



Sustainability report

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Foreword

Sustainability has become a strategic pillar of Royal IHC. In 2022, we revised our sustainability goals and defined a sustainability purpose:

“In 2042, Royal IHC is a sustainable company with a net zero portfolio.”

From this purpose, we have defined our focus and created a roadmap to guide our journey towards sustainability. However, this is not a start but an enhanced focus, as we already are developing zero emission solutions for our customers for a number of years. To mention a few, we are now bringing hydrogen and methanol fueled vessels to the market, and the first electric standard cutter suction dredger is also launched in 2022. Combined with automation and operations monitoring, we offer efficient and sustainable solutions for our markets, and enable our customers to respond to the energy transition challenges. This report aims to describe our goals and achievements to date and the next steps on our sustainability journey.

Throughout the year, we continued our I-Care safety campaign with regular publications highlighting specific safety issues, both online and on posters. A new

Personal Protective Equipment (PPE) policy was also defined to make the use of PPE clear and consistent across all Dutch sites. New work procedures are being implemented for higher risk activities. The ultimate goal of the I-Care campaign is zero incidents, a goal I believe we can reach together. But more than that, we owe it to each other to ensure that everyone goes home as safe and healthy as when they arrived at the yards. We also develop our equipment with safety in mind, to minimise operational risks and allow maximum up-time to our customers.

Health and well-being have also been the focus of our HR team. Mental health campaigns were held in several countries and the use of our fitness facilities was encouraged. Other initiatives focus on issues such as the prevention of work-related-stress, cardiovascular disease, the position of women in the company, and reducing the gap between blue-collar and white-collar workers were also organised.

The changing international geopolitical context, impending emissions and compliance legislation, and society's increased attention on human rights, climate change and biodiversity make it clear that

the increased focus on sustainability, with a more integrated approach to business and a better balance between short and long-term aspects, is a good step for Royal IHC.

We believe that becoming a market leader in efficient, sustainable solutions will open up new business opportunities and possibilities for Royal IHC, and we are positioning ourselves to seize these. By providing cleaner and more circular products and services, we

are also supporting our customers in their sustainability pursuits. Moreover, we are helping our sector to meet crucial societal needs such as sustainable coastal protection, renewable offshore energy infrastructure and access to clean water and mineral resources.

Jan-Pieter Klaver
CEO





Our profile

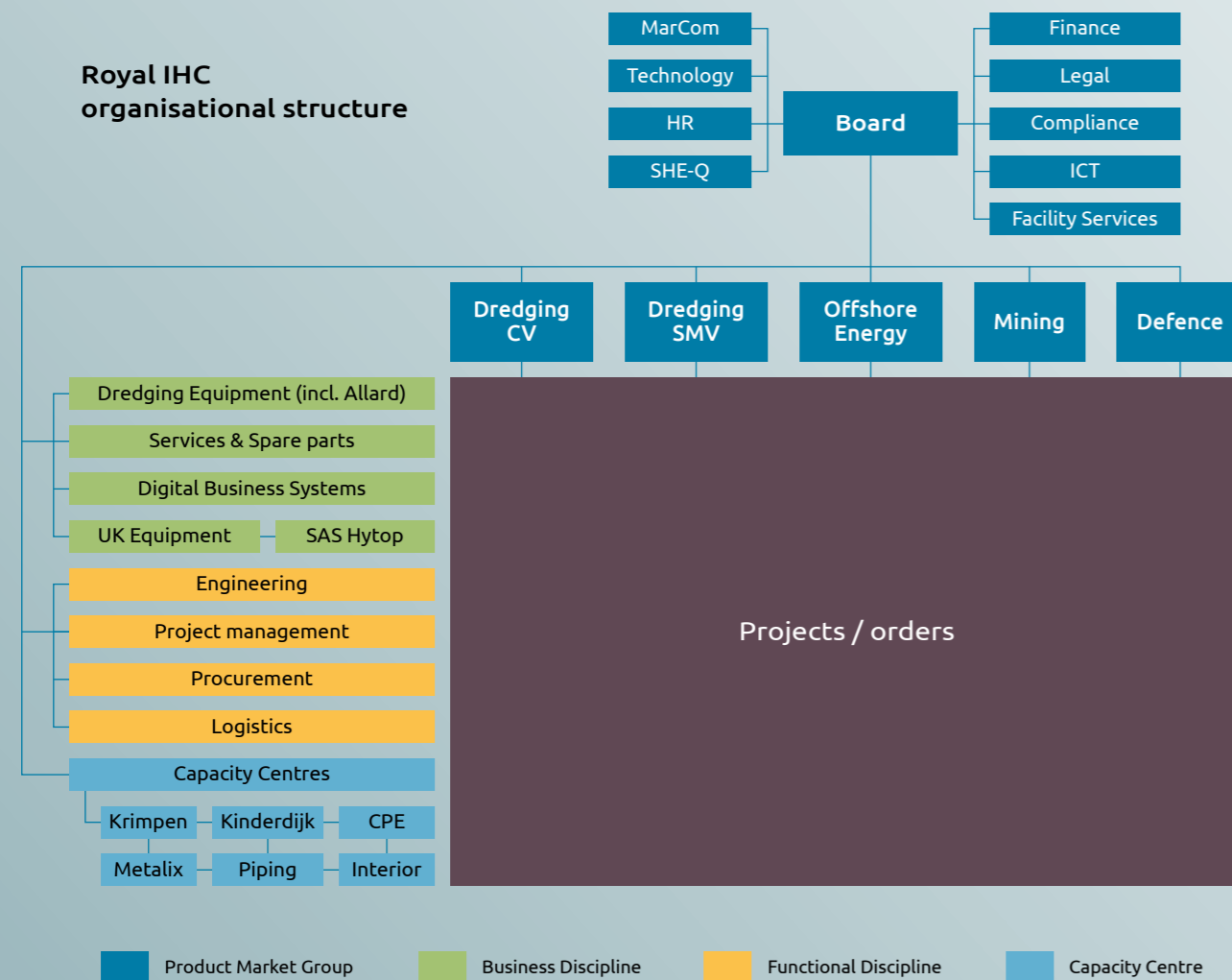
1.1. Business model

Royal IHC is a leading designer, builder and supplier of integrated vessels, equipment and services to worldwide customers in the dredging, offshore, mining and defence industries. With knowledge built over centuries and through our passionate colleagues, we provide a competitive edge to our customers around the globe.

Through the state-of-the-art solutions we deliver, our customers can improve operational efficiencies and make their activities more sustainable. This also

prepares them for the challenges of tomorrow. Our people are deeply committed to technological innovation. With our experts working from sites and offices worldwide, we offer local presence and support on every continent.

We deliver reliable solutions that improve operational efficiency and allow for more sustainable performance. As we navigate new waters, our aim remains unchanged: to discover the smartest and safest way forward for both our customers and our people.



1.1.1. Organisational structure

Royal IHC positions itself in four core markets (Dredging, Offshore Energy, Mining and Defence), providing vessels, equipment and services. We are working on our ambition to be a leader in the areas of operational efficiency and sustainable performance within these markets.

Royal IHC has a matrix structure. Product-market groups (PMGs) are responsible for the four core markets. A series of business disciplines, functional disciplines and Capacity Centres supply assignments and projects to the PMGs and support in their execution. The entire organisation is underpinned by a staff organisation, known as the corporate discipline.

Each of the organisation's components contributes to achieving Royal IHC's goals in specific ways. In addition to becoming and remaining profitable, this includes playing a leading role in making the maritime industry more efficient and sustainable.

1.1.2. Adapting the organisation

A steep reduction in large orders, the aftermath of the global Covid-19 crisis and the war in Ukraine necessitated that Royal IHC make certain organisational changes by 2022. Based on revenue forecast and order flow, we aimed to generate 450 million euros in annual revenue and achieve cost neutrality. Aligning our workforce with evolving business needs was paramount, and

we took the difficult decision to streamline our personnel structure, including direct and indirect employees. We made the necessary adjustments to our staffing levels while retaining as much craftsmanship as possible, in line with expected turnover for the coming years.

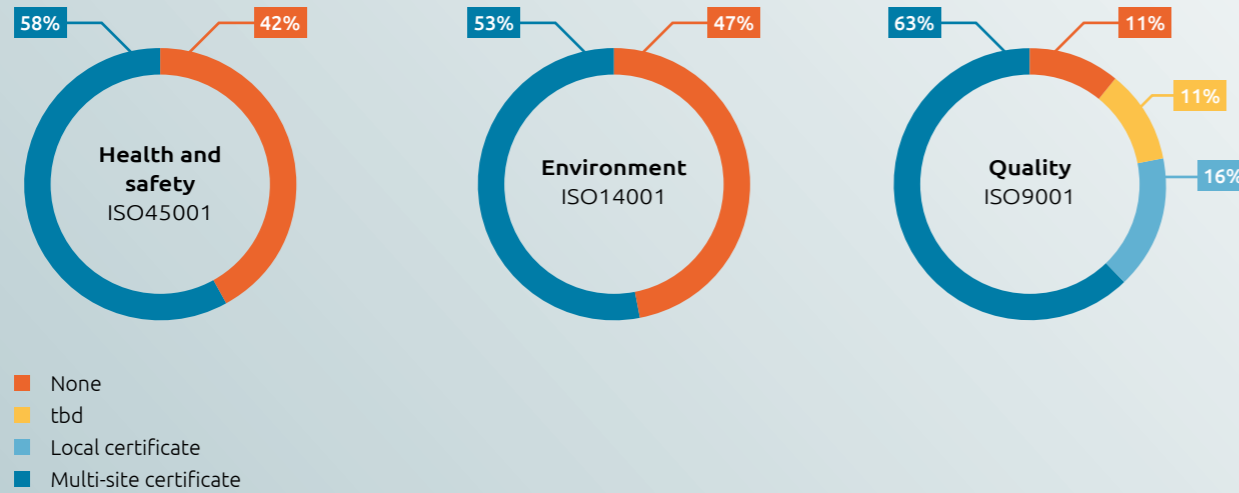
1.1.3. Memberships

Royal IHC is a member of numerous industry associations, reflecting the diversity of markets, sectors and contexts in which the company operates. We provide input through committees and boards, and by actively listening to arguments made by other stakeholders, including NGOs.

In this way, we not only acquire new knowledge but use our own experience and understanding of the maritime sector to deliver new and improved policies. This participation also contributes to better cooperation between industry players.

Royal IHC memberships include the Central Dredging Association (CEDA), Euroyards, FME, IRO, MVO Nederland, Nederland Maritiem Land, Nederlandse Industrie voor Defensie & Veiligheid (NIDV), Netherlands Maritime Technology, Netherlands Water Partnership, Sea Europe and the Waterborne Technology Platform.

2022 certificate overview



1.1.4. Certifications

In past years, Royal IHC has aimed to include all business units in a certified multi-site management system for quality (ISO 9001:2015), safety and health (ISO 45001:2018) and the environment (ISO 14001:2015). Following our transition to a matrix structure, we have shifted our focus to where these certifications can add the most value. Having conducted a thorough site evaluation, for the coming 3 year

certification period the decision was taken to

keep the existing ISO 9001 certification worldwide, ISO 45001 certification for our locations in the United Kingdom and the Netherlands, and ISO 14001 certification for our locations in the Netherlands.

We are seeking external assurance for our PMGs, as well as the business, functional and corporate disciplines, ensuring that all locations that form part of these components work in the same manner. Business areas that are no longer externally assured by the certification body will continue to work in accordance with Royal IHC's management system requirements and comply with laws, rules and regulations. The following charts provide an overview of Royal IHC's current certification, based on our different locations worldwide. For locations marked "To Be Decided" (TBD), the decision as to whether we will seek certification is pending.

1.2. Key figures

Key figures	2022	2021	2020	2019	2018
Number of employees ^{*3}	2,524	2,784	3,048	3,525	3,440
Lost Time Injuries (LTIs) ^{*1}	16	17	27	30	15
Lost Time Injuries Frequency (LTIF) ^{*1}	3.38	2.9	4.2	4.5	2.3
TRIR ^{*1}	6.03	5.6	7.4	8.3	8.7
National absenteeism percentage [*]	4.61%	4.44%	3.98%	3.78%	4.28%
Total environmental incidents ^{*4}	10	13	45	22	18
National electricity consumption [kWh] [*]	13,473,683	15,526,241	20,585,910	19,834,296	23,382,487
National gas consumption [m ³] [*]	1,317,287	1,322,053	1,374,416	1,700,672	2,041,418
National carbon footprint [kg CO ₂ /man hour] [*]	3.41	3.12	2.98	3.14	3.34
Support for local communities [euros] [*]	22,931	52,195	25,359	56,412	110,810
National average training hours completed per FTE ^{*2}	10.2	5.3	12.6	10.4	13.6

* Part of the LR Assurance scope

1. The absolute number of LTIs includes subcontractor incidents and frequencies (LTIF and TRIF) but excludes subcontractor incidents.

2. Only includes Royal IHC Academy data. For 2022, the number is per employee, excluding hired in.

3. The total number of employees as of 20-02-2023, excluding interns.

4. Data as of 2021 excludes environmental near-misses.

1.3. Our people

Our employees are the driving force behind all our accomplishments as an organisation. The results of our 2021 culture survey (reported in our 2021 CSR report) show that our people are passionate and proud to work

for Royal IHC. From projects to procurement, sales to support, our people dedicate themselves to the organisation day in, day out. They live and breathe our culture, contributing to what makes Royal IHC "a great place to work".

Our people	2022	2021	2020	2019
Number of employees (NL)	1,877	2,136	2,384	2,722
Working outside NL	647	648	664	803
Total number of employees	2,524	2,784	3,048	3,525
Permanent contracts	2,151	2,329	2,738	2,248
Temporary contracts	370	455	310	427



Gender distribution	2022	2021	2020	2019
Male	85.8%	86.6%	85.5%	85.0%
Female	13.4%	13.4%	14.5%	15.0%
Other*	0.8%	0.03%	-	-

* Employees with other gender identities or who chose to not declare their gender

Age (in %)	2022	2021	2020	2019
65+	2.6	1.8	1.6	1.0
55 - 64	19.4	19.0	19.0	19.0
45 - 54	25.7	24.9	23.7	23.9
35 - 44	27.6	27.8	27.3	26.0
25 - 34	20.3	21.1	23.9	24.1
15 - 24	4.3	4.7	4.3	6.0
Average	43.9	42.4	42.7	42.4

1.3.1. Performance management

Following a company restructure in November 2020, our teams needed time to adjust to the new organisational setup and fully understand what is required to become a leading player in the maritime industry. To facilitate this, we launched several key initiatives during 2021.

Firstly, we implemented a Management Control and Reporting System (MCRS) to standardise how we organise meetings, establish key performance indicators (KPIs) and measure success.

A monthly team development meeting with our Senior Leadership Team helped to further support the rollout of the new

organisational matrix. Subjects discussed included: getting to know one another, strengthening trust, dealing with conflicting interests, creating a common business plan for 2022 and how to deliver a message effectively through storytelling.

In addition, we relaunched the Performance and Talent Cycle across the whole organisation, simplifying the cycle and increasing automation via Workday, Royal IHC's enterprise management system. To ensure a smooth implementation, line managers received comprehensive training prior to the start of each new activity in the cycle.

To further boost the performance of teams and their leaders, we have reframed our existing Change Accelerator Programme to a one- or two-day Team Performance Programme. In 2021, only one session was held. This was due to Covid-19 measures that prevented us from bringing people together face-to-face. In 2022, we held 10 sessions with diverse teams of Royal IHC.

1.3.2. Education and training

At Royal IHC, we want to develop the knowledge and craftsmanship of all employees, recognizing that continued learning and personal development are essential for our organisation to grow.

We have therefore adopted a 70-20-10 learning model, whereby 70 per cent of learning comes from experience, experiment and reflection, 20 per cent is derived from working with others and 10 per cent comes from formal interventions and planned learning solutions.

We facilitate this approach to learning by offering formal training via the Royal IHC Academy, as well as by offering short-term assignments or coaching on the job. In 2022, our Centre of Expertise for Organisational Development continued to promote this

National average training hours	2022	2021	2020	2019
Unique training courses	351***	219*	157	114
Average training hours per delegate	10.2**	5.3*	12.6	10.4

* Including e-learnings

** Per employee, excl. hired in. For online training, the predefined time is used (total of 1,053.6 hours), not the actual time spend.

*** 161 online.

model, offering a wide range of training materials and formats.

1.3.3. Royal IHC Academy

The Royal IHC Academy continues to go from strength to strength. In 2021, we launched a new Learning Management System, enabling employees to sign up for License-to-Operate training, as well as training for their professional development. In 2022, personal education budgets of € 1,500 per three years were made available to all Royal IHC employees worldwide, for employees to develop competencies in their current or future position.

We also integrated New Heroes and oZone as standard e-content partners. New Heroes provides over 200 online training courses aimed at professional development in every target group and at every learning level. oZone is a user-friendly learning environment developed for, and by, technical companies. Using this platform, our people can develop their technical knowledge and skills.

Balance is the key, embrace a healthy vitality



Astrid Baidjoe
Senior Health Specialist

If you ask Astrid Baidjoe of the Health department what drives her, she says: "I strive for every Royal IHC employee to return home from work in good health every day." That is an apt summary of her function.

The coming years will be dominated by a focus on increasing the sustainable employability of IHC employees, with vitality, competence, agility, culture and leadership being central to promoting the enthusiasm of all employees.

Within Royal IHC, she is mainly concerned with vitality, which is high on the agenda. She indicates that as an organization they recognise the importance of a healthy and energetic working environment, where employees can function optimally. To prevent absenteeism and to contribute to the personal well-being of employees, Royal IHC implements various initiatives in the field of vitality. There is a Mental Health project group for this, where Astrid is the project leader.

First of all, a lot of attention is paid to movement and body awareness within Royal IHC. Employees are encouraged to exercise regularly and to participate in sports activities. For example, they organise sporting events, such as football tournaments, walking tours and running competitions, in which

employees can participate. A sports committee has been appointed for this purpose. In addition, there are facilities available, such as their own company fitness centre at the Kinderdijk work location. To promote the fitness of employees, employees can go to the company fitness centre before or after working hours. Employees can use the 'sustainable employability day' laid down in the collective labor agreement to use the company fitness centre for a year in exchange. It is open from 6 a.m. to 9 p.m.

In addition to exercise, mental health is also an important aspect of vitality. Royal IHC offers various programs and workshops to support employees in stress management, relaxation techniques and improving work-life balance. This can vary from mindfulness sessions to trainings focused on personal development and resilience.

In addition, they invest in ergonomic working conditions. "We provide ergonomic workplaces and facilitate regular breaks to prevent physical complaints. Employees are encouraged to discuss their ergonomic needs and raise any issues early so that appropriate solutions can be found."

We also offer support in the field of nutrition and a healthy lifestyle. "We regularly organise workshops and information sessions about

healthy nutrition and encourage healthy choices in the company restaurants." A good work-life balance is essential to the well-being of our employees. We promote this by, among other things, applying flexible working hours and home working options as much as possible. This gives our employees the opportunity to combine their work with their personal lives, which can lead to more job satisfaction and involvement.

Employees have access to professional resources to promote their physical and mental well-being. For example, if situations arise in the workplace that can cause psychosocial workload, confidential advisers have been appointed. There is also a possibility to deploy the company social worker, this can be done preventively or during sick leave. Our company physiotherapist makes the connection between the physical limitation and work posture and movement behavior for the employee and draws up a treatment plan. The company physiotherapist can also draw up a schedule for exercises that can be performed in the company fitness centre.

As a Senior Health Specialist, she not only focuses on the well-being and health of IHC colleagues, she also believes it is important to properly implement the absenteeism policy in order to reduce the absenteeism percentage, among other things.

While colleagues from sister department SHE-Q (Safety, Health, Environment and Quality) focus organization-wide on preventing industrial accidents and environmental damage, Astrid pays daily attention to how Royal IHC can help individual employees with health problems to quickly return to full-time employment. She advises a team of approximately ten HR Business Partners, who closely monitor the case

management of recovering employees together with the managers. For example, the implementation of the relevant legislation, such as the Wet Verbetering Poortwachter in the Netherlands. The aim is to have the absent employee return to work as soon as possible, in collaboration with the company doctor/absenteeism consultant.

As a Health Specialist, Astrid also advises management, analyzes absenteeism trends and identifies patterns within the company, so that targeted measures can be taken to further reduce absenteeism. She is also the contactperson for contacts with HRM service providers.

In 2023, Astrid will pay special attention to preventive medical examinations and to themes such as work-life balance, exercise, nutrition and mental health.

By implementing these strategies and measures, it aims to reduce absenteeism and promote a healthy and productive work environment. They continue to invest in employee well-being through preventive measures, support and creating a positive company culture that emphasises the importance of health and well-being.



1.3.4. Technical Education Centre

To prevent a shortage of professionals in the long term, our Technical Education Centre (TEC) trains young people for skilled craftsmanship as shipbuilders, welders, pipefitters, mechanics, turners and millers. The training is a work-learn programme with four days of practical training and one day of theoretical learning. Of the 14 students who passed their exams in 2022, 13 were offered a permanent position at Royal IHC.

The number of available students and young academics is declining. To ensure a sufficient intake, we have appointed a dedicated recruiter and initiated a focused recruitment plan. As part of our recruitment plan, we regularly participate in technical education campaigns and give guest lectures at secondary schools.

With this participation, we aim to interest young people in a career in the maritime sector, raise awareness of the Technical Education Centre and showcase the opportunities that stem from a training course with Royal IHC. The goal for 2023 is to onboard 20 students.

1.3.5. Royal IHC Foundation

At Royal IHC, we are deeply conscious of the role we play in wider society and aim to be a responsible company. In 2012, we established the IHC Foundation to support social, environmental and cultural initiatives in the countries where we operate. By sharing our knowledge and resources, and by supporting our employees' initiatives, we aim to help those for whom a little bit of effort can make a world of difference.

Royal IHC employees play a key role in the IHC Foundation by proposing projects and being actively involved in them. The IHC

Foundation uses clear criteria and a distribution key to determine whether a proposed initiative aligns with the overall mission of the IHC Foundation. These criteria were sharpened in 2021.

60 per cent of the IHC Foundation's funding supports three major long-term projects.

Mercy Ships, for example, provides floating hospitals for the poorest countries in the world. Our collaboration with Mercy Ships began in 2015 and offers Royal IHC employees the opportunity to help with the annual maintenance of hospital ships.

Employees do this in their own time, with the IHC Foundation covering travel and accommodation costs. Many colleagues sign up for this each year.

20 per cent of IHC Foundation funds go towards projects in collaboration with our clients. One example is Van Oord's Tour for Life, where participants are committed to raising money to support cancer research. Of the remaining 20 per cent, half is allocated to sponsoring Royal IHC employees in sporting events, such as Cycle for Hope, a cycling event that raises money for activities to help ex-addicts reintegrate into society. The final 10 per cent is donated to emergency relief projects. In 2022, the IHC Foundation and Royal IHC employees helped the people of Ukraine by donating holiday hours to "Together in action for Ukraine", a Giro 555 initiative. In addition to monetary donations, several Royal IHC departments made donations in the form of goods.

1.4. Our markets

Royal IHC offers products and services to our core markets via four main brands: IHC Dredging, IHC Offshore Energy, IHC Mining and IHC Defence.

1.4.1. IHC Dredging

Dredging is in our DNA. With over 300 years of experience, IHC Dredging is the market leader for the design, build and delivery of reliable, integrated vessels, equipment and services in the dredging sector.

With knowledge built over centuries and through our passionate colleagues, we provide a competitive edge to our customers in the dredging industry worldwide and prepare them for the challenges of tomorrow. Our people are deeply committed to technological innovation, designing and building state-of-the-art vessels and equipment – and delivering exceptional services – that enable our customers to improve their operational efficiency and make their activities more sustainable.

Due to our proven track record, global dredging operators, contractors and governmental authorities rely on IHC Dredging's quality solutions and services. In order to serve all dredging needs, our products range from standard, modular stationery and mechanical dredgers to the world's largest custom-built self-propelled dredgers and related equipment. Our local, remote and digital services offer the necessary support required by our customers to keep assets in optimal condition and fit for the future. Through our global team of experts, we guarantee a local presence and industry-leading support on every continent.



1.4.2. IHC Offshore Energy

IHC Offshore Energy has the knowledge and experience to rise to the global challenges facing the offshore industry, by providing reliable and advanced vessels, equipment and services. With our extensive knowledge and experience, and through our dedicated employees, we provide a distinct advantage to our customers in the offshore industry.

As the global leader in the design and construction of high-tech vessels and equipment for the oil and gas industry, IHC Offshore Energy is fully equipped to provide additional offshore industries, such as renewables and telecommunications, with superior solutions based on our market-leading expertise.

With extensive experience delivering sustainable offshore systems – including pipe and cable lay equipment, submersible

technology, floating production storage and offloading (FPSO) equipment and a wide range of integrated vessels – IHC Offshore Energy can provide standard or tailored solutions to improve operational efficiency for our customers. With experts across the globe, we guarantee a local presence and industry-leading support on every continent. In addition, our responsive spares and services team supports customers in all matters beyond the initial design and build, utilising a wealth of operational experience to maximise the productivity of vessels and equipment.

1.4.3. IHC Mining

For every phase of the raw materials mining life cycle, IHC Mining provides reliable, integrated solutions that are fully tailored to our clients' needs. With over a century of experience in the mining sector and through our committed colleagues, we provide our

customers worldwide with a strategic advantage.

IHC Mining's expertise includes dredge mining, slurry transportation, materials handling and mineral separation solutions. We have a track record of success in developing solutions for mineral sands, tailings rehabilitation, battery minerals, gold, diamonds, tin and other commodities. In everything we do, safety and efficiency are paramount. In addition, our solutions incorporate wider sustainability themes, such as the efficient use of energy and water resources.

Technology innovation is at the heart of our operations. Through our geometallurgical and consultancy services, we deliver the data needed to extract the full economic value of the mining operation. Our state-of-the-art equipment and services mean our customers can improve operational efficiency, lower cost per tonne and make their activities more sustainable, helping to prepare them for tomorrow's challenges.

We understand that a local presence is vital for our customers. That's why our experts work around the world, offering industry-leading support on every continent. We also understand that our customers' operations must continue 24/7, which is why our customised, value-added services are available throughout the entire mining cycle.

1.4.4. IHC Defence

IHC Defence is a reliable partner to its customers, not only in the Netherlands but also globally, for the design, build and maintenance of navy vessels, equipment and accessories.

Based on the experience of Royal IHC, IHC Defence offers solutions and support for the full life cycle, encompassing research and development, design and engineering, production, equipment and services (including in-service support and integrated logistic support).

All of Royal IHC's industry-related capabilities converge within IHC Defence, including the ability to deliver 'On Specification, Budget and In Time' (OSBIT), all while upholding the highest safety standards. The necessary infrastructure and IT-related requirements also guarantee the highest degree of confidentiality.

IHC Defence seamlessly integrates its cost-effective technology with the required military specifications. This integration is further supported by our strong project management capabilities and cutting-edge processes. The result is that naval operators can perform with fewer personnel, increase their uptime and availability, improve performance and undertake more missions.

IHC Offshore Energy contributes to the energy transition



Lonneke Holierhoek
Director Offshore Energy

Though Lonneke Holierhoek has basically only just started out as director of the Offshore Energy unit, which makes vessels and maritime equipment for both the fossil fuel and renewable energy sector, she has over the six months since she took office already applied various insights from her previous job. From 2017 to 2022, she was Chief Operational Officer at The Ocean Cleanup, the widely praised NGO run by Boyan Slat, which has set out to rid the world's oceans of at least 90% of all the plastic waste floating around by 2040. Lonneke brought not only a spark of innovation and idealism with her, but also practical experience. One practical insight that she has implemented is that when designing a new product, you should try to have a simple, functioning version ready as quickly as possible, i.e. a minimum viable product, as it is called in IT. The essence of this idea is that perfecting a product and making it look good are things you should leave to a later stage. First check how your prototype works in practice. What she also learnt at The Ocean Cleanup is how to deal with setbacks.

Speaking of innovation and product development, these are processes that are never done, and that means that Holierhoek's team is constantly working on them. They put a lot of their time and capacity into designing technologies, vessels and equipment for the offshore renewable energy sector, which is a strong growth market for the coming decades. Even though Royal IHC is a relative newcomer in this sector, it can draw on extensive know-how and on its experience gained in the fossil energy sector. Many of the technologies used in the latter sector can, with some adjustments, also be used in designs for customers in the renewable energy sector. IHC Offshore Energy's products contribute towards the energy transition (SDG 13: Climate action) because they, among other things, make it possible to bring offshore power ashore. At the same time, Holierhoek and her people also focus on energy supply to and energy consumption of new and existing vessels and equipment. Nowadays, resources such as hydrogen, batteries and even ammonia are potential options to power propulsion systems. And in general, combustion engines are being replaced by electric motors wherever possible.

Lonneke considers internal and external communications a key part of her job. Both in communications towards her own employees and in communications towards customers and partners, there is still room to better get Royal IHC's sustainability narrative across. Though the company is already doing a lot of things right in this field, drawing a great deal of attention to sustainability is not really part of the corporate culture yet. And even though the urge to change is not equally strong in all employees, she does try to animate them, by asking questions for example. In the meantime, she tries to set the right example, including by driving an electric car. 'Basically, everything you do has an effect,' she concludes.

The goal that Holierhoek has set for 2023 is a more balanced product portfolio, with more renewable and less fossil. The same goes for the order book. The market is changing significantly and for good, but we, as inhabitants of planet Earth, really have to forge ahead with the energy transition and pull out all the stops for that. Besides wind power, there are also opportunities to generate power from the natural movement of water in our seas and oceans, including from waves and tides, which is known as 'marine energy' or 'ocean energy.' At the same time, fossil energy sources will continue to be needed over the coming decades, on a global scale. It is simply

impossible at this stage to generate enough energy from non-fossil sources. For the extraction of fossil energy resources, just like for renewables, Royal IHC can supply vessels and equipment that is already powered by renewable energy as much as possible. And these vessels are, of course, certified.

Finally, Holierhoek goes into what made her decide to make the switch from an NGO to the market: being in contact with customers. She wants to hear what her customers need, what problems they face, so as to then present them with appropriate solutions. Collaboration is a key concept for her anyway: you cannot do it alone. Not in your commercial relationship with customers, but not in a broader context either, i.e. in helping to realise the energy transition. That, too, was something she learnt during her time at The Ocean Cleanup, the small organisation whose success hinges on collaboration.



1.5. Governance

1.5.1. Board of Management and Supervisory Board

IHC Merwede Holding B.V. is a private limited liability company that has its statutory seat in Sliedrecht, the Netherlands. Following recapitalisation and refinancing in June 2020, all IHC Merwede Holding shares are held by Stichting Continuïteit Royal IHC and B.V. Finance Continuïteit Royal IHC.

The Board of Management of IHC Merwede Holding is responsible for the day-to-day management, of the company, overseeing its long-term strategy and overall company results. The Supervisory Board monitors the policy and functioning of the Board of Management and offers management advice. The Board of Management is accountable to the Supervisory Board.

On 1 May 2023, the Board of Management consisted of:

- Mr. J.P. Klaver, CEO
- Mr. D.W. te Bokkel, CFO

On 1 May 2023, the Supervisory Board consisted of:

- Mr. G. van de Rozenberg, Chairman
- Mr C. Korevaar
- Mr. J.H. Kamps
- Mr. F.A. Verhoeven

1.5.2. Shareholders

Stichting Continuïteit Royal IHC was established in 2020 to retain Royal IHC's knowledge and expertise regarding the Dutch-Belgian maritime ecosystem. This foundation owns 100 per cent of the shares of Royal IHC Merwede Holding B.V. The recapitalisation was partly realised with the support of our existing syndicate of banks, the Ministries of Economic Affairs and Climate and Finance, and the credit insurer Atradius Dutch State Business.

1.5.3. Works Council

As regulated by the Dutch Works Council Act, Royal IHC's Works Council has a say in the company policy and safeguarding the interests of the company's employees. Works Council members are elected and organised around several sub-committees, which consult autonomously with the directors of the PMGs and functional disciplines.

Matters such as the right of consent and the right to propose recommendations sit with the Works Council.

Works Council in constructive dialogue with management



Martijn van de Beurcht
Chairman Works Council

The Works Council, too, is closely involved in the topic of sustainability. Not only because targets set in the Paris Agreement and current resource shortages demand action, but also because customers are placing increasing importance on sustainability. Needless to say, the Works Council's focus in this context is first and foremost on employees' health, safety, well-being and job satisfaction. However, where the Works Council's role used to mainly be a monitoring one until a few years back, their approach is now much more proactive, as they maintain an ongoing, constructive dialogue with the company's management. One of the topics addressed in this dialogue is how to improve management or efficiency even further

you tap into that rich source by organising employees in self-managing teams, you are cutting down the number of management layers and the bureaucracy, this way creating scope for greater autonomy, entrepreneurship and ownership. The company, and by extension the company's customers, will ultimately reap even greater benefits from the available trade professionalism.' The Works Council shares its insights and ideals through vision documents they present to the director, while also joining the thought process on a very practical level. One example of the latter is when the Works Council suggested we switch to bright orange overalls for safety reasons.



Martijn van de Beurcht (Works Council Chair) and Chris Franssen (Chair of the Works Council's standing committee on health, safety, well-being and the environment) explain that the importance of job satisfaction is actually very easy to marry with the company's interests. 'Just look at the wealth of product design and production knowledge and skills available among our staff,' says Van De Beurcht. If



1.5.4. Our governing values

Our values are incorporated in the Royal IHC Code of Conduct, which was renewed in 2020 and is available on our corporate website. The code applies to every employee working for our company and reflects 14 themes, including health and safety, bribery and corruption, human rights, fair competition and conflicts of interest. The Code of Conduct provides guidance in challenging times, setting out the principles and expected standards of behaviour we must follow, reminding us of what we stand for and detailing how we want to do business.

Royal IHC chooses to do business honestly and with integrity – even if that may at times appear to be at the expense of a contract or incurs additional time and cost. Acting with integrity is an absolute imperative for us and we continuously work on further embedding our Code of Conduct within the organisation, encouraging our employees to work accordingly and seek guidance as needed.

The three core values that define our culture are:

- **Commitment:** We are committed to fulfilling the requirements of our customers in order to give them a competitive advantage in a tough market. We support our people and work to minimise the impact of our products on the environment.

- **Partnership:** Our customers and suppliers are our partners. Cooperation and partnerships are the key to success in our industry.
- **Innovation:** We are constantly developing new technologies that enable our customers to work in a smarter and safer way and that lead to higher efficiency and a more sustainable way of operating.

A culture founded on working honestly and with integrity is key to achieving our strategic ambitions and creating ethical business operations. Our Code of Conduct cannot cover every situation or dilemma our employees may face, and we therefore encourage them to raise concerns and seek guidance where necessary. Our Decisions Guide helps employees to stop and think, to have courage and share any concerns they may have with their line manager, with HR, with our Compliance Team or by using the SpeakUp line.

Through the SpeakUp line, employees can raise concerns anonymously and safely by e-mail or phone, in their native language. Any concerns raised are followed up with great care by the Integrity Committee, which was established for this specific purpose. This committee also initiates improvements, monitors progress and regularly submits anonymous reports on concerns raised to the Board of Directors and Supervisory Board.

1.5.5. Governance in the supply chain

As part of the rigorous governance of our supply chain, we have explicitly outlined supplier responsibilities in our Royal IHC Rules and Regulations for Contractors and Suppliers. We prequalify and audit our supply chain using the QLIFT methodology (see 2.5).

We source products and services sustainably. That means we utilise local supply chains to address the growing preference for locally built resources and seek to identify and apply more environmentally friendly and sustainably advanced alternatives in our operations, products and services wherever possible.

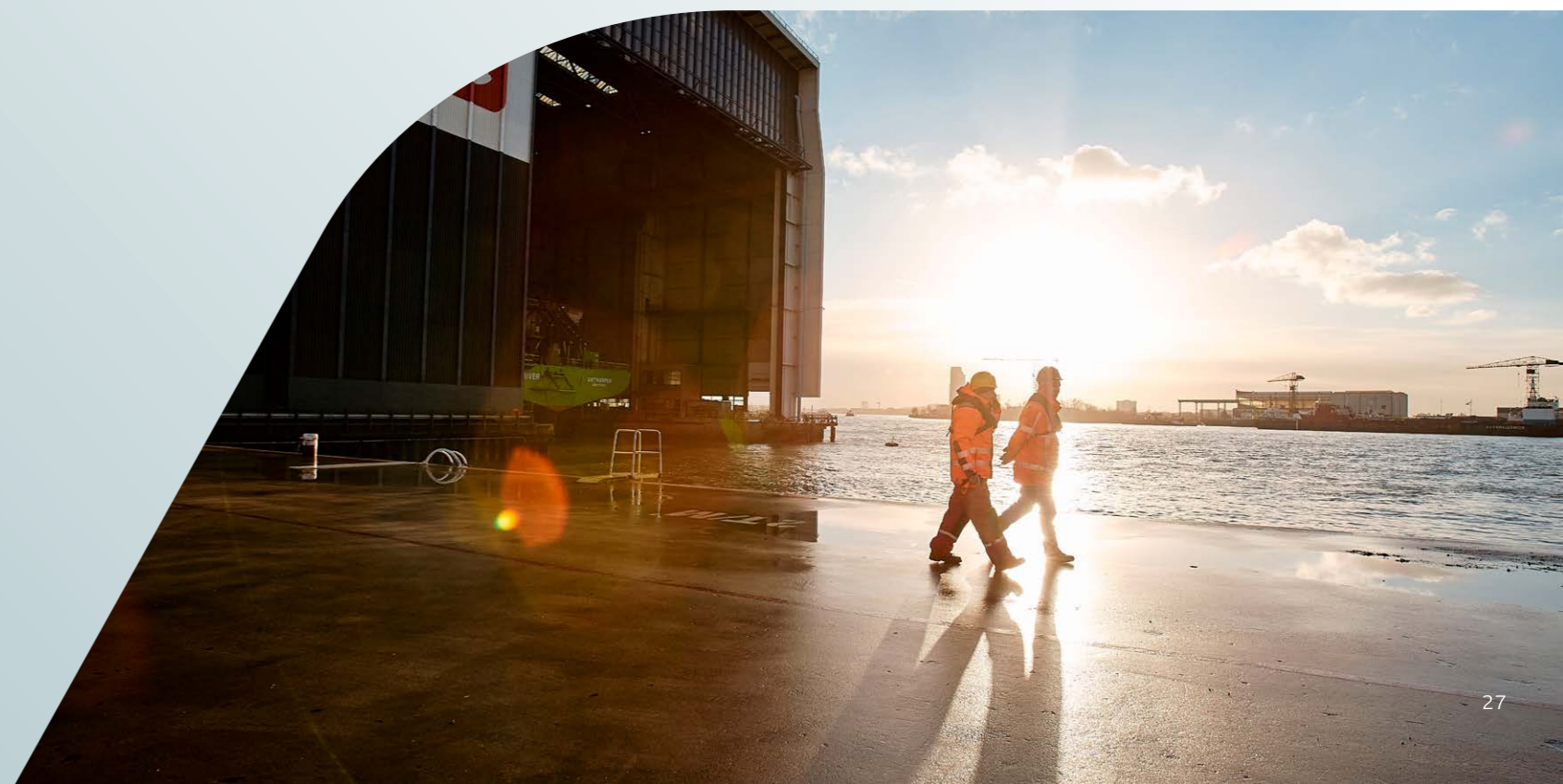
We actively impose requirements in relation to operating efficiency and sustainable performance on key suppliers who become co-development partners. Examples include:

- Application of waterborne coating

- Application of more environmentally friendly materials
- Use of FSC- and PEFC-certified raw materials
- Reducing packaging materials and making packaging more circular
- Improving the traceability of materials
- Re-use of materials through scrap metal recycling at our steel and iron foundry Allard Europe

1.5.6. Sustainability embedded in the business plan cycle

Members of the Sustainability Committee, who were elected in 2022, represent all parts of the organisation and are enthusiastic contributors to the sustainable future of our company. For several years, the purpose of the committee has been to set the direction of and oversee the progress on the company's social, ethical, environmental and community issues. With a renewed focus on



Providing the most effective help to Ukraine

We are doing our bit for humanitarian aid to Ukraine. Royal IHC Foundation has made a donation to the Giro 555 appeal in the Netherlands, and Royal IHC Ltd's Charity Focus Group in the UK has made a donation to the Disasters Emergency Committee. On top of that, we asked employees to donate as well, offering them the opportunity to donate leave entitlement or hours of overtime they have worked. One employee went so far in their generosity as to donate one hundred hours!

Besides money, we have also donated goods. Our company fire service, for example, donated firefighter suits, full face masks and first aid kits at a regional drive to raise goods organised by the Rotterdam-Rijnmond Safety Region authority, who saw to it that all this essential emergency response equipment was taken to Ukraine. In addition, we gave an emergency power generator to an NGO called Life Line Ukraine, which works to restore power supply in Ukraine. This particular generator will be used to supply power to the local hospital in the town of Zmiiv. Finally, we organised a successful appeal among our staff for linen, candles, batteries, nappies and wet wipes, sanitary towels, cleaning products, warm winter clothes and footwear.



sustainability, the mandate of the committee has been expanded to further the progress of our established goals and to bring issues to the attention of the Board of Management.

The business plans are reviewed and approved annually by the Board of Management, subject to discussion with Senior Leadership Team directors regarding any necessary changes. Progress is monitored by our Management Control and Reporting System and discussed in the monthly Management Team, Functional and Corporate Directors meeting.

Our new sustainability strategy and materiality matrix provide valuable input to the annual business plan cycle. All parts of the organisation are invited to define their sustainability objectives and focus for the coming years, helping to embed sustainability across the company's activities.

1.6. Transparency benchmark

Since 2010, Royal IHC has participated in the transparency benchmark set by the Dutch Ministry of Economic Affairs. This benchmark is performed every two years, with the latest edition published in 2021. Our 2020 Sustainability Report scored 27 out of 100 points, which placed Royal IHC 154 out of 236 companies. A total of 685 companies were assessed, of which the majority scored 0 points.

This exercise shows that although our sustainability reporting is on the right track, we need to strengthen our efforts – particularly when it comes to anchoring the defined initiatives within our operations and reporting the tangible results more transparently. The 2022 CSR Report aims to improve our transparency by enhancing the structure and content of our non-financial reporting.



**Our
sustainability
roadmap**

2.1. The context in which we operate

The external business environment in which we operate is challenged by megatrends including climate change, the energy transition, geopolitical developments and access to raw materials, socio-demographic changes that impact the labour market and a societal call for a more sustainable and fair society.

2.1.1. Climate change

Global warming causes rising sea levels, which increases the need for the protection of coastal areas. This issue is compounded by an expected rise in urbanisation of coastal areas in the coming decades, which will accelerate the need for protection measures.

Global warming also brings challenges in terms of freshwater supply stability, drought and other extreme weather events. To address these challenges, additional freshwater storage capacity and climate adaptation measures will be required.

The varying navigability of inland waterways calls for a new vision for the development of delta areas. Royal IHC develops products and services that can help our customers address this issue, for example by enabling coastal protection and water management with efficient and precise dredging equipment. The mining equipment Royal IHC offers is developed with water saving in mind, so that our mining customers use less water in their operations.

2.1.2. Energy transition

Rising global demand for energy underscores the need to transition to clean fuels in order to curb greenhouse gas (GHG) emissions. Decarbonisation poses a huge challenge to our industry, due to the complexities involved, a scarcity of resources, increasing energy needs and recent geopolitical developments. Nevertheless, Royal IHC is committed to its search for alternative fuels and renewable solutions and we are very active in developing zero-emissions equipment and integrating alternative fuels for our markets.

2.1.3. Geopolitical developments and access to raw materials

Progress in the energy transition is intensely affected by geopolitical developments. Access to energy and raw materials is becoming the focus of political action, as seen in recent conflicts over natural gas and the publication of the Critical Raw Materials Act by the European Commission. In this geopolitical context, there is increased pressure on securing raw materials and supply routes that society needs to maintain technological and welfare development and to facilitate the energy transition.

The increased need to protect borders and assets gives national defence bodies an extended mandate. The knowledge and experience gained in civilian markets for specialised ships and equipment are – and will continue to be – applicable to the defence market. For instance, it is important

for the strategic autonomy of the Netherlands and Europe that we continue to be able to build our own naval vessels in the future. Likewise, Royal IHC believes that building in its own country will also become an important factor for the Dutch Navy. Furthermore, it is important to ensure higher operational efficiency (uptime) of ships, better maintenance programmes and more efficient upgrades of naval vessels. There are opportunities for Royal IHC to support across all of these areas, both in the Netherlands and in surrounding countries.

In addition to the requirements mentioned above, the 2021 Suez Canal obstruction and rising geopolitical tensions have also highlighted the need for continued investment in keeping global trade routes open by water and via submarine data cables. In both areas, we can provide products for the civilian market (including, dredgers, cable laying vessels and equipment to better protect and repair cables on the seabed) and for the defence market.

2.1.4. The call for a more sustainable and fair society

The call for a more sustainable and fair society has become increasingly urgent, emphasising the need to prioritise environmental stewardship and social equity for a better future. Policymakers are imposing more stringent sustainability requirements on businesses while green initiatives drive sustainability and technological advancement. In addition, a renewed focus on human rights in recent years has seen the industry, governments and NGOs strengthen their cooperation to ensure that human rights are respected throughout value chains across the food textiles and metals sectors. Royal IHC is exploring the available platforms and other external cooperation which can help the company obtain a better overview of the environment and human rights throughout our value chain.

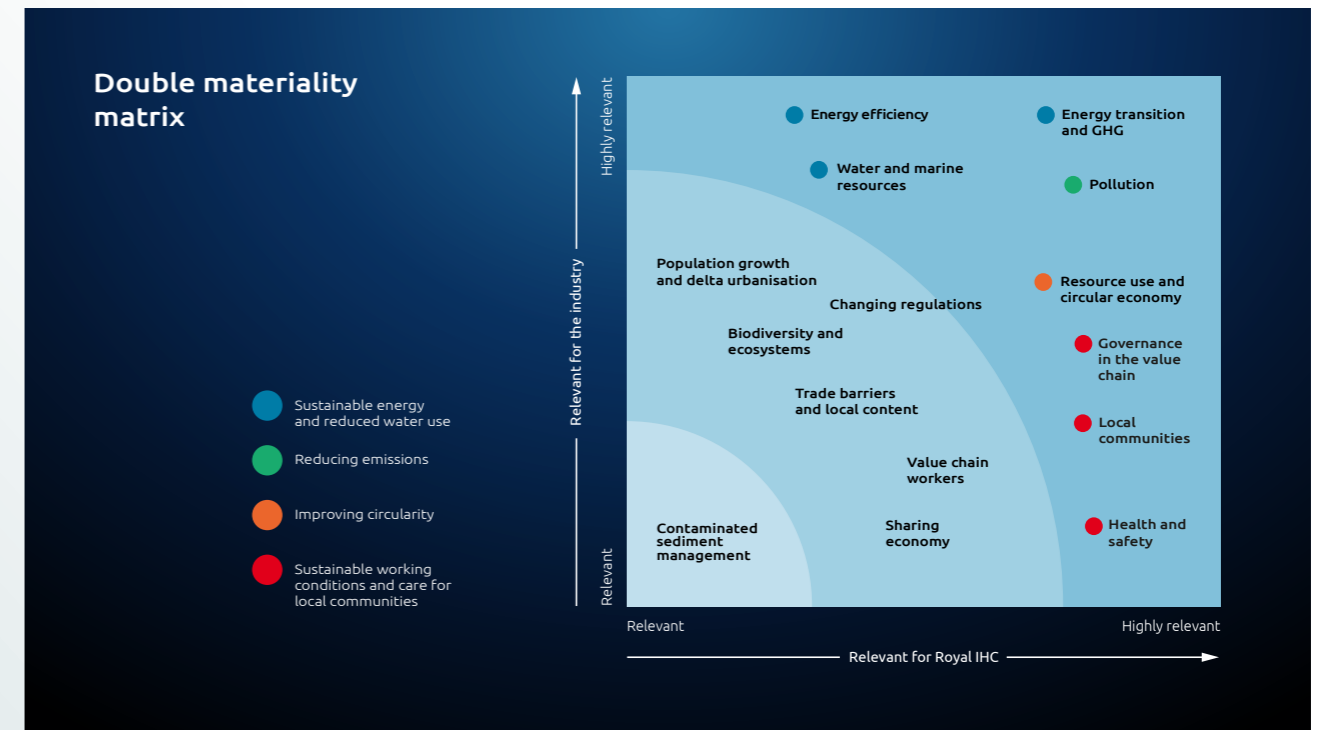


2.1.5. Socio-demographic developments

An ageing labour force and the poor connection of supply and demand to the labour market are both socio-demographic developments that impact Royal IHC. There are targeted plans to address these, both

within the company and throughout the sector. Across Royal IHC's main branches, regional cooperation is being established to keep the learning, working and living environment attractive for existing and future employees.

2.2. Our vision, mission and promise to our customers



2.2.1. Materiality assessment

Topics of material importance to our organisation and our stakeholders in the core sectors of dredging, offshore, mining and defence have recently been reviewed, and are presented above in our double materiality matrix.

We began the process of conducting a materiality assessment with our strategy, stakeholder and megatrend assessment. This resulted in an initial materiality matrix. The matrix was then reviewed by our Sustainability Committee, consisting of stakeholder-facing colleagues.

The material aspects were later matched with the terminology used in the upcoming European Sustainability Reporting Standards (ESRS). Following a productive dialogue, the final materiality matrix was provided to the Board of Management for approval. It is currently being discussed with our external stakeholders. The double materiality matrix is shown above. On the left, the material aspects are colour coded according to our areas of focus, which we will use to define and carry out initiatives over the coming years and report on our progress.

2.2.2. Our sustainability purpose and roadmap

As global challenges such as climate change, coastal urbanisation and economic conditions continue to impact the maritime industry, new demands arise. Central to these challenges is the push for more sustainable business operations which help protect the health and well-being of our planet and local communities.

Royal IHC understands this and is determined to play a leading role in making the maritime industry more efficient and sustainable. We do this by offering the benefits of excellent operational efficiency and game-changing sustainable performance.

In honour of our 400-year anniversary, we have set ourselves a goal of being a fully sustainable company with a net-zero portfolio by 2042.

In the short term, we aim to become the leading company in sustainability in each of our core markets (defence, mining, offshore and dredging). 2042 is not the finishing line of our sustainability journey, but merely another milestone in becoming a net-positive business.

This strengthened sustainability focus will also make Royal IHC more resilient to the many rapid changes happening around us. In addition, it will enable us to continue creating the maritime future, together with our partners.

From ambition to action

In recent decades, Royal IHC has been at the forefront of numerous sustainable innovations. Now, we want to go a step further. We believe many interesting opportunities will arise in pursuit of our ambitious goals. By integrating sustainability into our core processes and products, we will innovate and discover new business models.

However, becoming a fully sustainable company with a net-zero portfolio is a large and extensive task. In order to understand how we can best make a difference and where potential opportunities lie, we have assessed many aspects that are important to our sustainability ambitions, carrying out this assessment together with our stakeholders.

These aspects are plotted in our Double Materiality Matrix and provide clarity on what is most important to us and our value chain. From these, we have identified the four aspects that Royal IHC and our stakeholders believe will – at this stage – have the greatest impact on our efforts to become a fully sustainable company with a net-zero portfolio:

1. Sustainable energy and reduced water use
2. Reducing emissions
3. Improving circularity
4. Sustainable working conditions and care for local communities.

To make our actions more concrete and structured, we have subdivided our efforts into three focus areas:

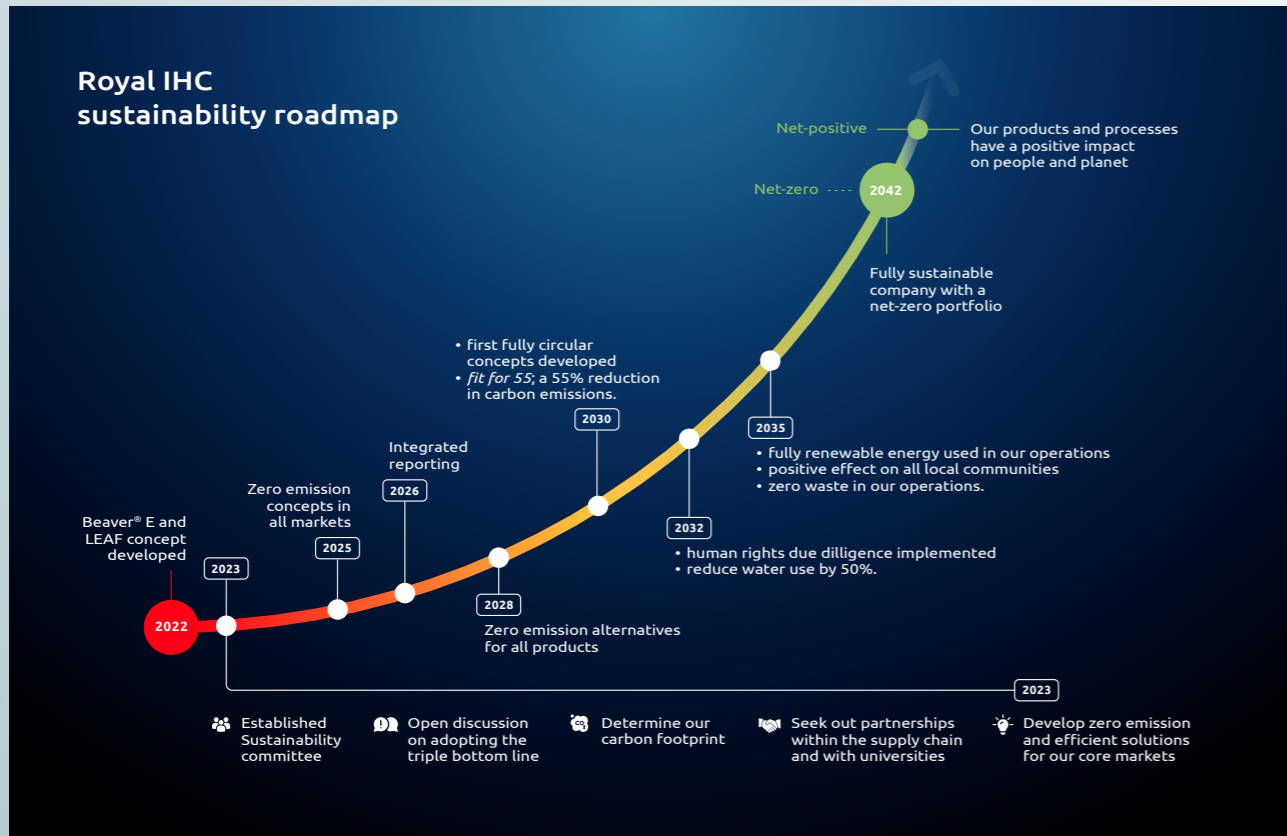
- **Products and services:** everything that we design, produce, sell and help to maintain over its entire life cycle. For example, developing efficient, zero-emission and circular vessels, equipment and services. These products and services are in addition to our efforts to reduce, reuse, recycle and explore new sustainable business models. We also support our customers (and their

customers) with sustainable products and services to enable them to achieve their sustainability goals.

- **Operations:** everything related to how we conduct our business and work together, as well as our offices and how we manufacture our products. This focus area encompasses using sustainable energy sources and our efforts to reduce waste and improve production processes, business objectives and incentives. We also aim to reduce the carbon footprint of our employees and positively impact the communities in which we are active. We want to be a company that people are proud to work for, not just because of the products we make, but also because of our culture and how we do business.
- **Supply chain:** everything related to our supply chain, suppliers and purchases. This includes the type of equipment and materials we use, where they come from and the sourcing of semi-finished products. At the same time, this focus area takes into account all aspects of sustainability that are important for our customers, and how we support them in pursuit of their sustainable activities. We aim to identify and apply more environmentally friendly and socially sustainable alternatives, and to involve our suppliers so we can move forward together.

A net-zero portfolio is not something we can do alone. It requires cooperation throughout the entire value chain – from our customers'





customers to our supplier's suppliers. In line with our firm belief that we can only achieve our sustainability goals by collaborating with the entire ecosystem, we actively seek out partnerships that will move us closer to our goal of becoming a fully sustainable company. Alongside these efforts, we actively approach our customers to assist them in the pursuit of their sustainability goals.

Our roadmap

We are well on our way, but we must take several steps on our sustainable journey. We have therefore created a sustainability roadmap, where we have determined actions and milestones on each of these topics for our three focus areas: Products and services, Operations and Supply chain.

2042 and beyond

Together with our suppliers, customers, governments, NGOs and other stakeholders, we are discussing how to achieve our aim of being a net-positive company by 2042. These discussions will lead to the creation of net-positive concepts that we will implement when possible. We are already creating 'triple-win' scenarios, where our business has a positive effect on people, planet and profit alike while also contributing to our goal of becoming a net-zero company. As we move closer to 2042, these will be expanded and will gradually transform Royal IHC into a net-positive company.

2.2.3. Our commitment to the United Nations Sustainable Development Goals

During our vision, mission, and positioning initiative, which was held in 2020, a diverse group of formal and informal leaders looked at which of the United Nations Sustainable Development Goals (SDGs) we could best support through our company's operations.

Using megatrend analysis and the output of interviews with key stakeholders, we elected to focus on making a significant contribution to the following SDGs:

- Climate action (SDG 13)
- Life below water (SDG 14)
- Partnership for the goals (SDG 17)

We also look to make a contribution to:

- Good health and well-being (SDG 3)
- Decent work and economic growth (SDG 8)
- Industry, innovation and infrastructure (SDG 9)
- Responsible consumption and production (SDG 12)

These SDGs are linked with the material themes captured in our materiality matrix, as shown in the table below.



Sustainable Development Goals	Materiality themes							
	Energy efficiency	Energy transition and green house gases	Pollution	Water and marine resources	Resource use and circular economy	Governance in the value chain	Local communities	Health and safety
Climate action								
Life below water								
Partnerships for the goals								
Good health and well being								
Decent work and economic growth								
Industry, Innovation and infrastructure								
Responsible consumption and production								

Sustainable acceleration for longer-term viability



Alexander Becks
Head of Real Estate Management

By cutting back on the use of fossil energy resources, Royal IHC aims to contribute towards achieving UN Sustainable Development Goal 13: Climate action. Alexander Becks, Head of Real Estate & Facility Management, explains that developments at Royal IHC in terms of sustainable business practices – and with that his day-to-day agenda for sustainable operations – are driven primarily by domestic and international laws and regulations on this topic. Much to his delight, Becks has seen the sustainability mindset grow at Royal IHC. While a sustainability mindset may seem like something that is ‘nice to have’, it is actually something we ‘need to have’, as it partly determines whether you are competitive in the market and whether your business is also viable for the longer term. After all, customers as well as governments and industry regulators all increasingly let their opinions and preferences be guided by companies’ sustainability credentials. In fact, the term ‘sustainable business practices’ literally says it all, it’s about your business being sustainable for the long term. Royal IHC is fully invested in the process of going sustainable by weaning its operations off natural gas and switching to electricity

(from renewable sources). Since cutting back our energy consumption is also high on the agenda, we now switch off the lights in unused offices and other spaces and have turned the heating down a notch. Becks says, ‘The energy we don’t consume as a result will not have to be generated from energy resources. This kind of measure raises awareness of sustainable operations among our employees. At the same time, however, all employees do also deserve to have a comfortable workplace that, of course, also offers the required safety.’

To replace fossil fuels with non-fossil energy resources for the energy supply for its equipment, the company is also considering hydrogen and methanol as alternatives. This energy transition does, however, place new demands on employees, the infrastructure, and the local communities and environment. Hydrogen and methanol are high-risk substances and their use is subject to various environmental permits that the company would have to apply for. This is just one example of how the Real Estate & Facilities Management department’s work is partly conditioned by laws and regulations. But it is not just official rules that steer

Royal IHC’s sustainability policy: so do market trends. Becks explains, ‘I keep a close eye on the direction the market is heading. In 2022, for example, rising energy prices and inflation of other resources affected the market. Good business practice is all about anticipating future developments in the slightly longer term; let’s say three to four years from now. This will give you some protection against external shocks. Last year, for example, we reaped the benefits of having covered part of our electricity and natural gas needs through advance procurement in the futures market. However, as we are now also seeing, you can never fully protect yourself against such extremely high levels of inflation.’

At Real Estate & Facility Management, there is more to the sustainability policy than just the energy transition and providing a comfortable, safe workplace. Reducing waste production and more eco-friendly disposal and processing of single-stream waste are also key focus areas (single-stream waste means that waste has been pre-sorted into separate streams of different types of waste, which makes the waste easier to process). Waste reduction and more efficient recycling are key not only from the point of view of sustainable business practices, but also because of the cost saving

opportunities involved. Talking about costs, operational facility maintenance, procurement, and services all became considerably more expensive in 2022 due to the war in Ukraine. Becks says, ‘Steeply rising prices were an incentive for us to accelerate our transition towards sustainable business practices at a number of our sites. Improvements need not all be grand or drastic. Smaller initiatives are sometimes also effective in practice. We have an annual warm jumper day every February, for example, when employees wear warmer-than-normal clothes to work and we can turn the thermostat down a notch. Every little bit helps, and this, too, raises awareness of our sustainability goals among employees. I should add, however, that our people have become more engaged on sustainable options as they are also confronted with these issues at home because of the high energy prices and the rising cost of living due to the war in Ukraine.’



2.3. Value creation

Global challenges, including realising the SDGs, will have a major impact on the maritime industry. We are determined to play a leading role in making the maritime industry more efficient and sustainable. As a leading designer, builder and provider of integrated vessels, equipment and services, we aim to offer the benefit of game-changing sustainable performance to our customers and the value chain. From our core values of Commitment, Partnership and Innovation, we provide our markets with solutions that excel in operational efficiency and sustainable performance. We do this while taking great care of our resources: our people, the materials we source and the energy we consume.

2.3.1. Business strategy

With our business strategy, we aim for customer intimacy – understanding and anticipating the needs and requirements of our customers and their customers. Through product leadership, we provide the best product or service available on the market, with state-of-the-art operational efficiency

and sustainable performance. With our strategic focus on operational excellence, we source, produce, deliver and help maintain and upgrade or retrograde our products and services in the most efficient manner possible. By doing this, we contribute to maximum uptime and the lowest total cost of ownership for our customers.

2.3.2. Environment and circularity

We continuously monitor our environmental impact. Throughout our supply chain, we partner with suppliers to source more environmentally friendly alternatives that produce fewer emissions.

As part of our efforts to reduce the footprint in our operations, we seek to develop more efficient and more circular production processes and manage our waste streams carefully. We also work towards year-on-year energy consumption reduction, which leads to lower emissions. In addition, we look to replace materials and substances with more environmentally friendly, non-hazardous alternatives.

We develop and provide leading innovative products and services that are at the forefront of operational efficiency and sustainable performance, providing optimal functionality with the most sustainable technologies. We provide solutions for retrofitting and renovation for our customers, improving the circularity of their assets.

2.3.3. Our most important asset: our people

We have highly professional and knowledgeable personnel. We aim to create an optimal work environment for our people through competitive remuneration, learning and development opportunities, clear goal setting through performance management reviews, well-established social benefits and a transparent governance structure. Moreover, we foster the safety of all our workers by carrying out safety programs that lead to higher awareness of health and safety issues, safety-first behaviours and a safer work environment.

2.3.4. Potential risks

Potential risks to our operations include a global shortage of materials resulting from the increased protectionism and geopolitical situation of the post-Covid-19 crisis.

There is also growing pressure to be sustainable and adhere to upcoming legislation. This pressure, in line with increasingly stringent requirements for credit risk insurance and financing of solutions, could result in insufficient time to develop product offerings.

Another risk is the skilled-labour shortage, paired with increasing labour costs. Our industry is facing competition from the Far East, which operates under less stringent sustainability and human rights requirements.

We manage these and other risks through early detection measures and regular, transparent dialogue. Our business plans set out initiatives to remediate these risks, governed by our Management Control and Reporting System.





2.3.5. Opportunities are plenty

Due to the growing climate crisis, it is vitally important to offer more sustainable products and services. We are ready to offer these to the market, to further develop them and to provide support, maintenance and service propositions for the successful deployment of assets.

Sustainability and operational efficiency go hand in hand: operationally efficient products and services bring fuel efficiency and thereby contribute to decarbonisation. Digitalisation, robotisation, autonomous and remote working, and the development of new materials all provide opportunities in the value chain in terms of sourcing, operations and product and service offerings.

We are in close contact with our stakeholders. Through our materiality assessment (paragraph 2.2.1), a process

supported by guided dialogue, we have defined the material topics where we will accelerate progress. These material topics form the basis of the deployment of our sustainability strategy and roadmap. Add schematics value creation

2.4. Stakeholder engagement

Royal IHC operates in a multi-stakeholder environment. Understanding the views and interests of our stakeholders is essential in any consideration of current and future societal needs. Doing so helps us to anticipate and develop more robust plans for advancing business opportunities while balancing legitimate interests.

2.4.1. Interdependencies

In order to meet our longer-term business goals, we actively engage in discussions with local and regional communities, as well as

governments, about societal needs and Royal IHC's interests. There are many interdependencies, as outlined below:

- When it comes to technology and innovation, are we able to continue to attract the people we need to remain a leader in the markets in which we operate? Can we collaborate effectively with supplying companies in the value chain? By focusing on these questions, we will ensure that we continue to innovate throughout the supply chain and achieve the operational excellence necessary to be a market leader worldwide.
- The level playing field in the markets in which we operate internationally, the related trade policy of the Netherlands and the EU, and the use of mechanisms to tackle unfair trading practices.
- The opportunities for other Dutch and EU companies to work together with the government and introduce innovations by acting as "launching customers". This provides opportunities to show our innovative capabilities when it comes to sustainability in the maritime sector and also to market it better worldwide.
- The specific characteristics of the markets in which Royal IHC operates, including who the players are, how transitions to more sustainability in those markets are materialised and where we as a company can play a pro-active role.

Royal IHC comes into contact with all these themes at various levels within society and at times that are customary for such consultations.

2.4.2. Stakeholder dialogue and engagement

Royal IHC is a member of a variety of industry associations, reflecting the diversity of markets and sectors in which we operate and the themes that we deal with. We provide input through committees and boards in these industry associations.

Royal IHC also actively participates in meetings hosted by a range of partnerships and organisations. We engage with the municipalities of our locations and in regional contexts, such as Deal Drecht Cities. Within the stakeholder community, a variety of connections have been established related to the Port of Rotterdam. Royal IHC also engages on a national level with government ministries and nationally organised stakeholder groups in The Hague.

Royal IHC memberships in the Netherlands include the FME, IRO, Nederland Maritiem Land, Netherlands Maritime Technology, NIDV and VNO-NCW. Through these associations, Royal IHC also comes into contact with interest groups that specifically focus on one or more of the UN SDGs. MVO Nederland and the Netherlands Water Partnership are important stakeholders here, too.

On a European level, stakeholder engagement is conducted mainly through CEDA, Sea Europe, Euroyards and Waterborne Technology Platform, where Royal IHC participates actively in various workgroups.

Importantly, engagement around the SDGs not only takes place at the policy level but also with our potential customers as we work together to create a sustainable maritime future.

In summary, Royal IHC discusses its place in the market and in society at all levels, always seeking relevant contacts with whom to enter into discussions and contribute from our position in the value chain.

2.5. Management and control in the supply chain

Royal IHC is committed to doing business honestly and with integrity, as set out in our Code of Conduct, and promoting sustainability throughout our supply chain is a key part of how we do business. We observe the local legislation applicable in the jurisdictions where we operate.

In addition, we require that our suppliers and subcontractors follow the Organisation for Economic Co-operation and Development (OECD) Guidelines, which encourage businesses to make positive contributions to economic, environmental and social progress. These guidelines provide standards

for corporate responsibility in areas such as employment, human rights, supply chain responsibility, the environment and competition.

2.5.1. Supplier policy

Royal IHC encourages its suppliers to make products and services more sustainable. We are proactively looking for opportunities to collaborate and share knowledge about, for example, the use of alternative fuels and innovative production techniques. Our procurement team, which plays an important role in these efforts, is responsible for establishing framework agreements with key suppliers. It also ensures that tenders are carried out in accordance with the terms laid down in the framework agreements.

2.5.2. Sourcing

Our procurement specialists, who work in cross-functional teams supported by a pool of operational buyers and forwarders, focus on product development, encouraging product innovation from suppliers and the delivery of cost-effective solutions. They seek suppliers with the right services and technologies as well as the ability to co-create. As a driving force in this process, the procurement team connects the value chain in the search for optimal alignment with customers' needs, so that together we can create competitive advantage for our customers.

Our project buyers ensure that orders are carried out in accordance with the terms of our framework agreements, which include a Supplier Code of Conduct. In order to comply with sanctions and export restrictions, country of origin information, as well as ECCN classification of all products and components, is required from all our suppliers.

Additional KPIs will be specified, in view of avoiding involvement in modern slavery and human trafficking. This way, the sourcing of our products and components is planned and coordinated, so as to ensure OSBIT delivery of our vessels and equipment to our customers.

2.5.3. Monitor, analyse and evaluate

We assess our suppliers according to the QLIFT method, which translates customer demands into five performance criteria:

quality, logistics, innovation, flexibility and total costs. Each criterion is then divided into sub-criteria.

The supplier and Royal IHC are jointly responsible for delivering the required performance for our customers. We draw up a profile of the desired organisational and delivery characteristics based on our sourcing strategy. During the construction process, we determine whether all desired characteristics are met for all joint agreements. This method helps us to hold each other accountable

We regularly assess the extent to which suppliers integrate our sustainability principles into their business activities and meet the QLIFT criteria. The next step is to analyse the deviations between the desired and actual performance and investigate how we can reduce those deviations. This





translates into an improvement plan with concrete actions for Royal IHC and the supplier. These actions are jointly monitored and evaluated. This integrated cooperation ensures that the parties are increasingly attuned to each other and that our supply chain partners continue to improve their performance.

2.5.4. Fair and ethical business

Working with suppliers that conduct business honestly and with integrity is hugely important to us. We require suppliers to sign our Supplier Code of Conduct or confirm that they have their own Code of Conduct in place, committing to the same principles. In case of serious violations, such as corruption, we have the right to terminate the relationship with the supplier in question. In our Code of Conduct, we emphasise that we

have a zero-tolerance stance on bribery and corruption throughout all our operations worldwide. Furthermore, we are committed to ensuring that no instances of modern slavery or human trafficking occur within our business and supply chains.

2.5.5. Safe work environment

Ensuring the health, safety and wellbeing of the people who work with us is a top priority and central to our supply chain approach. We

are committed to fair and safe working conditions throughout our operations as well as in the supply chain, in accordance with the principles of the International Labour Organisation for healthy and safe work. For example, we involve contractors and suppliers in our I-CARE safety programme. The corporate discipline SHE-Q monitors compliance with the Royal IHC rules and regulations for contractors.

Collaboration in the supply chain to decarbonise the sector



Leonore van Wijngaarden
Director Procurement & Logistics

For Royal IHC, efficient and effective logistics is a critical business process. And so Procurement & Logistics Director Leonore van Wijngaarden shoulders major responsibility, not only for continuity and profitability, but also for decarbonising goods flows. And there are many of those, due to the diversity of vessels and equipment manufactured, but also due to the large number and wide variety of spare parts. Besides deliveries to customers, transport and stock management are also part of her logistics duties. In late 2022, she was also made responsible for the group's centralised procurement. This allows her to do her bit every day to make business processes sustainable and ensure compliance with standards and rules in the area of sustainability.

When asked about that, she explains just how proud she is that Royal IHC is going increasingly circular in its manufacturing, adhering more and more to the cradle-to-cradle principle. Especially the Metalix business unit, which makes steel structures, has made great progress in this regard, Van Wijngaarden points out. She does add, however, that 2022 was a challenging year, with sharply fluctuating prices of key

resources, including steel. Despite that, she keeps doing her best to make sure sustainability stays high on the internal agenda. Take the electrification of logistics, for example. With forklift trucks all being electric now, we are closely tracking further developments in the field of electric transport solutions. On top of that, Van Wijngaarden is convinced of the benefits of further decarbonisation, believing that it can, for example, also add to the company's competitive edge. After all, increasing awareness of supply chain responsibility is leading to more and more customers selecting their suppliers partly based on sustainability credentials. And for its own part, Royal IHC also carefully selects its warehousing and transport partners; these have to truly strengthen us in terms of sustainability. It was hardly surprising, then, that last year Van Wijngaarden and her team took sustainable procurement training organised by leading Dutch logistics knowledge institute Nevi.

While Van Wijngaarden is committed to Royal IHC's sustainability goals, she also advocates for realism. 'Ambition is good, but so is feasibility. In order to get staff and

suppliers on board, it is often wise to set realistic targets. Small steps will also get you there. Meanwhile, we maintain a dialogue about these topics with our partners.' When asked for examples of progress and collaboration, Van Wijngaarden points to the reduction in the energy and material used for the packaging of shipped parts, which was accelerated partly due to high prices. One of the materials Royal IHC uses for this kind of packaging, wood, saw sharp prices increases in 2022. 'We regularly engage with customers to see if we can come up with smarter packaging or combined transport solutions for the shipping of parts. Take the decision to use the air freight option, for example. Air freight has major impact on our carbon footprint, and when you talk to the customer, it sometimes turns out that it is not really necessary to send shipments by air. And after delivering one shipment to a customer, perhaps you can bring something else back? Efficient transport serves multiple purposes. It not only brings costs and resource use down, it also means you pay less in environmental tax.'

Van Wijngaarden's sustainability vision is rooted in her real-life experience. 'What I have found over the years is that organisations only tend to take action when they experience the urgency behind it, when there is awareness. To achieve sustainability goals, you have to start by mapping the current situation. This will give you insight into what needs to be done. Next, you engage with employees and partners, which potentially yields yet more new insights. However, no matter how many talks you have and how wonderful your goals are, at the end of the day you also have to be critical in the

here and now. This means that you have to monitor to what extent everyone's behaviour is compliant. Here, too, the basic idea is that only by measuring and checking can you know for sure.' This scrutiny is not something you only do afterwards. Before doing business with suppliers and customers, Royal IHC screens them for sustainability performance to see if they actually want to do business with them. Combinations of products and applications are subject to critical scrutiny. In the context of supply chain responsibility, along with other big names from the maritime industry like Boskalis, Van Oord, and Damen, Royal IHC is involved in the One Maritime Data Standard (OMDS) initiative to create a unified data standard for supply chain management. 'We are pulling together with these parties in collecting sustainability data, seeing as all companies in our industry have to meet the same reporting requirements. In this same partnership, we are also looking into how to decarbonise supply chains by working together on systems such as BlueScan and Integrity Next. So, there you have it, procurement and logistics also have a key role to play in achieving the company's strategic sustainability goals!'





**Our focus and
performance**



In 2022, we defined concrete milestones for each of our material themes and captured them in our sustainability roadmap. In this chapter, we outline the milestones and the results achieved across each of our three focus areas: Products and Services, Operations and Supply Chain.

3.1. Energy efficiency, energy transition and GHG emissions

In our products, operation and supply chain, energy efficiency goes hand in hand with the reduction of GHG emissions and enabling the sustainable energy transition. That is why we report the results for 2022 for these aspects together.

Cleaner energy sources tend to remain costlier and scarcer in the coming years. In our maritime markets, fuelling vessels with alternative cleaner fuels means more storage capacity is needed for the same autonomy. Efficiency is therefore key to maintaining

costs while required storage space is limited. This is a constant focus of our design approach at Royal IHC.

For our operations, we also aim at minimising electricity and natural gas consumption – our main energy sources. While we have begun to measure our GHG emissions, this is not yet comprehensive as we currently only report on the energy consumption and the most GHG from the operations at our Dutch sites. We aim to extend measurement to all sites, including logistics, over the coming years. Our goal is to achieve a 55 per cent GHG emission reduction by 2030 while maintaining the highest possible efficiency across our operations.

3.1.1. Products and services

- Zero-emission service operating vessel (SOV) concept design concluded and presented in the offshore market: [www.royalihc.com/offshore-energy/offshore-innovations/zero-emission-sovs-need-](http://www.royalihc.com/offshore-energy/offshore-innovations/zero-emission-sovs-need-renewable-offshore-wind-operations)

[renewable-offshore-wind-operations](http://www.royalihc.com/offshore-energy/offshore-innovations/zero-emission-sovs-need-renewable-offshore-wind-operations).

- Leaf Hopper concept design concluded and progressed towards an engineering phase: www.royalihc.com/news/royal-ihc-receives-approval-principle-hydrogen-fuelled-tshd.
- Launch of the Beaver® E, an electrically driven stationary cutter suction dredger (CSD) that can be connected to a variety of onshore power supply types. Retrofit packages for diesel-driven CSDs are also available: www.royalihc.com/dredging/dredging-vessels/cutter-suction-dredgers/beaver/beaver-e-standard-modular-csds.
- Tailings slurrification unit (TSU) developed and deployed at a mining site. By creating a slurry, the transport of the tailings by hydraulic transport means is more efficient. The TSU is also electrically driven, achieving a significant reduction in GHG emissions: www.royalihc.com/mining/mining-equipment/specialised-mining-equipment/tailings-slurrification-unit.
- Service packages which include online monitoring have been developed in order to advise customers on fuel consumption and part replacement. By monitoring and troubleshooting online, there is less need for service engineers to travel: www.royalihc.com/dredging/dredging-services/maintain/condition-monitoring.

3.1.2. Operations

- Continuous upgrading of all office buildings to energy label C or higher.
- Ongoing replacement of equipment by

more efficient alternatives as they reach end of life (for example, LED and motion sensor lighting).

- Decreased office temperature by 2°C in the offices.
- Finalised investment plan to install additional solar panels (financial approval required to proceed).

Our carbon footprint

In 2022, we continued to take steps to decrease our carbon footprint and measure the results. We measured the energy and fuel consumption for our Dutch entities and made an inventory of air travel and fuel consumption of lease vehicles.

National energy consumption

In 2016 and 2017, we installed solar panels at both of our locations in Sliedrecht. The energy produced in 2022 was 495,442kWh, of which 29,600kWh was delivered back into the network. In total, 13,473,683kWh of energy was consumed by the Dutch entities.

National gas consumption

The national gas consumption in 2022 was 1,317,287m³. This is a slight difference compared to 2021 and 2020 but remains far less than in previous years. This is mainly due to employees continuing to work from home, and is also a result of initiatives such as decreasing the office temperature and hosting 'Warm Sweater Day'.

Business flights

Royal IHC has branches and projects all over the world, requiring frequent travel by employees. In 2022, the lifting of travel restrictions linked to the global Covid-19 pandemic led to increased air travel and subsequent higher impact than in the previous two years. However, the impact is still much less than before the pandemic, as Royal IHC employees continue to host virtual meetings wherever possible.

National total CO₂ emissions

In 2022, the total CO₂ emissions resulting from electricity and gas consumption and the company fleet was 10,367 tonnes. This includes our forklift trucks, all of which are electric. Based on this data, we calculated a carbon footprint of 3.41kg CO₂ per man hour. Although the absolute number has gone down by 1,297 tonnes, our carbon footprint increased by 9 per cent due to a decrease (23 per cent) of man hours worked.

Business travel (kg CO ₂ / man hour)	2022	2021	2020	2019
Air travel	0.46	0.21	0.21	2.59

Energy consumption (kg CO ₂ / man hour)	2022	2021	2020	2019
Direct energy consumption				
Fuel consumption lease cars	0.18	0.13	0.14	0.23
Gas consumption	0.90	0.68	0.52	0.65
Indirect energy consumption				
Electricity consumption lease cars**	0.01	0.001	0.010	0.003
Electricity consumption	2.32	2.31	2.30	2.25
Total*	3.41	3.12	2.98	3.13

* For 2020, the total includes 0.003kg CO₂/man hour of geothermal energy consumption

** As of 20129, electricity used by lease cars is separately reported in scope 2.

3.1.3. Supply chain

- Participated in the One Maritime Data Standard (OMDS) initiative to create a unified data standard for supply chain management. The ambition is to include GHG emissions in the future.
- Continued our efforts to optimise transport movements. This means that, following the delivery of a part or product, we try to transport something back, in order to avoid empty transport movements.

3.2. Pollution

The use of fossil fuels in our products leads to the emission of harmful substances. We therefore offer advice and retrofit packages to help our customers reduce their emissions. Our operations also lead to the emission of pollutants into the air. Royal IHC aims to avoid harmful emissions in our operations, products and services, and to eliminate those completely when alternatives are available.

Sustainability Day 2022: getting all stakeholders involved

Royal IHC is committed to leading the way in sustainability and operational efficiency. To start a discussion internally on how to make this happen, we organised a sustainability day on 10 June 2022. On the day, senior management, Young Executive Programme participants, and representatives from Young IHC came together for inspiration and discussions on sustainability and its impact on Royal IHC. In his opening speech, our CEO Jan-Pieter Klaver proclaimed that Royal IHC's future is sustainable, and that, consequently, the business models also need to be sustainable. After all, we can build the world's most sustainable vessels, but we won't sell any if they're too expensive. This means that we have to work together with customers, suppliers, and the rest of the supply chain.

Guest speaker and director of MVO Nederland (the 'Movement for new economy entrepreneurs') Maria van der Heijden challenged those attending to engage in uncomfortable discussions and ask uncomfortable questions. Why do we not assign monetary value to the things mother nature gives us? Because we do not, we are not paying fair prices and are in the predicament that we currently find ourselves in. Sustainability Manager Bernadete Goncalves Castro argued that it is already technically feasible to be a fully

sustainable company by 2042, with a net-zero portfolio. Royal IHC Metalix's Peter Preusting and Jesse Broersen explored possibilities offered by different business models.

During the break-out sessions after the presentations, the discussions centred on questions such as, How far do we want to go in terms of sustainability? What's the elephant in the room? What do we expect from our sustainability programme? What do we need? How can the sustainability manager help with that and what exactly is the role of our company's leadership in this context? How are we going to make money out of sustainability? And what's our narrative after today? In other words, what are we going to do ourselves from next Monday and what do we expect others to do? The overriding conclusion from the sustainability day was that we have to adopt a keener focus, incorporate sustainability into business plans, and actually implement the plans. We also have to ramp up collaboration with customers and identify problems in their business models. What risks are they exposed to? Where can we help them with our sustainability knowledge? In short, it was a day that yielded a great many insights.



Our goal is to introduce zero-emission alternatives for all of our products by 2028 and to be a fully sustainable operation by 2042.

3.2.1. Products and services

- Advised customers on exhaust gas pollution reduction options for their products.
- Advised on the optional use of UVC cooler technology, which reduces the need for chemical anti-fouling in box coolers.
- Initiated upgrade of the Standard Modular product range and Beagle range to comply with the most stringent emission regulations worldwide.

3.2.2. Operations

- Continued to explore alternatives to coating halls and application methods to decrease volatile organic compound (VOC) emissions.
- Replaced consumables in the workplace, such as oils and greases, with less harmful alternatives where possible.

3.2.3. Supply chain

Discussed the use of coating systems with lower VOCs with suppliers and customers, exploring the use of water-based coating systems where possible.

3.3. Water and marine resources

Water consumption is limited in our vessels and operations. Yet, some customers ask for it, and we do offer alternatives.

The main efforts around water consumption in our markets stem from our mining customers, as mining operations often require large amounts of water for mineral processing.

In subsea activities, such as dredging and deep sea mining, turbidity can reduce water quality in areas where background levels of sediment suspension are low. We offer equipment and operational advice for turbidity reduction.

Royal IHC has also developed an oil-free electric motor for deep sea mining operations, which eliminates the risk of oil leakages.

Our goal is to reduce water use by 50 per cent in 2032.

3.3.1. Products and services

- Overflow system add-on offered as an option for trailing suction hopper dredgers (TSHDs): www.royalihc.com/dredging/dredging-equipment/overflow.
- Developed an oil-free permanent magnet (PM) electric motor for deep sea mining: www.royalihc.com/mining/mining-innovations/sustainable-power-deep-sea-mining.
- Ongoing research and development for eliminating turbidity in deep sea mining activities: www.royalihc.com/mining/project-type/underwater-mining.
- Developed online rheology meter for mining slurries in prototype stadium, which allows for considerable reduction in water consumption by minimising dilution.
- Advised customers on onboard water consumption reduction equipment.

3.3.2. Operations

No steps have been taken as of yet. Our goals are to be defined in 2023.

3.3.3. Supply chain

No steps have been taken yet. Our goals are to be defined in 2023.

3.4. Resource use and circular economy

3.4.1. Products and services

- Designed dredge pumps with reduced wear. Next to careful material selection, a new impeller design is available with reduced wear, extending the impeller life before replacement is needed: www.royalihc.com/dredging/dredging-equipment/slurry-pumps.
- Implemented circular wear-resistant recycling by collecting worn-out parts and recycling them in our dedicated Royal IHC foundry.
- Carefully managed RA meter radioactive sources, which are re-used where possible. At end of life, spent radioactive sources are disposed of according to Dutch environmental regulations.
- Launched a radio frequency meter to replace radioactive meters where possible: www.royalihc.com/innovations/production-measurement-redefined.
- Retrofit packages for upgrading Beaver® range equipment to allow for the extension of the useful life of the Beaver® CSD range.

3.4.2. Operations

Improved steel scrap sorting, separating production scrap into alloy categories to maintain materials quality along the value chain.



Towards circular net zero dredge equipment



Fridus Rijnten
Director Dredging Equipment

Fridus Rijnten, Dredging Equipment Director, is positive about 2022 when it comes to sustainable business practices. 'We are making our dredging equipment parts more and more efficient, and therefore more sustainable: each new generation of parts is better than the previous one. But that's not enough. We also look at the composition of the materials of the parts we manufacture for dredging equipment and into ways to recover the resources used in these parts. Just take the pump parts we supply across the globe. These contain high-alloy steel, i.e. not only iron and carbon, but also various precious elements such as chrome. By taking back worn parts from our customers as much as possible and then recycling them, we are able to reuse 70 to 80% of the mass in our cast parts. While it does require some organisational effort from our side, as well as collaboration with customers, it pays off on three fronts. First of all, the customer benefits because we pay considerably over the scrap value of the worn parts they return. It pays off for us through the recycling and because we recover the metals. And thirdly, there are the environmental gains as recovering materials reduces the need for mining and steel production, which are both

activities with huge environmental impact. This principle of triple gains is one we now apply throughout our operations as much as possible. If we cannot get these triple gains with a certain activity, we seriously ask ourselves whether or not we want to go ahead with it. Step by step, we are making progress.'

Rijnten is also seeing Royal IHC becoming increasingly sustainable on an international level, such as at Royal IHC's foundry in Belgium, which also comes under his management remit, alongside his work in the Netherlands. Casting steel is a highly energy-intensive process. And yet it is his ambition to have a fully carbon-neutral foundry by 2030. Another target that Rijnten has set is to cover at least 90% of their material needs with recycled resources by 2025. And Rijnten wants to achieve further energy savings. 'Over 2023, our measures will yield a reduction of around 8%, when you compare the energy used against the mass cast. While this is already quite a feat, we want to achieve more.

Rijnten also wants to scale up the capacity of the company's own energy generation. They have already put up a wind turbine on the foundry site, but Rijnten also wants to invest in solar panels in the short term. All of this is testimony that they are very serious about their ecological footprint at IHC Dredging Equipment.

When it comes to collaboration and coordination with suppliers and customers, standards and procedures for the whole supply chain are still in their infancy, but Royal IHC is committed to developing these further. Rijnten also looks for opportunities during the design stage, i.e. when clients indicate their preferences. 'When our customers order a new product, we also engage with them on sustainability aspects. Dredgers have traditionally always watched the pennies, which is basically a good trait. In some cases, however, the more expensive solution is also the more sustainable one. We have, for example, partly

thanks to feedback from customers, improved the impeller, which is a crucial part of the dredge pump, so that it now lasts at least twice as long. While it is now more expensive to manufacture, on balance it delivers gains for customers and the environment.'

Rijnten also explains that Royal IHC is working hard on sustainable propulsion systems and things such as electrification of dredging equipment, albeit that this latter development is still in the very early stages of innovation. Plenty of room for improvement, therefore, but we're on the right track!



Business gift with a good story

Royal IHC always likes to give its clients a gift as a memento. Where the gift of choice used to often be a tape measure, a tall tin of traditional Dutch caramel waffles, or a Royal IHC key ring, communications manager Eveline Bos wanted to make the giveaway more sustainable, and preferably more relevant as well. Her search for an apt business gift ultimately led her to the workshops of Design X Ambacht, an initiative by the Siza disability support foundation where people with poor job prospects cast submarine-shaped bars of soap, among other things. These are traditionally crafted bars of soap that come in a special gift box with a certificate with the names of all the workers who were

involved in the production process, ranging from the person who cast the soap into the mould and the person who put the box together to the person who did the packaging. Eveline Bos explains, 'These submarine-shaped bars of soap not only have a CSR aspect to them, they are also relevant. After all, Royal IHC is, together with Naval Group, in the running for a contract to build four new submarines for the Royal Netherlands Navy.' In short, Eveline has dived for and brought to the surface an extremely fitting business gift in these submarine-shaped bars of soap.



3.4.3. Supply chain

Reduced packaging materials used by the Logistics department.

3.5. Governance in the value chain

Royal IHC is taking proactive steps to ensure rigorous governance across our value chain, with our Code of Conduct a key resource for defining the way we do business. Upcoming legislation on environmental and human rights due diligence has led us to define a new goal for governance, which is to implement human rights due diligence in 2032.

3.5.1. Supply chain

- Revised our Code of Conduct.
- Revised our declaration on slavery.
- Explored human rights due diligence platforms and processes.

3.6. Local communities

Royal IHC wants to be a good neighbour and also to support the local communities in the locations where we operate. Our goal is to have a positive effect on all local communities by 2035.

3.6.1. Products and services

Established a training centre in Jordan to train local personnel as operators and maintenance staff, offering education and jobs to local young people.

3.6.2. Operations

The Royal IHC Foundation continued to support several projects that contribute to quality of life for local communities all over the world, including the voluntary participation of Royal IHC personnel in the yearly maintenance of the Mercy Ships floating hospital vessels.

3.6.3. Supply chain

No steps have been taken as of yet. Our goals are to be defined in 2023.

Creating a safe work environment together



Maaïke Waterreus
SHE Specialist

Since working in shipbuilding comes with certain risks, everyone working at, with or for Royal IHC has access to the I-CARE Compass with the company's guiding principles for safe and healthy work practices. These values make up the core of Royal IHC's overarching I-CARE programme. With the I-CARE (I Create a Right Environment) programme, Royal IHC is building a proactive and learning organisation where everyone takes ownership and responsibility when it comes to safety. I-CARE programme manager Maaïke Waterreus explains that the common goal is for every employee to go home safe and healthy at the end of every day. Waterreus coordinates the I-CARE programme and organises the resources and methods for it.

Waterreus says, 'Of course, employees have to abide by all the health and safety agreements that are in place. But to achieve our goal of 0 incidents per year (2022: 17), we are also going to have to increase our employees' engagement on this point. We do that by organising engagement sessions at team level. At these sessions, we address questions such as, 'What is already going well on your team?' and 'What will you, as a team, do differently to make the work safer?' Safety

is also a fixture on the agenda for every work meeting. Everyone attending such meetings is asked whether there have recently been any near misses or other incidents and what we can learn from them.'

The I-CARE team also posts an 'I-CARE moment' on the intranet every three weeks: an engaging, topical message with different tips and focus points around a specific safety issue. For production department workers, these messages are captured in visuals and shared on posters. Waterreus explains, 'The power of these messages lies in the fact that we keep things simple and give concrete tips as to what to do or not do with respect to that specific issue.'

Through the continuous exposure of I-CARE, Royal IHC aims to raise awareness of and achieve active engagement on health, safety, and the environment among all employees. Waterreus says, 'That the I-CARE initialism is set in the first-person singular is no coincidence. I-CARE is important for all employees, including those at, for example, the engineering department. How a part or machine is designed has a bearing on the environmental impact of their use and on the

safety of the person installing, using or maintaining it. And employees of all departments move around our sites, so they need to know what safety rules apply.'

To strengthen this safety awareness, Waterreus organised various I-CARE workshops in 2022, which were widely welcomed by employees. Waterreus: 'We were successful in making the topics covered at the workshops tie in with employees' day-to-day practices. And discussing together what is going well and what is not contributes to achieving the I-CARE goals. That being said, it is also true that we still have progress to make when it comes to identifying and acknowledging all the things that are already going well.' Something else that Waterreus and the SHE team also want to work on is lowering the threshold to sharing things that nearly went wrong, because those are important, valuable learning opportunities.

The three principles of the I-CARE programme are physical safety, social safety and equity. 'By 'equity' we mean that someone who makes a mistake must not immediately be punished for it. We want to change unwanted behaviour and encourage wanted behaviour; that's the goal, in the interest of everyone involved. This will be easier if we challenge each other on behaviour whenever we believe that there is a safer way to perform a certain task. But if someone willingly violates safety rules for their own

convenience, thus putting themselves or others in danger, there will be consequences.'

Further engagement sessions with the teams are scheduled for 2023. These sessions will not be targeted only at workers at Royal IHC's capacity centres (production departments), office staff will also join in. 'We always start with the management, so as to send a strong, incentivising signal to the rest of the organisation.' Additionally, Waterreus looks at the attention to safety across the supply chain. In 2022, she organised the first engagement session together with a client, Heerema Marine Contractors from Leiden. It was highly appreciated by those attending the session and the client's management. These kinds of outcomes greatly energise Waterreus, as do the successes achieved within her own organisation. Even now, when the company is going through a difficult period, Maaïke Waterreus continues to be the same energetic advocate for health, safety, and environmental awareness at Royal IHC.



3.7. Health and safety at work

Health and Safety programmes at Royal IHC aim to increase awareness of health and safety and to reduce the risk of accidents at work. These are ongoing programmes, which are updated regularly according to the needs of the company.

3.7.1. Products and services

Our products are designed with the safety of our operators in mind.

3.7.2. Operations

- Continued to carry out the I-Care safety programme.
- Ongoing effort to reduce the amount of hazardous materials in our chemical inventory and replace them with non-hazardous alternatives where possible.
- Fitness rooms and physiotherapy treatment available for all employees at multiple sites.

- Initiated a mental health programme for employees.
- Occupational social worker and confidential counsellors made available for all employees.
- A social fund for assisting employees with health-related costs remains available.

Safety at work

Working in shipbuilding involves risks. At Royal IHC, a safety program has been carried out for several years now, known as 'I Create A Right Environment' (I-CARE). With I-CARE, Royal IHC is building a proactive and learning organisation in which everyone feels a sense of ownership over, and takes responsibility for, safety. The ambition is clear: to ensure that everyone returns home safely, every day.



“Royal IHC has a solid safety management system and we want everyone to share our safety ambition and values,” says Programme Leader Maaïke Waterreus. Read the remaining interview at page 64.

During the year, Royal IHC also introduced I-CARE Moments and Unconscious Behaviour Observation Training, helping employees throughout the organisation to effectively start a conversation about unsafe and safe actions.

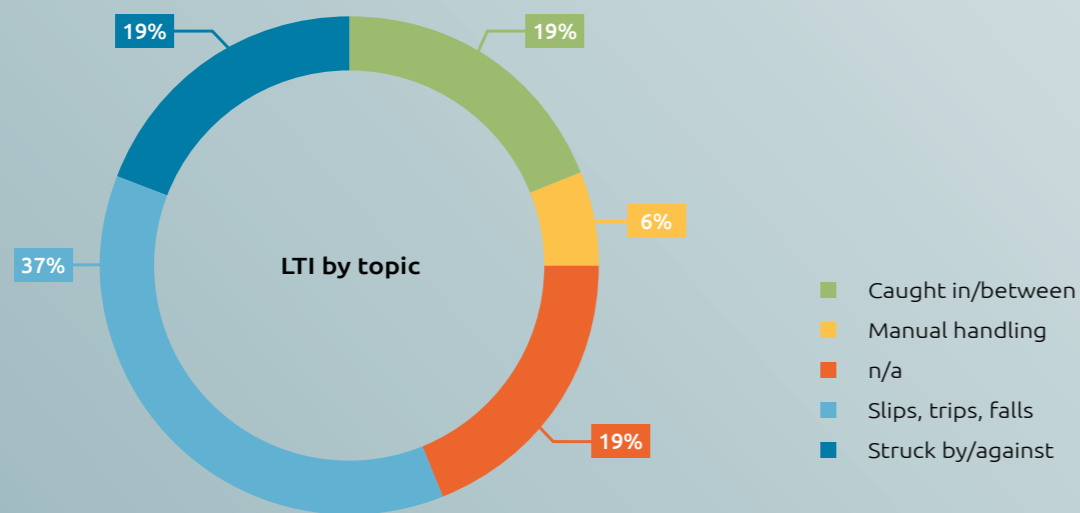
In 2022, the number of serious-injury accidents was similar to 2021. However, the frequency increased slightly due to fewer working hours.

Environmental incidents

Due to a continuous effort to eliminate environmental incidents and increase awareness, our environmental incidents were further reduced in 2022.

3.7.3. Supply chain

No steps have been taken as of yet. Our goals are to be defined in 2023.



Environmental incidents	2022	2021*	2020	2019
Environmental incidents*	10	13	45	22

* Data as of 2021 excludes the environmental near-misses

Appendix 1: Reporting policy

This Sustainability Report presents the company's non-financial results and sets out how sustainability is embedded within internal business operations. The 2022 Sustainability Report covers the period from 1 January to 31 December 2022. In addition to presenting the social and environmental results, it provides an overview of the objectives and aims for the period ahead.

I.I Reporting criteria

For the annual reporting of the non-financial results, Royal IHC adheres to the international standards for CSR reporting and uses the standards of the Global Reporting Initiative (GRI). This report has been drawn up in accordance with the 'in accordance - core' level of these guidelines. Further, there has been an effort to match the terminology of the CSRD guidelines for the materiality topics, when possible.

I.II Reporting scope and range

The scope of this 2022 Sustainability Report includes the social and environmental performance resulting from Royal IHC's sustainability policy, with the material topics being the determining factor for the scope of the reporting. See the scope table to view per assured indicator which site falls within or outside the scope. The boundaries and

scope of the guidelines have been adjusted where necessary to the data available at Royal IHC. Joint ventures and entities with a minority stake are not included in the non-financial reporting scope. Acquired companies are included one year after acquisition, to allow for an integration period.

I.III Carbon footprint calculation

The national carbon footprint calculation is divided in scope 1 and 2, where scope 1 includes fossil fuels and scope 2 electricity.

Because of the nature and activities of Royal IHC's businesses, the carbon footprint of air travel is separately reported on page 56. To calculate the CO₂ emissions, conversion factors are used as published on 22 February 2021 on [co2emissiefactoren.nl](https://www.co2emissiefactoren.nl) (CO₂emissiefactoren 2021-2015 dd 22-02-2021.xlsx). Supplying and validating this data is performed under the joint responsibility of the corporate disciplines CRM & FM and SHE-Q.

Appendix 2: Scope table

Unit	Location	Electricity consumption in kWh	Gas consumption in m ³	LTIF / TRIR / LTI / TRI
Group / Holding	Kinderdijk, NL	•	•	•
PMG Dredging Custom Vessels	Kinderdijk, NL	•	•	•
PMG Dredging Standard Modular Vessels	Kinderdijk, NL	•	•	•
PMG Dredging Equipment	Kinderdijk, NL	•	•	•
PMG Offshore Energy Oil & Gas and PMG Renewables combined	Kinderdijk, NL Newcastle upon Tyne, UK Slidrecht, NL Port of Blyth, UK	NL	NL	•
PMG Mining Equipment and Vessels	Kinderdijk, NL Yatala, AUS Cape Town, South Africa Rio de Janeiro, Brazil Curitiba, Brazil Houston, USA Montevideo, Uruguay	NL	NL	•
PMG Foundation & Installation Equipment	Slidrecht, NL Bremen, Germany Broussard, USA Dubai, UAE Gold Coast, Australia Johor Bahru, Malaysia Mumbai, India Shanghai, China Singapore Tokyo, Japan Verberie, France	NL	NL	•
PMG Defence	Kinderdijk, NL Slidrecht, NL	•	•	•
FD Services & Spare Parts	Kinderdijk, NL Singapore Tianjin, China Dubai, UAE Mumbai, India Bangladesh Jordan (project location on client site) Houston, USA	NL	NL	•
FD Logistics	Kinderdijk, NL	•	•	•
FD Engineering	Kinderdijk, NL Komarno, Slovakia Rijeka, Croatia Johor Bahru, Malaysia	NL	NL	•
FD Technology	Kinderdijk, NL	•	•	•
FD Digital Business Systems	Slidrecht, NL Kinderdijk, NL Bucharest, Romania	NL	NL	•
Capacity Centre Kinderdijk	Kinderdijk, NL	•	•	•
Capacity Centre Krimpen	Krimpen aan den IJssel, NL	•	•	•
Capacity Centre Metalix	Kinderdijk, NL	•	•	•
Capacity Centre Hardinxveld, Interior	Hardinxveld-Giessendam, NL	•	•	•
Capacity Centre Slidrecht Molendijk, Piping	Slidrecht, NL	•	•	•

Appendix 3: List of terms

Carbon footprint

The carbon footprint provides insight into the total greenhouse gas emissions created by an organisation's production processes and offers a tool to reduce the CO₂ emissions.

This includes electricity and gas consumption of buildings and fork lift trucks and fuel consumption of lease cars. This excludes non-electric company owned transport means (kamags), company owned truck + van and fuel for sea trials.

Code of Conduct

An explicit description by the company of the standards and values that apply to employees and suppliers regarding compliance with applicable laws, corruption, human rights and environmental aspects, etc.

CSR

Corporate Social Responsibility.

FME

Employers' Organisation for the technology industry.

I-CARE

Royal IHC's safety programme: I Create A Right Environment.

Licence to operate

The permission to perform an operation and/or to produce, related to the license to operate training matrix, that outlines minimum training requirements for job functions at Royal IHC

Lost Time Injury (LTI)

Work-related injuries or illnesses, which results in an employee not being able to carry out work the day following the accident.

Lost Time Injury Frequency (LTIF)

The number of LTIs *1,000,000/ number of hours worked. Excluding contractor incidents and hours.

Materiality matrix

Graphical representation used by the organisation to demonstrate the relative importance of the material subjects for both the company and the stakeholders.

Material aspects

The most relevant (sustainability) subjects for a company or subjects that meet the information needs and considerations of stakeholders so that they qualify for inclusion in the CSR reporting.

Medical Treatment Case (MTC)

Treatment of significant work-related injuries or illnesses (beyond First Aid) administered by a medic, physician or a nurse (under the standing orders of a registered doctor).

MVO Nederland (CSR Netherlands)

Network organisation that supports companies, authorities and civil society organisations in fulfilling their social roles.

National

Where statistics refer to 'national' this applies to the Netherlands.

Near miss

An event in which no property was damaged and no personal injury was sustained, but where, under somewhat different circumstances, damage or injury easily could have occurred.

Restricted Work Case (RWC)

An injury or illness resulting from a work-related event or from an exposure in the work environment, resulting in a person being unfit for full performance of the regular job on any day after the injury.

Supply chain responsibility

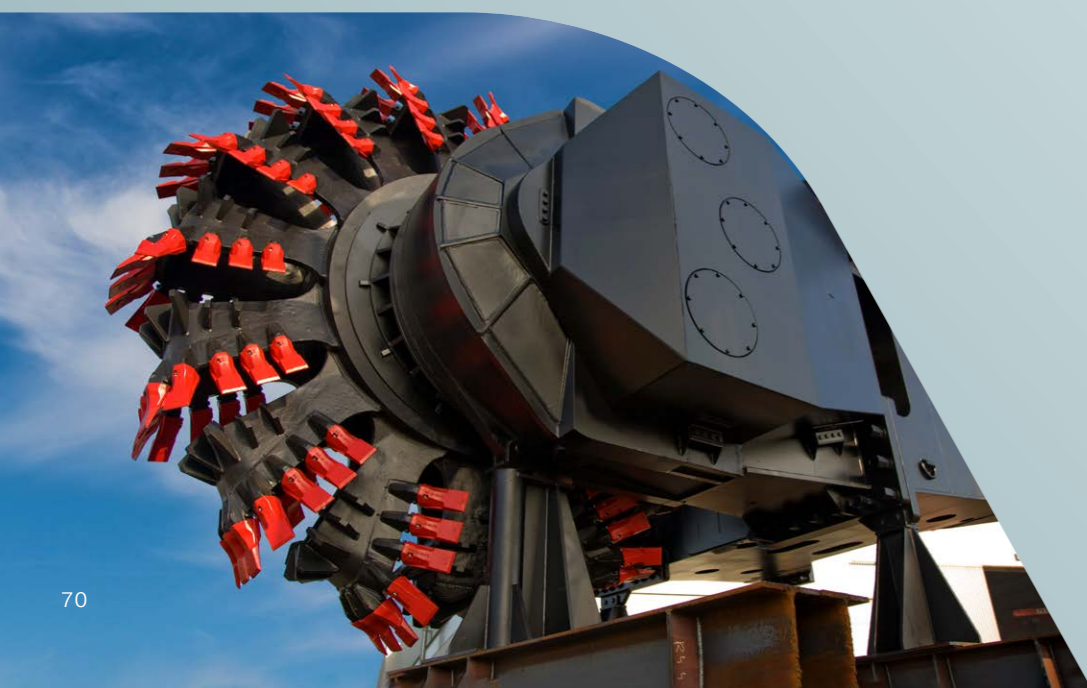
Including social and environmental aspects in the selection of suppliers and/or improving social and environmental aspect in the supply chain.

Total Recordable Incidents (TRIs)

Cumulative record of all Lost Time Injuries, Restricted Work Cases and Medical Treatment Cases.

Total Recordable Injury Rate (TRIR)

The number of TRIs *1,000,000/ number of hours worked. Excluding contractor incidents and hours.



Appendix 4: LRQA statement



LRQA Independent Assurance Statement

Relating to specific CSR KPI's in the annual report 2022 of Royal IHC

This Assurance Statement has been prepared for Royal IHC in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Royal IHC to provide independent assurance of its CSR related KPI's, for 2022 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier LRQA's verification procedure, based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Royal IHC's operations and activities in the Netherlands and specifically evaluating the accuracy and reliability of data and information for only the selected KPI's listed Table 1:

Our assurance engagement excluded the data and information of Royal IHC's suppliers, contractors and any third-parties mentioned in the report. And also excludes all other text, references to other data, information and pages of the report, financial disclosures, opinions and visions, interviews, photographic images, personal statements, statements on information security and human rights, as well as future plans and links to external or other information made in the Report.

LRQA's responsibility is only to Royal IHC LRQA disclaims any liability or responsibility to others as explained in the end footnote. Royal IHC's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the data are derived. Ultimately, the KPI results has been approved by, and remains the responsibility of Royal IHC

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that IHC has not, in all material respects:

- Met the requirements of the criteria listed above; and
 - Disclosed accurate and reliable performance data and information - as summarized in Table 1 of the statement.
- The opinion expressed is formed on the basis of a limited level of assurance¹ and at the materiality of the professional judgement of the verifier.

Table 1. Overview of Royal IHC's verified Key Data for 2022:

Indicators 2022	Scope	Unit
Electricity Consumption	Nationaal	kWh
Gas Consumption	Nationaal	m3
LTI/LTIF	Internationaal	LTI per million worked hours
Total Recordable Incident rate (TRIR)	Internationaal	Total incidents per million working hours
Training hours	Nationaal	Number of hours
Support for local communities	Internationaal	Euro

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing relevant employees of the organization responsible for managing KPI data and records;
- assessing Royal IHC's data management systems to confirm they are designed to prevent significant errors, omissions or misstatements in the reported KPI's. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control;
- verifying the reported KPI data – as preselected and stated above;
- Interviewing internal stakeholders and evidence sampling was done using remote verification techniques.

¹. The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Observations

During our activities None nonconformities were identified. These are corrected to the satisfaction of the verifier prior to issuing the final report and this verification statement.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Royal IHC's certification body for ISO 9001, ISO 14001, ISO45001. The verification and certification assessments are the only work undertaken by LRQA for Royal IHC and as such does not compromise our independence or impartiality.

Signed
2023

Dated: June 6th,

F. de Winter

LRQA
On behalf of LRQA Nederland B.V.

LRQA reference: RQA00001514

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Creating the maritime future