

Sustainability report

2018



Passionate about steel

Sustainability report
2018

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Preface



As a company Smulders attaches great importance to innovation and technology. For many years, we have been a leader in the world of steel structures, also in the offshore wind sector. But we also want to build a sustainable future. For our company and the world.

That is why we are continuing along our chosen path, focusing on energy efficiency and renewable energy. We build on our tradition of local and employee engagement.

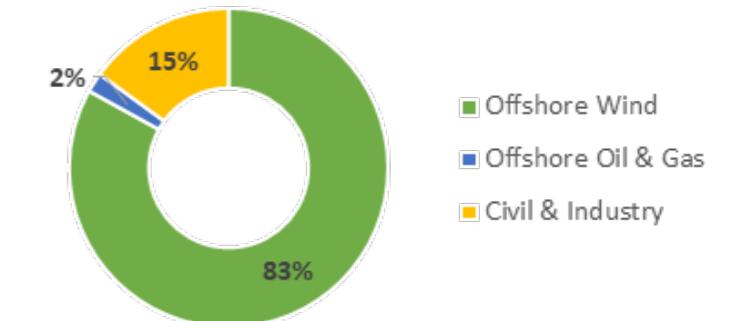
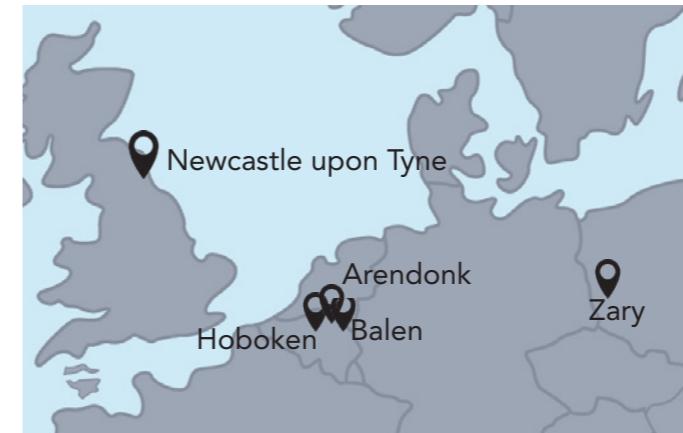
I would like to thank all employees who help us realise this vision.

Raf Smulders

Managing Director Smulders

Smulders is an international steel construction company with more than 50 years of experience. We are a solid and flexible partner in the engineering, construction, supply and assembly of steel constructions. Smulders has more than 950 employees working across 5 facilities.

We realise unique and challenging projects in 3 different market segments: Offshore Wind, Offshore Oil & Gas and Civil & Industry.



Smulders is a member of the Infrastructure branche of the Eiffage Group, a leading figure in the European concessions and public works sector operating through four business lines: Construction, Infrastructure, Energy and Concessions.

"Think twice, before you start creating"

Throughout the past decades our main goal has always been "to make our client's wishes reality". Combining our passion for steel with our extensive expertise enables us to bring unique products to the market.

We create our products with utmost care and a keen eye for quality in constant proactive interaction with our clients. We stand out in terms of know-how and technical skills, but most of all because of our drive to fulfil the promises we make to our clients. That is why our reference projects are working at full speed all over the world. Simply because they were realised with a true passion for steel.

Smulders' policy is based on four core values: **Decisiveness, Respect, Customer Orientation** and **Teamwork**. These values determine all of our decisions – day in, day out.



Smulders & sustainable entrepreneurship

By means of strong systems, processes and the implementation of good policies throughout the company structure, we can manage our environmental impact and reduce our carbon footprint.

For many years, Smulders has been dedicated in its responsibility to the environment and social commitment. Since our early days we have a partnership with local schools and we support community projects. We do our utmost to have as little negative impact as possible on our neighbours (noise, odour, etc.). Moreover, our main activity is the offshore wind energy sector.

Since 2014, Smulders is focused more on CO₂ management. By mapping out our energy consumption, we get a clear picture of where the potential opportunities for energy reductions lie in our organisation. For this, we use the CO₂ performance ladder.

The CO₂ performance ladder is an instrument that helps companies to reduce their CO₂ emissions.

We identify possible ideas for CO₂ reduction within our company and other companies as well.

You can read more about this in the chapter CO₂ Performance ladder.

The reduction of CO₂ is only the tip of the iceberg when it comes to a sustainable policy. Smulders had a CSR carried out, which is a tool of MVO Vlaanderen (CSR Flanders).

Since 2016, Smulders was awarded the Sustainable Entrepreneurship Charter by VOKA, abbreviated VCDO in Dutch. The VCDO uses the 17 Sustainable Development Goals (SDGs) of the United Nations Global Compact as a guideline. With more than 12.000 participating companies from more than 170 countries, including Eiffage, the Global Compact is the largest Corporate Social Responsibility initiative in the world.



2014 Subscribing participation

2015 Inventory CO₂ emissions
Level 3 on the CO₂ performance ladder

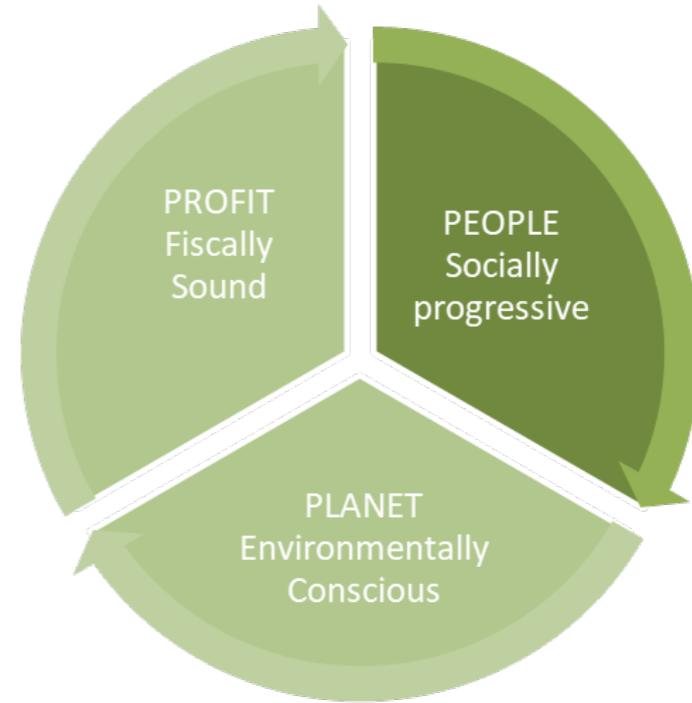
2016 Level 5 on the CO₂ performance ladder

2017 100% renewable energy

The frame of reference

With this report, we aim to provide an overview of the most important aspects with regards to People, Planet and Profit. It is based on two instruments for this purpose: the VOKA Sustainable Entrepreneurship Charter and the CO2 performance ladder. Since not everything can be covered in detail, we briefly describe what Smulders understands by sustainable entrepreneurship below.

Smulders makes conscious choices to create value in a sustainable way with regards to the 3BL (triple bottom line): People, Planet and Profit. There is a strong interaction between these three factors and they provide each other with mutual inspiration. Therefore, there is a lot of interdisciplinary consultation across departments.



People

Involvement

Employees are one of the most important stakeholders in a company. In order to involve them more, everyone is informed about new vacancies through the internal news platform. There is always the possibility to apply for jobs or address acquaintances.

Additionally, there is a section in our magazine *Passion* where colleagues who are passionate about sports, music or another hobby, are put in the picture!

Training

In the Training work group the need for a Learning & Development Officer was demonstrated, which is someone that streamlines all trainings and identifies the educational needs. It is a coordinating role for trainings organised across the three Belgian sites.

As a partner of the Offshore Experience (exhibition in the Rotterdam Maritime Museum), Smulders annually gives away entrance tickets that are valid for the entire museum as well as the Offshore Experience. Colleagues who mainly work in the office are often eager to get a better feel for the projects we build.

A training course in 'observation techniques', including practical implementation on the shop floor, is organised for the hierarchical line (from supervisor to management). The aim is to have these observations carried out on a regular basis, in which the supervisor and management evaluate a worker and additionally, inspect further via a 'be safe inspection' in the department for positive and less positive findings.

All of this ties in with a further development of the safety ladder, in which an external organisation comes to evaluate if everybody (from shop worker to management) is aware in his or her own way of what is expected of them and that this is visibly/tangibly present in each department. This is/will be translated into behavioural objectives. This audit could possibly take place in 2019.

Safety

Colleagues are encouraged to report Unsafe Situations at all of our facilities. The people that are often on the shop floor are the ones that know what can be improved. Monthly two movie tickets are raffled off to all who submitted a report.

In Arendonk and Balen, different safety trainings (SCC approved) take place. Basic training is given by the prevention advisors, after which a certificate can be obtained via an external organisation.

By mid 2018, everybody will have completed the required trainings and received the corresponding helmet sticker. This sticker contributes to the visibility and a simplified control system.

Social and ethical aspects

There is a new, detailed integration process. This will be discussed further on in the report.

Charities

October 2018 - YOUCA Action Day

As part of the YOUCA (Youth for Change and Action), a student worked at the facility in Balen for a day. The money she earned (50 euros) was donated to Plan International's youth project in Ecuador as part of the YOUCA Action Day. It was already the 13th time that YOUCA organised the YOUCA Action Day. More than 15,000 young people from Flanders and Brussels took part.

May 2018 - Motivational incentives and Christmas gift

Smulders foresees all kinds of initiatives (sensitisation), whereby at a certain moment a (gift) voucher is offered, such as the Christmas gift, incentive for accident-free period, etc. Employees can choose not to receive a certain gift (voucher) and donate the corresponding amount to a good cause.

In 2018, the collected amount went to VIBO, which stands for Vrij Instituut voor Buitengewoon Onderwijs (Free Institute for Special Needs Education). It is a group of five special needs schools in the Kempen region for toddlers, children and youth from 2.5 to 21 years.

Their infrastructure has been in need of renovation for years, but due to the lack of subsidies, they are forced to take on a large part of the financing themselves. Smulders wants to support this project.

August 2018 – vzw Armen TeKort

Smulders supports the non-profit organisation Armen TeKort since 2017. As a thank you, the organisation has donated a number of salt & pepper sets for the Smulders' staff.

The volunteers of Armen TeKort are linked to a person in poverty for a two-year buddy project. Through this project, the volunteers help the underprivileged to overcome their situation on their own.

September 2018 - Weekend sale of azalea plants for Kom op tegen Kanker

Following previous years, Smulders participated again in the Weekend sale of azalea plants for Kom op tegen Kanker (non-profit organisation against cancer) in 2018. All employees receive an azalea plant that they can take home or leave at the office as decoration.

Team events

Every year a number of events take place, which are supported by, organised by or participated in by our employees. In some cases, an employee enrolls himself/herself initially and persuades other colleagues to participate as well, which results in a larger group activity involving many colleagues

Indoor football

Every two months, on the last Thursday of the month, a Smulders team plays a game of indoor football against another company from the region. Colleagues are encouraged to go and support through our monthly newsletter, the Smulders' Gazette.

16 March 2018 - Quiz

Across all facilities, we had 15 teams who registered to participate in the 6th edition of the Smulders' Quiz. It was a thrilling battle for the 1st place. Team spirit and involvement is strongly encouraged with regards to the aspect of People. Some questions are even based on our organisation and our projects

22 April 2018 - Antwerp 10 Miles

Smulders participates every year in the Antwerp 10 Miles. There are different programmes: 10 Miles, Short Run (5 km), Antwerp Marathon or the Kids Run (1.4 km). Employees that participate get a T-shirt and their entrance fee is reimbursed.

15 September 2018 - Dragon boat race

Two Smulders teams have participated again in the Dragon Boat Race in Antwerp. Smulders A finished in a beautiful 3rd place. Smulders B just missed the semi-finals and finished in 9th place.

21 September 2018 - KUBB tournament

At the end of September, a dedicated employee organised a KUBB tournament. The purpose is to knock over the opponents' blocks and the king with a wooden stick. The team that wins, moves onto the next round.

11 October 2018 - Colour advice

In October an employee took the initiative to organise a session of colour analysis and advice.



Planet

CO₂ management

Smulders is committed to ecological development. CO₂ emissions are inventoried and there is a plan of action to reduce them. More information on this can be found in the chapter CO₂ Performance ladder.

Sustainable Development Goals

Most of the initiatives and sustainable actions are elaborated on in the chapter Sustainable Development Goals.

Sorting waste

The OVAM (Public Waste Agency of Flanders) supports the separation of waste streams and ensures that companies take their responsibility and sort waste. Employees are expected to have the discipline to sort waste correctly, so as not to cause extra work or costs.

From time to time, Smulders searches for candidates who are interested in the waste wood that will be raffled off.

Digitalisation

As a part of digitisation, we ask our new employees if they wish to receive their payslips (and other payroll documents) digitally.

Profit

Besides People and Planet, business operations and economic development are also important factors for sustainability. By communicating transparently with all stakeholders, Smulders can demonstrate what they do and openly provide interaction and feedback.

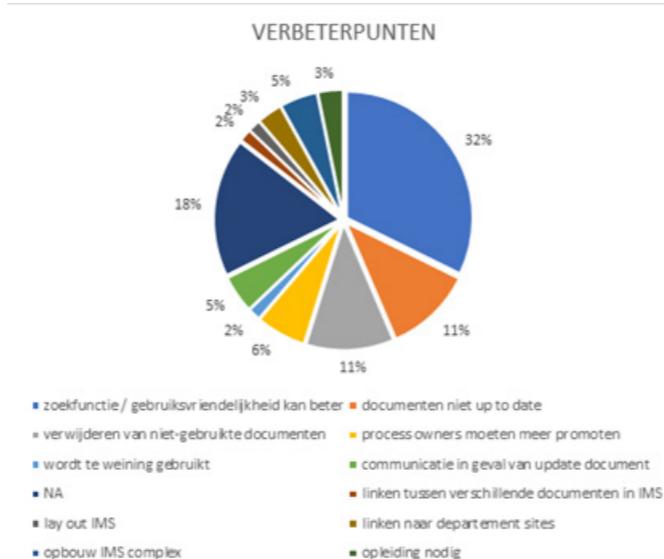
Sustainable procurement

We always ask our suppliers to complete our Sustainability Questionnaire. This enables us to check whether solid partnerships can be made that are sustainable for today and the distant future.

Transparency

The important documents communicated to our stakeholders, are posted on our social media and on our website under publications.

Smulders has an IMS, Integrated Management System. In 2018, it has been scrutinised in order to improve the IMS. An internal survey was conducted into, among others, user-friendliness.



Safety week 2018

Well-trained employees ensure fewer accidents and better working conditions.

Since November 2018, our facilities in Balen and Arendonk have finally presented their introduction movie (as it already exists in Hoboken). It is intended for everyone who wants to enter our workshops.

Linked to this introduction movie, is a questionnaire that visitors have to fill out. For the employees (our own as well as subcontractors) there will be an additional safety induction, with more attention for organisation and LMRA. Both the introduction movie and the safety induction are available in multiple languages.

Forward together (FOTO)

In our organisation, we want to work openly on structural improvement for/by everyone. This is why the Forward Together process was started. We receive sufficient input and the "champions" take all proposals seriously in order to implement them effectively.

The improvement lists are gathered by the QA department and hung out at various places in our buildings, such as on the printers. The people who reported something are encouraged to monitor the implementation of their item actively together with the designated "champion" who is responsible for that item. The process runs mainly in the production departments at all sites. The input of the non-production departments will be increased in 2019. You will be informed about this.

Innovation – dimensional control

In Arendonk, we have further improved the dimensional control process. This process ensures that achieving the required quality of our products is linked to a high efficiency of the whole production process.

From the machining onwards, the dimensional aspect of the components (plates & profiles) must be controlled. By doing so, the next internal customers, such as the assembler and welder, can be supplied correctly. For example with penetration welds, the welder must be able to rely on the correct edge preparation, which minimises the chance of welding defects. For this purpose, all necessary agreements are made with the operator(s) / foremen and if necessary, colleagues from the quality department, to ensure that the agreed control measurements are effectively carried out, including analysis.

For example for project Avelin Gavrelle: the required plates are cut and measured accurately following the correct unfolding, the weld edges (with nose) are milled afterwards, the plates are rolled into cones one by one and the cones need to fit on top of each other perfectly.

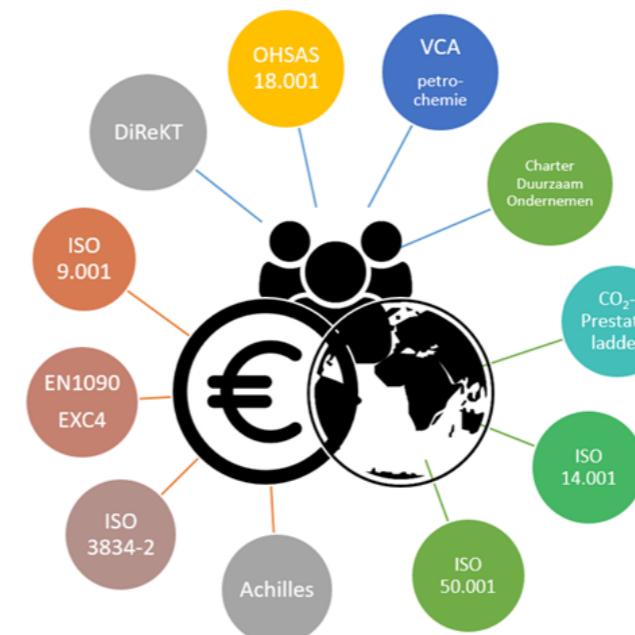
Management systems

In order to manage and organise all these aspects, a robust system is crucial. A management system offers a framework of agreements to realise management and objectives. These agreements are documented in a clear, uniform way (through process descriptions, procedures, instructions) and are available to everyone.

It has integrated mechanisms to complete actions successfully and to improve the system itself continuously.

Given the sector in which Smulders is active, the system complies with numerous standards:

- The product we make must meet certain requirements. These are documented in among others EN1090 and ISO3834.
- The client wants a guarantee that the organisation complies with certain minimum requirements in terms of quality (ISO9001), safety (OHSAS18001, SCC) and environment (ISO14001).
- In order to stay ahead of the competition we set ourselves additional goals, such as the VOKA Sustainable Entrepreneurship Charter and the CO₂ performance ladder.



Sustainable Development Goals (SDG)

The Sustainable Development Goals (SDGs) are the 17 development goals of the United Nations Global Compact that must be realised before 2030. Smulders uses this as a critical framework, in order to integrate sustainability in our policy proactively.

The SDGs are realised in collaboration with VOKA. The network supports and encourages companies to work on sustainable entrepreneurship through an action plan. After 3 years, 14 of the 17 goals have been achieved and Smulders remains certified. There are still three goals, on which Smulders will work in 2019.

Below you will find an overview of our achievements of 2018:



#2 - No hunger

Eliminate hunger, achieve food security and improved nutrition and promote sustainable agriculture

Natuursoep

During the winter period, the Arendonk branch serves soup at lunch time. It is bought from Natuursoep, a family business located in Arendonk that prepares fresh and traditional soup with natural ingredients. They mainly work with raw materials from Belgium or the Netherlands in order to minimise the ecological footprint. By ordering the soup from this company, we promote local products, short-chain and organic agriculture.

#4 - Quality education

Ensure equal access to quality education and promote lifelong learning for all

Integration process

Smulders has grown considerably in recent years. This leads to (often more complex) changes in the structure and processes. The integration process of the new employees has been adapted to this.

In 2017 & 2018 an HR work group was set up to review and optimise the integration process. There are various processes for various positions. During the first weeks, the new employees can visit the other departments to see how they work.

#6 - Clean water & sanitation

Ensure access and sustainable management of water and sanitation for all.

Water fountains

Drinking water is processed and transported. The primary (bottle), secondary (plastic film or bin) and tertiary (pallet, pallet film) waste must be processed afterwards. And this while tap water is perfectly drinkable in Belgium.

That is why water fountains have been installed in the office building & workshop in Arendonk, connected to the mains. Employees were given their own drinking bottle to take water, cooled or not, and with or without gas. The glass bottles are only used in meetings for external parties.



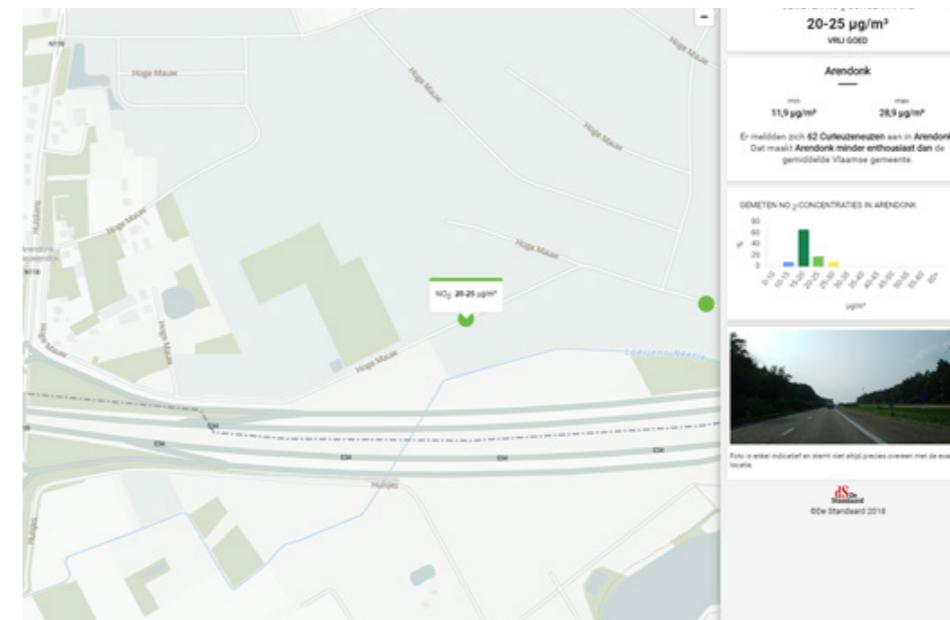
#9 - Industry, innovation & infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and stimulate innovation

CurieuzeNeuzen

This objective also includes the quality of the living environment. To this end, Smulders participated in the civil survey on air quality in 2018:

CurieuzeNeuzen [Nosy noses]. The branch in Arendonk was one of the measurement points for this study. By participating Smulders tries to increase the awareness of employees, suppliers and our customers. Two employees also participated and had a measuring point at home. This research gives us an overall picture of where the air contains a lot of nitrogen dioxide. The next step is to limit it!



#10 - Reduced inequality

Reduce inequalities in and between countries

WELT - Work Experience and Learning Trajectories

For SDG number 10 Smulders participated in WELT, which stands for Work Experience & Learning Trajectories. WELT, organised by VOKA, aims to support companies in the development of a future-oriented talent and training policy, focused on workplace learning.

Thanks to the WELT programme, we have gained insights over the past year in proactively responding to the challenges of the labour market. Through the workplace programme, we give people with a greater distance to the labour market a chance. This was achieved by means of screening and networking sessions. During approximately six sessions with other companies in the area, we received advice on personnel and training management and exchanged experiences. These sessions were supervised by VOKA and employment mediators from various companies, including VDAB and WEB.

Specifically and with the help of VDAB, we took the initiative to start a training course with potential spray painters. After the 4-week training in the VDAB training centre, a 1-month internship will follow in January 2019 at lemans in Arendonk. Afterwards, two job seekers effectively started working in our company!

#11 - Sustainable cities & communities

Make cities and human settlements inclusive, safe, resilient and sustainable

Bike-lease plan

Due to the growth of the company in recent years, more and more people have joined our group, who are on the road every day to help realise our projects. It is therefore self-evident that our employees play an important role in green mobility.

In 2018, we introduced a bike-lease plan whereby employees can lease a bicycle (electric or other). In this way they are encouraged to come to work by bike and perhaps there are newcomers, who previously thought the distance was too large to cover by bike.

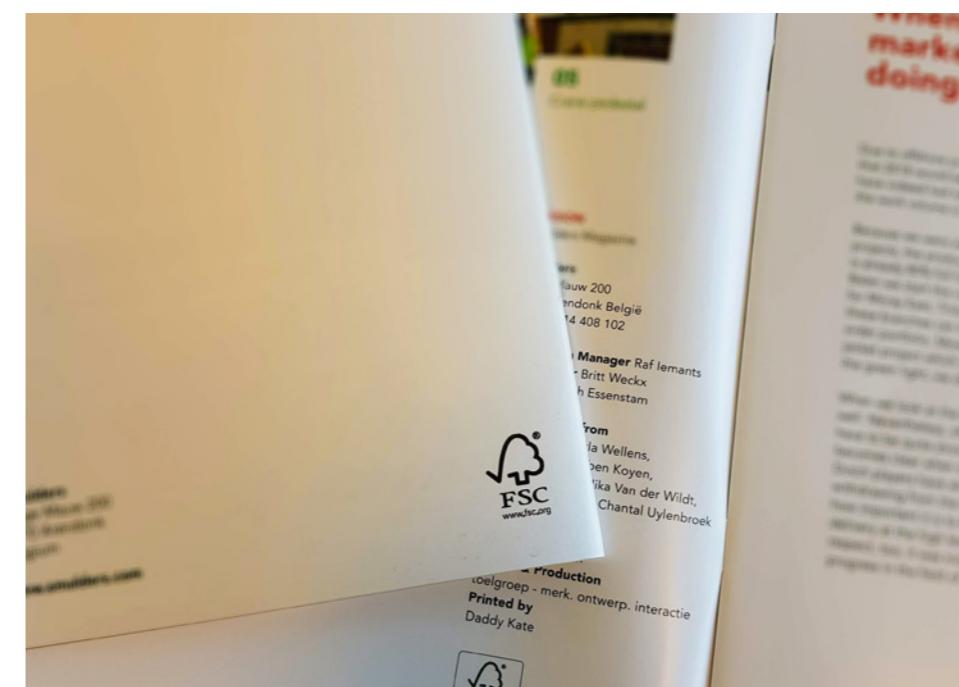


#15 - Life on land

Protect, restore and promote the sustainable use of continental ecosystems, manage forests and forests sustainably, combat desertification, stop land degradation and reverse it and halt biodiversity loss.

Printwork with FSC label

Yearly, Smulders distributes a lot of printwork. In order to contribute to sustainable forest management, our brochures, our magazine and other printwork are printed on paper with FSC label.

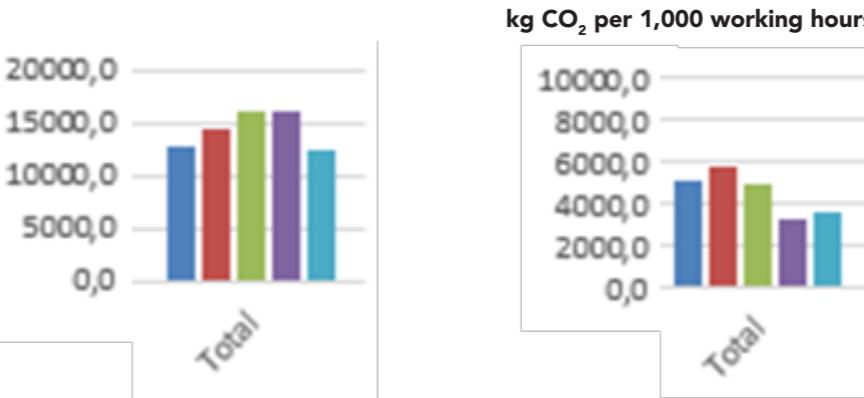


CO₂

Smulders has been systematically working on its CO₂ emissions since 2015, both for ourselves as for the entire chain of raw materials and end products (Life Cycle Analysis, LCA). Numerous actions are defined and monitored within the framework of the CO₂ Performance Ladder.

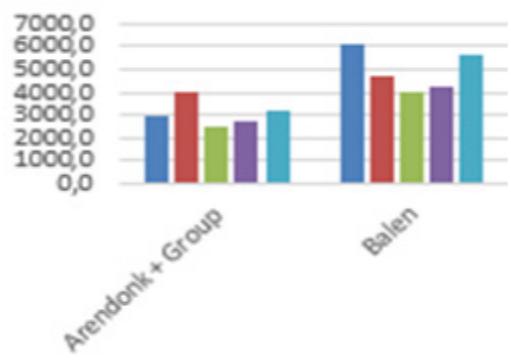
CO₂ emissions 2018

Due to fluctuations in offshore wind projects, Smulders had low activity in the second half of the year. As a result, Smulders' total emissions decreased sharply.



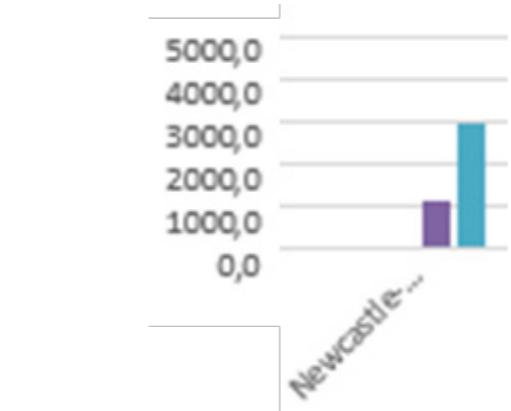
However, we see a light increase in the emissions per performed working hour. There are two explanations to be found in the figures.

Scope 1 kg CO₂ per 1,000 working hours



While it was calmer in summer and autumn, our activities in winter and spring were above average. Therefore, a lot more hours were performed during the cold winter than during the summer with relatively few hours.

Scope 2 kg CO₂ per 1,000 working hours



The figures show a clear increase in the emissions caused by heating. It can most clearly be seen in Arendonk and Balen, where the coating halls have a strong negative impact.

Secondly, we see a strong increase in emissions from electricity in Newcastle.

This is due to the share of green energy in the supply of electricity. While this was 41% last year, in 2018 it was only 22%.

Energy consumption is also very high in relation to the number of performed working hours, which indicates a relatively high basic consumption, regardless of the activity.

Some other examples

Earlier we mentioned the heating of the coating halls. That is why the wall panels and insulation of the spray halls in Balen were renewed in the summer of 2018.

The bike lease plan was also mentioned earlier. By encouraging extra employees to take the (electric) bike, a lot less kilometers are covered by car. Based on the numbers in 2019, we will be able to assess this.

In 2018, LED lighting was installed in all Belgian and Polish facilities.

LED lighting converts a lot less electricity to warmth and more to light. So less electricity is needed for the same amount of light.

In 2019, LED relighting of the Newcastle site will be investigated.

At Willems in Balen, the construction of the new quay along the canal was started. The quay makes it easier to load large structures on pontoons. It will also lead to more transport via inland waterways.



More information and figures can be found on our website: <https://www.smulders.com/en/sustainability>.

- <https://www.skao.nl/what-is-the-ladder>
- <https://www.mvoscans.be/intro> (Dutch)
- <https://www.voka.be/vcdo> (Dutch)
- <https://www.eiffageinfrastructures.com/en/home/engagements/sustainability.html>
- <https://www.unglobalcompact.org/>

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