



Sustainability report

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1. Royal IHC, at a glance

1.1 Company Profile

Royal IHC is determined to play a leading role in making the maritime industry more efficient and sustainable.

Anchored in a rich Dutch maritime history, Royal IHC is a leading supplier of maritime technology and expert craftsmanship.

With the right people and skills on board, and driven by continuous innovation, we provide a competitive edge to our worldwide customers in the dredging, offshore, mining and defence markets. However, Royal IHC is much more than vessels, equipment and services.

We deliver reliable, integrated solutions that improve operational efficiency and allow for a more sustainable performance.

All over the world, our people are deeply committed to technological innovation, supported by our long-standing experience in our core markets. Our experts work in close collaboration with multiple stakeholders to meet the specific needs of each customer.

As we navigate new waters in an ever-changing world, our aim remains unchanged: to discover the most effective and safest way forward for both our customers and our people.

Together, we create the maritime future.



1.2 Message from the CEO

Reflecting on 2024, we continued to deliver integrated maritime solutions while prioritising long-term business continuity. Our efforts resulted in a growing order book and positive impacts on safety and sustainability.

After a period of challenges, 2024 marked a turning point, showcasing the first positive outcomes of Royal IHC's strategic realignment. Our key objective remains to ensure business continuity as a designer and builder of integrated vessels, equipment, and services for the dredging, offshore, mining, and defence industries.

This year was notable for the appointment of two new board members: Bert-Jan ter Riet as Chief Operations Officer and Bert Jaap Dijkstra as Chief Financial Officer, both committed to strengthening the organisation's resilience. Bert-Jan ter Riet joined Royal IHC on 16 March 2024 and has since made significant contributions to the development of our yards and international construction activities. Bert Jaap Dijkstra joined on 2 December 2024 and is responsible for financial decision-making and implementing a strategy focused on financial resilience.

Throughout 2024, the leadership team worked diligently to implement improvements that reinforce our market position. Key initiatives included developing a three-pillar shipbuilding strategy, supported by partnerships such as NASICO in Vietnam, and enhancing financial stability. To optimise operational agility and efficiency, Royal IHC merged its equipment, parts, and services companies into a single legal entity. This integration will create a more streamlined organisation with greater commercial strength.

Both the Krimpen and Kinderdijk shipyards achieved high productivity during the year. We focused on timely delivery and seamless alignment between engineering, logistics, and construction. A major milestone was the cutting of the first steel plate for the large mega hopper (31,000 m³), which marked the start of a significant project. Progress since then reflects our commitment to efficient and integrated craftsmanship.

On the corporate sustainability front, Royal IHC is preparing for upcoming legislation, continuing to align with the maritime sector on energy transition goals, and investing significant resources in innovation for zero-emission vessels. This represents our greatest positive impact across the value chain, as reflected in the GHG footprint presented in this report.

1.3 Highlights

Financial highlights (2024)

- **Revenue:** € 436.4 million
- **EBITDA:** € 1.4 million
- **Order portfolio as of 31 December 2024:** € 397.3 million

ESG Highlights (2024)

- **CO_{2-eq} footprint reduction of scope 1 and 2 combined (2019 - 2024):** 49%
- **Number of employees:** 1,767
- **Average number of training hours per employee:** 7.2
- **Gender Diversity:** 87.5% male and 12.5% female
- **Nationalities:** 57
- **LTIFR:** 4.93

R&D Highlights (2024)

- New Corporate R&D program 2025-2028, aligned with present and future customer needs
- Participation in multiple external R&D cooperation projects, including Maritime Master Plan projects
- Five new filed patents, and 29 patents were granted across six patent families

IHC Dredging	IHC Offshore Energy	IHC Mining	IHC Defence
Strong order intake for standard modular dredgers	Signed contract for two cable lay vessels	Progress on construction of two electric CSDs (cutter power of 1,350 kW)	Dutch government provisionally awarded the contract for the Orka Class submarines programme
Strengthened the building abroad strategy by a signed partnership in Vietnam	Successful launch of Amphibious Hi-Traq® Jetter	Floating booster station sold for clean-up operations following the Brumadinho tailings dam failure	Contract to supply eight Winch Handling Systems (WHS)
Significant progress on the mega trailing suction hopper dredger (31.000 m ³)	Awarded a concept study for a new cable lay vessel	Secured a contract for an electric CSD for a client from Germany	Maintenance activities on two hydrographic vessels HNLMS Luymes and HNLMS Snellius
Keel-laying ceremony for a Beagle® 12 at our partner yard Cochin Shipyard	Delivery of pipelaying equipment for a pipelay vessel	Awarded a contract for an electric salt harvester	LOI for long-term civil-military cooperation between DMI, Damen, Thales and RHM, focusing on optimisation of maintenance activities
Contract with partner yard ESG to construct a medium-sized TSHD	Completed commissioning of an advanced modular cable lay spread	Continuous support of clients with tailored tailings solutions.	MOU with Damen OSV for supply of four seagoing support vessels

Table 1 highlights our activities per market. A more detailed description is made in Section 2.6, Developments per market



2. The year 2024 for Royal IHC

2.1 Global trends

In 2024, the maritime industry continued to navigate a complex and fast-evolving global landscape. A combination of macroeconomic, technological, and regulatory developments shaped the operating environment for Royal IHC and its stakeholders, with fast geopolitical developments in many world regions, some involving armed conflicts and humanitarian crises.

Geopolitical trends

- **Political shifts** around the world: in 2024, many countries in the world had democratic elections leading to political shifts. These shifts started a chain of events with widespread global consequences on political alliances, economic agreements and national security level.
- **Geopolitical instability has continued to affect global maritime flows.** Prolonged and complex conflicts — including the war in Ukraine, the Israel–Palestine situation, and attacks on commercial vessels in the Red Sea by Houthi forces — have resulted in sustained geopolitical tension, rerouting of shipping lanes, and volatility in the availability and pricing of key commodities.

The destruction of the Nord Stream pipeline further disrupted European natural gas markets and accelerated a structural shift in sourcing strategies across the continent. In addition, the emergence of Russia’s so-called “Dark Fleet,” which operates outside conventional tracking and compliance regimes, has enabled significant volumes of oil products to circumvent international sanctions, contributing to price instability in regional markets.

- **Critical minerals** are gaining importance as the developments in IT and renewable energy infrastructure require these minerals. The awareness that China controls a majority of the minerals, and is using the access to them in political and economic negotiations is a clear signal of their essential role in our modern economies.

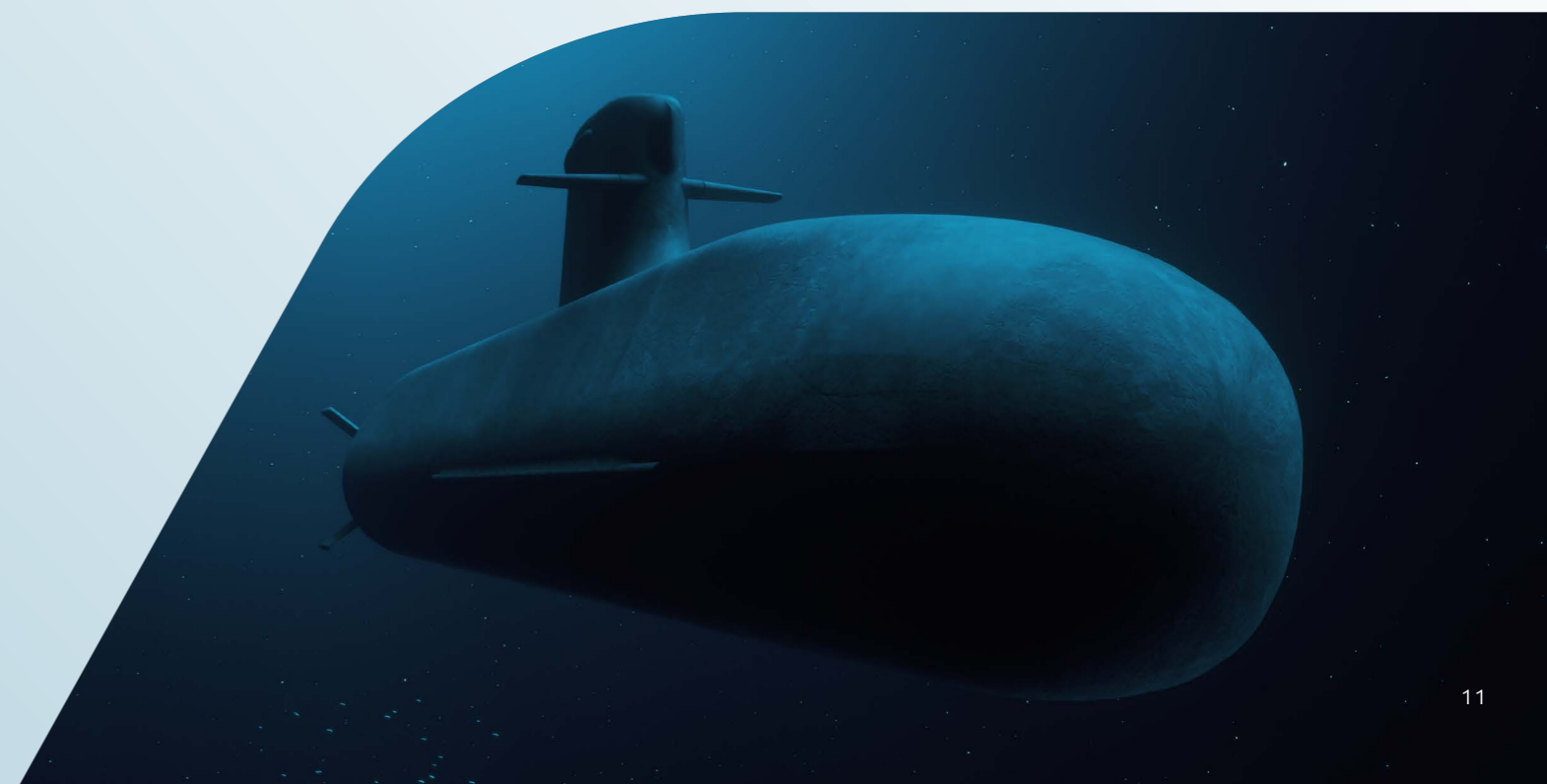
Economic trends

- **Economic and strategic realignment continues to reshape global security dynamics.** While the United States have been recalibrating its level of engagement within NATO, many European countries — particularly those along NATO’s eastern flank—have increased the emphasis on national security and defence readiness.

This has resulted in higher defence budgets across Europe and a growing focus on strengthening autonomous cybersecurity capabilities. China is simultaneously expanding its geopolitical and economic presence, positioning itself as an influential global actor, while certain industrial and trade practices continue to raise concerns regarding competitiveness and resilience in European industrial sectors.

- **Industry policies arising** from these developments are emerging in multiple countries, including the Netherlands, and are increasingly affecting the transport, IT, and biotech sectors after decades in which industry was largely shaped by market forces and globalisation.

- **Slowing economies.** China’s economy is slowing down due to the economic volatility arising from the shifts mentioned above, impacting global trade. Due to all these large shifts, economic volatility remained a key external pressure during 2024. Inflation of commodities, loans and rising interest rates across Europe affected capital-intensive sectors such as the dredging, offshore energy and mining industry. The ongoing war in Ukraine, the instability in the Middle East, and global trade conflicts caused an extra push for Europe to focus on energy security.



Legislation trends

• Climate-related and sustainability legislation is developing in the EU and Paris Agreement: The EU is reconsidering a reduction in sustainability reporting requirements, while maintaining its 2050 climate goals. Although the CSRD (Corporate Sustainability Reporting Directive) and CSDDD (Corporate Sustainability Due Diligence Directive) are still under discussion, with potential delays and simplifications expected, the Fuel EU Maritime regulation and the ETS (Emissions Trading System) already apply to ship operators. The implementation deadlines for these legislations, as well as for the EUDR, remain on schedule. The Paris Agreement Review also saw new pledges from India and Brazil to peak emissions before 2035. These commitments reflect growing concern over intensifying extreme weather events and mounting scientific evidence of accelerated climate change, biodiversity loss, and ocean acidification, which pose major threats to ecosystems and human societies.

• **IMO developments:** in 2024, IMO achieved significant milestones across multiple areas, among others, safety, environmental, and digitalisation domains. The Hong-Kong convention of Ship recycling has fulfilled its entry into force criteria in 2023 and is scheduled for entering into force in 2025. The Hong Kong convention mandates a safe and environmentally friendly recycling of vessels and an IHM (Inventory of Hazardous Materials) for all IMO vessels. Amendments were made to the SOLAS legislation, further improving the safety of sea personnel, and the IMO GHG strategy was presented, which has even more ambitious goals for 2030 than current EU GHG legislation and includes a global GHG pricing mechanism. Further, new Emission Control Areas (ECAs) were added: The Mediterranean Sea, and Canadian Arctic and the Norwegian Sea, where emission limits are further reduced. On the digitalisation aspect, IMO introduced a Mandatory Maritime Single Window: as of January 2024, all ports must implement electronic data exchange systems for ship clearance, streamlining operations and reducing corruption.



Demographic trends

• **The ageing population** remains a continued trend in many western countries, including the Netherlands, leading to shortages in skilled labour and increasing pressure on health care, pension and required changes in infrastructure. The recent years have seen policy changes aiming at a higher retention rate of older workers and vitality policies.

Technology trends

• **Artificial intelligence (AI)** continues to gain momentum on a global scale, the size of the AI market expected to exceed 5-fold in 2030, compared to 2024. The capabilities and number of applications are still increasing at a fast rate. For Royal IHC, it means new business opportunities arise where we can enhance customer value propositions, improve our business operations and reduce costs.



2.2 Royal IHC's capabilities

At Royal IHC, we leverage and integrate our in-house capabilities to deliver fully integrated maritime solutions. Every aspect of our operations and innovations is focused on operational efficiency and sustainable performance.

Royal IHC employs nearly 1,800 professionals, with the majority of our workforce based in the Netherlands. From this strong foundation, we are strategically positioned to serve clients worldwide. Our commitment to excellence extends beyond designing and building equipment and vessels and providing services. Our in-house engineering capabilities, which are built on decades of experience in advanced vessel construction, enable us to tackle complex

technical challenges. Continuous innovation and the acquisition of new knowledge ensure that Royal IHC remains a leader in key equipment development. By maintaining full control over the design, production, and quality assurance processes, we deliver tailored solutions that meet demanding operational requirements. This integrated approach reflects our commitment to providing value through innovation, quality, and craftsmanship. Table 2 illustrates Royal IHC's major inhouse capabilities and solutions.

Inhouse capabilities	Examples
Dredging	Trailing suction hopper dredgers (TSHD) and cutter suction dredgers (CSD). Activities: New build, maintenance, repairs, overhauls and retrofits. Equipment: dredge pumps, cutter heads, drag heads, dredge valves, floating hoses, overflow systems, winches, anchors and automation and control systems.
Offshore energy	Fibre optic cable lay vessels, offshore- and floating wind vessels, oil & gas pipelaying vessels. Activities: New build, maintenance, repairs, overhauls and retrofits. Equipment: cable lay systems, subsea vehicles, pipelay systems, LARS, tensioners and winches, FPSO equipment
Defence	Navy vessels Activities: New build, maintenance, repairs, overhauls and retrofits. Equipment: winches, repair equipment, subsea vehicles, seabed crawlers, LARS.
Mining	Wet mining vessels and salt mining vessels. Activities: New build, maintenance, repairs, overhauls and retrofits. Equipment: mineral processing equipment, slurrification tools, dredge mining equipment.
Engineering	Feasibility studies, concept design, basic engineering, detailed engineering, lifecycle engineering.
Services	Operational services & support: Local teams provide 24/7 services (repair, test and maintenance) at any location globally.
Maintenance	Maintenance programmes for all type of Royal IHC maritime assets. Activities: midlife upgrades, maintenance and repair.
Piping systems	High pressure and hydraulic piping systems, hydrogen piping systems.
Hydraulics	HPU systems, underwater hydraulics, accumulator systems.
Steel processing capabilities	Steel cutting, 2D bending, 3D bending, welding, assembly
R&D capabilities	A dedicated team of R&D engineers and specialists. Typical research areas: hydraulic transport, excavation, material science, motion and control, new fuels and drive systems, vessel hydrodynamics, AI and digitalisation.
R&D laboratory	Experimental setups to study dredging, mining and offshore phenomena and validate models
Steel and iron foundry	Design, casting and post processing within a CNC machine park.
Interior design and manufacturing	Custom interiors and refits for the maritime and commercial sector
Automation and control systems	Integrated and connected automation and mission equipment.
Training institute	High quality courses Types of training: (1) Simulator training, (2) On-the-job operator training, (3) Maintenance training, (4) Project engineer training, (5) Train the trainer programme, (6) Introduction courses, (7) specialised master classes

Table 2: Royal IHC's inhouse capabilities and solutions

2.3 Long term value creation

As a maritime supplier, we design, build, and provide operational support for work vessels and equipment used in the dredging, offshore energy, mining, and defence sectors. We create value for our customers and for society by serving as a key supplier of vessels and equipment essential for offshore infrastructure, coastal protection, and inland waterway maintenance.

Anticipating the impacts of climate change, we develop cutting-edge solutions and offer the knowledge and capabilities needed to implement sustainable technologies. These include more efficient operations, low- and zero-emission vessels, and turbidity-control technologies.

As illustrated in Figure 1, Royal IHC supports the maritime industry throughout the lifecycle, with a strong focus on products and equipment.

After many decades of operation, vessels and equipment become obsolete and are dismantled. Some components are re-used in the second-hand market. The remaining is recycled to a high degree, as the majority of materials in the vessel and equipment are metals and other valuable materials.

During Research & Development, new technologies are developed and external technologies are integrated into highly efficient, low emission and reliable equipment concepts. Using modeling, simulation and our in-house laboratory, we investigate these technologies to ensure the effective integration into advanced functionality and improved equipment.

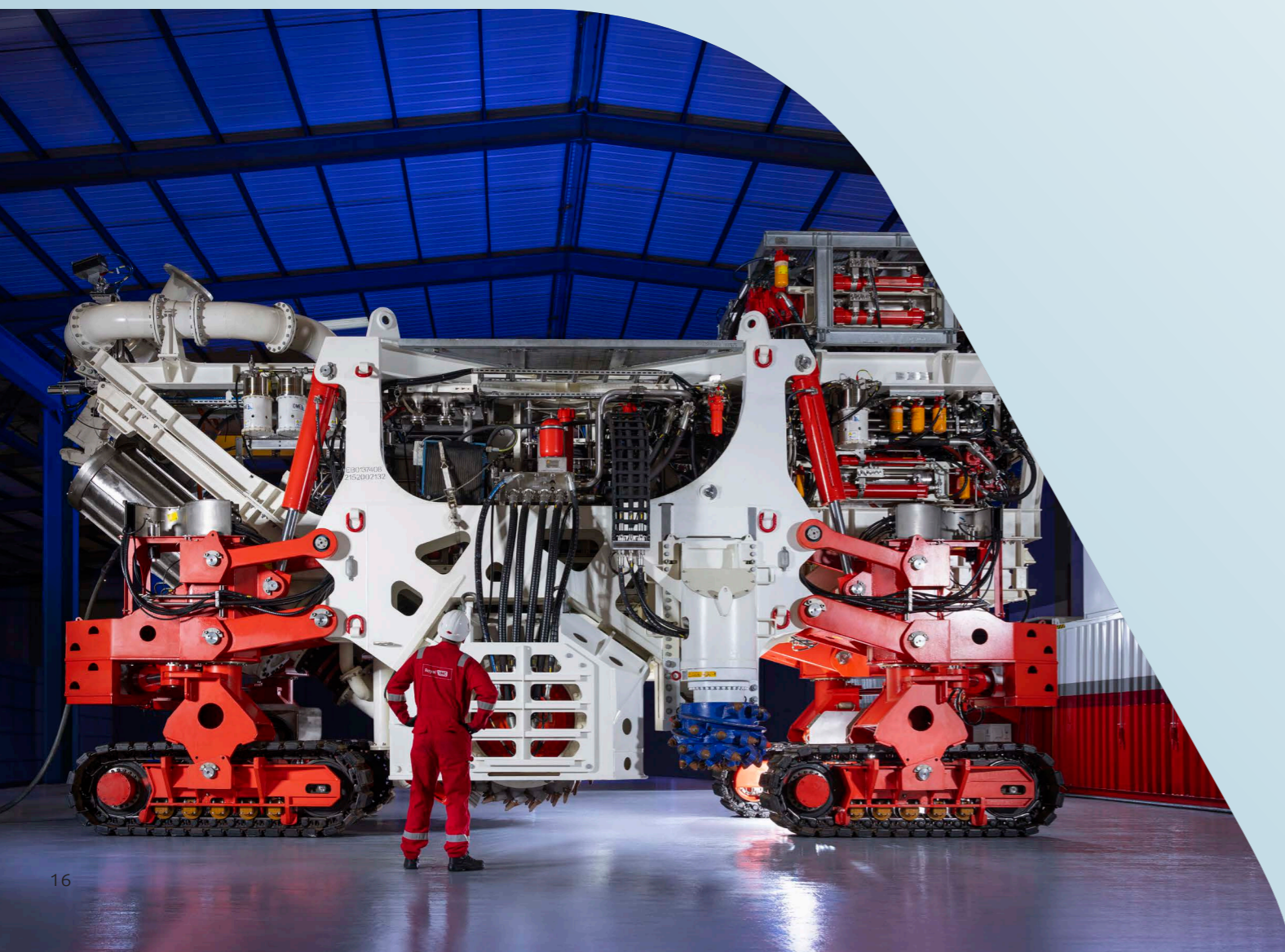


Our vessels are built to last. During operation, many services are provided by Royal IHC, such as training, operations monitoring, maintenance and repair. After decades of efficient operation, often in the harshest environments, the vessels are retrofitted to include new technologies, such as new cleaner engines, exhaust gas after treatment and updated automation and control.

During Shipbuilding, steel plate is transformed according to engineering drawings and instructions, and equipment is assembled into a highly effective and long lasting vessel. Equipment is assembled and effectively integrated in the vessel. High quality and safety standards ensure and highly qualitative product, and the safety and well being of the workers.

During Design and Engineering, existing and new technologies are integrated into effective designs, resulting in a design and production drawings that lead to fit for purpose, efficient and reliable vessels and equipment.

Figure 1: Royal IHC's approach to long term value creation



2.4 Global presence

Royal IHC is a global company operating from multiple locations around the world, as illustrated in Figure 2.

With our headquarters in Kinderdijk, we operate as an integrated system yard where vessel design and construction, steel cutting, equipment manufacturing, engineering, control system development, services,

quality assurance, and R&D are fully aligned to ensure the delivery of high-quality assets. Our second major location, the yard in Krimpen aan den IJssel, features the largest covered slipway in Europe. Both sites are equipped to construct large-scale, complex projects with short lead times.

In Sliedrecht, our streamlined production facility specializes in custom-fitted piping systems, including hydraulic, high-pressure, double-walled, and green hydrogen pipelines. Meanwhile, our Hardinxveld-Giessendam site focuses on interior design for the maritime industry and other sectors.

Beyond our headquarters and Dutch production locations, Royal IHC operates several global facilities that support localised services and strengthen our integrated network of capabilities. Our three major international production sites include the Port of Blyth, our steel and iron foundry Allard Europe, and the IHC India production facility. IHC Mining is further supported by production locations in South Africa, Brazil, and Australia. Our engineering activities are reinforced by regional offices in Croatia, Slovakia, and Singapore. Through this global footprint, we remain close to our customers and operate at the forefront of their needs.

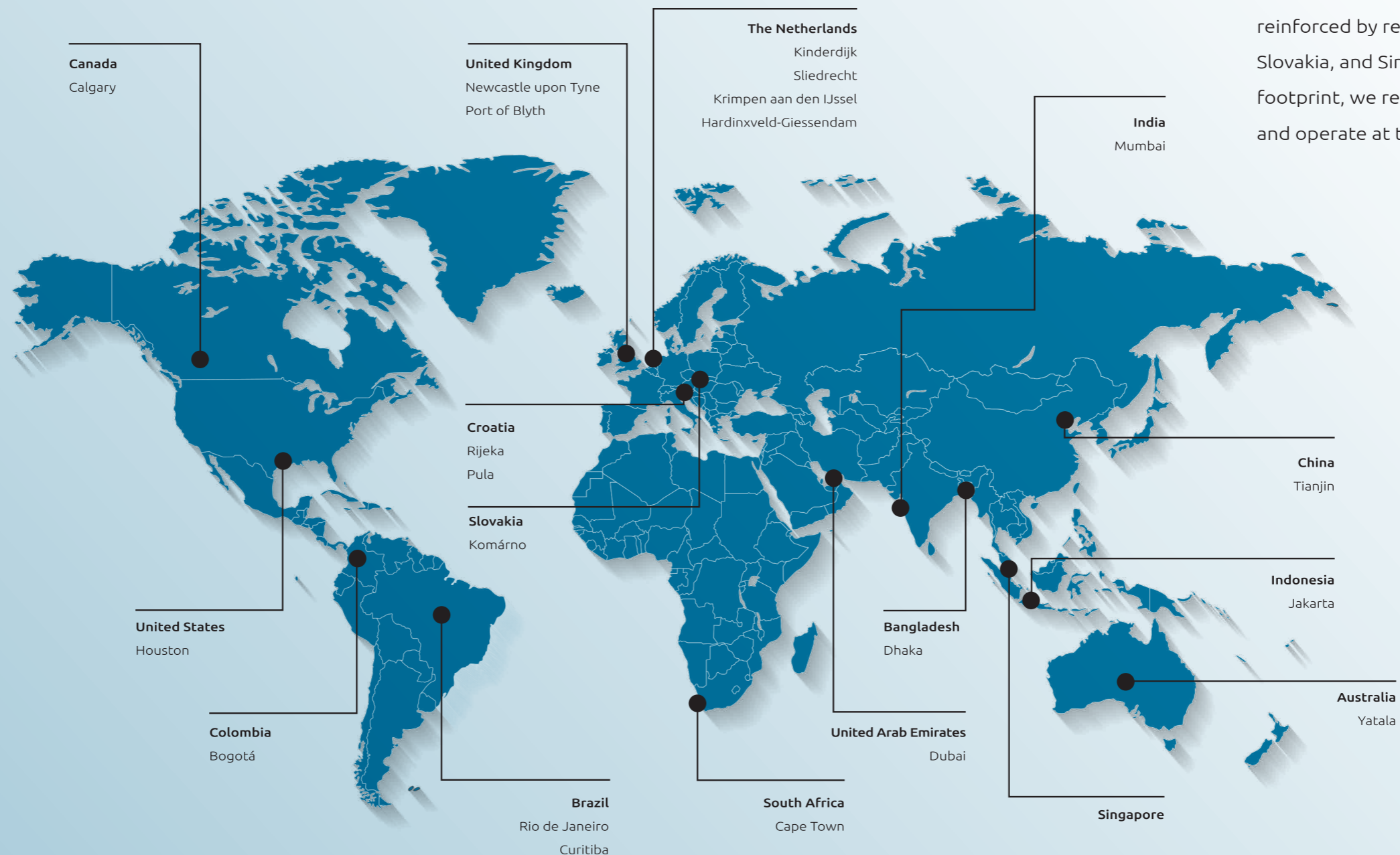


Figure 2: Royal IHC's global presence

2.5 Strategy

Royal IHC continues to strengthen its position as a leading provider of integrated maritime solutions. The company focuses on maintaining cost competitiveness while expanding its capabilities in vessel design, construction, integration, and services. In recent years, Royal IHC has taken significant steps to restore financial stability and establish a solid foundation for sustainable growth.

To support future growth, Royal IHC concentrates on its core portfolio, the expansion of its recurring flow business, and the implementation of a renewed shipbuilding strategy. The company is repositioning itself as a system yard, enabling the sharing of expertise and resources with non-competing shipyards. Strong customer relationships remain central to this approach, reinforced by Royal IHC's commitment to lifelong service support and its role as a trusted service partner.

Royal IHC's commercial strategy is built around three strategic pillars:

1. Portfolio & Growth

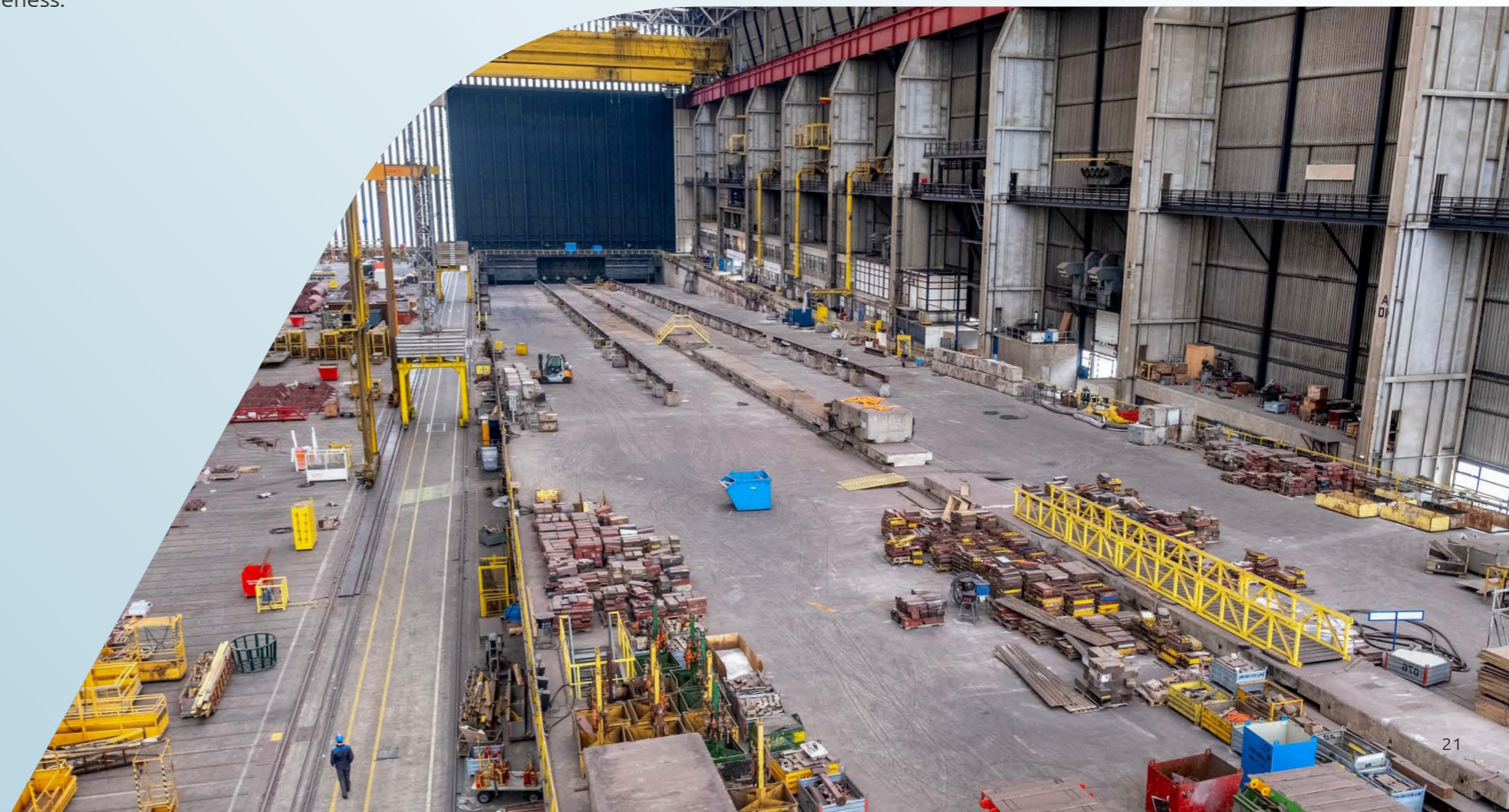
Royal IHC aims to maintain leadership in its core portfolio, which includes shipbuilding, integrated vessel design, mission equipment, underwater excavation, slurry transport, and offshore and onshore material handling. Growth is further supported by expanding the company's recurring "flow" business through equipment supply, spare parts, maintenance, asset management contracts, and smaller construction or modification projects. The three-pillar shipbuilding strategy combines high-value vessel construction in the Netherlands with cost-effective design-and-build packages abroad, strengthening Royal IHC's industrial model and global competitiveness.

2. Customer Value & Service

Royal IHC continues to deepen its role as a trusted partner to dredging and offshore clients by offering tailored services and cost-efficient construction solutions. The company provides cradle-to-grave value through lifelong support for vessels and equipment, ensuring reliability, performance, and optimal lifecycle management for its customers.

3. Competitive Positioning & Collaboration

Within the Dutch maritime cluster, Royal IHC positions itself as a system yard by collaborating with non-competing shipyards to share expertise, capacity, and innovation. The company differentiates itself through advanced technology and strong customer intimacy, offering high-quality specialised solutions that set it apart from low-cost competition in Asia and beyond.





2.6 Developments per market segment

Dredging

With more than 300 years of experience, IHC Dredging is the market leader in the design, construction, and delivery of reliable, integrated vessels, equipment, and services for the dredging sector. Thanks to our proven track record, global dredging operators, contractors, and governmental authorities rely on IHC Dredging for high-quality solutions and services.

To meet the full spectrum of dredging needs, our product portfolio ranges from standard, modular, stationary, and mechanical dredgers to the world's largest custom-built self-propelled dredgers and their associated equipment. Our local, remote, and digital services provide customers with the support required to keep their assets in optimal condition and ready for the future. With a global team of experts, we ensure local presence and industry-leading support on every continent.

Developments

The dredging market continues to show stable growth despite global geopolitical, economic, and environmental challenges. Geopolitical circumstances such as the war in Ukraine, tensions in the Middle East continue to create uncertainty and increased inflation within the dredging sector. Inflation and economic instability increased the CAPEX of new-build vessels and challenged shipyards.

Despite these challenges, near-capacity fleet utilisation for hopper dredgers in the Middle and Far East has driven higher turnover and record-breaking profits for major dredging contractors. Regional dredging companies and governmental dredging authorities are also experiencing positive momentum, with expectations of continued growth in the coming years.

Achievements 2024

- Strong order intake for standard modular dredgers, with continued demand for Beaver® cutter suction dredgers.
- Strengthened the building abroad strategy by a signed partnership with Nam Trieu (Vietnam) and the keel-lay ceremony of a 2,300 m³ TSHD.
- Significant progress on the construction of the mega trailing suction hopper dredger (31.000 m³).
- Keel-lay ceremony of a Beagle® 12 at partner yard Cochin Shipyard.
- Contract with partner yard ESG to construct a medium sized TSHD (4,600 m³).

Offshore Energy

IHC Offshore Energy applies extensive knowledge, expertise, and proven capabilities to address the global challenges of the offshore industry. We deliver reliable, advanced vessels, equipment, and services for the offshore energy market, including solutions for telecommunications, oil and gas, and renewable energy. Our track record includes the supply of pipe-lay and cable-lay vessels and equipment, subsea vehicles, and FPSO equipment.

Our production facilities in Kinderdijk and at the Port of Blyth are specifically tailored to meet the needs of the offshore energy sector. These sites are staffed by experienced professionals and equipped with cutting-edge technology to deliver complex offshore solutions.

Developments

In 2024, the offshore energy market demonstrated resilience despite volatility and ongoing global uncertainties. Demand for renewable energy and intercontinental connectivity continued to rise, while recent incidents involving damage to subsea cable networks highlighted the vulnerability of these critical systems. This has increased the need for efficient and reliable installation and maintenance solutions, as well as advanced submersible trenching technologies that enable secure cable burial.

All major installation contractors reported growing order books, even as the sector faced challenges such as setbacks in US offshore wind farm developments and several European wind farm tenders that received no bids.

Achievements 2024

- Signed contract for two cable lay vessels.
- Successful launch of the Amphibious Hi-Traq® Jetter.
- Awarded a concept study for a new cable lay vessel.
- Delivery of pipelaying equipment for a pipelay vessel.
- Completed commissioning of an advanced modular cable lay spread.
- Delivery of integrated mission equipment for a new Floating Liquefied Natural Gas (FLNG) facility.





Mining

IHC Mining is committed to driving sustainable innovation within the mining industry. With a proven track record in mineral sands, tailings rehabilitation, battery minerals, gold, diamonds, tin, and other commodities, we deliver mining dredgers and advanced equipment designed to minimise environmental impact. Our consultancy services and after-sales support are tailored to promote responsible resource extraction.

We specialise in dredge mining, slurry transportation, materials handling, and mineral separation, integrating sustainability at every stage of the value chain.

Our solutions prioritise energy and water efficiency, responsible tailings deposition, and the adoption of electric and low-emission technologies.

Our mining equipment portfolio includes mining dredgers, high-recovery jigs, shaking tables, fluid bed dryers, screen towers, reheaters, and spare parts. Our mining services encompass engineering support, after-sales services, geological and metallurgical expertise, and mining consultancy, including pre-feasibility, definitive feasibility, and bankable feasibility studies.

Developments

In 2024, the global mining sector faced significant headwinds stemming from geopolitical conflicts and economic uncertainty. Tariffs introduced by the United States on the mining and minerals market disrupted demand in Canada and Australia—two of the largest markets for silica sand and mineral sands. At the same time, the ongoing conflicts in Ukraine and Gaza further weakened investor confidence and strained global supply chains. Investor sentiment was also affected by the rapid development of lab-grown diamonds, which contributed to project delays for an underwater mining crawler.

Despite these challenges, IHC Mining is well-positioned to benefit from emerging opportunities. We see growing momentum around the EU's Critical Raw Materials Act, an area where our expertise in tailings reprocessing can play a meaningful role.

While the sector continues to navigate uncertainty, shifting global priorities and IHC Mining's strategic positioning create promising avenues for future growth.

Achievements 2024

- Significant progress on construction of two electric CSD's with a cutter power of 1,350 kW.
- Floating booster station sold for clean-up operations following the Brumadinho tailings dam failure.
- Secured a contract for an electric CSD for a client from Germany.
- Secured a contract for an electric salt harvester.
- Continuous support of clients with tailored solutions for their tailings projects.

Defence

IHC Defence provides reliable solutions that enhance operational efficiency and support the sustainable performance of defence fleets. We address critical challenges such as subsea warfare and infrastructure protection with innovative, cost-effective technologies that meet stringent military specifications.

Worldwide, we support naval clients with maintenance, repair, and docking management to increase the availability and readiness of vessels and equipment.

We also deliver tailored solutions for the design, construction, and maintenance of navy vessels, equipment, and accessories. Our track record includes the delivery of advanced naval systems such as launch and recovery systems, subsea vehicles, seabed crawlers, and electrical and automation systems.

Our OSBIT (On Specification, Budget and In Time) approach ensures precise and timely delivery, while our secure infrastructure and IT systems uphold the highest standards of confidentiality and data protection.

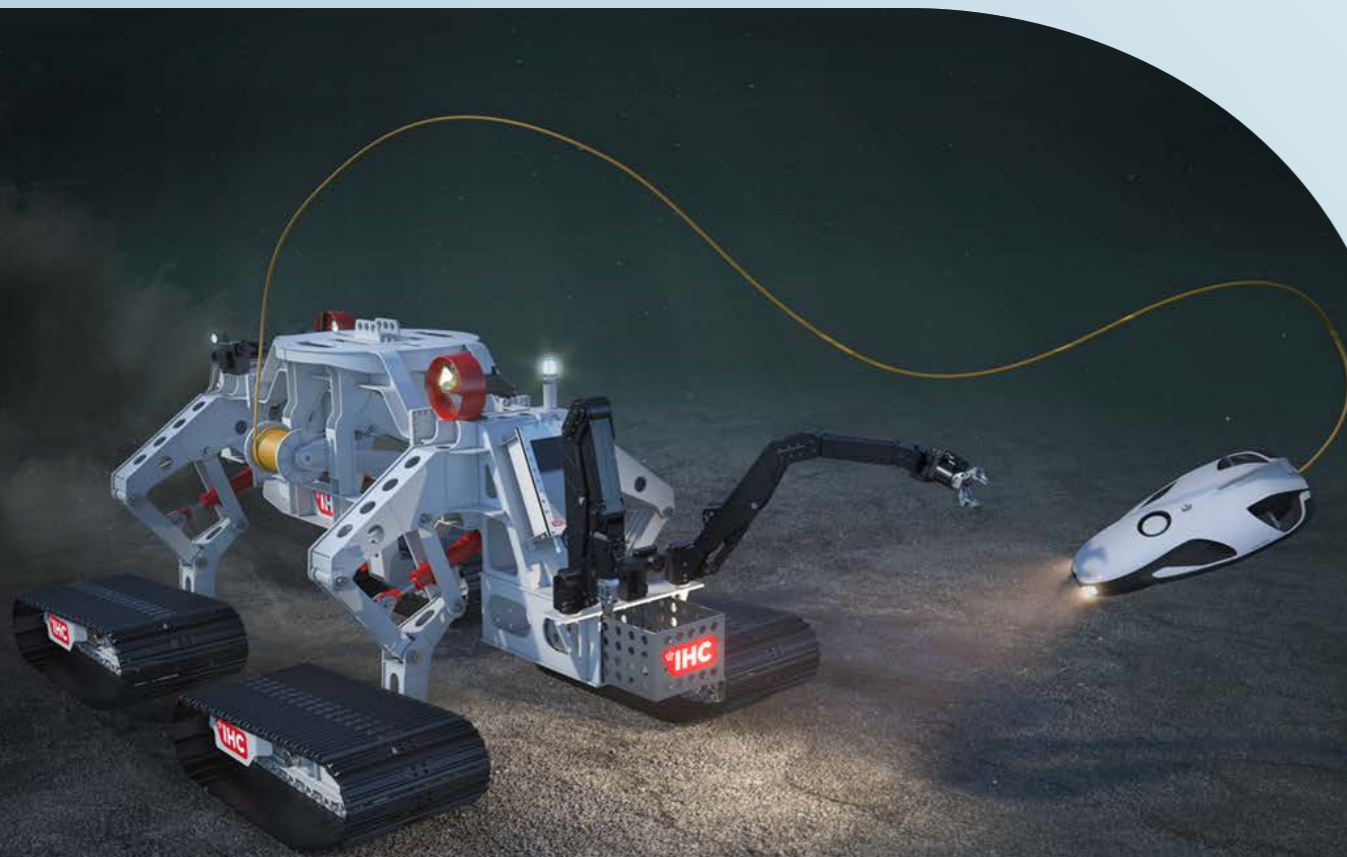
Developments

2024 marked the third consecutive year of ongoing conflict between Ukraine and Russia. The protection of seabed infrastructure has become a top priority for governments, particularly following the sabotage of the Nord Stream pipeline and increased mapping of Europe's seabed by Russia. Escalating geopolitical tensions have prompted European states to significantly increase their defence spending. In the Netherlands, the nominal defence budget is set to rise by €15 billion between 2022 and 2025, followed by a structural annual increase of €5 billion from 2026 onward.

These developments underscore the importance of Royal IHC's role as a system yard for naval operations, providing the expertise, capacity, and technological capability required to support modern defence needs.

Achievements 2024

- The Dutch government provisionally awarded the contractor for the Orka Class Submarines Programme, with Royal IHC participating as an industrial partner.
- Contract signed to supply eight Winch and Handling Systems (WHS).
- Maintenance activities progressed on the hydrographic vessels HNLMS Luymes and HNLMS Snellius. HNLMS Luymes completed her major overhaul in February 2024.
- A Letter of Intent (LoI) has been signed to establish long-term civil-military cooperation between DMI, Damen, Thales and RHM, focusing on the optimisation of maintenance activities.
- A Memorandum of Understanding (MoU) has been signed with Damen OSV for the supply of four seagoing support vessels to the Royal Dutch Navy.
- Participation in a European defence programme across two workflows related to operating a four-track seabed crawler for survey and Mine Counter Measure operations.



2.7 Financial performance

In 2024, Royal IHC reached a turning point as the results of its new strategic approach became increasingly visible. Following the restructuring and cost-saving measures implemented in 2023, the company made clear progress in strengthening its financial stability. By the end of the year, Royal IHC was in a more secure financial position, supported by improved operational and financial performance. Although month-to-month results in the first half of the year remained negative, the increased workload from orders signed in late 2023 enabled the company to achieve largely positive monthly results in the second half.

Royal IHC closed 2024 with a net loss of €33.4 million. However, EBITDA showed a significant improvement, rising from €31.2 million negative in 2023 (excluding the effects of the IQIP divestment) to €1.4 million positive in 2024.

Over the past several years, numerous initiatives have contributed to these improved results. These included right-sizing the workforce while safeguarding key design, estimating, and engineering capabilities; centralising operations in Kinderdijk; streamlining the international footprint; and investing in harmonised IT solutions across the organisation. In 2024, additional operational and organisational enhancements were implemented, focusing on strengthening financial control (including improved calculation and cost allocation), reducing organisational complexity (such as the merger of three equipment companies), reinforcing market positioning (through the reintroduction of key account management and cross-company product management), and enhancing early-stage risk management in tenders and proposals (including more robust bid/no-bid decision-making).

Improved market conditions, combined with the new strategic direction and operational improvements, helped rebuild customer confidence. This was reinforced by key contracts such as Boskalis' order for a 31,000 m³ hopper in late 2023 and the public announcement of Royal IHC's role in the submarine project, provisionally awarded in March 2024. With a steady influx of new orders, positive market expectations, and promising opportunities in the flow business, the company is now steering toward sustainable growth.

At the end of 2024, Royal IHC initiated the process of replacing its Senior Facilities Agreement (SFA), which was set to mature on 3 June 2025. As of 3 June 2025, a new Guarantee and Financing Arrangement has been signed and agreed upon by all relevant stakeholders.



3. Governance

3.1 The Board of Management



Derk te Bokkel (CEO)

Appointed CEO in 2023.

MSc degree Agricultural Economics from Wageningen University – 1987.

Te Bokkel has extensive experience in the energy industry and currently builds a strategic and future proof business plan for Royal IHC.



Bert Jaap Dijkstra (CFO)

Appointed CFO in 2024.

MSc degree Soil Chemistry and Physics (with honours) from Wageningen University – 1997. Holds an MBA from MIT Sloan.

Dijkstra has a track record in management and financial strategy, with a background in energy and offshore services.



Bert Jan ter Riet (COO)

Appointed COO in 2024.

MSc degree Naval Architecture & Marine from Delft University - 1990.

Ter Riet brings decades of management experience from global ship-building and excels in upscaling productivity at international yards.

3.2 The Supervisory Board

- **Frank Verhoeven**, a former member of the Board of Directors of Boskalis, was appointed as a member of the Supervisory Board of Royal IHC in July 2020.
- **Hans Kamps**, former CFO of Boskalis, was appointed as a member of the Supervisory Board of Royal IHC in April 2020.
- **Birgit Otto**, former COO of Schiphol Group and member of the SB of Royal Flora Group, was appointed as a member of the Supervisory Board of Royal IHC in November 2023.
- **Gerben van den Rozenberg**, director of HAL Investments, has been appointed as a member of the Supervisory Board of Royal IHC in January 2023.
- **Ruud van den Bergh**, has been appointed as member of the Supervisory Board of Royal IHC per March 2024 upon recommendation by the works council.

The Supervisory Board met eight times during 2024 and held one additional call. Members also attended regular meetings between the Board of Management and the Works Council on a rotational basis. Overall, the Supervisory Board remained closely involved throughout the year.

There was one change in the composition of the Supervisory Board in 2024. On 31 March, Mr. Korevaar resigned, and Mr. Van den Bergh was appointed as his successor.

Key topics discussed by the Supervisory Board included financial reporting and financing, the three-pillar shipbuilding strategy, and key account management. The Board also focused on Royal IHC's commitment to operational performance, health and safety, and compliance with regulatory standards, including those related to CSRD.

3.3 Shareholders

In 2020, IHC Merwede Holding B.V. was acquired by a consortium of partners operating under the name Stichting Continuïteit IHC, formed by HAL Investments, Ackermans & van Haaren, and MerweOord. This foundation holds 100 per cent of the shares in IHC Merwede Holding B.V. The associated recapitalisation at the time was partly realised with the support of a syndicate of banks, the Dutch Ministries of Economic Affairs and Finance, and the credit insurer Atradius Dutch State Business.

In June 2025, Royal IHC signed a new Guarantee and Financing Arrangement, replacing the Senior Facilities Agreement (SFA). The transaction was successfully closed on 3 June 2025.

The new arrangement includes the continuation of the guarantee facility for the €208 million Boskalis dredger currently under construction, as well as additional guarantee facilities totalling €250 million to support Royal IHC's broader business activities. This represents a continuation of the guarantee volume previously available under the SFA. In addition, the new financing package includes €70 million in new facilities, including a €40 million standby facility.

3.4 Organisational structure

Royal IHC has a matrix structure. Product market groups (PMGs) are responsible for the four core markets:

- Dredging
- Offshore Energy
- Mining
- Defence

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.



3.5 Corporate governance

At Royal IHC, we firmly believe that long-term business continuity is inseparable from our commitment to creating the maritime future with honesty and integrity. Our core values of Commitment, Partnership and Innovation reflect who we are, what we aspire to be and how we work. We expect every member of our team, regardless of position or role, to reflect on these values in every action they take. We strongly believe it is through our collective efforts that we can grow, innovate and lead with purpose.

Conducting business honestly and with integrity is vital for building trust with our clients, partners, and amongst ourselves. This is not just an ethical choice: it is a strategic imperative that ensures our business to thrive in the long run, building a foundation of trust that not only attracts but retains customers and talent alike.

Our Code of Conduct serves as a roadmap for both our strategic decisions and our daily operations. It empowers each of us to take pride, not only in what we do, but also in how we do it. It empowers each of us to act responsibly and contribute to an environment where honesty and integrity are the norm, not the exception. And it empowers each of us to speak up when we encounter misconduct, assured our voice will be heard and respected.

The Board of Management is committed to driving business integrity, good governance, and to maintaining our corporate policies and risk management. And our senior leadership is responsible for embedding our values, our Code of Conduct and principles of business integrity, as well as our policies and procedures throughout the organisation and for fostering a culture of trust and transparency in which risks can be identified and escalated if necessary.

3.6 Risk management

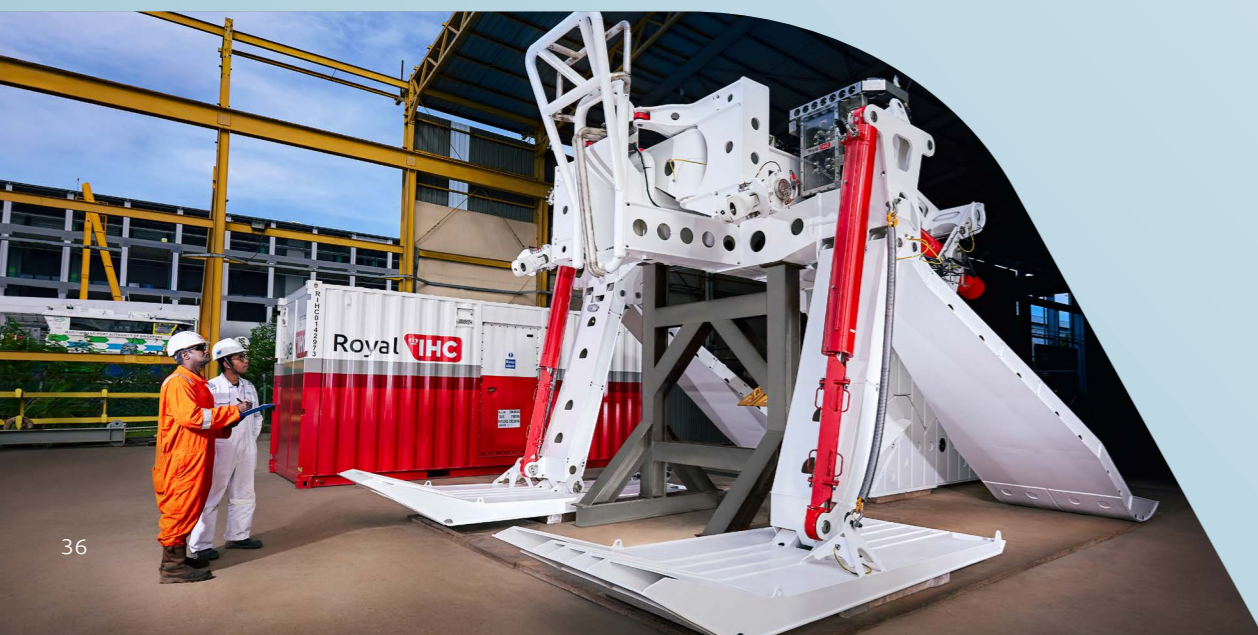
Royal IHC's risk profile is shaped by strong market dynamics and intense competition, which place continuous pressure on prices and margins. By working closely with customers and maintaining a deep understanding of their needs, the company is able to navigate these market conditions effectively. Robust risk management is embedded throughout Royal IHC's business processes, enabling a balanced approach that mitigates threats while capitalising on opportunities.

The Supervisory Board oversees how the Board of Management monitors compliance with Royal IHC's risk management policies and procedures, and it evaluates the adequacy of the overall risk management framework in relation to the risks faced. The Board of Management holds ultimate responsibility for Royal IHC's risk management and internal control framework. The CEO acts as the owner of this framework, supported by his leadership team and informed by the company's risk management procedures. A formal review of the framework's adequacy and effectiveness is planned for 2026.

Royal IHC has identified and monitors a range of risks that are inherently linked to its business activities. Additional risks may emerge over time that are not currently considered significant but could become material in the future. The following key risks have been identified:

- Market, operational and strategic risks
- Human resources risks
- Safety, health and environment risks
- Contract risks
- Project risks
- Litigation
- International compliance risks
- Fraud risks
- IT risks
- Currency risk
- Credit risk
- Liquidity risk
- Tax risks

The risks including the mitigation measures, can be reviewed in Annex II – Royal IHC's group principal risks and uncertainties.





4. Sustainability disclosures

4.1 General information

Royal IHC aims to be among the leading suppliers of innovative and sustainable vessels, equipment, and services in its markets, aligning with global developments in sustainable maritime technology and practices. The company's sustainability policy and goals are discussed with senior leadership and approved by the Board of Management. These goals are firmly embedded across the organisation by linking them to specific products and operational activities. Progress on sustainability objectives and reporting is regularly shared with both the Board of Management and the Supervisory Board.

Basis for the preparation

Royal IHC's sustainability reporting is guided by the principles of double materiality, focusing on ESG topics where the company has the most significant impact on people and the environment, or where it faces material financial risks and opportunities. In 2020, Royal IHC voluntarily developed its first Double Materiality Assessment (DMA), which has since been refined in anticipation of the Corporate Sustainability Reporting Directive (CSRD).

The updated DMA follows a pragmatic approach aligned with ESRS expectations, incorporating stakeholder engagement and a structured assessment of impacts, risks, and opportunities across the value chain.

On 26 February 2025, the European Commission announced plans to simplify the CSRD framework and extend its adoption timeline by two years. In light of these developments, Royal IHC has not adopted the CSRD disclosure requirements (DRs) at this stage. Instead, the company presents material topics based on its DMA and applies the Voluntary Standard for non listed SMEs (VSME). All DRs from the VSME, except B5 (Biodiversity) and B6 (Water), are incorporated into this report, which follows the structure of both the Basic and Comprehensive Modules. Data from all of Royal IHC's activities are included in this Sustainability Report.

Stakeholder engagement

Royal IHC collaborates closely with its stakeholders on a daily basis, reflecting one of its core values: Partnership. As part of the DMA process, the Sustainability Working Group identified key stakeholder groups and actively engaged with them to better understand and assess the company's material impacts, risks, and opportunities. The following stakeholders were recognised as essential to this process: employees, clients, suppliers, shareholders, the Supervisory Board, insurance providers, lenders (banks), governmental authorities, and non governmental organisations (NGOs). Their perspectives were carefully evaluated and weighted, forming a critical component of the DMA outcomes.

Double Materiality Assessment

Royal IHC adopted a Double Materiality Assessment (DMA) as the foundation for its sustainability reporting. This process followed a bottom up approach to ensure that the perspectives of both internal and external stakeholders were fully incorporated. Through this methodology, Royal IHC identified its material impacts, risks, and opportunities (IROs). The process consisted of several distinct phases:

1. Preparation phase:

Key stakeholders were identified, the value chain was mapped, and desk research was conducted. This resulted in a long list of potential topics based on ESRS – AR 16.

2. Relevance phase:

Internal and external stakeholders were consulted through questionnaires to validate the relevance of the long list of topics. This resulted in a medium list of topics.

3. Impacts, Risks and Opportunities Phase:

All potential IROs were identified based on the medium list of topics.

4. Internal Materiality Phase:

Impact materiality and financial materiality were assessed using the following dimensions:

- *Impact materiality:* scale, scope, and irremediable character

- *Financial materiality:* likelihood and magnitude Time horizons were also defined during this phase.

Time horizons were also defined during this phase.

5. Conclusion Phase:

The consolidated findings resulted in a final shortlist of 11 material topics, 10 ESRS topics and one company-specific topic, “Research and Development” The final list of ESRS material topics are highlighted in Figure 3.

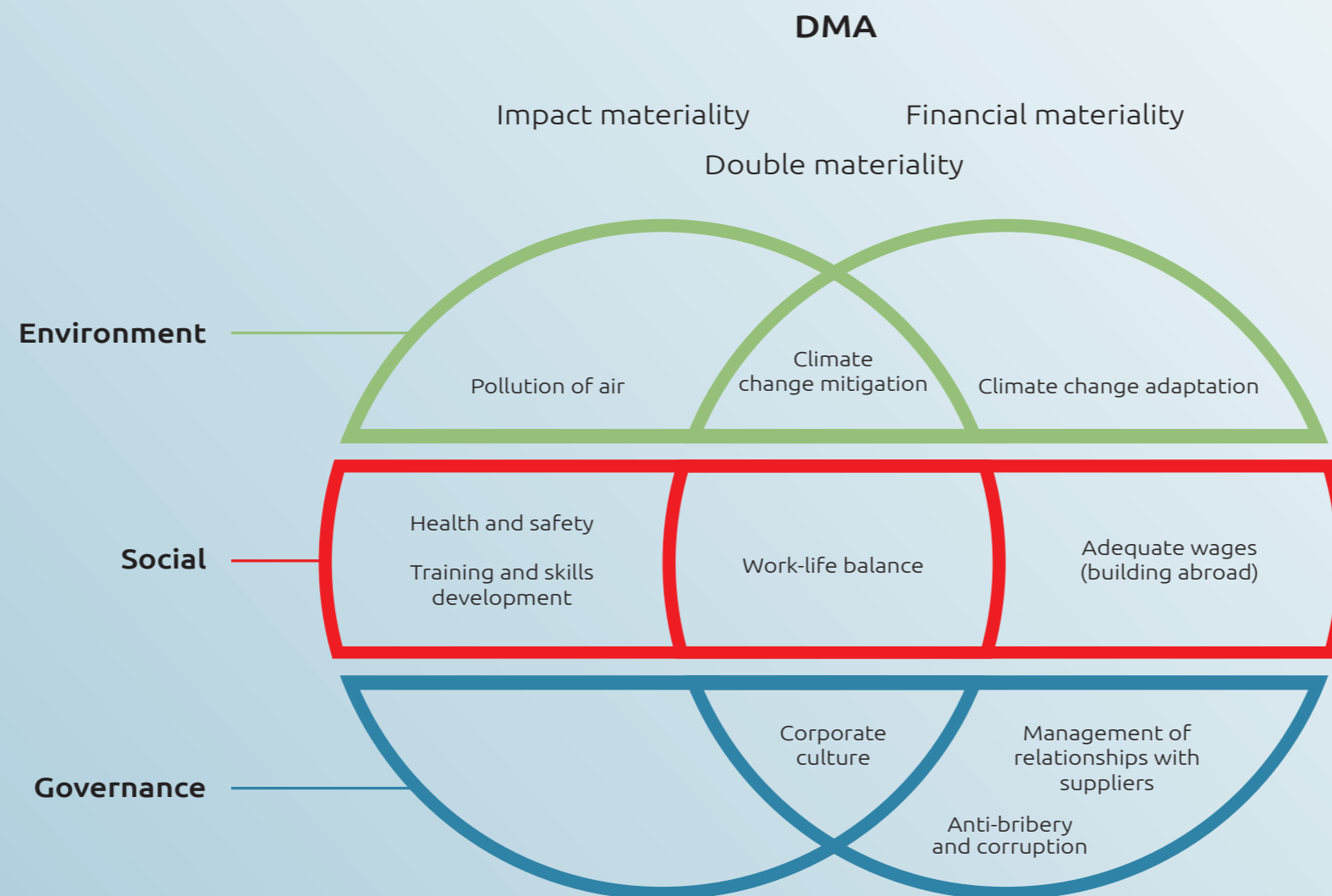


Figure 3: Royal IHC material topics, scored on Impact Materiality and Financial Materiality

Sustainability policies

In 2024, Royal IHC redefined its sustainability ambition and policy to align with European climate goals. The company has set a target of achieving a 55% reduction in scope 1 and 2 greenhouse gas (GHG) emissions by 2030 compared to 2019 levels, in line with the EU’s interim climate objectives. As part of its sustainability strategy, Royal IHC aims to be among the leading suppliers of innovative and sustainable vessels, equipment, and services, keeping pace with global developments in maritime technology and sustainability.

Royal IHC actively supports its customers in reducing their carbon footprint by developing advanced expertise in low GHG power supply systems and integrating these technologies into vessel designs.

Although demand for such vessels will depend on the pace of regulatory developments and evolving customer requirements, the company continues to invest in low emission, energy efficient solutions. This positions Royal IHC to provide well informed guidance on both newbuild and retrofit options that best meet customers’ future needs.

Royal IHC endorses the European Union’s long term climate objectives and recognises that targets for 2040 and 2050 are still under discussion within the European Parliament. For now, the company supports the goal of achieving carbon neutrality in scopes 1 and 2 by 2050. Should European targets evolve, Royal IHC will reassess its long-term ambitions accordingly. Royal IHC’s key sustainability policies and ambitions are highlighted in Table 3.

Key policies	Ambitions
Emissions <ul style="list-style-type: none"> Sustainability policy 	Net zero of scope 1 and 2 by 2050 and intermediate targets for 2030.
Quality, Safety, Health & Environment <ul style="list-style-type: none"> Safety, Health & Environment Policy Sustainability policy Quality policy Safety pocket book Alcohol & drugs policy 	Safety: An environment where we care for our people and work towards zero incidents. Quality: A consistently high-quality level across all our products and processes, supported by a robust ISO certified management system, aiming for zero defects, full compliance and continuous improvement.
Our People <ul style="list-style-type: none"> Confidential advisor regulation Complaints regulation HR Handbook Privacy policy Behavioural Guidelines 	Attract, retain and develop a workforce with a wide range of competencies and skills
Human rights, ethics and compliance <ul style="list-style-type: none"> Human rights statement Code of Conduct Anti-bribery and corruption policy Intermediary Policy SpeakUp line Sanctions & Export Control policy 	Highest standards of business integrity, zero tolerance on bribery, corruption and fraud

Table 3: Royal IHC policies and ambitions related to ESG topics.



4.2 Environmental disclosures

Royal IHC has established a new foundation for managing transparency and sustainability, as outlined in the previous chapter. In 2024, the company finalised its Double Materiality Assessment (DMA), identifying the ESG topics that hold the highest priority for the organisation. Based on the DMA outcomes, this section of the report outlines Royal IHC's policies, actions, and targets related to environmental topics.

To support the environmental material topics, the following policies and frameworks are in place:

- Sustainability policy
- Safety, Health and Environment policy
- Safety, Health and Environment management system
- Corporate R&D program

Climate change

In response to the accelerating impacts of climate change, Royal IHC aims to mitigate its environmental footprint by positioning itself among the leading suppliers of sustainable vessels, equipment, and services.

This ambition aligns with global developments in maritime technology and sustainability.

Climate change mitigation
Royal IHC recognises climate change mitigation as a material topic within its sustainability strategy. The company's GHG assessment shows that the greatest potential for impact lies in reducing emissions from newbuild vessels during operation and lowering emissions associated with materials used in vessel construction (scope 3), as illustrated in Table 4 and Figure 4.

As international regulations evolve, Royal IHC anticipates increasing demand for low carbon solutions. To meet this demand, the company continues to develop innovative technologies and explore the integration of sustainable drive systems that improve efficiency and reduce GHG emissions. This positions Royal IHC as a technology enabler for its customers. The company's pioneering role is reflected in its achievements as a first mover within several of its market segments.

Table 4 and Figure 4 present Royal IHC's 2024 GHG emissions across scopes 1, 2, and 3.

- Scope 1 includes direct emissions from sources owned or controlled by the company, such as fuel combustion in facilities and company vehicles.
- Scope 2 covers indirect emissions from purchased energy.
- Scope 3 encompasses emissions across the upstream and downstream value chain.

In 2024, Royal IHC focused on scopes 1 and 2, as well as the most significant contributors within scope 3: emissions from used products and purchased goods and services. The largest climate impact originates from emissions associated with vessels and equipment sold (scope 3), as shown in Figure

4. These insights reinforce Royal IHC's strategic direction as a leading system integrator of sustainable maritime solutions, committed to designing near zero and zero emission vessels.

GHG emissions (x 1,000 tonnes of CO _{2-eq})			
Scope 1	Scope 2 (market-based)	Scope 3 (use of products)	Scope 3 (purchased goods & services)
2,8	2,8	2,8	2,8

Table 4: Royal IHC's greenhouse gas emissions table of scope 1, 2 and 3 for Year 2024

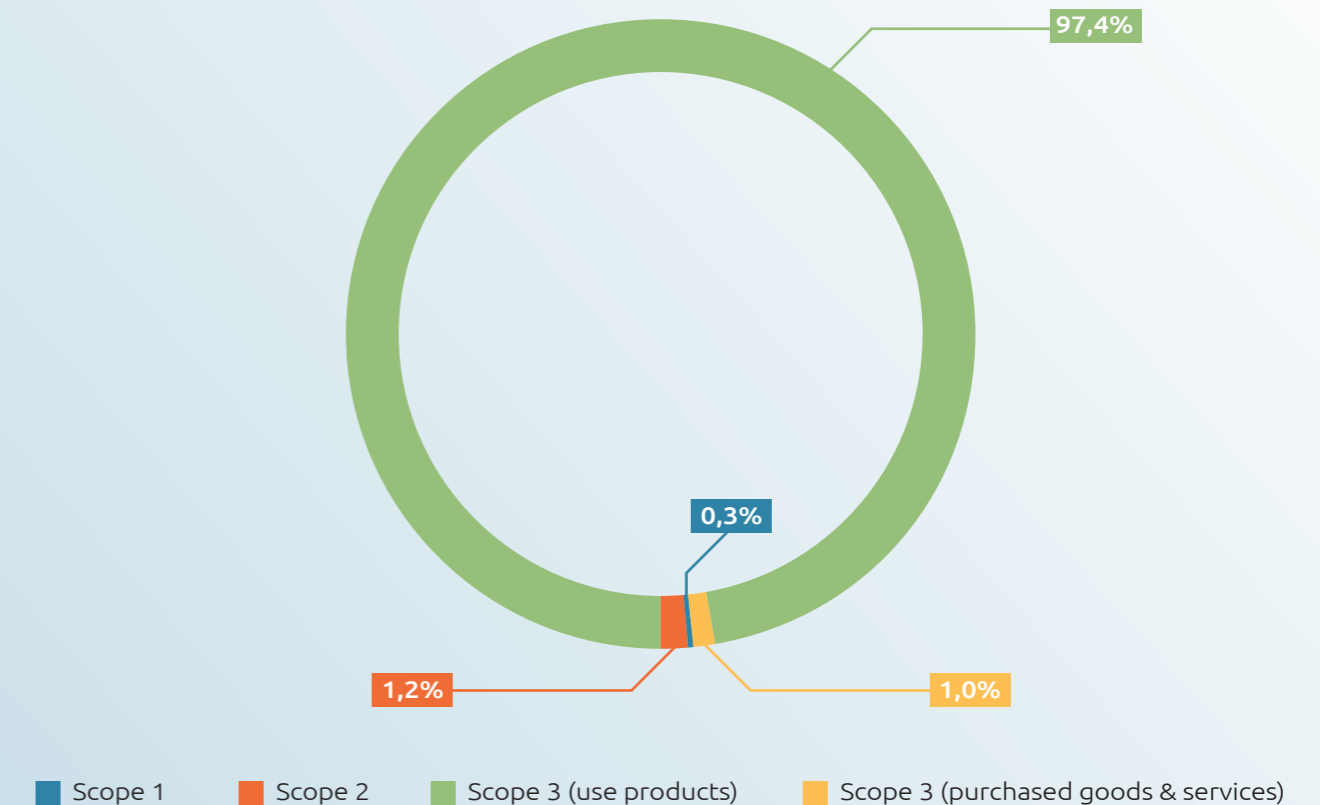


Figure 4: Royal IHC's Scope 1, 2 and 3 emissions for Year 2024

Sustainability achievements of our products

Over the past years, Royal IHC has built a strong track record in integrating sustainable technologies into its vessel designs.

Key achievements contributing to climate change mitigation include:

- Launched our sustainable value proposition with the Beaver® E series.
- Commissioned two electric Cutter Suction Dredgers with cutter power of 1,350 kW.
- Commissioned four additional electric Cutter Suction Dredgers.
- Track record of LNG dual fuel powered vessels: SPARTACUS (44,180kW CSD), Meuse River (7,950m³ TSHD), Bonny River (15,000 m³ TSHD), Scheldt River (8,400m³ TSHD).
- Completion of the design- and business case study for a hydrogen powered TSHD.
- A partner in R&D programs focused on sustainable shipbuilding: Blue Horizon, Green Maritime Methanol, HELENUS, MENENS, MethaNorms, NEON Research, SH2IPDRIVE. Royal IHC also participates in a number of NWO projects for low-TRL innovations.

Sustainability achievements of our operations

Although Royal IHC's scope 1 and 2 GHG emissions are relatively small compared to scope 3, the company remains committed to reducing emissions from its own operations in line with EU climate goals. In recent years, Royal IHC has undergone significant restructuring to restore financial stability, which limited the resources available for emission reduction investments. Despite this, several initiatives have been implemented to reduce the company's carbon footprint:

- **Reduced consumption of natural gas:** Royal IHC lowered heating system temperatures by 2°C during winter periods. Between 2021 and 2024, natural gas consumption decreased from 1.80 million m³ to 1.30 million m³, even as 2024 marked a year with higher turnover than 2021. These results demonstrate the potential of targeted energy efficiency measures.
- **Reduced consumption of electricity:** We assessed opportunities for electrification and replaced conventional forklifts and company cars with electric alternatives. Additional energy efficiency measures were implemented across operations. Despite increased production of vessels and equipment between 2021 and 2024, electricity consumption declined from 16.60 million kWh to 16.05 million kWh.

- **Renewable energy initiatives:** Royal IHC explored the installation of PV panels and conducted an initial business case assessment for a geothermal energy plant at the Kinderdijk site. These studies indicated that further investment was not feasible under current conditions.
 - **Own production of renewable energy:** In 2020, Royal IHC's subsidiary Allard Europe installed a wind turbine on its premises. Since commissioning, the turbine has generated 7.14 million kWh of renewable energy, delivering an annual average of 1.43 million kWh. This has avoided 1,555 tonnes of CO₂ emissions, equivalent to an average annual reduction of 310 tonnes.
- In line with the developments of the CSRD, Royal IHC presents its direct emissions (scope 1), indirect (scope 2), avoided emissions and GHG intensity in Table 5.

	Retrospective Emissions in 1,000 t CO ₂ eq				Status 2024	Target 2030
	Base year (2019)	2021	2023	2024	(Progress relative to baseline) % 2019 / 2024	% 2019 / 2030
Scope 1 GHG emissions Direct emissions	4,5	3,5	3,0	2,8	-37,5%	-55%
Scope 2 GHG emissions Emissions from purchased electricity – market-based	15,3	8,0	5,6	7,2	-52,9%	-55%
Scope 2 GHG emissions Emissions from purchased electricity – location-based	10,1	6,7	4,2	4,6	-54,5%	-55%
Avoided GHG emissions	0,00	0,28	0,34	0,30	-	-55%
Scope 1 & 2 GHG emissions combined (location based)	14,6	10,2	7,2	7,4	-49,3%	-55%
Scope 1 & 2 GHG emissions combined (market-based)	19,9	11,4	8,6	10,1	-49,3%	-55%
GHG intensity* (tonnes CO ₂ eq / million euro turnover)*	18,6	21,0	26,8	23,1	+24,2%	

Table 5: Royal IHC's GHG Emissions Progress: 2019 Baseline to 2024 Status and 2030 Targets.

* GHG intensity reflects emissions per turnover in the same year. Since large portions of revenues occur at vessel delivery, which can fall in a different year than when emissions occurred, this metric does not translate the impact of our operations accurately and can be misleading, and should therefore not be looked at on a yearly basis

Climate transition plan

To achieve the target of a 55% reduction in scope 1 and 2 greenhouse gas (GHG) emissions by 2030 compared with 2019, Royal IHC has developed a comprehensive climate transition plan. As illustrated in Figure 5, the plan focuses on identifying the organisation's key emission hotspots and the main levers required to reach the reduction target.

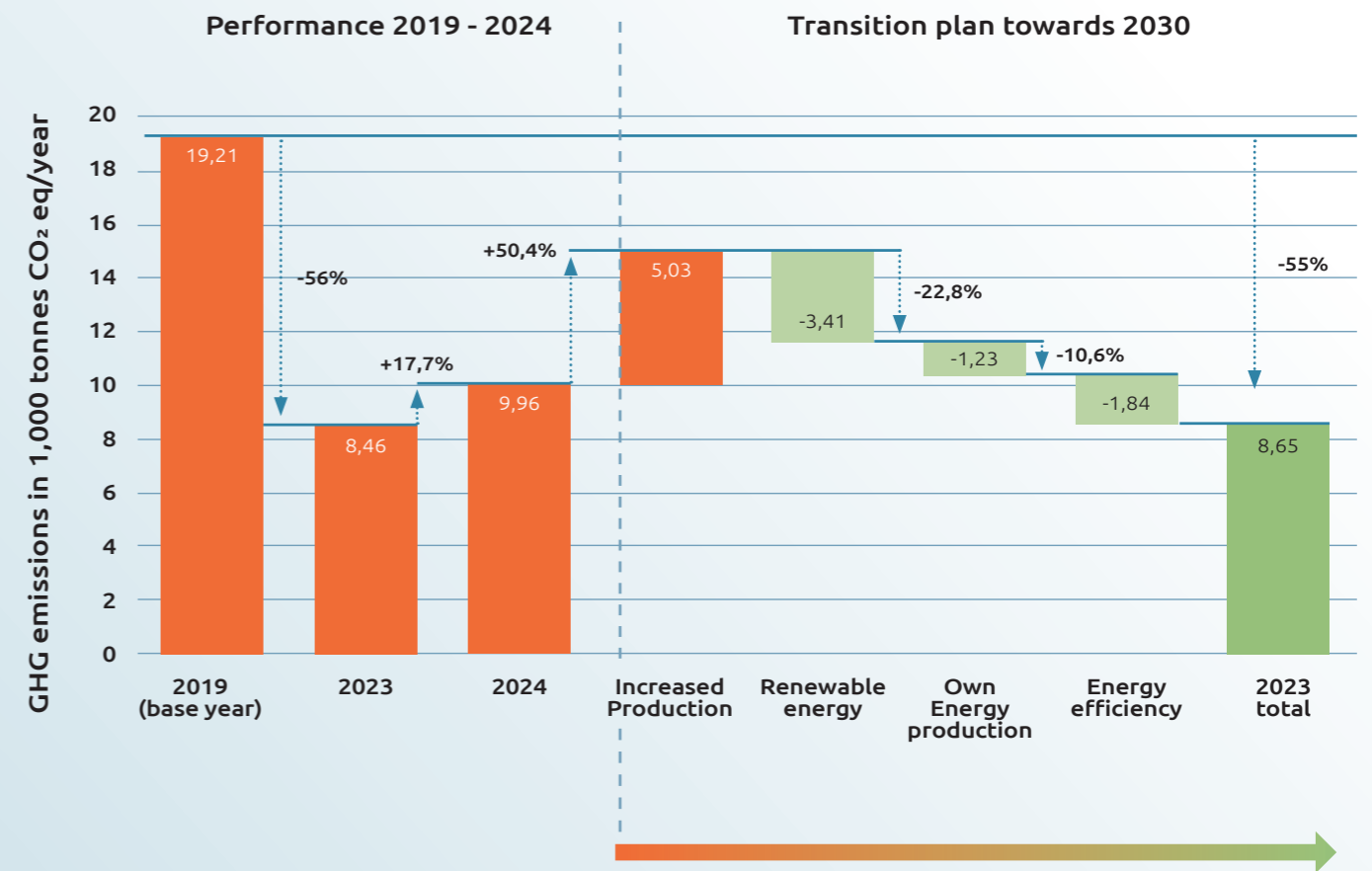
From 2024 onwards, Royal IHC is transitioning toward a financially stable organisation and anticipates steady growth in economic activities. This growth is estimated to correlate with a 43% increase in GHG emissions.

By combining measures such as purchasing renewable energy, expanding in house renewable energy production, and improving the energy efficiency of its assets, Royal IHC expects to achieve the 55% reduction target by 2030.

The 2024 GHG assessment highlighted the primary contributors to the company's carbon footprint. One significant hotspot is the in house steel and iron foundry, which has relatively high energy consumption. Addressing this hotspot is a priority for Royal IHC. The company has already installed a wind turbine on the foundry premises and plans to install a substantial number of solar PV panels in 2025.

Royal IHC's transition plan outlines the key drivers of organisational growth and demonstrates how these developments influence GHG emissions. While the plan provides a clear pathway toward achieving

the 2030 target, it does not impose binding obligations on the organisation. In the coming years Royal IHC will revise and define the concrete steps to achieve our climate transition goal.



* The climate transition plan expects increasing production levels up to 2030. The exact impact of this is estimated and hard to quantify.
Figure 5: Royal IHC's transition plan to achieve at least 55% emission reduction by 2030 compared to 2019.



Climate change adaptation

The increasing frequency and severity of extreme weather events resulting from climate change pose a growing risk to Royal IHC's business continuity. Our sites are experiencing heightened exposure to storms, high tides, extreme heat, and other climate related disruptions. These developments underscore the importance of strengthening climate resilience to minimise operational interruptions and avoid unexpected costs.

Royal IHC has established extreme weather response plans for several company owned sites. In 2026, these plans will be updated based on the outcomes of a climate vulnerability assessment to ensure they remain effective and aligned with emerging risks. As Royal IHC collaborates closely with partner shipyards, we also encourage these partners to operate in accordance with our weather response principles to support continuity and resilience across the value chain.

Pollution to air

Air pollution has been identified as a key environmental material topic for Royal IHC due to the nature of its operational activities. A significant area of focus is the emissions generated during painting and coating processes, which are essential for protecting and finishing our products. These activities can release non methane volatile organic compounds (NMVOCs), substances known to negatively affect air quality.

In 2024, total NMVOC emissions from Royal IHC's operations amounted to 16,689 kg. This figure underscores the importance of continued investment in cleaner production technologies and emission reduction practices. In the coming years, Royal IHC will intensify its efforts to minimise air pollution impacts by working closely with suppliers and customers to source coatings with lower NMVOC footprints and by further optimising its production processes.



4.3 Social disclosures

This chapter presents the material topics from the DMA related to Human Resources, including workforce characteristics, the collective labour agreement, Royal IHC’s salary gap, skills development, training hours, and work–life balance. With respect to Health and Safety, the chapter highlights key performance indicators related to safety, awareness, environmental incidents, and employee vitality. The final section addresses adequate wages within Royal IHC’s international construction activities.

Our workforce

Royal IHC’s employees are the organisation’s greatest asset. Their craftsmanship, knowledge, and experience form the foundation of long term business continuity. The company strives to create an optimal working environment through competitive remuneration, extensive opportunities for continuous learning and development, clear goal setting and performance management processes, well established social benefits, and a transparent governance structure. These efforts contribute to strong employee retention, reflected in the significant number of employees with more than ten years of service at Royal IHC.

Royal IHC highly supports inclusivity and diversity within the organisation, recognising that cultural and regional backgrounds strengthen our global perspective. In 2024, Royal IHC employed an average of 1,767 people worldwide, with the majority (1,258) based in the Netherlands. Royal IHC’s workforce reflects a broad international identity, comprising 57 nationalities across six continents. This includes 1,148 employees with Dutch nationality, as highlighted in Figure 6 and Table 6. These nationality based figures differ from the distribution by work location, as employees of various nationalities are employed across multiple countries, including the Netherlands. A wide distribution of Royal IHC’s own workforce, including the location-based headcount, gender distribution, and type of contract, can be viewed in Annex 1- Table 11.

Maintaining a stable and engaged workforce is a core priority for Royal IHC. In 2024, the employee turnover rate was 11.7%. When compared with the manufacturing sector benchmark of 12–14%, this rate reflects a normal and healthy level of retention, indicating that Royal IHC continues to preserve valuable talent and organisational knowledge.

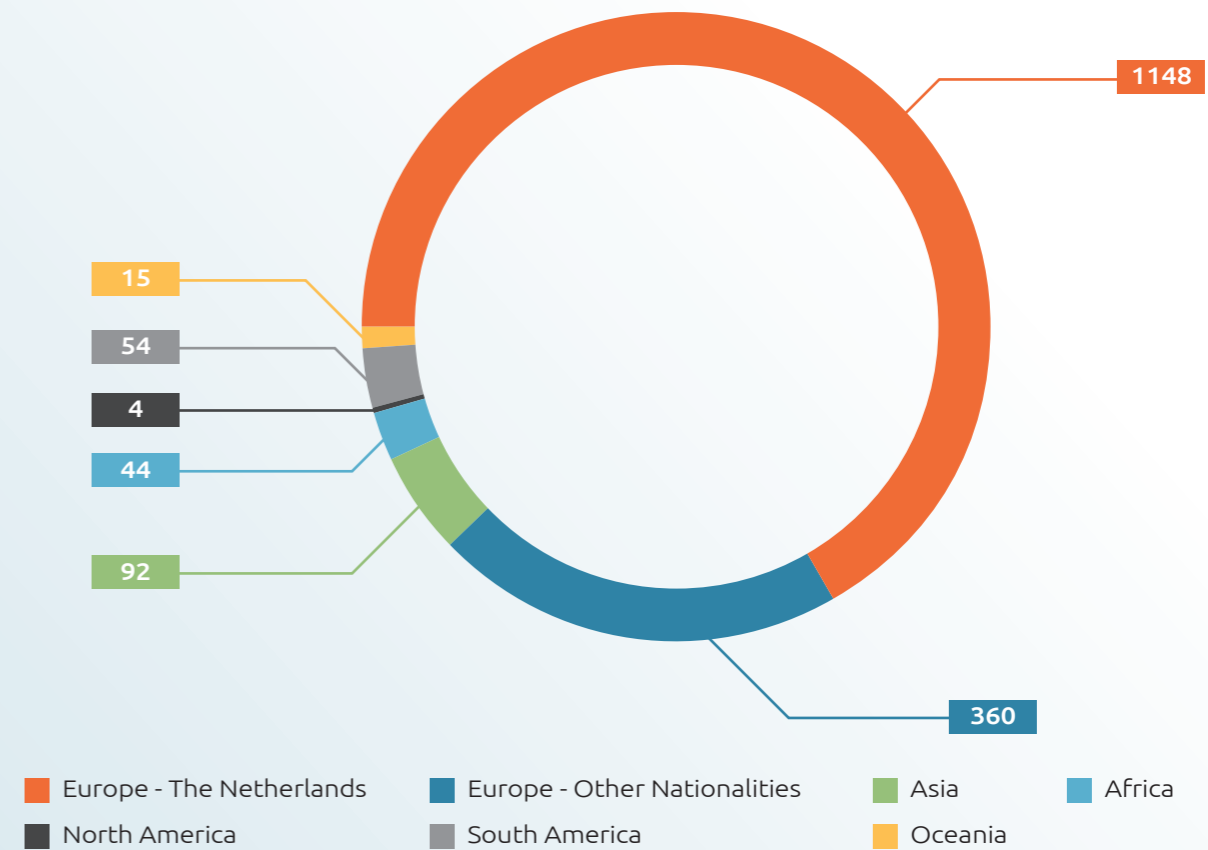


Figure 6: Nationalities of Royal IHC’s employees (measured for the date 31-12-2024)

Region	Number of nationalities	Workforce size by regional nationality
Europe – The Netherlands	1	1148
Europe – Other nationalities	22	360
Asia	13	92
Africa	10	44
South America	2	54
North America	3	4
Oceania	2	15

Table 6: Royal IHC’s workforce background

IHC Foundation

Since 2012, Royal IHC has operated the IHC Foundation as part of its broader CSR strategy. With active involvement from employees, the Foundation supports social and cultural initiatives in the regions where Royal IHC operates. In 2024, the IHC Foundation contributed to a range of activities, including:

Since 2012, Royal IHC established the IHC Foundation in line with the CSR strategy. With the involvement of its employees, the IHC Foundation supports social and cultural initiatives in the regions where Royal IHC is active. The following activities have been supported through donations of the IHC Foundation:

- Supporting three Royal IHC colleagues who contributed to the maintenance of the Global Mercy ship.
- Participating in Dutch beach clean up activities alongside Royal IHC colleagues.
- Donating to the charities KiKa and Voedselbank at the end of the year.
- Reserving part of its annual budget for partners' sporting initiatives, although this allocation was not utilised in 2024.
- Providing several donations to support individual employee led initiatives.

Collective Labour Agreement

For this reporting year, all employees with temporary or permanent contracts working in the Netherlands are covered by the Metalelektro collective labour agreement. The overall percentage of employees covered by a collective labour agreement across Royal IHC's international business units is not yet known. This will require further investigation, data collection, and reporting in future years.

Salary gap

With the aim of transparently reporting social metrics, Royal IHC conducted a basic assessment of the average salary gap between female and male employees. Members of the Board of Management and Directors were excluded from this review, as all individuals in these roles are men and their significantly higher salaries could distort the results.

It is important to note that the assessment considered only average salaries by gender. Factors such as age, years of experience, education level, and performance were not included. As a result, the KPI provides an initial indication rather than a basis for firm conclusions, and further in depth analysis is required.

The assessment covered employees registered at Royal IHC's three largest business units. The observed salary gaps were as follows:

- The Netherlands: 7.2%
- United Kingdom: 1.1%
- Croatia: 25.5%

The substantial difference in average salaries between men and women in Croatia warrants further investigation. Royal IHC plans to conduct this follow up analysis in 2026.



Skills development and work-life balance

To foster a resilient and future ready workforce, Royal IHC actively invests in creating an optimal working environment for its employees. The company offers competitive remuneration, an attractive set of secondary benefits, extensive learning and development opportunities, clear goal setting through performance management reviews, well established social benefits, and a transparent governance structure. To further strengthen technical competencies, Royal IHC has implemented a skills matrix that supports employees in developing their skillsets over time.

Royal IHC also supports a highly skilled workforce through its Technical Education

Centre (TOC), the Training Institute, and the Royal IHC Academy:

- **Technical Education Centre (TOC):**

The Vocational School Programme provides young, motivated, and hands on oriented craftsmen and craftswomen with the opportunity to learn the practical skills required for production work in an internationally oriented organisation. Through a combination of classroom instruction and hands on experience, the TOC helps new colleagues build a strong practical foundation. This programme has enabled Royal IHC to attract and retain skilled professionals essential for the construction and maintenance of vessels and equipment.

- **The Trainings Institute:**

The Training Institute offers comprehensive training solutions for both Royal IHC employees and external personnel. Masterclasses, simulator training, on the job training, technical courses, and theoretical instruction enhance crew adaptability and improve their ability to respond effectively to changing operational conditions.

- **Royal IHC Academy:**

The Academy provides access to more than 200 online courses and e learning modules for all audiences and proficiency levels. These courses enable employees to develop knowledge and skills that can be applied immediately in their daily work. In addition to digital learning, the Academy offers a wide range of classroom based training programmes covering topics such as leadership, languages, communication, and presentation skills.

An overview of the training hours of employees is illustrated in Table 7.

Category	Average Hours of Training & Development (Offline) *	Average Hours of E-Learning (Online) **
Women	7.2	2.7
Men	7.2	1.2

Table 7: Average training hours of employees: Training & Development (Offline) & E-Learnings (Online).
 * Figures reflect only colleagues based in the Netherlands
 ** Figures reflect colleagues across global Royal IHC locations



Work-life balance

Royal IHC’s maritime projects require a dedicated workforce and a resilient, hard working mindset. Recognising the importance of employee retention, both the HR department and project teams prioritise creating a supportive and sustainable working environment. To this end, Royal IHC actively promotes a healthy and flexible work–life balance for all employees through measures such as:

- flexible working hours for office-based employees.
- working from-home-arrangements.
- parental leave options.

In 2024, an internal review of flexible working arrangements showed that 50% of employees worked from home at least one day per week.

Royal IHC believes that a positive work–life balance contributes to a vital, strong, and healthy workforce. These efforts are reflected in the decline in annual absenteeism, as outlined in the ‘Vitality’ section.

Health and safety

Working on Royal IHC’s premises requires constant attention to safety risks, as shipyard environments inherently involve hazardous conditions. Royal IHC is committed to providing a safe and healthy workplace for all employees while preventing any adverse environmental impacts resulting from its activities. Every colleague plays an active role in maintaining a safe working environment, with the shared goal of ensuring that everyone returns home safely at the end of each day.

Royal IHC encourages employees to report incidents, near misses, and unsafe actions or situations. All high potential near miss incidents are thoroughly investigated to identify root causes and define appropriate corrective actions to prevent recurrence.

A comprehensive overview of Royal IHC’s safety metrics is presented in Table 8.

Significant progress was made in 2024. The Health, Safety and Environment (HSE) department implemented a new SHE Management System, updating, consolidating, and implementing relevant policies, procedures, and work instructions. These updated documents have been made accessible to all employees through a new interface on the internal network.

Another key milestone in 2024 was the introduction of a new incident reporting system developed by DNV. This system provides a broad set of metrics and clear trend analyses based on reported incidents and near misses. Insights from 2024 reporting highlighted the need for a new safety programme focused on safe lifting operations, which will be implemented in 2025.

These efforts align with the long term I CARE (I Create A Right Environment) Programme, launched in 2021 to prevent incidents and strengthen safety awareness. Royal IHC has identified its most significant operational risks, including equipment use, slips, trips and falls, working at height, and spills to soil and water.

Safety metrics	Target 2025	2024	2023	2022	2021	2020
LTI's (Lost Time Injury)	-	15	17	16	17	27
LTIFR (Lost Time Injury Frequency Rate)	4.3	4.93	5.34	3.38	2.9	4.2
TRIR (Total Recordable Injury Rate)	5.7	6.91	9.68	6.03	5.6	7.4
Near Misses	-	42	32	51	75	169

Table 8: Safety metrics of Royal IHC for 2020 to 2024





As Table 9 highlights, 2024 demonstrated stronger management engagement in safety, with senior management conducting 117 safety visits across Royal IHC's premises. These visits serve to strengthen the connection between management and the workforce on SHE related matters while helping to identify opportunities for improvement.

Incidents, lessons learned, and resulting actions are updated monthly and shared on Royal IHC's internal Service Point on a quarterly basis. Despite ongoing efforts, both minor and major incidents, as well as near misses, still occurred, as reflected in Table 8. The SHE department and SHE managers at production facilities continue to enhance safety standards, supporting the organisation's long term ambition of achieving zero accidents.

Awareness metrics	2024	2023	2022	2021	2020
First Aid Trainings	10	10	10	10	10
Emergency Response Exercises	5	5	5	5	5
SHARP's (Safety Hazards Awareness Response Programs)	235	265	288	4251	4230
SLT safety visits	117	N/A	N/A	N/A	N/A

Table 9: Awareness metrics of Royal IHC for 2020 to 2024.

Over the past four years, Royal IHC recorded a steady decline in environmental incidents, the majority of which involved minor oil spills. The number of reported incidents decreased from 13 in 2021 to 6 in 2024, as

shown in Table 10. This downward trend reflects the organisation's continued efforts to strengthen environmental performance and prevent incidents.

Environmental metrics	2024	2023	2022	2021
Environmental Incidents	6	5	10	13

Table 10: Environmental metrics of Royal IHC for 2021 to 2024.

Vitality

Royal IHC places strong emphasis on fostering a healthy, energetic, and sustainable working environment. The vitality strategy is an integral part of the company's broader sustainable employability vision, which encompasses physical and mental health, lifestyle, job satisfaction, and work-life balance. Throughout the year, employees are encouraged to participate in a wide range of vitality related initiatives, including:

- **Sporting events:** Employees are encouraged to exercise regularly and participate in sporting events such as football tournaments, biking tours, and running competitions. A sports committee oversees these activities to ensure broad engagement.

- **Company fitness centre:** Royal IHC houses, manages and regularly upgrades its own fitness centre.
- **Mental health and stress management:** Royal IHC organised well-being workshops focusing on vitality, transitioning healthily into retirement, managing family care responsibilities, and breathing techniques.
- **Healthy nutrition:** Royal IHC has held multiple information sessions on healthy nutrition. Additionally, employees are encouraged to raise ergonomic concerns early for timely resolution.
- **Personal health guidance:** Our in-house physiotherapist, divorce coach and company doctor help colleagues in addressing personal or work-related challenges.

In addition to these initiatives, Royal IHC continues to support employees in their recovery and reintegration into full time work following health related absences. Since 2022, the company has observed a

steady decline in the average absenteeism rate, as illustrated in Figure 7. Absenteeism levels also continue to improve relative to the industrial sector average.

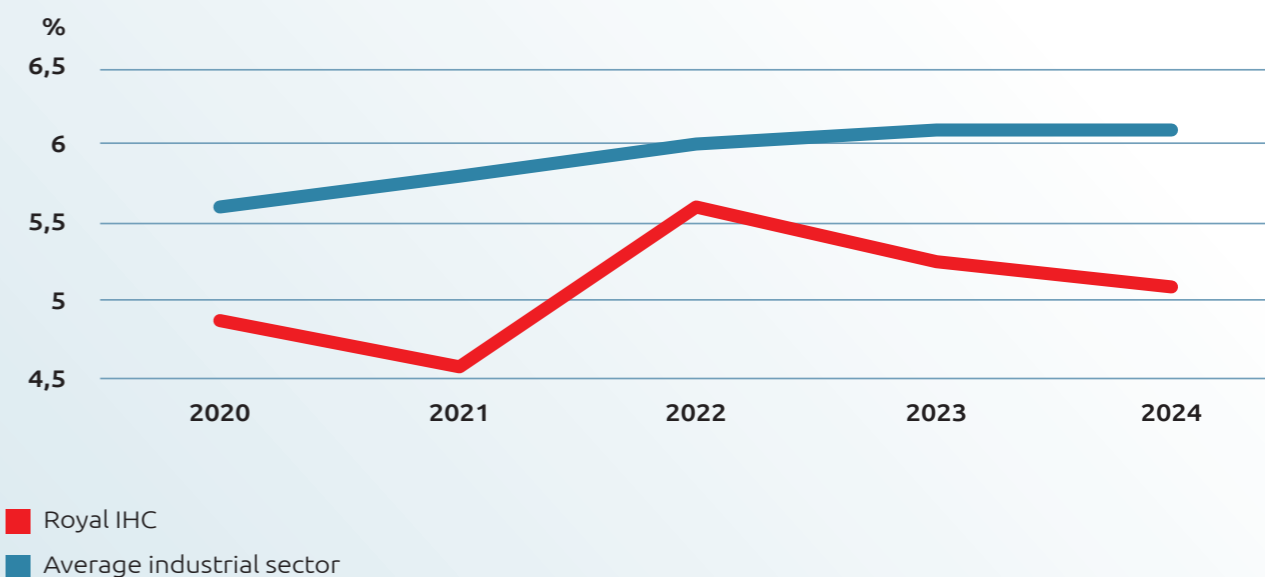


Figure 7: Royal IHC absenteeism trend versus the Dutch industrial sector average.

Adequate wages (building abroad)

Royal IHC is establishing close collaboration with international shipyards as part of its building abroad strategy. As we strengthen these partnerships, we remain committed to fostering trust with clients and partners by

striving for fair and adequate remuneration for workers abroad. In the coming years, Royal IHC will conduct a comprehensive risk assessment to identify priorities and define the necessary actions to ensure full alignment with our Code of Conduct.





Anti-bribery and corruption

Royal IHC's anti-bribery and corruption efforts align with the UK Bribery Act's six principles: proportionate procedures, top-level commitment, risk assessment, due diligence, communication, and ongoing monitoring. Procedures are tailored to the risks inherent in international trade, with all intermediaries subject to rigorous checks before engagement and at key contract milestones. Senior leadership actively promotes compliance, embedding policies throughout the organisation and encouraging open dialogue on ethical concerns.

Training and awareness initiatives are central to Royal IHC's strategy on business integrity. These include e-learning modules, in-person sessions across multiple jurisdictions, and regular communications through blogs and community meetings. Intermediaries also participate in engagement sessions to reinforce shared responsibility for integrity. Employees are encouraged to speak up about any suspected misconduct through multiple channels, including anonymous reporting options.

Continuous improvement underpins the compliance program. Recent updates include a revised anti-bribery policy, enhanced training programs, and the introduction of a digital tool to streamline risk assessments and due diligence. Future plans involve updating intermediary policies and expanding training to new regions, ensuring that compliance remains dynamic and responsive to evolving risks.

Through these measures, Royal IHC demonstrates its unwavering commitment to ethical business practices, reinforcing a culture of integrity that supports sustainable growth and strengthens stakeholder trust worldwide.

In 2024, Royal IHC conducted an in-depth fraud risk assessment. With the assistance of an external expert, the project team evaluated 75 potential fraud risks and identified five actual fraud risks. After assessing the related controls, the impact of the internal control mechanisms on these fraud risks was determined, allowing Royal IHC to identify the residual risk.

As a result, no significant fraud risk factors remained. To conclude, Royal IHC is currently subject to a government investigation in the Netherlands relating to agent services; further details on this matter are provided in the 2024 Annual Report.

Management of relationships with suppliers

Effective supplier management is essential to maintaining a resilient and high performing supply chain. At Royal IHC, supplier performance is closely monitored using key indicators such as delivery reliability, quality compliance, and responsiveness to disruptions.

Proactive communication and systematic follow up with suppliers are standard practice, supported by swift resolution of bottlenecks to minimise delays. Delivery and quality performance metrics are reviewed regularly through the ERP system, while quality is further reinforced through audits, corrective actions, and continuous improvement initiatives.

Sustainability considerations are fully integrated into supplier collaboration, including social and environmental criteria and support for local suppliers. By combining data driven performance reviews, transparent feedback, and a strong commitment to sustainability, Royal IHC aims to build robust supplier relationships that can withstand disruptions and deliver long term value.

The renewed Supplier Code of Conduct outlines the expectations for suppliers, their sub tier suppliers, and contractors regarding business integrity and compliance. These requirements include ensuring voluntary employment free from any form of modern slavery or human trafficking, and upholding the minimum commitments set out in the eight fundamental ILO Core Conventions: freedom of association and collective bargaining; elimination of forced, compulsory, and child labour; a safe working environment free from discrimination and harassment; equal remuneration; recognition of the unique legal, social, and cultural circumstances of migrant workers; and ensuring that such workers are treated with dignity, respect, and in accordance with the same standards as all other workers.

Suppliers are also expected to take reasonable steps to ensure that their own supply chains are free from modern slavery and human trafficking.

Royal IHC is committed to paying all undisputed and valid invoices within reasonable timeframes and agreed payment schedules. For small and medium sized enterprises, this approach supports financial stability, strengthens trust, and ensures compliance with both internal standards and external regulations.



4.5 Company specific theme: Research & Development

Royal IHC distinguishes itself within the maritime industry through the delivery of complex, high-end equipment and services. Continuous innovation is essential to maintaining this position and forms a core pillar of the company's long-term sustainability and competitiveness. A dedicated Research & Development (R&D) organisation is therefore central to Royal IHC's strategy.

The knowledge developed over decades of engineering and operational experience is actively preserved, further developed and systematically expanded to address the evolving needs of our markets and customers. This knowledge base enables Royal IHC to respond to increasing demands related to efficiency, safety, sustainability and operational reliability in complex maritime environments.

Innovation at Royal IHC is driven by close internal collaboration between the R&D organisation and the Product-Market-Groups (PMGs), ensuring that research activities remain firmly connected to practical application and customer value.

In addition, Royal IHC maintains strategic collaborations with customers, suppliers, universities and knowledge institutes worldwide. These collaborations often take the form of joint research and development projects, some of which are co-funded through national innovation schemes or international programmes such as European Union research and innovation funds. Knowledge development is further strengthened through active participation in national and international research networks and sector-wide platforms.

The knowledge generated through R&D activities is translated into design tools, design methods and engineering software that support the development of new equipment and services. These tools form the foundation of the design process for all Royal IHC products. They are continuously maintained and updated and are regarded as key strategic assets of the company.

R&D organisation and R&D laboratory

Royal IHC has a dedicated team of R&D engineers responsible for Corporate Research & Development. In addition, product development teams operate within the PMGs, focusing on application-specific

development and customer projects. The corporate R&D team works in close cooperation with these product development teams and supports the business by applying existing knowledge and tools in commercial projects.

Alongside project support, the corporate R&D team is responsible for mid- and long-term knowledge development through a structured corporate R&D programme. Following a positive financial outlook in 2024, Royal IHC reviewed its R&D activities and defined a new four-year Research & Development programme for the period 2025–2028. This programme was developed in close collaboration with stakeholders from all PMGs and is centred on anticipated customer needs in the coming years. The programme is aligned with Product Management to ensure relevance, focus and impact.

Royal IHC operates an in-house R&D laboratory equipped with unique test facilities covering key aspects of its core market activities. These include excavation processes, two-phase hydraulic transport, breaching and cohesion behaviour, soil separation and classification, and wear measurement. The laboratory enables controlled experimentation and validation under representative conditions.

In addition to physical laboratory facilities, Royal IHC maintains a dedicated server cluster to support advanced numerical simulations, including novel two-phase Computational Fluid Dynamics (CFD) applications and pump design studies. Together with expert knowledge and laboratory infrastructure, engineering software and digital models developed in-house represent a critical R&D asset, capturing decades of domain expertise and enabling scalable application across projects.



External R&D Cooperation

Royal IHC participates in a number of external cooperation R&D projects, aimed at accelerating innovation and sharing knowledge across the maritime sector.

In 2024, these included:

- Green Maritime Methanol 3.0
(<https://greenmaritimemethanol.nl/>)
- MENENS
(<https://menens.nl/>)
- Zero JIP
(<https://www.marin.nl/en/jips/zero>)
- Sh2ipdrive
(<https://sh2ipdrive.com/>)
- Ammoniadrive
(<https://www.nwo.nl/en/researchprogrammes/perspectief/perspectief-grants/ammoniadrive>)
- Helenus
(<https://www.helenus.eu/>)
- Primavera
(www.nwo.nl/projecten/nwa116018238)
- Neon
(<https://neonresearch.nl/>)
- MP (Maritime Master Plan)
(<https://maritiemmasterplan.nl/het-maritiem-masterplan/>)
- Maritiem Master Plan 2.0 startup
(<https://maritiemmasterplan.nl/het-maritiem-masterplan/>)

Networks and Platforms

Royal IHC actively participates in professional, sector-wide networks and platforms that support knowledge exchange, standardisation and collaboration across the maritime industry. Participation in these networks strengthens the company's innovation capacity and contributes to responsible and sustainable technological development. Key networks and platforms are:

- CEDA
(<https://www.dredging.org/>)
- Maritime and Offshore NL
(former MNT and IRO)
(<https://www.maritimeoffshore.nl/nl>)
- Waterborne
(<https://www.waterborne.eu/>)
- CIMAC
(<https://www.cimac.com/>)
- ZED Hub
(<https://zedhub.nl/>)



Intellectual Property

Safeguarding intellectual property (IP) is essential for Royal IHC as an innovation-driven company. Protection of patents, trade secrets, brands and copyrights supports long-term value creation and underpins sustainable innovation by safeguarding technologies that contribute to cleaner, safer and more efficient maritime operations. Since the early 2000s, Royal IHC's IP policy has supported the company's position at the forefront of maritime technology. Strengthening our IP framework also supports sustainable innovation by protecting technologies that contribute to cleaner, safer and more efficient maritime operations.

In 2024, the Legal and IP departments jointly revised Royal IHC's IP policy. The updated policy reinforces core principles such as respecting third-party IP, protecting Royal IHC's own IP, and ensuring fair allocation of IP in collaborative projects. In cases of IP infringement, Royal IHC takes firm action. Standard IP terms in sales and collaboration contracts have been reviewed, with any deviations now requiring Board approval.

The IP department continuously works to raise IP awareness across the organisation. IP considerations is an integral part of daily activities supported by guidance on the rationale, scope and application of IP protection. Teams are actively supported in identifying and safeguarding new inventions, brands and proprietary know-how. This approach contributes to a culture of responsibility and integrity in the handling of knowledge.

Within our research activities, new intellectual property is often generated in the form of specialised knowledge rather than patentable inventions.

Due to its strategic importance, it is generally not published or patented but documented in internal reports and embedded in proprietary in our design tools, design methods and processes.

Driven by product development, Royal IHC's patent portfolio continued to grow in 2024. During the year, five new patent applications were filed and 29 patents were granted across six patent families. At the end of 2024, the patent portfolio comprised 419 granted patents and 34 active patent applications, spread across 70 patent families.

WBSO

The WBSO scheme is a tax credit scheme provided by the Dutch government to stimulate innovation. It compensates part of the costs and expenses associated with R&D projects through the tax relief. The scheme is available to organisations that meet the applicable criteria, including minimum R&D hours. Royal IHC applies annually for WBSO, based on ongoing R&D projects. In 2024, Royal IHC qualified for a significant amount of R&D hours under this scheme, reflecting the innovative nature of its vessels, equipment and services.



Appendices

I. Workforce characteristics

Country	Headcount	Gender		Contract Type	
		Male	Female	Permanent	Temporary
Australia	19	84.2%	15.8%	100.0%	0.0%
Bangladesh	4	100.0%	0.0%	100.0%	0.0%
Belgium	102	92.2%	7.8%	99.0%	1.0%
China	9	44.4%	55.6%	100.0%	0.0%
Croatia	95	78.9%	21.1%	95.8%	4.2%
Brazil	60	90.0%	10.0%	100.0%	0.0%
India	27	88.9%	11.1%	96.3%	3.7%
Jordan	2	100.0%	0.0%	0.0%	100.0%
Netherlands	1258	87.8%	12.2%	92.6%	7.4%
Republic of Singapore	10	100.0%	0.0%	100.0%	0.0%
Slovakia	7	71.4%	28.6%	85.7%	14.3%
South Africa	34	76.5%	23.5%	100.0%	0.0%
United Arab Emirates	19	78.9%	21.1%	89.5%	10.5%
United Kingdom	115	83.8%	16.2%	97.4%	2.6%
United States Of America	4	50.0%	50.0%	100.0%	0.0%
Uruguay	2	50.0%	50.0%	100.0%	0.0%

Table 11: Number of employees (including country of employment, gender and type of contract) (31-12-2024).

II. Royal IHC's group principal risks and uncertainties

Review and revision

The Board of Management has overall responsibility for the risk management and control framework within Royal IHC. The CEO acts as the owner of this framework and is advised by his team, aided by information from the risk management system.

The adequacy and effectiveness of the framework will be reviewed in 2026 considering any changes in external business dynamics, as well as within the company.

Market, operational and strategic risks

Royal IHC sells capital goods to a broad base of customers in various markets, which are cyclical in nature and may be affected by the state of the economy and geopolitical risks. Inherently, the order intake is volatile and there are risks regarding the company's supply chain, production and sales processes, and its dependence on a limited number of production sites worldwide. Changes in market conditions, the competitive environment and disruption to production and/or supply chain may have an adverse effect on Royal IHC.

We consider the long-term growth prospects for our markets to be positive, but these can be negatively influenced by factors outside our control, especially for the short and medium term. These factors outside our control include geopolitical developments, such as political instability, trade barriers resulting from sanctions, volatility in the energy and commodities markets, high inflation and calamities.

The company's order intake for high-end integrated products is non-linear and difficult to plan. A flexible, balanced workforce – with insourcing and outsourcing capabilities – is necessary to align capacity with the expected workload. Royal IHC's approach to mitigate utilisation risk following the current non-linear order intake is to develop a more installed base-driven portfolio, with equipment, services, consultancy and engineering orders.



Human resources risks

Our people are the cornerstone of our innovation. In the face of tight labour markets, hiring and retaining skilled staff poses challenges for the entire industry and Royal IHC specifically. Additionally, technological advancements demand that our workforce continually acquire new skills. For specific strategies to mitigate these risks, we recommend referring to the chapter on 'Human Resources (HR)'.

Safety, health and environment risks

In the maritime sector, the presence of occupational health, safety, and environmental hazards is a constant reality. The key to achieving operational excellence lies in our ability to identify these hazards, evaluate the associated risks, and implement effective mitigation measures. The Safety, Health, and Environment (SHE) discipline plays a crucial role in this process by providing the necessary tools, methods, processes, and systems, as well as offering advice to the Royal IHC business. The I-CARE (I Create A Right Environment) programme is a strategic initiative aimed at enhancing the safety culture within the organisation.

It focuses on two primary areas: Leadership and Learning from Incidents. Senior management plays an active role in both SHE performance and the I-CARE initiatives, demonstrating their commitment to creating a safer and healthier work environment.

Contract risks

Royal IHC enters into large-scale, medium- to long-term contracts with its customers and supply chain, which contain significant risks. Assessments are completed by a cross-functional bid team before binding offers are issued, and these are reviewed by the Board of Management and, in case of major contracts, the Tender Committee. The assessments cover technical and execution risks, as well as financial, legal, tax, and compliance risks, and the mitigation measures that need to be taken to reduce to acceptable level of residual risk.

Project risks

If customer demands are not met, the consequences could be severe, both in the short term (additional costs or liquidated damages) and long term (reputation). Royal IHC seeks to mitigate these risks and is

further strengthening its project management and control functions. The risk register is included in the project reports, which are regularly updated by the key project team members and subsequently shared with the Management Team and in case of larger projects with Board members. Materialised operational and financial risks have resulted in negative results in recent years. Although the current projects are to a large extent de-risked, operational and financial risks cannot be completely eliminated. With the objective of balancing risks and margins in a better way, tight control during the acceptance of projects is now embedded within the Royal IHC's processes. In combination with operational excellence, these processes should lower future project risks.

Litigation

Royal IHC is involved in a limited number of legal proceedings that are subject to inherent uncertainties. The company actively monitors and manages legal risks through a combination of internal legal counsel, external legal advisors and comprehensive compliance programmes. Potential litigation matters are assessed regularly, and where appropriate, provisions are recorded if deemed necessary. The company also maintains insurance coverage to mitigate potential financial exposure arising from claims. While legal proceedings are inherently unpredictable, management believes that it has taken reasonable steps to minimize the impact of such risks on the company's financial position and operations.





International compliance risks

As an international business operating globally, trade compliance is a key area of attention for Royal IHC. Our compliance programme covers customs compliance as well as sanctions and export restrictions, and includes export controls that apply to the export of military and dual-use goods, services and technology. Where our activities are not managed by Royal IHC's local management, we may use the services of local intermediaries or sales representatives. To help mitigate risks related to the use of local partners, the group has an internal risk management and control system in place, consisting of a third party due diligence procedure, which is supported by specific intermediary third party due diligence policy,

a training and awareness programme, and the principles set forth in our Royal IHC Code of Conduct. All contracts with intermediaries and local sales representatives include a requirement to sign for compliance with anti-bribery and corruption laws and regulations. Questions or concerns about (un)ethical behaviour, suspected misconduct or alleged violation of our code of conduct can be reported via various routes, including management, HR and the Compliance Team or through using the SpeakUp line.

Fraud risks

In 2024, Royal IHC conducted an in-depth fraud risk assessment, which was finalised in 2025 and subsequently discussed in the March 2025 audit committee meeting.

With the assistance of an external expert, the project team evaluated 75 potential fraud risks and identified five actual fraud risks. After assessing the related controls, the impact of the internal control mechanisms on these fraud risks was determined, allowing Royal IHC to identify the residual risk. As a result, no significant fraud risk factors remained. This marks the initial phase of the comprehensive analysis, which will be continuously refined and expanded.

IT risks

Royal IHC depends on the reliability and availability of its software solutions, and worldwide IT infrastructure. The company's IT department has a dedicated team that is responsible for managing the IT landscape, ensuring reliability, business continuity and maintaining IT security.

To increase employee awareness of security risks, the IT department sends out appropriate alerts, provides guidance on how to act, and addresses vulnerabilities.

In addition, the security measures are reviewed for effectiveness by a third party and reported to the Board of Management.

Special attention goes out to the activities in the PMG Defence. Where the Security Officer for Corporate IT has a direct line to the CFO, and the Security Officer Defence has a direct line to the CEO.

Currency risk

Royal IHC at times enters into financial arrangements to hedge foreign currency transactions with the aim of covering risks that derive from normal business activities. The objective is to protect the company against the risk of significant cash flow volatility and potentially negative impact from exchange rate fluctuations.

The company is exposed to currency risk on its order book, and its supply chain.

The company can use forward exchange contracts to cover its currency risk, generally with a maturity of less than one year. When necessary, forward exchange contracts can be rolled over at maturity.

Credit risk

Royal IHC has acceptance procedures and policies for credit risks. Credit checks are performed before the company's standard terms and conditions are offered.

When appropriate, credit risk can be covered by obtaining payment security, such as bank guarantees, (confirmed) letters of credit, advance payments, parent company guarantees and/or credit risk insurance.

Liquidity risk

In light of business performance and the competitive environment, Royal IHC faces certain financing and liquidity risks.

Maintaining up-to-date and accurate accounting records mitigates liquidity risks, as well as managing cash positions by monitoring and maintaining short- and longer term cash flow projections.

The company's core business, through its lumpy character (large orders may create very significant swings in working capital over time), can generate significant volatility in cash projections over a longer period of time. Also, liquidity depends on Royal IHC's results, project performance and the mitigation of the risks mentioned earlier. Based on current short and medium term forecasts, management believes that Royal IHC has sufficient liquidity to manage its business and continue to operate under normal circumstances.

Tax risks

Tax risks are managed by Royal IHC's tax department, which assists the business units with day-to-day tax questions and issues, manages foreign tax filings and potential risk for projects abroad and ensures together with the Finance department overall compliance with tax rules and regulations.



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Royal  **IHC**

Creating the maritime future

