

Annual Report

2014



Preface

We are pleased to present the 2014 annual report of the IHC Merwede Foundation.

In 2014, the IHC Merwede Foundation once again took the opportunity to provide support to several social and cultural initiatives, both around the world and in our immediate vicinity. Zambia, India, the Philippines and Serbia are some examples of international locations where these initiatives were supported. However, with the majority of Royal IHC activities based in The Netherlands, it is important that we take responsibility for supporting local initiatives.

As our mission statement highlights the importance of contributions from IHC employees towards these initiatives, we are happy to announce that the group of IHC employees involved with the IHC Merwede Foundation has expanded over the last year. Although there is still a long way to go, the number of ambassadors is growing, and more employees are becoming acquainted with the objectives and activities of our corporate foundation.

Within this report, the Executive Committee provides stakeholders with an insight into the financial status over the period from January through to December 2014, as well as an overview of all activities during the year.

In conclusion, the Executive Committee would like to express its gratitude to all employees and suppliers who were actively involved in any of the IHC Merwede Foundation's activities.

The IHC Merwede Foundation Executive Committee,

Dave Vander Heyde
Bert Jan de Keijzer
Frans Lunenburg
Hans Smit
Johan van Vuuren

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About the foundation

The IHC Merwede Foundation was established in 2012 as a consequence of IHC's CSR (corporate social responsibility) strategy. Through the Foundation, IHC would like to put the knowledge and passion of its employees to good use for the benefit of adults and children, to whom it could make a world of difference.

The Foundation was established in Sliedrecht and acts under the name Stichting IHC Merwede Foundation. It is registered under number 851985208 in the trade register of the Chamber of Commerce in Rotterdam.

Since the date of establishment, the Dutch tax authorities have designated the IHC Merwede Foundation as a Public Benefit Organisation (ANBI – Algemeen Nut Beogende Instelling). The Foundation will arrange all charitable transactions to support social and cultural organisations that serve the common good on behalf of all the enterprises in the IHC Merwede group.

This can be shaped either by the financial support of existing organisations or contributing to initiatives that employees can commit to around the world. Through the Foundation, IHC makes its activities visible in these areas, and by reporting on these, the company is accountable for spending its social and cultural budgets in a sustainable way.

Objectives

The IHC Merwede Foundation aims to contribute to a better life for everyone. The overall objective of the IHC Merwede Foundation is therefore primarily to support charitable projects in countries where the company conducts its business activities and its employees are directly involved in operations. The IHC Merwede Foundation has the responsibility of arranging:

- all charitable transactions regarding support to social and cultural organisations, or other organisations and people that serve the common good on behalf of all the enterprises in the IHC Merwede group
- and all activities related or contributing to the previous point in its broadest sense.

Executive Committee

The Executive Committee of the IHC Merwede Foundation is a representation of IHC's board members and employees of both the company's Dredging and Offshore divisions.

By the end of 2014, the members of the Executive Committee included:

- Mr DAAJAG Vander Heyde (Treasurer and Secretary)
- Mr BJ de Keijzer
- Mr FW Lunenburg
- Mr J van Vuuren.

In June 2015 Mr. J. van Vuuren resigned from his position as member of the executive committee. His position is replaced by mr. H. Smit.

The members of the Executive Committee do not receive any remuneration for their IHC Merwede Foundation duties.

The Executive Committee congregated three times in 2014 and all of the IHC Merwede Foundation's activities are reported to the IHC Merwede Board of Management.

Selection criteria

As the IHC Merwede Foundation has been appointed as a Public Benefit Organisation, all projects and initiatives should serve the common good.

Through the Foundation, IHC wishes to focus on projects and initiatives that are relevant to the products and services within IHC's portfolio and the expertise and dedication of its employees.

The following criteria have been defined for selecting projects within the IHC Merwede Foundation:

- cooperation with the local population, organisations and governments
- active involvement (passion and knowledge) of IHC employees
- project results are of a sustainable nature
- the IHC Merwede Foundation preferably supports projects of acknowledged organisations, both in The Netherlands and abroad.

Project organisation

Enthusiastic ambassadors have been appointed for each project to stimulate the involvement of employees in the daily activities of the IHC Merwede Foundation. The ambassadors have the responsibility to: stay in contact with the project organisation; launch ideas on further cooperation; encourage the involvement of colleagues; and report to the Executive Committee. Each project will be supported by a member of the Executive Committee.

Company profile Royal IHC

Royal IHC focuses on the continuous development of its engineering and construction activities for the specialist maritime sector. Based on decades of experience, IHC is the global market leader in terms of supplying efficient vessels and equipment for dredging and wet mining activities. The company is also recognized as a reliable supplier of innovative vessels and equipment for the offshore market.

IHC has extensive in-house expertise for engineering and building integrated standard and custom-built vessels, advanced equipment, and providing the accompanying life-cycle support. This integrated systematic approach has resulted in the development of optimal product performance and long-term partnerships. The company's broad customer base includes dredging operators, mining companies, oil and gas corporations, offshore contractors and government authorities.

IHC has over 3,000 employees based at various locations in the Netherlands, Brazil, China, Croatia, France, India, Malaysia, the Middle East, Nigeria, Singapore, Slovakia, South Africa, the United Kingdom and the United States. The head office is located in Sliedrecht.

Thanks to sustained investments in research and development, technological innovation provides a solid basis for the company. In this way IHC also contributes to a sustainable environment.



Tour for Life



Activities in 2014

In principle, the annual budget of the IHC Merwede Foundation is € 100,000. This is provided by IHC Merwede Holding to support charitable projects on behalf of the entire IHC group. Furthermore, the IHC Merwede Foundation is not engaged in active fundraising. The only exceptions are Christmas donations made by IHC suppliers and other specific requests for donations.

Financial overview

The main project category of the IHC Merwede Foundation is “social and cultural” initiatives. In 2014, a total amount of € 61,681 was spent on projects within this category. In close cooperation with IHC’s health strategy, a variety of sports initiatives for the benefit of charitable organisations were supported with a total amount of € 50,500.

The “other costs” category helps to keep the foundation running, with expenditure for the rental of materials and mediation. In 2014, this category represented approximately 2.9% of the IHC Merwede Foundation’s total spend.

Division budgets

The former three main divisions of IHC – Dredging, Offshore and Technology & Services – have a certain level of budget available from the IHC Merwede Foundation to support initiatives in which employees are actively involved. For example, this could include participation in a charity walk or another fundraising activity.

Since the spending of the divisions’ budgets were below expectations in 2013, the annual budget per division was reduced to € 5,000 in 2014. However, at the end of the year, it appeared that the divisions had spent only half of the provided budget. The remaining budget is therefore appointed to social and cultural initiatives by the Executive Committee. The total amount of the division budget spent in 2014 was € 7,500.

Christmas donations from IHC suppliers

As with previous years, all of IHC’s suppliers were asked not to send traditional Christmas gifts, but to instead make a financial contribution to the Foundation. In total, an amount of € 4,875 was donated by the company’s suppliers for the

benefit of hospices De Cirkel and House of Hope.

Christmas presents for IHC employees

In 2014, all IHC employees received a voucher allowing them to select their Christmas presents via the online IHC Christmas Shop. One of the options in the shop is to donate a portion of the value of the voucher to one or more projects of the IHC Foundation. The beneficiaries selected for the Christmas presents include Hospice De Cirkel in Zwijndrechtse Waard and House of Hope in India.

Since the shop was only closed at the end of February 2015, these donations will appear on the annual balance for 2015. However, we are already pleased to declare that a total donation of € 10,535 was made by IHC employees. From this total, € 5,064 will go directly to Hospice De Cirkel in Zwijndrechtse Waard, while the remaining € 5,471 will be donated to House of Hope in India.

Social and cultural initiatives

The main focus of the IHC Merwede Foundation, with the involvement of its employees, is to support social and cultural initiatives. During its first operational year, several projects were started, including long-term commitments to initiatives by sustainable organisations. An overview of the main social and cultural initiatives is highlighted in the following pages.

Samen voor Zambia

Beneficiary: Stichting Hetty Denen Foundation
Total donation in 2014: € 10,891

Samen voor Zambia represents a collaboration between the Hetty Denen Foundation and 5xBeter. The latter is a cooperative project between the Dutch employers’ organisation and trade unions representing the metal industry to improve working conditions in production facilities.

The aim of Samen voor Zambia is to contribute to a better future for younger people in Zambia by providing them with education opportunities and employment within the metal industry.

The fundamental objectives of this project include:

- to supply machinery for the workshop and personal protective equipment for students and employees in order to improve safety during the manufacturing of products for the Zambian market
- to transfer knowledge on the safe and optimal use and maintenance of the machinery.

In 2013, the IHC Merwede Foundation made a contribution towards the first objective by providing a financial donation for the purpose of purchasing basic classroom furniture including benches, welding tables, hand trucks, cupboards and personal protective equipment.

In 2014, an IHC employee travelled to Zambia to provide support for the installation of the machinery and to explain how the machines work and how to maintain them.

“We once again express our gratitude to IHC for its support and collaboration. Our appreciation of the company’s solidarity with the young people of the Chikupi area cannot be expressed with our lips, but with our hearts.”

– Anna and Ueli Schäli (Chikupi Vocational Centre)

The assistance provided on behalf of the IHC Merwede Foundation helped to enable the implementation of the Metal Fabrication Course at Chikupi Vocational Centre.



Samen voor Zambia

The Winddrinker

Beneficiary: Aqua for All

The Winddrinker is a decentralised system that produces high-quality drinking water from brackish water using wind power and a desalination system. This desalination system is well known in the maritime industry and regularly installed on board IHC vessels.

The first prototype of the Winddrinker was built and installed in Berbera, Somaliland – a brackish water region where the population faces a shortage of fresh drinking water. The technology behind the Winddrinker was proven to work

and the prototype produced high-quality drinking water from brackish ground water. After the Winddrinker has been optimised, it will also be installed at a location in the Republic of Kenya.

In 2013, the IHC Merwede Foundation expressed an interest in supporting this initiative, and a financial donation was made by the end of the year.

The main contribution delivered to this project by the IHC Merwede Foundation in 2014 includes design optimisation by organising brainstorm sessions with specialists from IHC, and supporting the organisation with the project planning. The major part of the financial donation will be spent when the prototype of the new design is built, which is expected in 2015.



The Winddrinker

House of Hope, India

Beneficiary: Rays of Hope Ministries, India
Total donation in 2014: € 15,000

The House of Hope is funded by the Rays of Hope Ministries in India: an indigenous humanitarian NGO supporting (among others) children from the slums, orphans, and children and families affected by HIV. The Rays of Hope Ministries strives to make a difference to one life at a time.

The IHC Merwede Foundation first came into contact with this organisation in 2013 via an IHC employee who was stationed in Mumbai during a traineeship.

In 2014, the Rays of Hope Ministries was provided with a financial donation to enable the owner to buy a bus for travel purposes. As the orphan house expands, the need for having its own facilities for collecting and dropping off children, as well as for the transportation of goods, becomes more urgent.

In the absence of private transportation, the owner must hire a vehicle – or walk. However, the latter is almost impossible during the rainy season, and hiring a vehicle is very expensive.

Activities in 2014

In order to become self-sustaining, the owner is defining plans to provide the bus for commercial purposes when it is not being used. The income generated from these commercial trips will be used to pay for fuel and maintenance.



Regionale voedselbanken

Beneficiary: regionale voedselbanken

Total donation in 2014: € 7,500

As a follow-up to the 2013 donation, the IHC Merwede Foundation also provided financial support to five food banks in the region in 2014. A donation of € 1,500 was given to the food banks in Alblasterdam, Delft, Krimpen a/d IJssel, Oosterhout and Sliedrecht. With this donation, over 900 families were supported in the areas surrounding IHC's production facilities.

Representatives of these food banks were invited to IHC's facilities in Kinderdijk – not only to receive the donation in person, but also to meet each other and discuss the difficulties and challenges each of them are facing.



Sports initiatives

Related to the internal programmes on health and safety, IHC organises several annual sports activities for its employees. The IHC Merwede Foundation contributes by creating a link between these activities and charity.

Tour for Life (including spinning marathon)

Beneficiary: Doctors Without Borders

Total donation: € 37,000

Eighteen IHC employees participated in the Tour for Life in 2014. To support these participants, and to increase the fundraising efforts, IHC organised the "Tour du Alblasterwaard" – a cycling tour through the Alblasterwaard – and a spinning marathon.

The IHC Tour for Life team managed to raise a total of € 107,225, which will all be used to support Doctors Without Borders. The IHC Merwede Foundation contributed € 37,000.

Steptember

Beneficiary: Bosk

Total donation: € 12,000

In 2014, a total number of 196 IHC employees in 48 teams participated in the worldwide challenge – Steptember – to take 10,000 steps per day. Besides the fun of participation and the improvement of one's own physical condition, participants were raising funds for people living with cerebral palsy, a condition that affects movement. In total, the IHC teams managed to take over 60 million steps, and the IHC Merwede Foundation supported each team with a donation of € 250.

Division initiatives

A certain amount of the IHC Merwede Foundation's total annual budget is allocated to the three main divisions of IHC in order to support initiatives that have a direct involvement from employees.

Variety of sponsorship

Total donations in 2014: € 7,500

All IHC employees are encouraged to support charitable activities, and several were supported by the IHC Merwede Foundation in charity walks, cycling and swimming events. A variety of organisations and institutions have also been supported in this way by the IHC Merwede Foundation.

Some examples of beneficiaries include:

- Stichting Vrienden van de Hoop
- Diabetes Fonds
- Sophia Kinderziekenhuis
- Regionaal Comité Unicef Drechtsteden
- Orange Babies



Outlook for 2015

The main objective of the IHC Merwede Foundation for 2015 is to continue supporting social and cultural initiatives with the support and dedication of IHC employees. Although the number of project ambassadors and actively involved IHC employees has grown in 2014, increasing the familiarity with the IHC Merwede Foundation among IHC employees is still one of the focus points of the Executive Committee. The regular ambassadors meetings, which started in 2014, will also continue in 2015 and the frequency of the meetings of the Executive Committee will increase.

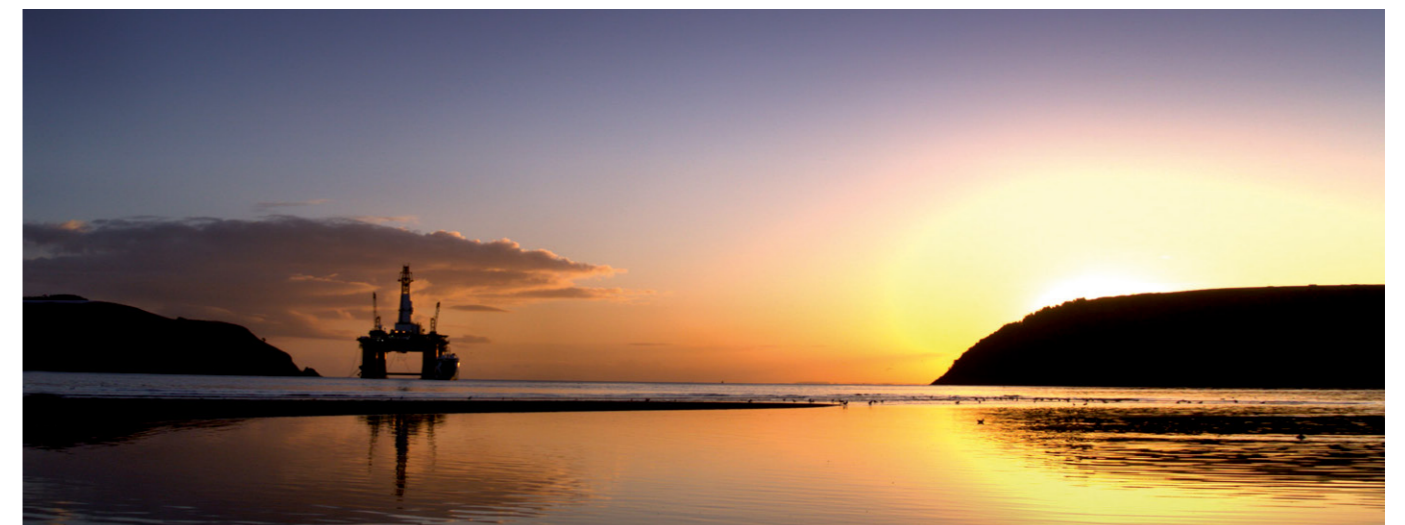
In order to meet the objective of running around four major projects annually, the Executive Committee will continue looking for projects and starting the dialogue with external organisations. Currently, project proposals from both World Vision and Plan Nederland are being explored, and a decision whether or not to continue with these projects will be made in early 2015.

The cooperation with Samen voor Zambia will continue in 2015. As in 2014, the main focus will be the transfer of knowledge, based on the expertise from IHC's Technisch Opleidings Centrum. The current idea is for two Zambian teachers from the Chikupi Vocational Centre to visit IHC's facilities and learn from professionals there. The programme for this visit has been drafted with all parties involved at the beginning of 2015.

The current activities to improve the design of the Winddrinker will also continue in 2015. However, to ensure sufficient progress of the project, the construction and testing of the prototype should start in 2015. The project ambassador, assisted by the Executive Committee, will support the organisation behind the Winddrinker in achieving this objective.

In cooperation with IHC's health department, an overview of sports initiatives will be prepared in 2015. One of the scheduled programmes will be participation in the worldwide initiative Steptember.

From 2015 onwards, as a result of organisational changes, applications for personal sponsorship will be sent directly to the Executive Committee. An application form will be made available through the IHC intranet. This will not adversely affect the budget available for social and cultural initiatives, and there will still be an opportunity for IHC employees to contribute to any charitable organisation or activity supported by the IHC Merwede Foundation.





Financial statements 2014

Balance sheet

(after allocation of the result)

In euro's	Notes	31 December 2014	31 December 2013
Current assets			
Other receivables and accrued assets	1	166	8.166
Cash and banks	2	9.288	63.163
Total		9.454	71.329
Liabilities			
Capital			
Unappropriated results	3	9.454	18.829
Current liabilities			
Other liabilities and accruals	4	-	52.500
Total		9.454	71.329

Profit and loss account

In euro's	Budget 2014	Actuals 2014	Actuals 2013
Donations			
Annual Contribution IHC Merwede	100.000	100.000	100.000
Suppliers' donations Christmas 2012	-	-	2.150
Suppliers' donations Christmas 2013	-	-	2.445
Suppliers' donations Christmas 2014	4.000	4.875	-
Suppliers donations Tour for Life	-	5.000	-
Donations employees' Christmas boxes	-	-	8.000
Farewell donations B. Kips / F. Brouwer	-	-	9.467
Others	2.500	4.064	2.330
Total donations	106.500	113.939	124.392
Allocations			
Not yet allocated gifts	35.000	-	-
Samen voor Zambia (suppliers' donations)	25.000	10.891	10.400
The Winddrinker	-	-	40.000
Hospice Zwijndrechtse Waard	-	10.040	-
House of Hope India	-	15.000	5.000
Regionale Voedselbanken	6.000	7.500	12.000
Artsen Zonder Grenzen: Noodhulp Filipijnen	-	-	1.000
Foundation Guereo: Reparatie school Guereo	-	-	500
Nationaal Baggermuseum: Museumfiets	-	-	2.500
Floodings in Serbia/Tanzania/Bulgary	-	10.500	-
ALS Liga België	-	5.000	-
Youth with a Mission	-	2.500	-
Kinderkankerfonds België via DEME4Life Foundation	-	-	5.000
Other	-	250	-
Total social and cultural projects	66.000	61.681	76.400
Steptember	5.000	12.000	-
Verkerkloop	2.500	1.000	950
Benefietvoetbaltoernooi Vrienden van de Hoop	-	-	350
Spinningmarathon (Tour for Life)	20.000	37.000	20.000
De ronde van Nedstaal	2.500	500	1.250
Dam tot Dam loop	-	-	2.500
Total sport initiatives	30.000	50.500	25.050
Division Dredging	5.000	2.250	3.900
Division Offshore	5.000	5.000	500
Division Technology & Services	5.000	250	1.000
Total division initiatives	15.000	7.500	5.400
Total allocations	111.000	119.681	106.850
Spinningmarathon bike rental	-	2.517	847
Mediation winddrinker	-	-	667
Other	2.000	1.116	239
Total other costs	2.000	3.633	1.753
Result for the year	-6.500	-9.375	15.789

General

The financial statements are stated in accordance with general accounting policies.

Accounting policies for the valuation of assets and liabilities

Assets and liabilities are stated at cost, unless indicated otherwise. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value. Income and costs are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Receivables, cash, liabilities and accruals

Receivables, cash, liabilities and accruals are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Accounting policies for determining the result

Result

The result is determined as the difference between the income and all corresponding costs that can be allocated to the financial year. Costs are recognised to the financial year in which the donations are committed.

Notes to the balance sheet

In euro's	Note	31 December 2014	31 December 2013
Current assets			
Other receivables and accrued assets	1		
Donations from employees' Christmas boxes		-	8.000
Other receivables		166	166
		<u>166</u>	<u>8.166</u>
Cash and bank	2		
The bank balance is freely available.			
Capital			
Unappropriated results	3		
Balance as at 1 January		18.829	3.040
Result		<u>(9.375)</u>	<u>15.789</u>
Balance as at 31 December		9.454	18.829
Current liabilities			
Other liabilities and accruals	4		
Museum fiets Baggermuseum		-	2.500
Goed doel door Deme foundation		-	5.000
House of hope India		-	5.000
Winddrinker in Kenia		-	40.000
		<u>-</u>	<u>52.500</u>

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