the same time, when the system’s drain valves were closed, condensate built up in the presses. Since condensate has less energy than steam, this led to inefficiency in the process.

EFFECTIVE SOLUTION

After a thorough review of the system and an assessment of the problem, Econosto China designed and engineered an effective solution. Econosto’s engineers devised a steam trapping station containing a so-called ball float steam trap. This device enables condensate to drain away rather than entering the presses, but at the same time prevents steam from escaping – so all its energy is released into the presses.

The result was a three-fold success. Firstly, the new solution saved the company around €950,000 per annum on steam costs. Secondly, it ensured improved production quality by maintaining the integrity of the vulcanizing process. And thirdly, it reduced levels of CO2 emissions from the plant – delighting the tire manufacturer with the all-round improvement.

All-round improvement in steam trapping stations
A course in the safe installation and maintenance of hydraulic hose assemblies has been running for a number of years at ERIKS UK with great success. The example inspired ERIKS and trade organization FEDA to launch the course in the Netherlands, where on average five serious incidents are reported every year. The course is available to any company working with hydraulics.

**FEDA Certificate**

In the one-day course, ERIKS products are used for demonstration purposes. However, what participants learn about working safely with hydraulics is not limited to ERIKS’ products, and they leave at the end of the day with an industry-recognized FEDA certificate.

**THE FORCES AT WORK**

ERIKS product specialists explain: “It starts with having a basic understanding of the materials you’re working with. This is why we spend a lot of time investigating the different types of hoses and fittings during the course: how to use them and, more importantly, how not to use them! It’s a serious business: the forces at work within hydraulic engineering are capable of exerting great power to manipulate materials in many aggressive applications. Since engineers are often in close proximity to these forces, they must take great care to protect themselves from severe injury.”

The course is aimed at raising awareness of safety and of the need for greater professionalism. ERIKS, and many other reputable companies in the field in the Netherlands, believe this will benefit everyone involved in the industry.

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Taking eleven years to build, the Grande Dixence dam and power station was finally commissioned in 1961. So when Maagtechnic AG was called in, the lubrication systems for the shaft bearings of the 17MW storage pump assembly were over 50 years old. Briefed to develop replacements, Maagtechnic faced the challenge of designing systems which would not only cope with the environmental conditions at 2,365m above sea level, but which also matched the mass and function of the old systems. And since a failure of the lubricant supply could result in a total machinery standstill, 100% reliability was essential. A total of three Maagtechnic AG lubrication power packs were commissioned over a period of two years. The first of the innovative lubrication units has an oil flow rate of 220 litres per minute, and the other two a rate of 180 litres per minute. The systems are fed by a corrosion-resistant oil tank with a volume of 1,000 litres. With the updated lubrication systems now in place, the four turbines of the plant can continue to provide a quantity of hydro-electric energy equivalent to the output of a nuclear power plant – hopefully for at least another 50 years.
Working together for safe drinking water

Traditionally, manually operated valves have been used for shutting off sections of the water supply network. The valves are normally operated by employees from the utility company, but in an emergency can be used by the fire service.

Unauthorized, often incorrect, use – for example, during roadworks – is also not unusual. This risks water wastage and drinking water contamination and infection at worst. The manual operation of valves is also a time-consuming process.

When a large drinking water company in the Netherlands was searching for a system to remotely operate and monitor pipe valves, they approached ERIKS company and leading valve supplier Econosto, from which engineer Ronald Gerdes looked into the issue.

Ronald worked with the drinking water company and others to develop the ELOVAL valve, equipped with a module to monitor if the valve is closed or open, and how far open. Opening or closing triggers the module and the information is relayed to a central control room.

With the underground location meaning no power supply for a switch, and difficulty sending data, the Long Range Radio (LoRa) network was utilized. This has ultra-low energy consumption, but a range of 2.5 - 15 km for exchanging occasional small amounts of simple data between objects and systems: such as “on/off” or “occupied/free”. Since there is no permanent Internet connection required, the battery that supplies the ELOVAL valve can last up to 15 years.

RECORD ALL CHANGES

This communication capability means the ELOVAL valve can register authorized and unauthorized operation, and record all changes in a database for a clear overview of valve status. This large amount of information also enables advance warning of any maintenance required (predictive maintenance) – helping to minimize disruption, downtime and dangerous situations.

An international telecommunications company is involved in connectivity for the project, and an enterprise application software specialist is coordinating the software implementation. Various disciplines within ERIKS have also been working together on the test installation: Econosto Capelle aan den IJssel, the ERIKS Group Head Office IT department, ERIKS Pandrijtechniek Schoonhoven for the electronics, and the ERIKS Industrial Plastics division for the plastic components.

The proof of concept has now been presented to the drinking water company and is ready for internal testing. If this is successful, the highly innovative system can be developed for use, and its advantages in terms of sustainability – including low energy consumption and greater public safety – can begin to benefit people worldwide.

Water purification station in Amersfoort, the Netherlands
Putting our house in order

initiatives and the 2015 Paris Agreement both require responsible businesses to do all they can to limit or reduce their emissions and consumption. And since energy has a cost, reducing our usage also has a direct financial benefit to our business.

Of course energy consumption and certain emissions are an inevitable condition of our operations. We therefore need to do all that is possible to reduce them either to zero or as close to zero as practically possible. Water and waste are not material topics, but we will nevertheless collect related data and take steps to reduce water consumption and waste production.

CHAMPIONS OF THE CAUSE
All the people at ERIKS are responsible to a greater or lesser extent for our energy consumption and emissions. We all use our buildings: lights, heating and power for tools as IT. Many of us use cars as part of our job or to get to and from work. So we can all take responsibility for helping to achieve reductions, for example by taking the train or by cycling to work.

Our Sustainability Champions – supported by Facilities Management – are there to lead the way with initiatives and advice, as well as data collection and reporting to show the effectiveness of our efforts. We have recently refreshed our Reporting Guidance document and Data Collection forms to make our results more accurate, having learned many lessons since we first began gathering data over 18 months ago.

Ideally, 2015 would have been our baseline year. However, the fact we recorded only CO2 emissions and not CO2 equivalent emissions means the baseline became 2016, so there is insufficient data available to report quantifiably on progress.

FIRST STEPS TO SUCCESS
Despite the lack of comprehensive data, it is clear from the number of initiatives which have been implemented, and from the leading indicators that progress is being made. A prime example is in the Netherlands, where ERIKS has achieved total carbon neutrality, through a combination of reduced fuel consumption, reduced emissions, and the purchase of carbon offsets for any remaining emissions. We look forward to reporting on similar successes in the coming months and years, thanks to the efforts of us all.

It’s not only customers who expect us to set an example. Government initiatives and the 2015 Paris Agreement both require responsible businesses to do all they can to limit or reduce their emissions and consumption. And since energy has a cost, reducing our usage also has a direct financial benefit to our business.
There are 900 million vehicles in this world, and within 10 years it’s predicted this figure will have grown to over a billion. The vast majority of these vehicles currently run on fossil fuels, which the world is running out of. We therefore need to be looking more carefully at alternatives such as electric vehicles, which can be powered by electricity generated from alternative and sustainable resources such as wind and solar power.

Driving an electric vehicle not only can help with the issue of fossil fuels and the resulting CO₂ emissions, but can also offer solutions to other environmental problems. For example, electric vehicles produce no nitrogen oxides or particulates, and make less noise. All of which makes them particularly suited to busy routes and city centers.

In the Netherlands – where there are already 40,000 semi- or fully-electric cars – we’re pleased to say that two of these vehicles are driven by our management board members: CEO Mr. Simon Franken and Mr. Paul van Gelder.

The majority of employees at Group Head Office now use public transport for their commute.

Average CO₂ emissions per passenger in the Netherlands are 70% lower for trains than cars, so our Group Head Office employees are doing their share to lower CO₂ emissions.

ERIKS has added three new Nissan Leaf pool cars to their car fleet. These sustainable electric vehicles can be found at the ERIKS branches in Hoboken, Asse and Mol. Additional charging stations are available at ERIKS Antwerp and Jumet locations. The use of pool cars is helping to keep ERIKS Belgium on track to reach their target of a 10% reduction in fuel use for transport by 2020.

SUS-TRAIN-ABILITY AT GROUP HEAD OFFICE

ERIKS Group Head Office moved in December 2016 from Alkmaar to Utrecht city center, just five minutes’ walk from Utrecht Central Station. With trains departing from here to all major cities in the Netherlands every 15 minutes, the majority of employees now use public transport for their commute.

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/TURNING OVER A NEW LEAF (OR THREE)

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/DRIVE EFFICIENCY

Did you know that something as simple as the position of your body as you drive can have an effect on your driving style? Staff of our colleagues did find after they took part in a trial program to encourage safer and more efficient driving, as part of our safety policy. Using an interactive application and e-learning modules developed by a specialist company, more than 25 ERIKS volunteers discovered - amongst other things - your driving position, use of mirrors, and weather conditions can influence driving, and how a few simple changes to driving behavior can lead to fewer accidents, fewer tickets and lower fuel consumption. So far the volunteers are very positive and once the trial has been completed the results will be evaluated with the ERIKS management, to see whether the program should be rolled out to a wider audience.

/SUSTAINABLE DRIVING THROUGH SITTING

/SPAIKEN ON TO ELECTRICITY

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Average CO₂ emissions per passenger in the Netherlands are 70% lower for trains than cars, so our Group Head Office employees are doing their share to lower CO₂ emissions.
The efforts and successes of ERIKS Netherlands now represent a blueprint for sustainability for ERIKS Group companies worldwide.

With a target of reducing energy consumption and emissions by 20% by 2020, ERIKS Netherlands saw the need to implement an effective energy management system within the business. This would also have the added benefit of demonstrating its capability to achieve its aim of €20 million of environmental savings for customers.

The new system manages and controls energy consumption, with usage monitored and reported on a regular basis – not only showing progress towards the 2020 reduction target but also helping to encourage further energy consumption improvements. This proven expertise gives ERIKS Netherlands even greater authority to customers who might be struggling to set or reach their own energy-saving targets. Combined with the comprehensive and specialist knowledge of potential energy-saving measures – from more efficient electric motors to special gaskets – ERIKS is able to take a new approach to sales, emphasising sustainability within Total Cost of Ownership and saving customers money.

CO₂ NEUTRAL CERTIFICATION

In addition to the ISO 50001 certificate, ERIKS Netherlands has been awarded CO₂ Neutral certification after taking a series of steps to eliminate or balance-out its CO₂ emissions. Measures include using 100% green electricity, using energy from incinerated waste to provide heating, running a vehicle fleet with an annually reducing CO₂ emissions cap, and reducing air travel through virtual meetings over the internet. At the same time, the company is neutralising the small amount of CO₂ it still emits, by supporting a wind energy project in two villages in Gujarat, India. This offsets the emissions by reducing the amount of fossil-fuel generated electricity the villages would otherwise be using.

The efforts and successes of ERIKS Netherlands now represent a blueprint for sustainability for ERIKS Group companies worldwide.
ERIKS Belgium’s new branch opened in Antwerp Harbor in October 2016, and is undertaking numerous initiatives to reach 2020 sustainability targets, including:

• All LED lighting
• Cradle-to-cradle carpets
• Ergonomic desk chairs
• Waste separation
• Excellent roof insulation
• 1 printer per office zone to reduce paper use

ERIKS location in Erie, USA:

2015 YTD cost of electric: $20,421
2016 YTD cost of electric: $8,237

In November 2015, the Erie location of ERIKS company Lewis-Goetz signed an agreement with their building landlord to take part in an Energy Efficiency and Conservation program. Run by First Energy’s Pennsylvania utilities, the program entailed replacing all warehouse lighting with high-efficiency LED lights connected to motion sensors. The result has been a 50% reduction in total energy costs, and a 59% decrease in electricity costs. As the landlord incurred the full cost of the project, the Lewis-Goetz Erie location benefits entirely from the monthly savings on electricity. The total investment (minus a rebate) was $13,866, and year-to-date savings are $12,184. So a return on investment should be realized in just one year.

The BITC Environment Index is an online survey that measures all aspects of an organization’s environmental management and performance – enabling comparisons with other similar operations. ERIKS UK participated for the first time in 2016, and scored particularly well on corporate strategy and management. Results in other areas – such as disclosure on environmental performance and engaging suppliers more closely – have helped us to identify opportunities for improvement. These are now part of our strategic targets, and provide an excellent starting point for our activities for the year to come.

All ERIKS employees worldwide are gradually being connected to Skype for Business – starting with the new Group Head Office in Utrecht. The result will be not only better communications, but also greater sustainability. Skype for Business is a very fast and effective communication tool, making it possible to see immediately if a colleague is online, busy or in a meeting. You can send them a one-line message and receive an immediate response if they are available. Sharing documents on-screen is easy, as is video-conferencing – and the system is safe and secure too. Whereas emails are archived for ten years – demanding increased server capacity which in turn increases energy use – Skype for Business has no such requirement. In addition, it can help to reduce travel and associated energy use and emissions. Its scalability means the system will grow with ERIKS as our business grows, and positive effect on sustainability means it will support us in our 2020 aims to reduce carbon emissions.

Sustainability begins at home

/ THE “HOMES” OF MANY ERIKS DIVISIONS AND DEPARTMENTS ARE BECOMING EVEN MORE SUSTAINABLE, THROUGH COLLEAGUES’ HOUSEKEEPING EFFORTS AND INITIATIVES. FROM SWITCHING TO LED LIGHTING, TO SEPARATING WASTE AND REDUCING PRINTING - SOME IDEAS REALLY STAND OUT.

/ MEASURING UP

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/ SCOPE FOR SAVINGS WITH SKYPE

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Whereas emails are archived for ten years – demanding increased server capacity which in turn increases energy use – Skype for Business has no such requirement. In addition, it can help to reduce travel and associated energy use and emissions. Its scalability means the system will grow with ERIKS as our business grows, and positive effect on sustainability means it will support us in our 2020 aims to reduce carbon emissions.

/ ENERGY COST REDUCTIONS IN ERIE, USA

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/ ANTWERP HARBORS AMBITIONS FOR 2020

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• All LED lighting
• Cradle-to-cradle carpets
• Ergonomic desk chairs
• Waste separation
• Excellent roof insulation
• 1 printer per office zone to reduce paper use

UN GOAL MATERIAL TOPIC
ERIKS STRIVES FOR EXCELLENCE IN EVERYTHING IT DOES, FOR THE BENEFIT OF OUR EMPLOYEES, CUSTOMERS AND ALL OUR OTHER STAKEHOLDERS. HOWEVER, TO BE RECOGNIZED BY OTHERS FOR OUR EFFORTS IS AN ADDED BONUS. IT PROVES THAT WE ARE TAKING THE RIGHT STEPS TO BUILD A BUSINESS WHICH IS ALWAYS DOING MORE TO DRIVE EFFICIENCY, INFLUENCE CHANGE AND STRENGTHEN SOCIETY.

The most prestigious and rigorous awards championing responsible business have shortlisted the ERIKS UK Global TRI2015 Wellbeing Challenge.

The Responsible Business Awards were set up by the Responsible Business Network of HRH The Prince of Wales’ Business in the Community charity. Their aim is to celebrate businesses that are making a significant difference either by taking action to improve their local communities, by creating more inclusive workplaces, or by tackling environmental challenges.

The 2016 Awards’ shortlist was announced during the annual Responsible Business Week (18-22 April), which marks the positive contribution of business to society.

Out of 297 entries, 103 were shortlisted and a further 82 re-accredited for the continuing impact of their responsible business program.

Once again, ERIKS has been officially recognized as a Top Employer, for our high levels of employee engagement and development.

The Top Employer Certification for the Netherlands, Belgium and the United Kingdom was awarded by the Top Employers Institute, which recognizes top performers in Human Resources. ERIKS was rated for Working Conditions, Training and Development, Career Development and Culture Management. This reflects the excellent support our employees receive through our Employee Assistance Program, and the training and development they are given – not only to improve their skills but also to ensure that their personal growth matches our company growth.

The accreditation is the result of considerable planning and hard work, which has created our industry-leading HR and benefits structure, and the communication channels which ensure all employees are aligned with our corporate objectives and feel part of the ERIKS team.

Festo is an international specialist in automation of motion control. By realizing various Energy Saving Solutions projects, ERIKS the Netherlands has won the Festo Service Dealer Award for its successes in saving customers energy and money on the use of compressed air. Qualified ERIKS Service Engineers not only carry out Energy Savings Surveys, and measure leakages and air quality, but can also undertake any necessary repairs identified by the surveys. They also consult the Festo ESS team for additional expert advice and support if required. ERIKS has carried out a large number of projects to measure and repair compressed air leaks for customers, resulting in savings of many thousands of euros. Impressed by the number and execution of the projects, and by the added value products and services provided, Festo made their Service Dealer Award to ERIKS.

For the third year running, ERIKS West – a division of ERIKS Seals and Plastics, Inc. in North America – has received a Silver Performance Excellence Award from The Boeing Company. Boeing issues this award annually to recognize suppliers who have achieved a superior performance rating every month from October to September. To achieve their latest award from Boeing, ERIKS West maintained a Silver composite performance level throughout the period under review, and were one of only 422 suppliers to attain this status. Winning this award from Boeing for the second year in a row is a great source of pride to the ERIKS West team. It shows the value we place on the partnerships we have with our customers. We will continue to build strong customer relationships by providing a wide range of components, along with unsurpassed technical support and logistics services that bring value to our customers.

The Performance Excellence Goes On

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## About the report

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**NAME OF THE ORGANIZATION**
ERIKS

**ACTIVITIES, BRANDS, PRODUCTS AND SERVICES**

**LOCATION OF HEADQUARTERS**
Utrecht, The Netherlands

**LOCATION OF OPERATIONS**
Page 6

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Privately held, Dutch limited liability company

**MARKETS SERVED**
Page 6-9

**SCALE OF THE ORGANIZATION**
Page 6 and page 65

**SUPPLY CHAIN**
Page 6-9

**PRECAUTIONARY PRINCIPLE OR APPROACH**
ERIKS has adopted a balanced approach, considering economic, social and environmental impacts when taking decisions on investment proposals. In 2017 ERIKS will join the UN Global Compact as a signatory and member for its global operations.

**EXTERNAL INITIATIVES**

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Page 4

**LIST OF STAKEHOLDER GROUPS**
Page 14-17

**COLLECTIVE BARGAINING AGREEMENTS**
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**IDENTIFYING AND SELECTING STAKEHOLDERS**
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**APPROACH TO STAKEHOLDER ENGAGEMENT**
Page 14-17

**KEY TOPICS AND CONCERNS RAISED**
Page 14-17

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Page 10-13

**REPORTING PERIOD**
01 January 2016 - 31 December 2016

**DATE OF MOST RECENT REPORT**
December 2015

**REPORTING CYCLE**
Annual

**CONTACT POINT FOR QUESTIONS**
Miss Robyn Bradley, Group Sustainability Manager, sustainability@eriks.com

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### INFORMATION ON EMPLOYEES AND OTHER WORKERS

#### TOTAL NUMBER OF TEMPORARY EMPLOYEES BY GENDER (FTE AT YEAR END 2016)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>227</td>
</tr>
<tr>
<td>Female</td>
<td>59</td>
</tr>
</tbody>
</table>

#### TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT BY REGION (FTE AT YEAR END 2016)

<table>
<thead>
<tr>
<th>Region</th>
<th>Full time</th>
<th>Part time</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 1: UK &amp; Ireland</td>
<td>1691</td>
<td>58.9</td>
<td>55.3</td>
</tr>
<tr>
<td>Region 2: the Netherlands, Belgium, France</td>
<td>1828</td>
<td>312.7</td>
<td>84.5</td>
</tr>
<tr>
<td>Region 3: Germany, Switzerland, Denmark, Eastern Europe</td>
<td>1159</td>
<td>94.5</td>
<td>44</td>
</tr>
<tr>
<td>Region North America</td>
<td>1554</td>
<td>20</td>
<td>25.7</td>
</tr>
<tr>
<td>Own Brand Manufacturing</td>
<td>413</td>
<td>4.9</td>
<td>32.2</td>
</tr>
<tr>
<td>International Projects</td>
<td>99</td>
<td>7.1</td>
<td>0.3</td>
</tr>
<tr>
<td>South East Asia</td>
<td>213</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ZaMRO</td>
<td>22</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Holding</td>
<td>57</td>
<td>4.8</td>
<td>0</td>
</tr>
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</table>

#### TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE BY GENDER (HEADS AT YEAR END 2016)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Full time</th>
<th>Part time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>5518</td>
<td>270</td>
<td>5788</td>
</tr>
<tr>
<td>Female</td>
<td>1212</td>
<td>463</td>
<td>1675</td>
</tr>
</tbody>
</table>
### TOTAL HAZARDOUS AND NON-HAZARDOUS WASTE

<table>
<thead>
<tr>
<th></th>
<th>Total ERIKS</th>
<th>Europe Region 1 (UK &amp; Ireland)</th>
<th>Europe Region 2 (Continental Europe West)</th>
<th>Europe Region 3 (Continental Europe East)</th>
<th>ERIKS North America</th>
<th>South East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hazardous waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composted KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Reused KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Recycled KG</td>
<td>112.438</td>
<td>103.998</td>
<td>7.998</td>
<td>442</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recovered KG</td>
<td>995</td>
<td>995</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Incinerated KG</td>
<td>7.062</td>
<td>974</td>
<td>3.723</td>
<td>2.365</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Landfilled KG</td>
<td>153.701</td>
<td>974</td>
<td>3.723</td>
<td>2.365</td>
<td>-</td>
<td>153.701</td>
</tr>
<tr>
<td>Disposed by deep well injection KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>On-site stored KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Hazardous waste KG</strong></td>
<td>274.196</td>
<td>104.972</td>
<td>12.716</td>
<td>2.807</td>
<td>153.701</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total ERIKS</th>
<th>Europe Region 1 (UK &amp; Ireland)</th>
<th>Europe Region 2 (Continental Europe West)</th>
<th>Europe Region 3 (Continental Europe East)</th>
<th>ERIKS North America</th>
<th>South East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Hazardous waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composted KG</td>
<td>4.324</td>
<td>-</td>
<td>-</td>
<td>4.324</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reused KG</td>
<td>61.422</td>
<td>-</td>
<td>58.626</td>
<td>2.796</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recycled KG</td>
<td>3,004,581</td>
<td>885,809</td>
<td>1,115,667</td>
<td>806,632</td>
<td>196,473</td>
<td>-</td>
</tr>
<tr>
<td>Recovered KG</td>
<td>436,897</td>
<td>-</td>
<td>436,897</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Incinerated KG</td>
<td>669,159</td>
<td>164,994</td>
<td>450,866</td>
<td>39,299</td>
<td>14,000</td>
<td>69,085</td>
</tr>
<tr>
<td>Landfilled KG</td>
<td>676,170</td>
<td>3,209</td>
<td>-</td>
<td>59,572</td>
<td>544,304</td>
<td>69,085</td>
</tr>
<tr>
<td>Disposed by deep well injection KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>On-site stored KG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-Hazardous waste KG</strong></td>
<td>4,852,553</td>
<td>1,054,012</td>
<td>2,062,056</td>
<td>912,623</td>
<td>754,777</td>
<td>69,085</td>
</tr>
</tbody>
</table>
### FY 2016 ENERGY CONSUMPTION

#### PRIMARY NON-RENEWABLE ENERGY PURCHASED AND INDIRECT ENERGY PURCHASED

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Total ERIKS</th>
<th>Europe Region 1 (UK &amp; Ireland)</th>
<th>Europe Region 2 (Continental Europe West)</th>
<th>Europe Region 3 (Continental Europe East)</th>
<th>ERIKS North America</th>
<th>South East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary non-renewable energy purchased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>Tonnes</td>
<td>6</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Natural gas</td>
<td>M³</td>
<td>4.354.057</td>
<td>827.574</td>
<td>636.815</td>
<td>528.419</td>
<td>2.361.249</td>
</tr>
<tr>
<td>Gasoline</td>
<td>Ltr</td>
<td>1.947.672</td>
<td>-</td>
<td>287.722</td>
<td>18.154</td>
<td>1.633.754</td>
</tr>
<tr>
<td>Diesel</td>
<td>Ltr</td>
<td>3.971.894</td>
<td>1.703.871</td>
<td>1.071.596</td>
<td>685.321</td>
<td>507.370</td>
</tr>
<tr>
<td>Propane</td>
<td>Ltr</td>
<td>9.596</td>
<td>-</td>
<td>2.747</td>
<td>6.849</td>
<td>-</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>Ltr</td>
<td>150.036</td>
<td>-</td>
<td>2.991</td>
<td>147.045</td>
<td>-</td>
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<tr>
<td>Indirect energy purchased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (grey)</td>
<td>KWH</td>
<td>18.815.520</td>
<td>20.839</td>
<td>4.590.516</td>
<td>1.763.438</td>
<td>2.026.551</td>
</tr>
<tr>
<td>Electricity (green)</td>
<td>KWH</td>
<td>19.165.480</td>
<td>6.576.954</td>
<td>6.188.178</td>
<td>4.426.907</td>
<td>11.973.441</td>
</tr>
<tr>
<td>District heating</td>
<td>KWH</td>
<td>2.076.422</td>
<td>-</td>
<td>2.076.422</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Indirect energy purchased</td>
<td>KWH</td>
<td>40.057.422</td>
<td>6.597.793</td>
<td>12.855.116</td>
<td>6.190.345</td>
<td>13.999.992</td>
</tr>
</tbody>
</table>

### FY 2016 CO₂ EQUIVALENT EMISSIONS

#### PRIMARY NON-RENEWABLE EMISSIONS

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Total ERIKS</th>
<th>Europe Region 1 (UK &amp; Ireland)</th>
<th>Europe Region 2 (Continental Europe West)</th>
<th>Europe Region 3 (Continental Europe East)</th>
<th>ERIKS North America</th>
<th>South East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary non-renewable emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>KgCO₂e</td>
<td>22.893</td>
<td>-</td>
<td>-</td>
<td>22.893</td>
<td>-</td>
</tr>
<tr>
<td>Natural gas</td>
<td>KgCO₂e</td>
<td>8.264.164</td>
<td>1.678.205</td>
<td>1.279.254</td>
<td>1.054.592</td>
<td>4.252.114</td>
</tr>
<tr>
<td>Gasoline</td>
<td>KgCO₂e</td>
<td>4.211.474</td>
<td>-</td>
<td>656.762</td>
<td>40.669</td>
<td>3.496.704</td>
</tr>
<tr>
<td>Diesel</td>
<td>KgCO₂e</td>
<td>10.535.692</td>
<td>4.562.506</td>
<td>2.859.768</td>
<td>1.823.540</td>
<td>1.279.884</td>
</tr>
<tr>
<td>Propane</td>
<td>KgCO₂e</td>
<td>13.614</td>
<td>-</td>
<td>4.013</td>
<td>9.601</td>
<td>-</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>KgCO₂e</td>
<td>383.553</td>
<td>-</td>
<td>7.680</td>
<td>375.872</td>
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</tr>
<tr>
<td>Total Primary non-renewable emissions</td>
<td>KgCO₂e</td>
<td>23.431.389</td>
<td>6.240.711</td>
<td>4.803.464</td>
<td>3.321.579</td>
<td>9.038.303</td>
</tr>
<tr>
<td>Indirect Emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (grey)</td>
<td>KgCO₂e</td>
<td>18.815.520</td>
<td>20.839</td>
<td>4.590.516</td>
<td>1.763.438</td>
<td>2.026.551</td>
</tr>
<tr>
<td>Electricity (green)</td>
<td>KgCO₂e</td>
<td>19.165.480</td>
<td>6.576.954</td>
<td>6.188.178</td>
<td>4.426.907</td>
<td>11.973.441</td>
</tr>
<tr>
<td>District heating</td>
<td>KgCO₂e</td>
<td>2.076.422</td>
<td>-</td>
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**FY 2016 CO₂ EQUIVALENT EMISSIONS**

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<tr>
<th>Energy Source</th>
<th>Total ERIKS</th>
<th>Europe Region 1 (UK &amp; Ireland)</th>
<th>Europe Region 2 (Continental Europe West)</th>
<th>Europe Region 3 (Continental Europe East)</th>
<th>ERIKS North America</th>
<th>South East Asia</th>
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<tbody>
<tr>
<td>Primary non-renewable emissions</td>
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<tr>
<td>Coal</td>
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<td>-</td>
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<td>1.279.254</td>
<td>1.054.592</td>
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<td>Propane</td>
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<td>4.013</td>
<td>9.601</td>
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Doing good business is good for business