



ERIKS, ECONOSTO AND ECONOSTO MIDEAST REACH SETTLEMENT WITH DUTCH AUTHORITIES

Utrecht, 28 April 2021. ERIKS today announces it has reached a settlement with the Netherlands Public Prosecution Service (NPPS). ERIKS, Econosto and Econosto Mideast (EME) have together paid a fine of € 10,953,000. In addition, EME has paid an amount of € 29,158,000 for unlawfully obtained advantage. The reached settlements follow the completion of the NPPS's investigation into the matter.

Explanation of case

- In response to internal signals of irregularities related to payments made by EME, ERIKS and its parent company SHV commissioned an investigation in 2015 and 2016.
- This investigation revealed that EME had made commission payments to third parties, and that a part of these payments had been made to employees of clients to acquire contracts. Furthermore, there were doubts regarding how these payments were administered and reported. These payments were halted immediately after they were discovered.
- On its own initiative and on behalf of ERIKS, Econosto and EME, SHV shared the outcome of this investigation with the NPPS in 2016. Subsequently, ERIKS and its (indirect) subsidiaries fully cooperated with the NPPS's investigation into the matter.
- On the basis of the outcome of the above-mentioned investigation, ERIKS, in close cooperation with SHV, immediately restored order, including by intervening firmly at EME.
- In addition to the commission payments made, it also turned out that EME, despite instructions to the contrary from ERIKS in 2010 and subsequent years, continued to do business with Iran. This led to three violations of the international sanctions against Iran.
- In 2016, ERIKS decided to proceed with a controlled decommissioning of EME. Currently, the final formal steps are taken to complete the liquidation of EME.

Stepan Breedveld, CEO ERIKS: "The integrity breaches in the Middle East are serious and affected us deeply. ERIKS took rigorous measures at the time, including the full dismantling of our Middle East office. I joined ERIKS as CEO in 2020. I have seen how this case has led to strong emotions in the organisation and disappointment among our many loyal employees. We have learned clear lessons from the grave errors made in the past. I am impressed by how diligently the company has worked over the past few years to structurally strengthen its compliance and risk management and the continuous attention the entire organisation devotes to ethics and integrity. We see this as indispensable prerequisites for how we operate, anywhere in the world. We never make concessions in this regard. Following this settlement, we can now put this matter behind us and focus fully on supporting our industrial clients with our expertise and products."

Measures taken

In response to the investigation, the results of which we shared with the NPPS, ERIKS, in close cooperation with SHV, immediately intervened and implemented a number of structural measures, including:

- The immediate replacement of key personnel.
 - The institutionalisation of the Internal Audit function.
 - The implementation of a comprehensive compliance policy at all its subsidiaries. This policy is focused on, among other things, anti-bribery & anti-corruption, the screening of third parties and compliance with sanction-related legislation and export measures.
 - The organisation of compliance training courses for all EME employees.
 - The review of the processes in which the irregularities occurred and the addition of extra checks to these processes.
 - The creation of a more senior Ethics & Compliance (E&C) position within ERIKS, the placement of experienced people in (sometimes new) E&C positions and the installation of an Ethics & Compliance Committee.
 - The introduction of standard agent audits, which are used to verify whether all conditions are checked when entering into contracts with and paying agents.
 - The introduction of a compliance due diligence for major acquisitions.
 - None of the employees directly involved in the irregularities are currently employed at ERIKS, Econosto or EME.
 - The decision to cease the operational activities of EME.
-

ABOUT ERIKS

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. ERIKS helps customers in a variety of industrial segments to improve their products' performance and reduce their total cost of ownership.

Our specialisation is based on technical expertise. Over the past 80 years, we have built up in-depth expertise in the areas of sealing, rubber, gaskets, valves, instrumentation, industrial & hydraulic hoses, industrial plastics, transmission technology, bearings, conveyor systems, tools, and maintenance and safety products. Thanks to a strong focus on digitalisation and data insights, we develop new services and improve processes for our clients.

ERIKS has offices in 17 countries, with strong positions in Western Europe and North America, alongside a presence in Asia. For more information about ERIKS, visit our website at: www.eriks.com

PRESS CONTACT:

Daan Heijbroek, Head of communications
daan.heijbroek@eriks.com