

ERIKS

Sustainability Report 2023



Contents

CEO statement	03
Our strategy and performance	07
Our double materiality analysis	17
Decarbonisation	21
Hydrogen	27
Circularity	30
Sustainable procurement	36
Healthy and safe work environment	42
Closing statement	49



Section 1

CEO statement

ERIKS



A sustainable partner: ERIKS today & tomorrow

“At ERIKS, our firm commitment to sustainability forms the bedrock of our industrial service, solutions and product offerings. This sustainability report details how ERIKS is addressing today’s demands while laying the groundwork for a more sustainable tomorrow.”

Stepan Breedveld CEO, ERIKS



Listening to the ambitions of key customers

Our journey towards sustainability begins with a steadfast commitment to our goals and ongoing dialogue with our customers. By aligning objectives, we foster collaborative relationships that drive meaningful and lasting change.

Delivering sustainable solutions

From pioneering energy efficiency improvements to championing sustainable design, our innovative products and services are tailored to meet the ever-changing demands of industries. By incorporating total cost of ownership (TCO) considerations into our offerings, we unburden our customers, enabling informed choices that bolster their bottom line and contribute to a more sustainable future. For example, we work with a renowned dairy company to install more sustainable electrical motors and inspect steam traps to mitigate steam leakage, resulting in reducing costs, energy and heat. We are pleased to see the advances being made in Hydrogen [page 27] and Circularity [page 30] providing the opportunity to learn, partner and challenge ourselves to prepare for the future.

Sustainable shift in operational priorities and mobility choices

Our commitment goes beyond conventional practices, exemplified by our development of a circular cleanroom in the Netherlands [described in more detail on page 33]. This innovative initiative reflects our commitment to circularity and sustainability, revolutionising how cleanroom technologies are conceptualised, constructed and operated. Recognising the significant role of transportation in our carbon footprint, we are also steering towards an electrical and hybrid shift in mobility. By integrating cleaner and more efficient transportation modes within our operations, we are reducing our environmental impact and helping set a new industry standard for sustainable mobility solutions [described in more detail on page 26].



Scaling renewable energy at our facilities

Embracing the immense potential of renewable energy, we are scaling up our efforts to integrate it across our facilities. This strategic initiative reduces our carbon footprint and aligns with our commitment of creating energy-efficient and sustainable industrial ecosystems as part of our commitment to reduce Scope 1 and 2 emissions.

Preparing for upcoming EU legislation

Anticipating the regulatory landscape of tomorrow, we are proactively preparing for upcoming EU regulations. Our commitment to compliance is a testament to our dedication to the highest environmental standards, ensuring that our operations are in harmony with the evolving regulatory framework.

“Our sustainability journey is not an obligation, but it is our choice to meet industry standards and push for a positive change. As we face challenges and seize the opportunities ahead, we invite our stakeholders to join us in shaping a more sustainable and resilient future.”



Section 2

Our strategy and performance

ERIKS

Who we are

ERIKS is a specialised industrial service provider. We help our customers run and develop better production lines, components, machines and industrial projects. ERIKS' product and application know-how, engineering expertise, technical services and supply chain services allow us to deliver on this promise.

ERIKS has its headquarters in Utrecht, the Netherlands, and nine operational facilities across the country. We also operate in Belgium, Luxembourg, France, Germany, the UK, Ireland, Switzerland, Slovakia, China, Singapore, Malaysia and the Czech Republic.

We stand for doing good business. We value long-lasting relationships with all our stakeholders and strive to always conduct our business in a fair and transparent way.

Our mission to *Make industry work better* drives us every day to contribute to a better and more sustainable society.

Our ambition

Industrialise
sustainability

Our offering

We bring
specialism

Our mission

Make industry
work better

What we specialise in

ERIKS offers a wide range of technical products, co-engineering and customisation solutions and related services. Our technical know-how is the basis of our specialism. Over 80 years, we have built up a deep level of expertise around our products and services.

We supply A-brands and our own ERIKS products. A strong focus on digitalisation and data insights allows us to develop new services and improve processes for our customers.

We predominantly serve customers in three industrial segments: maintenance, repair and overhaul (MRO), original equipment manufacturing (OEM), and engineering, procurement and construction (EPC).

We support MRO customers to improve their uptime and reduce their total cost of ownership (TCO), we help OEM customers to improve their product performance, and we support EPC customers with on-time and on-budget project completions.

We serve our MRO customers by installing, maintaining and upgrading their production operations. Our OEM customers use ERIKS products to build their machinery. Our EPC customers deliver large projects, such as building production facilities, where ERIKS provides the required products and services.



Industries we support



Agriculture & fishery



Automotive



Aviation



Chemical



Construction



Energy



Engineering



Food



Health & well-being



Infrastructure



Machine construction



Maritime



Other industries



Paper & pulp



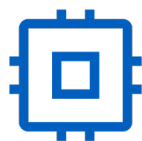
Petrochemical & refinery



Pharma



Primary industry



Semicon



Tank storage



Transport



Utilities



Waste industry



Water & wastewater

Our products and services



Engineered plastic



Flow control



Gaskets



Industrial & hydraulic hoses



Power transmission



Sealing & polymers



Tools, maintenance & safety



Engineering



Monitor & inspection



Maintenance



Production & assembly



Supply chain solutions



System solutions



Training & courses

Our brands



econ®

Fenner®

Flexion™

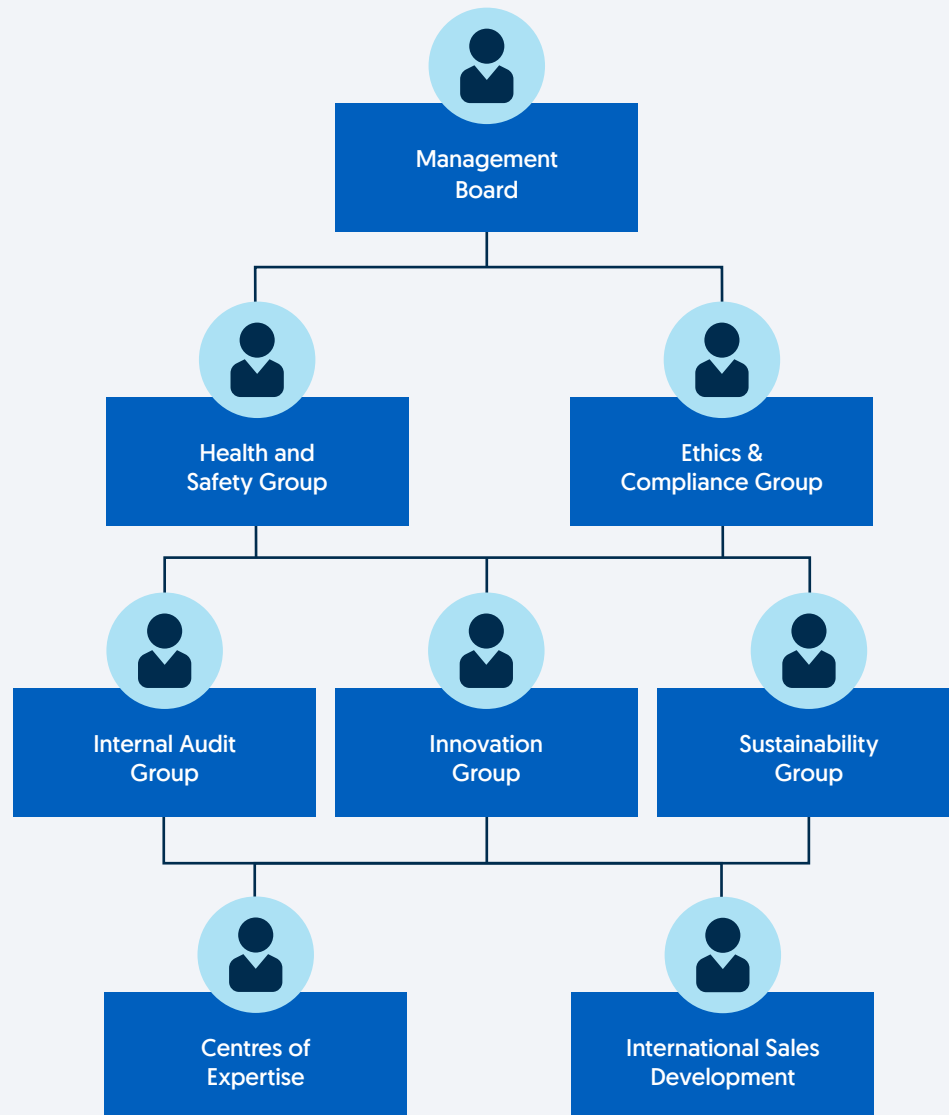
Goodall

LeaderGasket

PIONEER
WESTON
PERFORMANCE SEALS

VE®

Our governance structure



Our stakeholders

Stakeholder engagement is critical to our business and we communicate with our stakeholders through a variety of different channels.

Their input helps us to create, validate and improve our sustainability strategy. We engage with some stakeholders directly as ERIKS and with other stakeholders through our brands.

Bridging key players for a more sustainable supply chain

We join forces with our suppliers and customers – unlocking the potential of our entire ecosystem – to make industry work better. This work will continue as we focus every day on making industry more sustainable in every way we can. We will continue to pool our knowledge with other companies, individuals, start-ups and scale-ups to leverage their skills and know-how, thus maximising our collective impact.

Given our close relationships with many different customers and suppliers that are working to solve sustainability challenges in all kinds of new and exciting ways, we are well placed to connect like-minded companies for collaboration.



Our sustainability approach

ERIKS serves industrial customers. Industry is responsible for 20% of global emissions and consumes 54% of the world's energy sources [World Economic Forum, March 2022].

By helping these customers operate better and more sustainably, ERIKS contributes to increased efficiency and safety outcomes, reduced waste and, in some cases, reduced GHG emissions. In 2021, we developed a new sustainability strategy that builds on our strengths and helps us realise our potential as a vital bridge between customers and suppliers. Aware of our impact, increased societal pressure and changing demand from customers and international authorities, we constantly review our priorities and challenge ourselves to accelerate and improve.

Ultimately, this strategy and approach will guide us in achieving our ambition: to industrialise sustainability.

Our sustainability strategy

Our current sustainability strategy is based around two pillars: best in basics and unlock ecosystem potential. ERIKS is uniquely positioned to bridge key players, such as our customers and our 20,000 suppliers, to unlock the ecosystem potential to make industry more sustainable.



ERIKS and the Sustainable Development Goals

We have committed to the United Nations SDGs where we can have the biggest impact. These goals are:



Our sustainability culture

Sustainability is a team endeavour, so we have sustainability ambassadors throughout our organisation to ensure collective commitment to our sustainability initiatives. From multidisciplinary backgrounds, these ambassadors provide a pragmatic approach in supporting the strategic direction of ERIKS by bringing the best of their knowledge and expertise in our services and products to customers.

Sustainability ambassadors often nominate themselves because they are passionate about sustainability and inspired to contribute, or because sustainability is already a large part of their role due to customer demands. By leveraging these people and their diverse sources of motivation and expertise, ERIKS integrates sustainable thinking and sustainable behaviour into the fabric of our business.

Unlocking ecosystem potential through sustainability sprints

Some of our most innovative sustainability solutions come from design sprints. This involves a multi-disciplinary ERIKS team and customer team working closely together to develop solutions for a pre-identified problem or assess a facility for improvements. At the core of the sprint is a brainstorming session that identifies overlooked pain points and lets ideas flow freely. This approach is designed to spark inspiring new ideas for solving product or service problems.



An integrated engineering mindset

As 80% of a product's environmental impact is determined in the design phase, we have implemented a three-step strategy to ensure our products are engineered in as sustainable a way as possible.

1. **Quality engineering.** We use a methodology called Design for Six Sigma that combines Six Sigma and Design Thinking principles. This proactive approach has customer needs at its heart and involves actively listening to customers, gathering feedback and conducting market research at key stages. Design for Six Sigma helps us to reduce waste, increase our yield and improve the quality of our products and processes.
2. **Reliability engineering.** We then look at the quality of our products throughout their lifetime. By having in-depth knowledge of how a product is made and used, we can calculate – and often improve – its life span.
3. **Sustainability engineering.** Finally, we take all the knowledge from steps one and two and combine this with the environmental impact our products will have throughout their life cycle (often using a Life Cycle Assessment, which looks at impacts such as toxicity and emissions). This allows us to identify opportunities to design alternative parts with the same properties, but with a reduced toxic or emissions impact.

Reducing total cost of ownership

We go beyond providing products and seek to find ways to make our customers' businesses run more smoothly. For example, we partner with a supplier called Gates, pooling our knowledge, products and services to help our MRO customers to reduce maintenance, environmental impact, TCO and emissions while also increasing efficiency.



Our sustainability key performance indicators

We track our sustainability performance based on six KPIs. These indicators reflect our commitment to health and safety, diversity and inclusion and emissions reduction.

Life-changing incidents

Target:

0

2023 performance:

0

Female leadership

Target:

33% of ERIKS' leadership positions to be held by women by 2030.

2023 result:

32%

Sustainability training

Target:

80% of workforce trained in sustainability by 2025.

2023 result:

10%*

Emission reduction

Target:

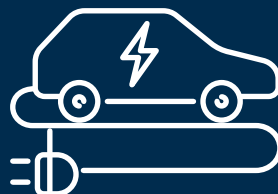
30%

lower emissions by 2030 compared to 2018 baseline

2023 result:

30%

meaning this target is achieved early



30%

of our car fleet made up of hybrid or electric vehicles (up from 25% in 2022)

30%

of our facilities running on renewable electricity (compared to 90% in 2022**)

*This result mostly represents training of our corporate teams and onboarding of new colleagues.

In 2024, we plan to roll this training out to engineering experts and on-site functional teams.

**Baseline 2022 is restored for 2024 and will further improve towards 2030.

Our achievements and certifications

Our work is far from done, but we are proud to say that we have gained the following certifications and ratings where required. These credentials showcase our commitment to sustainability.

ISO 9001:
Quality



ISO 14001:
Environmental



ISO 45001: Occupational
health and safety



EcoVadis
bronze rating



Section 3

Our double materiality analysis

ERIKS



Our double materiality analysis

As the corporate regulatory landscape evolves, so too does the responsibility of companies to incorporate sustainability into their operations. In 2023, ERIKS continued to prepare for the European Union's Corporate Sustainability Reporting Directive [CSRD], which we are legally required to comply with by 2025. Central to our preparation was collaborating with an external consultant to identify topics for our double materiality assessment.

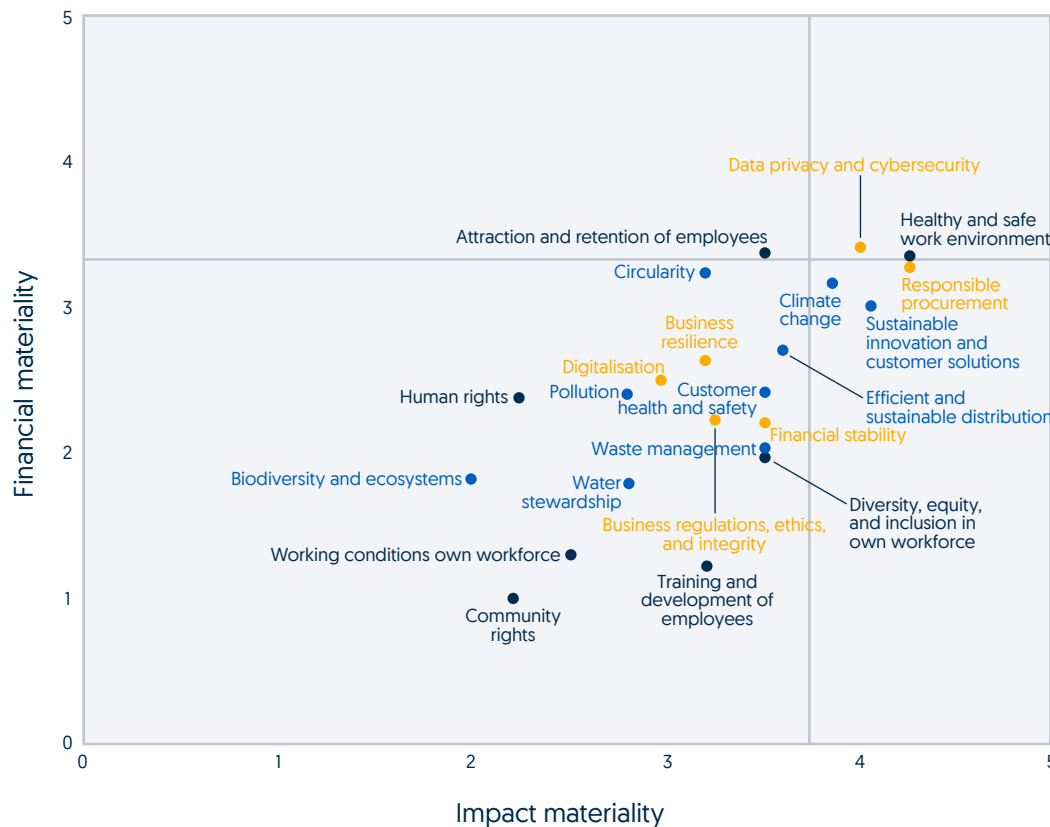
In recognition of this assessment's significance in gauging the impacts of internal operations and external influences, we consulted with internal stakeholders across various countries, functional teams and the management board. This collaborative effort ensured a comprehensive understanding of pertinent issues and laid the groundwork for effective strategic planning.

Preparing for CSRD

At the same time, our financial teams analysed the data points essential for compliance with the forthcoming regulations. This review aimed to streamline data collection processes and ensure the utmost accuracy in our future reporting. Additionally, recognising the need for robust policies, we initiated the development of frameworks encompassing Environmental, Social, and Governance [ESG] considerations. These policies serve as guiding principles, embedding sustainability into our organisational DNA. Our auditors also evaluated our current set-up to identify gaps, inefficiencies and opportunities for improvement.

Our material topics

Through comprehensive analysis and stakeholder consultation, our material topics emerged:



OUTSIDE-IN
Financial Materiality

The actual and potential impact of ESG topics on the organisation

ERIKS

INSIDE-OUT
Impact Materiality

The actual and potential impact of the organisation on other people or the planet

Six final highly material topics to report on

1. Attraction and retention of employees
2. Healthy and safe work environment
3. Sustainable innovation and customer solutions
4. Climate change
5. Responsible procurement
6. Data privacy and cybersecurity



Attraction and retention of employees:

Recognising the importance of human capital, our commitment extends beyond recruitment to fostering an inclusive and engaging workplace culture that attracts and retains top talent.

Healthy and safe work environment:

We prioritise the well-being of our employees by ensuring a safe and supportive work environment, fostering productivity and morale while mitigating risks.

Sustainable innovation and customer solutions:

Embracing sustainability as a driver of innovation, we strive to develop environmentally conscious products and solutions that meet the evolving needs of our customers while minimising ecological footprints.

Climate change:

Acknowledging the urgent need for climate action, we proactively address our carbon footprint, implement mitigation strategies and adapt our operations to the challenges posed by climate change.

Responsible procurement:

We uphold ethical standards throughout our supply chain, promoting responsible sourcing practices, supplier diversity and transparency to mitigate risks and enhance sustainability.

Data privacy and cybersecurity:

With the increasing digitisation of business operations, we prioritise the protection of customer data and cybersecurity measures to safeguard privacy and trust.

Most of these topics appear in this report. We will continue to work on collecting data, tracking progress and implementing policy frameworks related to all six topics in preparation for reporting on them in full in due course.

A photograph of a solar field with several large, tilted solar collectors. The collectors are made of reflective panels that mirror the blue sky and white clouds. They are supported by dark metal frames and are arranged in a row, receding into the distance. The ground is dry and brown. The sky is a deep blue with scattered white clouds.

Section 4

Decarbonisation

ERIKS



Decarbonisation

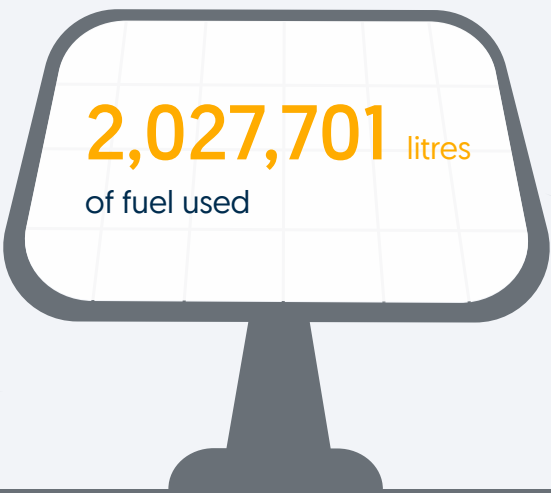
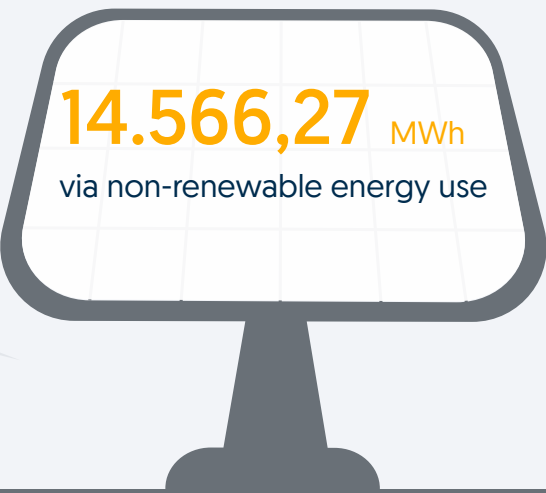
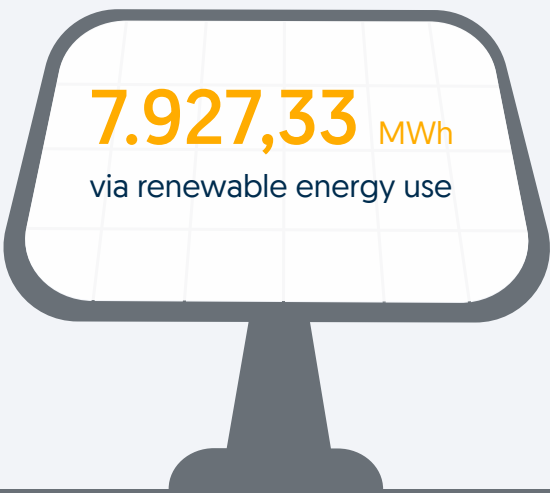
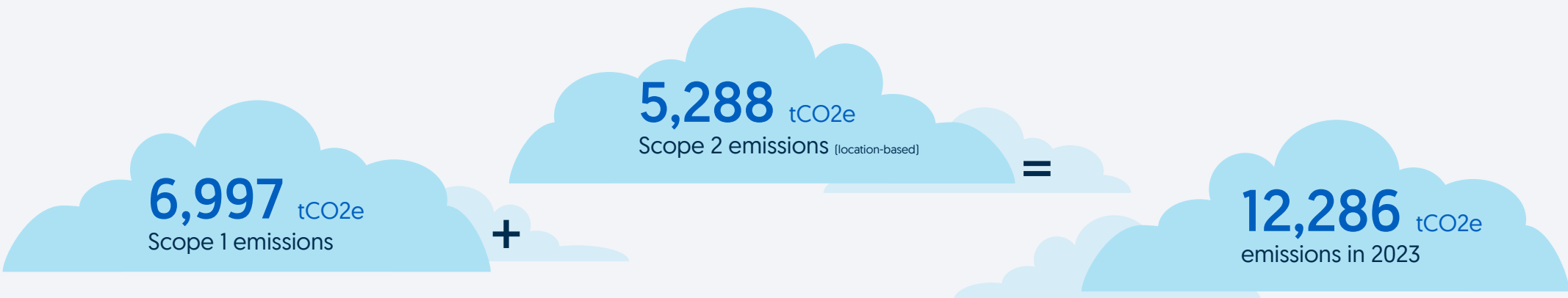
ERIKS' decarbonisation strategy is a multi-faceted approach aimed at significantly reducing our carbon footprint across our Scope 1 and 2 emissions. Through a combination of innovative initiatives and strategic investments, we have made substantial progress in mitigating our environmental impact while also responding to stakeholder demands for sustainability.

Our Scope 1 and 2 emissions are relatively small, so helping our industrial customers become more sustainable (our Scope 3 emissions) is where we can make the biggest impact.

Linked to this ambition, we continue to embrace circular economy principles by developing repair services as a major part of our customer solutions. By shifting from a linear to a circular approach, we can not only reduce waste but also promote resource efficiency and extend the lifespan of our products, and therefore the TCO for our customers. This approach is described in more detail in the Circularity chapter of this report (see page 27).

Our CO₂ emissions in 2023 totalled 12,286 tCO₂e, which exceeded our initial target of a 30% reduction in CO₂ emissions by 2030 seven years early. We are in the process of formalising a new, more ambitious target, which will be outlined in subsequent reports.

Our carbon emissions performance in 2023



Reducing transportation emissions

One of the most impactful areas identified within our emissions profile was our fossil fuel fleet of vehicles. Recognising the urgent need for action, we implemented local strategies aimed at transitioning our fleet towards electric (EV) or hybrid alternatives. This strategic shift not only promises significant reductions in carbon emissions, it also aligns with global efforts to promote cleaner transportation solutions and improve local air quality.

To further support this transition and engage employees, we accelerated the development of charging infrastructure for electric vehicles across all our locations worldwide. By investing in charging areas, we demonstrate our commitment to facilitating the adoption of EVs among our staff. This helps to foster a culture of sustainability within the organisation.

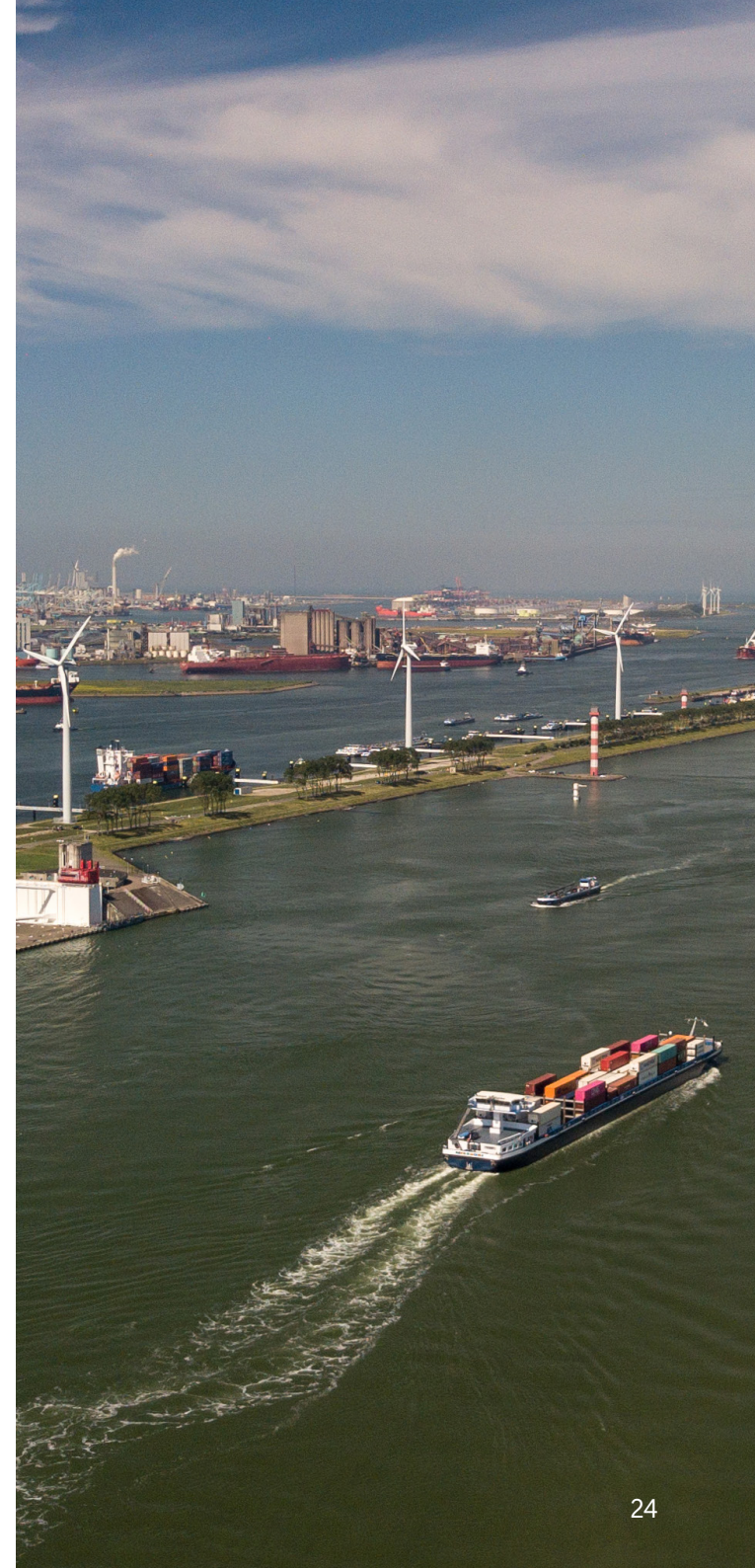
Increasing efficiency in our supply chain

We are also exploring how we can reduce emissions within our supply chain by implementing measures to enhance efficiency and sustainability. This includes partnering with transport companies that compensate for their emissions. We also optimise logistics to reduce the frequency of deliveries and shorten supply chain distances. By collaborating with customers on these initiatives, ERIKS not only meets their sustainability expectations, but also strengthens relationships and fosters a shared commitment to decarbonisation.

Smarter energy choices

We continue to reduce our reliance on fossil fuels. All ERIKS locations run on green electricity except for France, Slovakia and those in Asia-Pacific (China, Malaysia and Singapore). France and Slovakia will move to green-certified energy in 2024 and the Netherlands will officially have its green electricity use certified.

In 2023, a growing percentage of our electricity came from renewable sources. We also continued implementing energy-saving initiatives, including LED lighting, solar panels, heat pumps, smart metering and electric alternatives where possible.





Our Scope 3 roadmap

In 2023, ERIKS undertook a comprehensive Scope 3 assessment as part of our ongoing commitment to sustainability and decarbonisation. Building upon the strides made in addressing Scope 1 and 2 emissions through our decarbonisation plan, we analysed our upstream and downstream emissions. This provided a holistic understanding of our environmental impact.

Based on data from 2021, the assessment identified key areas of impact and highlighted opportunities for further reduction strategies. Notably, the assessment revealed that the greatest potential for emission reduction lies within the realm of power transmission, particularly in mitigating the impact of emissions associated with customer usage.

This insight emphasised the importance of proactive measures to address emissions – not only within our direct operations but also throughout our supply chain and customer base.

Furthermore, the assessment underscored the need for continuous improvement in data modelling to facilitate informed decision-making and strategic planning. It identified areas where data collection and analysis could be enhanced to provide more accurate insights into emissions and their drivers. We are committed to transparency and accountability in our sustainability efforts and therefore are determined to refine our data methodologies.

As a result of the Scope 3 assessment, ERIKS is considering how to further strengthen its decarbonisation commitments. By proactively engaging in sustainability assessments and initiatives, ERIKS demonstrates its commitment to environmental stewardship, responsible business practices and leading the transition to a low-carbon economy.

Impact story

Siekmann Econosto's mission zero

ERIKS' German subsidiary Siekmann Econosto is on a mission to make the energy transition affordable. It supports pioneering projects with products that create the conditions for a sustainable hydrogen cycle, innovative recycling concepts and efficient use of resources.

For example, it is supporting a world-famous Austrian oil, gas and petrochemicals company in taking the next step towards sustainable mobility at its Schwechat refinery site. This involves investing 200 million euros into co-pressing technology to create biofuels.

The project demonstrates recycling-oriented thinking and an innovative approach to bio-oil processing.

Siekmann Econosto has been supplying Schwechat with ball valves, gate valves, strainers and accessories since 2021.

Read more about mission zero [here](#).





Section 5

Hydrogen

ERIKS



ERIKS' engine for future success

By taking a pioneering role with hydrogen, ERIKS has positioned itself at the forefront of the evolving energy landscape. We recognise the transformative potential of hydrogen and the opportunity it represents in the global effort to define the new future of energy.

We stand ready to leverage our expertise and innovation in the deployment of hydrogen technologies. In 2023, ERIKS invested significantly in hydrogen, both in terms of time and resources. For example, we installed a company-wide hydrogen network that engages with our current hydrogen related customers in various countries, developed new strategic partnerships and mapped the hydrogen potential across various industries and customer segments.

This comprehensive analysis helped us to develop our understanding of the evolving landscape of hydrogen utilisation in various industries and customer segments. We focused on power (machine builders), heavy transport, buildings (heating, ventilation and air conditioning), and industry (engineering, procurement, and construction projects). We then mapped our product portfolio to cater to the specific needs of each sector, reviewing products from flow control to sealing and polymer solutions, flange gaskets, hoses and engineered plastics to ensure they meet the demands of hydrogen-centric applications. This mapping process led to a range of new projects being implemented for all the identified focus industries and customer segments.

Impact story

Converting ships from diesel technology to hydrogen

ERIKS customer Holland Shipyards has both construction and repair yards for boats. It prioritises sustainability and takes an innovative approach to reducing its environmental impact.

Holland Shipyards works hand-in-hand with ambitious partners such as Future Proof Shipping, which was founded to demonstrate that the zero-emission transportation of goods and containers is possible. Holland Shipyards moved away from traditional diesel-powered ships years ago and now focuses on electric propulsion.

In 2023, Future Proof Shipping approached Holland Shipyards with a challenge: converting two of its diesel-powered ships – the H2BARGE1 and Future Proof Shop de Waal – to run on hydrogen instead. Holland Shipyards' experience converting in-land ships allowed it to quickly get started, but progress was slow due to difficulty sourcing the right equipment and components. It struggled to find an expert supplier who could advise and guide – until it approached ERIKS.

We were able to source most of the necessary components through our broad network of suppliers and arrange for others to be custom-made. Teun Blik, who managed this project for ERIKS, explains, “We like to join projects like Holland Shipyards quickly and early. We have a very wide range of suppliers behind us and the ability to develop and manufacture custom components where needed, which can make a huge difference to ambitious projects like this.”

He continues, “There are multiple energy carriers besides hydrogen with huge transportation potential, like methanol or ammonia. Specialist components are needed to make this possible and a supply partner with the relevant knowledge to select – and sometimes sub-assemble – these components is vital.”

Click [here](#) for a behind-the-scenes look at this exciting maritime project.



“ERIKS is fully committed to facilitating the energy transition around all these new energy carriers – and to accelerating it.”

Teun Blik, Energy Transition
Project Manager, ERIKS

A close-up photograph of a red bell pepper being cut by a blue mechanical device. The pepper is positioned in a circular opening of the blue machine, which has a metal blade visible on the right side. The machine is mounted on a dark surface. The lighting is bright, highlighting the texture of the pepper and the smooth surface of the machine.

Section 6

Circularity

ERIKS



Circularity

Circularity is a key part of how we make industry work better and help our customers achieve their sustainability goals.

Circularity has been part of our Innovation Strategy since 2022. In 2023, circularity emerged as a material topic in ERIKS' double materiality analysis.

Rather than simply providing new products, ERIKS is continuing to explore how we can repair and refurbish existing products, aligning with principles of sustainability and resource efficiency.

This shift was underscored by the expansion of our cleanroom facilities in the Netherlands, where a groundbreaking new cleanroom was developed entirely with circularity in mind.

At the same time, we are using our innovative engineering and development capabilities to create new solutions such as PFAS (per- and polyfluoroalkyl substances) alternative rubber compounds and rubbers based on renewable resources. Our engineers have adopted the 9R circularity model into their engineering projects to Reduce, Reuse and Repair.

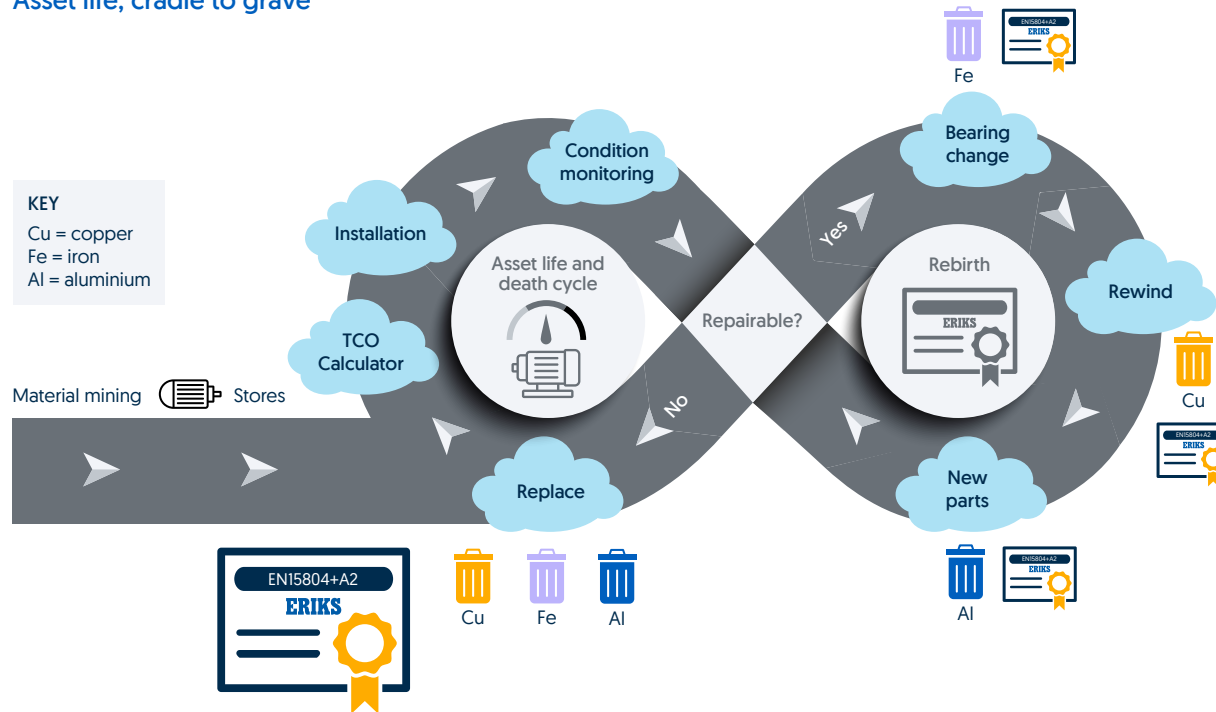
Working hand-in-hand with customers on circularity

ERIKS worked particularly closely with one key customer on circularity in 2023, and this collaboration reshaped ERIKS' approach to product lifecycle management.

Through the creation of a comprehensive service proposal, we are equipping our customers with a deeper understanding of the circular potential inherent in our products, offering insights into how they can integrate circular practices into their own processes. By facilitating repairs and emphasising longevity, ERIKS is not just selling products – we are offering sustainable solutions that resonate with the evolving values of our customers.

Circularity

Asset life, cradle to grave



In 2023, we **sold 4,000 motors** in the UK and Ireland, but **repaired 7,000**.

Embedding circularity principles internally

Internally, our increased commitment to circularity manifested in the establishment of an ERIKS Marketplace, facilitated through our internal social media platform.

This platform serves as a hub where colleagues across various locations can share inventory, equipment and other resources, fostering a culture of reuse and resource optimisation. Through this initiative, products find a second life at different facilities within our organisation, minimising waste and maximising value.

In essence, our journey towards circularity in 2023 was not just about reducing our environmental footprint – it was about reimagining our entire approach to business, from production to consumption. By embracing circular principles, we are not only driving sustainability but also fostering innovation, collaboration and a more resilient future for both our company and our planet.



Impact story

Redefining cleanroom circularity

In 2023, ERIKS achieved a significant circularity milestone. We were the inaugural recipient of the Environmental Investment Allowance (MIA) certificate from the Netherlands Enterprise Agency for our innovative circular cleanroom.

Spearheading this project, Interflow, in collaboration with ERIKS, delivered the state-of-the-art modular Cleanroom 3 to ERIKS' facility in Alkmaar. This innovative cleanroom integrates clean production processes including seals, rubber technology and industrial hoses under one roof and meets stringent ISO class 6 (or class 1,000) standards. The construction can be adapted with a relatively simple renovation and is largely reusable.

Embracing circular construction as a cornerstone of sustainability, Interflow meticulously designed the modular cleanroom to be adaptable with minimal environmental impact, aligning with ERIKS' commitment to environmental stewardship and resource efficiency. Bart-Jan Freriks, director of Interflow, presented the MIA certificate to Richard den Boer, IP Semicon program manager at ERIKS, affirming our joint dedication to fostering environmentally responsible practices within the industry.

ERIKS remains firm in its mission to enhance customer processes and outcomes through innovation, efficiency and safety. The expansion of our cleanroom facilities means ERIKS can serve more customers in the food, pharmaceutical and semiconductor sectors with superior clean services.





Impact story

Awarded for circular innovation

ERIKS also won the Circular Innovation Programme 2023 contest run by ASML, an innovation leader in the semiconductor industry. Led by the Key Account Manager Semiconductor at ERIKS in the Netherlands, our team's winning pitch and practical plan for helping ASML achieve its ambitious circularity goals impressed the judges and secured the victory. Our entry included a roadmap for professionalising our semiconductor hose repair business, along with exploring how to apply the same approach to other product groups, extending it to ASML ecosystem partners and a concept for a circular buy-back scheme.

Impact story

Circular product development

Within ERIKS, we have in-depth materials knowledge of rubbers and capabilities for research and development through our research laboratory Elastomer Research Testing (ERT), led by Dr. Dirk Balkenende.

ERT's innovation roadmap is filled with developments that improve efficiency and safety outcomes and reduce carbon emissions. Sometimes this innovation is customer-driven, other times it is prompted by our teams' knowledge of how we can improve the world around us.

One of ERT's projects is the search for alternative rubber materials for unwanted substances, in this case PFAS. After identifying our PFAS-containing rubber products, ERIKS is now actively undertaking research and development to find replacements. We have developed new technologies for PFAS-free materials and continue to build a portfolio of options that don't compromise on performance.



Section 7

Sustainable procurement

ERIKS



Sustainable procurement

Procurement is at the core of our business, reflected by our expenditure of almost €1 billion with our suppliers each year. By looking at ways to improve our supply chain, we can increase sustainability across the whole ecosystem and reduce risk to our business while also delivering improved efficiency and greater innovation for our customers.

A major part of being a sustainable business is sparking change. We encourage our suppliers to meet the same ambitious sustainability standards we set ourselves. Due to the global nature of our business, our supply chain is complex and includes over 20,000 suppliers.

To manage supplier risk, we have a Supplier Code of Conduct. This is an integral part of our contract templates and we encourage our suppliers to commit to it by including it in their onboarding questionnaire. The Supplier Code of Conduct includes details concerning fair competition, avoiding bribery, respecting human rights, health and safety, environmental protection and trade compliance. New employees are trained on our Supplier Code of Conduct as part of the onboarding process.

Enhancing our commitment to responsible procurement

In 2023, we increased our focus on environmental, social and governance (ESG) criteria as part of our dedication to sustainability and ethical business practices. We prepared to launch our new supplier portal, which we plan to roll out in 2024.

Our ESG screening focuses on acknowledgement of the Code of Business Conduct, sustainability, compliance product directives, greenhouse gas footprint, the Science-Based Target Initiative (SBTi) and third-party sustainability ratings such as EcoVadis. We determined performance indicators linked to these topics, which we plan to report on in future years.

These performance indicators include:

Code of Business Conduct:

Number of suppliers acknowledging our Code of Business Conduct divided by the total number of suppliers.

Greenhouse gas (GHG) footprint:

Number of suppliers reporting their greenhouse gas footprint divided by the total number of suppliers.

SBTi:

Number of suppliers with targets that comply with the SBTi divided by total number of suppliers.

Average third-party sustainability score:

Supplier sustainability scores divided by number of suppliers with a sustainability score.





Product compliance

Ethical sourcing practices and regulatory compliance across the ERIKS supply chain ecosystem are highly important to us. One area of product compliance we focused on in 2023 was conflict minerals. We integrated the regulatory mandates concerning conflict minerals into our procurement standards and procedures and embedded them within our supplier engagement protocols.

For example, we include guidance on conflict minerals in our Code of Business Conduct and are working towards mandating our suppliers to abstain from activities linked to conflict minerals to maintain a business relationship. These efforts represent a strong start, but we plan to progress this topic further in 2024 by installing monitoring processes.

Implementing the Carbon Border Adjustment Mechanism (CBAM)

The implementation of the Carbon Border Adjustment Mechanism (CBAM) in the European Union presents both a challenge and an opportunity for ERIKS. CBAM's goal is to mitigate carbon emissions and ensure a level playing field for domestic and foreign producers.

As part of our preparation for CBAM, ERIKS conducted an in-depth internal analysis, starting by scrutinising all our current products that fall within its scope. In the first phase, this is cement, iron and steel, aluminium, fertiliser, hydrogen and electricity. Our European and local procurement teams collaborated to establish robust processes for capturing the requisite data points for these products. This included engaging with CBAM-applicable suppliers to gather their input. Next, we developed a governance framework and infrastructure to report to the European Union quarterly, ensuring compliance with the mechanism.

Business ethics

We are committed to upholding the highest ethical standards, reflected in our continuous efforts to strengthen compliance, mitigate risks and respond decisively to any breaches. We continue to enhance our compliance framework. Our dedicated compliance departments oversee risk management, maintain policies, conduct training and manage yearly compliance risk assessments. An Ethics & Compliance (E&C) Group department supervises these activities, ensuring robust oversight.

We have a comprehensive set of compliance policies and procedures encompassing areas such as anti-trust, anti-corruption, trade compliance, conflicts of interest and whistleblowing. These policies are regularly reviewed, updated and implemented with specific training programmes. A robust whistleblowing platform called Speak Up encourages employees to report non-compliance, anonymously if they prefer. Reported concerns are addressed by the E&C department and significant cases are reviewed by the E&C Committee.





Responsible chemical management

As part of our commitment to sustainability, ERIKS prioritises the responsible management of chemicals such as PFAS. Alongside potential EU regulation to ban PFAS, the topic is very active in other countries including the USA. We are actively engaging with our customers and suppliers to explore alternative products free from these harmful substances.

Our product specialists undergo regular training to stay informed about PFAS and its alternatives, allowing us to guide customers who seek to minimise their use of PFAS products. Moreover, we remain vigilant in complying with PFAS legislation, ensuring that our products meet and exceed the standards set forth by regulatory authorities. Through these concerted efforts, we uphold our environmental responsibilities and empower our customers to make informed choices for a safer, more sustainable future. See page 35 for more information on how we're replacing PFAS in our product portfolio.

A man wearing glasses and a blue and grey work uniform is operating a large industrial machine. The machine has several safety warning signs on its blue upper panel, including symbols for falling objects, a person being struck, and a hand being caught. The worker is focused on his task, and the machine's components are visible in the foreground and background.

Section 8

Healthy and safe work environment

ERIKS



Healthy and safe work environment

Ensuring a healthy and safe work environment is our ultimate focus. We are committed to ensuring that our employees, customers, suppliers and contractors go home safely, each and every day.

When we undertook a double materiality exercise in 2023, this topic came out as one of the utmost priorities, in both financial and impact materiality, for the stakeholders who took part. This came as no surprise; safety is also the first topic discussed at every meeting of the Senior Leadership team.

For ERIKS, health and safety encompasses not only physical health, but also emotional and mental well-being.

Our health and safety performance in 2023





How we create a healthy and safe work environment

Our primary global safety campaign is called Zero = Hero. The name is based around our vision of zero work-related accidents occurring in our workplaces. This multi-language, multimedia campaign includes posters encouraging our employees to step up and be 'real heroes' by executing model safety behaviour, including promoting safety behaviour to their colleagues. In 2023, we are proud to say we had zero serious accidents and zero severe injuries, down from one in 2022.

Managing health and safety risk

Our health and safety management structure includes dedicated Health and Safety, Environment and Quality (HSEQ) Managers and other safety professionals in each country.

All incidents are reported within 24 hours via our digital safety alert system. The local safety team sends a notification to all managers which describes the relevant incident, its root causes and any preventative actions put in place as a result. This helps managers to continually develop their understanding of risks inherent to their operations and how they can work to prevent them. We also have weekly safety conference calls where every significant incident is investigated. We prioritise working out why an incident occurred and what corrective actions need to be put in place. In 2023, we conducted additional training on how to report incidents using our internal tools.

Through regular risk assessments, we identify all potential hazards in all our workplaces. This assessment is coordinated on a global level and conducted by safety experts on a local level. Once all risks are mapped, these safety experts create an action plan to manage and minimise each risk, involving other employees like production managers or logistics managers where relevant.

Our safety stop card system is designed to ensure nobody must work in a situation where they feel unsafe. Anyone can use this at any time. By using their stop card, an employee can essentially hit 'pause' on the situation while their issue is discussed and resolved.

Health and safety training

Our employees receive occupational health and safety training tailored to their responsibilities and specific working environment. However, they also receive general training on topics including first aid, protective personal equipment and how to report health and safety concerns.

To ensure the safety of our customers, we provide training on how to safely use the products we supply to them. We also provide support with complex maintenance tasks.

Our focus areas in 2023

We continued to implement specific training on the topic of visible felt leadership, which we first introduced in 2022. This training helps managers understand how to set a strong example and inspire their colleagues to promote a safe, zero-harm working environment. It is mandatory for all supervisors, managers, directors and board members. In 2023, this training was further developed and translated into all the languages we work in, and over 95% of the target audience was trained.

In 2023, we conducted 490 manager safety visits to sites, a significant increase from 2022 where we conducted 359. As well as contributing to visible felt leadership, these spot-checks are one of our best methods to ensure our health and safety rules and regulations are understood and implemented.

The main root cause of our safety incidents in 2023 was human behaviour, including lack of training and awareness, overconfidence and complacency. Following our focus areas in 2023, ERIKS continued to promote the importance of and provide robust training, strong awareness and a culture of accountability to mitigate incidents. This has led to further adoption and increase of training, reporting of incidents, and quick response and mitigation on any near-misses and incidents.



Our 2023 Health and Safety Week

The 2023 edition of our Health and Safety Week event was themed around our eight life-saving rules. We thoroughly reviewed each rule, including creating an explanatory video for each that was shared via our internal communications channels.

Each country also produced videos to highlight their local commitment and support to each of the rules. These videos gave examples of behaviour not in line with the rules, as well as illustrating what good safety behaviour looks like.

In addition to broadcasting these videos during the event, we will repurpose them for training and onboarding purposes. We also created a quiz about our safety results and processes where employees could compete for the best score and win prizes.



1 ... never work under the influence of alcohol or drugs



2 ... never walk, stand or work under a suspended load



3 ... never misuse or tamper with any safety equipment



4 ... never work at heights without following proper fall protection practices



5 ... only undertake work for which I am trained, competent and authorised



6 ... always ensure that all energy sources are safely isolated before commencing work



7 ...always properly wear the personal protective equipment required for the job



8 ...always operate mobile equipment and vehicles in a safe manner and follow the rules accordingly

Our **eight life-saving rules** are the core behaviours we expect all employees and visitors to adhere to:

I will...



Our priorities for 2024 and beyond

Looking ahead to 2024, our priorities are concentrated in several key areas. We will be empowering our managers to more effectively communicate safety messages to their teams via the deployment of safety talks toolbox kits in multiple languages.

In collaboration with Intelix, the creator of our incident registration software, we will be offering additional training for all users. Facilitated by System Administrators, the training will cover aspects such as safety visit registration, incident reporting and safety report cards.

We will also increase our safety visits by implementing a safety leadership tour involving all managers that ensures coverage of each location on a defined frequency to reinforce our safety priorities. As part of this tour, we will reintroduce safety logistics and production rounds for team leaders to meet our aim of fostering a proactive bottom-up approach to safety management.

Section 9

Closing statement

ERIKS



Continuing to make industry work better

2024 will be a year of change for ERIKS as we transition to a new owner. This will involve preparing for compliance with various upcoming regulations, for example the EU CSRD mentioned earlier in this report.

Whilst aspects of how we work will change, one thing remains constant: our drive to make industry work better.

In 2024 and beyond, we will continue to pool our knowledge with other companies, individuals, start-ups and scaleups to leverage their skills and know-how, thus maximising our collective impact. Given our close relationships with many different customers and suppliers, working to solve sustainability challenges in all kinds of new and exciting ways, we are well-placed to connect like-minded companies for collaboration. Ultimately, we believe this is the key to making industry work better.

Please scan the QR code or click the following link to learn more about sustainability at ERIKS: <https://eriks.com/en/about-us/sustainability/>

