

A photograph of several wind turbines silhouetted against a vibrant sunset sky. The sky transitions from a deep orange near the horizon to a purple and blue at the top. The turbines are scattered across the landscape, with some in the foreground and others further back. The overall mood is serene and sustainable.

ERIKS

Sustainability Report 2022

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Section 1

CEO statement

ERIKS



“We look to the future with renewed ambition and anticipation for what we can collectively achieve.”

Our continuing commitment to unlocking the ecosystem potential

Stepan Breedveld CEO, ERIKS

2022 was characterised by widespread geographic instability. This had a far-reaching impact on ERIKS' business, creating many challenges, such as inflation, energy affordability and supply chain issues.

However, we also saw glimmers of a silver lining. Disruption in gas supply chains raised awareness of the importance of energy efficiency and mindfulness around energy use, both at home and in the workplace, which are vital tools in mitigating the climate crisis.

ERIKS' status as a family-owned company allows us to plan for the long-term while weathering challenging business conditions in the interim. Moving forward, we are encouraged that all aspects of sustainability, including sustainable energy use and sustainable supply chains, are rising further and further up the agenda for every business.

Every day, we hear these encouraging signs in our conversations with customers and suppliers as we continue to execute on our sustainability strategy of *unlocking the ecosystem potential*. This goal is the second pillar of ERIKS' sustainability strategy that we unveiled in 2021, which describes how we can multiply our sustainability impact beyond the boundaries of our own footprint.



Making industry work better

Against the testing backdrop of global events in 2022, we remained focused on making industry work better. For example, we continued to explore the huge potential of clean energy powered by hydrogen. Our dedicated energy transition team continues to investigate its many potential applications and we further developed our role as a rapid and responsive supplier of hydrogen components.

Thanks to our customers' trust in ERIKS' *technical know-how and industry specialism*, we found that they increasingly looked to us for more sustainable products and other opportunities to advance their sustainability performance. To meet this need, we continued collaborating with our customers and suppliers to develop better options and seek new opportunities to improve, through harnessing new technologies, testing new applications and exploring circularity. Our continuous drive to improve is a major component of *the organic innovation and creativity that sets ERIKS apart*.

The launch of our joint sustainability workshops in 2022 further *strengthened our commitment to accelerating the transition across industries*. These sessions brought together our innovation specialists, our sustainability leads and our customers to explore novel ways of helping customers become more sustainable and efficient.

At the same time, *the health and safety of all our employees and contractors remained our top priority*. Ensuring that all of our employees return home safe and well every day will always be of the utmost importance to us. Safety has always been the first topic discussed at every Management Board meeting and the first item on ERIKS' agenda, but it was of particular focus in 2022 due to a declining trend in our safety track record. We saw an uptick in incidents in 2022, which we investigated thoroughly before putting corrective measures in place.

We primarily attributed this rise to a higher proportion of temporary workforce supporting us, which is linked to the labour shortage affecting businesses globally. We know that frequent turnover lowers the average level of experience in our warehouses and production facilities and therefore increases risk. *We responded quickly and transparently* to this increase in incidents, investing in additional training, more detailed onboarding and improved cooperation between safety managers and our Global Safety Director. With these changes in place, we're confident that this trend will reverse.

A bright future and a better tomorrow

With our specialist industrial knowledge and unparalleled ability to work at pace and scale, we remain uniquely positioned to bridge key players – our suppliers and our customers – and make an outsized contribution to a more sustainable and just value chain. By connecting the right businesses with the right solutions, we will transform entire industries. Within this report, you can read impact stories that bring this steady transformation to life and illustrate our courage to care for generations to come.

At the same time, we are keeping our own house in order. As 2022 closes, our annual results show we are drawing very close to meeting our 2030 diversity target of 33% of ERIKS' leadership positions being filled by women, with our progress well ahead of schedule. We are also pleased to remain on track to achieve our 2030 target of a 30% reduction in our CO₂ emissions.

We look to the future with renewed ambition and anticipation, for what we can collectively achieve and for the potential we can help our customers and suppliers unlock. *Let's make industry work better.*





Section 2

Introduction

ERIKS



Who we are

Based in Utrecht, the Netherlands, 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, we conduct business in a fair and transparent way, and we set out every day to contribute to a better and more sustainable society.

What we specialise in

ERIKS is a specialised industrial service provider that offers a wide range of technical products, co-engineering and customisation solutions, as well as related services.



We predominantly serve customers in three industrial segments: **MRO, OEM and 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.

Our technical know-how is the basis of our specialism. Over the past 80 years, we have

built up a deep level of expertise around our products and services. We supply both A-brands as well as 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 serve our maintenance, repair and overhaul (MRO) customers by installing, maintaining and upgrading their production operations.

Our original equipment manufacturing (OEM) customers use ERIKS products to build their machinery.

Our engineering, procurement and construction (EPC) customers deliver large projects, such as building production facilities, where ERIKS provides the required products and services.

Our purpose

Courage to care For generations to come

Our mission

Let's make industry work better

What we offer

1. A wide range of technical products

2. Co-engineering and customisation

3. Smart industry, technical and on-site services

What we deliver

Original equipment manufacturing (OEM):

- Improved product performance
- Faster time to market

Maintenance, repair and overhaul (MRO):

- Reduced total cost of ownership
- Increased uptime

Engineering, procurement and construction (EPC):

- On-time and on-budget completion
 - High-performing plant
-

How we differentiate

In-depth product and application know-how

Close customer and supplier relationships

Fast service and reliable delivery

Data insights and digital capabilities

Offering A brands and own brands

Project capabilities

Success principles

Smart | Close | Hands-On

Industries we support



Agriculture & fishery



Automotive



Aviation



Chemical



Construction



Energy



Engineering



Food



Health & wellbeing



Infrastructure



Machine construction



Maritime



Oil & gas



Other industries



Paper & pulp



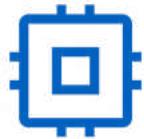
Petrochemical & refinery



Pharma



Primary industry



Semicon



Tank storage



Transport



Utilities



Waste industry



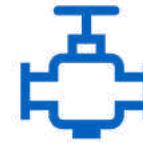
Water & wastewater



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[™]

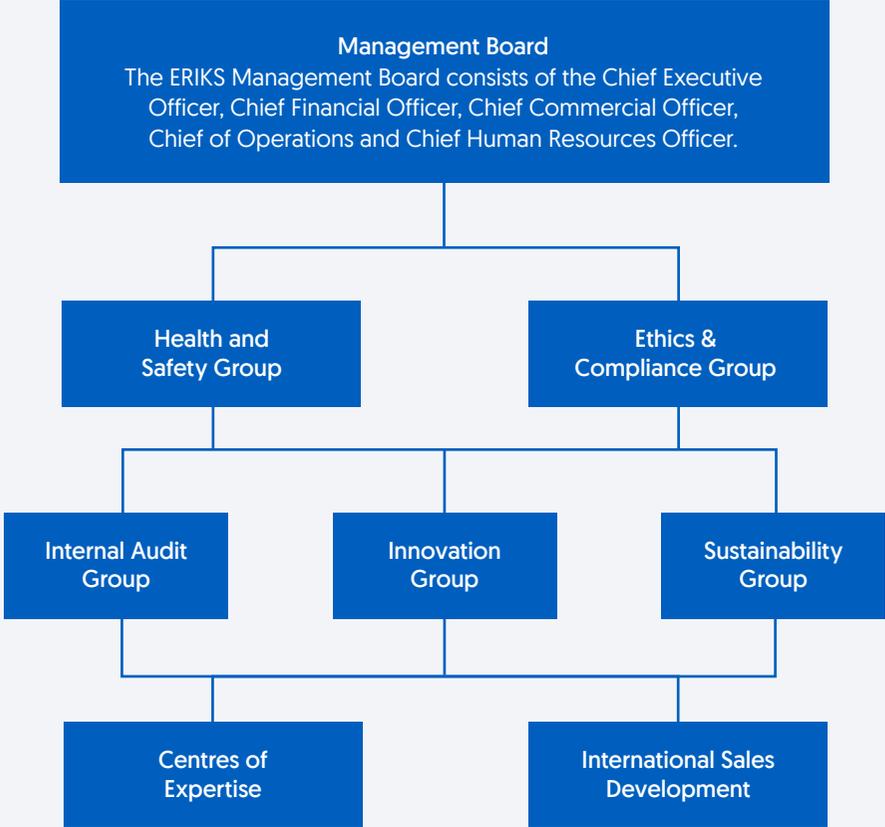
Goodall

Leader
Gasket Technologies

PIONEER WESTON
PERFORMANCE SEALS

VE[®]

Our governance structure



Sustainability at ERIKS

The need for more action towards sustainability is clear. To achieve a sustainable future, we must work together to solve challenges. Luckily, collaboration is something we excel at.

We have applied our specialism to make industry more sustainable for decades – lowering our MRO customers' operational cost and improving their uptime, whilst improving the lifetime and performance of the products for our OEM customers.

Tomorrow, we will go further by offering more sustainable products and services to support our customers even better in achieving their sustainability goals.

Our specialism, product and application know-how and extensive supply chain services uniquely positions us to industrialise sustainability and seize the business opportunities that arise.

By harnessing the expertise and sustainable innovation power of our 11,000+ suppliers, we will build the greener, more circular product portfolio necessary to tackle this enormous challenge.

In this sustainability report, you will read about our progress in 2022 and our courage to care for generations to come.

ERIKS and the Sustainable Development Goals (SDGs)

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



Our purpose, mission and ambition

Our mission to make industry work better contributes directly to our purpose.

Our mission to make industry work better contributes directly to our purpose. ERIKS serves industrial customers. Industry in general 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 has an impact in making the world more sustainable.

In 2021, we developed a new sustainability strategy that builds on our strengths and helps us to realise our potential as a vital bridge between customers and suppliers.

From our purpose and mission we have defined our ambition: industrialise sustainability.



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.

Stakeholder engagement

Customers	Employees	Industry groups and associations	Local communities	Regulators/ government authorities	Start-ups/ scale-ups	Suppliers
<ul style="list-style-type: none"> • Meetings • Newsletters • Social media and campaigns • Calls and meetings • Joint sustainability workshops 	<ul style="list-style-type: none"> • Meetings • Newsletters • Polls and questionnaires • Speak Up • Sustainability Report • Workers' councils • Yammer (social networking platform) • Videos • Webinars • Town halls • Intranet 	<ul style="list-style-type: none"> • Meetings • Conferences and events 	<ul style="list-style-type: none"> • Meetings • Social media and campaigns 	<ul style="list-style-type: none"> • Collaboration initiatives • Direct correspondence • Meetings 	<ul style="list-style-type: none"> • Collaboration initiatives 	<ul style="list-style-type: none"> • Audits • Contracts • Direct correspondence • Code of Business Partner Conduct

Associations ERIKS belongs to:

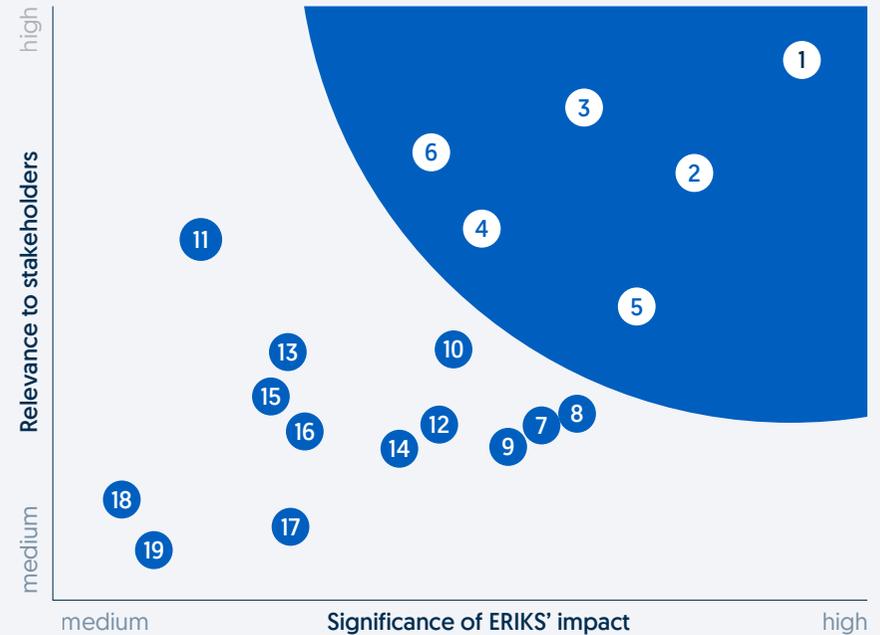
- Aspri
- NWBA - Nederlandse Waterstof en Brandstofcel Associatie
- Brainport Industries
- Dutch Federation of the Rubber and Plastics Industry
- Network of Ambitious Suppliers (Netwerk van Ambiteuze Toeleveranciers)
- TVVL - knowledge platform in installation technology
- NMT - The Netherlands Maritime Technology (NMT) Trade Association

Our materiality assessment

The ambition to industrialise sustainability is the result of our 2021 materiality assessment, an exercise involving our customers, suppliers and employees.

As part of the assessment, these stakeholders were asked to identify the topics most material (or most important) to ERIKS' business, and where ERIKS can have the biggest impact. We then mapped their responses to define our top sustainability topics. Notably, two of the topics highlight the impact we can create for our customers via our Customer Solutions and our Sustainable Innovation offerings.

Our material topics



- | | |
|---|--|
| 1. Healthy and safe working environment | 10. Digitalisation |
| 2. Sustainable innovation of our products and services | 11. Human rights |
| 3. Customer solutions | 12. Diverse and inclusive workforce |
| 4. Responsible procurement | 13. Efficient and sustainable distribution |
| 5. Training and development of employees | 14. Waste management |
| 6. Energy consumption and GHG emissions in our operations | 15. Customer health and safety |
| 7. Attraction and retention of employees | 16. Business resilience |
| 8. Business ethics and integrity | 17. Data privacy and cybersecurity |
| 9. Financial stability | 18. Air quality |
| | 19. Water stewardship |

Our sustainability strategy

We used the six material topics identified in our materiality assessment to create the two building blocks of our sustainability strategy.

Topics 1, 4, 5 and 6 became *best in basics*, while Topics 2 and 3 combined to become *unlock ecosystem potential*.

We can become the best in basics and unlock ecosystem potential by activating our people, knowledge and experience to make meaningful contributions to sustainability.

Our sustainability strategy is fully aligned with our business strategy. Sustainability is not an add-on to what we do; it is at the core of what we do. We have spent decades making industry work better and we continuously develop this by adding new capabilities.



Our sustainability KPIs

Target:
0 life-changing incidents.
 2022 result: 1

Target:
30% lower emissions by 2030, compared to a 2018 baseline. 2022 result: 11%

Target:
33% of ERIKS' leadership positions to be held by women by 2030. 2022 result: 24%

Target:
80% of workforce trained in sustainability by 2025.
 2022 result: <5%*

*Our sustainability e-learning will launch in 2023, so we anticipate this number will rise significantly over the next year.

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. These credentials showcase our commitment to sustainability.

ISO 9001:
Quality



ISO 14001:
Environmental



ISO 45001: Occupational health and safety



EcoVadis silver rating





Section 3

Health and safety

ERIKS

Our 2022 health and safety performance at a glance



The main type of work-related injury was a hand or finger injury sustained in the production area.



Health and safety is our top priority

We are absolutely committed to making sure our employees, customers, suppliers and contractors are safe at work.

When we asked our customers, our partners and our people what their top priorities were as part of our materiality assessment in 2021, health and safety sat at the very top of their list. This reiterates the importance of our long-standing commitment to a healthy and safe work environment. For ERIKS, health and safety encompasses physical wellness, but also emotional and mental well-being.

Safety is also the first topic discussed at every meeting of the Senior Leadership team.

“Safety means ensuring that everybody goes home safe each and every single day.”

Estelle Vorburger, Global Quality & Safety Director, ERIKS

Impact story

Zero = Hero

Our primary global safety campaign, Zero = Hero, was introduced in 2016 and has now been firmly established across all our regions. Its aim is to strengthen our vision of zero work-related accidents and ensure this core value is close to every employee's heart. No amount of profit is ever worth an injury.

As part of this campaign, our 2030 goal is zero life-changing injuries at ERIKS. In 2022, we had one severe incident, which occurred in Germany. One severe incident is one too many and we took it very seriously. We followed all the incident reporting, investigating and follow-up procedures described in this chapter to make sure the causes were fully understood and mitigated.



Our dedicated safety personnel

The nature of our business inevitably creates health and safety risks. To limit these risks as much as possible while working to eliminate them, we have built a robust health and safety management structure. This includes dedicated Health and Safety, Environment and Quality (HSEQ) Managers and other safety professionals in each country. Every significant incident is reported immediately (within 24 hours), as well as on a weekly basis during our safety conference call and on a monthly basis during global communications.

As well as reporting progress and results to ERIKS' Management Board, our safety professionals remain in close contact with each other. In 2022, we launched a safety alert system designed to promote transparency and help ERIKS learn as much as possible from incidents. When an incident occurs, the local safety team sends an alert to all managers describing 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.

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

I will...

-  ... never work under the influence of alcohol or drugs
-  ... never walk, stand or work under a suspended load
-  ... never misuse or tamper with any safety equipment
-  ... never work at heights without following proper fall protection practices
-  ... only undertake work for which I am trained, competent and authorised
-  ... always ensure that all energy sources are safely isolated before commencing work
-  ...always properly wear the personal protective equipment required for the job
-  ...always operate mobile equipment and vehicles in a safe manner and follow the rules accordingly



Managing and minimising risk

We conduct thorough risk assessments that identify all potential hazards in all of our workplaces. We cannot eliminate every risk, but we can manage all of them. 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 logistic managers where relevant. The action plans include deadlines and identify the people responsible.

If an incident does occur, we investigate it using root cause analysis. We have several tools for root cause analysis, including Ishikawa diagrams. The most important thing isn't working out what happened, it's identifying why it happened and what corrective actions need to be put in place.

All of our countries are certified ISO 45001. This standard aims to improve our occupational health and safety system [OHS].

Ensuring that everyone can raise health and safety concerns

Our web-based application, Intelex, allows quick and easy reporting of near misses, unsafe situations and potential improvements for all employees who use a computer.

The system also supports safety inspections and audits. The application dashboard provides a real-time view of ERIKS' health and safety situation and makes it easier to investigate and track associated actions. Employees without computer access can complete a report card, which is collected and uploaded into Intelex on their behalf.

In 2022, 324 near-miss events were reported, demonstrating the attentiveness of our employees to safety issues. We are pleased to see that employees feel comfortable raising concerns and that they understand what channels to use to do so.

We also use a 'stop card' system that anyone in any position can use at any time. We believe no-one should work in a situation where they feel unsafe, and by using their stop card an employee can essentially hit pause on the situation while their issue is discussed and resolved.

Safety training

Our employees receive occupational health and safety training tailored to their 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.

The safety of our customers is very important to us too. With this in mind, we also provide training to our customers on how to safely use the products we supply to them, and we also provide support with particularly complex maintenance tasks that they may not have the expertise to handle in-house.

Impact story

Health and Safety Week

We ran another successful Health and Safety Week in 2022 from September 19th-23rd. The theme this year was visible felt safety leadership.



ERIKS' activities included:

- A 'Hazard Hunter' game aimed at making health and safety learning fun and engaging
- The distribution of a health and safety survey in seven languages
- A first aid workshop in Belgium
- A yoga course in Germany
- The use of an exoskeleton in France
- An evacuation exercise with fire and casualty scenarios (with the participation of the fire brigade) in the Netherlands
- An evacuation exercise with fire and casualty scenarios in the Asia-Pacific region.

What we focused on in 2022

One area of health and safety that we stepped up significantly in 2022 was our safety communication, with the aim of engaging employees more on the specifics of our safety performance.

We began publishing a monthly update with our progress against our targets and KPIs, as well as details of incidents to learn from.

These updates were made widely available in every country via our internal social networking system, Yammer, and distributed directly to managers, directors and board members. Managers were encouraged to present findings to their teams to ensure that lessons learned also reached offline staff. Engagement was very positive, with many email responses and follow-up questions.

We also introduced training on the topic of visible leadership, helping managers set a strong example and inspire their colleagues to promote

a safe, zero-harm working environment. In 2023, this training will be further developed and translated into all the languages we work in. It will also become mandatory for all supervisors, managers, directors and board members.

As 2022 progressed, the COVID-19 pandemic began to recede and impact our business less. However, we continued to follow the relevant regulations in each country and protect our employees by encouraging regular testing. Less cases meant that we were able to increase our work-related travel and conduct in-person safety visits with greater ease.

A negative aspect of the past year was an increase in our number of health and safety incidents, from 21 in 2021 to 42 in 2022, which we took very seriously. A thorough investigation showed us that high employee turnover and the resulting higher proportion of temporary workers, who tend to have less experience and job-specific training than permanent employees, was a major factor. 31% of the incidents were linked to temporary workers and this understanding helped us to design corrective measures, such as an improved onboarding process for temporary workers.



Looking ahead

Our focus areas in 2023 remain similar to those of 2022 – we know what works and we simply need to continue executing it.

We will increase safety audit training for managers and increase the target for audits performed. Our board members will continue to be encouraged to conduct safety audits when they travel for work. This will also contribute to our visible felt leadership efforts. Throughout the year, we will run a communications campaign, including live seminars, focusing on each of the eight life-saving rules to ensure they are fully understood.



Section 4

Our customer- centric solutions

ERIKS



Capitalising on our specialism

As a specialist industrial service provider, we have in-depth product and application knowledge across multiple industries. This enables us to help our customers meet their specific business goals and co-develop products that are effective and reduce the total cost of ownership [TCO] over their lifespan. This drives a more sustainable operation.

We offer

- A wide range of technical products
- Co-engineering solutions
- Customisation
- Smart industry
- On-site technical services

The results

- Improved product performance
- Reduced TCO
- Increased uptime

Helping our customers become future proof

Our goal is to utilise our prominent market position and knowledge to help our customers achieve their sustainability goals.

To that end, we have created a wide range of solutions in the following areas of expertise:

- **Energy reduction:** We help to optimise motors, steam systems and pneumatic systems to reduce energy use and CO₂ emissions.
- **Circularity:** We work across the value chain with our customers and suppliers to improve the circularity of the products ERIKS supplies.
- **Hydrogen:** ERIKS has a unique value proposition for hydrogen with a dedicated team that focuses specifically on the energy transition and tracks developments in this area. Our engineering capacity, rapid prototype production and suitable production facilities set us apart.
- **Smart asset management:** Gathering and reviewing the vibration and temperature data of machinery helps with preventive maintenance decisions while reducing wear and tear, extending the machine's life while reducing energy consumption.
- **Energy audits through our sister company:** EM3 is an established industrial energy efficiency specialist. It serves industrial manufacturers in a wide range of sectors, including food, dairy, pharmaceuticals, nutrition, healthcare, chemical and engineering.
- **Environmentally responsible procurement:** We can make informed recommendations to customers regarding the environmental impact of ERIKS' products.
- **Online configuration tools:** From our TCO motor calculator to VibraConnect or our O-ring selector, we can help online customers to be better informed and make sustainable product selections.

Our approach to customer-centric solutions

At ERIKS, we have three clear customer segments.

We support our *maintenance, repair and overhaul (MRO) customers* with installing, maintaining and upgrading their production operations.

The second segment consists of our *original equipment manufacturing (OEM) customers*, who use ERIKS products to build their machinery.

The third is composed of our *engineering, procurement and construction (EPC) customers*, who deliver large projects such as building production facilities where ERIKS provides the required products and services.

As such, we have a strong presence in various industries where we have seen a tremendous increase in awareness and engagement surrounding sustainability. Where sustainability had little to no bearing at board level before, companies are now setting up dedicated teams to address sustainability. A combination of internal initiatives and outside pressures helped to build a thriving business sustainability community.

The beauty of ERIKS is that we have been helping industry to become more efficient for many years. We therefore have an in-depth understanding of the challenges industrial customers face, as well as the potential solutions to these challenges. As of 2022, we proactively invite our largest customers to joint sustainability workshops and present them with tailored innovations and solutions to help their sustainable transition.

Making industry work better is our mission, and better means more sustainable.

Impact story

ERIKS UK&I multinational manufacturer split roller bearing conversion project

A multinational construction manufacturer approached ERIKS UK&I with an issue regarding a repeated bearing that failed every six months and required 12 hours of downtime to replace it. Terry Cooke, Regional Operations Manager at ERIKS UK&I, suggested switching to a bearings manufacturer's split roller bearing, which he was confident would prove more reliable.

The customer agreed to the bearings manufacturer visiting the site to review the application. They then went away and designed diagonal split bearings and pedestals to suit the application.

The bearing design was a success and has been in service for over a year, performing well and reducing change time by ten hours. One of the multinational construction manufacturer's plants has now signed a contract for the bearing to be supplied, delivering an impressive £72,000 (€82,000) of cost savings.



What we focused on in 2022

We assessed our supply base and selected a limited number of suppliers to establish strategic partnerships.

One criterion we used to identify partners was whether they had a sustainable solution within their own product portfolio or service offerings to demonstrate they were actively working in this area.

Once we understand a customer's sustainability goals and operating context, we can work with our partners to bring them a more appropriate solution. For example, the downstream activities of petrochemical companies are going through an energy transition in their markets with a focus on reducing volatile organic compounds (VOCs) emissions and their carbon footprint. The food and beverage industry tends to look towards more sustainable production and packaging methods with a focus on reducing energy consumption and waste streams.

For OEM customers, circularity was a key focus area. We know that we cannot do this alone, so we collaborate with manufacturers across our supply chain to co-develop solutions. In an industry that mandates very high standards of quality like the chemical industry, this process started at a very early stage of product design. ERIKS is an engineering company full of problem-solvers, so there is a large amount of overlap between customer solutions and innovation when it comes to sustainability.

Out of all the solutions that ERIKS provides, the most in-demand during 2022 was energy reduction. This makes sense because high energy prices significantly reduce the payback time, and our innovative solutions in this area were ready to be deployed immediately. For instance, if we offered a more efficient electrical motor that reduced energy consumption and was ready to be installed immediately, the customer would generally respond quickly with a positive decision.

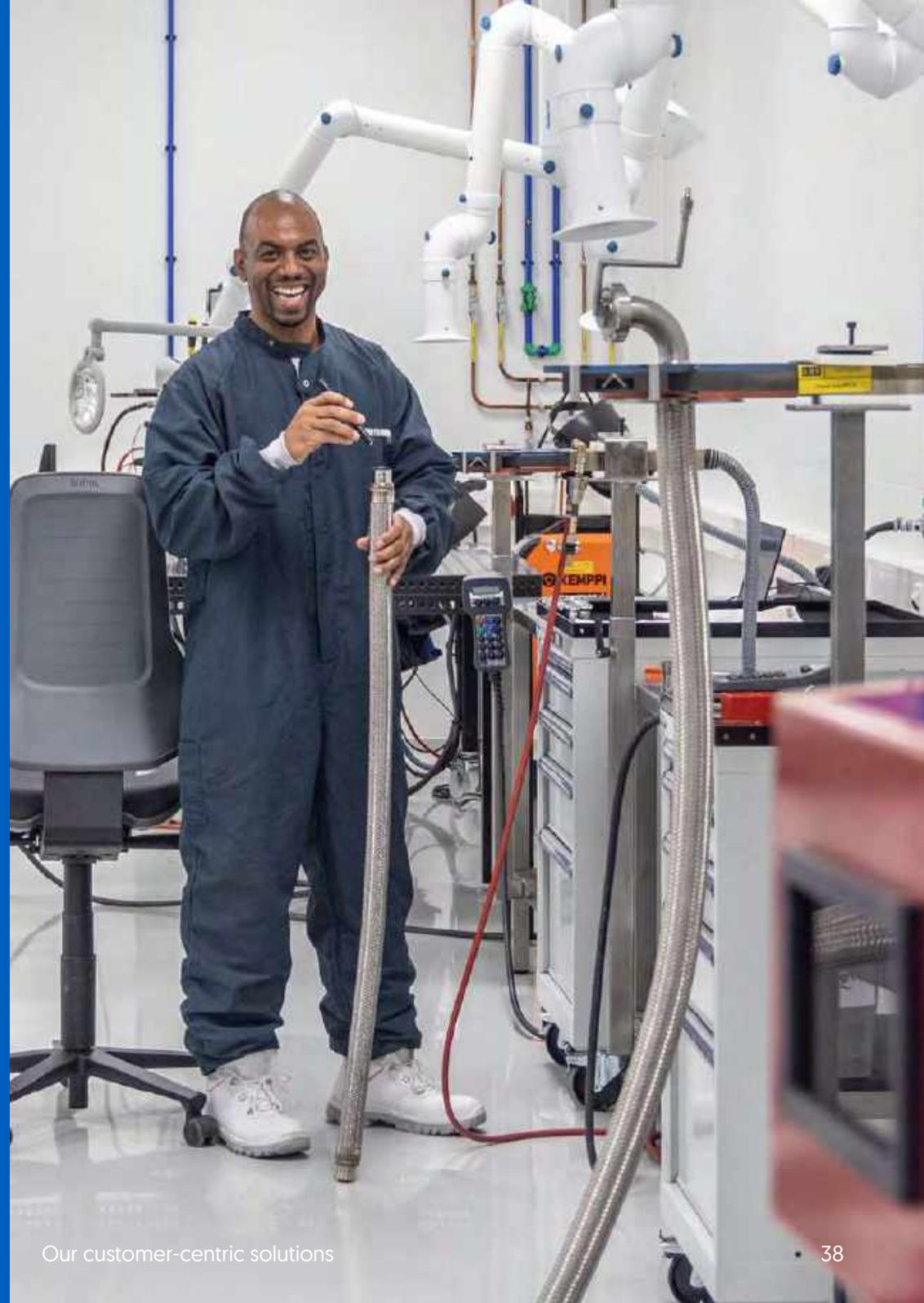
Our final key focus area in 2022 was helping customers make their operations safer. This included the actual production process itself; an example being identifying a vulnerable and potentially dangerous area in a steam system where a leak could occur. Improving the safety of operations also included ensuring that employees used the correct safety products and were dressed in suitable personal protective equipment.

Impact story

ERIKS Belgium goes out of their way to help a global food manufacturer

In April 2022, a global food manufacturer's Mechelen plant had a breakdown on an essential vacuum pump, only one week before scheduled maintenance. This could have potentially resulted in a line shutdown with sizable downtime costs. The message from the customer was that they needed urgent help at any cost.

The parts for the scheduled maintenance were already on their way from Germany. ERIKS managed to intercept the shipment and deliver the bearings by taxi before the end of the day in Belgium. Simultaneously, the logistics team in Belgium arranged a parallel urgent shipment for other required bearings. This fast, flexible team effort restored the customer's manufacturing capacity.



Large pharmaceutical company cuts CO₂ emissions and makes significant savings with ERIKS' smart TCO Calculator

To help achieve its 2030 net zero ambition, a global biopharma giant investigated the benefits of both carrying out a complete upgrade of its older inefficient motors and addressing steam and pneumatic system leaks.

Through our Product Business Units, ERIKS has the capability to provide expert application and engineering support through our smart TCO calculator. This was used to demonstrate the benefits of replacing ageing inefficient motors with new highly efficient IE3 and IE4 motors. In addition to motor surveys, ERIKS conducted air leak surveys that were conducted by ERIKS-trained reliability engineers.

The proposal and the replacement programme were approved and commenced in 2021 and the first deliveries and installations took place in 2022. Over the combined lifetimes of the new IE3 and IE4 motors, the pharmaceutical company can expect a reduction of 6,631.6 tonnes of CO₂ (6,000 tonnes more than delivered by the old inefficient motors). In financial terms, this amounts to a saving of over €2.6 million, compared to approximately €267,000 from the older motors.

Looking ahead

In 2023, our sales team will be trained in sustainability.

This is based on the success of a pilot study we ran in 2022 where a small number of account managers from ERIKS Belgium and the Netherlands were selected to be trained in three modules over 12 weeks; identifying the customer's needs before preparing and delivering solutions tailored to their requirements. You can read more about this training in the learning and development section of the sustainability report.

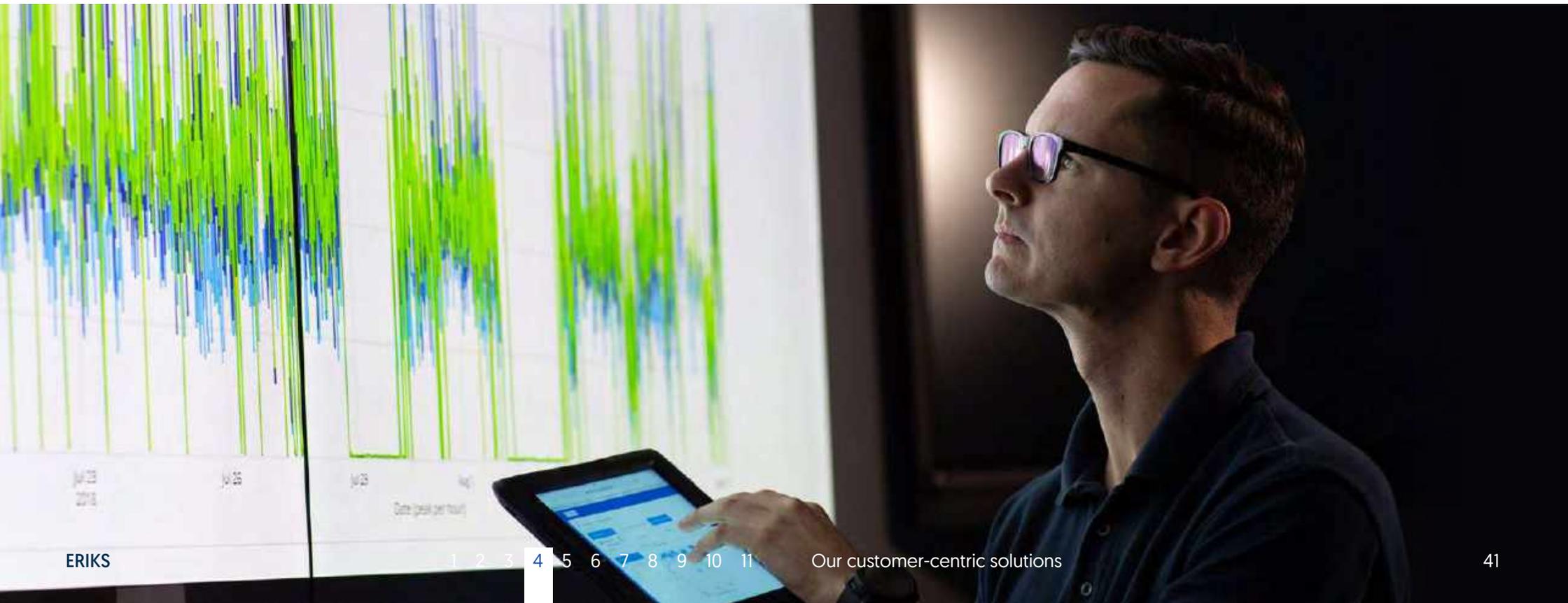
ERIKS plays a very important role in connecting different stakeholders across the supply chain and we want to develop this position further. We will be offering customers new innovations that are being

developed in collaboration with stakeholders across our supply chain, down to the smallest detail. For example, whether we use pellets in our packaging, and making sure they are included in a recycling system, is an area that we are evaluating with our packaging suppliers to define the best option.

Additionally, the momentum around sustainability is growing rapidly. More and more companies are working hard to become more sustainable and want insight into how sustainable their value chain is. An increasing number of customers are asking for more data, mostly about ERIKS environmental footprint, but also about sustainability related data of the products they buy. Sharing information about ERIKS' footprint is becoming challenging because more and more customers are interested, but different customers want different data in different forms, which can be a lot of work.

This is partly a result of sustainability being a relatively new trend for most businesses. They are trying to find their way while collaborating with other organisations to drive sustainability, which we know from our experience can create confusion. The global effort to make business more sustainable is just beginning and it will take time to work out the teething problems, but we're dedicated to using our knowledge to drive it forward.

But what is even more work is providing sustainability-related data about the products we sell. Not all the businesses in our value chain are able to provide the required information – yet. We foresee that the demand for this data will increase over time, driving the complete value chain to start compiling this data. Given our long, complex supply chains, as well as our broad product portfolio of roughly a million SKUs, compiling this information will be an extremely complex process.





Section 5

Sustainability innovations

ERIKS

Sustainability innovations we're proud of

Every day, ERIKS works on new products and solutions that help our customers achieve their sustainability goals as part of our drive to make industry work better.

In the not-too-distant past, sustainability was only important for a few forward-thinking industry leaders, but it has grown into a strong movement that is now front and centre of many of our conversations with both new and existing customers. Customers increasingly want to know whether ERIKS products are sustainably produced, putting traceability firmly on the agenda. Circularity is also a new concept for many people and represents a changing approach to sustainable innovation.

There are topics that are relevant across all industries, like saving energy as part of the sustainable energy transition, with the related benefit of reducing operations costs. A service like leakage detection can help any of our customers save energy.

However, some innovations are industry-specific. One example is the blue line development, which is a special series of elastomer material used in equipment designed for food manufacturing, with the goal of reducing food contamination. Firstly, it is blue, which is an unusual colour in food, meaning it can be easily detected visually. It is also metal-detectable so it can be picked up in metal scanners.

ERIKS is striving to innovate and research around sustainability so that we can continue being a specialist service provider. 10% of our activity in sustainable innovation is what we call horizon three and concerns sustainable activities within ERIKS, such as developing a recyclable rubber. The other 90% is directly applicable for customers. Here, there is a big role for product teams to start challenging our suppliers to provide solutions with sustainable characteristics.

Impact story

ERIKS Belgium strengthens our position of innovative product specialist with Smart Gaskets

ERIKS Belgium was featured in a published scientific research article titled “Spiral wound gaskets with fibre Bragg grating sensors” in the Mechanical Systems and Signal Processing Journal.

This research article is related to our revolutionary concept of a Smart Gasket, which we developed to directly measure the gasket performance inside the gasket. The Smart Gasket enables both installation and condition monitoring of flange gaskets, with the purpose of increasing the sustainability of flange connections for our customers. This has never been demonstrated before because the technology did not exist.



In July 2022, R&D engineer Ben Cloostermans participated in the ASME conference where he presented the innovation to a receptive audience. He was awarded second place for the best paper in the PhD researchers category.

Ben comments that “the Smart Gasket is an important product that could mitigate fugitive emissions, leakages and minimise the risks involved with bolted flange connections, making our customer operations more sustainable.”

Achievements and challenges from 2022

A key achievement last year was forming a new energy team based around hydrogen.

Team members will act as ambassadors, both within and outside ERIKS, to push this agenda forward and realise the enormous potential of this sustainable energy source.

The biggest challenge we faced in 2022 was traceability and requests from customers to prove that excess carbon emissions had not been produced along the supply chain, which is something the whole industry faced as the carbon footprint of products became more important. We also received an increase in inquiries for the carbon footprint of various products, which can take a lot of time to calculate and answer as accurately as possible.

Across the year, we were in the positive position of having many exciting avenues to pursue. We prioritised to ensure an appropriate amount of time could be allocated to different projects and products with many different characteristics.

We also held an Innovation Challenge at the end of 2022. Many interesting ideas were pitched – many directly related to sustainability. We initially had doubts about holding it virtually, as experience has shown us that in-person collaboration is more effective for creativity and problem-solving, but the event was a great success.





Impact story

ERIKS NL & DE collaborate to co-engineer revolutionary 3D-printed bottles and culture dishes for vaccine production

Over the last couple of years, ERIKS has developed a specialism in 3D printing of pharmaceutical and food industry approved products. We are valued for our ability to bring experimental prototypes to serial production by smart design alterations and solid certified processes that in return reduce costs and increase quality.

Bas Smit (ERIKS NL) and Florian Wanner (ERIKS DE) combined their specialism and collaborated to support a biotechnology company. Florian explained the solution ERIKS created: “Our 3D-printed cell culture dish is made from plant derived PLA using an additive manufacturing process. Through this process, we were able to reduce its carbon footprint by roughly 90% when compared to standard single-use cell culture dishes.”

Looking ahead

Our focus in 2023 will be on 'greening' ERIKS' product portfolio. Plenty of work remains to put the necessary systems and data collection processes in place, so we will continue working with our suppliers to achieve this.

Around 97% of ERIKS' emissions are Scope 3 (the emissions in our value chain), which we can significantly reduce by 'greening' our product portfolio. We are considering labelling products in our online shop that are 'green' or 'recycled' to make this information readily available to customers, but we first need to consider how we will objectively measure how green our products are and ensure that we avoid greenwashing.

With factors like the invasion of Ukraine and the aftermath of the COVID-19 pandemic contributing to the downturn of the global economy, we find ourselves in an advantageous position to help customers.

As well as supporting both our new and existing customers to be more efficient and save money during this difficult economic period, we can also help them to future-proof their business through sustainable innovation and increase their resilience for challenges to come.



Impact story

ERIKS Digital and CoE Hoses launch new Hoses Configurator 2.0

In August 2022, ERIKS Digital, the Guided Buying team and Centre of Expertise (CoE) launched the new Hoses Configurator. The tool empowers our technical sales colleagues with a high-performance and easy-to-use sales configurator that offers qualitative quotations for hose assemblies. It also helps to significantly reduce the risk of mistakes, improve our responsiveness in quotation offerings, our ability to achieve first-time-right numbers and the scaling of application knowledge across the organisation.

The advantages of the new configurator include:

- 2-3 times faster performance than the previous application
- Live stock data
- Extensive business logic to only show compatible combinations

A large-scale construction site for an offshore oil and gas platform. The scene is dominated by several massive white cylindrical storage tanks with blue domes, arranged in a row. In the background, two large wind turbines are visible against a clear blue sky. A tall red crane stands on the left side of the platform. The entire structure is situated on a dark barge or platform floating on a body of water. The foreground shows the dark blue water and a portion of a metal structure on the right side.

Section 6

Achieving more responsible procurement

ERIKS

How we're achieving more responsible procurement

Procurement is at the core of ERIKS' business, reflected by our expenditure of almost €1 billion with our suppliers every 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.



Encouraging our suppliers to follow our sustainability standards

A major part of being a sustainable business is sparking change. It is important that we encourage our suppliers to meet the same sustainability standards that we set ourselves.

Due to the global nature of our business, our supply chain is complex and includes over 11,000 suppliers. Our Supplier Code of Conduct is an integral part of contract templates and we ensure that our suppliers 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.

The Supplier Code of Conduct is part of the onboarding process for new employees in a 'Welcome to ERIKS' e-learning. We have created a classroom training in case further explanation is needed and we are currently looking into ways to create more awareness on the topic (e.g. via a short promotional video).

Impact story

ERIKS Switzerland and Belgium achieved the EcoVadis SILVER award

EcoVadis rates companies on their performance in the following topics: Environment, Labour and Human Rights, and Ethics and Sustainable Procurement. The silver award places ERIKS Switzerland and Belgium in the top 25% of ERIKS' industry segment.



What responsible procurement means to us

When it comes to procurement, the price we pay is the result of combining requirements and demands.

While sustainability is not currently intrinsic to ERIKS' overall procurement process, it is already embedded into our indirect procurement process, where sustainability is part of the selection criteria.

Sustainability is receiving more attention as its associated business opportunities continue increasing. Responsible procurement and sustainability go hand in hand to protect ERIKS' current business, but also future-proof our organisation.

We use our Supplier Code of Conduct to safeguard against human rights issues in our supply chain. Where required, we work with a company that does pre-audits, then we conduct visual audits as part of our site visits for our most critical suppliers. In collaboration with our compliance director, ERIKS' procurement team is now running human rights law workshops to further embed this topic in our organisation.

ERIKS is currently looking into how to best start 'greening' our product portfolio, and it is the procurement team's job to ensure that suppliers comply with our sustainability criteria to drive this green portfolio. This is a long-term task that includes working closely with the international sales team as well as product management. Partners often ask ERIKS about what we will do with their innovations when bringing them to market, so establishing a clear strategy for them is an important step to take. If conditions are suitable, procurement can then negotiate the best price before executing a deal.

Green product portfolio

One supplier that highlights this transition is SKF. ERIKS works with the Swedish manufacturing company to expand marketing of our remanufactured bearings. These bearings generate huge carbon reduction and circularity advantages for our customers, including reduced total life cycle costs, extended service life and less machine downtime.

Another example of a supplier that is greening ERIKS' product portfolio is Bollé Safety, a PPE eyewear specialist. Safety is the company's top priority. Yet, by focusing on their products whole lifecycle, they have been improving sustainability without compromising safety.

33% of the 'Solis' eyewear model is made from recycled material, while 33% of the 'Klassee' model's weight is bio-based. 49% less waste is generated by a new injection process used to manufacture the 'Komet' model.



Bollé Safety has also developed plastic-free bulk packaging that is 100% recycled and recyclable. Water-based cleaning solutions have been engineered to prolong product usage, while partnerships with organisations like RecyclingLives have been sought to promote 'end of life' recycling.

50% of Bollé Safety's best selling products will have eco-friendly versions by 2025, while a 35% reduction in carbon emissions per product is being targeted by 2027.

What we focused on in 2022

In terms of direct procurement, a big topic that we carried through from 2021 – and are still in the process of rolling out – is our ‘fuel for growth’ programme. This concerns cross-country category management and making assortment choices, leading to many marginal improvements and helping us to select core suppliers that we want to have better availability for stock with.

On the indirect procurement side, we continued working on a large programme to reduce indirect costs in logistical areas and IT facilities. Achieving results in indirect procurement is significant because it represents the professionalisation of procurement. In 2022, this involved developing our reporting tools to gain new insights. This included launching a concept version of a continuous improvement dashboard where we can register improvement ideas from suppliers.

We also continued developing our supplier portal. Our onboarding process for suppliers involved filling in a questionnaire that includes general requirements such as basic supplier data, quality-related questions (including details on certifications such as ISO 9001 and 14001), questions around sustainability and environmental impact

(such as REACH certification) and human rights. The procurement manager reviewing the answers evaluates the deviations from the mandatory fields of the questionnaire.

Every potential new supplier must also agree to our Supplier Code of Conduct before the questionnaire is evaluated by a procurement manager. With the portal, however, this process can be entirely managed without any input from procurement managers, for increased efficiency without sacrificing our high standards.

The portal allows us to maintain one consistent way of working with all our suppliers around the world. Using the portal as a platform to interact with suppliers will also refine the data sharing process by consolidating all relevant information in one place for easy access.

In 2022, we re-sent our questionnaire and Supplier Code of Conduct to our top 200 suppliers to ensure their business practices still align with our requirements. This was a somewhat manual process that will be done through the portal in the future, making it much more collaborative and ensuring any changes or additions to our requirements for suppliers can be communicated quickly and smoothly.



Key procurement challenges we faced in 2022

Due to challenging market conditions including significant inflation, it was a challenge to keep the products we needed coming in while preventing prices from increasing. We received over 2,000 price increases last year that required agile supply chain actions to navigate, such as centralising two European product group stocks into our German warehouse.

An unavoidable challenge in 2022 was the continual repercussions of the COVID-19 pandemic. Despite the receding of infections over the course of the year, many supply chains around the world remained disrupted. Strict restrictions in some Asian countries meant we had to stop using some of our suppliers in the region. We also cut ties with our only Russian supplier due to the invasion of Ukraine.

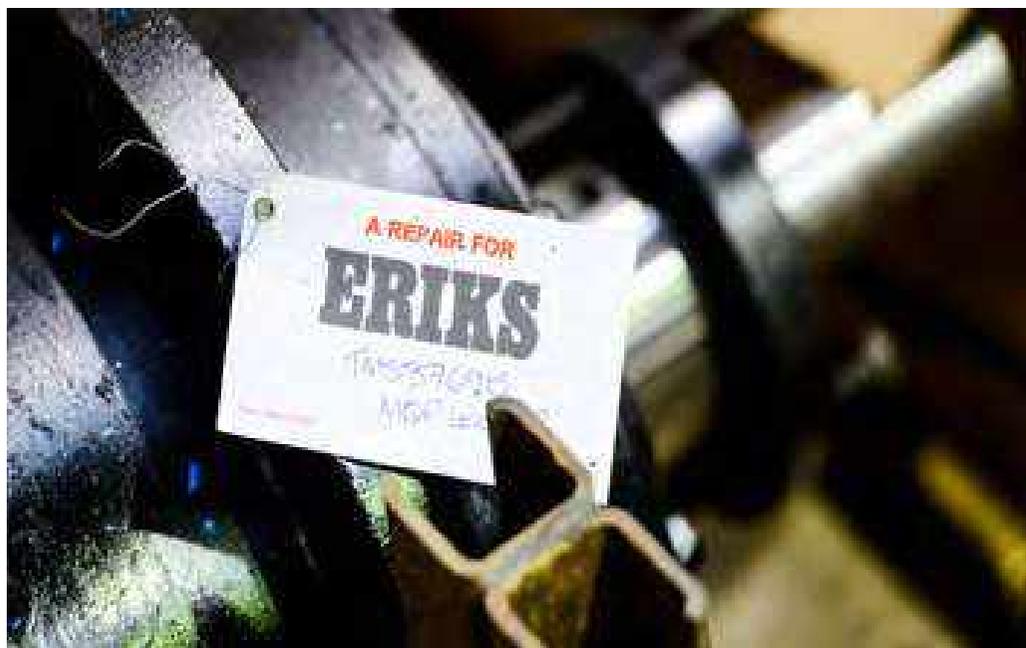
What we will be focusing on in 2023

An area where we want to develop and enhance our competitive advantage is circularity. From a procurement perspective, this can involve installing a product for a customer, taking the product back when it's no longer needed, and then making sure it gets back to the supplier for reconditioning or re-use of parts. This is largely the role of our logistics team, but negotiating a potential deal is driven by procurement.

We'll be taking big strides in 2023 to refine our category management and get our supplier portal up and running, as described earlier in this chapter. On an ongoing basis, we will be distributing our Supplier Code of Conduct to new suppliers to increase the number of green suppliers that ERIKS works with, all while steadily transforming into an organisation where the supply chain is organised more centrally.

Human rights law is no longer a 'nice to have' marketing topic, but a customer requirement. In the second quarter of 2023, we will carry out an overall risk assessment related to sourcing from higher-risk countries. This will include looking at possible replacements for higher-risk suppliers.

We recently began using a dynamic material development dashboard, where we are closely following material developments in response to rising costs. Other focuses in 2023 include improving risk management, supplier relationship management and refining our customer delivery process to both optimise stock and improve reliability.





How we ensure responsible business conduct

ERIKS

Responsible business conduct

Our employees are the key to our success and we are therefore committed to attracting, developing, and retaining the best people.

We expect them to do their utmost to foster a work environment based on respect and free of harassment, intimidation, bias, or discrimination of any kind.

Our commitment to the highest responsible business standards is part of the 'best in the basics' building block of our sustainability strategy.

The values and policies all employees must comply with are set out in the ERIKS [Code of Business Conduct](#), which can be found on our corporate website. This Code encourages our employees to apply our values in their day-to-day business activities and to be aware of their individual impact on our reputation – and thus our continued success.

Our Code of Business Conduct is available in English, French, Dutch and German and is provided to all employees as part of their onboarding process, including in the mandatory 'welcome to ERIKS' e-learning. A more detailed classroom learning is available to anyone wishing to reinforce their knowledge.

The Code outlines our ethics and compliance policies, including fair competition, data protection, anti-bribery & corruption, gifts & hospitality, and trade compliance [sanctions and export controls].

Our ethics and compliance efforts are supplemented by a Speak Up system, where employees, business partners and third parties have the opportunity to voice concerns or report irregular behaviour at any time.

We also have a [Code of Conduct for Business Partners](#) to ensure our partners behaviour aligns with our values. This Code applies to stakeholders such as our suppliers, resellers and distributors and covers topics such as environmental protection, health and safety, human rights and reputational risk. It explains our commitment to good business without exception and what this means to us: legal, ethical and honest business.

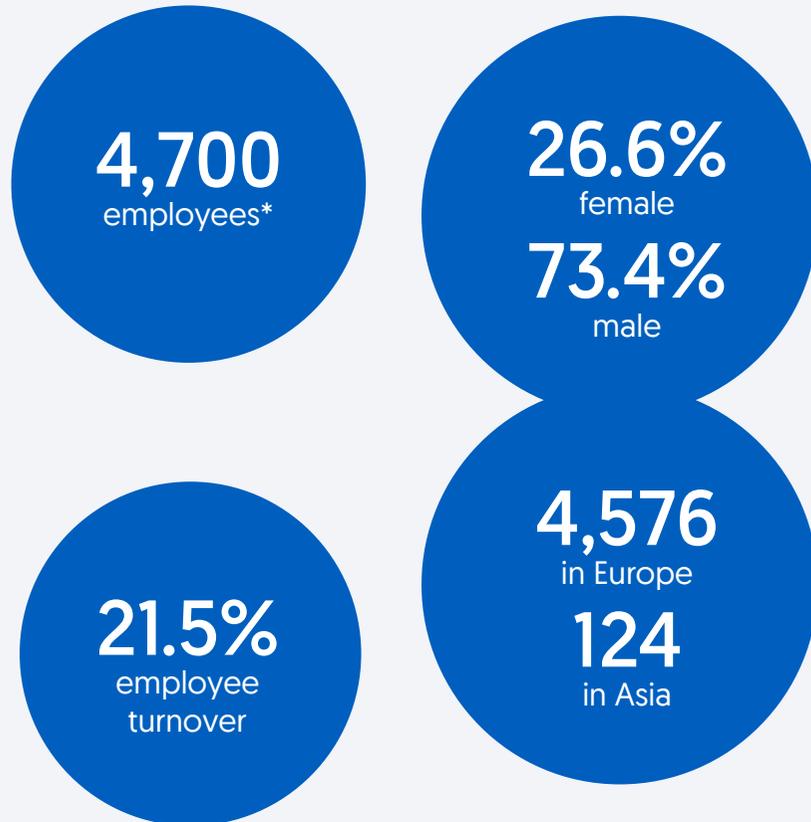
A photograph of two men in an office setting. They are looking at a computer monitor that displays a 3D anatomical model of a hand. The man in the foreground is wearing glasses and a grey sweater, while the man in the background is wearing a white shirt. The scene is lit with soft, natural light from a window in the background.

Section 7

Valuing our people: employee learning and development

ERIKS

Our employees



Our 2022 learning and development performance at a glance



*calculated by head count on 31st December

Valuing our people: employee learning and development

At ERIKS, we do our best to attract and keep the brightest talents in the industry.

We encourage and support all of our employees to develop both personally and professionally. We strongly believe that as we learn as individuals, we grow and improve as a company. By focusing on opportunities for continuous learning, we will continue to be a high-performing company that can truly make industry work better every day. Our global learning and development budget of €700,000 shows our commitment to building the capacity of our staff.

The result of our 2021 materiality assessment also backs up our belief that the training and development of our employees is highly valued by all of our stakeholders.

ERIKS has defined four learning and development principles that we operate from:

- **Learning for all:** everybody at ERIKS has the opportunity to learn and develop.
- **Digital first:** to offer relevant content for everybody any time. That's why, where possible, we offer digital learning options, including online courses and live digital sessions on demand.
- **Self-directed learning:** our employees are the owners of their own development. We want to empower them to initiate discussions around learning, while managers are responsible for offering support and direction.
- **We meet the learner where they are:** we want our people to be able to learn at the time, place and pace that suits them. That is why we want to make learning opportunities as close to the specific need as possible.



Our approach to learning and development

Making learning and development (L&D) a priority is a challenge at ERIKS, as it is for many other organisations, due to competing operational priorities. Our global learning and development team works hard to provide the necessary training resources, but even more important is building a strong learning culture where staff invest in themselves and understand why doing so is valuable.

One way we achieve this is utilising the direct correlation between L&D programme intensity and a larger role for managers. Managers need to show their colleagues that learning is important by providing them time for it, but also by setting an example and dedicating time to learning themselves. A learning culture also means that we create a workplace where you can learn, experiment, and try again.

We also focus on practicality with 'just in time' learning. This approach closely aligns learning to when it's needed for work, an example being a manager learning how to provide quality feedback just before annual performance reviews. This makes learning feel like less of an add-on and more intrinsically linked to work by helping to make smarter decisions.

Impact story

ERIKS Learning

We send our monthly learning newsletter, Bloom, to inspire employees to learn. It provides helpful resources while sharing with employees what their colleagues are learning.

Fridays at ERIKS are #FridayLearnDay, where we recommend a course every week on Yammer. We also offer employees the opportunity to create learning content for their colleagues.



What we focused on in 2022

ERIKS sales training

This was our big priority in 2022. We wanted to improve the ability of external sales people to explain what ERIKS does, what we can offer and what our added value looks like for customers. This has the added benefit of helping salespeople become involved with customer problem-solving. The training is delivered partly by internal and partly by external trainers.

Essential manager skills

In 2021, we launched three modules to compose our 'Managers Essentials' modules so that ERIKS' managers have the necessary skills to bring out the best in their employees. These modules are development conversations, essential conversation skills and providing constructive feedback. In 2022, we added two new modules: prioritise for impact and lead fruitful team meetings. These modules are available to all managers and can be taken in any order at any time, sticking to our 'just in time' principle.

LinkedIn learning

We have a three-year contract with LinkedIn that began in 2021, so after developing a democratic learning culture in 2021, our focus in 2022 moved towards adoption, creating awareness and continually making it easier for our staff to learn.

LinkedIn has over 30,000 e-courses in multiple languages, but because so much choice can be overwhelming, we started helping employees choose what to focus on in 2022 with monthly themes. Each month, we promoted a course on a relevant sub-topic every week on Yammer. At the end of the month, we organised a learn and connect session where course participants could join a virtual meeting and discuss what they learned throughout the month and where they recognised opportunities to enhance learning. These discussions created a social aspect that e-learning lacks because most courses are carried out individually.

We also used the monthly theme topics to enhance the well-being aspect. For example, the theme in August 2022 focused on improving work-life balance, which we carried forward from 2021. Sub-topics included managing energy, maintaining mental health, sleeping well and raising awareness that learning is in fact healthy for the brain.

In April 2023, we will be focusing on sustainability. ERIKS has a goal to train 80% of its workforce in sustainability by 2025 and e-learning makes this target much more achievable. Our progress towards this goal will be bolstered in Q1 of 2023 by a mandatory e-learning describing sustainability at ERIKS, including an explanatory animation and an overview of how colleagues in different business functions can contribute.

Talent development programmes

In 2022, we reactivated our talent development programmes that were initiated before the COVID-19 pandemic to enhance our pool of specialist talent within the company. These programmes are called RISE and ELEVATE.

Specialism training

ERIKS' focus on specialism is what generates our competitive advantage, so we made a concerted effort to help our experts deliver exceptional training to their colleagues by focusing on unlocking and distributing their knowledge in a digestible way.

The challenge for specialists is that they're pulled in different directions across the company, so they can struggle to find the time to prepare comprehensive training materials. That's why we organised a 'trainerthon' for our product managers, bringing our experts together for three days to produce new learning content. For a company like ERIKS that operates in multiple countries, language is a big challenge in L&D, so we're proud of our achievement to provide specialist training in multiple languages.



Coaching platform

We work with an external provider to offer personalised digital coaching, including limitless one-to-one sessions, for selected ERIKS employees through a platform called CoachHub. We also recommend that every ERIKS employee develops an individual development programme (IDP) at the beginning of each year. This is produced in collaboration with managers so that all relevant parties are aware of the employee's L&D targets to work towards throughout the year.

The coach platform is just one way that we encourage 'on the job' L&D instead of a typical classroom format, which is crucial to producing real world learnings. An example of this is assigning a more challenging project to a manager to help improve their stakeholder management skills.

Diversity and inclusion at ERIKS

ERIKS is committed to allowing every employee to grow and cultivating a culture of respect and engagement, where the thoughts, ideas, and voices of every single employee are valued.

We are focusing on:

Diverse representation

Based on our progress in representation of women in leadership positions over the last few years, moving from 8% in 2019 to 24% by the end of 2022, we increased our target from 25% representation by 2030 to 33% by 2030.

Provide a safe and inclusive environment for all our workforce

In 2022, we focused on #breakingbias during our four impact moments. Our impact moments are events where we raise awareness of important topics through methods including webinars, panels, training sessions and communication campaigns. Our four impact moments in 2022 were:

- International Women's Day: our local and global activities were designed to create awareness and drive actions to break barriers, with a special focus on gender bias.
- Inclusion Week: we used this week as an opportunity to build our inclusion capability with webinars, workshops and other activities with our employees, themed around topics like inclusive leadership, bias in the workplace and inclusive writing.
- Pride Month: we built awareness on challenges for the LGBTQ+ community and ran training on how to stand up and be an ally.
- Movember: throughout November, we ran weekly webinars where experts spoke about men's health. We encouraged employees to grow a moustache if possible, include extra movement in their daily life and donate to our company 'Mo' page.



These moments provided the opportunity for all employees to challenge how we think. In addition, we raised awareness on other key topics that support our D&I strategy and worked to ensure all our employees contribute to building a more inclusive workplace. We expect that our investment in these areas will continue to have a positive impact on our progress.

We measure inclusion annually via our employee engagement survey, which includes an inclusion index. Our result this year was 7.7, which is above the external benchmark of 7.4. There is room for improvement, but this high score tells us that our employees overall feel accepted at work and able to be their authentic selves.

We also track inclusion-related data related to our focus areas such as promotion and hire rates, pay data and exits.

Impact story

Employee Engagement Survey

At ERIKS, we are committed to building a high-performing organisation. This starts with creating the right environment that encourages employees to live up to their full potential, feel that their opinions matter, and feel confident that we are listening.

Every year, we conduct an employee engagement survey to gain a clearer understanding of what motivates our teams and create a space for our employees to give us feedback on where we can improve.

The results of this survey provide us with specific and valuable insights that we can all work on, enabling us to take action to make ERIKS a better place to work.

This survey is administered by an external partner called Effectory that specialises in employee engagement. Effectory's involvement helps ensure that all responses are completely confidential.



Survey results were shared in October 2022, followed by team discussions to review the results and build action plans together.

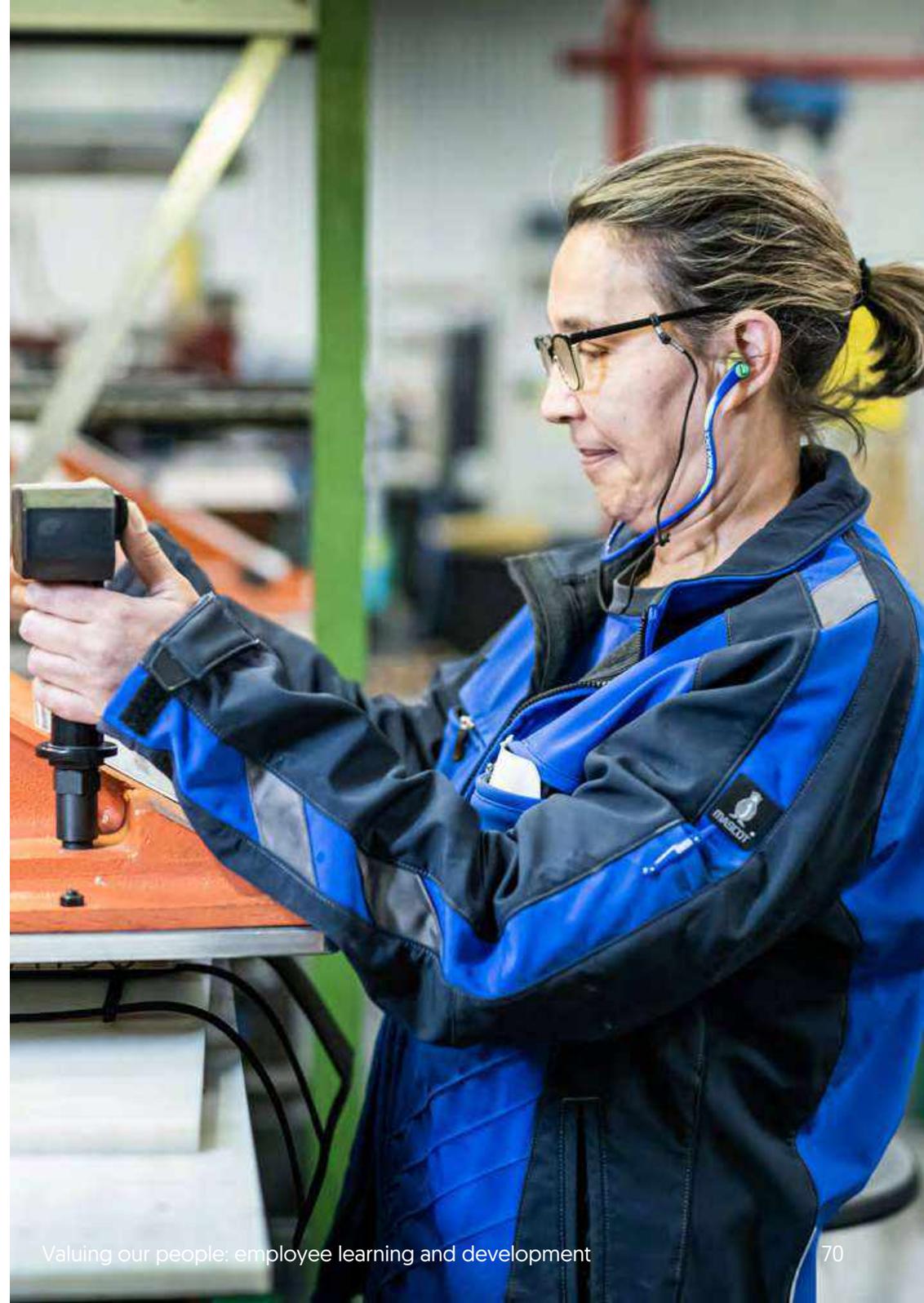
The survey participation rate was 77%, offering an accurate representation of the wider organisation. The primary conclusion of the survey was that while there is a pleasant working environment at ERIKS (with highlights including inclusion, leadership and role clarity), harnessing it to generate results can be difficult (with areas for development including tools, cross-functional cooperation and change management support).

Ensuring every employee has a voice

In addition to our annual employee engagement survey, we listen to our employees' worries and suggestions by maintaining a 'Speak Up' whistleblower system. Speak Up offers our employees an additional channel, alongside speaking to a manager or HR representative, to confidentially raise concerns that they believe could harm the company, a co-worker or themselves.

Employees can report a concern to the Speak Up platform via phone, using a free helpline specific to their country. To ensure everyone understands the option of raising concerns through Speak Up, information can be found on wall displays, flyers and ERIKS' intranet.

In 2022, we had 16 Speak Up cases and 15 ethics and compliance cases directly reported to the department. After all cases were investigated properly, 20 of the cases were substantiated and 7 were not, while the rest were partially substantiated or unable to be investigated.





What we will be focusing on in 2023

During September-December 2022, we ran a sales training pilot to refine the training process that will be rolled out across all ERIKS' countries of operation in 2023.

We contended with numerous staff changes in multiple countries last year, meaning that maintaining what we achieved across all our L&D programmes in 2023 will be an achievement in itself. With this in mind, resources dedicated to developing new programmes will be limited, but we believe in the value of the schemes that we've already devoted so much time and energy towards.

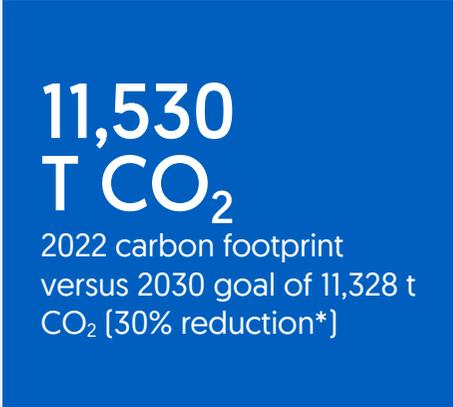
A photograph of an industrial facility, likely a power plant or refinery, featuring several tall, vertical metal towers and complex piping. The scene is framed by cherry blossom branches in the foreground, with a bright sun creating a lens flare effect in the upper right corner. The overall atmosphere is a blend of nature and industry.

Section 8

Reducing our energy consumption and GHG emissions

ERIKS

Our 2022 energy performance at a glance



*using our 2018 emissions of 16,183 tCO₂ as a baseline



Reducing our energy consumption and greenhouse gas emissions

Over the past year, we have made strides to further reduce our own energy consumption and greenhouse gas emissions. We monitor and measure our direct emissions from ERIKS owned or controlled sources (Scope 1 emissions), as well as our indirect emissions from the purchase of energy (Scope 2 emissions).

“We are pleased to be projected to achieve our 2030 target of a 30% reduction in our CO₂ emissions significantly ahead of schedule”

Stepan Breedveld, ERIKS CEO

Progress towards 2030

Despite many global challenges in 2022, we continued to reduce our emissions. In 2022, this was partly driven by the high energy prices as businesses became more aware of what they could do to save energy costs. We also had a relatively warm winter in Europe, meaning gas consumption was lower than usual. Combined with our initiatives that you will read about in this chapter, we were able to reduce carbon emissions across ERIKS' operations.

We therefore continued to make strong progress towards our 2030 target of reducing CO₂ emissions by 30% from our 2018 baseline level. We are ahead of schedule and already close to reaching our target. A 30% reduction means reducing our emissions to 11,328 tCO₂ by 2030, compared to our 2018 baseline of 16,183. Our 2022 footprint was 11,530 tCO₂. The difference from 2021 to 2022 is reasonably small, but a significant portion of 2021 was impacted by coronavirus travel restrictions so its footprint was naturally smaller.



As well as our determined efforts, structural changes to our business also impacted our footprint in 2022. For example, ERIKS sold its US business in the first quarter of 2022, which naturally brought down our overall footprint significantly. However, this divestment does not contribute to our reduction ambition, as we adjust our 2018 baseline accordingly.

New environmental footprint reporting tool

Going into 2022, we knew that we needed to improve the accuracy of our footprint reporting. Before carbon emissions can be reduced, measured data needs to be accurate.

At the end of 2022 Q1, we implemented a new tool developed by Schneider Electric that collects our footprint data semi-automatically. It collects

and automatically processes our electricity and gas invoices, and thus our footprint. This reduces the workload for our reporting specialists. They still need to report manually for some sources of emissions, such as our gasoline and diesel consumption. For those sources they need to upload the proof to ensure our data receives assurance by an external auditor.

One other major benefit is that the tool is able to make accurate estimations based on historical data and fill the gaps in the dataset. This is needed when invoices are sometimes received and processed late, meaning there are missing data points.

Overall, having implemented this tool is crucial in helping us prepare for the fast-approaching Corporate Sustainability Reporting Directive (CSRD) in 2025.



Impact story

ERIKS UK&I Energy Reduction Campaign

In 2022, our energy-saving initiatives included the use of LED lighting, solar panels, heat pumps, smart metering and electric alternatives where possible. Soaring gas and electricity prices meant that there was a strong business case for this energy reduction alongside its environmental basis. Compared to €3 million in 2021, ERIKS spent over €5 million on gas and electricity in 2022.

ERIKS has a wide range of initiatives to achieve a significant reduction in energy use, ranging from lowering all thermostats in ERIKS offices to 19 degrees to adhere to the European Union's guidelines for reducing gas demand by 15%, to ERIKS UK & Ireland's (UK&I) energy reduction campaign. ERIKS UK&I produced a detailed energy reduction presentation with suggestions on how their initiatives could be scaled to all ERIKS countries, including:



- Heating e.g. change timers to adjust to weekend working times and switch off during Bank Holidays
- Lighting e.g. make sure windows are not blocked by objects to allow natural light in
- Office e.g. switch off any unused or infrequently used electrical items
- Production equipment e.g. change filters regularly and add this to regular maintenance schedules



Impact story

Green electricity

In 2022, we found that 83% of our electricity consumption came from green sources. All ERIKS' countries run on green electricity except for France, Slovakia and those in Asia-Pacific (China, Malaysia and Singapore).

“Using green electricity is one simple, effective way we can reduce ERIKS’ carbon footprint.”

Ruben Janssen, Global Sustainability Manager, ERIKS

Challenges in 2022

In addition to switching to green electricity where possible and energy reduction at our sites, the other key area we wanted to focus on in 2022 was the further electrification of our vehicles.

While the volatility in energy prices and resulting awareness helped us reduce our overall carbon emissions, it made the business case for switching to electric vehicles challenging.

Our car fleet is a significant part of our total emissions and improving infrastructure in many countries means that switching to electric will become more feasible. Electric vehicles are in the lease car portfolio of some of our countries of operation, but some long-distance journeys remain unfeasible for them.





Looking ahead

As we move into 2023 Q2, we hope that energy prices will stabilise so we can reevaluate the business case of electrifying our fleet.

Further reducing the energy consumption in our buildings will remain a challenge in 2023 because we have so many locations that all have different setups. However, with more initiatives like ERIKS UK&I's reduction campaign, we aim to produce additional transferrable learnings that can be applied across ERIKS.

We have not assessed risks and opportunities surrounding climate change mitigation and adaptation yet, but this will be part of the double materiality assessment that we will be doing in 2023. An example of a risk is that our supply chains can be quite long, particularly our products that are sourced from Asia. As a result of global warming, we anticipate more severe weather events creating potential significant disruptions to our supply chains. We must prepare to be agile in response to these.



Internally, we want to build on 83% of our electricity being green by ensuring any new electricity contracts are environmentally friendly. But externally, one thing we need to improve is embedding sustainability further into our sales approach while building a greener product portfolio for our customers. This includes offering products that have less environmental impact, but also how we communicate that to our customers through our webshop or in marketing material while making sustainability easier to understand.

Our Scope 1 and 2 emissions are relatively small, but helping our industrial customers become more sustainable is where we can make a big impact. We have the tools, services and products to help reduce their CO₂ emissions and become more efficient.

Scope 3 emissions

In 2022, we also started tracking our Scope 3 emissions. This is a complex puzzle as it evaluates the emissions in our complete value chain (both upstream and downstream). In the coming years, we will continue improving the accuracy of our Scope 3 model while starting initiatives to reduce our Scope 3 emissions as well.



Section 9

Closing statement

ERIKS

Our mission to make industry work more innovatively and more sustainably

For many industries, and the companies in these industries, a net-zero journey is just a dream, or a desire expressed on paper and in the occasional Powerpoint presentation. However, when you apply the passion, expertise and specialism of a company like ours, this ambition becomes more tangible and attainable.

At ERIKS, we have a proud passion for industry and tradition of specialism. When combined with our deep experience and innovation mindset, then amplified by the endless pursuit of our specialists to create added value, something truly special emerges.

Every product development process starts with a drawing, whether the challenge is creating a higher melting point for automotive manufacturing, a faster semicon for lithography machinery, a blue line in our food processes, or simply the next generation of green hydrogen valves.

We quickly get to the heart of the issue and move from sketching to prototyping, with support from our Centres Of Expertise and their use of sophisticated technologies. These prototypes then become indispensable everyday products that make industry work better. One of the most important aspects of successful innovation is the ability to scale rapidly, and our 80 years of experience and supplier relationships enable us to do just that. Our most ambitious innovation projects are currently in Europe, with a strong echo in the APAC region for our strategic customers.

Circularity is becoming a bigger and bigger part of our business. It is a powerful concept that sits at the core of lessening human impact on our planet's health. Together with our suppliers, we work to understand our exposure to dangerous chemicals like PFAS, exploring alternatives and shaping the industry towards becoming more resource efficient and less energy intensive. That is how we define circularity.



Last but not least, energy reduction. This topic took on particular importance for our customers in 2022 given the turbulent energy market developments we all have seen. With the depth and breadth of expertise we have in-house, we have proven to be a capable partner in helping our customers to reduce their energy consumption while accelerating their return on investment on our solutions. We anticipate that this will continue to be a high-priority topic going forward as, apart from the related cost savings, energy reduction will also be indirectly driven through new legislation like the Corporate Sustainability Reporting Directive, which stimulates companies to be more transparent on their environmental footprint.

“We look back with pride to the execution and further embedment of our sustainability strategy in each of our employees, and the greater value chain of the industries we serve. Thanks to these steps, we are in the position to look courageously into the future and embrace our role as fiduciaries for our planet for the generations to come. We do this very deliberately: we are on a mission to make industry work more innovatively and more sustainably.”

Sampo von Raesfeld, Director of Sustainability & Innovation, ERIKS



We look forward to finalising our Scope 3 assessment in 2023 and engaging with our network of valued partners and stakeholders to become the change we want to see.

Our community of practitioners collaborating for a more sustainable planet continues to grow and strengthen. We see this network as essential to creating shared prosperity and a sustainable future.

We are in this together, and we are forging a new path with every step we take. Thanks for taking this journey with us.



Section 10

About this report

ERIKS

Scope of the report

This report applies only to the geographical markets where ERIKS N.V operated for the entirety of 2022.

In the first quarter of 2022, ERIKS divested its activities in North America. In the fourth quarter of 2022, ERIKS acquired GEMOTEC GmbH & Co. KG, a company located in the south of Germany that specialises in electric drive technology.

ERIKS publishes its sustainability report on a yearly basis. This report was published on 10th May, 2023.

If you have any questions about this report, please contact ERIKS' Global Sustainability Manager Ruben Janssen via email at ruben.janssen@eriks.com.

The reporting framework

The report was developed in reference to the reporting principles defined by the Global Reporting Initiative (GRI) Standards.

GRI is an independent international organisation that helps businesses, governments and other organisations understand and communicate their sustainability impacts.

The report is built around ERIKS' areas of most significant impact and its six most material topics. The process for defining these material topics and a full list of the topics assessed appears on page 18 of this report. The GRI Content Index can be found on ERIKS' corporate website.

Data and external assurance

The reported data was generated with the highest level of reliability possible.

The qualitative information was provided by the staff members responsible for the various topics. This information was derived from our businesses' local measurement systems then consolidated and checked at group level.

This report has not been externally assured. We are preparing for the requirements of the Corporate Sustainability Reporting Directive (CSRD) and therefore plan to seek external assurance for future sustainability reports.

To capture our carbon footprint, we measure the Scope 1 and Scope 2 emissions arising from our operations. In 2022 Q4 we initiated a project to calculate our Scope 3 emissions. We expect that this project will be finalised in the second quarter of 2023.

The calculation of our carbon dioxide equivalent emissions is based on the GHG protocol using global warming potential (GWP). We use UNFCCC,

DEFRA and IEA as our emission factors sources. We track our CO₂, CH₄, N₂O and NF₃ emissions and include CO₂, CH₄ and N₂O in the calculation of our reported footprint. ERIKS' consolidation approach for its emissions is based on financial control. It does not account for GHG emissions from any operations it does not have financial control over.

We calculate our emissions using a tool called Schneider Electric – Resource Advisor (SE) which helps us to understand our emissions down to the building level. The data is auditable because proof is uploaded to support reported emissions and anyone who has entered, uploaded or deleted a data point is identified. Our electricity and gas consumption are processed automatically using invoice collection. Other emission sources are collected and reported by our in-country reporting specialists.

Our emissions calculations include some assumptions. For example, when a data point is missing, SE makes an assumption based on historical data. Once the data becomes available, the assumption is overwritten with the actual data. At the end of the year, the reporting closes so no new information can be added.



Section 11

Key figures in the report

ERIKS

Health and safety is our top priority

The number of fatalities as a result of work-related injury	0
The number of high-consequence work-related injuries (excluding fatalities)	1
The number of recordable work-related injuries	42
Total recordable case frequency (TRCF)	1.10
The number of near misses	324
LTI in terms of workdays	236
The main types of work-related injury	Production area (hand/finger injury)
The number of hours worked	8,324,430
Percentage of employees who have completed Health and Safety training	Not available in 2022, available from 2023 onwards
Number of safety visits by management	359
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0

How we ensure responsible business conduct

Total number of Speak Up reports	16 Speak Up cases and 15 E&C cases directly reported to the department (31 cases in total)
The proportion of Speak Up reports which were substantiated and led to further investigation	20 substantiated (64.5%)



Valuing our people: employee learning and development

Number of employees, calculated by headcount on 31st December 2022	4,700 employees in total
Gender breakdown of employees, as of 31st December 2022*	26.6% female, 73.4% male
Geographical breakdown of employees, as of 31st December 2022	4,576 employees in Europe 124 employees in Asia
Proportion of leadership positions held by women	24%
Employee turnover	21.5%
Global learning and development budget	€700,000
Number of training completions	21,414

*Based on the responses of 4,619 employees, as some employees chose not to report their gender.

Reducing our energy consumption and greenhouse gas emissions

Total fuel consumption within the organisation	2,716,549 litres
Total fuel consumption within the organisation from renewable and non-renewable sources	Renewable: 16.25 MWH (green electricity) Non-renewable: 2.6 MWH (grey electricity)
Scope 1 GHG emissions in t CO ₂ e	10,760
Scope 2 GHG emissions in t CO ₂ e	770
Number of training completions	21,414